

**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 CANNTRUST HOLDINGS INC., CANNTRUST INC.,
CTI HOLDINGS (OSOYOOS) INC., ELMCLIFFE INVESTMENTS INC. AND
ELMCLIFFE INVESTMENTS [NO.2] INC.**

Applicants

**SUPPLEMENTARY APPLICATION RECORD
(CCAA Application)**

April 6, 2020

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Tab 1

Court File No. CV-20-00638930-00CL

**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
CANSTRUST HOLDINGS INC., CANSTRUST INC.,
CTI HOLDINGS (OSOYOOS) INC. AND ELMCLIFFE INVESTMENTS INC.**

Applicants

**AFFIDAVIT OF GREG GUYATT
(Sworn April 6, 2020)**

I, Greg Guyatt, of the City of Mississauga, in the Province of Ontario, MAKE OATH
AND SAY:

1. I am the Chief Executive Officer ("CEO") of CannTrust Holdings Inc. ("**CannTrust Holdings**"). I have served in this capacity since February 17, 2020. Prior to my appointment as CEO, I served as the Chief Financial Officer ("CFO") of CannTrust Holdings since joining CannTrust Holdings on or around February 19, 2019. Prior to joining CannTrust Holdings, I served as the CFO of GreenSpace Brands Inc., a Canadian-based premium natural food product company.
2. I am a Chartered Professional Accountant and have more than 20 years of experience in the consumer packaged goods, retail, pharmaceutical and private equity sectors.
3. Through my current role as CEO, and my former role as CFO, of CannTrust Holdings, I am familiar with the operations, financial results and strategies of the Applicants. As such, I have personal knowledge of the matters to which I depose in this affidavit. Where I do not

possess personal knowledge, I have stated the source of my knowledge and believe it to be true.

4. For ease of reference, the Applicants will be collectively referred to herein as “**CannTrust**”. All dollar references herein are Canadian dollars unless otherwise referenced.

(i) Overview

5. I previously swore an affidavit on March 31, 2020 (the “**March 31 Affidavit**”) in support of an application by CannTrust for an initial order pursuant to the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”). The March 31 Affidavit is included at Tab 2 of the Application Record dated March 31, 2020. All terms used but not otherwise defined herein shall have the meanings given to them in the March 31 Affidavit.

6. On March 31, 2020, the Honourable Mr. Justice Hainey granted CannTrust an initial order (the “**Initial Order**”) pursuant to the CCAA, including a stay of proceedings until April 9, 2020 (the “**Stay Period**”). A copy of the Initial Order is attached hereto as **Exhibit “A”**.

7. I swear this affidavit to provide further information to the Court in support of CannTrust’s application for an order (the “**Proposed Amended and Restated Initial Order**”), substantially in the form of the draft order included at Tab 2 of the Supplementary Application Record of the Applicants, which amends and restates the Initial Order to grant certain broader relief that is appropriate in the circumstances, including the following relief which is addressed in this affidavit:

- (a) extending the Stay Period to July 5, 2020;

- (b) approving the KERP established by the Applicants, authorizing the payments to the Key Employees pursuant to the KERP, granting the KERP Charge and sealing the unredacted version of the KERP Summary (as each term is defined below);
- (c) increasing the maximum amount of the priority Charges;
- (d) approving the engagement of the Financial Advisor and granting the Transaction Fee Charge (as each term is defined below);
- (e) authorizing the Applicants to, with the consent of the Monitor, pay pre-filing amounts owing to critical suppliers; and
- (f) permitting, but not requiring, the Applicants to pay rent to landlords at such intervals as rent is usually paid in the ordinary course of business.

8. The Proposed Amended and Restated Initial Order also includes the following relief, which is addressed in the March 31 Affidavit:

- (a) staying and suspending the commencement or continuation of the Pending Litigation or any Proceeding in relation thereto against or in respect of the Other Defendants during the Stay Period except with leave of this Court;¹ and
- (b) authorizing the Applicants to pay amounts payable pursuant to the CannTrust Capital Appreciation Plan (the “CCAP”) (whether accrued prior to, on or after

¹ See paras. 160-163 of the March 31 Affidavit.

the Initial Filing Date) incurred in the ordinary course of business on terms consistent with existing arrangements or past practice.²

(ii) Stay Extension

9. In the brief period since the Initial Order was issued on March 31, 2020, CannTrust has acted in good faith and with due diligence. CannTrust has continued to carry out remediation activities at the Vaughan Facility and otherwise maintained its operations as they existed prior to commencing these proceedings.

10. Additionally, CannTrust and its representatives prepared and executed a communications plan, which included:

- (a) issuing a press release on March 31, 2020 and filing that press release on the Canadian and U.S. online securities filing platforms, SEDAR and EDGAR;
- (b) holding a virtual town hall for all employees on March 31, 2020 and April 2, 2020 to provide information regarding the CCAA process, reiterate CannTrust's commitment towards obtaining the reinstatement of its Cannabis Licences and resuming operations and provide information on avenues for employees to have their questions answered throughout the CCAA process;
- (c) contacting suppliers, employees on temporary layoff or a leave of absence, customers (such as the various provincial government wholesale distributors), banking and other service providers, landlords, strategic partners (such as

² See paras. 49-52 and 168 of the March 31 Affidavit.

Cannatrek) and others;

- (d) working with the Monitor to respond to inquiries from the above stakeholders and investors regarding the CCAA proceedings;
- (e) assisting the Monitor in preparing and delivering notices to creditors and other stakeholders in accordance with the Initial Order;
- (f) notifying Health Canada of the filing and reiterating CannTrust's continued commitment towards proceeding with its remediation activities and seeking the reinstatement of its Cannabis Licences;
- (g) notifying the Ontario Securities Commission, the Toronto Stock Exchange, the New York Stock Exchange and the Royal Canadian Mounted Police of the filing and the relief that had been granted in the Initial Order with respect to securities reporting;
- (h) serving a copy of the Initial Order on plaintiffs' counsel in the Pending Litigation;
- (i) concluding an engagement letter with the Financial Advisor (as defined and set out further below); and
- (j) preparing materials in support of the relief sought in the Proposed Amended and Restated Initial Order.

11. CannTrust has also continued to engage with Health Canada regarding the

reinstatement of its Cannabis Licences and other regulatory matters and there have been two positive developments on this front since the commencement of these proceedings:

- (a) Mother Plants: As noted in the March 31 Affidavit, CannTrust had requested approval from Health Canada to propagate new mother plants from its current mother plants which, if compromised, would require CannTrust to initiate its genetic stock from seeds once its Cannabis Licences are reinstated and add six months or more to its propagation, cultivation and processing cycle.

On April 1, 2020, Health Canada advised CannTrust that it had no objections to CannTrust's request to propagate its mother plants in the manner that CannTrust had proposed.

- (b) Feedback on Fenwick Licence Reinstatement Application: As noted in the March 31 Affidavit, CannTrust submitted a comprehensive package to Health Canada on February 14, 2020 evidencing its remediation of the Fenwick Facility and seeking the reinstatement of its Cannabis Licence there.

On April 3, 2020, Health Canada wrote to CannTrust confirming that it has completed reviewing the remediation package and asked questions about the remediation package which CannTrust will respond to in the ordinary course. Health Canada's response provided no further insight into the timing or likelihood of the reinstatement of the Cannabis Licence for the Fenwick Facility.

12. CannTrust seeks an extension of the Stay Period until July 5, 2020. As set out in more

detail in the March 31 Affidavit, the requested extension is necessary and appropriate in the circumstances to allow CannTrust to:

- (a) complete the remainder of its remediation plan for its Vaughan Facility and submit the related evidence package to Health Canada;
- (b) continue to work with Health Canada to resolve any remaining *Cannabis Act* compliance issues, with a view towards obtaining reinstatement of its licences, subject to the availability of resources as a result of the COVID-19 pandemic;
- (c) engage with the plaintiffs in the Pending Litigation in order to explore a potential resolution of those claims; and
- (d) continue its review of strategic alternatives with the assistance of the Monitor, the CRO and the Financial Advisor, including, among other things, exploring a potential sale and investment solicitation process and a potential CCAA plan of compromise or arrangement.

13. I understand that the Monitor will be appending a revised cash flow forecast to its first report to the Court, to be filed (the “**First Report**”), and that cash flow forecast will demonstrate that the Business is projected to have sufficient cash over the proposed extension of the Stay Period to enable CannTrust to meet its day-to-day obligations. I further understand that the Monitor supports the requested extension of the Stay Period and will provide further information in that regard in the First Report.

(iii) Key Employee Retention Plan

14. CannTrust has established a Key Employee Retention Plan (the “**KERP**”) to incentivize certain key employees to remain in their employment during these CCAA proceedings. The KERP was approved by the board of directors of CannTrust Holdings.

15. The KERP includes 23 employees (the “**Key Employees**”) whose continued employment is integral to the ability of CannTrust to complete its remediation plan at the Vaughan Facility, obtain the reinstatement of its Cannabis Licences, return to functional and compliant operations, pursue a strategic transaction and/or otherwise successfully restructure its business.

16. I believe that the Key Employees would consider other employment options without the KERP, and if the KERP was not secured by the KERP Charge.

17. The Key Employees occupy key roles in the areas of production, operations, finance, product development, marketing, human resources and regulatory compliance. The Key Employees could not be readily or easily replaced in the near term due to their (i) security clearances with Health Canada (for certain of the Key Employees), (ii) their institutional knowledge of the operations and processes of CannTrust and the content and status of its remediation plan, and/or (iii) key relationships with customers, suppliers and regulatory authorities. Any process to find appropriately qualified replacements would be lengthy, difficult and costly.

18. Additionally, any replacements for the Key Employees would face a steep learning curve given the nascency of the industry and the complexity of the cannabis regulatory regime

in Canada and would be challenged to develop a thorough understanding of CannTrust's business within the time required to complete the remediation plan and successfully move the restructuring forward.

19. Under the KERP, the Key Employees will be entitled to aggregate payments amounting to a certain percentage of their annual salary upon the occurrence of two specific milestones. The first milestone payment (the "**First Milestone Payment**") will be made, with respect to all Key Employees, 60 days after the expiry of the appeal period for the Proposed Amended and Restated Initial Order (which milestone is expected to be occur on or around July 1, 2020) (the "**First Milestone**"). The second milestone payment (the "**Second Milestone Payment**") will be made:

- (a) for non-executive Key Employees, on the earlier of (i) January 15, 2021, or (ii) the completion date of a going concern reorganization or transaction; and
- (b) for executive Key Employees, on the completion date of a going concern reorganization or transaction (collectively, the "**Second Milestone**").

20. The total amount payable upon the occurrence of the First Milestone would be \$655,000, which represents approximately 33% of the total payments to be made under the KERP. The total amount payable upon the occurrence of the Second Milestone would be \$1,339,000, representing approximately 67% of the total payments to be made under the KERP. The KERP has been designed to incentivize Key Employees to both:

- (a) remain in their roles in the short term, which is a crucial period during which CannTrust expects to complete its remediation activities with respect to the Vaughan Facility and apply for reinstatement of its licence there; and
- (b) remain in their roles over the long term in order to achieve a successful restructuring.

21. The KERP also includes a discretionary fund of \$200,000 to be allocated to employees whose retention becomes essential, for similar reasons as the Key Employees, which decision will be made in consultation with and subject to the approval of the Monitor. The total amount payable under the KERP is approximately \$2.2 million.

22. The following are certain other material terms of the KERP:

- (a) If CannTrust's application for a reinstatement of its Cannabis Licences for the Fenwick Facility is rejected by Health Canada prior to the First Milestone, the First Milestone Payment will be made, but there will be no Second Milestone Payment for non-executive Key Employees.
- (b) If CannTrust's application for a reinstatement of its Cannabis Licences for the Fenwick Facility is rejected between the First Milestone and January 15, 2021, the Second Milestone Payment for non-executive Key Employees will be paid on a pro-rated basis (for example, if the licence reinstatement application is rejected on the date that is halfway between the First Milestone and January 15, 2021, each non-executive Key Employee will receive 50% of the Second Milestone Payment).

- (c) If a Key Employee leaves CannTrust or is terminated with cause prior the First Milestone they will not receive either the First Milestone Payment or the Second Milestone Payment.
- (d) If a Key Employee leaves CannTrust or is terminated with cause prior to the Second Milestone (but after the First Milestone), they will not be entitled to receive the Second Milestone Payment.
- (e) If a Key Employee is terminated without cause prior to the First Milestone, they will be entitled to receive the payment associated with the First Milestone.
- (f) If a non-executive Key Employee is terminated without cause prior to the Second Milestone (but after the First Milestone), they will receive a pro-rated payment of the Second Milestone to the date of their termination.
- (g) If an executive Key Employee is terminated without cause prior to the Second Milestone (but after the First Milestone):
 - (i) if a going concern outcome is achieved, the Key Employee will receive the Second Milestone Payment;
 - (ii) if a going concern outcome is not achieved, the Key Employee will not receive the Second Milestone Payment.

23. A summary of the KERP containing the names of the Key Employees, the incentive payments to be made to each Key Employee under the KERP and the milestones triggering those payments (the “**KERP Summary**”) is attached hereto as **Confidential Exhibit “B”**.

24. In the Proposed Amended and Restated Initial Order, CannTrust is seeking approval of the KERP and the establishment of a charge (the “**KERP Charge**”) on the Property of the Applicants in the maximum amount of \$1.4 million to secure amounts owing to the Key Employees under the KERP. The size of the KERP Charge reflects the maximum amount payable under the KERP (i.e. the Second Milestone Payment).

25. CannTrust is of the view that the KERP and the KERP Charge are appropriate and in the best interests of CannTrust and its stakeholders generally. CannTrust consulted with the CRO, which has extensive experience with KERPs in CCAA proceedings, in designing the KERP and determining the proposed quantum of the KERP Charge. I understand that the Monitor supports the KERP and the KERP Charge and will provide further information in that regard in the First Report.

26. The KERP Summary contains commercially sensitive and personal information regarding the identity and compensation of the Key Employees, the disclosure of which could adversely affect CannTrust and the Key Employees. Accordingly, the proposed Amended and Restated Initial Order provides that the Confidential Exhibit “B” be sealed and not form part of the public record unless otherwise ordered by this Court.

(iv) Administration Charge

27. In the Initial Order, an Administration Charge was granted over the Property of the Applicants in the maximum amount of \$500,000, being only the amount that was reasonably necessary for the initial stay period.

28. The Proposed Amended and Restated Initial Order provides for an Administration

Charge of \$1.4 million. The proposed Administration Charge is based on a forecast of professional fees for a period of four weeks.

29. CannTrust believes that the amount of the proposed Administration Charge appropriately reflects the potential length and complexity of the CCAA proceedings and is necessary in order to ensure the active involvement and assistance of professionals during these proceedings.

30. The amount of the proposed Administration Charge has been reviewed with the Monitor, and I understand that the Monitor supports the proposed Administration Charge and will provide further information in that regard in the First Report.

(v) Directors' Charge

31. In the Initial Order, a Directors' Charge was granted over the Property of the Applicants in the maximum amount of \$550,000, being only the amount that was reasonably necessary for the initial stay period.

32. The Proposed Amended and Restated Initial Order provides for a Directors' Charge of \$3.55 million. The proposed Directors' Charge is based on (i) two weeks and four days of estimated future payroll following the forecasted ramp-up of operations upon the Cannabis Licences for the Fenwick Facility and Vaughan Facility being reinstated, (ii) the anticipated payments under the CCAP in October 2020, (iii) anticipated accrued vacation and (iv) anticipated unremitted source deductions. A chart setting out these estimates is attached hereto as **Exhibit "C"**.

33. CannTrust believes that the amount of the proposed Directors' Charge appropriately reflects the potential personal liabilities of the directors and officers of CannTrust during these CCAA proceedings and is necessary in order to ensure the active and committed involvement of its directors and senior officers to operate the Business during these proceedings.

34. The amount of the proposed Directors' Charge has been reviewed with the Monitor, and I understand that the Monitor supports the proposed Directors' Charge and will provide further information in that regard in the First Report.

(vi) Approval of Financial Advisor Engagement

35. CannTrust has engaged Greenhill & Co. Canada Ltd. (the "**Financial Advisor**") to act as financial advisor to CannTrust in connection with its consideration of various strategic and business alternatives. The Financial Advisor's engagement is governed by an amended and restated engagement letter dated April 3, 2020 (the "**Financial Advisor Engagement Letter**"). A copy of the Financial Advisor Engagement Letter is attached hereto as **Exhibit "D"**.

36. The Financial Advisor was originally engaged by the Special Committee in August 2019 to assist CannTrust in a review of strategic alternatives. The Board of Directors of CannTrust Holdings instructed the Financial Advisor to initiate a confidential strategic alternatives market canvas which remains at an early stage.

37. The Proposed Amended and Restated Initial Order provides for the approval of the Financial Advisor Engagement Letter and the continuation of services by the Financial Advisor pursuant thereto. The services to be provided by the Financial Advisor include, if and

to the extent requested by CannTrust, among other things:

- (a) general financial advisory services;
- (b) assistance in preparation of materials in connection with a full or partial sale of CannTrust;
- (c) solicitation of interest from potential strategic partners;
- (d) assistance in negotiations with potential strategic partners; and
- (e) fairness opinions, if required.

38. The Financial Advisor Engagement Letter provides for an Engagement Fee and a Work Fee that were paid by CannTrust in advance of the filing and does not contemplate ongoing periodic fees. The Financial Advisor Engagement Letter contemplates a Transaction Fee in an amount equal to the sum of (a) \$1,000,000 plus (b) 4.0% of the value the consideration payable to CannTrust Holdings, its shareholders or creditors pursuant to any Transaction (as that term is defined in the Financial Advisor Engagement Letter) to the extent that the value exceeds \$45,000,000 (the “**Transaction Fee**”).

39. In the Proposed Amended and Restated Initial Order, it is contemplated that the Transaction Fee will be secured by a charge (the “**Transaction Fee Charge**”) on the Property of the Applicants, which will rank as follows among the other Charges:

- (a) First – the Administration Charge (to a maximum amount of \$1.4 million);
- (b) Second – the Directors’ Charge (to a maximum amount of \$3.55 million);

- (c) Third – KERP Charge (to a maximum amount of \$1.4 million);
- (d) Fourth – Transaction Fee Charge; and
- (e) Fifth – Intercompany Charge.

40. I believe that it is appropriate for the Court to approve the Financial Advisor Engagement Letter and the continuation of services by the Financial Advisor pursuant thereto and grant the Transaction Fee Charge. This will allow the Financial Advisor to continue its confidential market canvas and facilitate CannTrust transitioning seamlessly into a court-approved sale and investment solicitation process if it decides to implement one in the future. The expertise and institutional knowledge of the Financial Advisor will be beneficial to CannTrust and its stakeholders in achieving a positive outcome in these proceedings. The Transaction Fee is only payable upon the completion of a Transaction involving consideration over the specified threshold which, if realized, would benefit CannTrust and its stakeholders.

41. CannTrust has consulted with the Monitor in negotiating the Financial Advisor Engagement Letter and determining the proposed quantum of the Transaction Fee. I understand that the Monitor supports the approval of the Financial Advisor Engagement Letter and the amount and priority of the Transaction Fee Charge and will provide further information in that regard in the First Report.

(vii) Critical Suppliers

42. CannTrust is also seeking authority to pay suppliers for amounts owing for goods or services actually supplied to CannTrust prior to the date of the Initial Order. Payments for

these goods and services are subject to the approval of the Monitor and will be based on a determination of whether the supplier is critical to the Business, the ongoing operations of CannTrust, or the preservation of the Property and the payment is required to ensure ongoing supply.

43. This relief is appropriate in the circumstances as it will facilitate CannTrust ensuring the continued supply of goods and services that are essential to it carrying out its remediation plan and resuming operations upon the reinstatement of its licences.

44. I understand that the Monitor supports this relief and will provide further information in that regard in the First Report.

(viii) *Rent Timing*

45. The Initial Order provides, consistent with the model initial order, that until a real property lease is disclaimed in accordance with the CCAA, CannTrust will pay rent twice monthly on the first and fifteenth day of each month, in advance. In the Proposed Amended and Restated Initial Order, CannTrust would be permitted, but not required, to pay rent at such intervals as rent is usually paid under the applicable lease if CannTrust determines, in consultation with the Monitor, that it would be preferable to do so.

46. CannTrust leases its Vaughan Facility at which extraction, manufacturing and packaging activities are carried out, and its head office in Vaughan, Ontario. The applicable leases at these premises normally require CannTrust to pay rent monthly in advance.

47. For the leases that CannTrust does not intend to disclaim, CannTrust will have the

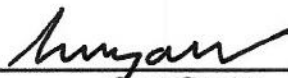
optionality to pay rent monthly consistent with past practice which will reduce the administrative expense associated with twice monthly rent payments. CannTrust may still pay rent twice monthly if it determines that it would be preferable to do so. Landlords would not be prejudiced by this proposed amendment to the Initial Order as the only ones that are affected will be better off; they will receive rent monthly in advance.

(ix) Conclusion

48. For the reasons stated above and in the March 31 Affidavit, the relief requested in the Proposed Amended and Restated Initial Order is in the best interests of CannTrust and its stakeholders and appropriate in the circumstances.

SWORN AFFIRMED BEFORE ME at the City
of Toronto, in the Province of Ontario on the 6th
day of April, 2020.


A Commissioner for taking Affidavits
Name: Trevor Courtis (LSO# 67715A)


Greg Guyatt

Tab A

This is **Exhibit "A"** referred to in the
affidavit of **GREG GUYATT**
sworn before me this
6th day of April, 2020



A Commissioner for taking affidavits

Court File No. CV-20-00638930-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE

)

TUESDAY, THE 31ST

MR. JUSTICE HAINEY

)

DAY OF MARCH, 2020

)



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
CANTRUST HOLDINGS INC., CANTRUST INC.,
CTI HOLDINGS (OSOYOOS) INC. AND ELMCLIFFE INVESTMENTS INC.

Applicants

INITIAL ORDER

THIS APPLICATION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Greg Guyatt sworn March 31, 2020 and the Exhibits thereto (the "**Guyatt Affidavit**"), the consent of Ernst & Young Inc. ("**EYI**") to act as the Monitor (in such capacity, the "**Monitor**"), and the Pre-Filing Report of EYI in its capacity as the proposed Monitor, and on hearing the submissions of counsel for the Applicants and the Monitor.

SERVICE

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

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies.

PLAN OF ARRANGEMENT

3. **THIS COURT ORDERS** that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court one or more plans of compromise or arrangement (hereinafter referred to as the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their businesses (the "**Business**") and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, contractors, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business, to preserve the value of the Property or for the carrying out of the terms of this Order.

5. **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize the central cash management system currently in place or, with the consent of the Monitor, replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any

transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the date of this Order:

- (a) all outstanding and future wages, salaries, contract amounts, employee and pension benefits, vacation pay and expenses (including, without limitation, in respect of expenses charged by employees to corporate credit cards) payable on or after the date of this Order to employees or contractors, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
- (b) the fees and disbursements of any Assistants retained or employed by the Applicants, or retained by employees or officers of the Applicants that the Applicants have agreed to reimburse, in respect of these proceedings, at their standard rates and charges.

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services;
- (b) expenses required to ensure compliance with any governmental or regulatory rules, orders or directions; and

- (c) payment for goods or services actually supplied to the Applicants following the date of this Order.

8. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes and all federal excise taxes and duties (collectively, "**Sales & Excise Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales & Excise Taxes are accrued or collected after the date of this Order, or where such Sales & Excise Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

9. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicants and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the

first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

10. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

11. **THIS COURT ORDERS** that the Applicants shall, subject to such requirements as are imposed by the CCAA, have the right to:

- (a) terminate the employment of such of their employees or temporarily lay off such of their employees as it deems appropriate; and
- (b) pursue all avenues of refinancing or selling their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing or sale,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the “**Restructuring**”).

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

12. **THIS COURT ORDERS** that until and including April 9, 2020 or such later date as this Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”) shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property (including, for greater certainty, any process or steps or other rights and remedies under or relating to any class action proceeding against any of the Applicants or in respect of the Property), except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all

Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

13. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

14. **THIS COURT ORDERS** that, during the Stay Period, all rights and remedies of any Person against or in respect of Cannabis Coffee and Tea Pod Company Ltd., Cannatrek Ltd., Elmclyffe Investments [No. 2] Inc. and O Cannabis We Stand on Guard For Thee Corporation (each, an "**Affected Party**", and collectively, the "**Affected Parties**") arising out of, relating to, or triggered by the insolvency of any of the Applicants, the making or filing of these proceedings or any allegation, admission or evidence in these proceedings (collectively, the "**Cross-Default Matters**"), are hereby stayed and suspended except with the written consent of the relevant Applicants, the relevant Affected Party and the Monitor, or leave of this Court, and the operation of any provision of any agreement or other arrangement between any Person and any of the Affected Parties whether written or oral that purports to accelerate, terminate, cancel, suspend or modify such agreement or arrangement or create a right to purchase, a right of first refusal or a lien with respect to any property of an Affected Party as a result of any of the Cross-Default Matters is hereby stayed and restrained pending further order of this Court.

NO INTERFERENCE WITH RIGHTS

15. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right,

contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

16. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants, and that the Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

17. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

18. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their

capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

19. **THIS COURT ORDERS** that the Applicants shall indemnify their current and future directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

20. **THIS COURT ORDERS** that the current and future directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$550,000, as security for the indemnity provided in paragraph 19 of this Order. The Directors' Charge shall have the priority set out in paragraphs 40 and 42 herein.

21. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 19 of this Order.

APPOINTMENT OF MONITOR

22. **THIS COURT ORDERS** that EYI is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

23. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants' receipts and disbursements;
- (b) review and approve Intercompany Advances (as defined below);
- (c) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (d) advise the Applicants in the preparation of the Applicants' cash flow statements, which information shall be reviewed with the Monitor;
- (e) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;
- (f) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (g) perform such other duties as are required by this Order or by this Court from time to time.

24. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

25. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of (i) any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law

respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”), or (ii) any of the Property, the administration and control of which is subject to the provisions of any federal, provincial or other law respecting, among other things, the manufacturing, possession, processing and distribution of cannabis or cannabis products including without limitation, the *Cannabis Act* (Canada), the *Cannabis Regulations* (Canada) the *Controlled Drugs and Substances Act* (Canada), the *Excise Tax Act* (Canada), the *Cannabis Control Act* (Ontario), or other such applicable federal or provincial legislation (“**Cannabis Legislation**”), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation or Cannabis Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation or the Cannabis Legislation, unless it is actually in possession.

26. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicants with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

27. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

APPROVAL OF CHIEF RESTRUCTURING OFFICER ENGAGEMENT

28. **THIS COURT ORDERS** that the agreement dated as of March 27, 2020 pursuant to which the Applicants have engaged FTI Consulting Canada Inc. ("FTI") to act as Chief Restructuring Officer ("CRO") and provide certain financial advisory and consulting services to the Applicants, a copy of which is attached as Exhibit "G" to the Guyatt Affidavit (the "**CRO Engagement Letter**"), the execution of the CRO Engagement Letter by the Applicants, *nunc pro tunc*, and the appointment of the CRO pursuant to the terms thereof is hereby approved, including, without limitation, the payment of the fees and expenses contemplated thereby.

29. **THIS COURT ORDERS** that the CRO shall not be or be deemed to be a director, *de facto* director or employee of the Applicants.

30. **THIS COURT ORDERS** that the CRO shall not, as a result of the performance of its obligations and duties in accordance with the terms of the CRO Engagement Letter, be deemed to be in Possession of (i) any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to the Environmental Legislation, (ii) any of the Property, the administration and control of which is subject to the provisions of the Cannabis Legislation; however, if the CRO is nevertheless later found to be in Possession of any Property, then the CRO shall be entitled to the benefits and protections in relation to the Applicants and such Property as are provided to a monitor under Section 11.8(3) of the CCAA, provided however that nothing herein shall exempt the CRO from any duty to report or make disclosure imposed by applicable Environmental Legislation or Cannabis Legislation.

31. **THIS COURT ORDERS** that the CRO shall not have any liability with respect to any losses, claims, damages or liabilities, of any nature or kind, to any Person from and after the date of this Order except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct on the part of the CRO.

32. **THIS COURT ORDERS** that no action or other proceeding shall be commenced directly, or by way of counterclaim, third party claim or otherwise, against or in respect of the CRO, and all rights and remedies of any Person against or in respect of them are hereby stayed and suspended, except with the written consent of the CRO or with leave of this Court on notice

to the Applicant, the Monitor and the CRO. Notice of any such motion seeking leave of this Court shall be served upon the Applicants, the Monitor and the CRO at least seven (7) days prior to the return date of any such motion for leave.

33. **THIS COURT ORDERS** that the obligations of the Applicant to the CRO pursuant to the CRO Engagement Letter shall be treated as unaffected and may not be compromised in any Plan or proposal filed under *Bankruptcy and Insolvency Act* (Canada) (the "BIA") in respect of the Applicants.

ADMINISTRATION CHARGE

34. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, the CRO and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and in the case of the CRO in accordance with the CRO Engagement Letter, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, the CRO, and counsel for the Applicants on a bi-weekly basis and, in addition, the Applicants are hereby authorized to pay to the Monitor, counsel to the Monitor, the CRO and counsel to the Applicants, retainers to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

35. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

36. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, the CRO and counsel to the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$500,000, as security for their professional fees and disbursements incurred at their standard rates and charges, and in the case of the CRO in accordance with the CRO Engagement Letter, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 40 and 42 hereof.

INTERCOMPANY FINANCING

37. **THIS COURT ORDERS** that CannTrust Holdings Inc. (the “**Intercompany Lender**”) is authorized to loan to each of CannTrust Inc., Elmclyffe Investments Inc. and CTI Holdings (Osoyoos) Inc. (each, an “**Intercompany Borrower**”), and each Intercompany Borrower is authorized to borrow, repay and re-borrow, such amounts from time to time as the Intercompany Borrower, with the approval of the Monitor, considers necessary or desirable on a revolving basis to fund its ongoing expenditures and to pay such other amounts as are permitted by the terms of this Order (the “**Intercompany Advances**”) up to an aggregate of \$4.2 million (subject to increase in accordance with further Order of this Court), on terms consistent with existing arrangements or past practice or otherwise approved by the Monitor.

38. **THIS COURT ORDERS** that the Intercompany Lender shall be entitled to the benefit of and is hereby granted a charge (the “**Intercompany Charge**”) on all of the Property of each Intercompany Borrower, as security for the Intercompany Advances made to such Intercompany Borrower, which Intercompany Charge shall not secure an obligation that exists before the Initial Filing Date. The Intercompany Charge shall have the priority set out in paragraphs 40 and 42 hereof.

39. **THIS COURT ORDERS AND DECLARES** that the Intercompany Lender shall be treated as unaffected and may not be compromised in any Plan or any proposal filed under the BIA in respect of the Applicants, with respect to any Intercompany Advances made on or after the date of this Order.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

40. **THIS COURT ORDERS** that the priorities of the Administration Charge, the Directors’ Charge and the Intercompany Charge (the “**Charges**”), as among them with respect to any Property to which they apply, shall be as follows:

First – Administration Charge (to the maximum amount of \$500,000);

Second – Directors’ Charge (to the maximum amount of \$550,000);

Third – Intercompany Charge.

41. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

42. **THIS COURT ORDERS** that each of the Charges (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges, encumbrances and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

43. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants also obtains the prior written consent of the Monitor and the beneficiaries of the Charges, or further Order of this Court.

44. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges shall not create or be deemed to constitute a breach by the Applicants of any Agreement to which it is a party;

- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and
- (c) the payments made by the Applicants pursuant to this Order and the granting of the Charges do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

45. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

RELIEF FROM REPORTING OBLIGATIONS

46. **THIS COURT ORDERS** that the decision by the Applicants to incur no further expenses in relation to any filings, disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively, the "**Securities Filings**") that may be required by any federal, provincial or other law respecting securities or capital markets in Canada or the United States, or by the rules and regulations of a stock exchange, including, without limitation, the *Securities Act* (Ontario) and comparable statutes enacted by other provinces of Canada, the *Securities Act of 1933* (United States) and the *Securities Exchange Act of 1934* (United States) and comparable statutes enacted by individual states of the United States, the TSX Company Manual and other rules, regulations and policies of the Toronto Stock Exchange, and the NYSE Listed Company Manual and other rules, regulations and policies of the New York Stock Exchange (collectively, the "**Securities Provisions**"), is hereby authorized, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of the Applicants failing to make any Securities Filings required by the Securities Provisions.

47. **THIS COURT ORDERS** that none of the directors, officers, employees, and other representatives of the Applicants, the Monitor (and its directors, officers, employees and representatives), nor the CRO shall have any personal liability for any failure by the Applicants to make any Securities Filings required by the Securities Provisions.

SERVICE AND NOTICE

48. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in the Globe and Mail (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner or by electronic message to the e-mail address as last shown on the records of the Applicants, a notice to every known creditor who has a claim against the Applicants of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

49. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: <http://www.ey.com/ca/cantrust>.

50. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

51. **THIS COURT ORDERS** that the balance of the relief sought by the Applicants in the Notice of Application dated March 31, 2020 be and is hereby reserved to be heard by this Court on April 9, 2020, or such other date as determined by this Court.

52. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

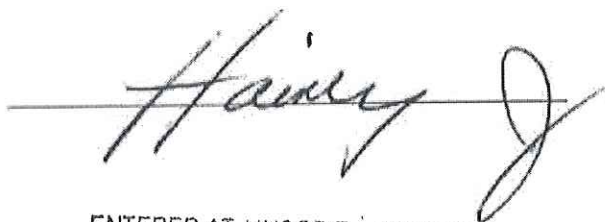
53. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

54. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory body or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

55. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that CannTrust Holdings Inc. is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in the United States and any other jurisdiction outside Canada.

- 18 -

56. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

A handwritten signature in black ink, appearing to read "Harry J.", is written over a horizontal line.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

APR 01 2020

PER / PAR: *RW*

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 CANNTRUST HOLDINGS INC. ET AL.

Court File No: CV-20-00638930-00CL

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

Proceeding commenced at Toronto

INITIAL ORDER

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Suite 5300, Toronto Dominion Bank Tower
Toronto ON M5K 1E6
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Alexander Steele LSO#: 475719P
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Email: asteel@mccarthy.ca
Lawyers for the Applicants

DOC#: 20005739

Tab B

This is **Confidential Exhibit "B"** referred to in the
affidavit of **GREG GUYATT**
sworn before me this
6th day of April, 2020

A handwritten signature in dark ink, consisting of a stylized 'J' followed by a large, loopy flourish.

A Commissioner for taking affidavits

Tab C

This is **Exhibit "C"** referred to in the
affidavit of **GREG GUYATT**
sworn before me this
6th day of April, 2020



A Commissioner for taking affidavits

CannTrust Holdings Inc. and Applicants

ESTIMATED DIRECTORS' AND OFFICERS' ("D&O") LIABILITIES CHARGE - COMEBACK HEARING

Amounts in CAD in thousands (\$000s)

	CannTrust	Notes
Estimated D&O Liabilities		
Salary and Wages	1,410	Equals 2-weeks and 4 days of estimated future payroll following forecast ramp up in operations.
CannTrust Capital Appreciation Plan ("CCAP")	1,700	Payable October 2020
Accrued Vacation	300	Based on current Accrued Vacation, plus assumed increase through May/June.
Unpaid Remittances / Payroll Deductions (IT, CPP, and EI)	140	ER only. EE portion included in Salary and Wages
Federal Excise Tax	-	Net refund position expected next 12-18 months
Provincial Sales Tax	-	Net refund position expected next 12-18 months
Total - Estimated D&O Liabilities - CAD	3,550	

Tab D

This is **Exhibit "D"** referred to in the
affidavit of **GREG GUYATT**
sworn before me this
6th day of April, 2020

A handwritten signature in dark ink, consisting of stylized, overlapping loops and strokes, positioned above a horizontal line.

A Commissioner for taking affidavits

Greenhill & Co. Canada, Ltd.
 79 Wellington Street West, Suite 3403
 TD South Tower
 Toronto, Ontario M5K 1K7
 (416) 601-2560

Greenhill

CONFIDENTIAL

April 3, 2020

Special Committee of the Board of Directors
 CannTrust Holdings Inc.
 7300 Keele Street
 Vaughan, Ontario

Attn: Mr. Mark Dawber
Chairman of the Special Committee of the Board of Directors

Dear Mark:

The purpose of this letter agreement is to amend and restate the letter agreement dated as of August 1, 2019 (the "Original Agreement") made between Greenhill & Co. Canada Ltd. ("Greenhill") and CannTrust Holdings Inc. (the "Company"), pursuant to which the Company engaged Greenhill to act as a financial advisor to the Special Committee (the "Special Committee") of the Company's Board of Directors (the "Board") in connection with the Special Committee's consideration of various strategic and business alternatives for the Company, which may include one or more potential Transactions. This letter agreement (the "Agreement") replaces and supersedes the Original Agreement and the indemnity letter agreement dated July 30, 2019 made between Greenhill and the Company.

For the purposes hereof, a "Transaction" shall mean any direct or indirect, solicited or unsolicited (i) sale, transfer or other disposition of all or substantially all of the assets of the Company or any of its affiliates, (ii) any sale of more than 20% of the outstanding voting or equity interests of the Company or any of its affiliates, (iii) any investment in 10% or more of the Company's equity or voting securities (or convertible securities or options providing for same), or (iv) any business combination or extraordinary corporate transaction involving the Company or any of its affiliates, whether in one or a series of transactions, including, without limitation, by way of a negotiated sale, merger or consolidation, spin-off, split-off or other extraordinary dividend of cash, securities or other assets, tender or exchange offer, share exchange, leveraged buyout, investment or partnership, strategic relationship, collaborative or joint venture, lease, license, divestiture, or otherwise.

1. In connection with the engagement hereunder, Greenhill will undertake certain services on behalf of the Special Committee, including, to the extent requested by the Special Committee and as appropriate:

Strategic Advisory:

- a. conducting a strategic review of the business, including reviewing the business, assets and operations of the Company and its historical and projected financial condition;
- b. assisting the Special Committee in assessing the current and future financial condition of the Company, as well as its competitive environment and prospects;
- c. performing an assessment of value of the Company, which will not constitute a formal valuation;
- d. identifying and assessing the Company's strategic alternatives and advising on the financial implications of related corporate governance issues;
- e. evaluating and advising the Special Committee with respect to various strategic alternatives for the Company;

Defense Advisory:

- f. advising the Special Committee with respect to any unsolicited actions, offers or proposals directed at the Company from any parties, and the Company's potential responses thereto;
- g. assisting the Special Committee in preparing for current and future public activism against the Company;
- h. assisting the Special Committee in preparing for and responding to any other attempts to acquire or influence control of the Company or its Board, including any attempts to change the Company's articles, by-laws or other corporate governance instruments by proxy or consent solicitation or otherwise;
- i. assisting the Special Committee in assessing, and taking action steps to limit, the Company's risk of unsolicited activity;
- j. assisting the Special Committee with respect to interactions and communications with the Company's shareholders, as well as other stakeholders, as appropriate;
- k. assisting the Special Committee in connection with its assessment and, if desired by the Special Committee, the implementation, of various defensive measures;
- l. conduct a process to implement a Transaction;

Transaction Advisory:

- m. if requested, analyzing and evaluating a Transaction;
- n. if requested, advising the Special Committee as to the timing, structure and pricing of a specific proposed Transaction;

- o. if requested, assisting the Special Committee in negotiating the financial terms of and consummating a specific proposed Transaction;
- p. providing such other financial advisory and investment banking services as are customary for similar transactions and mutually agreed upon by the Special Committee and Greenhill;
- q. if appropriate, rendering an opinion to the Special Committee or the Board as to the fairness or adequacy, from a financial point of view, to the Company or, if applicable, the Company's shareholders of the consideration to be received by the Company or such holders (or the exchange ratio provided for) in connection with a proposed Transaction (an "Opinion"); it being understood that the nature and scope of Greenhill's investigation as well as the scope, form and substance of, and the assumptions and qualifications contained in, its Opinion, shall be as Greenhill deems appropriate;
 - i) providing such other financial advisory and investment banking services as are customary for similar transactions and mutually agreed upon by the Special Committee and Greenhill; and

Other Advisory Services:

- r. providing such other financial advisory and investment banking services as are customary and mutually agreed upon by the Special Committee and Greenhill, outside of services described above under the headings Strategic Advisory, Defense Advisory and Transaction Advisory.
2. As compensation for Greenhill's services hereunder, the Company shall pay Greenhill the following cash fees, subject to the terms and conditions noted below:

Engagement Fee

- a. a non-refundable engagement fee, for services rendered to date, of \$1,000,000 (the "Engagement Fee"), which amount was paid by the Company following the full execution of the Original Agreement.

Work Fee

- b. a monthly work fee, payable in accordance with the following schedule (the "Work Fee"):
 - i) \$500,000, payable on August 1, 2019 and on September 2, 2019; and
 - ii) \$250,000, payable on the first business day of each month from October 2019 and thereafter,

provided that the aggregate amount of Work Fee payable to Greenhill hereunder shall not exceed \$1,500,000 unless otherwise agreed in writing by the Special Committee, of which \$1,500,000 was paid the Company during the period that elapsed between the date of the Original Agreement and the date of this Agreement. For greater certainty, no further Work Fee is payable hereunder.

Opinion Fees

- c. if Greenhill is asked to provide an Opinion in respect of any Transaction, an initial opinion fee of \$750,000 (an "Initial Opinion Fee"); if Greenhill is asked to update the first Opinion after its delivery, or requested to provide another Opinion (in any case, a "Subsequent Opinion"), a subsequent opinion fee of \$250,000 (a "Subsequent Opinion Fee"), provided, however, that the Subsequent Opinion Fee shall be \$500,000 if:
 - i) the Subsequent Opinion is in respect of a different Transaction,
 - ii) the Subsequent Opinion involves valuing the non-cash consideration of a different bidder or a different merger proponent, or
 - iii) more than 60 days has elapsed since the delivery of the First Opinion;
- d. the Initial Opinion Fee and any Subsequent Opinion Fee (in any case, an "Opinion Fee") shall be payable by the Company upon the earlier of: (i) such time as Greenhill delivers such Opinion; or (ii) such time as the Company (or the Special Committee or the Board) decides not to pursue the proposed Transaction following its consideration of analyses, advice or other information provided by Greenhill that includes an Opinion. No portion of any Opinion Fee shall be contingent upon the consummation of the Transaction or any conclusion set forth in any Opinion.

Transaction Fee

- e. a fee in an amount equal to the sum of (a) \$1,000,000 plus (b) 4.0% of the value of the consideration payable to the Company, its shareholders or creditors pursuant to any Transaction to the extent that value exceeds \$45,000,000 (the "Transaction Fee"), which Transaction Fee shall be payable in respect of any Transaction that, during the term of this Agreement or within 12 months thereafter, is consummated or a definitive agreement is entered into that subsequently results in a Transaction.

For greater certainty, not more than one Transaction Fee will be payable under this Agreement.

Other Advisory Fee(s)

- f. in the event Greenhill provides the Company (or the Special Committee or the Board) with additional financial advisory and investment banking services, which are outside of the services anticipated at the outset of this engagement, Greenhill will be entitled to be paid additional cash fees to be mutually agreed upon by the Company and Greenhill, acting reasonably and in good faith.

No fee payable to any other financial advisor by the Company or any other person in connection with the subject matter of this engagement shall reduce or otherwise affect any fee payable to Greenhill hereunder.

All fees will be payable in Canadian dollars and invoiced with applicable federal and provincial taxes.

- 3. In addition to any fees payable to Greenhill hereunder (and regardless of whether a Transaction is proposed or completed), the Company shall, at Greenhill's request, promptly

reimburse Greenhill for travel and other reasonable expenses incurred by Greenhill in connection with its engagement hereunder, including the fees (not to exceed \$75,000 without the consent of the Special Committee, which consent shall not be unreasonably withheld) and expenses of legal counsel.

All such expenses will be reimbursed in Canadian dollars and invoiced with applicable federal and provincial taxes.

4. The Company hereby agrees to apply to the Superior Court of Justice (Commercial List) (the "Court") in the proceeding bearing Court File No. CV-20-00638930-00CL for an order or orders, in form and substance satisfactory to Greenhill, approving this agreement and the retention by the Special Committee of Greenhill under the terms of this engagement and provide for a priority court-ordered charge to secure any Transaction Fee that may become owing under this agreement (the "Charge"). In the event that the Court fails to grant the Charge, Greenhill reserves the right to immediately terminate this agreement.
5. Greenhill's engagement hereunder as financial advisor to the Special Committee will terminate on the date that is 12 months after the date hereof (unless extended by mutual written consent) and may be terminated earlier at any time by either party upon written notice to the other party; provided, however, that no such termination shall affect (i) the indemnification, contribution and confidentiality obligations provided herein, (ii) the right of Greenhill to receive any unpaid fees that become payable hereunder or fees that have accrued hereunder prior to such termination or (iii) the right of Greenhill to receive reimbursement for its expenses as described above.
6. The Company shall indemnify Greenhill and related persons in accordance with the indemnification letter attached hereto as Schedule A, the provisions of which are incorporated herein by reference in their entirety.
7. The Special Committee or the Company shall provide (and, if the Special Committee enters into negotiations with a potential participant in a Transaction, will request such potential participant to furnish) to Greenhill all financial and other information reasonably requested by it for the purpose of its assignment hereunder, including providing Greenhill with reasonable access to management and other representatives of the Company (and, if the Special Committee enters into negotiations with a potential participant regarding a potential Transaction, requesting that such potential participant provide Greenhill with reasonable access to management and other representatives of the potential acquiror). In performing its services hereunder (including, without limitation, in rendering any Opinion), Greenhill shall be entitled to rely upon and assume, without assuming any responsibility for independent verification, the accuracy and completeness of all information that is publicly available and all information that has been furnished to it by or on behalf of the Special Committee or the Company, any other potential participant in a Transaction or otherwise reviewed by Greenhill, and Greenhill shall not assume any responsibility or have any liability therefor. The Special Committee agrees that if it learns that any information furnished to Greenhill pursuant to this letter agreement was or becomes inaccurate, incomplete or misleading, the Special Committee shall promptly notify Greenhill in writing. Greenhill shall have no obligation to conduct any appraisal of any assets or liabilities. Greenhill does not provide accounting, tax, legal or regulatory advice. The Company agrees that it will be responsible for ensuring that any Transaction complies with applicable law.

Any financial advice rendered by Greenhill or its representatives pursuant to this letter agreement is intended solely for the benefit and use of the Special Committee and the Board,

acting solely in their capacities as such, is not on behalf of, and shall not confer rights or remedies upon, any person other than the Special Committee and the Board, and may not be used or relied upon for any other purpose. No such financial advice (except as provided in the following sentence) or the terms of this letter agreement may be disclosed publicly in any manner without Greenhill's prior written consent, and all such advice and the terms of this letter agreement will be treated by the Special Committee and the Board as confidential. Greenhill understands that its Opinion may be reproduced in full in a proxy or information statement or similar disclosure document that is required to be filed under the federal securities laws and mailed to the Company's stockholders; provided that Greenhill has previously reviewed and approved the form and substance of all references to or descriptions of Greenhill or the Opinion in any such proxy or information statement or similar disclosure document. Greenhill shall have no responsibility for the form or content of any such disclosure document, other than the Opinion itself.

8. Following the public announcement of a Transaction, Greenhill may, at its own expense, place announcements or advertisements in financial newspapers, journals and marketing materials describing its services hereunder. If requested by Greenhill, the Company (or the Special Committee or the Board) shall include a mutually acceptable reference to Greenhill in any press release or other public announcement it makes in respect of a Transaction.
9. This letter agreement (including Schedule A) (a) shall be governed by and construed in accordance with the laws of the Province of Ontario, regardless of the laws that might otherwise govern under applicable principles of conflicts of law thereof and no proceeding or claim related directly or indirectly to this letter agreement shall be commenced, prosecuted, pursued or continued in any court other than the courts of the Province of Ontario located in the City of Toronto, (b) incorporates the entire understanding of the parties with respect to the subject matter hereof and supersedes all previous agreements should they exist with respect thereto, (c) may not be amended or modified except in a writing executed by the Special Committee and Greenhill and (d) shall be binding upon and inure to the benefit of the Special Committee, the Company, Greenhill, the other Indemnified Parties (as defined in Schedule A) and their respective successors and assigns. The Special Committee (including on the Company's behalf and, to the extent permitted by applicable law, on behalf of the Company's affiliates, securityholders and creditors) and Greenhill agree to waive, to the fullest extent permitted by law, any objection it may now or hereafter have to the laying of venue of any such proceeding brought in any Ontario court specified in this paragraph and any claim that any such proceeding brought in any such court has been brought in an inconvenient forum and to waive all rights to trial by jury in any action, proceeding or counterclaim brought by or on behalf of either party with respect to any matter whatsoever relating to or arising out of any actual or potential Transaction or the engagement of or performance by Greenhill hereunder.

The Special Committee acknowledges that Greenhill, in rendering its services hereunder, is acting as an independent contractor with duties owing solely to the Special Committee, acting solely in its capacity as such, that nothing in this letter agreement is intended to confer upon any other person any rights or remedies hereunder or by reason hereof and that Greenhill is not assuming any duties or obligations other than those expressly set forth herein. Nothing in this letter agreement or the nature of Greenhill's services in connection with this engagement or otherwise shall be deemed to create a fiduciary duty or fiduciary or agency relationship between Greenhill or any of its affiliates, on the one hand, and the Special Committee, the Company or any of the Company's affiliates, securityholders, employees or creditors, on the other hand. Each of the Special Committee and the Company agrees that it

shall not make, and hereby waives, any claim based on the assertion of such a fiduciary or agency relationship.

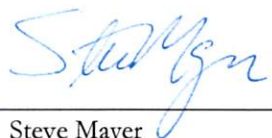
This letter agreement has been duly authorized and executed by the Special Committee, for itself and on behalf of the Company, and constitutes the legal, binding obligation of the Special Committee and the Company, enforceable in accordance with its terms. The invalidity or unenforceability of any provision of this letter agreement shall not affect the validity or enforceability of any other provision of this letter agreement, which shall remain in full force and effect.

If at any time during our engagement or thereafter you have any questions relating to billing or to regulatory compliance matters, you should contact Steve Mayer, President of Greenhill Canada.

This letter agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement. Please confirm that the foregoing is in accordance with your understanding of our agreement by signing and returning to us a copy of this letter agreement.

Very best regards,

GREENHILL & CO. CANADA LTD.

By: 
 Name: Steve Mayer
 Title: President, Greenhill Canada

Accepted and agreed to as of
 the date set forth above:

SPECIAL COMMITTEE OF THE BOARD OF DIRECTORS
 CANNTRUST HOLDINGS INC.

By: 
 Name: Mark Dawber
 Title: Chairman of the Special Committee of the Board of Directors

SCHEDULE A

INDEMNIFICATION

The Company shall indemnify and hold harmless Greenhill, its affiliates and their respective officers, directors, members, partners, employees, agents, representatives and each other entity or person, if any, controlling Greenhill or any of its affiliates (collectively, the “Indemnified Parties”) from and against any losses, claims, damages, demands and liabilities (collectively, “Liabilities”) (or actions or proceedings in respect thereof), to which any of the Indemnified Parties may become subject related to or arising in any manner out of any activities performed or services furnished pursuant to the attached letter agreement, any matter contemplated thereby or an Indemnified Party’s role in connection therewith, including prior to the date hereof (the “Indemnified Activities”), except to the extent a court of competent jurisdiction shall have determined by final non-appealable judgment that such Liabilities resulted directly from the gross negligence or willful misconduct of Greenhill in performing the services that are the subject of the attached letter agreement. In addition, the Company shall promptly reimburse the Indemnified Parties for all costs and expenses (including, without limitation, fees, costs and expenses of legal counsel), as incurred, in connection with (i) the investigation of, preparation for, responding to, serving as a witness in respect of, or defending, pursuing, settling or otherwise becoming involved in, any pending or threatened investigative, administrative, judicial, or regulatory or other claim, action or proceeding or any arbitration or investigation in any jurisdiction related to or arising in any manner out of any Indemnified Activities, whether or not in connection with pending or threatened litigation to which Greenhill (or any other Indemnified Party) or the Company or any of its securityholders is, or is threatened to be, a party (collectively, “Proceedings”) and (ii) enforcing any Indemnified Party’s right under the attached letter agreement (including this Schedule A).

Greenhill shall notify the Company after it becomes aware that a Proceeding has been commenced (by way of service with a summons or other legal process giving information as to the nature and basis of the claim) against an Indemnified Party in respect of which indemnity may be sought hereunder. In any event, failure to notify the Company shall not relieve the Company from any liability which the Company may have on account of this indemnity or otherwise, except to the extent the Company shall not otherwise have been aware of such Proceeding and the Company shall have been materially prejudiced with respect to the Proceeding by such failure. The Company shall not be liable for any settlement of any Proceeding effected by an Indemnified Party without the Company’s written consent, which consent shall not be unreasonably withheld, but if settled in accordance herewith or if there is a judgment against an Indemnified Party, the Company agrees to indemnify the Indemnified Party from and against any Liability by reason of such settlement or judgment. Neither the Company nor any member of the Company’s board of directors shall (a) settle, compromise, consent to the entry of a judgment in or otherwise seek to terminate any pending or threatened Proceeding in respect of which indemnity may be sought hereunder, whether or not any Indemnified Party is an actual or potential party to such Proceeding, or (b) participate in or facilitate any such settlement, compromise, consent or termination, including on behalf of the Company’s board of directors (or a committee thereof), in each case without Greenhill’s prior written consent, unless such settlement, compromise, consent or termination includes an unconditional release of each Indemnified Party from all actual or potential Liabilities relating to the Indemnified Activities (such release to be set forth in an instrument signed by all parties to such settlement, compromise, consent or termination) and does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any Indemnified Party.

The Company agrees that if any indemnification or reimbursement sought pursuant to this Schedule A were for any reason not to be available to any Indemnified Party or insufficient to hold it harmless as and to the extent contemplated by this Schedule A, then the Company shall contribute to the amount

paid or payable by such Indemnified Party in respect of Liabilities and expenses in such proportion as is appropriate to reflect the relative benefits to the Company and its affiliates, their respective securityholders and creditors on the one hand, and such Indemnified Party on the other, in connection with the transactions contemplated by the attached letter agreement (whether or not consummated) or, if such allocation is not permitted by applicable law as determined by a court of competent jurisdiction by final non-appealable judgment, in such proportion as is appropriate to reflect not only the relative benefits but also the relative fault of the Company (and its affiliates, and their respective directors, employees, agents and other advisors) on the one hand and such Indemnified Party on the other hand, as well as any other equitable considerations. It is hereby agreed that the relative benefits to the Company and its affiliates and their respective securityholders and creditors and to the Indemnified Party with respect to transactions contemplated by the attached letter agreement shall be deemed to be in the same proportion as (i) the total value paid or received or contemplated to be paid or received by the Company and its affiliates and their respective securityholders and creditors pursuant to transactions contemplated by the attached letter agreement (whether or not consummated) bears to (ii) the fees paid to Greenhill under the attached letter agreement (excluding amounts received by Greenhill as reimbursement of expenses and amounts paid under this Schedule A). The relative fault of the Company and the Indemnified Party shall be determined by reference to, among other things, whether the statements, actions or omissions to act or any other alleged conduct were by the Company (or its affiliates or their respective directors, employees, agents or other advisors) or the Indemnified Party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action or omission to act. In no event shall the Indemnified Parties be required to contribute or otherwise be liable for an amount in excess of the aggregate amount of fees actually received by Greenhill pursuant to the attached letter agreement (excluding amounts received by Greenhill as reimbursement of expenses and amounts paid under this Schedule A).

The Company further agrees that no Indemnified Party shall have any Liability (whether direct or indirect, in contract or tort or otherwise) to the Company or any person asserting claims on behalf of or in right of the Company for or in connection with Greenhill's engagement hereunder or the transactions contemplated by the attached letter agreement except to the extent a court of competent jurisdiction shall have determined by final non-appealable judgment that any Liability resulted directly from the gross negligence or willful misconduct of Greenhill in performing the services that are the subject of the attached letter agreement. The indemnity, reimbursement and contribution obligations of the Company shall be in addition to any liability which the Company may otherwise have to an Indemnified Party, shall not be limited by any rights that an Indemnified Party may otherwise have and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Company or an Indemnified Party.

The indemnity, reimbursement and contribution provisions set forth herein shall remain operative and in full force and effect regardless of (i) any withdrawal, termination or consummation of or failure to initiate or consummate any transaction contemplated by the attached letter agreement, (ii) any investigation made by or on behalf of any party hereto or any person controlling any party hereto, (iii) any amendment or other modification or termination of the attached letter agreement or the completion of Greenhill's engagement and (iv) whether or not Greenhill shall, or shall not be called upon to, render any formal or informal advice in the course of such engagement.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

AFFIDAVIT OF GREG GUYATT
(Sworn April 6, 2020)

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Suite 5300, TD Bank Tower
Toronto ON M5K 1E6
Fax: 416-868-0673

James Gage LSO#: 346761
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Alexander Steele LSO#: 475719P
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Lawyers for the Applicants

DOC#: 20259209

Tab 2

Court File No. CV-20-00638930-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE	)	THURSDAY, THE 9TH
	)	
MR. JUSTICE HAINEY	)	DAY OF APRIL, 2020

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
CANTRUST HOLDINGS INC., CANTRUST INC.,
CTI HOLDINGS (OSOYOOS) INC., AND ELMCLIFFE INVESTMENTS INC.

Applicants

AMENDED AND RESTATED INITIAL ORDER

THIS APPLICATION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) for an order amending and restating the Initial Order (the “**Initial Order**”) issued on March 31, 2020 (the “**Initial Filing Date**”) and extending the stay of proceedings provided for therein was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Greg Guyatt sworn March 31, 2020 and the Exhibits thereto (the “**Guyatt Affidavit**”), the affidavit of Greg Guyatt sworn April 6, 2020 and the Exhibits thereto (the “**Second Guyatt Affidavit**”), the consent of Ernst & Young Inc. (“**EYI**”) to act as the Monitor (in such capacity, the “**Monitor**”), the Pre-Filing Report of EYI in its capacity as the proposed Monitor dated March 31, 2020, and the First Report of the Monitor dated April ●, 2020, and on hearing the submissions of counsel for the Applicants, the Monitor and those other parties that were present as listed on the counsel slip, no other party appearing although duly served as appears from the Affidavit of Service of ● sworn ●, 2020.

AMENDING AND RESTATING INITIAL ORDER

1. **THIS COURT ORDERS** that the Initial Order, reflecting the Initial Filing Date, shall be amended and restated as provided for herein.

SERVICE

2. **THIS COURT ORDERS** that the time for service and filing of the Notice of Application, the Application Record and the Supplementary Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

3. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies.

PLAN OF ARRANGEMENT

4. **THIS COURT ORDERS** that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court one or more plans of compromise or arrangement (hereinafter referred to as the “**Plan**”).

POSSESSION OF PROPERTY AND OPERATIONS

5. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their businesses (the “**Business**”) and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, contractors, consultants, agents, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by them, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business, to preserve the value of the Property or for the carrying out of the terms of this Order.

6. **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize the central cash management system currently in place or, with the consent of the Monitor, replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

7. **THIS COURT ORDERS** that each of the Applicants' existing depository and disbursement banks (collectively, the "**Banks**") is authorized to debit the applicable Applicant's accounts in the ordinary course of business without the need for further order of this Court for:

- (i) all cheques drawn on the applicable Applicant's accounts which are cashed at such Bank's counters or exchanged for cashier's cheques by the payees thereof prior to the date of this Order;
- (ii) all cheques or other items deposited in one of the Applicant's accounts with such Bank prior to the date of this Order which have been dishonoured or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent an Applicant was responsible for such items prior to the date of this Order; and (iii) all undisputed pre-filing amounts outstanding as of the date hereof, if any, owed to any Bank as service charges for the maintenance of the Cash Management System.

8. **THIS COURT ORDERS** that any of the Banks may rely on the representations of the applicable Applicant with respect to whether any cheques or other payment order drawn or issued by the applicable Applicant prior to the date of this Order should be honoured pursuant to this or any other order of this Court, and such Bank shall not have any liability to any party for relying on such representations by the applicable Applicant as provided for herein.

9. **THIS COURT ORDERS** that (i) those certain existing deposit agreements between the Applicants and the Banks shall continue to govern the post-filing cash management relationship between the Applicants and the Banks, and that all of the provisions of such agreements, including, without limitation, the termination and fee provisions, shall remain in full force and effect, (ii) either any of the Applicants, with the consent of the Monitor, or the Banks may, without further Order of this Court, implement changes to the Cash Management System and procedures in the ordinary course of business pursuant to the terms of those certain existing deposit agreements, including, without limitation, the opening and closing of bank accounts, and (iii) all control agreements in existence prior to the date of this Order shall apply.

10. **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the Initial Filing Date:

- (a) all outstanding and future wages, salaries, contract amounts, amounts payable pursuant to the CannTrust Capital Appreciation Plan (whether accrued prior to, on or after the Initial Filing Date), employee and pension benefits, vacation pay and expenses (including, without limitation, in respect of expenses charged by employees to corporate credit cards) payable on or after the Initial Filing Date to employees or contractors, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) the fees and disbursements of any Assistants retained or employed by the Applicants, or retained by employees or officers of the Applicants that the Applicants have agreed to reimburse, in respect of these proceedings, at their standard rates and charges; and
- (c) with the consent of the Monitor, amounts owing for goods or services actually supplied to the Applicants prior to the Initial Filing Date by third party suppliers if in the opinion of the Applicants the supplier is critical to the Business, ongoing operations of the Applicants, or preservation of the Property and the payment is required to ensure ongoing supply.

11. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the

Applicants in carrying on the Business in the ordinary course after the Initial Filing Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services;
- (b) expenses required to ensure compliance with any governmental or regulatory rules, orders or directions; and
- (c) payment for goods or services actually supplied to the Applicants following the Initial Filing Date.

12. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes and all federal excise taxes and duties (collectively, "**Sales & Excise Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales & Excise Taxes are accrued or collected after the Initial Filing Date, or where such Sales & Excise Taxes were accrued or collected prior to the Initial Filing Date but not required to be remitted until on or after the Initial Filing Date; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured

creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

13. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicants and the landlord from time to time (“**Rent**”), for the period commencing from and including the Initial Filing Date twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears), or, at the election of the applicable Applicant, at such intervals as such Rent is usually paid pursuant to the applicable lease. On the date of the first of such payments, any Rent relating to the period commencing from and including the Initial Filing Date shall also be paid.

14. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of the Initial Filing Date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

15. **THIS COURT ORDERS** that the Applicants shall, subject to such requirements as are imposed by the CCAA, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their businesses or operations, and to dispose of redundant or non-material assets not exceeding \$500,000 in any one transaction or \$1,000,000 in the aggregate;
- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as it deems appropriate; and

- (c) pursue all avenues of refinancing or selling their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing or sale,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the “**Restructuring**”).

16. **THIS COURT ORDERS** that the Applicants shall provide each of the relevant landlords with notice of the Applicants’ intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicants’ entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further Order of this Court upon application by the Applicants on at least two (2) days notice to such landlord and any such secured creditors. If the Applicants disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicants’ claims to the fixtures in dispute.

17. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours’ prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

18. **THIS COURT ORDERS** that from the Initial Filing Date until and including July 5, 2020, or such later date as this Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”) shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property (including, for greater certainty, any process or steps or other rights and remedies under or relating to any class action proceeding against any of the Applicants or in respect of the Property), except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

19. **THIS COURT ORDERS** that during the Stay Period, none of the Pending Litigation (as defined in the Guyatt Affidavit) or any Proceeding in relation thereto shall be commenced, continued or take place against or in respect of any Person named as a defendant or respondent in any of the Pending Litigation (such Persons, the “**Other Defendants**”), except with leave of this Court, and any and all such Proceedings currently underway or directed to take place against or in respect of any of the Other Defendants, or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

20. **THIS COURT ORDERS** that, to the extent any prescription, time or limitation period relating to any Proceeding by, against or in respect of the Applicants or any of the Other Defendants that is stayed pursuant to this Order may expire, the term of such prescription, time or limitation period shall hereby be deemed to be extended by a period equal to the Stay Period.

NO EXERCISE OF RIGHTS OR REMEDIES

21. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any

business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

22. **THIS COURT ORDERS** that, during the Stay Period, all rights and remedies of any Person against or in respect of Cannabis Coffee and Tea Pod Company Ltd., Cannatrek Ltd., Elmcliffe Investments [No. 2] Inc. and O Cannabis We Stand on Guard For Thee Corporation (each, an “**Affected Party**”, and collectively, the “**Affected Parties**”) arising out of, relating to, or triggered by the insolvency of any of the Applicants, the making or filing of these proceedings or any allegation, admission or evidence in these proceedings (collectively, the “**Cross-Default Matters**”), are hereby stayed and suspended except with the written consent of the relevant Applicants, the relevant Affected Party and the Monitor, or leave of this Court, and the operation of any provision of any agreement or other arrangement between any Person and any of the Affected Parties whether written or oral that purports to accelerate, terminate, cancel, suspend or modify such agreement or arrangement or create a right to purchase, a right of first refusal or a lien with respect to any property of an Affected Party as a result of any of the Cross-Default Matters is hereby stayed and restrained pending further order of this Court.

NO INTERFERENCE WITH RIGHTS

23. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

24. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of

such goods or services as may be required by the Applicants, and that the Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the Initial Filing Date are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

25. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the Initial Filing Date, nor shall any Person be under any obligation on or after the Initial Filing Date to advance or re-advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

26. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the Initial Filing Date and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

27. **THIS COURT ORDERS** that the Applicants shall indemnify their current and future directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

28. **THIS COURT ORDERS** that the current and future directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the “**Directors’ Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$3.55 million, as security for the indemnity provided in paragraph 27 of this Order. The Directors’ Charge shall have the priority set out in paragraphs 57 and 59 herein.

29. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors’ Charge, and (b) the Applicants’ directors and officers shall only be entitled to the benefit of the Directors’ Charge to the extent that they do not have coverage under any directors’ and officers’ insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 27 of this Order.

APPOINTMENT OF MONITOR

30. **THIS COURT ORDERS** that EYI is, as of the Initial Filing Date, appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor’s functions.

31. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants’ receipts and disbursements;
- (b) review and approve Intercompany Advances (as defined below);
- (c) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

- (d) advise the Applicants in the preparation of the Applicants' cash flow statements, which information shall be reviewed with the Monitor;
- (e) advise the Applicants in its development of the Plan and any amendments to the Plan;
- (f) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' meetings for voting on the Plan;
- (g) assist the Applicants, to the extent required by the Applicants, in connection with any sale and investment solicitation process conducted by the Applicants;
- (h) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;
- (i) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (j) perform such other duties as are required by this Order or by this Court from time to time.

32. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

33. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of (i) any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without

limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”), or (ii) any of the Property, the administration and control of which is subject to the provisions of any federal, provincial or other law respecting, among other things, the manufacturing, possession, processing and distribution of cannabis or cannabis products including without limitation, the *Cannabis Act* (Canada), the *Cannabis Regulations* (Canada) the *Controlled Drugs and Substances Act* (Canada), the *Excise Tax Act* (Canada), the *Cannabis Control Act* (Ontario), or other such applicable federal or provincial legislation (“**Cannabis Legislation**”), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation or Cannabis Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation or the Cannabis Legislation, unless it is actually in possession.

34. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicants with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

35. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order or the Initial Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order or the Initial Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

APPROVAL OF CHIEF RESTRUCTURING OFFICER ENGAGEMENT

36. **THIS COURT ORDERS** that the agreement dated as of March 27, 2020 pursuant to which the Applicants have engaged FTI Consulting Canada Inc. (“**FTI**”) to act as Chief

Restructuring Officer (“**CRO**”) and provide certain financial advisory and consulting services to the Applicants, a copy of which is attached as Exhibit “G” to the Guyatt Affidavit (the “**CRO Engagement Letter**”), the execution of the CRO Engagement Letter by the Applicants, *nunc pro tunc*, and the appointment of the CRO pursuant to the terms thereof is hereby approved, including, without limitation, the payment of the fees and expenses contemplated thereby.

37. **THIS COURT ORDERS** that the CRO shall not be or be deemed to be a director, *de facto* director or employee of the Applicants.

38. **THIS COURT ORDERS** that the CRO shall not, as a result of the performance of its obligations and duties in accordance with the terms of the CRO Engagement Letter, be deemed to be in Possession of (i) any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to the Environmental Legislation, (ii) any of the Property, the administration and control of which is subject to the provisions of the Cannabis Legislation; however, if the CRO is nevertheless later found to be in Possession of any Property, then the CRO shall be entitled to the benefits and protections in relation to the Applicants and such Property as are provided to a monitor under Section 11.8(3) of the CCAA, provided however that nothing herein shall exempt the CRO from any duty to report or make disclosure imposed by applicable Environmental Legislation or Cannabis Legislation.

39. **THIS COURT ORDERS** that the CRO shall not have any liability with respect to any losses, claims, damages or liabilities, of any nature or kind, to any Person from and after the Initial Filing Date except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct on the part of the CRO.

40. **THIS COURT ORDERS** that no action or other proceeding shall be commenced directly, or by way of counterclaim, third party claim or otherwise, against or in respect of the CRO, and all rights and remedies of any Person against or in respect of them are hereby stayed and suspended, except with the written consent of the CRO or with leave of this Court on notice to the Applicant, the Monitor and the CRO. Notice of any such motion seeking leave of this Court shall be served upon the Applicants, the Monitor and the CRO at least seven (7) days prior to the return date of any such motion for leave.

41. **THIS COURT ORDERS** that the obligations of the Applicant to the CRO pursuant to the CRO Engagement Letter shall be treated as unaffected and may not be compromised in any Plan or proposal filed under *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) in respect of the Applicants.

APPROVAL OF FINANCIAL ADVISOR ENGAGEMENT

42. **THIS COURT ORDERS** that the agreement dated as of April 3, 2020 pursuant to which the Applicants have engaged Greenhill & Co. Canada Ltd. (the “**Financial Advisor**”) to assist the Applicants in a review of strategic alternatives, a copy of which is attached as Exhibit “D” to the Second Guyatt Affidavit (the “**Financial Advisor Engagement Letter**”), the execution of the Financial Advisor Engagement Letter by the Applicants, *nunc pro tunc*, and the appointment of the Financial Advisor pursuant to the terms thereof is hereby approved, including, without limitation, the payment of the fees and expenses contemplated thereby.

43. **THIS COURT ORDERS** that the Financial Advisor shall not be or be deemed to be a director, *de facto* director or employee of the Applicants.

44. **THIS COURT ORDERS** that the Financial Advisor shall not have any liability with respect to any losses, claims, damages or liabilities, of any nature or kind, to any Person from and after the date of this Order except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct on the part of the Financial Advisor.

45. **THIS COURT ORDERS** that no action or other proceeding shall be commenced directly, or by way of counterclaim, third party claim or otherwise, against or in respect of the Financial Advisor, and all rights and remedies of any Person against or in respect of them are hereby stayed and suspended, except with the written consent of the Financial Advisor or with leave of this Court on notice to the Applicant, the Monitor and the Financial Advisor. Notice of any such motion seeking leave of this Court shall be served upon the Applicants, the Monitor and the Financial Advisor at least seven (7) days prior to the return date of any such motion for leave.

46. **THIS COURT ORDERS** that the obligations of the Applicant to the Financial Advisor pursuant to the Financial Advisor Engagement Letter shall be treated as unaffected and may not be compromised in any Plan or proposal filed under the BIA in respect of the Applicants.

ADMINISTRATION CHARGE

47. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, the CRO, the Financial Advisor and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and in the case of the CRO in accordance with the CRO Engagement Letter, and in the case of the Financial Advisor in accordance with the Financial Advisor Engagement Letter, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, the CRO, the Financial Advisor and counsel for the Applicants on a bi-weekly basis and, in addition, the Applicants are hereby authorized to pay to the Monitor, counsel to the Monitor, the CRO and counsel to the Applicants, retainers to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

48. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

49. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, the CRO and counsel to the Applicants shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$1.4 million, as security for their professional fees and disbursements incurred at their standard rates and charges, and in the case of the CRO in accordance with the CRO Engagement Letter, both before and after the Initial Filing Date in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 57 and 59 hereof.

TRANSACTION FEE CHARGE

50. **THIS COURT ORDERS** that the Financial Advisor shall be entitled to the benefit of and is hereby granted a charge (the “**Transaction Fee Charge**”) on the Property, as security for the Transaction Fee (as defined the Financial Advisor Engagement Letter). The Transaction Fee Charge shall have the priority set out in paragraphs 57 and 59 hereof.

INTERCOMPANY FINANCING

51. **THIS COURT ORDERS** that CannTrust Holdings Inc. (the “**Intercompany Lender**”) is authorized to loan to each of CannTrust Inc., Elmcliffe Investments Inc. and CTI Holdings (Osoyoos) Inc. (each, an “**Intercompany Borrower**”), and each Intercompany Borrower is authorized to borrow, repay and re-borrow, such amounts from time to time as the Intercompany Borrower, with the approval of the Monitor, considers necessary or desirable on a revolving basis to fund its ongoing expenditures and to pay such other amounts as are permitted by the terms of this Order (the “**Intercompany Advances**”), on terms consistent with existing arrangements or past practice or otherwise approved by the Monitor.

52. **THIS COURT ORDERS** that the Intercompany Lender shall be entitled to the benefit of and is hereby granted a charge (the “**Intercompany Charge**”) on all of the Property of each Intercompany Borrower, as security for the Intercompany Advances made to such Intercompany Borrower, which Intercompany Charge shall not secure an obligation that exists before the Initial Filing Date. The Intercompany Charge shall have the priority set out in paragraphs 57 and 59 hereof.

53. **THIS COURT ORDERS AND DECLARES** that the Intercompany Lender shall be treated as unaffected and may not be compromised in any Plan or any proposal filed under the BIA in respect of the Applicants, with respect to any Intercompany Advances made on or after the Initial Filing Date.

KERP AND KERP CHARGE

54. **THIS COURT ORDERS** that the Key Employee Retention Plan (the “**KERP**”), as described and defined in the Second Guyatt Affidavit, for the benefit of the Key Employees (as defined in the Second Guyatt Affidavit) is hereby approved and the Applicants are authorized and directed to make payments in accordance with the terms and conditions of the KERP.

55. **THIS COURT ORDERS** that the Key Employees shall be entitled to the benefit of and are hereby granted a charge (the “**KERP Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$1.4 million to secure amounts owing to the Key Employees under the KERP. The KERP Charge shall have the priority set out in paragraphs 57 and 59 hereof.

56. **THIS COURT ORDERS** that the unredacted version of the KERP, a copy of which is attached as Confidential Exhibit “B” to the Second Guyatt Affidavit, shall be and is hereby sealed, kept confidential, and shall not form part of the public record unless otherwise ordered by the Court.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

57. **THIS COURT ORDERS** that the priorities of the Administration Charge, the Directors’ Charge, the KERP Charge, the Transaction Fee Charge and the Intercompany Charge (the “Charges”), as among them with respect to any Property to which they apply, shall be as follows:

First – Administration Charge (to the maximum amount of \$1.4 million);

Second – Directors’ Charge (to the maximum amount of \$3.55 million);

Third – KERP Charge (to the maximum amount of \$1.4 million);

Fourth – Transaction Fee Charge;

Fifth – Intercompany Charge.

58. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

59. **THIS COURT ORDERS** that each of the Charges (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges, encumbrances and claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any Person.

60. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants

also obtains the prior written consent of the Monitor and the beneficiaries of the Charges, or further Order of this Court.

61. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “**Chargees**”) thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges shall not create or be deemed to constitute a breach by the Applicants of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and
- (c) the payments made by the Applicants pursuant to this Order and the granting of the Charges do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

62. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants’ interest in such real property leases.

RELIEF FROM REPORTING OBLIGATIONS

63. **THIS COURT ORDERS** that the decision by the Applicants to incur no further expenses in relation to any filings, disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively, the “**Securities**

Filings”) that may be required by any federal, provincial or other law respecting securities or capital markets in Canada or the United States, or by the rules and regulations of a stock exchange, including, without limitation, the *Securities Act* (Ontario) and comparable statutes enacted by other provinces of Canada, the *Securities Act of 1933* (United States) and the *Securities Exchange Act of 1934* (United States) and comparable statutes enacted by individual states of the United States, the TSX Company Manual and other rules, regulations and policies of the Toronto Stock Exchange, and the NYSE Listed Company Manual and other rules, regulations and policies of the New York Stock Exchange (collectively, the “**Securities Provisions**”), is hereby authorized, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of the Applicants failing to make any Securities Filings required by the Securities Provisions.

64. **THIS COURT ORDERS** that none of the directors, officers, employees, and other representatives of the Applicants, the Monitor (and its directors, officers, employees and representatives), nor the CRO shall have any personal liability for any failure by the Applicants to make any Securities Filings required by the Securities Provisions.

SERVICE AND NOTICE

65. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in the Globe and Mail (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner or by electronic message to the e-mail address as last shown on the records of the Applicants, a notice to every known creditor who has a claim against the Applicants of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

66. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice->

[commercial/](#)) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: <http://www.ey.com/ca/canntrust>.

67. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

68. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

69. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

70. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory body or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding,

or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

71. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that CannTrust Holdings Inc. is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in the United States and any other jurisdiction outside Canada.

72. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

73. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

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 CANNTRUST HOLDINGS INC. ET AL.

Court File No: CV-20-00638930-00CL

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

Proceeding commenced at Toronto

**AMENDED AND RESTATED
INITIAL ORDER**

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Lawyers for the Applicants

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Tab 3

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE) ~~TUESDAY~~THURSDAY, THE ~~31ST~~9TH
MR. JUSTICE HAINEY) DAY OF ~~MARCH~~APRIL, 2020

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
CANTRUST HOLDINGS INC., CANTRUST INC.,
CTI HOLDINGS (OSOYOOS) INC., AND ELMCLIFFE INVESTMENTS INC.

Applicants

AMENDED AND RESTATED INITIAL ORDER

THIS APPLICATION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") for an order amending and restating the Initial Order (the "Initial Order") issued on March 31, 2020 (the "Initial Filing Date") and extending the stay of proceedings provided for therein was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Greg Guyatt sworn March 31, 2020 and the Exhibits thereto (the "Guyatt Affidavit"), the affidavit of Greg Guyatt sworn April 6, 2020 and the Exhibits thereto (the "Second Guyatt Affidavit"), the consent of Ernst & Young Inc. ("EYI") to act as the Monitor (in such capacity, the "Monitor"), ~~and~~ the Pre-Filing Report of EYI in its capacity as the proposed Monitor, dated March 31, 2020, and the First Report of the Monitor dated April 6, 2020, and on hearing the submissions of counsel for the Applicants ~~and the Monitor~~, the Monitor and those other parties that were present as listed on the counsel slip, no other party appearing although duly served as appears from the Affidavit of Service of 6 sworn 6, 2020.

AMENDING AND RESTATING INITIAL ORDER

1. ~~1.~~ **THIS COURT ORDERS** that the Initial Order, reflecting the Initial Filing Date, shall be amended and restated as provided for herein.

SERVICE

2. ~~1.~~ **THIS COURT ORDERS** that the time for service and filing of the Notice of Application, the Application Record and the Supplementary Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

3. ~~2.~~ **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies.

PLAN OF ARRANGEMENT

4. ~~3.~~ **THIS COURT ORDERS** that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court one or more plans of compromise or arrangement (hereinafter referred to as the “**Plan**”).

POSSESSION OF PROPERTY AND OPERATIONS

5. ~~4.~~ **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their businesses (the “**Business**”) and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, contractors, consultants, agents, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by them, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business, to preserve the value of the Property or for the carrying out of the terms of this Order.

6. ~~5.~~ **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize the central cash management system currently in place or, with the consent of the Monitor, replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

7. ~~6. THIS COURT ORDERS that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the date of this Order:~~ **THIS COURT ORDERS** that each of the Applicants' existing depository and disbursement banks (collectively, the "**Banks**") is authorized to debit the applicable Applicant's accounts in the ordinary course of business without the need for further order of this Court for: (i) all cheques drawn on the applicable Applicant's accounts which are cashed at such Bank's counters or exchanged for cashier's cheques by the payees thereof prior to the date of this Order; (ii) all cheques or other items deposited in one of the Applicant's accounts with such Bank prior to the date of this Order which have been dishonoured or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent an Applicant was responsible for such items prior to the date of this Order; and (iii) all undisputed pre-filing amounts outstanding as of the date hereof, if any, owed to any Bank as service charges for the maintenance of the Cash Management System.

8. **THIS COURT ORDERS** that any of the Banks may rely on the representations of the applicable Applicant with respect to whether any cheques or other payment order drawn or issued by the applicable Applicant prior to the date of this Order should be honoured pursuant to this or any other order of this Court, and such Bank shall not have any liability to any party for relying on such representations by the applicable Applicant as provided for herein.

9. THIS COURT ORDERS that (i) those certain existing deposit agreements between the Applicants and the Banks shall continue to govern the post-filing cash management relationship between the Applicants and the Banks, and that all of the provisions of such agreements, including, without limitation, the termination and fee provisions, shall remain in full force and effect, (ii) either any of the Applicants, with the consent of the Monitor, or the Banks may, without further Order of this Court, implement changes to the Cash Management System and procedures in the ordinary course of business pursuant to the terms of those certain existing deposit agreements, including, without limitation, the opening and closing of bank accounts, and (iii) all control agreements in existence prior to the date of this Order shall apply.

10. THIS COURT ORDERS that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the Initial Filing Date:

- (a) all outstanding and future wages, salaries, contract amounts, amounts payable pursuant to the CannTrust Capital Appreciation Plan (whether accrued prior to, on or after the Initial Filing Date), employee and pension benefits, vacation pay and expenses (including, without limitation, in respect of expenses charged by employees to corporate credit cards) payable on or after the ~~date of this Order~~ Initial Filing Date to employees or contractors, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; ~~and~~
- (b) the fees and disbursements of any Assistants retained or employed by the Applicants, or retained by employees or officers of the Applicants that the Applicants have agreed to reimburse, in respect of these proceedings, at their standard rates and charges; and
- (c) with the consent of the Monitor, amounts owing for goods or services actually supplied to the Applicants prior to the Initial Filing Date by third party suppliers if in the opinion of the Applicants the supplier is critical to the Business, ongoing operations of the Applicants, or preservation of the Property and the payment is required to ensure ongoing supply.

11. ~~7.~~ THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after ~~this Order~~ the Initial Filing

Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services;
- (b) expenses required to ensure compliance with any governmental or regulatory rules, orders or directions; and
- (c) payment for goods or services actually supplied to the Applicants following the ~~date of this Order~~Initial Filing Date.

12. ~~8.~~ **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes and all federal excise taxes and duties (collectively, "**Sales & Excise Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales & Excise Taxes are accrued or collected after the ~~date of this Order~~Initial Filing Date, or where such Sales & Excise Taxes were accrued or collected prior to the ~~date of this Order~~Initial Filing Date but not required to be remitted until on or after the ~~date of this Order~~Initial Filing Date; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and

which are attributable to or in respect of the carrying on of the Business by the Applicants.

13. ~~9.~~ **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicants and the landlord from time to time (“**Rent**”), for the period commencing from and including the ~~date of this Order~~ Initial Filing Date twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears), or, at the election of the applicable Applicant, at such intervals as such Rent is usually paid pursuant to the applicable lease. On the date of the first of such payments, any Rent relating to the period commencing from and including the ~~date of this Order~~ Initial Filing Date shall also be paid.

14. ~~10.~~ **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of ~~this date~~ the Initial Filing Date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

15. ~~11.~~ **THIS COURT ORDERS** that the Applicants shall, subject to such requirements as are imposed by the CCAA, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their businesses or operations, and to dispose of redundant or non-material assets not exceeding \$500,000 in any one transaction or \$1,000,000 in the aggregate;
- (b) ~~(a)~~ terminate the employment of such of their employees or temporarily lay off such of their employees as it deems appropriate; and

- (c) ~~(b)~~ pursue all avenues of refinancing or selling their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing or sale,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the “**Restructuring**”).

16. **THIS COURT ORDERS** that the Applicants shall provide each of the relevant landlords with notice of the Applicants’ intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicants’ entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further Order of this Court upon application by the Applicants on at least two (2) days notice to such landlord and any such secured creditors. If the Applicants disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicants’ claims to the fixtures in dispute.

17. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours’ prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

18. ~~12.~~ **THIS COURT ORDERS** that from the Initial Filing Date until and including ~~April 9, 2020~~ July 5, 2020, or such later date as this Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”) shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property (including, for greater certainty, any process or steps or other rights and remedies under or relating to any class action proceeding against any of the Applicants or in respect of the Property), except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

19. **THIS COURT ORDERS** that during the Stay Period, none of the Pending Litigation (as defined in the Guyatt Affidavit) or any Proceeding in relation thereto shall be commenced, continued or take place against or in respect of any Person named as a defendant or respondent in any of the Pending Litigation (such Persons, the “Other Defendants”), except with leave of this Court, and any and all such Proceedings currently underway or directed to take place against or in respect of any of the Other Defendants, or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

20. **THIS COURT ORDERS** that, to the extent any prescription, time or limitation period relating to any Proceeding by, against or in respect of the Applicants or any of the Other Defendants that is stayed pursuant to this Order may expire, the term of such prescription, time or limitation period shall hereby be deemed to be extended by a period equal to the Stay Period.

NO EXERCISE OF RIGHTS OR REMEDIES

21. ~~13.~~ **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any

business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

22. ~~14.~~ **THIS COURT ORDERS** that, during the Stay Period, all rights and remedies of any Person against or in respect of Cannabis Coffee and Tea Pod Company Ltd., Cannatrek Ltd., Elmcliffe Investments [No. 2] Inc. and O Cannabis We Stand on Guard For Thee Corporation (each, an “**Affected Party**”, and collectively, the “**Affected Parties**”) arising out of, relating to, or triggered by the insolvency of any of the Applicants, the making or filing of these proceedings or any allegation, admission or evidence in these proceedings (collectively, the “**Cross-Default Matters**”), are hereby stayed and suspended except with the written consent of the relevant Applicants, the relevant Affected Party and the Monitor, or leave of this Court, and the operation of any provision of any agreement or other arrangement between any Person and any of the Affected Parties whether written or oral that purports to accelerate, terminate, cancel, suspend or modify such agreement or arrangement or create a right to purchase, a right of first refusal or a lien with respect to any property of an Affected Party as a result of any of the Cross-Default Matters is hereby stayed and restrained pending further order of this Court.

NO INTERFERENCE WITH RIGHTS

23. ~~15.~~ **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

24. ~~16.~~ **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the

supply of such goods or services as may be required by the Applicants, and that the Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the ~~date of this Order~~ Initial Filing Date are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

25. ~~17.~~ **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the ~~date of this Order~~ Initial Filing Date, nor shall any Person be under any obligation on or after the ~~date of this Order~~ Initial Filing Date to advance or re-advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

26. ~~18.~~ **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the ~~date hereof~~ Initial Filing Date and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

27. ~~19.~~ **THIS COURT ORDERS** that the Applicants shall indemnify their current and future directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the

extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

28. ~~20.~~ **THIS COURT ORDERS** that the current and future directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the “**Directors’ Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$~~550,000~~, 3.55 million, as security for the indemnity provided in paragraph ~~19~~27 of this Order. The Directors’ Charge shall have the priority set out in paragraphs ~~40~~57 and ~~42~~59 herein.

29. ~~21.~~ **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants’ directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph ~~19~~27 of this Order.

APPOINTMENT OF MONITOR

30. ~~22.~~ **THIS COURT ORDERS** that EYI is ~~hereby~~, as of the Initial Filing Date, appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

31. ~~23.~~ **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants’ receipts and disbursements;
- (b) review and approve Intercompany Advances (as defined below);

- (c) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (d) advise the Applicants in the preparation of the Applicants' cash flow statements, which information shall be reviewed with the Monitor;
- (e) advise the Applicants in its development of the Plan and any amendments to the Plan;
- (f) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' meetings for voting on the Plan;
- (g) assist the Applicants, to the extent required by the Applicants, in connection with any sale and investment solicitation process conducted by the Applicants;
- (h) ~~(e)~~ have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;
- (i) ~~(f)~~ be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (j) ~~(g)~~ perform such other duties as are required by this Order or by this Court from time to time.

32. ~~24.~~ **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

33. ~~25.~~ **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of (i) any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of

a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”), or (ii) any of the Property, the administration and control of which is subject to the provisions of any federal, provincial or other law respecting, among other things, the manufacturing, possession, processing and distribution of cannabis or cannabis products including without limitation, the *Cannabis Act* (Canada), the *Cannabis Regulations* (Canada) the *Controlled Drugs and Substances Act* (Canada), the *Excise Tax Act* (Canada), the *Cannabis Control Act* (Ontario), or other such applicable federal or provincial legislation (“**Cannabis Legislation**”), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation or Cannabis Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation or the Cannabis Legislation, unless it is actually in possession.

34. ~~26.~~ **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicants with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

35. ~~27.~~ **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order or the Initial Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order or the Initial Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

APPROVAL OF CHIEF RESTRUCTURING OFFICER ENGAGEMENT

36. ~~28.~~ **THIS COURT ORDERS** that the agreement dated as of March 27, 2020 pursuant to which the Applicants have engaged FTI Consulting Canada Inc. (“**FTI**”) to act as Chief Restructuring Officer (“**CRO**”) and provide certain financial advisory and consulting services to the Applicants, a copy of which is attached as Exhibit “G” to the Guyatt Affidavit (the “**CRO Engagement Letter**”), the execution of the CRO Engagement Letter by the Applicants, *nunc pro tunc*, and the appointment of the CRO pursuant to the terms thereof is hereby approved, including, without limitation, the payment of the fees and expenses contemplated thereby.

37. ~~29.~~ **THIS COURT ORDERS** that the CRO shall not be or be deemed to be a director, *de facto* director or employee of the Applicants.

38. ~~30.~~ **THIS COURT ORDERS** that the CRO shall not, as a result of the performance of its obligations and duties in accordance with the terms of the CRO Engagement Letter, be deemed to be in Possession of (i) any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to the Environmental Legislation, (ii) any of the Property, the administration and control of which is subject to the provisions of the Cannabis Legislation; however, if the CRO is nevertheless later found to be in Possession of any Property, then the CRO shall be entitled to the benefits and protections in relation to the Applicants and such Property as are provided to a monitor under Section 11.8(3) of the CCAA, provided however that nothing herein shall exempt the CRO from any duty to report or make disclosure imposed by applicable Environmental Legislation or Cannabis Legislation.

39. ~~31.~~ **THIS COURT ORDERS** that the CRO shall not have any liability with respect to any losses, claims, damages or liabilities, of any nature or kind, to any Person from and after the ~~date of this Order~~ Initial Filing Date except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct on the part of the CRO.

40. ~~32.~~ **THIS COURT ORDERS** that no action or other proceeding shall be commenced directly, or by way of counterclaim, third party claim or otherwise, against or in respect of the CRO, and all rights and remedies of any Person against or in respect of them are hereby stayed and suspended, except with the written consent of the CRO or with leave of this Court on notice

to the Applicant, the Monitor and the CRO. Notice of any such motion seeking leave of this Court shall be served upon the Applicants, the Monitor and the CRO at least seven (7) days prior to the return date of any such motion for leave.

41. ~~33.~~ **THIS COURT ORDERS** that the obligations of the Applicant to the CRO pursuant to the CRO Engagement Letter shall be treated as unaffected and may not be compromised in any Plan or proposal filed under *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) in respect of the Applicants.

APPROVAL OF FINANCIAL ADVISOR ENGAGEMENT

42. **THIS COURT ORDERS** that the agreement dated as of April 3, 2020 pursuant to which the Applicants have engaged Greenhill & Co. Canada Ltd. (the “**Financial Advisor**”) to assist the Applicants in a review of strategic alternatives, a copy of which is attached as Exhibit “D” to the Second Guyatt Affidavit (the “**Financial Advisor Engagement Letter**”), the execution of the Financial Advisor Engagement Letter by the Applicants, *nunc pro tunc*, and the appointment of the Financial Advisor pursuant to the terms thereof is hereby approved, including, without limitation, the payment of the fees and expenses contemplated thereby.

43. **THIS COURT ORDERS** that the Financial Advisor shall not be or be deemed to be a director, *de facto* director or employee of the Applicants.

44. **THIS COURT ORDERS** that the Financial Advisor shall not have any liability with respect to any losses, claims, damages or liabilities, of any nature or kind, to any Person from and after the date of this Order except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct on the part of the Financial Advisor.

45. **THIS COURT ORDERS** that no action or other proceeding shall be commenced directly, or by way of counterclaim, third party claim or otherwise, against or in respect of the Financial Advisor, and all rights and remedies of any Person against or in respect of them are hereby stayed and suspended, except with the written consent of the Financial Advisor or with leave of this Court on notice to the Applicant, the Monitor and the Financial Advisor. Notice of any such motion seeking leave of this Court shall be served upon the Applicants, the Monitor and the Financial Advisor at least seven (7) days prior to the return date of any such motion for leave.

46. THIS COURT ORDERS that the obligations of the Applicant to the Financial Advisor pursuant to the Financial Advisor Engagement Letter shall be treated as unaffected and may not be compromised in any Plan or proposal filed under the BIA in respect of the Applicants.

ADMINISTRATION CHARGE

47. ~~34.~~ THIS COURT ORDERS that the Monitor, counsel to the Monitor, the CRO, the Financial Advisor and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and in the case of the CRO in accordance with the CRO Engagement Letter, and in the case of the Financial Advisor in accordance with the Financial Advisor Engagement Letter. by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, the CRO, the Financial Advisor and counsel for the Applicants on a bi-weekly basis and, in addition, the Applicants are hereby authorized to pay to the Monitor, counsel to the Monitor, the CRO and counsel to the Applicants, retainers to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

48. ~~35.~~ THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

49. ~~36.~~ THIS COURT ORDERS that the Monitor, counsel to the Monitor, the CRO and counsel to the Applicants shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property, which charge shall not exceed an aggregate amount of ~~\$500,000;~~ 1.4 million, as security for their professional fees and disbursements incurred at their standard rates and charges, and in the case of the CRO in accordance with the CRO Engagement Letter, both before and after the ~~making of this Order~~ Initial Filing Date in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs ~~40 and 42~~ 57 and 59 hereof.

TRANSACTION FEE CHARGE

50. THIS COURT ORDERS that the Financial Advisor shall be entitled to the benefit of and is hereby granted a charge (the “**Transaction Fee Charge**”) on the Property, as security for the Transaction Fee (as defined the Financial Advisor Engagement Letter). The Transaction Fee Charge shall have the priority set out in paragraphs 57 and 59 hereof.

INTERCOMPANY FINANCING

51. ~~37.~~ THIS COURT ORDERS that CannTrust Holdings Inc. (the “**Intercompany Lender**”) is authorized to loan to each of CannTrust Inc., Elmclyffe Investments Inc. and CTI Holdings (Osoyoos) Inc. (each, an “**Intercompany Borrower**”), and each Intercompany Borrower is authorized to borrow, repay and re-borrow, such amounts from time to time as the Intercompany Borrower, with the approval of the Monitor, considers necessary or desirable on a revolving basis to fund its ongoing expenditures and to pay such other amounts as are permitted by the terms of this Order (the “**Intercompany Advances**”)-~~up to an aggregate of \$4.2 million (subject to increase in accordance with further Order of this Court)~~, on terms consistent with existing arrangements or past practice or otherwise approved by the Monitor.

52. ~~38.~~ THIS COURT ORDERS that the Intercompany Lender shall be entitled to the benefit of and is hereby granted a charge (the “**Intercompany Charge**”) on all of the Property of each Intercompany Borrower, as security for the Intercompany Advances made to such Intercompany Borrower, which Intercompany Charge shall not secure an obligation that exists before the Initial Filing Date. The Intercompany Charge shall have the priority set out in paragraphs ~~40~~57 and ~~42~~59 hereof.

53. ~~39.~~ THIS COURT ORDERS AND DECLARES that the Intercompany Lender shall be treated as unaffected and may not be compromised in any Plan or any proposal filed under the BIA in respect of the Applicants, with respect to any Intercompany Advances made on or after the ~~date of this Order~~Initial Filing Date.

KERP AND KERP CHARGE

54. THIS COURT ORDERS that the Key Employee Retention Plan (the “**KERP**”), as described and defined in the Second Guyatt Affidavit, for the benefit of the Key Employees (as

defined in the Second Guyatt Affidavit) is hereby approved and the Applicants are authorized and directed to make payments in accordance with the terms and conditions of the KERP.

55. THIS COURT ORDERS that the Key Employees shall be entitled to the benefit of and are hereby granted a charge (the "KERP Charge") on the Property, which charge shall not exceed an aggregate amount of \$1.4 million to secure amounts owing to the Key Employees under the KERP. The KERP Charge shall have the priority set out in paragraphs 57 and 59 hereof.

56. THIS COURT ORDERS that the unredacted version of the KERP, a copy of which is attached as Confidential Exhibit "B" to the Second Guyatt Affidavit, shall be and is hereby sealed, kept confidential, and shall not form part of the public record unless otherwise ordered by the Court.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

57. ~~40.~~ **THIS COURT ORDERS** that the priorities of the Administration Charge, the Directors' Charge, the KERP Charge, the Transaction Fee Charge and the Intercompany Charge (the "**Charges**"), as among them with respect to any Property to which they apply, shall be as follows:

First – Administration Charge (to the maximum amount of \$~~500,000~~1.4 million);

Second – Directors' Charge (to the maximum amount of \$~~550,000~~3.55 million);

Third – KERP Charge (to the maximum amount of \$1.4 million);

Fourth – Transaction Fee Charge;

Fifth – Intercompany Charge.

58. ~~41.~~ **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

59. ~~42.~~ **THIS COURT ORDERS** that each of the Charges (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges, encumbrances and claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any Person.

60. ~~43.~~ **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants also obtains the prior written consent of the Monitor and the beneficiaries of the Charges, or further Order of this Court.

61. ~~44.~~ **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “**Chargees**”) thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges shall not create or be deemed to constitute a breach by the Applicants of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and
- (c) the payments made by the Applicants pursuant to this Order and the granting of the Charges do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

62. ~~45.~~ **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

RELIEF FROM REPORTING OBLIGATIONS

63. ~~46.~~ **THIS COURT ORDERS** that the decision by the Applicants to incur no further expenses in relation to any filings, disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively, the "**Securities Filings**") that may be required by any federal, provincial or other law respecting securities or capital markets in Canada or the United States, or by the rules and regulations of a stock exchange, including, without limitation, the *Securities Act* (Ontario) and comparable statutes enacted by other provinces of Canada, the *Securities Act of 1933* (United States) and the *Securities Exchange Act of 1934* (United States) and comparable statutes enacted by individual states of the United States, the TSX Company Manual and other rules, regulations and policies of the Toronto Stock Exchange, and the NYSE Listed Company Manual and other rules, regulations and policies of the New York Stock Exchange (collectively, the "**Securities Provisions**"), is hereby authorized, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of the Applicants failing to make any Securities Filings required by the Securities Provisions.

64. ~~47.~~ **THIS COURT ORDERS** that none of the directors, officers, employees, and other representatives of the Applicants, the Monitor (and its directors, officers, employees and representatives), nor the CRO shall have any personal liability for any failure by the Applicants to make any Securities Filings required by the Securities Provisions.

SERVICE AND NOTICE

65. ~~48.~~ **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in the Globe and Mail (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner or by electronic message to the e-mail address as last shown on the records of the Applicants, a notice to every known creditor who has a claim against the Applicants of more than \$1,000, and

(C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

66. ~~49.~~ **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “Protocol”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/> <https://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: <http://www.ey.com/ca/canntrust>.

67. ~~50.~~ **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicants’ creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

68. ~~51. THIS COURT ORDERS that the balance of the relief sought by the Applicants in the Notice of Application dated March 31, 2020 be and is hereby reserved to be heard by this Court on April 9, 2020, or such other date as determined by this Court. 52. THIS COURT~~

ORDERS that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

69. ~~53.~~ **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

70. ~~54.~~ **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory body or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

71. ~~55.~~ **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that CannTrust Holdings Inc. is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in the United States and any other jurisdiction outside Canada.

72. ~~56.~~ **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

73. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

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

Proceeding commenced at Toronto

**AMENDED AND RESTATED
INITIAL ORDER**

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DOC#: ~~20405739~~[19528138](#)

Document comparison by Workshare Compare on Monday, April 06, 2020 2:21:22 PM

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Document 1 ID	PowerDocs://DOCS/20005739/12
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Document 2 ID	PowerDocs://DOCS/19518480/15
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Rendering set	MTStandard

Legend:	
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Style change	
Format change	
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:

	Count
Insertions	169
Deletions	100
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	273

Tab 4

Revised: January 21, 2014

Court File No. CV-20-00638930-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE _____) ~~WEEKDAY~~THURSDAY, THE #9TH
MR. JUSTICE HAINES)
DAY OF ~~MONTH~~APRIL, ~~20YR~~2020

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
~~[APPLICANT'S NAME] (the "Applicant")~~CANTRUST HOLDINGS INC., CANTRUST
INC.,
CTI HOLDINGS (OSOYOOS) INC., AND ELMCLIFFE INVESTMENTS INC.

Applicants

AMENDED AND RESTATED INITIAL ORDER

THIS APPLICATION, made by the ~~Applicant~~Applicants pursuant to the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the "~~CCAA~~"CCAA) for an order amending and restating the Initial Order (the "Initial Order") issued on March 31, 2020 (the "Initial Filing Date") and extending the stay of proceedings provided for therein was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of ~~[NAME]~~Greg Guyatt sworn ~~[DATE]~~March 31, 2020 and the Exhibits thereto, ~~and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, (the "Guyatt Affidavit"), the affidavit of Greg Guyatt sworn April 6, 2020 and the Exhibits thereto (the "Second Guyatt Affidavit"), the consent of Ernst & Young Inc. ("EYI") to act as the Monitor (in such capacity, the "Monitor"), the Pre-Filing Report of EYI in its capacity as the proposed Monitor dated March 31, 2020, and the First Report of the Monitor dated April 6, 2020,~~ and on hearing the submissions of counsel

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for ~~[NAMES], no one appearing for [NAME]~~¹ the Applicants, the Monitor and those other parties that were present as listed on the counsel slip, no other party appearing although duly served as appears from the ~~affidavit of service of [NAME] sworn [DATE] and on reading the consent of [MONITOR'S NAME] to act as the Monitor,~~ Affidavit of Service of • sworn •, 2020.

AMENDING AND RESTATING INITIAL ORDER

1. THIS COURT ORDERS that the Initial Order, reflecting the Initial Filing Date, shall be amended and restated as provided for herein.

SERVICE

2. ~~1.~~ **THIS COURT ORDERS** that the time for service and filing of the Notice of Application, the Application Record and the Supplementary Application Record is hereby abridged and validated² so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

3. ~~2.~~ **THIS COURT ORDERS AND DECLARES** that the ~~Applicant is a company~~ Applicants are companies to which the CCAA applies.

PLAN OF ARRANGEMENT

4. ~~3.~~ **THIS COURT ORDERS** that the ~~Applicant~~ Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court ~~a plan~~ one or more plans of compromise or arrangement (hereinafter referred to as the "Plan").

POSSESSION OF PROPERTY AND OPERATIONS

5. ~~4.~~ **THIS COURT ORDERS** that the ~~Applicant~~ Applicants shall remain in possession and control of ~~its~~ their current and future assets, undertakings and properties of every nature and kind

¹ ~~Include names of secured creditors or other persons who must be served before certain relief in this model Order may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2) and 36(2).~~

² ~~If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.~~

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whatsoever, and wherever situate including all proceeds thereof (the "Property"). Subject to further Order of this Court, the ~~Applicant~~Applicants shall continue to carry on business in a manner consistent with the preservation of ~~its business~~their businesses (the "Business") and Property. The ~~Applicant is~~Applicants are authorized and empowered to continue to retain and employ the employees, contractors, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by ~~it~~them, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business, to preserve the value of the Property or for the carrying out of the terms of this Order.

6. ~~5.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall be entitled to continue to utilize the central cash management system³ currently in place ~~as described in the Affidavit of [NAME] sworn [DATE] or~~with the consent of the Monitor, replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the ~~Applicant~~Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the ~~Applicant~~Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.~~†~~

7. ~~6.~~ **THIS COURT ORDERS** that ~~the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order;~~each of the Applicants' existing depository and disbursement banks (collectively, the "**Banks**") is authorized to debit the applicable Applicant's accounts in the ordinary course of business without the need for further order of this Court for: (i) all cheques drawn on the applicable Applicant's accounts which are cashed at such Bank's counters or exchanged for cashier's cheques by the payees thereof prior to

³ ~~This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross-border and inter-company transfers of cash.~~

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the date of this Order; (ii) all cheques or other items deposited in one of the Applicant's accounts with such Bank prior to the date of this Order which have been dishonoured or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent an Applicant was responsible for such items prior to the date of this Order; and (iii) all undisputed pre-filing amounts outstanding as of the date hereof, if any, owed to any Bank as service charges for the maintenance of the Cash Management System.

8. **THIS COURT ORDERS** that any of the Banks may rely on the representations of the applicable Applicant with respect to whether any cheques or other payment order drawn or issued by the applicable Applicant prior to the date of this Order should be honoured pursuant to this or any other order of this Court, and such Bank shall not have any liability to any party for relying on such representations by the applicable Applicant as provided for herein.

9. **THIS COURT ORDERS** that (i) those certain existing deposit agreements between the Applicants and the Banks shall continue to govern the post-filing cash management relationship between the Applicants and the Banks, and that all of the provisions of such agreements, including, without limitation, the termination and fee provisions, shall remain in full force and effect, (ii) either any of the Applicants, with the consent of the Monitor, or the Banks may, without further Order of this Court, implement changes to the Cash Management System and procedures in the ordinary course of business pursuant to the terms of those certain existing deposit agreements, including, without limitation, the opening and closing of bank accounts, and (iii) all control agreements in existence prior to the date of this Order shall apply.

10. **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the Initial Filing Date:

- (a) all outstanding and future wages, salaries, contract amounts, amounts payable pursuant to the CannTrust Capital Appreciation Plan (whether accrued prior to, on or after the Initial Filing Date), employee and pension benefits, vacation pay and expenses (including, without limitation, in respect of expenses charged by employees to corporate credit cards) payable on or after the ~~date of this Order~~ Initial Filing Date to employees or contractors, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; ~~and~~

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- (b) the fees and disbursements of any Assistants retained or employed by the ~~Applicant~~Applicants, or retained by employees or officers of the Applicants that the Applicants have agreed to reimburse, in respect of these proceedings, at their standard rates and charges; and
- (c) with the consent of the Monitor, amounts owing for goods or services actually supplied to the Applicants prior to the Initial Filing Date by third party suppliers if in the opinion of the Applicants the supplier is critical to the Business, ongoing operations of the Applicants, or preservation of the Property and the payment is required to ensure ongoing supply.

11. ~~7.~~ **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the ~~Applicant~~Applicants shall be entitled but not required to pay all reasonable expenses incurred by the ~~Applicant~~Applicants in carrying on the Business in the ordinary course after ~~this Order~~the Initial Filing Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services;
- (b) expenses required to ensure compliance with any governmental or regulatory rules, orders or directions; and
- (c) ~~(b)~~ payment for goods or services actually supplied to the ~~Applicant~~Applicants following the ~~date of this Order~~Initial Filing Date.

12. ~~8.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i)

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employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;

- (b) all goods and services or other applicable sales taxes and all federal excise taxes and duties (collectively, "Sales & Excise Taxes") required to be remitted by the ~~Applicant~~ Applicants in connection with the sale of goods and services by the ~~Applicant~~ Applicants, but only where such Sales & Excise Taxes are accrued or collected after the ~~date of this Order~~ Initial Filing Date, or where such Sales & Excise Taxes were accrued or collected prior to the ~~date of this Order~~ Initial Filing Date but not required to be remitted until on or after the ~~date of this Order~~ Initial Filing Date; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the ~~Applicant~~ Applicants.

13. ~~9.~~ **THIS COURT ORDERS** that until a real property lease is disclaimed ~~for resiliated~~⁴ in accordance with the CCAA, the ~~Applicant~~ Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the ~~Applicant~~ Applicants and the landlord from time to time ("Rent"), for the period commencing from and including the ~~date of this Order~~ Initial Filing Date twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears), or, at the election of the applicable Applicant, at such intervals as such Rent is usually paid pursuant to the applicable lease. On the date of the first of such payments, any Rent relating to the period commencing from and including the ~~date of this Order~~ Initial Filing Date shall also be paid.

⁴ ~~The term "resiliate" should remain if there are leased premises in the Province of Quebec, but can otherwise be removed.~~

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14. ~~10.~~ **THIS COURT ORDERS** that, except as specifically permitted herein, the ~~Applicant~~ Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the ~~Applicant~~ Applicants to any of ~~its~~ their creditors as of ~~this date~~ the Initial Filing Date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of ~~its~~ their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

15. ~~11.~~ **THIS COURT ORDERS** that the ~~Applicant~~ Applicants shall, subject to such requirements as are imposed by the CCAA ~~and such covenants as may be contained in the Definitive Documents (as hereinafter defined)~~, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of ~~its business~~ their businesses or operations, ~~and~~ to dispose of redundant or non-material assets not exceeding \$~~500,000~~ 1,000,000 in any one transaction or \$~~1,000,000~~ 5,000,000 in the aggregate⁵;
- (b) ~~terminate~~ the employment of such of ~~its~~ their employees or temporarily lay off such of ~~its~~ their employees as it deems appropriate~~;~~ and
- (c) pursue all avenues of refinancing ~~of its~~ selling their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing or sale,

all of the foregoing to permit the ~~Applicant~~ Applicants to proceed with an orderly restructuring of the Business (the "Restructuring").

16. ~~12.~~ **THIS COURT ORDERS** that the ~~Applicant~~ Applicants shall provide each of the relevant landlords with notice of the ~~Applicant's~~ Applicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the ~~Applicant's~~ Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the

⁵ ~~Section 36 of the amended CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or be available at the initial CCAA hearing.~~

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premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the ~~Applicant~~Applicants, or by further Order of this Court upon application by the ~~Applicant~~Applicants on at least two (2) days notice to such landlord and any such secured creditors. If the ~~Applicant disclaims~~ ~~for resiliates~~Applicants disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer ~~for resiliation~~ of the lease shall be without prejudice to the ~~Applicant's claim~~Applicants' claims to the fixtures in dispute.

17. ~~13.~~ **THIS COURT ORDERS** that if a notice of disclaimer ~~for resiliation~~ is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer ~~for resiliation~~, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the ~~Applicant~~Applicants and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer ~~for resiliation~~, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the ~~Applicant~~Applicants in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE ~~APPLICANT~~APPLICANTS OR THE PROPERTY

18. ~~14.~~ **THIS COURT ORDERS** that from the Initial Filing Date until and including ~~[DATE — MAX. 30 DAYS]~~July 5, 2020, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the ~~Applicant~~Applicants or the Monitor, or affecting the Business or the Property (including, for greater certainty, any process or steps or other rights and remedies under or relating to any class action proceeding against any of the Applicants or in respect of the Property), except with the written consent of the ~~Applicant~~Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the ~~Applicant~~Applicants or

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affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

19. THIS COURT ORDERS that during the Stay Period, none of the Pending Litigation (as defined in the Guyatt Affidavit) or any Proceeding in relation thereto shall be commenced, continued or take place against or in respect of any Person named as a defendant or respondent in any of the Pending Litigation (such Persons, the “Other Defendants”), except with leave of this Court, and any and all such Proceedings currently underway or directed to take place against or in respect of any of the Other Defendants, or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

20. THIS COURT ORDERS that, to the extent any prescription, time or limitation period relating to any Proceeding by, against or in respect of the Applicants or any of the Other Defendants that is stayed pursuant to this Order may expire, the term of such prescription, time or limitation period shall hereby be deemed to be extended by a period equal to the Stay Period.

NO EXERCISE OF RIGHTS OR REMEDIES

21. ~~15.~~ THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “Persons” and each being a “Person”) against or in respect of the ~~Applicant~~Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the ~~Applicant~~Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the ~~Applicant~~Applicants to carry on any business which the ~~Applicant is~~Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

22. THIS COURT ORDERS that, during the Stay Period, all rights and remedies of any Person against or in respect of Cannabis Coffee and Tea Pod Company Ltd., Cannatrek Ltd., Elmcliffe Investments [No. 2] Inc. and O Cannabis We Stand on Guard For Thee Corporation (each, an “Affected Party”, and collectively, the “Affected Parties”) arising out of, relating to, or triggered by the insolvency of any of the Applicants, the making or filing of these proceedings

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or any allegation, admission or evidence in these proceedings (collectively, the “Cross-Default Matters”), are hereby stayed and suspended except with the written consent of the relevant Applicants, the relevant Affected Party and the Monitor, or leave of this Court, and the operation of any provision of any agreement or other arrangement between any Person and any of the Affected Parties whether written or oral that purports to accelerate, terminate, cancel, suspend or modify such agreement or arrangement or create a right to purchase, a right of first refusal or a lien with respect to any property of an Affected Party as a result of any of the Cross-Default Matters is hereby stayed and restrained pending further order of this Court.

NO INTERFERENCE WITH RIGHTS

23. ~~16.~~ **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the ~~Applicant~~Applicants, except with the written consent of the ~~Applicant~~Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

24. ~~17.~~ **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the ~~Applicant~~Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the ~~Applicant~~Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the ~~Applicant~~Applicants, and that the ~~Applicant~~Applicants shall be entitled to the continued use of ~~its~~their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the ~~date of this Order~~Initial Filing Date are paid by the ~~Applicant~~Applicants in accordance with normal payment practices of the ~~Applicant~~Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the ~~Applicant~~Applicants and the Monitor, or as may be ordered by this Court.

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NON-DEROGATION OF RIGHTS

25. ~~18.~~ **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of ~~lease~~leased or licensed property or other valuable consideration provided on or after the ~~date of this Order~~Initial Filing Date, nor shall any Person be under any obligation on or after the ~~date of this Order~~Initial Filing Date to advance or re-advance any monies or otherwise extend any credit to the ~~Applicant~~Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.⁶

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

26. ~~19.~~ **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the ~~former~~, current or future directors or officers of the ~~Applicant~~Applicants with respect to any claim against the directors or officers that arose before the ~~date hereof~~Initial Filing Date and that relates to any obligations of the ~~Applicant~~Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the ~~Applicant~~Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the ~~Applicant~~Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

27. ~~20.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall indemnify ~~its~~their current and future directors and officers against obligations and liabilities that they may incur as directors or officers of the ~~Applicant~~Applicants after the commencement of the within proceedings,⁷ except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

⁶ ~~This non-derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).~~

⁷ ~~The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge), and the scope of the indemnity, are discretionary matters that should be addressed with the Court.~~

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28. ~~21.~~ **THIS COURT ORDERS** that the current and future directors and officers of the ~~Applicant~~Applicants shall be entitled to the benefit of and are hereby granted a charge (the ~~"Directors' Charge"~~)⁸ on the Property, which charge shall not exceed an aggregate amount of \$~~3.55 million~~, as security for the indemnity provided in paragraph ~~20~~27 of this Order. The Directors' Charge shall have the priority set out in paragraphs ~~38~~57 and ~~40~~59 herein.

29. ~~22.~~ **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the ~~Applicant's~~Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph ~~20~~27 of this Order.

APPOINTMENT OF MONITOR

30. ~~23.~~ **THIS COURT ORDERS** that ~~[MONITOR'S NAME] is hereby~~EYL is, as of the Initial Filing Date, appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the ~~Applicant~~Applicants with the powers and obligations set out in the CCAA or set forth herein and that the ~~Applicant~~Applicants and ~~its~~their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the ~~Applicant~~Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

31. ~~24.~~ **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor the ~~Applicant's~~Applicants' receipts and disbursements;

(b) review and approve Intercompany Advances (as defined below);

⁸~~Section 11.51(3) provides that the Court may not make this security/charging order if in the Court's opinion the Applicant could obtain adequate indemnification insurance for the director or officer at a reasonable cost.~~

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- (c) ~~(b)~~ report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- ~~(e) — assist the Applicant, to the extent required by the Applicant, in its dissemination, to the DIP Lender and its counsel on a [TIME INTERVAL] basis of financial and other information as agreed to between the Applicant and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;~~
- (d) advise the ~~Applicant~~Applicants in ~~its~~the preparation of the ~~Applicant's~~Applicants' cash flow statements ~~and reporting required by the DIP Lender~~, which information shall be reviewed with the Monitor ~~and delivered to the DIP Lender and its counsel on a periodic basis, but not less than [TIME INTERVAL], or as otherwise agreed to by the DIP Lender;~~
- (e) advise the ~~Applicant~~Applicants in its development of the Plan and any amendments to the Plan;
- (f) assist the ~~Applicant~~Applicants, to the extent required by the ~~Applicant~~Applicants, with the holding and administering of creditors' ~~or shareholders'~~ meetings for voting on the Plan;
- (g) assist the Applicants, to the extent required by the Applicants, in connection with any sale and investment solicitation process conducted by the Applicants;
- (h) ~~(g)~~ have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the ~~Applicant~~Applicants, to the extent that is necessary to adequately assess the ~~Applicant's~~Applicants' business and financial affairs or to perform its duties arising under this Order;
- (i) ~~(h)~~ be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and

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- (i) ~~(i)~~ perform such other duties as are required by this Order or by this Court from time to time.

32. ~~25.~~ **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

33. ~~26.~~ **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, ~~"Possession"~~) of (i) any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the ~~"Environmental Legislation"~~), or (ii) any of the Property, the administration and control of which is subject to the provisions of any federal, provincial or other law respecting, among other things, the manufacturing, possession, processing and distribution of cannabis or cannabis products including without limitation, the Cannabis Act (Canada), the Cannabis Regulations (Canada) the Controlled Drugs and Substances Act (Canada), the Excise Tax Act (Canada), the Cannabis Control Act (Ontario), or other such applicable federal or provincial legislation ("Cannabis Legislation"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation or Cannabis Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation or the Cannabis Legislation, unless it is actually in possession.

34. ~~27.~~ **THIS COURT ORDERS** ~~that~~ that the Monitor shall provide any creditor of the ~~Applicant and the DIP Lender~~ Applicants with information provided by the ~~Applicant~~ Applicants in response to reasonable requests for information made in writing by such creditor addressed to

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the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the ~~Applicant~~Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the ~~Applicant~~Applicants may agree.

35. ~~28.~~ **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order or the Initial Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order or the Initial Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

APPROVAL OF CHIEF RESTRUCTURING OFFICER ENGAGEMENT

36. ~~29.~~ **THIS COURT ORDERS** that the ~~Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicant on a [TIME INTERVAL] basis and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant, retainers in the amount[s] of \$●-[, respectively,] to be held by them as security for payment of their respective fees and disbursements outstanding from time to time~~agreement dated as of March 27, 2020 pursuant to which the Applicants have engaged FTI Consulting Canada Inc. ("FTI") to act as Chief Restructuring Officer ("CRO") and provide certain financial advisory and consulting services to the Applicants, a copy of which is attached as Exhibit "G" to the Guyatt Affidavit (the "CRO Engagement Letter"), the execution of the CRO Engagement Letter by the Applicants, *nunc pro tunc*, and the appointment of the CRO pursuant to the terms thereof is hereby approved, including, without limitation, the payment of the fees and expenses contemplated thereby.

37. **THIS COURT ORDERS** that the CRO shall not be or be deemed to be a director, *de facto* director or employee of the Applicants.

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38. **THIS COURT ORDERS** that the CRO shall not, as a result of the performance of its obligations and duties in accordance with the terms of the CRO Engagement Letter, be deemed to be in Possession of (i) any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to the Environmental Legislation, (ii) any of the Property, the administration and control of which is subject to the provisions of the Cannabis Legislation; however, if the CRO is nevertheless later found to be in Possession of any Property, then the CRO shall be entitled to the benefits and protections in relation to the Applicants and such Property as are provided to a monitor under Section 11.8(3) of the CCAA, provided however that nothing herein shall exempt the CRO from any duty to report or make disclosure imposed by applicable Environmental Legislation or Cannabis Legislation.

39. **THIS COURT ORDERS** that the CRO shall not have any liability with respect to any losses, claims, damages or liabilities, of any nature or kind, to any Person from and after the Initial Filing Date except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct on the part of the CRO.

40. **THIS COURT ORDERS** that no action or other proceeding shall be commenced directly, or by way of counterclaim, third party claim or otherwise, against or in respect of the CRO, and all rights and remedies of any Person against or in respect of them are hereby stayed and suspended, except with the written consent of the CRO or with leave of this Court on notice to the Applicant, the Monitor and the CRO. Notice of any such motion seeking leave of this Court shall be served upon the Applicants, the Monitor and the CRO at least seven (7) days prior to the return date of any such motion for leave.

41. **THIS COURT ORDERS** that the obligations of the Applicant to the CRO pursuant to the CRO Engagement Letter shall be treated as unaffected and may not be compromised in any Plan or proposal filed under *Bankruptcy and Insolvency Act* (Canada) (the “BIA”) in respect of the Applicants.

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APPROVAL OF FINANCIAL ADVISOR ENGAGEMENT

42. THIS COURT ORDERS that the agreement dated as of April 3, 2020 pursuant to which the Applicants have engaged Greenhill & Co. Canada Ltd. (the “Financial Advisor”) to assist the Applicants in a review of strategic alternatives, a copy of which is attached as Exhibit “D” to the Second Guyatt Affidavit (the “Financial Advisor Engagement Letter”), the execution of the Financial Advisor Engagement Letter by the Applicants, *nunc pro tunc*, and the appointment of the Financial Advisor pursuant to the terms thereof is hereby approved, including, without limitation, the payment of the fees and expenses contemplated thereby.

43. THIS COURT ORDERS that the Financial Advisor shall not be or be deemed to be a director, *de facto* director or employee of the Applicants.

44. THIS COURT ORDERS that the Financial Advisor shall not have any liability with respect to any losses, claims, damages or liabilities, of any nature or kind, to any Person from and after the date of this Order except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct on the part of the Financial Advisor.

45. THIS COURT ORDERS that no action or other proceeding shall be commenced directly, or by way of counterclaim, third party claim or otherwise, against or in respect of the Financial Advisor, and all rights and remedies of any Person against or in respect of them are hereby stayed and suspended, except with the written consent of the Financial Advisor or with leave of this Court on notice to the Applicant, the Monitor and the Financial Advisor. Notice of any such motion seeking leave of this Court shall be served upon the Applicants, the Monitor and the Financial Advisor at least seven (7) days prior to the return date of any such motion for leave.

46. THIS COURT ORDERS that the obligations of the Applicant to the Financial Advisor pursuant to the Financial Advisor Engagement Letter shall be treated as unaffected and may not be compromised in any Plan or proposal filed under the BIA in respect of the Applicants.

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ADMINISTRATION CHARGE

47. THIS COURT ORDERS that the Monitor, counsel to the Monitor, the CRO, the Financial Advisor and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and in the case of the CRO in accordance with the CRO Engagement Letter, and in the case of the Financial Advisor in accordance with the Financial Advisor Engagement Letter, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, the CRO, the Financial Advisor and counsel for the Applicants on a bi-weekly basis and, in addition, the Applicants are hereby authorized to pay to the Monitor, counsel to the Monitor, the CRO and counsel to the Applicants, retainers to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

48. ~~30.~~ THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

49. ~~31.~~ THIS COURT ORDERS that the Monitor, counsel to the Monitor, ~~if any,~~ the CRO and ~~the Applicant's~~ counsel to the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$~~●~~ 1.4 million, as security for their professional fees and disbursements incurred at ~~the~~ their standard rates and charges ~~of the Monitor and such counsel,~~ and in the case of the CRO in accordance with the CRO Engagement Letter, both before and after the ~~making of this Order~~ Initial Filing Date in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs ~~38~~ 57 and ~~40~~ 59 hereof.

TRANSACTION FEE CHARGE

50. THIS COURT ORDERS that the Financial Advisor shall be entitled to the benefit of and is hereby granted a charge (the "Transaction Fee Charge") on the Property, as security for the Transaction Fee (as defined the Financial Advisor Engagement Letter). The Transaction Fee Charge shall have the priority set out in paragraphs 57 and 59 hereof.

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DIPINTERCOMPANY FINANCING

51. ~~32.~~ **THIS COURT ORDERS** that ~~the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from [DIP LENDER'S NAME] (the "DIP Lender") in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$● unless permitted by further Order of this Court.~~ CannTrust Holdings Inc. (the "Intercompany Lender") is authorized to loan to each of CannTrust Inc., Elmcliffe Investments Inc. and CTI Holdings (Osoyoos) Inc. (each, an "Intercompany Borrower"), and each Intercompany Borrower is authorized to borrow, repay and re-borrow, such amounts from time to time as the Intercompany Borrower, with the approval of the Monitor, considers necessary or desirable on a revolving basis to fund its ongoing expenditures and to pay such other amounts as are permitted by the terms of this Order (the "Intercompany Advances"), on terms consistent with existing arrangements or past practice or otherwise approved by the Monitor.

~~33.— THIS COURT ORDERS THAT such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicant and the DIP Lender dated as of [DATE] (the "Commitment Letter"), filed.~~

52. ~~34.~~ **THIS COURT ORDERS** that the ~~Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "Definitive Documents"), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.~~ ~~35.— THIS COURT ORDERS that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "DIP Lender's Charge") on the Property, which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs [38] and [40] hereof.~~ Intercompany Lender shall be entitled to the benefit of and is hereby granted a charge (the "Intercompany Charge") on all of the Property of each Intercompany Borrower, as security for the Intercompany Advances

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made to such Intercompany Borrower, which Intercompany Charge shall not secure an obligation that exists before the Initial Filing Date. The Intercompany Charge shall have the priority set out in paragraphs 57 and 59 hereof.

~~36. — THIS COURT ORDERS that, notwithstanding any other provision of this Order:~~

- ~~(a) — the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;~~
- ~~(b) — upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon ● days notice to the Applicant and the Monitor, may exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicant and set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant; and —~~
- ~~(c) — the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property. —~~

53. 37. THIS COURT ORDERS AND DECLARES that the DIPIntercompany Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, and may not be compromised in any Plan or any proposal filed by the Applicant under the Bankruptcy and Insolvency Act of Canada (the "BIA") under the BIA in respect of the Applicants, with respect to any advances made under the Definitive DocumentsIntercompany Advances made on or after the Initial Filing Date.

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KERP AND KERP CHARGE

54. THIS COURT ORDERS that the Key Employee Retention Plan (the "KERP"), as described and defined in the Second Guyatt Affidavit, for the benefit of the Key Employees (as defined in the Second Guyatt Affidavit) is hereby approved and the Applicants are authorized and directed to make payments in accordance with the terms and conditions of the KERP.

55. THIS COURT ORDERS that the Key Employees shall be entitled to the benefit of and are hereby granted a charge (the "KERP Charge") on the Property, which charge shall not exceed an aggregate amount of \$1.4 million to secure amounts owing to the Key Employees under the KERP. The KERP Charge shall have the priority set out in paragraphs 57 and 59 hereof.

56. THIS COURT ORDERS that the unredacted version of the KERP, a copy of which is attached as Confidential Exhibit "B" to the Second Guyatt Affidavit, shall be and is hereby sealed, kept confidential, and shall not form part of the public record unless otherwise ordered by the Court.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

57. ~~38.~~ THIS COURT ORDERS that the priorities of the Administration Charge, the Directors' Charge, the ~~Administration~~KERP Charge, the Transaction Fee Charge and the ~~DIP-Lender's~~Intercompany Charge (the "Charges"), as among them with respect to any Property to which they apply, shall be as follows⁹:

First – Administration Charge (to the maximum amount of \$●1.4 million);

Second – ~~DIP-Lender's~~Directors' Charge (to the maximum amount of \$3.55 million); and

Third – ~~Directors'~~KERP Charge (to the maximum amount of \$●1.4 million);

Fourth – Transaction Fee Charge;

⁹ ~~The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly, the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order (and the rankings, above), where appropriate.~~

Fifth – Intercompany Charge.

58. ~~39.~~ **THIS COURT ORDERS** that the filing, registration or perfection of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge (collectively, the~~ "~~Charges~~") Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

59. ~~40.~~ **THIS COURT ORDERS** that each of the ~~Directors' Charge, the Administration Charge and the DIP Lender's Charge~~ Charges (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges ~~and~~, encumbrances, and claims of secured creditors, statutory or otherwise (collectively, "~~Encumbrances~~") in favour of any Person.

60. ~~41.~~ **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the ~~Applicant~~ Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge~~ Charges, unless the ~~Applicant~~ Applicants also obtains the prior written consent of the Monitor, ~~the DIP Lender~~ and the beneficiaries of the ~~Directors' Charge and the Administration Charge~~ Charges, or further Order of this Court.

61. ~~42.~~ **THIS COURT ORDERS** that the ~~Directors' Charge, the Administration Charge, the Commitment Letter, the Definitive Documents and the DIP Lender's Charge~~ Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "~~Charges~~") and/or the DIP Lender") thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an

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"Agreement") which binds the ~~Applicant~~Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) ~~neither~~ the creation of the Charges ~~nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents~~ shall not create or be deemed to constitute a breach by the ~~Applicant~~Applicants of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the ~~Applicant entering into the Commitment Letter, the~~ creation of the Charges, ~~or the execution, delivery or performance of the Definitive Documents~~; and
- (c) the payments made by the ~~Applicant~~Applicants pursuant to this Order, ~~the Commitment Letter or the Definitive Documents~~, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

62. ~~43.~~ **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the ~~Applicant's~~Applicants' interest in such real property leases.

RELIEF FROM REPORTING OBLIGATIONS

63. **THIS COURT ORDERS** that the decision by the Applicants to incur no further expenses in relation to any filings, disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively, the "**Securities Filings**") that may be required by any federal, provincial or other law respecting securities or capital markets in Canada or the United States, or by the rules and regulations of a stock exchange, including, without limitation, the *Securities Act* (Ontario) and comparable statutes enacted by other provinces of Canada, the *Securities Act of 1933* (United States) and the *Securities Exchange Act of 1934* (United States) and comparable statutes enacted by individual states of the United States, the TSX Company Manual and other rules, regulations and policies of

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the Toronto Stock Exchange, and the NYSE Listed Company Manual and other rules, regulations and policies of the New York Stock Exchange (collectively, the “Securities Provisions”), is hereby authorized, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of the Applicants failing to make any Securities Filings required by the Securities Provisions.

64. THIS COURT ORDERS that none of the directors, officers, employees, and other representatives of the Applicants, the Monitor (and its directors, officers, employees and representatives), nor the CRO shall have any personal liability for any failure by the Applicants to make any Securities Filings required by the Securities Provisions.

SERVICE AND NOTICE

65. 44. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in ~~[newspapers specified by the Court]~~ the Globe and Mail (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner or by electronic message to the e-mail address as last shown on the records of the Applicants, a notice to every known creditor who has a claim against the ~~Applicant~~ Applicants of more than \$~~1000,~~ 1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

66. 45. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at ~~<http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>~~ <https://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the

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Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL:

 <http://www.ey.com/ca/canntrust>.

67. ~~46.~~ **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the ~~Applicant~~Applicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the ~~Applicant's~~Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the ~~Applicant~~Applicants and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

68. ~~47.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of ~~its~~their powers and duties hereunder.

69. ~~48.~~ **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the ~~Applicant~~Applicants, the Business or the Property.

70. ~~49.~~ **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory body or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the ~~Applicant~~Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the ~~Applicant~~Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the ~~Applicant~~Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

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71. ~~50.~~ **THIS COURT ORDERS** that each of the ~~Applicant~~Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that ~~the Monitor~~CannTrust Holdings Inc. is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in ~~at~~the United States and any other jurisdiction outside Canada.

72. ~~51.~~ **THIS COURT ORDERS** that any interested party (including the ~~Applicant~~Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

73. ~~52.~~ **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

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 CANNTRUST HOLDINGS INC. ET AL.

Court File No: CV-20-00638930-00CL

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

Proceeding commenced at Toronto

**AMENDED AND RESTATED
INITIAL ORDER**

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DOC#: 19528138

Document comparison by Workshare Compare on Monday, April 06, 2020 2:22:37 PM

Input:	
Document 1 ID	PowerDocs://DOCS/19518480/1
Description	DOCS-#19518480-v1-CannTrust_CCAA_-_Amended_&_Restated_Initial_Order_-_DRAFT
Document 2 ID	PowerDocs://DOCS/19518480/15
Description	DOCS-#19518480-v15-CannTrust_CCAA_-_Amended_&_Restated_Initial_Order_-_DRAFT
Rendering set	MTStandard

Legend:	
<u>Insertion</u>	
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Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:

	Count
Insertions	397
Deletions	336
Moved from	9
Moved to	9
Style change	0
Format changed	0
Total changes	751

Tab 5

Court File No. ~~CV-20-00638930-00CL~~

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE) ~~DAY~~ THURSDAY, THE ~~9TH~~
)
MR. JUSTICE HAINEY) DAY OF ~~APRIL~~, 2020

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
CANTRUST HOLDINGS INC., CANTRUST INC.,
CTI HOLDINGS (OSOYOOS) INC., AND ELMCLIFFE INVESTMENTS INC.

Applicants

AMENDED AND RESTATED INITIAL ORDER

THIS APPLICATION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") for an order amending and restating the ~~First Day~~ Initial Order (the "~~First Day~~ Initial Order") issued on ~~March 31~~, 2020 (the "**Initial Filing Date**") and extending the stay of proceedings provided for therein was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Greg Guyatt sworn March 31, 2020 and the Exhibits thereto (the "**Guyatt Affidavit**"), the affidavit of Greg Guyatt sworn April 6, 2020 and the Exhibits thereto (the "**Second Guyatt Affidavit**"), the consent of Ernst & Young Inc. ("**EYI**") to act as the Monitor (in such capacity, the "**Monitor**"), the Pre-Filing Report of EYI in its capacity as the proposed Monitor dated ~~March 31~~, 2020, and the First Report of the Monitor dated April ~~9~~, 2020, and on hearing the submissions of counsel for the Applicants, the Monitor and those other parties that were present, as listed on the counsel slip, no other party appearing although duly served as appears from the Affidavit of Service of ~~March 31~~, 2020.

AMENDING AND RESTATING ~~FIRST DAY~~INITIAL ORDER

1. **THIS COURT ORDERS** that the ~~First Day~~Initial Order, reflecting the Initial Filing Date, shall be amended and restated as provided for herein.

SERVICE

2. **THIS COURT ORDERS** that the time for service and filing of the Notice of Application, the Application Record and the Supplementary Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

3. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies.

PLAN OF ARRANGEMENT

4. **THIS COURT ORDERS** that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court one or more plans of compromise or arrangement (hereinafter referred to as the “**Plan**”).

POSSESSION OF PROPERTY AND OPERATIONS

5. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their businesses (the “**Business**”) and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, contractors, consultants, agents, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by them, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business, to preserve the value of the Property or for the carrying out of the terms of this Order.

6. **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize the central cash management system currently in place or, with the consent of the Monitor, replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

7. **THIS COURT ORDERS** that each of the Applicants' existing depository and disbursement banks (collectively, the "**Banks**") is authorized to debit the applicable Applicant's accounts in the ordinary course of business without the need for further order of this Court for: (i) all cheques drawn on the applicable Applicant's accounts which are cashed at such Bank's counters or exchanged for cashier's cheques by the payees thereof prior to the date of this Order; (ii) all cheques or other items deposited in one of the Applicant's accounts with such Bank prior to the date of this Order which have been dishonoured or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent an Applicant was responsible for such items prior to the date of this Order; and (iii) all undisputed pre-filing amounts outstanding as of the date hereof, if any, owed to any Bank as service charges for the maintenance of the Cash Management System.

8. **THIS COURT ORDERS** that any of the Banks may rely on the representations of the applicable Applicant with respect to whether any cheques or other payment order drawn or issued by the applicable Applicant prior to the date of this Order should be honoured pursuant to this or any other order of this Court, and such Bank shall not have any liability to any party for relying on such representations by the applicable Applicant as provided for herein.

9. **THIS COURT ORDERS** that (i) those certain existing deposit agreements between the Applicants and the Banks shall continue to govern the post-filing cash management relationship between the Applicants and the Banks, and that all of the provisions of such agreements, including, without limitation, the termination and fee provisions, shall remain in full force and effect, (ii) either any of the Applicants, with the consent of the Monitor, or the Banks may, without further Order of this Court, implement changes to the Cash Management System and procedures in the ordinary course of business pursuant to the terms of those certain existing deposit agreements, including, without limitation, the opening and closing of bank accounts, and (iii) all control agreements in existence prior to the date of this Order shall apply.

10. **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the Initial Filing Date:

- (a) all outstanding and future wages, salaries, contract amounts, amounts payable pursuant to the CannTrust Capital Appreciation Plan (whether accrued prior to, on or after the Initial Filing Date), employee and pension benefits, vacation pay and expenses (including, without limitation, in respect of expenses charged by employees to corporate credit cards) payable on or after the Initial Filing Date to employees or contractors, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) the fees and disbursements of any Assistants retained or employed by the Applicants, or retained by employees or officers of the Applicants that the Applicants have agreed to reimburse, in respect of these proceedings, at their standard rates and charges; and
- (c) with the consent of the Monitor, amounts owing for goods or services actually supplied to the Applicants prior to the Initial Filing Date by third party suppliers if in the opinion of the Applicants the supplier is critical to the Business, ongoing operations of the Applicants, or preservation of the Property and the payment is required to ensure ongoing supply.

11. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the

Applicants in carrying on the Business in the ordinary course after the Initial Filing Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services;
- (b) expenses required to ensure compliance with any governmental or regulatory rules, orders or directions; and
- (c) payment for goods or services actually supplied to the Applicants following the Initial Filing Date.

12. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes and all federal excise taxes and duties (collectively, "**Sales & Excise Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales & Excise Taxes are accrued or collected after the Initial Filing Date, or where such Sales & Excise Taxes were accrued or collected prior to the Initial Filing Date but not required to be remitted until on or after the Initial Filing Date; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and

which are attributable to or in respect of the carrying on of the Business by the Applicants.

13. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicants and the landlord from time to time (“**Rent**”), for the period commencing from and including the Initial Filing Date; twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears), or, at the election of the applicable Applicant, at such intervals as such Rent is usually paid pursuant to the applicable lease. On the date of the first of such payments, any Rent relating to the period commencing from and including the Initial Filing Date shall also be paid.

14. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of the Initial Filing Date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

15. **THIS COURT ORDERS** that the Applicants shall, subject to such requirements as are imposed by the CCAA, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their businesses or operations, and to dispose of redundant or non-material assets not exceeding \$500,000 in any one transaction or \$1,000,000 in the aggregate;
- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as it deems appropriate; and

- (c) pursue all avenues of refinancing or selling their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing or sale,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the “**Restructuring**”).

16. **THIS COURT ORDERS** that the Applicants shall provide each of the relevant landlords with notice of the Applicants’ intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicants’ entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further Order of this Court upon application by the Applicants on at least two (2) days notice to such landlord and any such secured creditors. If the Applicants disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicants’ claims to the fixtures in dispute.

17. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours’ prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

18. **THIS COURT ORDERS** that from the Initial Filing Date until and including ~~July 5,~~ [2020](#), or such later date as this Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”) shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property (including, for greater certainty, any process or steps or other rights and remedies under or relating to any class action proceeding against any of the Applicants or in respect of the Property), except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

19. **THIS COURT ORDERS** that during the Stay Period, none of the Pending Litigation (as defined in the Guyatt Affidavit) or any Proceeding in relation thereto shall be commenced, continued or take place against or in respect of any Person named as a defendant or respondent in any of the Pending Litigation (such Persons, the “**Other Defendants**”), except with leave of this Court, and any and all such Proceedings currently underway or directed to take place against or in respect of any of the Other Defendants, or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

20. **THIS COURT ORDERS** that, to the extent any prescription, time or limitation period relating to any Proceeding by, against or in respect of the Applicants or any of the Other Defendants that is stayed pursuant to this Order may expire, the term of such prescription, time or limitation period shall hereby be deemed to be extended by a period equal to the Stay Period.

NO EXERCISE OF RIGHTS OR REMEDIES

21. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any

business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

22. **THIS COURT ORDERS** that, during the Stay Period, all rights and remedies of any Person against or in respect of Cannabis Coffee and Tea Pod Company Ltd., Cannatrek Ltd., Elmcliffe Investments [No. 2] Inc. and O Cannabis We Stand on Guard For Thee Corporation (each, an “**Affected Party**”, and collectively, the “**Affected Parties**”) arising out of, relating to, or triggered by the insolvency of any of the Applicants, the making or filing of these proceedings or any allegation, admission or evidence in these proceedings (collectively, the “**Cross-Default Matters**”), are hereby stayed and suspended except with the written consent of the relevant Applicants, the relevant Affected Party and the Monitor, or leave of this Court, and the operation of any provision of any agreement or other arrangement between any Person and any of the Affected Parties whether written or oral that purports to accelerate, terminate, cancel, suspend or modify such agreement or arrangement or create a right to purchase, a right of first refusal or a lien with respect to any property of an Affected Party as a result of any of the Cross-Default Matters is hereby stayed and restrained pending further order of this Court.

NO INTERFERENCE WITH RIGHTS

23. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

24. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of

such goods or services as may be required by the Applicants, and that the Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the Initial Filing Date are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

25. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the Initial Filing Date, nor shall any Person be under any obligation on or after the Initial Filing Date to advance or re-advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

26. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the Initial Filing Date and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

27. **THIS COURT ORDERS** that the Applicants shall indemnify their current and future directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the

extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

28. **THIS COURT ORDERS** that the current and future directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the “**Directors’ Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$~~3.75~~3.55 million, as security for the indemnity provided in paragraph 27 of this Order. The Directors’ Charge shall have the priority set out in paragraphs ~~51~~57 and ~~53~~59 herein.

29. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants’ directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 27 of this Order.

APPOINTMENT OF MONITOR

30. **THIS COURT ORDERS** that EYI is, as of the Initial Filing Date, appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

31. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants’ receipts and disbursements;
- (b) review and approve Intercompany Advances (as defined below);

- (c) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (d) advise the Applicants in the preparation of the Applicants' cash flow statements, which information shall be reviewed with the Monitor;
- (e) advise the Applicants in its development of the Plan and any amendments to the Plan;
- (f) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' meetings for voting on the Plan;
- (g) assist the Applicants, to the extent required by the Applicants, in connection with any sale and investment solicitation process conducted by the Applicants;
- (h) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;
- (i) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (j) perform such other duties as are required by this Order or by this Court from time to time.

32. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

33. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of (i) any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of

a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”), or (ii) any of the Property, the administration and control of which is subject to the provisions of any federal, provincial or other law respecting, among other things, the manufacturing, possession, processing and distribution of cannabis or cannabis products including without limitation, the *Cannabis Act* (Canada), the *Cannabis Regulations* (Canada) the *Controlled Drugs and Substances Act* (Canada), the *Excise Tax Act* (Canada), the *Cannabis Control Act* (Ontario), or other such applicable federal or provincial legislation (“**Cannabis Legislation**”), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation or Cannabis Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation or the Cannabis Legislation, unless it is actually in possession.

34. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicants with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

35. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order or the ~~First Day~~Initial Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order or the ~~First Day~~Initial Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

APPROVAL OF CHIEF RESTRUCTURING OFFICER ENGAGEMENT

36. **THIS COURT ORDERS** that the agreement dated as of March 27, 2020 pursuant to which the Applicants have engaged FTI Consulting Canada Inc. (“**FTI**”) to act as Chief Restructuring Officer (“**CRO**”) and provide certain financial advisory and consulting services to the Applicants, a copy of which is attached as Exhibit “G” to the Guyatt Affidavit (the “**CRO Engagement Letter**”), the execution of the CRO Engagement Letter by the Applicants, *nunc pro tunc*, and the appointment of the CRO pursuant to the terms thereof is hereby approved, including, without limitation, the payment of the fees and expenses contemplated thereby.

37. **THIS COURT ORDERS** that the CRO shall not be or be deemed to be a director, *de facto* director or employee of the Applicants.

38. **THIS COURT ORDERS** that the CRO shall not, as a result of the performance of its obligations and duties in accordance with the terms of the CRO Engagement Letter, be deemed to be in Possession of (i) any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to the Environmental Legislation, (ii) any of the Property, the administration and control of which is subject to the provisions of the Cannabis Legislation; however, if the CRO is nevertheless later found to be in Possession of any Property, then the CRO shall be entitled to the benefits and protections in relation to the Applicants and such Property as are provided to a monitor under Section 11.8(3) of the CCAA, provided however that nothing herein shall exempt the CRO from any duty to report or make disclosure imposed by applicable Environmental Legislation or Cannabis Legislation.

39. **THIS COURT ORDERS** that the CRO shall not have any liability with respect to any losses, claims, damages or liabilities, of any nature or kind, to any Person from and after the Initial Filing Date except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct on the part of the CRO.

40. **THIS COURT ORDERS** that no action or other proceeding shall be commenced directly, or by way of counterclaim, third party claim or otherwise, against or in respect of the CRO, and all rights and remedies of any Person against or in respect of them are hereby stayed and suspended, except with the written consent of the CRO or with leave of this Court on notice

to the Applicant, the Monitor and the CRO. Notice of any such motion seeking leave of this Court shall be served upon the Applicants, the Monitor and the CRO at least seven (7) days prior to the return date of any such motion for leave.

41. **THIS COURT ORDERS** that the obligations of the Applicant to the CRO pursuant to the CRO Engagement Letter shall be treated as unaffected and may not be compromised in any Plan or proposal filed under *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) in respect of the Applicants.

APPROVAL OF FINANCIAL ADVISOR ENGAGEMENT

42. **THIS COURT ORDERS** that the agreement dated as of April 3, 2020 pursuant to which the Applicants have engaged Greenhill & Co. Canada Ltd. (the “**Financial Advisor**”) to assist the Applicants in a review of strategic alternatives, a copy of which is attached as Exhibit “D” to the Second Guyatt Affidavit (the “**Financial Advisor Engagement Letter**”), the execution of the Financial Advisor Engagement Letter by the Applicants, *nunc pro tunc*, and the appointment of the Financial Advisor pursuant to the terms thereof is hereby approved, including, without limitation, the payment of the fees and expenses contemplated thereby.

43. **THIS COURT ORDERS** that the Financial Advisor shall not be or be deemed to be a director, *de facto* director or employee of the Applicants.

44. **THIS COURT ORDERS** that the Financial Advisor shall not have any liability with respect to any losses, claims, damages or liabilities, of any nature or kind, to any Person from and after the date of this Order except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct on the part of the Financial Advisor.

45. **THIS COURT ORDERS** that no action or other proceeding shall be commenced directly, or by way of counterclaim, third party claim or otherwise, against or in respect of the Financial Advisor, and all rights and remedies of any Person against or in respect of them are hereby stayed and suspended, except with the written consent of the Financial Advisor or with leave of this Court on notice to the Applicant, the Monitor and the Financial Advisor. Notice of any such motion seeking leave of this Court shall be served upon the Applicants, the Monitor and the Financial Advisor at least seven (7) days prior to the return date of any such motion for leave.

46. THIS COURT ORDERS that the obligations of the Applicant to the Financial Advisor pursuant to the Financial Advisor Engagement Letter shall be treated as unaffected and may not be compromised in any Plan or proposal filed under the BIA in respect of the Applicants.

ADMINISTRATION CHARGE

47. ~~42.~~ THIS COURT ORDERS that the Monitor, counsel to the Monitor, the CRO, the Financial Advisor and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and in the case of the CRO in accordance with the CRO Engagement Letter, and in the case of the Financial Advisor in accordance with the Financial Advisor Engagement Letter. by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, the CRO, the Financial Advisor and counsel for the Applicants on a bi-weekly basis and, in addition, the Applicants are hereby authorized to pay to the Monitor, counsel to the Monitor, the CRO and counsel to the Applicants, retainers to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

48. ~~43.~~ THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

49. ~~44.~~ THIS COURT ORDERS that the Monitor, counsel to the Monitor, the CRO and counsel to the Applicants shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$~~1.5~~1.4 million, as security for their professional fees and disbursements incurred at their standard rates and charges, and in the case of the CRO in accordance with the CRO Engagement Letter, both before and after the Initial Filing Date in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs ~~51 and 53~~ 57 and 59 hereof.

TRANSACTION FEE CHARGE

50. THIS COURT ORDERS that the Financial Advisor shall be entitled to the benefit of and is hereby granted a charge (the “**Transaction Fee Charge**”) on the Property, as security for the

Transaction Fee (as defined the Financial Advisor Engagement Letter). The Transaction Fee Charge shall have the priority set out in paragraphs 57 and 59 hereof.

INTERCOMPANY FINANCING

51. ~~45.~~ **THIS COURT ORDERS** that CannTrust Holdings Inc. (the “**Intercompany Lender**”) is authorized to loan to each of CannTrust Inc., Elmclyffe Investments Inc. and CTI Holdings (Osoyoos) Inc. (each, an “**Intercompany Borrower**”), and each Intercompany Borrower is authorized to borrow, repay and re-borrow, such amounts from time to time as the Intercompany Borrower, with the approval of the Monitor, considers necessary or desirable on a revolving basis to fund its ongoing expenditures and to pay such other amounts as are permitted by the terms of this Order (the “**Intercompany Advances**”), on terms consistent with existing arrangements or past practice or otherwise approved by the Monitor.

52. ~~46.~~ **THIS COURT ORDERS** that the Intercompany Lender shall be entitled to the benefit of and is hereby granted a charge (the “**Intercompany Charge**”) on all of the Property of each Intercompany Borrower, as security for the Intercompany Advances made to such Intercompany Borrower, which Intercompany Charge shall not secure an obligation that exists before the Initial Filing Date. The Intercompany Charge shall have the priority set out in paragraphs ~~54~~57 and ~~53~~59 hereof.

53. ~~47.~~ **THIS COURT ORDERS AND DECLARES** that the Intercompany Lender shall be treated as unaffected and may not be compromised in any Plan or any proposal filed under the BIA in respect of the Applicants, with respect to any Intercompany Advances made on or after the Initial Filing Date.

KERP AND KERP CHARGE

54. ~~48.~~ **THIS COURT ORDERS** that the Key Employee Retention Plan (the “**KERP**”), as described and defined in ~~the~~ the Second Guyatt Affidavit, for the benefit of the Key Employees (as defined in ~~the~~ the Second Guyatt Affidavit) is hereby approved and the Applicants are authorized and directed to make payments in accordance with the terms and conditions of the KERP.

55. ~~49.~~ **THIS COURT ORDERS** that the Key Employees shall be entitled to the benefit of and are hereby granted a charge (the “**KERP Charge**”) on the Property, which charge shall not

exceed an aggregate amount of \$~~1.4~~ 1.4 million to secure amounts owing to the Key Employees under the KERP. The KERP Charge shall have the priority set out in paragraphs ~~51~~ 57 and ~~53~~ 59 hereof.

56. ~~50.~~ **THIS COURT ORDERS** that the unredacted version of the KERP, a copy of which is attached as Confidential Exhibit “~~B~~” to ~~the~~ the Second Guyatt Affidavit, shall be and is hereby sealed, kept confidential, and shall not form part of the public record unless otherwise ordered by the Court.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

57. ~~51.~~ **THIS COURT ORDERS** that the priorities of the Administration Charge, the Directors’ Charge, the KERP Charge, the Transaction Fee Charge and the Intercompany Charge (the “**Charges**”), as among them with respect to any Property to which they apply, shall be as follows:

First – Administration Charge (to the maximum amount of \$~~1.5~~ 1.4 million);

Second – Directors’ Charge (to the maximum amount of \$~~3.75~~ 3.55 million);

Third ~~—~~ KERP Charge (to the maximum amount of \$~~1.4~~ 1.4 million);

Fourth ~~—~~ Transaction Fee Charge;

Fifth ~~—~~ Intercompany Charge.

58. ~~52.~~ **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

59. ~~53.~~ **THIS COURT ORDERS** that each of the Charges (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges, encumbrances and claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any Person.

60. ~~54.~~ **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants also obtains the prior written consent of the Monitor and the beneficiaries of the Charges, or further Order of this Court.

61. ~~55.~~ **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “**Chargees**”) thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges shall not create or be deemed to constitute a breach by the Applicants of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and
- (c) the payments made by the Applicants pursuant to this Order and the granting of the Charges do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

62. ~~56.~~ **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants’ interest in such real property leases.

RELIEF FROM REPORTING OBLIGATIONS

63. ~~57.~~ **THIS COURT ORDERS** that the decision by the Applicants to incur no further expenses in relation to any filings, disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively, the “**Securities Filings**”) that may be required by any federal, provincial or other law respecting securities or capital markets in Canada or the United States, or by the rules and regulations of a stock exchange, including, without limitation, the *Securities Act* (Ontario) and comparable statutes enacted by other provinces of Canada, the *Securities Act of 1933* (United States) and the *Securities Exchange Act of 1934* (United States) and comparable statutes enacted by individual states of the United States, the TSX Company Manual and other rules, regulations and policies of the Toronto Stock Exchange, and the NYSE Listed Company Manual and other rules, regulations and policies of the New York Stock Exchange (collectively, the “**Securities Provisions**”), is hereby authorized, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of the Applicants failing to make any Securities Filings required by the Securities Provisions.

64. ~~58.~~ **THIS COURT ORDERS** that none of the directors, officers, employees, and other representatives of the Applicants, the Monitor (and its directors, officers, employees and representatives), nor the CRO shall have any personal liability for any failure by the Applicants to make any Securities Filings required by the Securities Provisions.

SERVICE AND NOTICE

65. ~~59.~~ **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in the Globe and Mail (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner or by electronic message to the e-mail address as last shown on the records of the Applicants, a notice to every known creditor who has a claim against the Applicants of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

66. ~~60.~~ **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “Protocol”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/> <https://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: <http://www.ey.com/ca/canitrust>.

67. ~~61.~~ **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicants’ creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

68. ~~62.~~ **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

69. ~~63.~~ **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

70. ~~64.~~ **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory body or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

71. ~~65.~~ **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that CannTrust Holdings Inc. is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in the United States and any other jurisdiction outside Canada.

72. ~~66.~~ **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

73. ~~67.~~ **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

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

Proceeding commenced at Toronto

**AMENDED AND RESTATED
INITIAL ORDER**

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Document 2 ID	PowerDocs://DOCS/19518480/15
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Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:

	Count
Insertions	85
Deletions	61
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	146

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 CANTRUST HOLDINGS INC. ET AL.

Court File No: CV-20-00638930-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE -
COMMERCIAL LIST**

Proceeding commenced at Toronto

**SUPPLEMENTARY APPLICATION
RECORD**

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