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

Applicants

# MOTION RECORD
**(Stay Extension)**
**(Returnable July 2, 2020)**

June 25, 2020


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Lawyers for the Applicants

# INDEX

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## INDEX

# TAB 1

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Applicants

**NOTICE OF MOTION**
**(Stay Extension)**
**(Returnable July 2, 2020)**

The Applicants will make a motion before a judge of the Ontario Superior Court of Justice (Commercial List) on July 2, 2020 at 11:00am, or as soon after that time as the motion can be heard, by judicial videoconference via Zoom at Toronto, Ontario due to the COVID-19 emergency. Please refer to the conference details attached as Schedule "A" hereto in order to attend. Please advise if you intend to join the motion by emailing Alexander Steele at asteele@mccarthy.ca.

**PROPOSED METHOD OF HEARING**: The motion is to be heard by Zoom.

**THE MOTION IS FOR:**

(a) an order extending the Stay Period (as defined in the order of Justice Hainey dated March 31, 2020 (the "**Initial Order**") up to and including October 30, 2020; and

(b) such other relief as this Honourable Court may allow.

**THE GROUNDS FOR THE MOTION ARE:**

1. The facts in support of this motion are set out in the affidavit of Greg Guyatt sworn June 25, 2020 (the "**Guyatt Affidavit**"). Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Guyatt Affidavit.

***Background***

2. On March 31, 2020, the Honourable Mr. Justice Hainey granted the Applicants (or "**CannTrust**") an initial order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**"), that, among other things, imposed a stay of proceedings, up to and including April 9, 2020 (the "**Stay Period**").

3. On April 9, 2020, the Honourable Mr. Justice Hainey granted an order (the "**Amended and Restated Initial Order**") that, among other things, extended the Stay Period to July 5, 2020.

4. Since the Initial Order, CannTrust has acted, and continues to act, in good faith and with due diligence. Among other things, CannTrust has:

(a) completed the remainder of its remediation activities and sought the reinstatement of its licence at the Vaughan Facility;

(b) provided additional information requested by Health Canada and successfully obtained the reinstatement of its licence at the Fenwick Facility;

(c) taken steps to right-size its operational footprint including by renegotiating and disclaiming certain contracts; and

(d) advanced the SISP, the Claims Procedure and the Mediation Process in accordance with the procedures and timelines applicable to those processes.

(e) ***Stay Extension***

2. CannTrust is seeking an extension of the Stay Period up to and including October 30, 2020. The requested extension is necessary and appropriate in the circumstances to allow

CannTrust to:

(a) continue to work with Health Canada to resolve any remaining *Cannabis Act* compliance issues with a view towards obtaining reinstatement of its Vaughan Facility licence, subject to the availability of resources as a result of the COVID-19 pandemic;

(b) continue to restructure its business and operations and increase production at its Fenwick Facility to levels closer to full capacity;

(c) engage with the plaintiffs in the Pending Litigation through the Mediation Process in order to explore a potential resolution of those claims;

(d) assess the claims that have been submitted in the Claims Process and that may still be submitted, in consultation with Ernst & Young Inc. in its capacity as the court-appointed monitor of CannTrust (the "**Monitor)**;

(e) determine the next steps with respect to the SISP and carry out those steps with the assistance of Greenhill & Co. Canada Ltd. in its capacity as financial advisor to CannTrust (the "**Financial Advisor**") and in consultation with the Monitor; and

(f) continue its review of strategic alternatives with the assistance of the Monitor, FTI Consulting Canada Inc. in its capacity as chief restructuring officer to CannTrust (the "**CRO**") and the Financial Advisor.

3. A stay extension until October 30, 2020 would provide a reasonable period of time to

allow for meaningful progress on the above-noted fronts, and once sufficient progress has been made, for CannTrust to begin formulating a CCAA plan of arrangement, taking the steps necessary to achieve approval by the creditors and the court and, if approved, implementing the CCAA plan; all while working with Health Canada towards obtaining the reinstatement of its Vaughan Facility licence. A stay until October 30, 2020 would provide CannTrust with a reasonable period to make substantial progress toward those restructuring goals.

5. CannTrust expects to have sufficient funds to meet its day-to-day obligations throughout the requested extension of the Stay Period, as evidenced by the cash flow forecast, to be filed.

6. CannTrust also relies upon the following:

(a) Section 11.02 and other provisions of the CCAA and the inherent and equitable jurisdiction of this Court; and

(b) Such further and other grounds as counsel may advise and this Honourable court may permit.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

(a) Affidavit of Greg Guyatt sworn June 25, 2020 and exhibits thereto;

(b) Third Report of the Monitor, to be filed; and

(c) such further and other materials as counsel may advise and this Court may permit.

June 25, 2020

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Lawyers for the Applicants

TO: SERVICE LIST

**SCHEDULE "A"**

**Conference Details to join Motion via Zoom**

**Zoom Details:**

Topic: CannTrust - Stay Extension
Time: July 2, 2020 11:00 AM Eastern Time (US and Canada)

Join Zoom Meeting
https://zoom.us/j/91590980141

Meeting ID: 915 9098 0141
One tap mobile
+13017158592,,91590980141# US (Germantown)
+13126266799,,91590980141# US (Chicago)

Dial by your location
+1 301 715 8592 US (Germantown)
+1 312 626 6799 US (Chicago)
+1 346 248 7799 US (Houston)
+1 669 900 6833 US (San Jose)
+1 929 436 2866 US (New York)
+1 253 215 8782 US (Tacoma)
Meeting ID: 915 9098 0141
Find your local number: https://zoom.us/u/aLS9wIyl

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

**NOTICE OF MOTION**
**(STAY EXTENSION)**

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Lawyers for the Applicants

# TAB 2

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

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Applicants

**AFFIDAVIT OF GREG GUYATT**
**(Sworn June 25, 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. 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.

2. 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.

3. I swear this affidavit in support of CannTrust's motion for an order (the "**Stay Extension Order**"), substantially in the form of the draft order included at Tab 3 of the Motion Record of CannTrust, extending the Stay Period to October 30, 2020 (the "**Stay Extension Period**").

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

### *(i) Background*

5. CannTrust is a licensed producer of cannabis in Canada that, prior to June 2019, operated an award-winning business that was experiencing operational growth and expanding into new markets and product segments. However, following regulatory audits of CannTrust's facilities in June and July 2019 (the "**Health Canada Audits**"), Health Canada determined that CannTrust was growing and storing cannabis contrary to applicable laws.

6. Following the Health Canada Audits, among other things, shipments of all CannTrust's cannabis products were stopped, its cannabis licences were partially suspended and multiple putative securities class actions and other actions have been commenced against the company.

7. In the second half of 2019 and the first quarter of 2020, CannTrust undertook extensive efforts to address these challenges including, among other things, investigating the findings of the Health Canada Audits, cooperating with regulators such as Health Canada and

the Ontario Securities Commission and implementing a comprehensive remediation plan at its production and processing facilities in Fenwick, Ontario (the "**Fenwick Facility**") and Vaughan, Ontario (the "**Vaughan Facility**") to address the findings of the Health Canada Audits and investigation with a view to obtaining the reinstatement of its licences.

8. Due to, among other things, uncertainty regarding:

(a) the reinstatement and the timing of such reinstatement of CannTrust's licences;

(b) whether the above-noted litigation and other claims against CannTrust could be resolved within a reasonable time period and on a basis that would leave CannTrust with sufficient financial resources; and

(c) the impact of the current disruption of global capital markets and the downturn of the Canadian cannabis industry on CannTrust's ability to attract capital that it may require to restore its operations,

CannTrust determined that it was in the best interests of the company and its stakeholders to complete its efforts to address these challenges in a court-supervised restructuring process.

9. On March 31, 2020, the Honourable Mr. Justice Hainey granted an initial order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") in favour of CannTrust, including a stay of proceedings until April 9, 2020 (the "**Stay Period**"). Ernst & Young was appointed as monitor of CannTrust (in such capacity, the "**Monitor**").

10. On April 9, 2020, the Honourable Mr. Justice Hainey granted an order (the "**Amended**

**and Restated Initial Order**") amending and restating the Initial Order to, among other things, extend the Stay Period to July 5, 2020. A copy of the Amended and Restated Initial Order is attached hereto as **Exhibit "A"**.

11. On May 8, 2020, the Honourable Mr. Justice Hainey granted:

(a) an order (the "**SISP Order**") approving a sale and investment solicitation process for the purpose of soliciting interest in and opportunities for a sale of, or investment in, the assets and business operations of CannTrust (the "**SISP**");

(b) an order (the "**Claims Procedure Order**") approving a claims procedure for the identification, quantification, and resolution of certain claims of creditors of CannTrust and its directors and officers (the "**Claims Procedure**"); and

(c) an order (the "**Mediation Order**") appointing the Honourable Dennis O'Connor, Q.C. to mediate a global settlement of certain class action and other claims that have been excluded from the Claims Procedure for the time being (the "**Mediation Process**").

***(ii) Relief Sought on this Motion***

12. The Stay Period presently expires on July 5, 2020. Since the granting of the Amended and Restated Initial Order on April 9, 2020, CannTrust has acted, and continues to act, in good faith and with due diligence. Among other things, CannTrust has:

(a) completed the remainder of its remediation activities and sought the reinstatement of its licence at the Vaughan Facility;

(b) provided additional information requested by Health Canada and successfully obtained the reinstatement of its licence at the Fenwick Facility;

(c) restarted cultivation operations at the Fenwick Facility;

(d) taken steps to right-size its operational footprint including by renegotiating or disclaiming certain contracts; and

(e) advanced the SISP, the Claims Procedure and the Mediation Process in accordance with the procedures and timelines applicable to those processes.

13. Many of these processes remain ongoing and require more time to see through. CannTrust seeks an extension of the Stay Period until October 30, 2020. The requested extension is necessary and appropriate in the circumstances to allow CannTrust to:

(a) continue to work with Health Canada to resolve any remaining *Cannabis Act* compliance issues with a view towards obtaining reinstatement of its Vaughan Facility licence, subject to the availability of resources as a result of the COVID-19 pandemic;

(b) continue to restructure its business and operations and take steps towards resuming production at its Fenwick Facility;

(c) engage with the plaintiffs and other parties in the Pending Litigation through the Mediation Process in order to explore a potential resolution of those claims;

(d) assess the claims that have been submitted in the Claims Process and that may still be submitted, in consultation with the Monitor;

(e) engage with the interested parties who submitted first-round proposals with respect to the SISP, through and with the assistance of Greenhill & Co. Canada Ltd. in its capacity as financial advisor to CannTrust (the "**Financial Advisor**"), in consultation with the Monitor and with oversight provided by CannTrust's board of directors (the "**Board**");

(f) assess the proposals that have been submitted in the SISP, and any proposals that may still be submitted, with the assistance of the Financial Advisor and in consultation with the Monitor and the Board; and

(g) continue its review of strategic alternatives with the assistance of the Monitor, FTI Consulting Canada Inc. in its capacity as chief restructuring officer to CannTrust (the "**CRO**") and the Financial Advisor.

14. Further, once sufficient progress is made on these fronts, CannTrust will need to formulate a CCAA plan of arrangement to propose to creditors and prepare the necessary materials and take the necessary steps to conduct one or more meetings of applicable creditors, seek court approval and, if approved by the creditors and court, implement the CCAA plan. A stay until October 30, 2020 would provide CannTrust with a reasonable period to make substantial progress toward those restructuring goals.

15. CannTrust, with the assistance of the Monitor, will be appending a revised cash flow forecast to its third report to the Court, to be filed (the "**Third 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 Third Report.

## II. BUSINESS UPDATES

16. Since April 9, 2020 hearing of the motion for the Amended and Restated Initial Order (the "**Comeback Motion**") at which CannTrust last requested an extension to the Stay Period, CannTrust has taken a number of steps to improve its position, including undertaking extensive remediation efforts to address, among other things, the findings of the Health Canada Audits and other potential concerns. Most significant among its achievements is the reinstatement of its Health Canada licence for the Fenwick Facility.

### *(i) Licence Reinstatement and Amendment*

17. On February 14, 2020, CannTrust submitted a comprehensive package to Health Canada evidencing that it had completed the remediation plan for the Fenwick Facility and requesting the reinstatement of its partially suspended licences with respect to the Fenwick Facility. On April 2, 2020, Health Canada wrote to CannTrust confirming that it had completed its review of the remediation package for the Fenwick Facility and asking three questions about the remediation package. On April 17, 2020, CannTrust provided its responses to those questions to Health Canada.

18. Also on April 24, 2020, CannTrust submitted a comprehensive package to Health Canada evidencing that it had completed the remediation plan for the Vaughan Facility and

requested the reinstatement of its suspended licences with respect to the Vaughan Facility. On the same day, CannTrust also submitted a licence amendment application to Health Canada.

19. On May 29, 2020, Health Canada wrote to CannTrust asking one question about the remediation package. On June 2, 2020, CannTrust provided its response to the question to Health Canada.

20. Health Canada has also written to CannTrust on May 27, 2020 and again on June 18, 2020 requesting additional information related to CannTrust's licence amendment application. CannTrust provided its responses to those questions on June 9, 2020 and June 25, 2020 respectively.

21. On May 29, 2020, CannTrust received notice from Health Canada that its licences for its Fenwick Facility have been reinstated. The Fenwick Facility is a state-of-the-art commercial greenhouse with a perpetual harvest system, computer controlled irrigation, co-generation power supply and full supplemental lighting. The reinstatement of CannTrust's licences at the Fenwick Facility is a major achievement and is a significant step towards restoring operations and returning CannTrust to profitability.

22. CannTrust immediately took steps to recommence operations at the Fenwick Facility, which is licensed to sell bulk product to other licence holders. Thus far, CannTrust has propagated approximately 18,000 new plants, which represents less than 20% of the facility's capacity. As CannTrust ramps up production, additional plants will be propagated to establish appropriate harvest timing under its perpetual harvest methodology. The first harvest is expected to occur in the second week of September, 2020. At this time, CannTrust cannot

provide an exact timeframe for when its products will be available in the market, as this is dependent upon the reinstatement of the licence with respect to the Vaughan extraction, manufacturing and packaging facility, which timing remains uncertain at this time.

***(ii) Mother Plant Propagation***

23. As noted in the affidavit that I swore on March 31, 2020 in support of the Initial Order (the “**March 31 Affidavit**”), an additional potential complication that CannTrust faced was that the mother plants used by CannTrust as a source of cuttings for new plants were reaching the end of their useful life and CannTrust had been unable to propagate any new plants since the suspension of its licence for the Fenwick Facility. If the mother plants were compromised, CannTrust would have needed to initiate its genetics stock from seeds once its licences were reinstated, which would have added six months or more to its propagation, cultivation and processing cycle and further delayed CannTrust’s ability to generate revenue from operations.

24. CannTrust worked with Health Canada to address this issue. 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. CannTrust has since propagated a sufficient number of new mother plants to sustain its current business requirements.

***(iii) Right-Sizing Operations***

25. CannTrust has taken steps to right-size its operational footprint to reflect its expected needs as production ramps up. CannTrust has identified and implemented operational efficiencies at its various sites and identified certain business relationships to approach counterparties about revising the terms to better reflect CannTrust’s anticipated business

needs. In particular:

(a) on June 15, 2020, CannTrust delivered a notice of disclaimer of the lease for its head office space in Vaughan, Ontario. CannTrust leases two floors of this office building and it became clear to CannTrust management, especially in the wake of COVID-19 related work-from-home measures, that a reduced footprint was an appropriate and necessary cash conservation measure. For the time being, the Vaughan Facility will be used as the head office of CannTrust.

(b) CannTrust has engaged with key contract counterparties to renegotiate their existing arrangements and in several cases has been able to obtain new terms that are more appropriate and economical for CannTrust.

## III. SISP UPDATE

### *(iv) Overview*

26. On May 8, 2020, the SISP Order was issued which approved and authorized the implementation of the SISP.

27. The SISP solicits interest in, and opportunities for, a sale of or investment in all or part of CannTrust's assets and business operations (a "**Transaction**"). A Transaction may include one or more of a recapitalization, arrangement or other form of investment in or reorganization of the business and affairs of CannTrust as a going concern or a sale of all, substantially all or one or more components of CannTrust's assets (the "**Property**") and business operations (the "**Business**") as a going concern or otherwise.

28. The SISP includes a notification process and two phases to evaluate proposals from qualified interested bidders, which are described further below. For ease of reference, the following are the key milestones and deadlines under the SISP:

(a) Implementation of Notification Process: May 20, 2020;

(b) Phase 1 Bid Deadline:[1] June 22, 2020; and

(c) Phase 2 Bid Deadline: To be specified in the Bid Process Letter to be provided by the Financial Advisor to Phase 2 Qualified Bidders.

***(v) Progress to Date***

29. CannTrust and the Financial Advisor promptly took steps following the issuance of the SISP Order to implement the SISP and have continued to work diligently to seek a Transaction that is beneficial for all of CannTrust's stakeholders.

30. Prior to the SISP Order, CannTrust, in consultation with the Financial Advisor, had been engaged in a strategic review that considered, among other strategies, a sale of or investment in, the company and had begun soliciting interest in such a sale or investment.

31. Over the course of their marketing and solicitation efforts, both before and after the issuance of the SISP Order, CannTrust, the Financial Advisor, and the Monitor have been in contact with 101 potentially interested parties that either: (i) approached CannTrust, the Financial Advisor or the Monitor indicating an interest in the SISP opportunity, (ii) were

[1] All capitalized terms used but not otherwise defined in this part have the meanings given to them in the SISP Order.

identified as local and international strategic and financial parties (including a number of parties with whom the Financial Advisor was in contact prior to the Initial Order as part of CannTrust's strategic review), or (iii) were reasonably suggested by a stakeholder as a potential bidder that may be interested in the SISP opportunity.

32. Since the SISP Order, CannTrust, the Financial Advisor and/or the Monitor have:

(a) prepared a list of 36 Known Potential Bidders;

(b) sent each Known Potential Bidder a process summary describing the Opportunity and inviting expressions of interest ("**Teaser Letter**") along with a Non-Disclosure Agreement ("**NDA**") prior to May 20, 2020;

(c) sent an identical package to 6 new parties that were subsequently identified as potential bidders;

(d) published a SISP Notice in The Globe and Mail (National Edition) on May 15, 2020;

(e) issued a SISP Press Release which was disseminated in Canada and major financial centres in the United States, on May 15, 2020;

(f) posted the SISP Notice, the SISP Press Release, the Teaser Letter and the NDA on the case website established for these proceedings with the URL: http://www.ey.com/ca/canntrust (the "**Monitor's Website**");

(g) negotiated the terms of the NDAs as required for certain Known Potential

Bidders;

(h) provided a Confidential Information Package to Phase 1 Qualified Bidders and provided certain further information requested by Phase 1 Qualified Bidders;

(i) received and begun the review of bids received prior to the Phase 1 Bid Deadline of June 22, 2020.

***(vi) Bids Received***

33. All Phase 1 Qualified Bidders wishing to pursue the SISP opportunity were required to deliver a non-binding letter of interest to the Financial Advisor by the Phase 1 Bid Deadline of 5:00 p.m.(Eastern Time) on June 22, 2020.

34. CannTrust and the Financial Advisor made a preliminary assessment of the Phase 1 Bids received and, in consultation with and with the approval of the Monitor, are working to determine the process and timing to be followed for proceeding to Phase 2 of the SISP. CannTrust and the Financial Advisor will report to the Court at the hearing of the motion if the Phase 2 process has been determined by that point.

35. As discussed in more detail below, the Mediation Process has commenced and, although it is in its early stages, CannTrust has been encouraged by the support of the participants for the process. As a result, in deciding the process and timing for Phase 2, CannTrust may seek to prioritize the Mediation Process and align the SISP accordingly.

## IV. CLAIMS PROCEDURE UPDATE

### *(vii) Overview*

36. On May 8, 2020, the Claims Procedure Order was issued, which authorized the implementation of the Claims Procedure by CannTrust, in consultation with the Monitor.

37. CannTrust sought to commence the Claims Procedure in order to ascertain the universe of claims that may exist against CannTrust and the directors and officers of CannTrust other than certain Excluded Equity Claims[2] which will be subject to the Mediation Order and are described in more detail below.

38. Identifying and quantifying these claims will allow CannTrust to begin contemplating the form of a plan of compromise or arrangement and will allow CannTrust to assess what impact the claims may have on potential transactions and/or restructurings proposed in the SISP.

39. For ease of reference, the following are the key milestones and deadlines under the Claims Procedure, which is described further below:

(a) Claims Package sent to Known Claimants: Within 5 Business Days following the issuance of the Proposed Claims Procedure Order;

(b) Publication of newspaper notice and press release: May 12, 2020;

[2] All capitalized terms used but not otherwise defined in this part have the meanings given to them in the Claims Procedure Order.

(c) Pre-Filing Claims Bar Date: 5:00 p.m. (Eastern Time) on June 22, 2020; and

(d) Restructuring Claims Bar Date: 5:00 p.m. (Eastern Time) on the later of: (i) the Pre-Filing Claims Bar Date; and (ii) the day which is 30 days after the Monitor sends a Claims Package with respect to a Restructuring Claim to the Claimant.

***(viii) Progress to Date***

40. CannTrust and the Monitor promptly took steps to implement the Claims Procedure following the issuance of the Claims Procedure Order and have continued to work diligently to carry out the steps contemplated therein.

41. Specifically, CannTrust provided to the Monitor a complete list of Known Claimants based on its books and records and their respective email addresses or, where CannTrust did not know the email address of any Known Claimant, the Known Claimant's mailing address. The Monitor, in turn:

(a) sent each Known Claimant a Claims Package on May 12, 2020 by email or, where the email address of the Known Claimant was not known, by ordinary mail;

(b) sent a Claims Package to any Claimants who contacted the Monitor and did not receive the initial Claims Package;

(c) sent a Claims Package to each Known Claimant with a Restructuring Claim arising from the restructuring, disclaimer, resiliation or termination of any lease, contracts, or other agreements or obligation, on or after May 8, 2020 (which practice will continue as Restructuring Claims arise);

(d) published a newspaper notice in the Globe and Mail (National Edition) on May 12, 2020;

(e) issued a press release on May 12, 2020; and

(f) posted the Notice to Claimants, Claims Package and Claims Procedure Order on the Monitor’s Website.

42. As noted above, the Pre-Filing Claims Bar Date was June 22, 2020. CannTrust, in consultation with the Monitor, is currently undertaking a preliminary review of the Proofs of Claim received to assess which claims require additional information, require revisions, can be resolved or settled, or may be accepted (in whole or in part) and/or resolved (in whole or in part). That assessment is on-going and is being conducted in accordance with the Claims Procedure Order. To-date no Claimants have been contacted by CannTrust or the Monitor in respect of their Proofs of Claim. CannTrust and the Monitor will report to the Court as the review process unfolds. CannTrust anticipates that this claims review process will take several months to complete.

## V. MEDIATION UPDATE

### *(ix) Overview – Mediation Claims*

43. As described more fully in the March 31 Affidavit, CannTrust is currently a defendant in various litigation proceedings, including putative securities class actions commenced in Ontario, British Columbia, Alberta, Quebec and the United States, a securities action

commenced in Ontario against CannTrust Holdings by two shareholders, and a construction claim (the "**Pending Litigation**").

44. To address the complex and overlapping nature of the Pending Litigation, CannTrust sought the appointment of a mediator to assist the parties in working towards a global resolution of the Pending Litigation through the Mediation Process.

45. On May 8, 2020, the Mediation Order was issued appointing the Hon. Dennis O'Connor, Q.C. as an officer of the Court, acting as an independent and neutral third party to mediate a global settlement of the Mediation Claims (the "**Court-Appointed Mediator**").[3] Among other things, the Court-Appointed Mediator is empowered to do the following in carrying out his mandate:

(a) adopt processes and utilize resources which, in his discretion, he considers appropriate to facilitate negotiation of a global settlement; and

(b) consult with all Persons with Mediation Claims, the Monitor, the Applicant, the Other Defendants, any insurer of the Applicants or the Directors or Officers and any other persons the Court-Appointed Mediator considers appropriate.

46. Further to the Mediation Order, the Court-Appointed Mediator has established and is implementing a process that he considers appropriate to facilitate the resolution of issues in

[3] All capitalized terms used but not otherwise defined in this part have the meanings given to them in the Mediation Order.

this complex case**..** Although the Mediation Process remains in its early stages, CannTrust has actively engaged in it.

47. Pursuant to the Mediation Order, the Mediation Process is confidential and all statements, discussions, offers made and documents produced by any of the parties in the course of the Mediation Process shall not be disclosed. Accordingly, the description of the activities of CannTrust and the Mediation Process below is general in nature.

48. Counsel for all interested plaintiffs in the Pending Litigation are participating in the Mediation, specifically a consortium of counsel in the Ontario Class Actions (as defined in the March 31 Affidavit), plaintiffs' counsel in the separate class action lawsuits commenced in British Columbia, Alberta and Quebec, plaintiffs' counsel in the New York Class Actions, plaintiffs' counsel in the separate class action commenced in California, and counsel to two individual plaintiffs. Representatives of the law firm Rochon Genova, which has applied for leave to appeal the decision denying it carriage of the Ontario Class Actions have been allowed to participate in the Mediation Process by filing briefs, but on the understanding that, as it stands now, it only represents its individual client.

49. Counsel for numerous defendants are also participating in the Mediation, including counsel to CannTrust, counsel to two individual former directors of CannTrust, counsel to a director and shareholder, counsel to KMPG (auditors), and counsel to the Canadian Underwriters. Counsel for numerous providers of insurance to CannTrust and its directors and officers are also participating although Allianz, the lead carrier in the insurance tower, which has not agreed to mediate its denial of insurance coverage to CannTrust as of the date of this affidavit. CannTrust has a contractual right to a mediation with Allianz and may seek

directions from this Court if Allianz does not mediate its denial of coverage contemporaneously with the main mediation, ideally with the assistance of the Court-Appointed Mediator.

50. CannTrust is committed to engaging in the Mediation Process and is responding to substantial plaintiff data requests and taking other meaningful steps to seek to develop and implement a global resolution of the Mediation Claims. To that end, CannTrust has actively participated in the Mediation Process led by the Court-Appointed Mediator and is committed to continuing to do so.

## VI. RELIEF REQUESTED

### *(x) The Stay Extension Order Should be Approved*

51. The Stay Period presently expires on July 5, 2020. In the time since the Stay Period was last extended, CannTrust has acted in good faith and with due diligence as detailed throughout this affidavit, particularly in paragraph 12 above.

52. CannTrust is seeking an extension of the Stay Period up to and including October 30, 2020.

53. Given the number of parties and scope of the issues, CannTrust anticipates that the Mediation Process will take significant time to explore positions, develop a resolution and create consensus in respect thereof. CannTrust believes that it is critical to give the multi-party Mediation Process directed by the Court-Appointed Mediator the time and attention required to ensure the best chances of achieving a successful global resolution of the

Mediation Claims. Meaningful progress has been made already.

54. Similarly, the Claims Procedure and SISP and, which are critical to CannTrust's restructuring process have both just reached their first milestone deadlines, the Phase 1 Bid Deadline and the Pre-Filing Claims Bar Date, respectively. It is anticipated that significant time will still be required to assess the Claims submitted in the Claims Procedure to date and those that are still to be submitted and to assess what impact the claims may have on potential transactions and/or restructurings proposed in the SISP.

55. Once sufficient progress is made on the processes above, CannTrust will need to formulate a CCAA plan of arrangement to propose to creditors, prepare the necessary materials and take the necessary steps to conduct one or more meetings of applicable creditors, seek court approval and, if approved by the creditors and court, implement the CCAA plan. A stay until October 30, 2020 would provide CannTrust with a reasonable period to make substantial progress toward those restructuring goals.

56. Further, CannTrust continues to wait on a decision from Health Canada on the reinstatement of its licence for the Vaughan Facility after which, if the licence is reinstated, CannTrust will have to continue its efforts to resume production in an appropriate and cost-effective manner considering the status of the global economy and the cannabis market specifically, and any COVID-19 restrictions still in place at that time.

57. The requested extension of the stay of proceedings is important to keep CannTrust's litigation creditors and contingent creditors on an equal footing while it explores a plan of compromise or arrangement with its creditors.

58. As noted above, CannTrust is expected to have sufficient funds through the new proposed Stay Period. I understand the Monitor supports the requested extension of the Stay Period.

59. The requested extension of the stay of proceedings is important to keep various stakeholders on equal footing while CannTrust explores a plan of compromise or arrangement.

## VII. CONCLUSION

60. For the reasons stated above, the relief requested in the Stay Extension Order is in the best interests of CannTrust and its stakeholders and is appropriate in the circumstances.

| | |
|---|---|
| SWORN BEFORE ME (Virtually), on June 25, 2020. | |
| A Commissioner for taking Affidavits<br>Name: Alexander Steele (LSO# 75719P) | Greg Guyatt |

This is **Exhibit "A"** referred to in the
affidavit of **GREG GUYATT**
sworn before me this
25th day of June, 2020

A Commissioner for taking affidavits

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 CANNTRUST HOLDINGS INC., CANNTRUST 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 8, 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 Trevor Courtis sworn April 7, 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.

Hainey J.

SUPERIOR COURT OF JUSTICE
ENTERED

APR 1 5 2020 JP

COUR SUPÉRIEURE DE JUSTICE
ENTRÉ

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

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

**AFFIDAVIT OF GREG GUYATT**
**(Sworn June 25, 2020)**


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DOC#: 20492915

# TAB 3

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

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

| | | |
|---|---|---|
| THE HONOURABLE | ) | THURSDAY, THE 2nd |
| | ) | |
| MR. JUSTICE HAINEY | ) | DAY OF JULY, 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 CANNTRUST HOLDINGS INC., CANNTRUST INC., CTI HOLDINGS (OSOYOOS) INC. AND ELMCLIFFE INVESTMENTS INC.

Applicants

**ORDER**
**(re: Stay Extension)**

**THIS MOTION,** made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, for an order extending the stay of proceedings up to and including October 30, 2020 was heard this day by way of videoconference due to the COVID-19 crisis.

**ON READING** the affidavit of Greg Guyatt sworn June 25, 2020 and the exhibits thereto and the Third Report of the Monitor dated June ●, 2020 (the "**Third Report**"), and on hearing the submissions of counsel for the Applicants, Ernst & Young in its capacity as the court-appointed Monitor of the Applicants, and those other parties that were present as listed on the counsel slip, and on being advised that all parties on the service list maintained in these proceedings were served with the motion record of the Applicants and the Third Report:

**EXTENSION OF STAY PERIOD**

1. **THIS COURT ORDERS** that the Stay Period provided in the Initial Order dated March 31, 2020 in these proceedings, as amended, be and is hereby extended until and including October 30, 2020 or such later date as this Court may 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

**ORDER**
**(STAY EXTENSION)**


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

***ONTARIO***
**SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

**MOTION RECORD**


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