

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

FOURTEENTH REPORT OF THE MONITOR

Dated August 23, 2021

INTRODUCTION

1. On March 31, 2020 (the “**Filing Date**”), the Court granted an initial order (the “**Initial Order**”) pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (“**CCAA**”) that, among other things, appointed Ernst & Young Inc. as monitor of the Applicants (in such capacity, the “**Monitor**”), approved a stay of proceedings until and including April 9, 2020 (the “**Stay Period**”), granted certain Court-ordered charges, and approved FTI Consulting Canada Inc. continuing to act as Chief Restructuring Officer (the “**CRO**”) of the Applicants. In addition, the Initial Order granted a limited stay of proceedings during the Stay Period in favour of O Cannabis We Stand on Guard For Thee Corporation, Cannatrek Ltd., Elmcliff Investments [No. 2] Inc. and Cannabis Coffee and Tea Pod Company Ltd. staying any rights arising out of, related to, or triggered by the insolvency of any of the Applicants or the commencement of these proceedings (the “**CCAA Proceedings**”).
2. On April 9, 2020, the Court granted an order (the “**Amended and Restated Initial Order**”) that amongst other things:
 - a) extended the Stay Period to July 5, 2020;

- b) increased the maximum amount of each of the Administration Charge, the Directors' Charge and the Intercompany Charge, as defined in the Initial Order;
 - c) approved the amended and restated engagement letter dated as of April 3, 2020, pursuant to which the Applicants engaged the Financial Advisor to assist the Applicants in a review of strategic alternatives (the "**Financial Advisor Engagement Letter**") and granted the Transaction Fee Charge (as defined in the Amended and Restated Initial Order);
 - d) approved the Key Employee Retention Plan (the "**KERP**") and granted the KERP Charge (as defined in the Amended and Restated Initial Order); and
 - e) approved a limited stay of proceedings in respect of various current and former directors, officers and employees of the Applicants, and the auditors, certain underwriters and certain selling shareholders that are currently named, in addition to the Applicants, as defendants in the Canadian Class Actions, the Zola Action, the US Class Actions and the Construction Action, all as defined in the initial affidavit of Greg Guyatt dated March 31, 2020.
3. The Stay Period has been further extended pursuant to orders of the Court dated July 2, 2020, October 28, 2020, January 29, 2021, April 30, 2021, June 24, 2021, and July 16, 2021 and currently runs until the earlier of: (i) the Effective Time (as defined in the CCAA Plan); and (ii) September 3, 2021.
4. On April 16, 2021, the Court granted an order (the "**Meeting Order**"), among other things, authorizing CannTrust Holdings Inc., CannTrust Inc. and Elmcliffe Investments Inc. (collectively, the "**CannTrust Plan Companies**") to call, hold and conduct meetings of their creditors (the "**Meetings**") to vote on their plan of compromise, arrangement and reorganization (as amended, the "**CCAA Plan**").
5. On April 30, 2021, the Court granted an order (the "**DIP Approval Order**"), among other things, authorizing the Applicants to borrow under a CCAA interim financing and exit credit facility (the "**DIP and Exit Loan**") to be provided by Cortland Credit Lending Corporation in its capacity as administrative agent (the "**Agent**") on behalf of itself, its

affiliates and other lenders to be designated from time to time (collectively, the “**DIP Lender**”) in the maximum amount of \$22.5 million, on the terms and subject to the conditions set forth in the term sheet between the Applicants and the Agent dated April 13, 2021 (the “**DIP Term Sheet**”), sealing the unredacted version of the DIP Term Sheet and granting a charge over the Applicants’ property in respect of these borrowings.

6. The Meetings were held on May 28, 2021, for all Affected Creditors, and the CCAA Plan was approved by each class of Affected Creditors in accordance with the Meeting Order. The CannTrust Plan Companies brought a motion for the Court to sanction the CCAA Plan, which was heard on June 11, 2021, and June 17, 2021. On June 24, 2021, the Honourable Mr. Justice Pattillo issued an endorsement dismissing the motion to sanction the CCAA Plan with leave to bring the motion again once certain issues identified in the endorsement had been addressed and, in the interim, extending the Stay Period to July 30, 2021.
7. The Applicants amended the CCAA Plan to address the issues raised in Justice Pattillo’s endorsement. The fourth amended and restated plan of compromise, arrangement and reorganization of the CannTrust Plan Companies dated July 7, 2021 (the “**Fourth A&R CCAA Plan**”) was sanctioned by the Court on July 16, 2021 (the “**Sanction Order**”). The Sanction Order also extended the Stay Period to the earlier of (i) the Effective Time; and (ii) September 3, 2021.

PURPOSE

8. The purpose of the fourteenth report of the Monitor (the “**Fourteenth Report**”) is to provide a report to the Court in respect of the following:
 - a) an update on the CCAA Proceedings since the thirteenth report of the Monitor dated July 2, 2021 (the “**Thirteenth Report**”);
 - b) the proposed internal reorganization related to the implementation of the 2021 Omnibus Incentive Plan (the “**2021 Incentive Plan**”) for directors, officers, employees and consultants;
 - c) the status of the Claims Process;

- d) details of the Applicants' receipts and disbursements for the period from May 31, 2021, to August 8, 2021 compared to the cash flow forecast (the "**Eleventh Report Cash Flow Forecast**") appended as Appendix "A" to the supplement to the eleventh report of the Monitor dated June 4, 2021;
- e) details of the Applicants' cash flow forecast for the period from August 9, 2021, to January 2, 2022; and
- f) the Monitor's recommendation in respect of the Applicants' motion for an order (the "**Stay Extension and Internal Reorganization Approval Order**"), among other things:
 - (i) extending the Stay Period to the earlier of (i) the Effective Time; and (ii) December 31, 2021; and
 - (ii) approving the Internal Reorganization (defined below) for the purposes of implementing the 2021 Incentive Plan.

TERMS OF REFERENCE

- 9. In preparing this Fourteenth Report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, books and records prepared by the Applicants, discussions with management of the Applicants ("**Management**"), and information from other third-party sources (collectively, the "**Information**").
- 10. The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Canadian auditing standards ("**CAS**") or any other standards pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CAS or any other standards in respect of the Information.

11. Some of the information referred to in this Fourteenth Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.
12. Future-oriented financial information referred to in this Fourteenth Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
13. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this Fourteenth Report concerning the Applicants and their business is based on the Information, and not independent factual determinations made by the Monitor.
14. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.
15. Capitalized terms used in this Fourteenth Report are as defined herein or shall have the meanings given to them in the Fourth A&R CCAA Plan.
16. All court documents and materials related to these CCAA Proceedings have been posted on the Monitor's website at www.ey.com/ca/canntrust (the "**Monitor's Website**").

UPDATE ON THE CCAA PROCEEDINGS

The Juniper Road Sale Agreement

17. On July 7, 2021, the Court granted an approval and vesting order approving the sale transaction contemplated by the contract of purchase and sale dated June 23, 2021, entered into between Pargat Singh Takher and Gurpreet Kaur Takher as purchasers and CTI Holdings (Osoyoos) Inc. ("**CTI**") as vendor for the property municipally known as 894 Juniper Road, Oliver, British Columbia (the "**Juniper Road Sale Agreement**").

18. On July 12, 2021, CTI filed a requisition with the Supreme Court of British Columbia to register the sale contemplated by the Juniper Road Sale Agreement for the purposes of enforcement in British Columbia. The transaction closed on July 26, 2021.

U.S. Approval Order

19. Implementation of the CAAA Plan is conditional on, among other things, the “**U.S. Approval Order**” being obtained in the U.S. Class Action, which is the lead class action that was commenced against CannTrust Holdings in the Southern District of New York. The U.S. Approval Order involves the following steps:
 - a) approving a settlement and final judgment in the U.S. Class Action;
 - b) containing a bar order in customary form containing such judgement reduction provisions as may be required by the *Private Securities Litigation Reform Act* (United States); and
 - c) approving customary broad releases by the putative class of any claims that were or could have been asserted in the actions.
20. Counsel for CannTrust Holdings and the plaintiffs in the U.S. Class Action have been working on completing the documentation necessary to obtain the U.S. Approval Order and are hopeful that the U.S. Approval Order will be entered before December 31, 2021.

Additional RSAs

21. The CCAA Plan provides that the CannTrust Plan Companies may enter into restructuring support agreements (“**Additional RSA**”) between the Applicants, the CCAA Representatives and Additional Settlement Parties, as defined in the CCAA Plan. The Sanction Order authorized the Applicants and the CCAA Representatives to enter into one or more Additional RSAs with a number of parties. Since the Sanction Order was granted, the Applicants have continued to advance certain Additional RSAs, and have entered into an Additional RSA with Peter Aceto and expect to execute a supplemental agreement with Ian Abramowitz in the coming days. The Applicants are still working with the Insurers to memorialize a settlement with the Insurers in an Additional RSA.

Operations

22. Since the last Stay Period extension, the Applicants have continued their cultivation operations in the Fenwick Facility and their extraction, manufacturing and packaging operations in the Vaughan Facility. They have also made advances in their sales and marketing activities to regain market share in the recreation and medical cannabis markets.
23. In addition, the Applicants have continued to assist the Monitor in assessing remaining claims filed pursuant to the Claims Procedure Order, as discussed further herein. The Applicants have also continued to market their redundant real estate assets in British Columbia and are complying with reporting covenants as outlined in the DIP Term Sheet.

PROPOSED INTERNAL REORGANIZATION APPROVAL ORDER

Background

24. The Ontario Securities Commission (the “OSC”) issued a cease trade order dated April 13, 2020 (the “CTO”) against CannTrust Holdings for failing to file certain periodic disclosure required by Ontario securities legislation.
25. The CTO prohibits any person or company from directly or indirectly trading in any security of CannTrust Holdings in Ontario and every other province or territory in which it is a reporting issuer.
26. Following the commencement of the CCAA Proceedings, the common shares of CannTrust Holdings were delisted from the Toronto Stock Exchange and New York Stock Exchange.
27. The Sanction Order provides that all warrants, options and agreements to purchase the Existing Shares, which are defined in the CCAA Plan as the common shares and any other shares or similar securities in the capital of CannTrust Holdings, will be of no further force or effect as of the Effective Time. The holders of warrants, options and agreements to purchase any Existing Shares are not entitled to any distributions under the CCAA Plan.
28. As a result, there is currently no equity ownership incentive plan that the Applicants can use to incentivize, retain, and attract employees.

Internal Reorganization and Implementation of 2021 Incentive Plan

29. The “**Internal Reorganization**” is outlined below and will enable the Applicants to implement the 2021 Incentive Plan through, among other things, issuing stock options, restricted stock units and annual or long-term performance awards (collectively, the “**Awards**”) while the CTO is still in effect, by way of:
- a) the incorporation of CannTrust Equity Inc. (“**CannTrust Equity**”) as a wholly-owned subsidiary of CannTrust Holdings and related corporate governance and organizational steps;
 - b) the transfer of all outstanding common shares of CannTrust Opco from CannTrust Holdings to CannTrust Equity;
 - c) the creation of the 2021 Incentive Plan by CannTrust Equity; and
 - d) other administrative steps related to the implementation of the 2021 Incentive Plan.
30. The 2021 Incentive Plan is modelled from the 2019 Omnibus Incentive Plan of CannTrust Holdings but revised to, among other things:
- a) remove the provisions for cash-based awards;
 - b) provide that no awards will vest and become exercisable unless and until the occurrence of a “**Liquidity Event**” (as described below); and
 - c) provide that no awards shall accelerate upon a change of control unless specified otherwise in the related board resolution and award letter.
31. Any Awards granted under the 2021 Incentive Plan will be subject to prior approval by the board of directors, or the compensation committee thereof, of CannTrust Equity.
32. Liquidity Event is defined as the date that the common shares of CannTrust Equity or its successor are listed on a Canadian stock exchange. If no Liquidity Event occurs before the second anniversary of the effective date of the 2021 Incentive Plan, the Awards shall

terminate without any payment or be redeemed by CannTrust Equity for nominal consideration.

33. CannTrust Holdings intends, in the future, to cure its public disclosure defaults and obtain an order from the OSC revoking the CTO in order to restore its status as a reporting issuer in compliance with Ontario securities legislation. Following the completion of the Internal Reorganization and upon the revocation of the CTO, CannTrust Holdings and CannTrust Equity will be amalgamated pursuant to the Business Corporations Act (Ontario) (the “**Amalgamation**”). The amalgamated entity will be a reporting issuer, and the common shares will be listed on a Canadian stock exchange, allowing it to continue the implementation of the 2021 Incentive Plan.
34. The vesting of any Awards granted under the 2021 Incentive Plan would therefore be conditional upon the lifting of the CTO, the occurrence of the Amalgamation and the Liquidity Event.
35. The proposed 2021 Incentive Plan has been approved by the board of CannTrust Holdings after consultation with the CRO and the Monitor. A copy of the proposed 2021 Incentive Plan is attached hereto as **Appendix “A”** to this Fourteenth Report.

CLAIMS SUMMARY

36. Attached as **Appendix “B”** is the status of claims filed against the Applicants pursuant to the Claims Procedure Order as at August 17, 2021 (the “**Claims Summary**”). All claim amounts are listed in Canadian dollars using the daily average exchange rate published by the Bank of Canada on March 31, 2020 (the date these CCAA proceedings were commenced).
37. As detailed in the Claims Summary, as at August 17, 2021, 254 claims with a cumulative asserted value of \$353,938,621 had been filed in the Claims Process.
38. Nine claims are still under review by the Applicants and the Monitor and will be addressed at the appropriate time, if necessary, or are Unaffected Claims pursuant to 2.3(d) of the CCAA Plan, including:

- a) one (1) “marker” claim submitted by the Canada Revenue Agency (“**CRA**”), which will require the completion of HST and payroll audit before being finalized by CRA;
 - b) two (2) employee claims that were filed relatively recently,
 - c) two (2) trade claims that were filed relatively recently; and
 - d) four (4) intercompany claims with an approximate value of \$253.8 million, which are Unaffected Claims and no longer under review.
39. The Applicants and the Monitor have provisionally accepted 214 claims, comprised of unsecured claims with a value of \$3,701,300 and secured claims with a value of \$106,439.
40. There are twenty-nine (29) claims that have been disallowed in their entirety or withdrawn, having a total aggregate asserted claim value of \$96,372,294.
41. There are no claims for which a Notice of Revision and Disallowance has been sent, and in respect of which the dispute period has not elapsed.
42. There is one claim for which a Notice of Dispute has been filed by the claimant that has not been resolved or withdrawn.

Additional Late Claims

43. The Claims Procedure Order did not grant the Monitor discretion to extend the Pre-Filing Claims Bar Date (which was 5:00 p.m. on June 22, 2020) or the Restructuring Claims Bar Date (as each term is defined in the Claims Procedure Order).
44. Claims received after the Claims Bar Date are considered “**Late Claims**”.
45. Since the Tenth Report of the Monitor dated May 21, 2021, the Monitor received four additional Late Claims totalling \$10,114 but will consider the admittance of these Late Claims at a later date. These Late Claims have been separately identified in the Claims Summary.

APPLICANTS' RECEIPTS AND DISBURSEMENTS

47. A summary of the Applicants' actual receipts and disbursements during the period from May 31, 2021, to August 8, 2021 (the "**Reporting Period**") as compared to the Eleventh Report Cash Flow Forecast covering the same period (the "**Variance Analysis**") is attached as **Appendix "C"** to this Fourteenth Report.
48. During the Reporting Period, the Applicants incurred a net cash outflow of approximately \$4.3 million. The receipts were comprised of the sale of cannabis inventory, the CannTrust Opco HST refund and proceeds from the sale of two properties in British Columbia. The second BC property sale and the HST refund were not included in the Eleventh Report Cash Flow Forecast due to the uncertain nature of the items. The disbursements relate mainly to payroll and employee-related expenses, marketing costs, utilities, costs related to the DIP and Exit Loan and production costs.
49. The favourable net cash flow for the Reporting Period of approximately \$9.0 million results from the sale of two properties in British Columbia, the CannTrust Opco HST refund, cost-saving initiatives to offset lower sales volumes and timing differences that are expected to reverse in August for professional fees, utilities and production costs. Details of both the permanent and timing differences are attached to the Variance Analysis.
50. During the Reporting Period, the Agent advanced \$6.0 million in interim financing to the Applicants to fund their operations and \$1.2 million was repaid from the proceeds of the sale of properties in British Columbia. This was \$9.6 million lower than forecast net draws of \$14.4 million projected in the Eleventh Report Cash Flow Forecast. The Applicants made interest payments of \$0.1 million, compared to forecast interest payments of \$0.2 million. As at August 8, 2021, the Applicants' cash on hand was approximately \$58.3 million.
51. CannTrust Holdings has made, with approval from the Monitor, Intercompany Advances (as defined in the Amended and Restated Initial Order) of \$5 million during the Reporting Period to fund disbursements of the other Applicants. This is \$10 million lower than

forecast due to the favourable cash flow variance. The total Intercompany Advances since the Filing Date are \$58.3 million.

OVERVIEW OF APPLICANTS' CASH FLOW FORECAST OVER THE STAY PERIOD

52. The Applicants, with the assistance of the CRO, and in consultation with the Monitor, have prepared a cash flow forecast (the “**Cash Flow Forecast**”) running from August 9, 2021, to the week ending January 2, 2022 (the “**Forecast Period**”). The Cash Flow Forecast is attached as **Appendix “D”** to this Fourteenth Report.
53. The Cash Flow Forecast projects that during the Forecast Period, the Applicants will have total receipts of approximately \$14.0 million and estimated total combined disbursements of approximately \$29.1 million for a forecast net cash outflow of \$15.1 million. Included within the receipts are receipts from sales of cannabis products and interest income. The Applicants anticipate Intercompany Advances of \$25 million during the Forecast Period. The Cash Flow Forecast projects that the Applicants will have an ending cash balance at January 2, 2022, of approximately \$57.9 million.
54. As required by the CCAA Plan, the Applicants will be required to pay certain amounts to secured creditors and unsecured creditors and will be required to make a \$50 million contribution to the Securities Claimant Trust. As such, the Applicants have set aside \$52.5 million in GICs to fund these future cash requirements that will be required to implement the CCAA Plan. In order to maintain these funds in the GICs, the Applicants forecast that they will require draws of approximately \$25 million and will make repayments of approximately \$9.2 million for a net draw of approximately \$15.8 million from the DIP and Exit Loan to support their operations during the Forecast Period. The accrued interest and fees during the Forecast Period under the DIP and Exit Loan are forecast to be \$1.0 million, of which approximately \$54,000 will be accrued and not yet paid at the end of the Forecast Period. The ending balance of the DIP and Exit Loan at the end of the Forecast Period is forecast to be approximately \$20.5 million.
55. The Applicants file HST returns on a monthly basis. CRA has completed its HST and payroll audits of CannTrust Opco and issued a refund for the full amount during the

Reporting Period. However, CRA continues to maintain a hold on the HST account for CannTrust Holdings and has not given any indication of when the hold will be removed. Due to the uncertainty regarding the timing of the release of the HST refund for CannTrust Holdings, it has not been included in the Cash Flow Forecast.

STAY EXTENSION

56. The Stay Period is currently set to expire on the earlier of (i) the Effective Time; and (ii) September 3, 2021. The Applicants are requesting an extension of the Stay Period until and including the earlier of (i) the Effective Time; and (ii) December 31, 2021.
57. Based on the Cash Flow Forecast, the Monitor believes that the Applicants will have sufficient liquidity to fund their operations through to December 31, 2021, the maximum length of the proposed extension of the Stay Period.
58. The Monitor is of the view that the requested extension of the Stay Period is appropriate because the Applicants have continued to act in good faith and with due diligence since the Filing Date, and the extension would allow the Applicants to work toward implementation of the CCAA Plan.

CONCLUSIONS AND RECOMMENDATIONS

59. For the foregoing reasons, the Monitor supports the Applicants' request for an order extending the Stay Period until and including the earlier of (i) the Effective Time; and (ii) December 31, 2021.
60. For the reasons stated herein, the Monitor recommends that the Court grant the approval of the Internal Reorganization, should it see fit to do so.

All of which is respectfully submitted this 23rd day of August 2021.

**ERNST & YOUNG INC., in its capacity
as Monitor of the Applicants, and not in
its corporate or personal capacity.**

per:

A handwritten signature in black ink, appearing to read "Alex Morrison". The signature is fluid and cursive, with a long horizontal stroke at the end.

Alex Morrison, CPA, CA, CIRP, LIT
Senior Vice President

A handwritten signature in black ink, appearing to read "Karen Fung". The signature is cursive, with a large, stylized "K" and "F".

Karen Fung, CPA, CA, CIRP, LIT
Senior Vice President

APPENDIX "A"
2021 INCENTIVE PLAN

2021 OMNIBUS INCENTIVE PLAN

CANNTRUST EQUITY INC.

2021 OMNIBUS INCENTIVE PLAN

WHEREAS:

- A. CannTrust Equity Inc. (the “**Corporation**”) is a wholly-owned subsidiary of CannTrust Holdings Inc. (“**CannTrust Holdings**”) and was formed, with the approval of the Ontario Superior Court of Justice Court (the “**Court**”) pursuant to the *Companies Creditors Arrangement Act* (Canada) (“**CCAA**”), to acquire from CannTrust Holdings and own all of the outstanding common shares of CannTrust Inc. (“**CannTrust Opco**”);
- B. The Corporation completed the acquisition of all of the outstanding common shares of CannTrust Opco on ●, 2021 (the “**Effective Date**”);
- C. CannTrust Holdings is subject to a failure to file cease trade order dated April 13, 2020 (the “**CTO**”) made by the Ontario Securities Commission (the “**OSC**”), as a result of CannTrust Holdings’ failure to file the certain periodic disclosures as required by Ontario securities legislation;
- D. The CTO prohibits any person or company from trading, directly or indirectly, in any security of CannTrust Holdings in the Province of Ontario, and in every other province or territory of Canada in which CannTrust is a reporting issuer and in which Multilateral Instrument 11-103 - *Failure-to-File Cease Trade Orders in Multiple Jurisdictions* applies, subject to certain limited exceptions;
- E. As a result of proceedings commenced by CannTrust Holdings and its subsidiaries (collectively, “**CannTrust**”) under the CCAA, the common shares of CannTrust Holdings were delisted from the Toronto Stock Exchange and New York Stock Exchange and all awards issued under the 2019 Omnibus Incentive Plan of CannTrust Holdings were terminated pursuant to section 9 of the Sanction Order made by the Court on July 16, 2021 pursuant to the CCAA, without any payment to the participants thereunder;
- F. In order to be able to retain and reward employees of CannTrust while the CTO is in effect, the Corporation wishes to establish this 2021 Omnibus Equity Incentive Plan;
- G. CannTrust Holdings intends to cure its public disclosure defaults and obtain an order from the OSC revoking the CTO; and
- H. In connection with or following the OSC’s revocation of the CTO, the Corporation intends to amalgamate with CannTrust Holdings pursuant to the *Business Corporations Act* (Ontario) (the “**Amalgamation**”) and to cause the entity resulting from such Amalgamation to obtain a listing for the Shares on a stock exchange in Canada (the “**Exchange**”);

Section 2. Purpose. The purpose of this Omnibus Incentive Plan is to attract, retain and reward those employees, directors and other individuals who are expected to contribute significantly to the success of CannTrust, to incentivize such individuals to perform at the highest level, to strengthen the mutuality of interests between such individuals and CannTrust, to work

towards achieving a Liquidity Event and growing the Corporation after the Liquidity Event and, in general, to further the best interests of CannTrust.

Section 3. Definition.

As used in the Plan, the following terms shall have the meanings set forth below:

(a) **"Affiliate"** shall mean: (i) any entity that, directly or indirectly, controls (as well as is controlled by or under common or joint control with) the Corporation; or (ii) any entity in which the Corporation has a significant equity interest, in either case as determined by the Committee.

(b) **"Amalgamation"** has the meaning ascribed to such term in the Recitals.

(c) **"Award"** shall mean any Option, Restricted Stock, Restricted Stock Unit, Deferred Stock Unit, annual or long-term Performance Award or Other Stock-Based Award granted under the Plan, which may be denominated or settled in Shares, cash or in such other forms as provided for herein.

(d) **"Award Agreement"** shall mean the agreement (whether in written or electronic form) or other instrument or document evidencing any Award granted under the Plan, which may, but need not, be executed or acknowledged by a Participant.

(e) **"Beneficiary"** shall mean a person or persons entitled to receive payments or other benefits or exercise rights that are available under the Plan in the event of the Participant's death. If no such person is named by a Participant, such individual's Beneficiary shall be the individual's estate.

(f) **"Blackout Period"** means a period when the Participant is prohibited from trading in the Corporation's securities pursuant to securities regulatory requirements or the Corporation's insider trading policy or other applicable policy or requirement of the Corporation.

(g) **"Board"** shall mean the board of directors of the Corporation.

(h) **"CannTrust"** has the meaning ascribed to such term in the Recitals.

(i) **"CannTrust Opco"** has the meaning ascribed to such term in the Recitals.

(j) **"CannTrust Holdings"** has the meaning ascribed to such term in the Recitals.

(k) **"Cashless Exercise"** shall have the meaning set out in Section 7(e) hereof.

(l) **"Cause"** means circumstances in which a Participant engages in serious misconduct, habitual neglect of duty or significant incompetence, or in conduct that is incompatible with the Participant's duties or obligations to CannTrust, or prejudicial to the CannTrust's business, financial position or reputation, or where a Participant has demonstrated wilful disobedience to CannTrust's orders in a matter of substance or where a Participant has engaged in any illegal act, fraud, harassment or violence, either within the workplace or outside the workplace.

(m) **"CCAA"** has the meaning ascribed to such term in the Recitals.

(n) **"Change in Control"** shall mean the occurrence of:

- (i) any individual, entity or group of individuals or entities acting jointly or in concert (other than the Corporation, its Affiliates or an employee benefit plan or trust maintained by the Corporation or its Affiliates, or any company owned, directly or indirectly, by the shareholders of the Corporation in substantially the same proportions as their ownership of Shares of the Corporation) acquiring beneficial ownership, directly or indirectly, of more than 50% of the combined voting power of the Corporation's then outstanding securities (excluding any "person" who becomes such a beneficial owner (x) in connection with a transaction described in paragraph (ii) below;
- (ii) the consummation of a merger or consolidation of the Corporation or any direct or indirect subsidiary of the Corporation with any other corporation, other than a merger or consolidation which would result in the voting securities of the Corporation outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or being converted into voting securities of the surviving entity or any parent thereof) more than 50% of the combined voting power or the total fair market value of the securities of the Corporation or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation; provided, however, that a merger or consolidation effected to implement a recapitalization of the Corporation (or similar transaction) in which no person (other than those covered by the exceptions in paragraph (i) of this definition) acquires more than 50% of the combined voting power of the Corporation's then outstanding securities shall not constitute a Change in Control of the Corporation; or
- (iii) a complete liquidation or dissolution of the Corporation or the consummation of any sale, lease, exchange or other transfer (in one transaction or a series of transactions) of all or substantially all of the assets of the Corporation; other than such liquidation, sale or disposition to a person or persons who beneficially own, directly or indirectly, more than 50% of the combined voting power of the outstanding voting securities of the Corporation at the time of the sale,

but, for greater certainty, shall not include the Amalgamation, except where the Amalgamation follows, or is completed in connection with, a Change of Control of CannTrust Holdings (with, for such purpose, all references to "the Corporation" in the definition of Change of Control being construed as references to "CannTrust Holdings").

(o) **"Change of Control Date"** means the earliest date that a Change of Control occurs.

(p) **"Committee"** shall mean the Corporation's Compensation Committee appointed by the Board or such other committee as may be designated by the Board to administer the Plan or, if the Board does not designate the Committee, references herein to the "Committee" shall refer to the Board.

(q) **"Consultant"** means a consultant engaged by the Corporation or its Affiliates to provide services to the Corporation or its Affiliates and that is a person to whom the Corporation

is permitted to distribute securities of the Corporation without being obligated to deliver a prospectus.

- (r) **"Corporation"** has the meaning ascribed to such term in the Recitals.
- (s) **"Court"** has the meaning ascribed to such term in the Recitals.
- (t) **"CTO"** has the meaning ascribed to such term in the Recitals.
- (u) **"Deferred Stock Unit"** shall mean a contractual right to receive Shares or other Awards or a combination thereof at the end of a specified deferral period, granted under Section 10.
- (v) **"Dividend Equivalent"** means a right, granted to a Participant under the Plan, to receive cash, Shares, other Awards or other property equal in value to dividends paid with respect to Shares.
- (w) **"Effective Date"** has the meaning ascribed to such term in the Recitals.
- (x) **"Exchange"** has the meaning ascribed to such term in the Recitals.
- (y) **"Fair Market Value"** means, for purposes of the Plan, a price per Share that is determined by the Committee (either with or without the benefit of independent professional advisors) as representing, on any date, the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's-length with the other and under no compulsion to act, *provided that* (i) prior to the occurrence of a Liquidity Event, the Committee shall take into account such financial, operating and market metrics as the Committee deems reasonable and appropriate for such purpose, (ii) after the occurrence of a Liquidity Event, such price cannot be less than the closing price of the Shares on the Exchange on the trading day immediately prior to the grant date for such Award and (iii) if the Committee determines that the date of grant of an Award shall be a future date because the Corporation is in a Blackout Period, the applicable date shall be deemed to occur on the seventh day following the termination of the Blackout Period.
- (z) **"Incentive Stock Option"** shall mean an option representing the right to purchase Shares from the Corporation, granted under and in accordance with the terms of Section 7.
- (aa) **"ITA"** shall mean the *Income Tax Act* (Canada) and any regulations thereunder as amended from time to time.
- (bb) **"Liquidity Event"** means the earliest date that the Shares are listed and posted for trading on an Exchange.
- (cc) **"Listing Date"** means the earliest date that the Shares are listed and posted for trading on an Exchange;
- (dd) **"Non-Employee Director"** shall mean an individual who is a member of the Board but who is not otherwise an employee or a Consultant of the Corporation or of any Affiliate at the date an Award is granted.

(ee) **"Non-Qualified Stock Option"** shall mean an option representing the right to purchase Shares from the Corporation, granted under and in accordance with the terms of Section 7, that is not an Incentive Stock Option.

(ff) **"Option"** shall mean an Incentive Stock Option or a Non-Qualified Stock Option.

(gg) **"OSC"** has the meaning ascribed to such term in the Recitals.

(hh) **"Other Stock-Based Award"** means an Award granted pursuant to Section 12 of the Plan.

(ii) **"Outside Date"** means the date that is the second anniversary of the Effective Date or such later date as may be fixed by a resolution of the Board.

(jj) **"Participant"** shall mean the recipient of an Award granted under the Plan.

(kk) **"Performance Award"** means an Award granted pursuant to Section 11 of the Plan.

(ll) **"Performance Goals"** means goals established by the Committee as contingencies for Awards to vest and/or become exercisable or distributable based on the Corporation's or a Participant's satisfaction or achievement of one or more specified performance goals. Performance Goals may be applied to either the Corporation as a whole or to a business unit or to a single or group of Affiliates, either individually, alternatively or in any combination, and measured either in total, incrementally or cumulatively over a specified performance period, on an absolute basis or relative to a pre-established target, to previous years' results or to a designated comparison group.

(mm) **"Performance Period"** means the period established by the Committee at the time any Performance Award is granted or at any time thereafter during which any Performance Goals specified by the Committee with respect to such Award are measured or must be satisfied.

(nn) **"Plan"** shall mean this 2021 Omnibus Incentive Plan, as the same may be amended or supplemented from time to time.

(oo) **"Restricted Stock"** shall mean any Share granted under Section 9.

(pp) **"Restricted Stock Unit"** shall mean a contractual right granted under Section 9 that is denominated in Shares. Each Restricted Stock Unit represents a right to receive one Share or the value of one Share upon the terms and conditions set forth in the Plan and the applicable Award Agreement.

(qq) **"Service"** shall mean the active performance of services for the Corporation or an Affiliate by a person who is an employee or director of the Corporation or an Affiliate.

(rr) **"Shares"** shall mean (i) before the Amalgamation, the common shares in the capital of the Corporation and (ii) on or after the Amalgamation, the common shares in the capital of the entity resulting from such Amalgamation.

(ss) **"Subsidiary"** shall mean any corporation of which shares representing at least 50% of the ordinary voting power is owned, directly or indirectly, by the Corporation.

(tt) **"Substitute Awards"** shall mean Awards granted in assumption of, or in substitution for, outstanding awards previously granted by a company acquired by the Corporation or with which the Corporation combines.

(uu) **"Transfer"** means: (a) when used as a noun, any direct or indirect transfer, sale, assignment, pledge, hypothecation, encumbrance or other disposition (including the issuance of equity in any entity), whether for value or no value and whether voluntary or involuntary (including by operation of law), and (b) when used as a verb, to directly or indirectly transfer, sell, assign, pledge, encumber, charge, hypothecate or otherwise dispose of (including the issuance of equity in any entity) whether for value or for no value and whether voluntarily or involuntarily (including by operation of law). **"Transferred"** and **"Transferable"** shall have correlative meanings.

(vv) **"vesting date"** means the earliest date upon which an Award may be exercised by the Participant, which unless expressly approved by the Board or the Committee in accordance with Section 8 of the Plan, shall not be prior to the Liquidity Date.

Section 4. Eligibility.

(a) Any employee, director, Consultant or other advisor of, or any other individual who provides services to, CannTrust shall be eligible to be selected by the Committee to receive an Award under the Plan. All Awards shall be granted by the Committee and evidenced by an Award Agreement. Eligibility for the grant of Awards and actual participation in the Plan shall be determined by the Committee in its sole discretion.

(b) An individual who has agreed to accept employment by the Corporation or an Affiliate shall be deemed to be eligible for Awards hereunder as of the date of such acceptance; provided that vesting and exercise of Awards granted to such individual are conditioned upon such individual actually becoming an employee of the Corporation or an Affiliate.

(c) Holders of options and other types of incentive awards granted by a company acquired by the Corporation or with which the Corporation combines will be eligible for grant of Substitute Awards hereunder, if and to the extent determined by the Committee.

Section 5. Administration.

(a) The Plan shall be administered by the Committee. Subject to Section 16, the Committee shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan and perform all acts, including the delegation of its responsibilities (to the extent permitted by applicable law and any applicable Exchange rules), as it shall, from time to time, deem advisable; to construe and interpret the terms and provisions of the Plan and any Award issued under the Plan (and any agreements relating thereto); and to otherwise supervise the administration of the Plan. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any agreement relating thereto in the manner and to the extent it shall deem necessary to effectuate the purpose and intent of the Plan. The Committee may adopt special guidelines and provisions for persons who are residing in or employed in, or subject to, the taxes of, any domestic or foreign jurisdictions to comply with applicable tax and securities laws of such domestic or foreign jurisdictions.

(b) Subject to the terms of the Plan and applicable law and the rules of the Exchange that the Shares are listed at the relevant time and in addition to those authorities provided in Section 5(a), the Committee (or its delegate) shall have full power and authority to:

- (i) designate Participants;
- (ii) determine the type or types of Awards (including Substitute Awards) to be granted to each Participant under the Plan;
- (iii) determine the number of Shares to be covered by (or with respect to which payments, rights, or other matters are to be calculated in connection with) Awards;
- (iv) authorize and approve the applicable form and determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder (including, but not limited to, the exercise or purchase price (if any), any restriction or limitation, any vesting schedule or acceleration thereof, or any forfeiture restrictions or waiver thereof, regarding any Award and the Shares relating thereto, based on such factors, if any, as the Committee shall determine, in its sole discretion);
- (v) determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, or other Awards, or canceled, forfeited or suspended, and the method or methods by which Awards may be settled, exercised, canceled, forfeited or suspended;
- (vi) determine whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, and other amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or of the Committee;
- (vii) prescribe, amend or waive any vesting requirement(s) applicable to any Award(s);
- (viii) determine whether to require a Participant, as a condition of the granting of any Award, to not sell or otherwise dispose of Shares acquired pursuant to the exercise of an Award for a period of time as determined by the Committee, in its sole discretion, following the date of the acquisition of such Award;
- (ix) determine whether an Option is an Incentive Stock Option or Non-Qualified Option;
- (x) interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan;
- (xi) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan;
- (xii) to permit accelerated vesting or lapse of restrictions of any Award at any time; and

- (xiii) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

(c) All decisions of the Committee shall be final, conclusive and binding upon all parties, including the Corporation, the shareholders and the Participants.

(d) Notwithstanding the foregoing, the Committee shall not have any discretion under this Section 5 or any other provision of the Plan that would modify the terms or conditions of (i) any Award that is intended to be exempt from the definition of "salary deferral arrangement" in the ITA if the exercise of such discretion would cause the Award to not be or cease to be exempt; or (ii) any Option if the exercise of such discretion would cause the Option to not be or cease to be governed by section 7 of the ITA. The Committee will also exercise its discretion in good faith in accordance with the Corporation's intention that the terms of Awards and the modifications or waivers permitted hereby are in compliance with applicable law and the rules of the Exchange, if applicable.

(e) No member of the Committee or the Board generally shall be liable to any Participant or Beneficiary for any action, determination or good faith exercise of discretion made by such member pursuant to the Plan or any instrument of grant evidencing any Award granted under the Plan. To the fullest extent permitted by law, the Corporation shall indemnify and save harmless, and shall advance and reimburse the expenses of, each member of the Committee or the Board in respect of any complaint, claim, action or proceeding (actual or threatened) made by or on behalf of any Participant or Beneficiary by reason of the fact that such member is or was a member of the Committee or the Board in administering this Plan or any Award(s), including for any loss, damage or expense (including legal fees) incurred by such member in connection therewith.

Section 6. Shares Available for Awards; Per Person Limitations.

(a) Subject to adjustment as provided below, the maximum number of Shares available for issuance under the Plan shall not exceed 10% of the issued and outstanding Shares less the number of Shares reserved for issuance under all other Security Based Compensation Arrangements of the Corporation; provided that all Shares reserved and available under the Plan shall constitute the maximum number of Shares that can be issued for Incentive Stock Options. Every three years after the Effective Date of the Plan, all unallocated Awards under the Plan shall be submitted for approval to the Board and the shareholders of the Corporation. If any Option or Other Stock-Based Awards granted under the Plan expires, terminates or is canceled for any reason without having been exercised in full, the number of Shares underlying any unexercised Award shall again be available for the purpose of Awards under the Plan. If any shares of Restricted Stock, Performance Awards or Other Stock-Based Awards denominated in Shares awarded under the Plan to a Participant are forfeited for any reason, the number of forfeited Shares of Restricted Stock, Performance Awards or Other Stock-Based Awards denominated in Shares shall again be available for purposes of Awards under the Plan. Any Award under the Plan settled in cash shall not be counted against the foregoing maximum share limitations. On exercise of any Option or Other Stock-Based Awards granted under the Plan, the number of Shares underlying such Award shall again be available for the purpose of Awards under the Plan. Any Shares subject to any Award or award granted under a prior incentive plan that is outstanding on the date which this Plan was approved by shareholders of the Corporation (or any portion thereof) that has expired or is forfeited, surrendered, cancelled or otherwise terminated prior to, or that is otherwise settled so that there is no, issuance or Transfer of such Shares shall not be counted against the foregoing maximum share limitations.

(b) Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares or Shares acquired by the Corporation.

(c) **Changes.**

- (i) The existence of the Plan and the Awards granted hereunder shall not affect in any way the right or power of the Board or the shareholders of the Corporation to make or authorize (a) any adjustment, recapitalization, reorganization or other change in the Corporation's capital structure or its business, (b) any arrangement, merger or consolidation of the Corporation or any Affiliate, (c) any issuance of bonds, debentures, preferred or prior preference stock ahead of or affecting the Shares (d) the dissolution or liquidation of the Corporation or any Affiliate, (e) any sale or Transfer of all or part of the assets or business of the Corporation or any Affiliate or (f) any other corporate act or proceeding.
- (ii) Subject to the provisions of Section 5(d), if there shall occur any such change in the capital structure of the Corporation by reason of any stock split, reverse stock split, stock dividend, extraordinary dividend, subdivision, combination or reclassification of Shares that may be issued under the Plan, any recapitalization, any arrangement, any merger, any consolidation, any spin off, any reorganization or any partial or complete liquidation, or any other corporate transaction or event having an effect similar to any of the foregoing (a **"Corporate Event"**), then (i) the aggregate number and/or kind of Shares that thereafter may be issued under the Plan, (ii) the number and/or kind of Shares or other property (including cash) to be issued upon exercise of an outstanding Award granted under the Plan, and/or (iii) the purchase price thereof, shall be appropriately adjusted. In addition, subject to Section 5(d), if there shall occur any change in the capital structure or the business of the Corporation that is not a Corporate Event (an **"Other Extraordinary Event"**), including by reason of any ordinary dividend (whether cash or stock), any conversion, any adjustment, any issuance of any class of securities convertible or exercisable into, or exercisable for, any class of stock, or any sale or Transfer of all or substantially all of the Corporation's assets or business, then the Committee, in its sole discretion, may adjust any Award and make such other adjustments to the Plan. Any adjustment pursuant to this Section 6(c) shall be consistent with the applicable Corporate Event or the applicable Other Extraordinary Event, as the case may be, and in such manner as the Committee may, in its sole discretion, deem appropriate and equitable to prevent substantial dilution or enlargement of the rights granted to, or available for, Participants under the Plan. Any such adjustment determined by the Committee shall be final, binding and conclusive on the Corporation and all Participants and their respective heirs, executors, administrators, successors and permitted assigns. Except as expressly provided in this Section 6(c) or in the applicable Award Agreement, a Participant shall have no rights by reason of any Corporate Event or any Other Extraordinary Event.
- (iii) Fractions of Shares resulting from any adjustment in Awards pursuant to Section 6(c)(i) or Section 6(c)(ii) shall be aggregated until, and eliminated

at, the time of exercise by rounding-down for fractions less than one-half and rounding-up for fractions equal to or greater than one-half. No cash settlements shall be made with respect to fractional Shares eliminated by rounding. Notice of any adjustment shall be given by the Committee to each Participant whose Award has been adjusted and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes of the Plan.

(d) Shares underlying Awards that can only be settled in cash shall not reduce the number of Shares remaining available for issuance under the Plan.

(e) Notwithstanding any provision of the Plan to the contrary, if authorized but previously unissued Shares are issued under the Plan, such Shares shall not be issued for a consideration that is less than as permitted under applicable law and the rules of the Exchange, if applicable.

(f) The maximum number of Shares which may be reserved for issuance to a Non-Employee Director under the Plan, or any proposed or established incentive plan, shall not exceed one percent (1%) of the Corporation's then outstanding securities; and

(g) The aggregate equity value of Options (calculated as the Fair Market Value of the Shares issuable upon exercise of the Options) granted to a Non-Employee Director, within a one year period, pursuant to the Plan shall not exceed \$100,000; and (ii) the aggregate equity value of all Awards, that are eligible to be settled in Shares granted to a Non-Employee Director, within a one year period, pursuant to all Security Based Compensation Arrangements (including, for greater certainty, the Plan) shall not exceed \$150,000.

(h) In the event that a Participant holds 20% or more of the issued and outstanding Shares or the settlement of an Award in Shares would cause the Participant to hold 20% or more of the issued and outstanding Shares, such Participant shall only be granted Awards that can be settled in cash.

Section 7. Options.

The Committee is authorized to grant Options to Participants with the following terms and conditions and with such additional terms and conditions, in either case not inconsistent with the provisions of the Plan, as the Committee shall determine:

(a) The purchase price per Share under an Option shall be determined by the Committee; provided, however, that, except in the case of Substitute Awards, such purchase price shall not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option. In the event that the Committee determines and has authorized the Chief Executive Officer of the Corporation to grant such Options on a future date because the Corporation is in a Blackout Period, the date of grant shall be deemed to occur on the second trading day following the termination of the Blackout Period and the Fair Market Value shall be determined on the first business day following the date on which the relevant Blackout Period has expired, unless the relevant grant of Options occurs after the close of trading on the date of grant, in which case the Fair Market Value shall be determined on the date of grant. In the event an additional Blackout Period commences such that two consecutive trading days (excluding weekends and statutory holidays) do not elapse following the expiry of the initial Blackout Period, the grant date and Fair

Market Value shall be determined by reference to the second consecutive trading day following the expiry of the subsequent Blackout Period.

(b) The term of each Option shall be fixed by the Committee but shall not exceed 10 years from the date of grant thereof. Notwithstanding the foregoing, if the term of an Option (other than an Incentive Stock Option) held by any Participant would otherwise expire during, or within ten business days of the expiration of a Blackout Period applicable to such Participant, then the term of such Option shall be extended to the close of business on the tenth business day following the expiration of the Blackout Period.

(c) The Committee shall determine the time or times at which an Option may be exercised in whole or in part.

(d) To the extent vested and exercisable, Options may be exercised in whole or in part at any time during the Option term, by giving written notice of exercise to the Corporation specifying the number of Shares to be purchased. Such notice shall be accompanied by payment in full of the purchase price (the "**Option Price**") as follows: (i) by certified cheque, bank draft or money order payable to the order of the Corporation; (ii) solely to the extent permitted by applicable law, if the Shares are traded on a national securities exchange, and the Committee authorizes, through a procedure whereby the Participant delivers irrevocable instructions to a broker reasonably acceptable to the Committee to deliver promptly to the Corporation an amount equal to the purchase price; or (iii) on such other terms and conditions as may be acceptable to the Committee (including, without limitation, having the Corporation withhold Shares issuable upon exercise of the Option, or by payment in full or in part in the form of Shares owned by the Participant, based on the Fair Market Value of the Shares on the payment date as determined by the Committee). No Shares shall be issued until payment therefor, as provided herein, has been made or provided for.

(e) Notwithstanding Section 7(d), with the approval of the Committee, in its sole and unfettered discretion, a Participant may elect to exercise an Option, in whole or in part, without payment of the aggregate Option Price due on such exercise by electing to receive Shares equal in value to the difference between the Option Price and the Fair Market Value on the date of exercise (any such exercise a "**Cashless Exercise**") computed by using the following formula, with either a partial or full deduction of the number of underlying Shares from the Plan reserve:

$$X = \frac{Y (A-B)}{A}$$

Where X = the number of Shares to be issued to the Participant upon such Cashless Exercise;
 Y = the number of Shares purchasable under the Option (at the date of such calculation);
 A = Fair Market Value (at the date of such calculation)
 B = Option Price (as adjusted to the date of such calculation)

In the event that the Shares are not listed on the Exchange as at the date of an exercise of an Option, it shall be a condition precedent to the exercise of any Option that the Participant agree to be bound by the terms of any unanimous shareholders agreement or similar agreements generally applicable to all of the shareholders of the Corporation then in force, and further that the Participant agree to enter into any voting trust generally applicable to employee shareholders of the Corporation then in force and provide a power of attorney in support of such voting trust.

(f) To the extent that the aggregate Fair Market Value (determined as of the time of grant) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by a Participant employee during any calendar year under the Plan and/or any other stock option plan of the Corporation, any subsidiary or any parent exceeds \$100,000, such Options shall be treated as Non-Qualified Stock Options. Should any provision of the Plan not be necessary in order for the Options to qualify as Incentive Stock Options, or should any additional provisions be required, the Committee may amend the Plan accordingly, without the necessity of obtaining the approval of the shareholders of the Corporation, subject to the rules of the Exchange, if applicable. To the extent that any such Option does not qualify as an Incentive Stock Option (whether because of its provisions or the time or manner of its exercise or otherwise), such Option or the portion thereof which does not so qualify shall constitute a separate Non-Qualified Stock Option.

Section 8. Overall Limitation on Vesting and Exercisability of Awards. Except where an Award Agreement and the related resolution passed by the Committee or the Board expressly provides otherwise:

(a) none of the Awards granted under this Plan shall vest or become exercisable by a Participant or have any surrender or termination value unless and until a Liquidity Event occurs; and

(b) if no Liquidity Event occurs on or before the Outside Date, all Awards granted under this Plan shall, at the election of the Corporation, either (A) be redeemed by the Corporation for \$0.0001 for each Share that is the subject of the Award or (B) become *void ab initio* on the Outside Date, with no payment or any other consideration being payable to the Participant(s) in connection therewith.

Section 9. Restricted Stock and Restricted Stock Units.

(a) The Committee is authorized to grant Awards of Restricted Stock and Restricted Stock Units to Participants under this Plan.

(b) Shares of Restricted Stock and Restricted Stock Units shall be subject to such restrictions as the Committee may impose (including, without limitation, any limitation on the right to receive any dividend or dividend equivalent or other right), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise, as the Committee may deem appropriate. To the extent required by law, Participants holding Restricted Stock granted hereunder shall have the right to exercise full voting rights with respect to those Restricted Stocks during the period of restriction. A Participant shall have no voting rights with respect to any Restricted Stock Units granted hereunder.

(c) Any share of Restricted Stock granted under the Plan may be evidenced in such manner as the Committee may deem appropriate including, without limitation, book-entry registration or issuance of a share certificate or certificates. In the event any share certificate is issued in respect of shares of Restricted Stock granted under the Plan, such certificate shall be registered in the name of the Participant and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock. If share certificates are issued in respect of shares of Restricted Stock, the Committee may require that any share certificates evidencing such Shares be held in custody by the Corporation until the restrictions thereon shall have lapsed, and that, as a condition of any grant of Restricted Stock, the Participant shall have delivered a duly signed stock power or other instruments of assignment (including a

power of attorney), each endorsed in blank with a guarantee of signature if deemed necessary or appropriate by the Corporation, which would permit Transfer to the Corporation of all or a portion of the shares subject to the Restricted Stock Award in the event that such Award is forfeited in whole or part.

(d) The Committee may in its discretion, when it finds that a waiver would be in the best interests of the Corporation, waive in whole or in part any or all restrictions with respect to Shares of Restricted Stock or Restricted Stock Units.

(e) The Committee, in its discretion, may award Dividend Equivalents with respect to Awards of Restricted Stock Units. The entitlements on such Dividend Equivalents will not be available until the vesting of the Award of Restricted Stock Units.

(f) No Restricted Stock Unit shall vest later than three years after the date of grant.

Section 10. Deferred Stock Unit. The Committee is authorized to grant Deferred Stock Units to Participants, subject to the following terms and conditions:

(a) Deferred Stock Units shall be settled upon expiration of the deferral period specified for an Award of Deferred Stock Unit by the Committee (or, if permitted by the Committee, as elected by the Participant). In addition, Deferred Stock Units shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose, which restrictions may lapse at the expiration of the deferral period or at earlier specified times (including based on achievement of performance goals and/or future service requirements), separately or in combination, in installments or otherwise, and under such other circumstances as the Committee may determine at the date of grant or thereafter. Deferred Stock Units may be satisfied by delivery of Shares, other Awards, or a combination thereof, as determined by the Committee at the date of grant or thereafter.

(b) The Committee, in its discretion, may award Dividend Equivalents with respect to Awards of Deferred Stock Units. The entitlements on such Dividend Equivalents will not be available until the expiration of the deferral period for the Award of Deferred Stock Units.

Section 11. Performance Awards.

(a) The Committee may grant a Performance Award to a Participant payable upon the attainment of specific Performance Goals. If the Performance Award is payable in shares of Restricted Stock, such shares shall be transferable to the Participant only upon attainment of the relevant Performance Goal in accordance with Section 9. If the Performance Award is payable in cash, it may be paid upon the attainment of the relevant Performance Goals either in cash or in shares of Restricted Stock (based on the then current Fair Market Value of such shares), as determined by the Committee, in its sole and absolute discretion. Each Performance Award shall be evidenced by an Award Agreement in such form that is not inconsistent with the Plan and that the Committee may from time to time approve.

(b) Terms and Conditions. Performance Awards awarded pursuant to this Section 11 shall be subject to the following terms and conditions:

(i) Earning of Performance Award. At the expiration of the applicable Performance Period, the Committee shall determine the extent to which the

Performance Goals are achieved and the percentage of each Performance Award that has been earned.

- (ii) Non-Transferability. Subject to the applicable provisions of the Award Agreement and the Plan, Performance Awards may not be Transferred during the Performance Period.

(c) Dividends. Unless otherwise determined by the Committee in an Award Agreement, amounts equal to dividends declared during the Performance Period with respect to the number of Shares covered by a Performance Award will not be paid to the Participant. In all cases, such dividends would not become payable until the expiration of the applicable Performance Period.

(d) Payment. Following the Committee's determination in accordance with Section 11(b)(i) the Corporation shall settle Performance Awards, in such form (including, without limitation, in Shares or in cash) as determined by the Committee, in an amount equal to such Participant's earned Performance Awards. Notwithstanding the foregoing, the Committee may, in its sole discretion, award an amount less than the earned Performance Awards and/or subject the payment of all or part of any Performance Award to additional vesting, forfeiture and deferral conditions as it deems appropriate.

(e) Termination. Subject to the applicable provisions of the Award Agreement and the Plan, upon a Participant's termination of Service for any reason during the Performance Period for a given Performance Award, the Performance Award in question will vest or be forfeited in accordance with the terms and conditions established by the Committee at grant.

(f) Accelerated Vesting. Based on service, performance and/or such other factors or criteria, if any, as the Committee may determine, the Committee may, at or after grant, due to such service, performance and/or such other factors or criteria relating to the Participant's performance to date accelerate on a pro rata basis the vesting of all or any part of any Performance Award.

(g) When and if Performance Awards become payable, a Participant having received the grant of such units shall be entitled to receive payment from the Corporation in settlement of such units in cash, Shares of equivalent value (based on the Fair Market Value), in some combination thereof, or in any other form determined by the Committee at its sole discretion.

Section 12. Other Stock-Based Awards. The Committee is authorized, subject to limitations under applicable law, the approval of the Exchange, if applicable, and shareholder approval, if required, to grant to Participants such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares or factors that may influence the value of Shares, including, without limitation, convertible or exchangeable debt securities, other rights convertible or exchangeable into Shares, purchase rights for Shares, Awards with value and payment contingent upon performance of the Corporation or business units thereof, Shares awarded purely as a bonus and not subject to restrictions or conditions, or any other factors designated by the Committee. The Committee shall determine the terms and conditions of any such Awards. Shares delivered pursuant to an Award in the nature of a purchase right granted under this Section 12 shall be purchased for such consideration, paid for at such times, by such methods, and in such forms, including, without limitation, cash, Shares, other Awards, notes, or other property, as the Committee shall determine. Unless otherwise determined by the Committee in an Award Agreement, the recipient of an Award under this Section 12 shall

not be entitled to receive, currently or on a deferred basis, dividends or Dividend Equivalents in respect of the number of Shares covered by the Award. In all cases, such dividends or Dividend Equivalents would not become payable until the expiration of any applicable performance period.

Section 13. Effect of Termination of Service on Awards. The Committee may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, the circumstances in which Awards shall be exercised, vested, paid or forfeited in the event a Participant ceases to provide Service to the Corporation or any Affiliate prior to the end of a performance period or exercise or settlement of such Award.

Section 14. Change in Control Provisions

Except as otherwise provided by the Committee in an Award Agreement:

(a) The occurrence of a Change in Control will not result in the vesting of unvested Awards nor the lapse of any period of restriction pertaining to any Restricted Stock or Restricted Stock Unit (such Awards collectively referred to as “**Unvested Awards**”), provided that:

- (i) such Unvested Awards will continue to vest in accordance with the Plan and the Award Agreement;
- (ii) the level of achievement of Performance Goals completed prior to the date of the Change in Control shall be based on the actual performance achieved to the date of the Change in Control and the level of achievement of Performance Goals for the applicable period completed following the date of the Change in Control shall be based on the assumed achievement of 100% of the Performance Goals; and
- (iii) any successor entity agrees to assume the obligations of the Corporation in respect of such Unvested Awards.

(b) For the period of 24 months following a Change in Control, where a Participant's employment or term of office or engagement is terminated for any reason, other than for Cause:

- (i) any Unvested Awards as at the date of such termination shall be deemed to have vested, and any period of restriction shall be deemed to have lapsed, as at the date of such termination and shall become payable as at the date of termination; and
- (ii) the level of achievement of Performance Goals for any Unvested Awards that are deemed to have vested pursuant to (i) above, shall be based on the actual performance achieved at the end of the applicable Performance Period immediately prior to the date of termination;

(c) Notwithstanding the above, no cancellation, acceleration of vesting, lapsing of restrictions, payment of an Award, cash settlement or other payment shall occur with respect to any Award if the Committee reasonably determines in good faith prior to the occurrence of a Change in Control that such Award shall be honored or assumed, or new rights substituted therefor (with such honored, assumed or substituted Award hereinafter referred to as an “**Alternative Award**”) by any successor to the Corporation or an Affiliate; provided, however, that any such Alternative Award must:

- (i) Be based on stock which is traded on the Exchange, if applicable;
- (ii) Provide such Participant with rights and entitlements substantially equivalent to or better than the rights, terms and conditions applicable under such Award, including, but not limited to, an identical or better exercise or vesting schedule and identical or better timing and methods of payment;
- (iii) recognize, for the purpose of vesting provisions, the time that the Award has been held prior to the Change in Control;
- (iv) Have substantially equivalent economic value to such Award (determined prior to the time of the Change in Control); and
- (v) Have terms and conditions which provide that in the event that the Participant's employment with the Corporation, an Affiliate or any successor is involuntarily terminated or constructively terminated at any time within at least twelve months following a Change in Control, any conditions on a Participant's rights under, or any restrictions on transfer or exercisability applicable to, each such Alternative Award shall be waived or shall lapse, as the case may be.

(d) Notwithstanding any other provision of this Plan, this Section shall not apply with respect to any Deferred Stock Units held by a Participant where such Deferred Stock Units are governed under regulation 6801(d) of the ITA or any successor to such provision.

Section 15. General Provisions Applicable to Awards.

(a) Subject to the other terms and conditions in the Plan, Awards may be granted for no cash consideration or for such minimal cash consideration as may be required by applicable law.

(b) Awards may, in the discretion of the Committee, be granted either alone or in addition to or in tandem with any other Award or any award granted under any other plan of the Corporation. Awards granted in addition to or in tandem with other Awards, or in addition to or in tandem with awards granted under any other plan of the Corporation, may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

(c) Subject to the terms of the Plan, payments or transfers to be made by the Corporation upon the grant, exercise or payment of an Award may be made in the form of cash, Shares, other securities or other Awards, or any combination thereof, as determined by the Committee in its discretion at the time of grant, and may be made in a single payment or transfer, in installments, or on a deferred basis, in each case in accordance with rules and procedures established by the Committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest (or no interest) on installment or deferred payments or the grant or crediting of dividend equivalents in respect of installment or deferred payments.

(d) Except as may be permitted by the Committee or as specifically provided in an Award Agreement, (i) no Award or other benefit payable under the Plan shall, except as otherwise specifically provided by law or permitted by the Committee, be Transferable in any manner other

than by will or the law of descent, and any attempt to Transfer any such benefit shall be void, and any such benefit shall not in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person who shall be entitled to such benefit, nor shall it be subject to attachment or legal process for or against such person, and (ii) each Award, and each right under any Award, shall be exercisable during the Participant's lifetime only by the Participant or, if permissible under applicable law, by the Participant's guardian or legal representative. The provisions of this paragraph shall not apply to any Award which has been fully exercised, earned or paid, as the case may be, and shall not preclude forfeiture of an Award in accordance with the terms thereof.

(e) A Participant may designate a Beneficiary or change a previous beneficiary designation at such times prescribed by the Committee by using forms and following procedures approved or accepted by the Committee for that purpose. If no Beneficiary designated by the Participant is eligible to receive payments or other benefits or exercise rights that are available under the Plan at the Participant's death, the Beneficiary shall be the Participant's estate.

(f) All certificates for Shares and/or Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the OSC, any Exchange upon which such Shares or other securities are then listed, and any applicable Federal or state securities laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(g) It is a condition of each grant of an Award that if:

- (i) the Participant fails to comply with any legal, contractual or fiduciary obligation to the Corporation or an Affiliate to maintain the confidentiality of information relating to the Corporation or the Affiliate and/or its business, (B) not engage in employment or business activities that compete with the business of the Corporation or the Affiliate, or (C) not solicit employees or other service providers, customers and/or suppliers of the Corporation or the Affiliate, whether during or after employment with the Corporation or Affiliate, and whether such obligation is set out in an Award Agreement issued under the Plan or other agreement between the Participant and the Corporation or Affiliate, including, without limitation, an employment agreement, or otherwise (collectively, a “**Restrictive Covenant**”);
- (ii) the Participant is terminated for Cause, or the Board reasonably determines after employment termination that the Participant's employment could have been terminated for Cause;
- (iii) the Board reasonably determines that the Participant engaged in conduct that causes material financial or reputational harm to the Corporation or its Affiliates, or engaged in gross negligence, willful misconduct or fraud in respect of the performance of the Participant's duties for the Corporation or an Affiliate;
- (iv) the Corporation's financial statements (the “**Original Statements**”) are required to be restated (other than as a result of a change in accounting policy by the Corporation or under International Financial Reporting Standards applicable to the Corporation) and such restated financial statements (the “**Restated Statements**”)

disclose, in the opinion of the Board, acting reasonably, materially worse financial results than those contained in the Original Statements,

then the Board may, in its sole discretion, to the full extent permitted by law and to the extent it determines that such action is in the best interest of the Corporation, and in addition to any other rights that the Corporation or an Affiliate may have at law or under any agreement, take any or all of the following actions, as applicable:

- A. require the Participant to reimburse the Corporation for any amount paid to the Participant in respect of an Award in cash in excess of the amount that should otherwise have been paid in respect of such Award had the determination of such compensation been based upon the Restated Statements in the event paragraph (h)(iv) above applies, or that was paid in the twelve (12) months prior to (x) the date on which the Participant fails to comply with a Restrictive Covenant, (y) the date on which the Participant's employment is terminated for Cause, or the Board makes a determination under paragraph (h)(ii) or (iii) above, less, in any event, the amount of tax withheld pursuant to the ITA or other relevant taxing authority in respect of the amount paid in cash in the year of payment;
- B. reduce the number or value of, or cancel and terminate, any one or more unvested grants of Options, Restricted Stock Units, Deferred Stock Units or Performance Awards on or prior to the applicable maturity or vesting dates, or cancel or terminate any outstanding Awards which have vested in the twelve (12) months prior to (x) the date on which the Participant fails to comply with a Restrictive Covenant, (y) the date on which the Participant's employment is terminated for Cause or the Board makes a determination under paragraph (h)(ii) or (iii) above, or (z) the date on which the Board determines that the Corporation's Original Statements are required to be restated, in the event paragraph (h)(iv) above applies (each such date provided for in clause (x), (y) and (z) of this paragraph (B) being a **"Relevant Equity Recoupment Date"**); and/or
- C. require payment to the Corporation of the value of any Shares of the Corporation acquired by the Participant pursuant to an Award granted in the twelve (12) months prior to a Relevant Equity Recoupment Date (less any amount paid by the Participant) to acquire such Shares and less the amount of tax withheld pursuant to the ITA or other relevant taxing authority in respect of such Shares).

Section 16. Amendments and Termination.

(a) The Board may amend, alter, suspend, discontinue or terminate the Plan and any outstanding Awards granted hereunder, in whole or in part, at any time without notice to or approval by the shareholders of the Corporation, for any purpose whatsoever, provided that all material amendments to the Plan shall require the prior approval of the shareholders of the Corporation and must comply with the rules of the Exchange, if applicable. Examples of the types of amendments that are not material that the Board is entitled to make without shareholder approval include, without limitation, the following:

- (i) ensuring continuing compliance with applicable law, the rules of the Exchange, if applicable, or other applicable stock exchange rules and regulations or accounting or tax rules and regulations;
- (ii) amendments of a “housekeeping” nature, which include amendments to correct any defect, supply any omission, or reconcile any inconsistency in the Plan or any Award Agreement in the manner and to the extent it shall deem desirable to carry the Plan into effect;
- (iii) changing the vesting provision of the Plan or any Award (subject to the limitations for Awards subject to Section 11(b));
- (iv) waiving any conditions or rights under any Award (subject to the limitations for Awards subject to Section 11(b));
- (v) changing the termination provisions of any Award that does not entail an extension beyond the original expiration date thereof;
- (vi) adding or amending a cashless exercise provision;
- (vii) adding or amending a financial assistance provision;
- (viii) changing the process by which a Participant who wishes to exercise his or her Award can do so, including the required form of payment for the Shares being purchased, the form of written notice of exercise provided to the Corporation and the place where such payments and notices must be delivered; and
- (ix) delegating any or all of the powers of the Committee to administer the Plan to officers of the Corporation.

(b) Notwithstanding anything contained herein to the contrary, no amendment to the Plan requiring the approval of the shareholders of the Corporation under any applicable securities laws or requirements shall become effective until such approval is obtained. In addition to the foregoing, the approval of the holders of a majority of the Shares present and voting in person or by proxy at a meeting of shareholders shall be required for:

- (i) an increase in the maximum number of Shares that may be made the subject of Awards under the Plan;
- (ii) any adjustment (other than in connection with a stock dividend, recapitalization or other transaction where an adjustment is permitted or required under Section 6(c)(i) or Section 6(c)(ii)) or amendment that reduces or would have the effect of reducing the exercise price of an Option previously granted under the Plan, whether through amendment, cancellation or replacement grants, or other means (provided that, in such a case, insiders of the Corporation who benefit from such amendment are not eligible to vote their Shares in respect of the approval);

- (iii) any amendment which extends the expiry date of any Award, or the restriction period, or the Performance Period of any Restricted Stock Unit beyond the original expiry date or restriction period or Performance Period;
- (iv) an increase in the limits on Awards that may be granted to any Participant under Section 6(f);
- (v) an extension of the term of an outstanding Option beyond the expiry date thereof;
- (vi) permitting Options granted under the Plan to be Transferrable other than for normal estate settlement purposes; and
- (vii) any amendment to the plan amendment provisions set forth in this Section 15 which is not an amendment within the nature of Section 16(a)(i) or Section 16(a)(ii),

unless the change results from application of Section 6(c)(i) or Section 6(c)(ii).

Furthermore, except as otherwise permitted under the Plan, no change to an outstanding Award that will adversely impair the rights of a Participant may be made without the consent of the Participant except to the extent that such change is required to comply with applicable law, stock exchange rules and regulations or accounting or tax rules and regulations.

Section 17. Miscellaneous.

(a) The Plan is intended to constitute an “unfunded” plan for incentive and deferred compensation. With respect to any payment as to which a Participant has a fixed and vested interest but which are not yet made to a Participant by the Corporation, nothing contained herein shall give any such Participant any right that is greater than those of a general unsecured creditor of the Corporation.

(b) No employee, Participant or other person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of employees, Participants, or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to each recipient. Any Award granted under the Plan shall be a one-time Award which does not constitute a promise of future grants. The Corporation, in its sole discretion, maintains the right to make available future grants hereunder.

(c) The Corporation shall have the right to deduct from any payment to be made pursuant to the Plan, or to otherwise require, prior to the issuance or delivery of Shares or the payment of any cash hereunder, payment by the Participant of, any federal, provincial, state or local taxes required by law to be withheld. Upon the vesting of Restricted Stock (or other Award that is taxable upon vesting), a Participant shall pay all required withholding to the Corporation. Any statutorily required withholding obligation with regard to any Participant may be satisfied, subject to the consent of the Committee, by reducing the number of Shares otherwise deliverable or by delivering Shares already owned. Any fraction of a Share required to satisfy such tax obligations shall be disregarded and the amount due shall be paid instead in cash by the Participant.

(d) Nothing contained in the Plan shall prevent the Corporation from adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.

(e) The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of, or to continue to provide services to, the Corporation or any Affiliate. Further, the Corporation or the applicable Affiliate may at any time dismiss a Participant, free from any liability, or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement or in any other agreement binding the parties. The receipt of any Award under the Plan is not intended to confer any rights on the receiving Participant except as set forth in such Award.

(f) If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction, or as to any person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, person or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

(g) Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Corporation and a Participant or any other person. To the extent that any person acquires a right to receive payments from the Corporation pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Corporation.

(h) No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash or other securities shall be paid or transferred in lieu of any fractional Shares, or whether such fractional Shares or any rights thereto shall be canceled, terminated or otherwise eliminated.

(i) No Award or other benefit payable under the Plan shall, except as otherwise specifically provided by law or permitted by the Committee, be Transferable in any manner, and any attempt to Transfer any such benefit shall be void, and any such benefit shall not in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person who shall be entitled to such benefit, nor shall it be subject to attachment or legal process for or against such person.

(j) Unless otherwise determined by the Committee, as long as the Shares are listed on an Exchange, the issuance of Shares pursuant to an Award shall be conditioned upon such Shares being listed on such Exchange. The Corporation shall have no obligation to issue such Shares unless and until such Shares are so listed, and the right to exercise any Option or other Award with respect to such Shares shall be suspended until such listing has been effected. If at any time counsel to the Corporation shall be of the opinion that any sale or delivery of Shares pursuant to an Option or other Award is or may in the circumstances be unlawful or result in the imposition of excise taxes on the Corporation under the statutes, rules or regulations of any applicable jurisdiction, the Corporation shall have no obligation to make such sale or delivery, or to make any application or to effect or to maintain any qualification or registration with respect to Shares or Awards, and the right to exercise any Option or other Award shall be suspended until, in the opinion of said counsel, such sale or delivery shall be lawful or will not result in the imposition of excise taxes on the Corporation. A Participant shall be required to supply the Corporation with

certificates, representations and information that the Corporation requests and otherwise cooperate with the Corporation in obtaining any listing, registration, qualification, exemption, consent or approval the Corporation deems necessary or appropriate.

(k) No Award granted or paid out under the Plan shall be deemed compensation for purposes of computing benefits under any retirement plan of the Corporation or its Affiliates nor affect any benefit under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the level of compensation. The provisions of Awards need not be the same with respect to each Participant, and such Awards to individual Participants need not be the same in subsequent years.

(l) The Plan shall be binding on all successors and permitted assigns of a Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate. Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receipt thereof shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Committee, the Board, the Corporation, its Affiliates and their employees, agents and representatives with respect thereto.

Section 18. Effective Date of the Plan. The Plan shall be effective as of the Effective Date, which is the date of adoption by the Board, subject to the approval of the Plan by the shareholders of the Corporation in accordance with the requirements of the laws of the Province of Ontario.

Section 19. Term of the Plan. No Award shall be granted under the Plan after ten years from the Effective Date. However, unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such date, and the authority of the Committee to amend, alter, adjust, suspend, discontinue, or terminate any such Award, or to waive any conditions or rights under any such Award, and the authority of the Board to amend the Plan, shall extend beyond such date.

Section 20. Governing Law. This Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in the Province of Ontario.

Section 21. Exchange Requirements. The number of Shares issuable to Insiders, at any time, under all Security Based Compensation Arrangements of the Corporation, may not exceed 10% of the Corporation's issued and outstanding Shares; and the number of Shares issued to Insiders within any one-year period, under all Security Based Compensation Arrangements of the Corporation, may not exceed 10% of the Corporation's issued and outstanding Shares. For the purpose of this Section 21, "Insider" shall mean any "reporting insiders" as defined in National Instrument 55-104 – *Insider Reporting Requirements*, and "Security Based Compensation Arrangement" shall mean any (i) any stock option plans for the benefit of employees, insiders, service providers or any one of such groups; (ii) individual stock options granted to employees, service providers or insiders if not granted pursuant to a plan previously approved by the Corporation's security holders; (iii) share purchase plans where the Corporation provides financial assistance or where the Corporation matches the whole or a portion of the securities being purchased; (iv) any other compensation or incentive mechanism involving the issuance or potential issuances of securities of the Corporation; and (vi) security purchases from treasury by an employee, insider or service provider which is financially assisted by the Corporation by any means whatsoever.

APPENDIX "B"

CLAIMS SUMMARY

Disclaimer: This summary is a point in time and subject to change. The status and quantities will change as the claims are reviewed, proven, disallowed, disputed and resolved. Amounts are shown in Canadian Dollars. Claims in foreign currencies are converted into Canadian Dollars using March 31, 2020 Bank of Canada exchange rates.

Claims	Total Claims Filed		Under Review		Notice of Disallowance Sent and Dispute Period not Lapsed			Disputed		Disallowed or withdrawn		Final Accepted	
	Count	Amount	Count	Amount	Count	Amount Accepted **	Amount Disallowed	Count	Amount	Count	Amount	Count	Amount
SECURED													
CannTrust Holdings Inc.													
Trades	1	47,799	-	-	-	-	-	-	-	1	47,799	-	-
Subtotal	1	47,799	-	-	-	-	-	-	-	1	47,799	-	-

CannTrust Inc.													
Trades	6	1,822,363	-	-	-	-	-	-	-	4	1,715,924	2	106,439
Equity and D&O	2	3,138,406	-	-	-	-	-	-	-	2	3,138,406	-	-
Employees	1	5,183	-	-	-	-	-	-	-	1	5,183	-	-
Intercompany	1	241,717,044	1	241,717,044	-	-	-	-	-	-	-	-	-
Subtotal	10	246,682,996	1	241,717,044	-	-	-	-	-	7	4,859,513	2	106,439

CTI Holdings (Osoyoos) Inc.													
Trades	1	47,799	-	-	-	-	-	-	-	1	47,799	-	-
Equity and D&O	2	3,138,406	-	-	-	-	-	-	-	2	3,138,406	-	-
Subtotal	3	3,186,205	-	-	-	-	-	-	-	3	3,186,205	-	-

Elmcliffe Investments Inc.													
Trades	2	119,611	-	-	-	-	-	-	-	2	119,611	-	-
Equity and D&O	2	3,138,406	-	-	-	-	-	-	-	2	3,138,406	-	-
Subtotal	4	3,258,017	-	-	-	-	-	-	-	4	3,258,017	-	-

Total Secured	18	253,175,017	1	241,717,044	-	-	-	-	-	15	11,351,534	2	106,439
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UNSECURED													
CannTrust Holdings Inc.													
Employees	1	221,124	-	-	-	-	-	-	-	1	221,124	-	-
Trades	7	634,223	-	-	-	-	-	-	-	-	-	7	634,223
Government	1	-	1	-	-	-	-	-	-	-	-	-	-
Indemnity - Late Claim*	1	1,000,000	-	-	-	-	-	-	-	1	1,000,000	-	-
Indemnity and other	1	12,801,688	-	-	-	-	-	-	-	1	12,801,688	-	-
Subtotal	11	14,657,035	1	-	-	-	-	-	-	3	14,022,812	7	634,223

CannTrust Inc.													
Employees	137	3,165,725	-	-	-	6,900	-	1	20,578	3	2,391,420	133	746,827
Employees - Late Claim*	2	6,113	-	-	-	-	-	-	-	-	-	2	6,113
Trades	75	68,948,024	1	33,798	-	-	-	-	-	5	67,106,528	69	1,807,698
Trades - Late Claims*	1	1,759	1	1,759	-	-	-	-	-	-	-	-	-
Indemnity	1	1,500,000	-	-	-	-	-	-	-	1	1,500,000	-	-
Government	1	-	1	-	-	-	-	-	-	-	-	-	-
Subtotal	217	73,621,621	3	35,557	-	6,900	-	1	20,578	9	70,997,948	204	2,560,638

Disclaimer: This summary is a point in time and subject to change. The status and quantities will change as the claims are reviewed, proven, disallowed, disputed and resolved. Amounts are shown in Canadian Dollars. Claims in foreign currencies are converted into Canadian Dollars using March 31, 2020 Bank of Canada exchange rates.

Claims	Total Claims Filed		Under Review		Notice of Disallowance Sent and Dispute Period not Lapsed			Disputed		Disallowed or withdrawn		Final Accepted	
	Count	Amount	Count	Amount	Count	Amount Accepted **	Amount Disallowed	Count	Amount	Count	Amount	Count	Amount
CTI Holdings (Osoyoos) Inc.													
Government	1	-	-	-	-	-	-	-	-	1	-	-	-
Intercompany	1	5,099,076	1	5,099,076	-	-	-	-	-	-	-	-	-
Subtotal	2	5,099,076	1	5,099,076	-	-	-	-	-	1	-	-	-
Elmcliffe Investments Inc.													
Promissory Note	1	400,000	-	-	-	-	-	-	-	-	-	1	400,000
Government	1	-	-	-	-	-	-	-	-	1	-	-	-
Intercompany	2	6,980,203	2	6,980,203	-	-	-	-	-	-	-	-	-
Subtotal	4	7,380,203	2	6,980,203	-	-	-	-	-	1	-	1	400,000
Blank													
Employees and D&O - Late Claim*	1	2,242	1	2,242	-	-	-	-	-	-	-	-	-
Employees	1	3,427	1	3,427	-	-	-	-	-	-	-	-	-
Subtotal	2	5,669	2	5,669	-	-	-	-	-	-	-	-	-
Total Unsecured	236	100,763,604	9	12,120,505	-	6,900	-	1	20,578	14	85,020,760	212	3,594,861
Grand Total	254	353,938,621	10	253,837,549	-	6,900	-	1	20,578	29	96,372,294	214	3,701,300

(a)

(b)

* Late Claims must be admitted by the Court.

** Comprises of the accepted portion of Disputed claims.

Total Claims Proven and Accepted to Date

(a) + (b)

Unsecured only 3,601,761

All Claims 3,708,200

Total Claims Proven and Accepted to Date by Entity

(a) + (b)

CannTrust Holdings Inc. 634,223

CannTrust Inc. 2,673,977

CTI Holdings Inc. -

Elmcliffe Investments Inc. 400,000

APPENDIX "C"
VARIANCE ANALYSIS

CannTrust Variance Analysis (CAD \$000s)		Cumulative for the period May 30, 2021 to August 8, 2021		
	Notes	Forecast	Actual	Variance
Receipts				
Receipts from Operations	[1]	1,186	554	(632)
Other Receipts	[2]	9	5,947	5,938
Total Receipts		1,195	6,501	5,306
Operating Disbursements				
Payroll and benefits	[3]	(4,279)	(3,511)	768
Property Leases		(115)	(140)	(25)
Utilities	[4]	(1,845)	(1,383)	462
Other operating expenses	[5]	(5,639)	(4,092)	1,547
Capital expenditures		(62)	(65)	(3)
Total Operating Disbursements		(11,940)	(9,191)	2,749
Cash Flow From Operations		(10,745)	(2,690)	8,055
Restructuring Disbursements				
Professional fees	[6]	(2,484)	(1,578)	906
KERP		-	-	-
Total Restructuring Disbursements		(2,484)	(1,578)	906
Net Cash Inflows / (Outflows)		(13,229)	(4,268)	8,961
Cash *				
Beginning Balance		57,825	57,825	-
Net Cash Inflows / (Outflows)		(13,229)	(4,268)	8,961
DIP Draws / (Repayments)	[7]	14,422	4,845	(9,577)
Interest / (Payments)		(238)	(128)	110
Ending Balance		58,780	58,274	(506)
Intercompany Advances	[8]	(15,000)	(5,000)	10,000

* Cash balances exclude amounts held in the D&O Trust.

Notes to the Variance Analysis:

- [1] Receipts from Operations – Unfavourable permanent variance of \$556,000 due to lower than anticipated market demand for recreational and bulk cannabis sales. There continues to be a challenge in the market with lower than anticipated market prices and volumes available. There is also a temporary difference of \$76,000 that is expected to reverse in subsequent weeks due to an overdue receivable.
- [2] Other Receipts – There is a positive permanent variance of \$5,938,000 due to the sale of real estate properties in BC and the collection of CannTrust Inc.'s HST refund that was previously not forecasted.
- [3] Payroll and Benefits – The positive variance of \$768,000 is due to lower than expected hours worked, payroll and benefits costs.
- [4] Utilities – CannTrust's usage of natural gas and carbon dioxide gas is lower than forecast due to lower than anticipated production for the Forecast Period. This results in a permanent positive variance of \$345,000. In addition, there is a temporary positive variance of \$117,000 that is expected reverse in subsequent weeks due to the timing of the invoices.
- [5] Other Operating Expenses – The overall positive variance of \$1,547,000 is due to:
 - positive permanent difference of \$1,103,000 related to lower spend on marketing, IT, equipment leases and taxes as a result cost savings initiative in response to the lower than expected sales
 - overall positive timing difference of \$449,000 due to timing of payments for contract labour, freight aggregators and production costs
 - negative permanent difference of \$110,000 due related to higher than expected costs for corporate legal matters and the audit, offset by a positive timing difference of \$105,000 related to unbilled professional fees which are expected to reverse
- [6] Professional Fees – The positive timing difference of \$906,000 is due to outstanding invoices to be paid in August.
- [7] DIP Draws/(Repayments) – The Applicants have drawn \$9,577,000 less on the DIP financing than forecasted as they have preserved more cash than anticipated during the period and they have repaid the DIP Agent a portion of the proceeds from the sale of BC lands.
- [8] Intercompany Advance – Intercompany Advances from CannTrust Holdings Inc. were made to CannTrust Inc. during the Reporting Period. CannTrust Inc. drew \$10,000,000 less than anticipated.

APPENDIX "D"

CASH FLOW FORECAST

CANNTRUST
CCAA Cash Flow Forecast [1]

In thousands \$CAD

Forecast Week Ending (Sunday)	15-Aug-21	22-Aug-21	29-Aug-21	05-Sep-21	12-Sep-21	19-Sep-21	26-Sep-21	03-Oct-21	10-Oct-21	17-Oct-21	24-Oct-21	31-Oct-21	07-Nov-21	14-Nov-21
Forecast Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Week Beginning	2021-08-09	2021-08-16	2021-08-23	2021-08-30	2021-09-06	2021-09-13	2021-09-20	2021-09-27	2021-10-04	2021-10-11	2021-10-18	2021-10-25	2021-11-01	2021-11-08
Week Ending	2021-08-15	2021-08-22	2021-08-29	2021-09-05	2021-09-12	2021-09-19	2021-09-26	2021-10-03	2021-10-10	2021-10-17	2021-10-24	2021-10-31	2021-11-07	2021-11-14

Cashflow

Receipts

Receipts from Operations	[2]	27	109	76	76	159	159	159	158	736	736	736	736	1,049	1,049
Other Receipts/ (Service Charges)	[3]	2	-	-	(21)	-	3	-	(21)	-	4	-	(21)	-	-
Total Receipts		29	109	76	55	159	162	159	137	736	740	736	715	1,049	1,049

Operating disbursements

Payroll and Benefits	[4]	-	(663)	(50)	(663)	-	(672)	(50)	(672)	-	(1,131)	(50)	(665)	-	(665)
Property Leases	[5]	-	-	-	(64)	-	-	-	(64)	-	-	-	(64)	-	-
Utilities	[6]	(57)	(30)	-	(509)	-	-	-	(483)	(26)	-	-	(491)	(26)	-
Other Operating Expenses	[7]	(850)	(376)	-	(3,099)	(8)	(537)	-	(1,489)	-	(665)	-	(1,977)	-	(8)
Capital Expenditures	[8]	(1)	(3)	-	-	-	-	-	-	-	-	-	-	-	(144)
Total Operating Disbursements		(908)	(1,072)	(50)	(4,335)	(8)	(1,209)	(50)	(2,708)	(26)	(1,796)	(50)	(3,197)	(26)	(817)

Cash from Operations

Restructuring Disbursements

Restructuring Professional Fees	[9]	(193)	(119)	-	(135)	-	(30)	(75)	(233)	-	(30)	-	(302)	-	-
Total Restructuring Disbursements		(193)	(119)	-	(135)	-	(30)	(75)	(233)	-	(30)	-	(302)	-	-

Net Cash Inflows / (Outflows)

Cash

Beginning Balance	[10]	58,274	57,192	56,021	61,010	61,336	61,386	60,208	60,141	62,074	62,413	60,956	61,271	57,925	58,276
Net Cash Inflows / (Outflows)		(1,072)	(1,082)	26	(4,415)	151	(1,077)	34	(2,804)	710	(1,086)	686	(2,784)	1,023	232
Interest Payments		-	-	-	(222)	-	-	-	(162)	-	-	-	(191)	-	-
DIP Draws / (Repayments)		(10)	(89)	4,963	4,963	(101)	(101)	(101)	4,899	(371)	(371)	(371)	(371)	(672)	(672)
Ending Balance		57,192	56,021	61,010	61,336	61,386	60,208	60,141	62,074	62,413	60,956	61,271	57,925	58,276	57,836

DIP Facility

Beginning Balance		4,845	4,861	4,798	9,787	14,563	14,504	14,445	14,386	19,166	18,845	18,523	18,201	17,688	17,064
DIP Draws / (Repayments)	[11]	(10)	(89)	4,963	4,963	(101)	(101)	(101)	4,899	(371)	(371)	(371)	(371)	(672)	(672)
Interest / (Payments)	[12]	26	26	26	(187)	42	42	42	(119)	50	49	49	(142)	48	47
Ending Balance		4,861	4,798	9,787	14,563	14,504	14,445	14,386	19,166	18,845	18,523	18,201	17,688	17,064	16,439

[illegible]

Intercompany Advances

Beginning Balance	58,300	58,300	58,300	63,300	68,300	68,300	68,300	68,300	73,300	73,300	73,300	73,300	73,300	73,300
Intercompany Advances	-	-	5,000	5,000	-	-	-	5,000	-	-	-	-	-	-

Cumulative Intercompany Advances

CANNTRUST
CCAA Cash Flow Forecast [1]

In thousands \$CAD

Forecast Week Ending (Sunday)	21-Nov-21	28-Nov-21	05-Dec-21	12-Dec-21	19-Dec-21	26-Dec-21	02-Jan-22	
								Total
Forecast Week	15	16	17	18	19	20	21	
Week Beginning	2021-11-15	2021-11-22	2021-11-29	2021-12-06	2021-12-13	2021-12-20	2021-12-27	
Week Ending	2021-11-21	2021-11-28	2021-12-05	2021-12-12	2021-12-19	2021-12-26	2022-01-02	
Cashflow								
Receipts								
Receipts from Operations [2]	1,049	1,049	1,200	1,202	1,202	1,199	1,202	14,068
Other Receipts/ (Service Charges) [3]	2	-	(21)	-	2	-	(21)	(92)
Total Receipts	1,051	1,049	1,179	1,202	1,204	1,199	1,181	13,976
Operating disbursements								
Payroll and Benefits [4]	(50)	(665)	-	(665)	(50)	(665)	-	(7,376)
Property Leases [5]	-	-	(64)	-	-	-	(64)	(320)
Utilities [6]	-	-	(517)	-	-	-	(491)	(2,630)
Other Operating Expenses [7]	(871)	-	(2,617)	(8)	(1,251)	-	(3,264)	(17,020)
Capital Expenditures [8]	-	-	(21)	-	-	-	(21)	(190)
Total Operating Disbursements	(921)	(665)	(3,219)	(673)	(1,301)	(665)	(3,840)	(27,536)
Cash from Operations	130	384	(2,040)	529	(97)	534	(2,659)	(13,560)
Restructuring Disbursements								
Restructuring Professional Fees [9]	(30)	-	(177)	-	(30)	-	(233)	(1,587)
Total Restructuring Disbursements	(30)	-	(177)	-	(30)	-	(233)	(1,587)
Net Cash Inflows / (Outflows)	100	384	(2,217)	529	(127)	534	(2,892)	(15,147)
Cash								
Beginning Balance [10]	57,836	62,264	61,976	58,624	58,259	62,238	61,878	58,274
Net Cash Inflows / (Outflows)	100	384	(2,217)	529	(127)	534	(2,892)	(15,147)
Interest Payments	-	-	(241)	-	-	-	(205)	(1,021)
DIP Draws / (Repayments)	4,328	(672)	(894)	(894)	4,106	(894)	(894)	15,781
Ending Balance	62,264	61,976	58,624	58,259	62,238	61,878	57,887	57,887
DIP Facility								
Beginning Balance	16,439	20,813	20,194	19,111	18,267	22,422	21,583	4,845
DIP Draws / (Repayments) [11]	4,328	(672)	(894)	(894)	4,106	(894)	(894)	15,781
Interest / (Payments) [12]	46	53	(189)	50	49	55	(152)	(89)
Ending Balance	20,813	20,194	19,111	18,267	22,422	21,583	20,537	20,537
	-	-	-	-	-	-	-	-
Intercompany Advances [13]								
Beginning Balance	73,300	78,300	78,300	78,300	78,300	83,300	83,300	
Intercompany Advances	5,000	-	-	-	5,000	-	-	
Cumulative Intercompany Advances	78,300	78,300	78,300	78,300	83,300	83,300	83,300	

We Notes to Cash Flow Forecast:

- [1] The purpose of this Fourteenth Report Cash Flow Forecast is to estimate the liquidity requirements of the Applicants ("CannTrust" or the "Company") during the Forecast Period.
- [2] Receipts from Operations – Include collections of both medical and recreational cannabis sales and are based on management's current sales forecast and customer payment terms.
- [3] Other Receipts – Forecast other receipts includes interest income net of bank fees.
- [4] Payroll and Benefits – Based on the Company's payroll calendar and labour forecast. Second payment of the Capital Appreciation Program, a two-year employee bonus program, is forecast to be paid during the week ending October 17, 2021.
- [5] Property Leases – Include monthly lease-related payments in respect of the Vaughan Facility.
- [6] Utilities – Include hydro, gas and other utility payments as well as scheduled payments pursuant to the Company's co-generation agreement in respect of the Fenwick Facility.
- [7] Other Operating Expense Disbursements – Include production costs, on-going marketing, consulting & professional fees and general and administrative costs and are based on the Company's internal budget.
- [8] Capital Expenditures – The Applicants have limited capital expenditures.
- [9] Restructuring Disbursements – Include the professional fees for legal and financial advisors associated with the CCAA proceedings. Forecast is based on guidance from various legal and professional firms engaged.
- [10] Beginning Cash Balance – Cash and short-term investments as at August 9, 2021. This balance includes \$50 million and the \$900,000 that is contemplated in the CCAA Plan for the Securities Claimant Trust, GUC Distribution Pool, and secured claims, respectively. In addition, other amounts that would be reserved for are secured claims for the CCAA Plan Companies and the unsecured creditors of CannTrust Holdings Inc.
- [11] DIP Facility Draw/(repayments) – The DIP & Exit Loan requires the draws to be in a minimal amount and in specified certain increments above such amount. These details have been sealed by the Court. In addition, there are mandatory repayments from the disposition of real estate collateral and certain sales receipts.
- [12] DIP Facility Interest and Fees/(payments) – The DIP & Exit Loan charges interest on the outstanding amounts. It also charges a utilization fee on the Facility Limit less the advanced and outstanding amounts. The interest and fees accrue daily and are paid monthly. The rate/fee details have been sealed by the Court.
- [13] Intercompany Advances – Pursuant to the Amended and Restated Initial Order, CannTrust Holdings Inc. (the "Intercompany Lender") is authorized to provide loan funding to the other Applicants (the "Intercompany Borrowers") to meet ongoing expenditures as needed. Intercompany Advances presented in the table above captures the net forecast amounts advanced by CannTrust Holdings Inc. to the Intercompany Borrowers.

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.

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
PROCEEDING COMMENCED AT TORONTO

FOURTEENTH REPORT OF THE MONITOR
(August 23, 2021)

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