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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CANNTRUST HOLDINGS INC., CANNTRUST INC., CTI HOLDINGS (OSOYOOS) INC. AND ELMCLIFFE INVESTMENTS INC.

Applicants

SIXTEENTH REPORT OF THE MONITOR

Dated December 3, 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., Elmcliffe 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 August 23, 2021, and currently runs until and including December 31, 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**”).

8. The CannTrust Plan Companies have been working to satisfy conditions to implement the Plan.

PURPOSE

9. The purpose of the Sixteenth report of the Monitor (the “**Sixteenth Report**”) is to provide a report to the Court in respect of the following:

   a) an update on the CCAA Proceedings since the fourteenth report of the Monitor dated August 23, 2021 (the “**Fourteenth Report**”);

   b) the proposed articles of reorganization (the “**Articles of Reorganization**”);

   c) the status of the Claims Process;

d) details of the Applicants' receipts and disbursements for the period from August 9, 2021, to November 21, 2021, compared to the cash flow forecast (the "**Fourteen Report Cash Flow Forecast**") appended as Appendix "D" to the Fourteen Report;

e) details of the Applicants' cash flow forecast for the period from November 22, 2021, to February 6, 2022; and

f) the Monitor's recommendation in respect of the Applicants' motion for an order ("**the Stay Extension and Plan Implementation Matters Order**"), among other things:

(i) extending the Stay Period to the earlier of (i) the Effective Time; and (ii) January 31, 2022;

(ii) granting relief needed to facilitate the implementation of the Fourth A&R CCAA Plan; and

(iii) authorizing the Monitor to accept the Specified Late Claims, as defined herein.

TERMS OF REFERENCE

10. In preparing this Sixteenth 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**").

11. 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.

12. Some of the information referred to in this Sixteenth 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.

13. Future-oriented financial information referred to in this Sixteenth 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.

14. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this Sixteenth Report concerning the Applicants and their business is based on the Information, and not independent factual determinations made by the Monitor.

15. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

16. Capitalized terms used in this Sixteenth Report are as defined herein or shall have the meanings given to them in the Fourth A&R CCAA Plan.

17. 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 296th Avenue Sale Agreement

18. On November 29, 2021, the Court granted an approval and vesting order (the "**296th Avenue Approval Order**") approving the sale transaction contemplated by the contract of purchase and sale dated October 8, 2021, entered into between 1320202 B.C. Ltd. as purchaser and CTI (the "**296th Avenue Sale Agreement**") as the vendor for the properties

municipally known as 8707 296th Avenue, Osoyoos, British Columbia (the "**296th Avenue Properties**").

19. On December 2, 2021, CTI filed a requisition with the Supreme Court of British Columbia to register the 296th Avenue Approval Order for enforcement in British Columbia. The transaction contemplated by the 296th Avenue Sale Agreement is anticipated to close on December 15, 2021.

U.S. Approval Order

20. 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.

21. The motion was heard on December 2, 2021, and the U.S. court approved the settlements and granted the U.S. Approval Order.

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.

Articles of Reorganization

24. Sections 4.5 and 4.6 of the CCAA Plan provide that the articles of CannTrust Holdings will be amended on the Plan Implementation Date by Articles of Reorganization and that the filing of the Articles of Reorganization will commence the implementation process.

25. The Sanction Order provides that CannTrust Holdings seek court approval before filing its Articles of Reorganization as required by the CCAA Plan.

26. CannTrust is seeking approval of the Articles of Reorganization for CannTrust Holdings attached as Exhibit "D" to the affidavit of Greg Guyatt sworn December 1, 2021 (the "**Guyatt Affidavit**"). The Articles of Organization would add an equivalent French name to be used separately: "CannTrust Holdings Inc.".

Additional Settlement Parties

27. Sections 1.1 (vi) and (vii) of the Fourth A&R CCAA Plan indicate that the Insurers and Peter Aceto are only Additional Settlement Parties if they have executed the Additional RSA and delivered it to CannTrust Holdings and the CCAA Representatives.

28. As indicated in the Guyatt Affidavit, both parties have entered into Additional RSAs; therefore, the Applicants seek an order confirming that the Insurers and Peter Aceto are Additional Settlement Parties for the purposes of the CCAA Plan and the CCAA Sanction Order.

CLAIMS SUMMARY

29. Attached as **Appendix "A"** is the status of claims filed against the Applicants pursuant to the Claims Procedure Order as of December 1, 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).

30. As detailed in the Claims Summary, 261 claims with a cumulative asserted value of $101,032,336 had been filed in the Claims Process.

31. Two (2) claims are still under review by the Applicants and the Monitor and will be addressed at the appropriate time, including:

a) one (1) claim from the Canada Revenue Agency (the "**CRA**"); and

b) one (1) trade claim.

32. The Applicants and the Monitor have provisionally accepted 224 claims, comprised of unsecured claims with a value of $3,640,487 and secured claims of $106,439.

33. Thirty-two (32) claims have been disallowed in their entirety or withdrawn, having a total aggregate asserted claim value of $96,396,494.

34. There is one (1) claim for which a Notice of Revision and Disallowance has been sent and in respect of which the dispute period has not elapsed.

35. There are two (2) claims for which the claimant filed a Notice of Dispute that has not been resolved or withdrawn.

Specified Late Claims

36. 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).

37. Claims received after the Claims Bar Date are considered "**Late Claims**".

38. Since the Tenth Report of the Monitor dated May 21, 2021, the Monitor received four (4) claims totalling $10,084 (the "**Specified Late Claims**").

39. The Monitor is satisfied that the claimants that filed the Specified Late Claims have provided a reasonable basis for the late filing, and the Monitor believes that it would be appropriate to admit the Specified Late Claims into the Claims Process where the Applicants and the Monitor will review them in accordance with the Claims Procedure Order. The Monitor understands that the Applicants will request that the Court approve the admission of the Specified Late Claims.

APPLICANTS' RECEIPTS AND DISBURSEMENTS

40. A summary of the Applicants' actual receipts and disbursements during the period from August 9, 2021, to November 21, 2021 (the "**Reporting Period**") as compared to the Fourteenth Report Cash Flow Forecast covering the same period (the "**Variance Analysis**") is attached as **Appendix "B"** to this Sixteenth Report.

41. The Applicants incurred a net cash outflow of approximately $13.1 million during the Reporting Period. The receipts comprised the sale of cannabis inventory and collecting an HST refund by CannTrust Opco. The disbursements relate mainly to payroll and employee-related expenses, marketing costs, utilities, costs related to the DIP and Exit Loan and production costs.

42. The unfavourable net cash flow for the Reporting Period of approximately $1.7 million results from the lower sales volumes and higher insurance premiums, which were partially offset by lower associated operating costs, lower restructuring professional fees and positive timing differences that are expected to reverse in December for professional fees and production costs. Details of both the permanent and timing differences are attached to the Variance Analysis.

43. During the Reporting Period, the Agent advanced $15.5 million in interim financing to the Applicants. This was $0.4 million lower than forecast net draws of $15.9 million projected in the Fourteenth Report Cash Flow Forecast. The Applicants made interest payments of $725,000, compared to forecast interest payments of $574,000. As at November 21, 2021, the Applicants' cash on hand of $60.0 million.

44. CannTrust Holdings has made, with approval from the Monitor, Intercompany Advances (as defined in the Amended and Restated Initial Order) of $9 million during the Reporting Period to fund disbursements of the other Applicants. This is $11 million lower than forecast due to CannTrust Opco having fewer cash requirements due to permanent and timing differences mentioned in the Variance Analysis. The total Intercompany Advances since the Filing Date are $67.3 million.

OVERVIEW OF APPLICANTS' CASH FLOW FORECAST OVER THE STAY PERIOD

45. 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 November 22, 2021, to the week ending February 6, 2022 (the "**Forecast Period**"). The Cash Flow Forecast is attached as **Appendix "C"** to this Sixteenth Report.

46. The Cash Flow Forecast projects that during the Forecast Period, the Applicants will have total receipts of approximately \$7.0 million and estimated total combined disbursements of approximately \$12.8 million for a forecast net cash outflow of \$5.8 million. Included within the receipts are receipts from sales of cannabis products, interest income, HST refunds and the proceeds of the sale of the 296th Avenue Properties. The Applicants anticipate \$6 million in Intercompany Advances during the Forecast Period. The Cash Flow Forecast projects that the Applicants will have an ending cash balance at February 6, 2022, of approximately \$54.3 million.

47. As required by the Fourth A&R 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 required to implement the Fourth A&R CCAA Plan. As a result, the Applicants forecast that they will require to make a \$645,000 draw on the DIP Facility the week ending November 28, 2021 and will make a further draw of \$1,980,000 on the week ending December 26, 2021, once the DIP has been reduced the week earlier from the proceeds of the sale of the 296th Avenue Properties. The interest and fees during the Forecast Period under the DIP and Exit Loan is \$442,000. The ending balance of the DIP and Exit Loan at the end of the Forecast Period is forecast to be approximately \$21.3 million.

48. The Applicants file HST returns monthly. However, CRA continues to maintain a hold on the HST account for CannTrust Holdings and has not indicated 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.

49. The Cash Flow Forecast does not reflect the outflow of funds relating to the CCAA Plan implementation.

STAY EXTENSION

50. The Stay Period is currently set to expire on the earlier of (i) the Effective Time (as defined in the CCAA Plan); and (ii) December 31, 2021. The Applicants are requesting an extension of the Stay Period until and including the earlier of (i) the Effective Time; and (ii) January 31, 2022.

51. Based on the Cash Flow Forecast, the Monitor believes that the Applicants will have sufficient liquidity to fund their operations through to January 31, 2022, the maximum length of the proposed extension of the Stay Period.

52. Over the past several months, the Applicants have made significant progress in satisfying the conditions to implement the CCAA Plan.

53. 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 within the Forecast Period.

CONCLUSIONS AND RECOMMENDATIONS

54. 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) January 31, 2022.

55. For the reasons stated herein, the Monitor recommends that the Court grant the approval of the Articles of Reorganization, confirmation of the Additional Settlement Parties, and authorizing the Monitor to admit the Specified Late Claims, should it see fit to do so.

All of which is respectfully submitted this 3rd day of December 2021.

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

per:

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

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

APPENDIX "A"

CLAIMS SUMMARY

CannTrust Holdings Inc. and affiliates
Summary of Claims Process
Status as at December 1, 2021

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.

	Total Claims Filed		**Under Review**		**Notice of Disallowance Sent and Dispute Period not Lapsed**			**Disputed**		**Disallowed or withdrawn**		**Final Accepted**	
Claims	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	-	-
Subtotal	**9**	**4,965,952**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**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	**17**	**11,457,973**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**15**	**11,351,534**	**2**	**106,439**
UNSECURED													
CannTrust Holdings Inc.													
Employees	1	221,124	-	-	-	-	-	-	-	1	221,124	-	-
Trades	7	634,223	-	-	-	-	-	-	-	-	-	7	634,223
CRA	1	801,727	1	801,727	-	-	-	-	-	-	-	-	-
Indemnity and other	2	13,801,688	-	-	-	-	-	-	-	2	13,801,688	-	-
Subtotal	**11**	**15,458,762**	**1**	**801,727**	**-**	**-**	**-**	**-**	**-**	**3**	**14,022,812**	**7**	**634,223**
CannTrust Inc.													
Employees	149	3,257,494	-	-	1	3,636	-	2	53,391	4	2,410,633	142	789,834
Employees - Late Claim*	3	8,325			-	-	-	-	-	-	-	3	8,325
Trades	75	68,948,023	1	33,798	-	-	-	-	-	6	67,111,515	68	1,802,710
Trades - Late Claims*	1	1,759	-	-	-	-	-	-	-	-	-	1	1,759
Indemnity	1	1,500,000	-	-	-	-	-	-	-	1	1,500,000	-	-
Government	1	-	-	-	-	-	-	-	-	1	-	-	-
Subtotal	**230**	**73,715,601**	**1**	**33,798**	**1**	**3,636**	**-**	**2**	**53,391**	**12**	**71,022,148**	**214**	**2,602,628**

CannTrust Holdings Inc. and affiliates
Summary of Claims Process
Status as at December 1, 2021

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.

	Total Claims Filed		**Under Review**		**Notice of Disallowance Sent and Dispute Period not Lapsed**			**Disputed**		**Disallowed or withdrawn**		**Final Accepted**	
Claims	Count	Amount	Count	Amount	Count	Amount Accepted **	Amount Disallowed	Count	Amount	Count	Amount	Count	Amount
CTI Holdings (Osoyoos) Inc.													
Government	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Elmcliffe Investments Inc.													
Promissory Note	1	400,000	-	-	-	-	-	-	-	-	-	1	400,000
Government	1	-	-	-	-	-	-	-	-	1	-	-	-
Subtotal	**2**	**400,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**-**	**1**	**400,000**
Blank													
Employees	1	-	-	-	-	-	-	-	-	1	-	-	-
Subtotal	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**-**	**-**	**-**
Total Unsecured	**244**	**89,574,363**	**2**	**835,525**	**1**	**3,636**	**-**	**2**	**53,391**	**17**	**85,044,960**	**222**	**3,636,851**
Grand Total	**261**	**101,032,336**	**2**	**835,525**	**1**	**3,636**	**-**	**2**	**53,391**	**32**	**96,396,494**	**224**	**3,743,290**
						(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	**3,640,487**
All Claims	**3,746,926**

Total Claims Proven and Accepted to Date by Entity

	(a) + (b)
CannTrust Holdings Inc.	**634,223**
CannTrust Inc.	**2,712,703**
CTI Holdings Inc.	**-**
Elmcliffe Investments Inc.	**400,000**

APPENDIX "B"

VARIANCE ANALYSIS

CannTrust Variance Analysis (CAD $000s)	Notes	Cumulative for the period August 9, 2021 to November 21, 2021 Forecast	 Actual	 Variance
Receipts				
Receipts from Operations	[1]	7,013	1,216	(5,797)
Other Receipts	[2]	(51)	791	842
Total Receipts		**6,962**	**2,007**	**(4,955)**
Operating Disbursements				
Payroll and benefits	[3]	(5,329)	(4,568)	761
Property Leases		(191)	(155)	36
Utilities	[4]	(1,621)	(1,805)	(184)
Other operating expenses	[5]	(9,881)	(7,921)	1,960
Capital expenditures	[6]	(148)	(1)	147
Total Operating Disbursements		**(17,170)**	**(14,450)**	**2,720**
Cash Flow From Operations		**(10,208)**	**(12,443)**	**(2,235)**
Restructuring Disbursements				
Professional fees	[7]	(1,145)	(620)	525
KERP		-	-	-
Total Restructuring Disbursements		(1,145)	(620)	525
Net Cash Inflows / (Outflows)		**(11,353)**	**(13,063)**	**(1,710)**
Cash *				
Beginning Balance		58,274	58,274	-
Net Cash Inflows / (Outflows)		(11,353)	(13,063)	(1,710)
DIP Draws / (Repayments)	[8]	15,927	15,500	(427)
Interest / (Payments)		(574)	(725)	(151)
Ending Balance		**62,274**	**59,986**	**(2,288)**
Intercompany Advances	[9]	(20,000)	(9,000)	11,000

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

Notes to the Variance Analysis:

[1] Receipts from Operations – Unfavourable permanent variance of $5,797,000 due to lower than anticipated market demands for medical and recreational, and bulk cannabis sales.

[2] Other Receipts – There is a positive permanent variance of $802,000 due to HST refunds and $19,000 due to sales of redundant/excess equipment not included in the forecast, and $21,000 in lower bank fees.

[3] Payroll and Benefits – The permanent positive difference of $725,000 is due to a reduction in workforce and a timing difference of $36,000 for benefit payments to be made in the following weeks.

[4] Utilities – CannTrust's usage is higher than forecast due the annual increase on monthly charges and the slower than anticipation of conversion to a cheaper supply of hydro. This results in a permanent negative variance of $225,000. In addition, there is a temporary positive variance of $41,000 that is expected reverse in subsequent weeks due to the timing of the invoices.

[5] Other Operating Expenses – The overall positive variance of $1,960,000 is due to:

- positive permanent difference of $1,296,000 related to lower spend on marketing, IT, production costs, equipment leases, freight and taxes as a result of cost savings initiatives in response to the lower than expected sales
- positive timing difference of $688,000 due to the timing of payments for the production costs
- positive timing difference of $26,000 due to the timing of payments for IT invoices
- positive timing difference of $425,000 due to the timing of payments for consultant and professional fees
- negative permanent difference of $447,000 due to higher insurance premiums, including D&O insurance
- negative permanent difference of $28,000 due to slightly higher consulting fees

[6] Capital expenditures – The positive timing difference of $147,000 related to the timing of fixed asset payments.

[7] Professional Fees – The positive timing difference of $525,000 is due to unbilled and outstanding invoices to be paid in December.

[8] DIPS Draws / (Repayments) – The positive permanent difference of $427,000 due to lower requested amounts.

[9] Intercompany Advance – Intercompany Advances from CannTrust Holdings Inc. were made to CannTrust Inc. during the Reporting Period. CannTrust Inc. borrowed $11,000,000 less than anticipated as it required less cash.

APPENDIX "C"

CASH FLOW FORECAST

CANNTRUST

CCAA Cash Flow Forecast [1]

In thousands $CAD

Forecast Week Ending (Sunday)		28-Nov-21	05-Dec-21	12-Dec-21	19-Dec-21	26-Dec-21	02-Jan-22	09-Jan-22	16-Jan-22	23-Jan-22	30-Jan-22	06-Feb-22	Total
													Total
Forecast Week		1	2	3	4	5	6	7	8	9	10	11	
Week Beginning		2021-11-22	2021-11-29	2021-12-06	2021-12-13	2021-12-20	2021-12-27	2022-01-03	2022-01-10	2022-01-17	2022-01-24	2022-01-31	
Week Ending		2021-11-28	2021-12-05	2021-12-12	2021-12-19	2021-12-26	2022-01-02	2022-01-09	2022-01-16	2022-01-23	2022-01-30	2022-02-06	
Cashflow													
Receipts													
Receipts from Operations	[2]	339	57	228	209	433	351	364	352	352	391	415	3,491
Other Receipts/ (Service Charges)	[3]	-	69	218	2,702	-	(15)	220	-	-	280	-	3,474
Total Receipts		339	126	446	2,911	433	336	584	352	352	671	415	6,965
Operating disbursements													
Payroll and Benefits	[4]	(528)	(37)	(507)	-	(780)	(37)	(519)	-	(519)	-	(556)	(3,483)
Property Leases	[5]	-	(46)	-	-	-	(64)	-	-	-	(64)	-	(174)
Utilities	[6]	(5)	(492)	(140)	-	-	(490)	(66)	-	-	(519)	(66)	(1,778)
Insurance	[7]	-	(106)	-	(1,197)	-	(106)	-	-	-	-	(106)	(1,515)
Other Operating Expenses	[8]	(100)	(661)	(344)	(365)	(364)	(797)	(27)	(564)	(130)	(713)	(133)	(4,198)
Capital Expenditures	[9]	-	-	-	-	-	-	-	-	-	(28)	-	(28)
Total Operating Disbursements		(633)	(1,342)	(991)	(1,562)	(1,144)	(1,494)	(612)	(564)	(649)	(1,324)	(861)	**(11,176)**
Cash from Operations		**(294)**	**(1,216)**	**(545)**	**1,349**	**(711)**	**(1,158)**	**(28)**	**(212)**	**(297)**	**(653)**	**(446)**	**(4,211)**
Restructuring Disbursements	[10]												
Restructuring Professional Fees		(28)	-	(270)	(188)	(694)	(226)	-	-	-	(226)	-	(1,632)
Total Restructuring Disbursements		(28)	-	(270)	(188)	(694)	(226)	-	-	-	(226)	-	(1,632)
Net Cash Inflows / (Outflows)		**(322)**	**(1,216)**	**(815)**	**1,161**	**(1,405)**	**(1,384)**	**(28)**	**(212)**	**(297)**	**(879)**	**(446)**	**(5,843)**
Cash													
Beginning Balance	[11]	59,986	60,309	59,093	58,040	57,221	57,796	56,412	56,180	55,968	55,671	54,792	59,986
Net Cash Inflows / (Outflows)		(322)	(1,216)	(815)	1,161	(1,405)	(1,384)	(28)	(212)	(297)	(879)	(446)	(5,843)
Interest Payments		-	-	(238)	-	-	-	(204)	-	-	-	-	(442)
DIP Draws / (Repayments)		645	-	-	(1,980)	1,980	-	-	-	-	-	-	645
Ending Balance		**60,309**	**59,093**	**58,040**	**57,221**	**57,796**	**56,412**	**56,180**	**55,968**	**55,671**	**54,792**	**54,346**	**54,346**
DIP Facility													
Beginning Balance		20,479	21,176	21,229	21,044	19,117	21,147	21,200	21,049	21,102	21,155	21,208	20,479
DIP Draws / (Repayments)	[12]	645	-	-	(1,980)	1,980	-	-	-	-	-	-	645
Interest / (Repayments)	[13]	52	53	(185)	53	50	53	(151)	53	53	53	53	137
Ending Balance		**21,176**	**21,229**	**21,044**	**19,117**	**21,147**	**21,200**	**21,049**	**21,102**	**21,155**	**21,208**	**21,261**	**21,261**
													-
Intercompany Advances	[14]												
Beginning Balance		67,300	67,300	67,300	70,300	70,300	70,300	70,300	73,300	73,300	73,300	73,300	
Intercompany Advances				3,000				3,000					
Cumulative Intercompany Advances		**67,300**	**67,300**	**70,300**	**70,300**	**70,300**	**70,300**	**73,300**	**73,300**	**73,300**	**73,300**	**73,300**	

Notes to Cash Flow Forecast:

[1] The purpose of this Sixteenth 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, HST refunds, and the sale of a parcel of land in British Columbia.

[4] Payroll and Benefits – Based on the Company's payroll calendar and labour forecast including benefits.

[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] Insurance – Includes Directors and Officers liability insurance as well as property and machinery insurance.

[8] Other Operating Expenses – Include production costs, on-going marketing, consulting & professional fees and general and administrative costs and are based on the Company's internal budget.

[9] Capital Expenditures – The Applicants have limited capital expenditures.

[10] 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.

[11] Beginning Cash Balance – Cash and short-term investments as at November 22, 2021. This balance includes funds required under the CCAA Plan for implementation. This includes, the $50 million for the Securities Claimants, $900,000 for the unsecured Opco GUC Pool, secured creditors for Opco, GUC for CannTrust Holdings Inc., and GUC for Elmcliffe Investments Inc. Based on the Claims Summary and the distribution according to the CCAA Plan, the amount required at CCAA Plan implementation is approximately $52.5 Million.

[12] 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.

[13] 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.

[14] 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 capture the net forecast amounts advanced by CannTrust Holdings Inc. to the Intercompany Borrowers. There are no Intercompany Advances forecast for the period.

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

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