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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	THURSDAY, THE 16th
	)	
MR. JUSTICE PATTILLO	)	DAY OF DECEMBER, 2021

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

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

Applicants

ORDER
(Stay Extension, Ongoing CCAA Relief and Plan Implementation Matters)

THIS MOTION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an order (i) granting certain relief to facilitate the implementation of the fourth amended and restated plan of arrangement dated July 6, 2021 (the "**CCAA Plan**") of CannTrust Holdings Inc. ("**Holdings**"), CannTrust Inc. and Elmcliffe Investments Inc. (collectively, the "**CannTrust Plan Companies**"), including certain amendments to the plan sanction order dated July 16, 2021 (the "**CCAA Sanction Order**"); (ii) extending the stay of proceedings granted pursuant to the initial order dated March 31, 2020 in these proceedings (as amended from time to time, the "**Initial Order**"), up to and including January 31, 2022; (iii) granting ongoing CCAA relief pending a financing transaction, acquisition or orderly wind-down; and (iv) authorizing Ernst & Young Inc.

ON READING (i) the affidavit of Greg Guyatt sworn December 10, 2021 (the "**Guyatt Affidavit**"), and (ii) the Sixteenth Report of Ernst & Young Inc. in its capacity as the Monitor, dated December 3, 2021 (the "**Sixteenth Report**") and the Supplement to the Sixteenth Report of the Monitor dated December ~~●~~15, 2021 (the "**Supplement to the Sixteenth Report**"), and on hearing the submissions of counsel for the Applicants, the Monitor and any such other counsel that were present as listed on the participant information sheet, no one appearing for any other person on the service list, although properly served as appears from the affidavit of service, filed:

SERVICE AND INTERPRETATION

1. **THIS COURT ORDERS** that the time for service and filing of the Motion Record of the Applicants, including the Amended Notice of Motion, in support of this motion and the Sixteenth Report and Supplement to the Sixteenth Report is hereby abridged and validated such that this motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that all capitalized terms used and not defined in this Order shall have the meanings given to them in the Guyatt Affidavit.

PLAN IMPLEMENTATION MATTERS

3. **THIS COURT ORDERS** that the Articles of Reorganization attached as ~~Exhibit D~~Appendix "A" to the ~~Guyatt Affidavit~~Supplement to the Sixteenth Report are approved for the purposes of paragraph 8 of the CCAA Sanction Order.

4. **THIS COURT ORDERS AND DECLARES** that each of the Insurers listed in Schedule E to the CCAA Plan and Peter Aceto has executed and delivered an Additional RSA as required by the CCAA Plan and, as such, each is an Additional Settlement Party in accordance with the definition thereof for the purposes of the CCAA Plan and CCAA Sanction Order, subject to the other provisions of the CCAA Plan including Section 7.1(4) thereof, and no amendment of the CCAA Plan pursuant to Section 7.1(3) thereof is required to designate them as Additional Settlement Parties.

5. **THIS COURT ORDERS AND DECLARES** that the CCAA Sanction Order, as amended pursuant to this Order, satisfies the Plan Implementation Condition set out in Section 9.1(b).

6. **THIS COURT ORDERS** that, without limitation to the payments permitted by the Initial Order or contemplated by the CCAA Plan, CannTrust Holdings may make payments in respect of any claims in existence or arising from time to time against CannTrust Holdings that are not Affected Claims in the CCAA Plan, with approval of the Monitor.

ONGOING CCAA RELIEF

7. **THIS COURT ORDERS** that except as may be necessary to give effect to this Order, the Initial Order and any other Order granted by this Court in these proceedings shall remain in full force and effect and these CCAA Proceedings will continue in respect of the CannTrust Plan Companies following the Plan Implementation Date until further Order of the Court, notwithstanding the CCAA Sanction Order and the implementation of the CCAA Plan.

8. **THIS COURT ORDERS** that Paragraph 37(c) of the CCAA Sanction Order is hereby replaced with the following paragraph:

> "other than as expressly set out herein and subject to any other Orders in the CCAA Proceedings, the provisions of the Initial Order shall continue in full force and effect in accordance with its terms until further Order of the Court"

9. **THIS COURT ORDERS** that Paragraph 45 of the CCAA Sanction Order is hereby replaced with the following paragraph:

> **"THIS COURT ORDERS** that each of the Charges (as each is provided for and defined in the Initial Order, as amended and restated by the DIP Approval Order dated April 30, 2021) shall continue in full force and effect and shall not be discharged at the Effective Time, subject to a further order of the Court."

10. **THIS COURT ORDERS** that, notwithstanding paragraph 54 of the CCAA Sanction Order, the Monitor shall not file the Monitor's Discharge Certificate until further Order of the Court.

11. **THIS COURT ORDERS** that the KERP Amendment, as described and defined in the Supplement to the Sixteenth Report of the Monitor is hereby approved and the Applicants are authorized and directed to make payment in accordance with the terms and conditions of the KERP, as amended by the KERP Amendment.

MONITOR'S ENHANCED POWERS

12. **THIS COURT ORDERS** that in addition to the powers and duties set out in the Initial Order, or any other Order of this Court in these proceedings, and without altering in any way the limitations and obligations of the Applicants as a result of these proceedings, if all directors of CannTrust Holdings resign then from and after the time at which all such resignations become effective until further Order of the Court, the Monitor be and is hereby authorized and empowered, but not required, to:

(a) take any and all actions and steps, and execute all documents and writings, on behalf, and in the name of an Applicant or all Applicants, in order to facilitate the performance of any ongoing contracts and business operations of the Applicants, and to carry out the Monitor's duties under this Order or any other Order of this Court in these proceedings;

(b) cause the Applicants to exercise any powers which may properly be exercised in the Applicants' capacity as shareholder(s) of any subsidiary of the Applicants;

(c) exercise any powers which may be properly exercised by a board of directors of any of the Applicants;

(d) cause the Applicants to retain the services of any person as an employee, consultant, or other similar capacity of one or more of the Applicants, all under the supervision and direction of the Monitor and on the terms as agreed with the Monitor;

(e) operate and control on behalf of the Applicants any of the Applicants' existing accounts at any financial institution (the "**Company Accounts**") in such manner as the Monitor, in its sole discretion, deems necessary or appropriate to assist with the exercise of the Monitor's powers and duties, including the ability to add or remove persons having signing authority with respect to any of the Company Accounts;

(f) conduct, supervise and direct (i) any Restructuring activity of the Applicants permitted by the Initial Order; (ii) the commencement or continuation of any negotiations with potential strategic investors, lenders or other transaction parties (subject to Court approval of any transaction prior to its implementation unless otherwise permitted without further Court approval by the Initial Order or this Order); and (iii) the commencement or continuation of any process or effort to recover property or other assets (including accounts receivable) belonging or owing to any of the Applicants, including any direct or indirect subsidiaries;

(g) cause the Applicants to administer the business, affairs and operations of the Applicants as the Monitor considers necessary or desirable for the purpose of completing any suspension or wind-down of operations or any transaction for the sale of all or any portion of the Property (as defined in the Initial Order) or the Business (as defined in the Initial Order);

(h) engage assistants or advisors or cause the Applicants to engage assistants or advisors as the Monitor deems necessary or desirable to carry out the terms of the Initial Order or any other Order made in these proceedings, provide instructions to such assistants or advisors, including legal counsel to the Applicants, and all such persons shall be deemed to be "Assistants" under the Initial Order;

(i) administer the Applicants' claims process established pursuant to the Claims Procedure Order granted on May 8, 2021 and any other claims bar and/or claims resolution processes or protocols as may be approved by Order of this Court in these proceedings;

(j) cause the Applicants to perform their respective obligations under the CCAA Plan and the Settlement-Related Agreements;

(k) cause the Applicants to perform such other functions or duties as the Monitor considers necessary or desirable in order to facilitate or assist the Applicants in dealing with the Property or operations, restructuring, wind-down, liquidation, distribution of proceeds, or any other related activities;

(l) meet with and direct management or employees of and persons retained by the Applicants with respect to any of the foregoing including, without limitation, CCAA Plan implementation, operational, strategic transaction, financing, wind-down, sale and liquidation matters; and

(m) apply to this Court for advice and directions or any orders necessary or advisable to carry out its powers and obligations under this Order or any other Order granted by this Court including for advice and directions with respect to any matter.

13. **THIS COURT ORDERS** that the enhancement of the Monitor's powers as set forth in this Order, the exercise by the Monitor of any of its powers, the performance by the Monitor of any of its duties, or the employment by the Monitor of any person in connection with its appointment and the performance of its powers and duties shall not constitute the Monitor as the employer, successor employer or related employer of the employees of the Applicants within the meaning of any provincial, federal, or municipal legislation, or common law governing employment, pensions or labour standards or any other statute, regulation or rule of law or equity for any purpose whatsoever or expose the Monitor to liability to any individual arising from or relating to their previous employment by the Applicants.

14. **THIS COURT ORDERS** that, without limiting the provisions of the Initial Order, all employees and consultants of the Applicants shall remain employees or consultants of the Applicants until such time as the Monitor, on the Applicants' behalf, may terminate the

employment of such employees or other contractual or consulting arrangements. Nothing in this Order shall, in and of itself, cause the Monitor to be liable for any employee-related liabilities or duties, including, without limitation, wages, bonuses, severance pay, termination pay, vacation pay and pension or benefit amounts.

15. **THIS COURT ORDERS** that the Monitor is not and shall not be or be deemed to be, a director, officer, or employee of the Applicants.

16. **THIS COURT ORDERS** that, without limiting the provisions of the Initial Order, the Applicants shall remain in possession and control of the Property and the Business and that the Monitor shall not take possession and control of the Property, the Business, or any part thereof.

17. **THIS COURT ORDERS** that the Monitor shall continue to have the benefit of all of the indemnities, charges, protections and priorities as set out in the Initial Order and any other Order of this Court and all such indemnities, charges, protections and priorities shall apply and extend to the Monitor and the fulfillment of its duties or the carrying out of the provisions of this Order.

18. **THIS COURT ORDERS** that the Applicants shall cooperate fully with the Monitor and any directions it may provide pursuant to this Order and shall provide such assistance as the Monitor may reasonably request from time to time to enable the Monitor to carry out its duties and powers as set out in the Initial Order, this Order, or any other Order of this Court under the CCAA or applicable law generally.

19. **THIS COURT ORDERS** that nothing in this Order shall constitute or be deemed to constitute the Monitor as receiver, assignee, liquidator, administrator, receiver-manager, agent of the creditors or legal representative of any of the Applicants within the meaning of any relevant legislation and that any distributions to creditors of the Applicants by the Monitor will be deemed to have been made by the Applicants themselves.

20. **THIS COURT ORDERS** that, for greater certainty, nothing in this Order shall derogate from the role of the Monitor, counsel to the Monitor and counsel to the Applicants in these proceedings who shall in each case continue to be paid their respective professional fees and disbursements in accordance with the Initial Order and to be entitled to the benefit of the

protections and priorities set out in the Initial Order in connection with their respective professional fees and disbursements incurred in respect of these proceedings after the date of this Order.

21. **THIS COURT ORDERS** that the power and authority granted to the Monitor by virtue of this Order shall, if exercised in any case, be paramount to the power and authority of the Applicants with respect to such matters and, in the event of a conflict between the terms of this Order and those of the Initial Order or any other Order of this Court, the provisions of this Order shall govern.

SPECIFIED LATE CLAIMS

22. **THIS COURT ORDERS** that notwithstanding that the Late Claims that are identified and described in the Sixteenth Report (the "**Specified Late Claims**") were filed after the Pre-Filing Claims Bar Date as defined in the Claims Procedure Order, the Monitor is hereby authorized to accept, revise or disallow (in whole or in part) such Specified Late Claims in consultation with the Applicants and in accordance with the Claims Procedure Order and where the Specified Late Claim is so accepted by the Monitor, such Claim shall constitute such Claimant's Proven Claim (as such terms are defined in the Claims Procedure Order).

EXTENSION OF THE STAY PERIOD

23. **THIS COURT ORDERS** that the Stay Period (as defined in the Initial Order) be and is hereby extended to January 31, 2022, or such other date as this Court may order.

GENERAL

24. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada, outside Canada and against all Persons against whom it may be enforceable.

25. **THIS COURT ORDERS** that this Order is effective from the date that it is made and is enforceable without any need for entry and filing.

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

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CANNTRUST HOLDINGS INC., CANNTRUST INC., CTI HOLDINGS (OSOYOOS) INC. AND ELMCLIFFE INVESTMENTS INC.

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ORDER
(STAY EXTENSION, ONGOING CCAA RELIEF AND PLAN IMPLEMENTATION MATTERS)

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