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

SEVENTEENTH REPORT OF THE MONITOR

Dated January 27, 2022

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, July 16, 2021, August 23, 2021 and December 16, 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 each class of Affected Creditors approved the CCAA Plan 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 (which will be referred hereinafter as the "**CCAA Plan**") was sanctioned by the Court on July 16, 2021 (the "**Sanction Order**").

8. Implementation of the CCAA Plan was conditional on, among other things, the "**U.S. Approval Order**" being obtained in the U.S. Class Action, which was the lead class action that was commenced against CannTrust Holdings in the Southern District of New York. The motion was heard on December 2, 2021, and the U.S. court approved the settlements and granted the U.S. Approval Order.

9. On November 29, 2021, the Court granted an order (the **"Approval and Vesting Order**") approving the sale of the British Columbia 296th Avenue properties (the "**BC Properties**").

10. On December 16, 2021, the Court granted an order (the "**Stay Extension, CCAA Relief and Plan Implementation Order**"), which among other things:

    a) extended the Stay Period to January 31, 2022;

b) enhanced the powers of the Monitor in addition to the powers and duties set out in the Initial Order, or any other Order of the Court in these proceedings, among other powers, to allow, if all directors of CannTrust Holdings resign, the Monitor to take any actions to execute all documents and writings on behalf and in the name of the Applicants; cause the Applicants to exercise any powers that may be exercised in the Applicants' capacity as shareholder(s); exercise any powers of the board of directors of the Applicants; retain the services of any person as an employee, consultant or similar capacity for the Applicants; operate and control on behalf of the Applicants any existing accounts at any financial institution; conduct, supervise and direct any restructuring activity permitted by the Initial Order; commence or continue any negotiations with investors, lenders, or other parties; and commence any process to recover property belonging or owing to the Applicants; and

c) approved the Articles of Reorganization.

PURPOSE

11. The purpose of the seventeenth report of the Monitor (the "**Seventeenth Report**") is to provide a report to the Court in respect of the following:

a) an update on the CCAA Proceedings since the supplement to the sixteenth report of the Monitor dated December 15, 2021 (the "**Supplemental Sixteenth Report**"), including;

(i) an update on the implementation of the CCAA Plan and distributions made pursuant to the CCAA Plan; and

(ii) an update on the Applicants' activities since the Supplemental Sixteenth Report.

b) the proposed sale of Securities (defined herein) pursuant to purchase and sale agreement (the "**PSA**") between CannTrust Inc. and Bloom Burton Investment Group Inc. ("**BB**");

c) the proposed sale of Cannatrek Option Shares (defined herein) pursuant to a call option agreement (the "**Call Option Agreement**") between CannTrust Inc. and David Oshlack (the "**Optionholder**");

d) details of the Applicants' receipts and disbursements for the period from November 22, 2021, to January 16, 2022 compared to the cash flow forecast (the "**Supplemental Sixteenth Report Cash Flow Forecast**") appended as Appendix "B" to the Supplemental Sixteenth Report;

e) details of the Applicants' cash flow forecast for the period from January 17, 2022, to March 6, 2022; and

f) the Monitor's recommendation in respect of the Applicants' motion for:

    (i) an order (the "**Stay Extension Order**"), extending the Stay Period to February 28, 2022;

    (ii) an order (the "**Approval and Vesting Order (Grey Wolf)**") approving the PSA, authorizing CannTrust Inc. to enter into it and vesting the Securities into BB; and

    (iii) an order (the "**Approval and Vesting Order (Cannatrek)**") approving the Call Option Agreement, authorizing CannTrust Inc. to enter into it, and vesting any securities sold as a result of the exercising of the Cannatrek Option Shares (defined below) by the Optionholder or its nominee.

TERMS OF REFERENCE

12. In preparing this Seventeenth 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**").

13. 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.

14. Some of the information referred to in this Seventeenth 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.

15. Future-oriented financial information referred to in this Seventeenth 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.

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

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

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

19. 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

CCAA Plan Implementation and Distribution

20. Pursuant to the CCAA Plan, CannTrust Holdings contributed $50 million to the Securities Claimant Trust on January 5, 2022.

21. In accordance with the CCAA Plan, the Applicants also transferred $2.4 million on January 5, 2022 to the Monitor, in trust, related to:

a) the GUC Distribution Pool of CannTrust Inc.;

b) the distribution amount for the CannTrust Holdings general unsecured creditors;

c) the distribution amount for the unsecured creditor of Elmcliffe Investment Inc.; and

d) the Unresolved General Unsecured Claims Reserve.

22. All secured claims of the CCAA Plan Companies were paid directly by the Applicants on January 5, 2022.

23. On January 5, 2022, the Applicants had completed the conditions precedent required under section 9.1 of the CCAA Plan. As such, the Applicants delivered the CannTrust Plan Companies' Certificate to the Monitor at 5:00 p.m. A copy of the CannTrust Plan Companies' Certificate has been posted on the Monitor's Website.

24. The Monitor reviewed the CannTrust Plan Companies Certificate and issued the Monitor's Plan Implementation Certificate (the "**Certificate**"). Pursuant to the CCAA Plan, the Plan Implementation Date and Effective Time were January 5, 2022 at 5:00 p.m.

25. The Monitor served the Certificate to the service list in the CCAA Proceedings and the Court, and posted it to the Monitor's Website pursuant to section 9.3 of the CCAA Plan.

26. As a result of the implementation of the CCAA Plan, the CCAA Proceedings in respect of CTI Holdings (Osoyoos) Inc. ("**CTI**") was terminated. CTI had no Proven Claims against it.

27. On January 7, 2022, the Monitor made distributions to the trade creditors of the CCAA Plan Companies in accordance with the CCAA Plan via cheque and sent to the last known address of each creditor.

28. As required, the Monitor submitted the list of accepted employee claims to Employment and Social Development Canada ("**ESDC**") for clearance. Once clearance is received, the Applicants will facilitate payment to employees with the oversight of the Monitor. At this time, ESDC has not provided any timeline as to when its review will be completed.

Unresolved Claims Reserve

29. As at the Plan Implementation Date there were five claimants with unresolved claims totalling $905,845.03. As at the date of this Seventeenth Report, one $3,635.60 claim has been resolved, leaving four claims totalling $902,209.43 that remain unresolved.

30. The Applicants and the Monitor continue to work towards resolving the remaining claims with the claimants.

Operations

31. Following the Sixteenth Report and the Supplemental Sixteenth Report, the Applicants continued their cultivation operations in the Fenwick Facility and their extraction, manufacturing and packaging operations in the Vaughan Facility and selling through to the recreational and medical markets.

32. As further detailed in the affidavit of Greg Guyatt dated January 25, 2022 (the "**Guyatt Affidavit**"), the Applicants have successfully started their operations after regaining their licenses, and have had some success in the market selling their products. However, due to delays and a challenging cannabis market, the Applicants are now experiencing liquidity challenges.

33. To help address their liquidity challenges, the Applicants have pursued opportunities to sell non-core assets to generate additional cash. There are two such sale transactions that the Applicants are seeking approval of, which will be discussed further herein.

34. With the assistance of its counsel and the Monitor, the Applicants continue to pursue going concern financing or sale transactions with potential investors and strategic partners. The Applicants are also developing a plan to commence the wind-down of operations and a sale of assets if a going concern financing or transaction solution cannot be implemented while the Applicants have sufficient liquidity.

PURCHASE AND SALE AGREEMENT – GREY WOLF ANIMAL HEALTH INC.

Background

35. CannTrust Inc. currently owns 769,231 common shares and 750 debentures each with a $1,000 face value, and 150,000 warrants (collectively, the "**Securities**") of Grey Wolf Animal Health Inc. ("**Grey Wolf**"). Grey Wolf is a privately held company that provides pharmaceuticals, nutraceuticals, and consumables for companion animals in the veterinary channel across Canada. CannTrust Inc. purchased the Securities in 2018 as it saw the potential for complementary business synergies.

36. BB is an investment firm predominantly focusing on the healthcare sector and is an existing shareholder of Grey Wolf. The Applicants are familiar with BB as it was an early financier of the Applicants. The Applicants reached out to a contact at BB to inquire whether BB would be interested in purchasing the Securities. As further described in the Guyatt Affidavit, there are limited options available for the sale of the Securities given their nature as a minority interest in a private company and restrictions on the trading of the Securities.

Proposed Purchase and Sale Agreement

37. The material terms of the PSA include:

a) Securities sold to BB for $1.1 million in cash;

b) sold on an “as is, where is” basis;

c) closing date is February 7, 2022;

d) conditional on consent from DIP Lender; and

e) conditional on the Court granting the proposed Approval and Vesting Order (Grey Wolf).

38. As indicated in the Guyatt Affidavit, it is his understanding that BB is in the process of obtaining the requisite consent of Grey Wolf’s board of directors and anticipates having that consent shortly.

39. A copy of the PSA has been attached to this Seventeenth Report as **Appendix “A”**.

40. The Monitor has reviewed the PSA and believes that the terms and purchase price are reasonable for the following reasons:

a) the sales and marketing efforts of CannTrust Inc. were limited given the nature of the securities, the requisite requirement for Grey Wolf board approval, and the limited time available to run a full process;

b) while the purchase price is discounted relative to the market value based on the previous capital raise, the original purchase price for the Securities and interest payments, given the immediate need for cash to fund the Applicants’ operations and the limited pool of purchasers, the discount is reasonable in these circumstances;

c) the DIP Lender has provided its consent to the transaction; and

d) no conditions required by CannTrust Inc. or the Purchasers are likely to cause the PSA not to be completed as proposed.

CALL OPTION AGREEMENT

Background

41. Cannatrek is an Australian private company specializing in research, cultivation, manufacturing and delivery of medical cannabis. CannTrust Inc. ("**Opco**") acquired 32,778,922 ordinary shares (the "**Cannatrek Option Shares**") in the capital of Cannatrek in October, 2018 for AUS$6,400,000, approximately $6,028,800 based on the 2021 average exchange rate published by the Bank of Canada. Opco holds only a minority interest in Cannatrek.

42. In late 2021, Opco decided to look for opportunities to sell the Cannatrek Option Shares as the investment was not required for the Applicants' operations. A sale of the investment would generate additional liquidity for the Applicants' operations. Given that the Cannatrek Option Shares represent a minority interest in a private Australian company, the Applicants believed that a broad marketing process would not be practical.

43. The Applicants engaged in discussions with Cannatrek on options to market and sell the Cannatrek Option Shares. From these discussions, Cannatrek offered a solution to assist the sale of the Cannatrek Option Shares.

Proposed Call Option Agreement

44. Opco entered into a call option agreement dated as of January 18, 2022 (the "**Call Option Agreement**") between Opco and David Oshlack (the "**Optionholder**"), for the sale of the Cannatrek Option Shares from Opco to the Optionholder or its nominee, on the terms and conditions set out in the Call Option Agreement (the "**Cannatrek Transaction**"). A copy of the Call Option Agreement is attached as **Appendix "B"**.

45. The material terms of the Call Option Agreement include:

a) the option sold to the Optionholder for $1,000;

b) sold on an “as is, where is” basis;

c) contract expires after 14 days (February 1, 2022);

d) price per share if and when an option is exercised is AU$0.20 per share;

e) purchase must be in tranches of at least 2,500,000 shares;

f) conditional on consent from DIP Lender; and

g) conditional on the Court granting the proposed Approval and Vesting Order.

46. The Monitor has reviewed the Call Option Agreement and believes that the terms and purchase price are reasonable for the following reasons:

a) the sales and marketing efforts of Opco were limited given the nature of the securities;

b) the exercise purchase price is discounted relative to the potential fair market value based on the previous capital raise but is similar to Opco’s cost for these shares. However, given the immediate need for cash for the Applicants to fund their operations and the limited pool of purchasers, the discount is reasonable in these circumstances. It incentivizes the Optionholder to sell these shares quickly;

c) the DIP Lender has provided its consent to the transaction; and

d) no conditions required by Opco or the Optionholder are likely to cause the Call Option Agreement not to be completed as proposed.

Approval and Vesting Order

47. The Call Option Agreement is a necessary step for the Optionholder to have the authority in seeking purchasers and having the ability to sell these shares to its nominees. The Applicants are seeking relief from the Court to pre-approve the proposed transaction between Opco and the Optionholder and its nominee as part of the approval of the Call Option Agreement.

48. The Monitor believes that the approval and vesting order should be granted, if the Court sees fit, as:

a) the sale of the shares is the execution step of the Call Option Agreement and goes hand-in hand with approving the Cannatrek Transaction and selling the Cannatrek Option Shares;

b) it allows for the Optionholder to sell the shares freely having already satisfied approval of the Court for the approval and vesting of the sale of the Cannatrek Option Shares; and

c) the pre-approval of the vesting of such shares into the Optionholder or its nominee will support the Applicants ability to realize the proceeds in a short time frame without returning to Court.

49. If all the Cannatrek Option Shares are exercised, the Applicants will be able to generate more than $5.9 million in cash to supplement their liquidity position, which would provide the Applicants additional time to seek out and commence a going concern refinancing or strategic transaction.

APPLICANTS' RECEIPTS AND DISBURSEMENTS

50. A summary of the Applicants' actual receipts and disbursements during the period from November 22, 2021, to January 16, 2022 (the "**Reporting Period**") as compared to the Supplemental Sixteenth Report Cash Flow Forecast covering the same period (the "**Variance Analysis**") is attached as **Appendix "C"** to this Seventeenth Report.

51. During the Reporting Period, the Applicants incurred a net cash outflow of approximately $56.6 million inclusive of $52.7 million in payments made pursuant to the implementation of the CCAA Plan. The receipts were comprised of proceeds from the sale of the BC Properties as well as cannabis products. The disbursements relate mainly to the CCAA Plan distribution, payroll and employee-related expenses, marketing costs, utilities, insurance, costs related to the DIP and Exit Loan and production costs.

52. The unfavourable net cash flow variance for the Reporting Period of approximately $0.7 million results from lower sales of cannabis products. Details of both the permanent and timing differences are attached to the Variance Analysis.

53. During the Reporting Period, the Agent advanced $0.8 million in interim financing to the Applicants to fund their operations, and $2.6 million was repaid from the proceeds of the sale of the BC Properties. This was $0.9 million greater than forecast net repayments of $0.8 million projected in the Supplemental Sixteenth Report Cash Flow Forecast. The Applicants made interest payments of $0.3 million, compared to forecast interest payments of $0.5 million, due to lower than expected borrowings. As of January 16, 2022, the Applicants' cash on hand was approximately $1.4 million.

54. CannTrust Holdings has made, with approval from the Monitor, Intercompany Advances (as defined in the Amended and Restated Initial Order) of $6.5 million during the Reporting Period to fund disbursements of the other Applicants. This is $0.5 million greater than forecast due to the unfavourable cash flow variance. The total Intercompany Advances since the Filing Date are $73.8 million.

OVERVIEW OF APPLICANTS' CASH FLOW FORECAST OVER THE STAY PERIOD

55. 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 January 17, 2022, to the week ending March 6, 2022 (the "**Forecast Period**"). The Cash Flow Forecast is attached as **Appendix "D"** to this Seventeenth Report.

56. The Cash Flow Forecast projects that during the Forecast Period, the Applicants will have total receipts of approximately $8.1 million and estimated total combined disbursements of approximately $8.4 million for a forecast net cash outflow of $0.3 million.

57. Included within the receipts are receipts from cannabis product sales, interest income, the Grey Wolf Securities sale proceeds and an HST refund. As mentioned, the liquidity of the Applicants is limited, and the timing of disbursements will rely heavily on the timing of the receipts from the Grey Wolf Securities sale proceeds and the HST refund. If the timing is not as forecast, the Applicants will have to defer the payment of disbursements until the funds are available. The Monitor has been working with the Applicants on monitoring payments across all vendors with the available liquidity. The Cash Flow Forecast includes payment of all post-filing payables. Any proceeds related to the potential Cannatrek Transaction that have not been included in the forecast, would be in addition to the receipts currently presented in the Cash Flow Forecast.

58. The Applicants anticipate no Intercompany Advances during the Forecast Period. The Cash Flow Forecast projects that the Applicants will have an ending cash balance at March 6, 2022, of approximately $0.8 million.

59. The Applicants forecast that they will require draws of approximately $1,640,000 and make repayments of approximately $1,684,000 for a net repayment of approximately

$44,000. The accrued interest and fees during the Forecast Period under the DIP and Exit Loan are forecast to be $344,000, of which approximately $74,000 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 $18.9 million.

STAY EXTENSION

60. The Stay Period is currently set to expire on January 31, 2022. The Applicants are requesting an extension of the Stay Period until February 28, 2022.

61. Based on the Cash Flow Forecast, the Monitor believes that the Applicants will have sufficient liquidity to fund their operations through to March 6, 2022, the length of the proposed extension of the Stay Period, subject to completing the sale of the Grey Wolf Securities and collecting the HST refunds when projected.

62. 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 a potential going concern strategic transaction. In parallel, the Applicants will continue to work with the Monitor to develop the wind-down contingency plan if they do not have sufficient liquidity to complete a going concern transaction.

CONCLUSIONS AND RECOMMENDATIONS

63. For the foregoing reasons, the Monitor supports the Applicants' request for an order extending the Stay Period until and including February 28, 2022.

64. For the reasons stated herein, Monitor recommends that the Court grant approval of:

   a) the PSA; and

   b) the Call Option Agreement.

All of which is respectfully submitted this 27th day of January 2022.

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"

PSA

PURCHASE & SALE AGREEMENT

THIS AGREEMENT is made as of January 24, 2022.

BETWEEN:

CANNTRUST INC.
(the "**Seller**")

– and –

BLOOM BURTON INVESTMENT GROUP INC.
(the "**Buyer**")

RECITALS:

1. The Seller, together with certain related entities (the "**Applicants**"), sought and obtained an initial order pursuant to the *Companies' Creditors Arrangement Act* ("**CCAA**") on March 31, 2020 (as amended from time to time, the "**Initial Order**") from the Ontario Superior Court of Justice (Commercial List) in Toronto (the "**Court**") and continues to be subject to CCAA protection.

2. The Initial Order appoints Ernst & Young Inc. as the monitor (in such capacity, the "**Monitor**") to monitor the business and financial affairs of the Applicants, and provides that the Applicants may pursue all avenues of selling their Property (as defined therein), subject to prior approval of the Court being obtained prior to any material sale.

3. In the CCAA Proceedings, the Court, among other things, authorized the Applicants to borrow under a CCAA interim financing and exit credit facility 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**") and charges were granted over the Applicants' property, including in respect of such borrowings.

4. The Seller wishes to sell and the Buyer wishes to purchase the Shares (as defined herein) and Debenture Units (as defined herein and, together with the Shares, the "**Securities**") of Grey Wolf Animal Health Inc. (the "**Corporation**") for cash upon and subject to the terms and conditions hereinafter set forth.

IN CONSIDERATION of the premises and the mutual agreements in this Agreement, and of other consideration (the receipt and sufficiency of which are acknowledged by each Party), the Parties (as hereinafter defined) agree as follows.

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the terms herein shall have the following meanings:

"**Agreement**", "**herein**", "**hereto**", "**hereof**" and similar expressions refers to this purchase and sale agreement, as the same may be supplemented, amended, restated or replaced from time to time;

"**Board**" means the board of directors of the Corporation;

"**Closing**" means the completion of the sale to, and purchase by the Buyer of, the Securities pursuant to this Agreement;

"**Closing Date**" means February 8, 2022 or such other day as the Parties mutually agree as the date that the Closing shall take place;

"**Common Shares**" means the common shares in the capital of the Corporation;

"**Debenture Units**" means the debenture units owned by the Seller, consisting of an aggregate of 750 Debentures and 150,000 Warrants;

"**Debentures**" means the $1,000 principal amount unsecured 6% convertible debentures of the Corporation;

"**Encumbrance**" means any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, including, without limiting the generality of the foregoing: (i) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario), the *Personal Property Security Act* (British Columbia) or any other personal property registry system; and (ii) all court ordered charges granted in the Initial Order and the DIP Approval Order issued by the Court in the Applicants' CCAA proceedings on April 30, 2021;

"**Parties**" means the Buyer and the Seller, and "**Party**" means either one of them;

"**Person**" is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, a governmental authority, and the executors, administrators or other legal representatives of an individual in such capacity;

"**Purchase Price**" means the total purchase price of the Securities to be paid by the Buyer to the Seller for the Securities as set out in Section 2.3 of this Agreement;

"**Shares**" means the 769,231 Common Shares owned by the Seller, and "**Share**" means any one of such Shares;

"**Tax Act**" means the *Income Tax Act* (Canada);

"**Transaction**" means the transaction contemplated in this Agreement; and

"**Warrants**" means Common Share purchase warrants, with each Warrant being exercisable for one Common Share at an exercise price of $2.00 per Common Share until December 20, 2022.

ARTICLE 2
PURCHASE AND SALE OF SECURITIES

2.1 **Purchase and Sale of Securities** – The Buyer agrees to purchase the Securities from the Seller and the Seller agrees to sell and transfer the Securities to the Buyer on the terms and conditions contained in this Agreement.

2.2 **"As is, Where is"** – The Buyer acknowledges that, subject to the express representations and warranties of the Seller contained in this Agreement, (i) the Seller is selling the Securities on an "as is, where is" basis as they exist on the Closing Date, and that as of the Closing Date, the Seller will have no further obligation or responsibility to the Buyer; (ii) no representation, warranty or condition is expressed or can be implied in respect of any matter or thing concerning the Securities or the right of the Seller to sell them and the sale is without recourse to the Seller or any of its directors, officers, shareholders, representatives or advisors, or the Monitor, other than for knowing and intentional fraud; (iii) the Buyer has relied and will continue to rely entirely and solely on its own investigations and review and acknowledges that it is not relying on any information furnished by the Seller or any other Person on behalf of or at the direction of the Seller in connection therewith; and (iv) no statements or representations by any Person have induced or influenced the Buyer to enter this Agreement or to agree to any of its terms, or have been relied on in any way by the Buyer as being accurate or important to the Buyer's decision to enter this Agreement or agree to any of its terms.

2.3 **Purchase Price** – The Purchase Price shall be CAD$1,100,000.

2.4 **Payment of Purchase Price** – The Purchase Price will be paid and satisfied by payment by the Buyer to the Seller, or as directed by the Seller, on the Closing Date by wire transfer, bank draft or cheque.

2.5 **Conditions – Approval & Vesting Order and DIP Lender Consent** – The obligations of the Seller and Buyer to complete the Transaction are subject to fulfilment of the following conditions at or prior to Closing:

(i) An order will have been made by the Court approving this Agreement and the Transaction, authorizing the Seller to enter into this Agreement *nunc pro tunc* and vesting the Securities in the Buyer free from Encumbrances (the "**Approval & Vesting Order**");

(ii) The Approval & Vesting Order will not have been stayed, varied or vacated and no order will have been issued and no action or proceeding will be pending to restrain or prohibit the completion of the Transaction; and,

(iii) The Agent on behalf of the DIP Lender shall have provided written evidence of the DIP Lender's consent to the Transaction (the "**DIP Lender Consent**").

ARTICLE 3
REPRESENTATIONS WARRANTIES AND COVENANTS

3.1 **Representations and Warranties of the Seller** – The Seller represents, warrants and covenants to the Buyer that, subject to receipt of the Approval & Vesting Order and DIP Lender Consent:

(i) **Organization and Good Standing**. The Seller is duly incorporated, validly existing and in good standing under the laws of Ontario.

(ii) **Title.** Except for the Buyer's right under this Agreement, the Seller is, and will be immediately prior to Closing on the Closing Date, the sole legal and beneficial owner of the Securities with good and marketable title thereto and exclusive and absolute authority to possess and sell such Securities to the Buyer.

(iii) **Authority, Capacity and Enforceability**. The Seller has all the necessary corporate and/or other power, capacity and authority as is required by all laws applicable to it to enable it to enter into, execute and deliver this Agreement and to observe and perform all of the terms, conditions and provisions of this Agreement which are required to be observed and performed by it.

(iv) **Encumbrances.** The Seller has no knowledge of any Encumbrances on the Securities, other than the transfer restriction provided for pursuant to Section 2.5 of National Instrument 45-102 - *Resale of Securities* that will not be vested out by the Approval & Vesting Order.

(v) **Due Execution.** This Agreement has been duly executed and delivered by the Seller and the provisions hereof constitute legal, valid and binding obligations of the Seller enforceable against it in accordance with its terms.

(vi) **No Breach.** The Seller is not a party to, bound or effected by or subject to any indenture, mortgage, lease, agreement, instrument, charter or by-law provision, statute, rule, regulation, judgment, order, writ, decree or law which, with or without the giving of notice or the lapse of time, or both, would be violated, contravened, breached by, or under which default would occur as a result of the execution, delivery and performance of this Agreement or the consummation of any of the transactions provided for herein.

(vii) **Residency**. The Seller is not a "non-resident" of Canada within the meaning of the Tax Act.

(viii) **Consents.** Other than such as have been obtained at or before the time of the consummation of the transaction provided for herein, no consent, authorization or approval of, or exemption by, any governmental or public body or authority, or by any Person, whether pursuant to contract or otherwise, is required in connection with the execution, delivery and performance of this Agreement by the Seller.

3.2 **Representations and Warranties of the Buyer** – The Buyer represents and warrants to the Seller that:

(i) **Organization and Good Standing**. The Buyer is duly incorporated, validly existing and in good standing under the laws of the Province of Ontario.

(ii) **Authority, Capacity and Enforceability**. The Buyer has all the necessary corporate and/or other power and authority as is required by all laws applicable to it to enable it to enter into, execute and deliver this Agreement and to observe and perform all of the terms, conditions and provisions of this Agreement which are required to be observed and performed by it. This Agreement constitutes a valid and binding obligation of the Buyer, enforceable against it in accordance with its terms.

(iii) **Securities Laws**. The Buyer is (A) an Accredited Investor as defined in National Instrument 45-106 *Prospectus Exemptions* and was not created and is not being used solely to purchase or hold securities in reliance on such exemption, (B) not at 'non-arm's length to the Corporation as defined in the Tax Act, and (C) not, prior to the acquisition of the Securities, a control person, as defined in the Tax Act, of the Corporation.

ARTICLE 4
SURVIVAL AND INDEMNITY

4.1 **Survival of Representations and Warranties** – The representations and warranties of each of the Parties shall survive Closing and the payment of the Purchase Price and shall continue in full force and effect to the maximum extent permitted by law.

4.2 **Indemnification of Buyer** – The Seller covenants and agrees to indemnify and save harmless the Buyer from any loss, damages, liabilities, costs and expenses suffered by the Buyer directly or indirectly as a result of or arising out of any breach of a representation, warranty or covenant of the Seller contained in this Agreement.

4.3 **Indemnification of Seller** – The Buyer covenants and agrees to indemnify and save harmless the Seller from any loss, damages, liabilities, costs and expenses suffered by the Seller directly or indirectly as a result of or arising out of any breach of a representation, warranty or covenant of the Buyer contained in this Agreement.

ARTICLE 5
LEGEND

5.1 **Acknowledgement of Legend** – The Buyer understands and acknowledges that the Securities and the Common Shares issuable upon conversion of the Debentures and exercise of the Warrants will bear a legend in substantially the following form:

5.2

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) DECEMBER 20, 2018, AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.

ARTICLE 6
CLOSING

6.1 **Deliveries by Seller.** On the Closing Date the Seller shall deliver, or cause to be delivered, the following documents to the Buyer:

(i) the certificates representing the Securities in the name of the Seller endorsed for transfer to the Buyer or accompanied by duly executed instruments of transfer; and

(ii) a copy of resolutions of Board approving and authorizing the transfer of the Securities from the Seller to the Buyer, the registration of the Securities in the name of the Buyer (or in the name(s) of such other accredited investor(s) as the Buyer may direct) and the issue of the certificates representing the Securities so registered (provided that, if and to the extent that any of the Securities are to be transferred to and registered in the name of persons other than the Buyer, each such person shall represent that he, she, it or they is an accredited investor and shall not be a third party beneficiary of any of the Seller's representations, warranties, covenants or indemnities under this Agreement).

6.2 **Deliveries by Buyer.** On the Closing Date, the Buyer shall deliver, or cause to be delivered, the following to the Seller:

(i) payment of the Purchase Price; and

(ii) all such other documents, instruments, records, conveyances, assignments, assurances, consents and certificates which, in the opinion of the Seller, acting reasonably, are necessary to effect and evidence the transfer of the Securities to the Buyer free and clear of all Encumbrances.

ARTICLE 7
GENERAL

7.1 **Applicable Law** – This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

7.2 **Currency** – Unless specified otherwise, all statements of or references to dollar amounts in this Agreement are to Canadian dollars.

7.3 **Counterparts and Facsimile** – This Agreement may be executed and delivered by facsimile transmission or scanned PDF file format in any number of counterparts. Each executed counterpart shall be deemed to be an original. All executed counterparts taken together shall constitute one agreement.

7.4 **Entire Agreement and Waiver** – This Agreement sets forth the entire understanding of the Parties with respect to the subject matter hereof, and supersedes any and all prior agreements, arrangements and understandings with respect to the subject matter hereof and may be modified only by a written instrument duly executed by each Party affected by any such modification. No misrepresentation and no breach of any covenant, agreement or warranty made herein will be deemed waived unless expressly waived in writing by the Party who might assert such breach, and no such waiver will constitute a waiver of any other provision hereof (whether or not similar) or a continuing waiver.

7.5 **Time of Essence** – Time shall be of the essence of this Agreement and every part hereof and no extension of this Agreement or any part hereof shall operate as a waiver of this provision.

7.6 **Non-Recourse** - The Buyer acknowledges and agrees that the sale and transfer of the Securities shall be without recourse to the Seller after Closing, the Seller has no liability for obligations of the Corporation, and that no past, present or future director, officer, employee, or advisor of the Seller, in such capacity, shall have any liability for any obligations or liabilities of the Seller, under this Agreement or for any claim based on, in respect of, or by reason of, the Transaction or for any special, punitive, exemplary, consequential or indirect damages (including loss of profits) that may be alleged to result, in connection with, arising out of, or relating to this Agreement or the Transaction.

7.7 **Further Assurances** – From time to time after the date hereof, upon reasonable notice and without further consideration and subject to any applicable direction of the Court, each Party will execute, acknowledge and deliver all such other documents and will take all such other action as the other Party may reasonably require to carry out the intent and purposes of this Agreement and to consummate the Transaction.

7.8 **Independent Legal Advice** – Each Party hereby acknowledges that each Party has had an opportunity to obtain independent legal advice before signing this Agreement and agrees that such advice has been obtained or that it does not wish to seek or obtain such independent advice. Each Party further acknowledges that it has read this Agreement and fully understands the nature and effect of it and the terms contained herein and that the said terms are fair and reasonable and correctly sets out each Party's understanding and intention.

[Signature Page Follows]

IN WITNESS WHEREOF this Agreement has been executed by all of the parties hereto effective as of the date first set out above.

CANNTRUST INC.

Per: David Blair

Name: David Blair

Title: Interim CFO

BLOOM BURTON INVESTMENT GROUP INC.

Per:

Name: MICHAEL BROWN

Title: CEO

APPENDIX "B"

CALL OPTION AGREEMENT

Call Option Agreement

CannTrust Inc.

and

David Oshlack

and

Cannatrek Limited
ACN 056 175 369

Date: 18 January 2022

Table of Contents

Call Option Agreement (Shares)

Date

Parties

1. **CannTrust Inc.,** a company incorporated under the laws of the Province of Ontario, Canada of 3280 Langstaff Road, Unit 1, Vaughan, Ontario, L4K 4Z8 (**Shareholder**)

2. **David Oshlack** of Level 7, 333 Collins Street, Melbourne, Victoria 3000 (**Optionholder**)

3. **Cannatrek Ltd** ACN 056 175 369 of Level 7, 333 Collins Street, Melbourne, Victoria 3000 (**Company**)

Background

A. The Shareholder is subject to a proceeding before the Ontario Court Superior Court of Justice (Commercial List) (**Court**) pursuant to the *Companies' Creditors Arrangement Act* (Canada) (**CCAA**) and is a borrower under a secured "debtor-in-possession" ("**DIP Loan**") that has been approved by the Court in accordance with the CCAA.

B. The Shareholder holds 32,778,922 fully paid ordinary shares in the capital of the Company described in the Schedule (**Option Shares**).

C. The Shareholder has agreed to grant to the Optionholder an option to buy the Option Shares on the terms and conditions of this Agreement.

D. The Company and the Shareholder are parties to the Subscription Agreement.

E. The Company and the Shareholder have agreed to terminate the Subscription Agreement on the terms and subject to the conditions herein.

Agreed terms

1. Definitions and interpretation

1.1 Definitions

In this Agreement:

Agreement means this agreement including the background, any schedules and any annexures;

Business Day means a day that is not a Saturday, Sunday, public holiday or bank holiday in Melbourne, Victoria;

Company means Cannatrek Ltd ACN 056 175 369 of Level 7, 333 Collins Street, Melbourne, Victoria 3000;

Corporations Act means the *Corporations Act 2001 (Cth)*;

Encumbrance means:

(a) any:

(i) legal or equitable interest or power created, arising in or reserved in or over an interest in any property or asset; or

(ii) security for payment of money, performance of obligations or protection against default (including a mortgage, bill of sale, charge, lien, pledge, trust, power or retention of title arrangement, right of set-off, assignment of income, garnishee order, monetary claim and flawed deposit arrangement);

(b) any thing or preferential interest or arrangement of any kind giving a person priority or preference over claims or other persons with respect to any property or asset;

(c) a security interest as defined in the *Personal Property Securities Act 2009 (Cth)*; or

(d) any agreement or arrangement (whether legally binding or not) to grant or create anything referred to in (a), (b) or (c);

Exercise Completion in relation to the Option Shares, means the completion of the transfer of some or all of the Option Shares by the Shareholder to the Optionholder under clause 7, as applicable from time to time;

Exercise Completion Date has the meaning set out in clause 6.4;

Exercise Date means the date of exercise of the Option by the Optionholder in relation to Option Shares, as applicable;

Exercise Notice has the meaning set out in clause 6.3;

Exercise Price means the amount in dollars calculated by multiplying the number of Option Shares subject to an Exercise Notice by the Specified Share Price;

Expiry Date means continuous / rolling periods of 14 days from the date of this Deed, until written notice is given by the Shareholder in which case, the expiry of this Deed will occur at the end of the following 14 day period after the date of the notice;

Government Agency means any government or any public, statutory, governmental (including a local government), semi-governmental, local governmental or judicial body, entity, department or authority and includes any self-regulatory organisation established under statute;

Insolvency Event means, in relation to the Company or a Party, the occurrence of any one or more of the following events or circumstances:

(a) its winding up, liquidation or provisional liquidation;

(b) the appointment of an administrator under the Corporations Act;

(c) the appointment of a controller (as defined in the Corporations Act) or analogous person to it or any of its property;

(d) being deregistered as a company or other body corporate or otherwise dissolved;

(e) being unable to pay any of its debts as and when due and payable or being deemed to be insolvent under any Law;

(f) seeking protection from its creditors under any Law or entering into a compromise, moratorium, assignment, composition or arrangement with, or for the benefit of, any of its members or creditors;

(g) it otherwise becomes a Chapter 5 body corporate, as defined in the Corporations Act;

(h) an analogous event or circumstance to any listed above occurs in any jurisdiction;

(i) suspending or threatening to suspend payment of its debts as and when they become due;

(j) ceasing or threatening to cease to carry on business; or

(k) taking any step or being the subject of any action that is preparatory to, or reasonably likely to result in, any of the above,

unless such event or circumstance occurs as part of a solvent reconstruction, amalgamation, compromise, arrangement, merger or consolidation;

Law means:

(a) principles of law or equity established by decisions of courts;

(b) statutes, regulations or by-laws of the Commonwealth, a State, a Territory or a Government Agency; and

(c) requirements and approvals (including conditions) of the Commonwealth, a State, a Territory or a Government Agency that have the force of law;

New Rights means entitlements to bonus shares, shares or other securities to be issued (whether or not issued by the Company or any other entity) to members of the Company by reason of holding the Option Shares, and includes rights arising in the course of a takeover offer, dividend re-investment plan, scheme of arrangement or other form of Reconstruction;

Option means the option to buy each of the Option Shares, granted by the Shareholder in favour of the Optionholder under this Agreement;

Option Fee means the amount of $1,000 per 14 day period until the Expiry Date;

Option Period means the period commencing on the date of this Agreement and ending on the earlier to occur of:

(a) 5.00 pm on the Expiry Date; and

(b) the date on which the Company first suffers or commences to suffer an Insolvency Event;

Option Shares means the shares in the capital of the Company held by the Shareholder as specified in the Schedule and adjusted in accordance with clause 8;

Reconstruction means any one or more of the following:

(a) any distribution of cash or securities by way of a return of capital;

(b) any bonus issue by the Company;

(c) any pro rata issue by the Company, by way of rights, of options, warrants or other rights to subscribe for shares in the share capital of the Company;

(d) any share split, consolidation or other similar action in respect of the share capital of the Company; and

(e) any other reconstruction, reorganisation, recapitalisation, reclassification or similar event with respect to the share capital of the Company;

Specified Share Price means the amount of $0.20 for each Option Share;

Subscription Agreement means the agreement of that name between the Company and the Shareholder dated 21 October 2018; and

Uncalled Share as at any date, means any Option Share in relation to which the Optionholder has not exercised the Option as at that date.

1.2 Interpretation

In this Agreement, unless the context requires otherwise:

(a) the singular includes the plural and vice versa;

(b) a gender includes the other genders;

(c) the headings are used for convenience only and do not affect the interpretation of this Agreement;

(d) other grammatical forms of defined words or expressions have corresponding meanings;

(e) a reference to a document includes the document as modified from time to time and any document replacing it;

(f) a reference to a party is to a party to this Agreement and includes that party's successors, permitted assigns and permitted substitutes;

(g) if something is to be or may be done on a day that is not a Business Day then it must be done on the next Business Day;

(h) "person" includes a natural person, partnership, body corporate, association, governmental or local authority, agency and any other body or entity whether incorporated or not;

(i) "month" means calendar month and "year" means 12 consecutive months;

(j) a reference to a statute, rule, regulation or ordinance (**statute**) includes that statute as amended, consolidated, re-enacted or replaced from time to time;

(k) "include", "for example" and any similar expressions are not used, and must not be interpreted, as words of limitation;

(l) money amounts are stated in Australian currency unless otherwise specified;

(m) a reference to time is to time in Victoria, Australia;

(n) a reference to any agency or body that ceases to exist, is reconstituted, renamed or replaced, or has its powers or functions removed means the agency or body that performs most closely the functions of the agency or body referred to;

(o) this Agreement, and any provision of this Agreement, is not to be construed to the disadvantage of a party because that party was responsible for its preparation;

(p) any provision in this Agreement which is in favour of more than one person benefits all of those persons jointly and each of them severally; and

(q) any provision in this Agreement which binds more than one person binds all of those persons jointly and each of them severally.

2. Call option

2.1 Grant of Option

In consideration of the Shareholder receiving the Option Fee, the Shareholder grants and the Optionholder accepts the irrevocable option to buy the Option Shares, subject to the terms and conditions of this Agreement.

2.2 Option Fee

(a) The Optionholder must pay the Option Fee to the Shareholder on execution of this Agreement, and the Shareholder acknowledges receiving the Option Fee. The Option Fee shall be credited to the Exercise Price otherwise payable at the Exercise Completion.

(b) Unless the parties otherwise agree in writing, if the Exercise Completion is not completed within 30 Business Days of the Shareholder's receipt of the Exercise Notice, the Shareholder will promptly refund the Option Fee to the Optionholder.

2.3 Dividends

The Shareholder may receive and apply for its own use and benefit any dividend or other income distribution paid by the Company in relation to any Uncalled Share.

2.4 Voting rights

The Shareholder may exercise in its own discretion and for its own benefit any voting right in relation to any Uncalled Share.

3. Termination of Subscription Agreement

The Company and the Shareholder agree that, in consideration for the best endeavours of the Company to procure subscription for the Option Shares, effective from the execution date of this Agreement:

(a) the Subscription Agreement will terminate at the Exercise Completion Date; and

(b) no clauses of the Subscription Agreement survive termination.

4. New Rights

4.1 Pre-exercise offer

This clause 4 applies to any proposal for New Rights to be issued to or arise or subsist for the benefit of the Shareholder in relation to any Uncalled Share.

4.2 Shareholder to notify Optionholder

The Shareholder must provide to the Optionholder full details of any proposed New Rights promptly following receipt of any notice of that proposal.

4.3 Optionholder may direct Shareholder to accept offer

The Shareholder will accept any proposed New Rights at the Optionholder's direction, subject to prior payment by the Optionholder to the Shareholder in cleared funds of all money payable by the Shareholder to the Company (or other issuer of the New Rights, as the case may be) on acceptance of the offer. The Optionholder must make any direction and payment to the Shareholder in sufficient time for the Shareholder to accept the offer.

4.4 Accepting the offer

The Shareholder will execute any document and perform any action necessary to accept any proposed New Rights following the Optionholder's direction under clause 4.3.

4.5 Renounceable rights

The Shareholder will renounce any renounceable New Rights issued or available to the Shareholder, in favour of the Optionholder for no additional consideration.

4.6 Non-renounceable rights

The Shareholder agrees that it will transfer to the Optionholder any securities issued to the Shareholder under any proposal for the issue of non-renounceable New Rights for no additional consideration.

5. Lapsing of Option

The Option lapses and expires in relation to the Option Shares at the end of the Option Period.

6. Exercising the Option

6.1 Option period

The Optionholder may exercise the Option in relation to the Option Shares, at any time during the Option Period subject to this clause 6.

6.2 Partial exercise

The Optionholder may exercise the Option for any quantity of the Option Shares, subject to a minimum of 2,500,000 Option Shares, and in any number of tranches. An exercise of the Option with respect to some of the Option Shares does not affect the ability of the Optionholder to exercise the Options with respect to any Uncalled Shares and the Option remains valid and continues with respect to any Uncalled Shares in accordance with the terms of the this Agreement.

6.3 Exercise Notice

(a) The Optionholder may exercise the Option by delivering to the Shareholder a notice (Exercise Notice) specifying:

(i) that the Option is being exercised over the relevant number of Option Shares;

(ii) the proposed date for completion of the transfer of those Option Shares by the Shareholder to the Optionholder; and

(iii) any nominee(s) of the Optionholder as transferee of those Option Shares.

(b) Promptly after its receipt of the Exercise Notice, the Shareholder will use its best efforts to

(i) secure the approval of the Court under the CCAA; and

(ii) obtain the consent of its lenders under the DIP Loan, in each case to permit the Shareholder to transfer the Option Shares to the Optionholder or any nominee(s) at the Exercise Completion pursuant to this Agreement (together, the Closing Conditions).

(c) If after receipt of the Exercise Notice, the Shareholder is unable to achieve the matters set out in clause 6.3(b) after 3 months, the Shareholder agrees that:

(i) it will continue to use its best efforts to achieve the matters set out in clause 6.3(b);

(ii) the Shareholder provides, or continues to provide a shareholder proxy to vote on the Shareholder's behalf at general meeting, and undertake all shareholder decisions until it is able to achieve the matters set out in clause 6.3(b); and

(iii) the obligations under the Subscription Agreement are suspended until the satisfaction of the matters set out in clause 6.3(b).

6.4 Exercise Completion Date

Subject to the Shareholder’s satisfaction of the Closing Conditions, the date specified for the completion of the transfer of the Option Shares by the Shareholder to the Optionholder in the Exercise Notice under clause 6.3(b) **(Exercise Completion Date)** must not be later than the date being 10 Business Days after delivery of the Exercise Notice.

6.5 Exercise Notice is irrevocable

An Exercise Notice is effective when the Shareholder receives it and, when given, is irrevocable; provided that

(a) if the Closing Conditions are not satisfied by the Shareholder within 25 Business Days of the Shareholder’s receipt of the Exercise Notice, the Optionholder may elect to terminate this Agreement upon written notice to the Shareholder; and

(b) unless the parties otherwise agree in writing, if the Required Approvals are not obtained by the Shareholder within 30 Business Days of the Shareholder's receipt of the Exercise Notice, the Exercise Notice will be deemed to have been revoked and this Agreement will terminate without any further act or formality.

7. Exercise Completion

7.1 Obligations of the Shareholder

Subject to satisfaction of the Closing Conditions, the Shareholder must on the Exercise Completion Date:

(a) deliver to the Optionholder transfers in registrable form of the Option Shares in favour of the Optionholder or its nominee, properly executed by the Shareholder; and

(b) deliver to the Optionholder any share certificates for the Option Shares, or, if any such certificates have been lost, a statement and undertaking given by the Shareholder in accordance with section 1070D(5) of the Corporations Act; and

(c) do anything (within its control), and execute all other documents, required to register the Optionholder or the relevant nominee as the legal and beneficial owner of the Option Shares.

7.2 Obligations of the Optionholder

Subject to the Shareholder complying with clause 7.1, the Optionholder must:

(a) if requested by the Shareholder, procure a copy of the resolutions of the board of directors of the Company resolving that the transfer of the Option Shares (subject only to the payment of stamp duties or other Tax of a similar nature on the transfers) be approved;

(b) with respect to the relevant Exercise Price:

(i) if the transfer is in favour of the Optionholder, pay the relevant Exercise Price to the Shareholder on the Exercise Completion Date; or

(ii) if the transfer is in favour of a nominee of the Optionholder, either procure payment of the relevant Exercise Price to the Shareholder on the Exercise Completion Date, or pay relevant Exercise Price to the Shareholder by no later than 2 Business Days from the date on which the Optionholder receives the Exercise Price from the nominee. If Optionholder fails to procure the payment of the applicable Exercise Price to the Shareholder within 3 Business Days of the relevant the Exercise Completion Date, unless otherwise agreed in writing between the parties, the Optionholder must immediately procure the transfer of relevant Option Shares (or such number of Option Shares equal to the portion of the Exercise Price that was not paid, to the Shareholder; and

(c) do anything (within its control), and execute all other documents, required to register the Optionholder or the relevant nominee as the legal and beneficial owner of the Option Shares.

7.3 Share rights

The Optionholder (or its nominee if relevant) is entitled beneficially to all:

(a) rights to any dividend or other income distribution;

(b) voting rights; and

(c) New Rights,

attaching to or arising in relation to the Option Shares as from Exercise Completion.

8. Capital Reconstruction

8.1 Application of clause

This clause 8 applies to any Uncalled Shares existing at the effective date of any Reconstruction of the issued capital of the Company and which affects the Uncalled Shares until the earlier of the Exercise Completion and the termination of this Agreement.

8.2 Adjustment

The number and value of the Uncalled Shares must, as may be reasonably required, be increased, reduced or otherwise adjusted so as to preserve, unchanged so far as possible, as the respective positions, rights (including voting rights) and entitlements of the Shareholder and the Optionholder.

8.3 Method of adjustment

Appropriate adjustment to reflect any alteration arising from any such Reconstruction may be made, as may be applicable, by way of increase or reduction in:

(a) the Specified Share Price to reflect any differential in value; and

(b) the number of Uncalled Shares comprised in the Exercise Notice of the Option in compliance with clause 6 to reflect any variation in the number of Uncalled Shares.

8.4 Best endeavours

The parties must use their best endeavours to ensure that the adjustment referred to in clause 8.2 by the method described in clause 8.3 occurs as soon as possible after any Reconstruction of the issued capital of the Company which triggers the application of this clause 8.

9. Warranties

9.1 General warranties

Each corporate party warrants to the other party that as at the date of this Agreement and the Exercise Completion Date:

(a) that party is a corporation duly incorporated and validly existing under the Law of the country or jurisdiction of its incorporation or registration;

(b) that party has full corporate power to create and perform its liability under this Agreement;

(c) the execution or performance of this Agreement by that party does not contravene any provision of:

  (i) its constitution;

  (ii) any agreement made by that party;

  (iii) any Law; or

  (iv) any consent by a Government Agency or contractual consent relating to that party or its assets;

(d) except as disclosed by the Shareholder in the recitals to this Agreement, is not subject to, or has not suffered, an Insolvency Event; and

(e) that party has procured all corporate consents, including any consent of directors or shareholders of that party, for the execution and (subject to the Shareholder's satisfaction of the Closing Conditions) performance by that party of this Agreement, which has been executed in compliance with its constitution and any applicable Law.

9.2 Shareholder warranties

The Shareholder warrants to the Optionholder that as at the date of this Agreement and on the Exercise Completion Date:

(a) except for satisfaction of the Closing Conditions, the Shareholder has procured any necessary consent from a Government Agency or contractual consent for this Agreement, the grant of the Option and the transfer of the Option Shares to the Optionholder under this Agreement;

(b) all information relating to the Option Shares specified in the Schedule is and will be accurate;

(c) the Optionholder or its nominee will obtain the entire legal and beneficial interest in the Option Shares following Exercise Completion free and clear of any Encumbrance created in favour of any person; and

(d) the Shareholder has no notice of any fact with respect to the Shareholder, which, if disclosed to the Optionholder, might reasonably be expected to influence the Optionholder's decision to enter into or perform this Agreement.

9.3 Reliance

Each party agrees that the other party has entered this Agreement relying on each warranty by that party contained in this clause 9 as a material term of this Agreement.

9.4 Indemnity

Each party agrees to indemnify the other party against any loss which that other party may incur or suffer directly or indirectly resulting from any breach of warranty or other default by that party of any obligation under this Agreement.

10. GST

10.1 Interpretation

In this clause 10:

(a) terms or expressions which have a defined meaning in the *A New Tax System (Goods and Services Tax) Act 1999 (Cth)* (**GST Act**) have the same meaning as in the GST Act; and

(b) any reference to a party includes the representative member of a GST group of which that party is a member.

10.2 Consideration excludes GST

Unless otherwise expressly stated, all consideration to be paid or provided under this Agreement is expressed exclusive of GST.

10.3 Payment of GST

(a) If GST is payable on any supply made under this Agreement, the recipient must pay to the supplier an additional amount (**GST Amount**) equal to the GST payable on that supply at the same time as the consideration for the supply is to be paid or provided.

(b) Clause 10.3(a) does not apply to the extent that:

(i) the consideration for the supply is stated to include GST; or

(ii) GST on the supply is reverse charged and payable by the recipient.

10.4 Tax invoice

The recipient need not pay the GST Amount until it has received a tax invoice or adjustment note, as the case may be.

10.5 Adjustment events

If an adjustment event arises in relation to a supply made under this Agreement, the GST Amount must be adjusted to reflect that adjustment event. A corresponding payment must be made by the supplier to the recipient or by the recipient to the supplier, as the case may be.

10.6 Calculation of amounts

If this Agreement requires an amount to be calculated by reference to another amount (**Reference Amount**) that will be:

(a) received for a taxable supply; or

(b) paid for a creditable acquisition,

then the Reference Amount must be reduced so as to exclude any part of the Reference Amount paid or received on account of GST, as the case may be.

10.7 Reimbursement and indemnity payments

If this Agreement requires a party to reimburse or indemnify another party for a cost or expense, the amount of the cost or expense must be reduced by an amount equal to any input tax credit to which the party being reimbursed or indemnified is entitled for that cost or expense.

10.8 Survival

This clause 10 will survive and continue to apply following the termination or completion of this Agreement.

11. Notices

11.1 Giving notices

Any notice or other communication (**Notice**) to or by a party under this Agreement:

(a) must be given by personal service, by prepaid priority or express post, or, subject to this clause 11, by email;

(b) must be in writing (and for the purposes of this clause, a Notice in the body of or attached to an email is in writing), legible and in English addressed (depending on the manner in which it is given) as specified below:

(i) If to the Shareholder:

Address: CannTrust Holdings Inc., 3280 Langstaff Road, Vaughan ONTARIO L4K 5B6 CANADA

Attention: David Blair, Interim CFO

Email: dblair@canntrust.ca

(ii) If to the Optionholder:

Address: c/- Mertons L7, 330 Collins Street, Melbourne VIC 3000

Attention: Mark Licciardo, Mertons

Email: markl@mertons.com.au

or as otherwise specified in any updated details last notified by the party to the sender by not less than 5 Business Days' Notice given in accordance with this clause (**Specified Contact Details**); and

(c) must be signed by the sender (if an individual) or by that party's authorised officer, agent or representative. A party receiving a Notice is not obliged to enquire as to the authority of the person signing the Notice. A Notice attached to an email in portable document format (.pdf) or another appropriate and commonly used format and signed by the sender in accordance with this clause 11.1(c) complies with this clause and in that case, the covering email need not be so signed.

11.2 Receipt of Notices

(a) A Notice given under clause 11.1 is taken to be given by the sender and received by the recipient (whether or not the recipient actually receives it):

(i) if delivered in person, when it is left at the recipient's address set out in the Specified Contact Details;

(ii) if posted to the recipient's address set out in the Specified Contact Details, at 9.00 am on the third (seventh, if sent to or from an address in another country) day after the date of posting; or

(iii) if sent by email, 2 hours after the time the email is sent to the recipient's email address set out in the Specified Contact Details, as recorded on the sender's email system, unless the sender receives, within that time period, an automatic notification (other than an out of office message) indicating that the email has not been delivered.

(b) If any delivery or receipt would be deemed by clause 11.2(a) to be on a day that is not a Business Day or after 4.00 pm (recipient's time), it is deemed to have been received at 9.00 am (recipient's time) on the next Business Day.

(c) If the party to which a Notice is to be given consists of more than 1 person, the Notice will be treated as given to and received by that party if given to any of those persons.

12. General

12.1 Entire understanding

(a) This Agreement contains the entire understanding between the parties concerning the subject matter of the Agreement and supersedes, terminates and replaces all prior agreements and communications between the parties.

(b) Each party acknowledges that, except as expressly stated in this Agreement, that party has not relied on any representation, warranty or undertaking of any kind made by or on behalf of another party in relation to the subject matter of this Agreement.

12.2 Benefit to nominee

If the Optionholder nominates a person as contemplated under this Agreement, any benefit, right, protection or indemnity conferred on the Optionholder to the extent it applies to the relevant transaction contemplated by the nomination, is also held by the Optionholder on trust for the benefit of the relevant nominee.

12.3 Further assurances

A party, at its own expense and within a reasonable time of being requested by another party to do so, must do all things and execute all documents that are reasonably necessary to give full effect to this Agreement.

12.4 No waiver

(a) A failure, delay, relaxation or indulgence by a party in exercising any power or right conferred on the party by this Agreement does not operate as a waiver of the power or right.

(b) A single or partial exercise of the power or right does not preclude a further exercise of it or the exercise of any other power or right under this Agreement.

(c) A waiver of a breach does not operate as a waiver of any other breach.

12.5 Severability

Any provision of this Agreement which is invalid in any jurisdiction must, in relation to that jurisdiction:

(a) be read down to the minimum extent necessary to achieve its validity, if applicable; and

(b) be severed from this Agreement in any other case,

without invalidating or affecting the remaining provisions of this Agreement or the validity of that provision in any other jurisdiction.

12.6 No assignment

A party cannot assign or otherwise transfer the benefit of this Agreement without the prior written consent of the other party except to the extent contemplated by this Agreement.

12.7 Consents and approvals

Unless this Agreement provides otherwise, where anything depends on the consent or approval of a party then that consent or approval may be given conditionally or unconditionally or withheld, in the absolute discretion of that party.

12.8 No variation

This Agreement cannot be amended or varied except in writing signed by the parties.

12.9 Costs

Each party must pay its own legal costs of and incidental to the preparation and completion of this Agreement.

12.10 Duty

Any duty (including related interest or penalties) payable in respect of this Agreement or any instrument created in connection with it must be paid by the Optionholder.

12.11 Governing law and jurisdiction

(a) This Agreement is governed by and must be construed in accordance with the laws in force in Victoria.

(b) The parties submit to the exclusive jurisdiction of the courts of that State and the Commonwealth of Australia in respect of all matters arising out of or relating to this Agreement, its performance or subject matter.

12.12 Counterparts

If this Agreement consists of a number of signed counterparts, each is an original and all of the counterparts together constitute the same document. A party may sign a counterpart by executing a signature page and electronically transmitting a copy of the signed page to each other party or their representative.

12.13 Conflicting provisions

If there is any conflict between the main body of this Agreement and any schedules or annexures comprising it, then the provisions of the main body of this Agreement prevail.

12.14 No merger

A term or condition of, or act done in connection with, this Agreement does not operate as a merger of any of the rights or remedies of the parties under this Agreement and those rights and remedies continue unchanged.

12.15 Operation of indemnities

Unless this Agreement expressly provides otherwise:

(a) each indemnity in this Agreement survives the expiry or termination of this Agreement; and

(b) a party may recover a payment under an indemnity in this Agreement before it makes the payment in respect of which the indemnity is given.

12.16 No right of set-off

Unless this Agreement expressly provides otherwise, a party has no right of set-off against a payment due to another party.

12.17 Relationship of parties

Unless this Agreement expressly provides otherwise, nothing in this Agreement may be construed as creating a relationship of partnership, of principal and agent or of trustee and beneficiary.

Schedule - Details of Option Shares

(clause 1.1)

Company: Cannatrek Limited ACN 056 175 369

Shares:

1. Number/class:

   32,778,922 fully paid ordinary shares

2. Share unpaid amount:

   Not applicable.

Executed as an agreement

Executed by **CannTrust Inc.,** by an authorised representative:

....	....
Signature of witness	Signature of authorised representative
....	....
Name (please print)	Name (please print)

Signed by **David Oshlack** in the presence of:

	....
	Signature
....	
Signature of witness	
....	
Name of witness (please print)	

Executed by **Cannatrek Ltd** ACN 056 175 369 in accordance with section 127(1) of the *Corporations Act 2001 (Cth)*:

....	....
Signature of director	Signature of director or company secretary* *delete whichever does not apply
....	....
Name (please print)	Name (please print)

APPENDIX "C"

VARIANCE ANALYSIS

CannTrust Variance Analysis (CAD $000s)	Notes	Cumulative for the period November 22, 2021 to January 16, 2022 Forecast	 Actual	 Variance
Receipts				
Receipts from Operations	[1]	2,694	2,010	(684)
Other Receipts		3,218	3,270	52
Total Receipts		**5,912**	**5,280**	**(632)**
Operating Disbursements				
Payroll and benefits	[2]	(2,525)	(2,633)	(108)
Property Leases		(109)	(106)	3
Utilities	[3]	(1,210)	(1,123)	87
Insurance		(1,647)	(1,679)	(32)
Other operating expenses		(2,780)	(2,863)	(83)
Capital expenditures		-	-	-
Total Operating Disbursements		**(8,271)**	**(8,404)**	**(133)**
Cash Flow From Operations		**(2,359)**	**(3,124)**	**(765)**
Restructuring Disbursements				
Restructuring Professional fees	[4]	(714)	(581)	133
CCAA Plan Distribution	[5]	(52,500)	(52,748)	(248)
KERP	[6]	(332)	(118)	214
Total Restructuring Disbursements		(53,546)	(53,447)	99
Net Cash Inflows / (Outflows)		**(55,905)**	**(56,571)**	**(666)**
Cash *				
Beginning Balance		59,981	59,981	-
Net Cash Inflows / (Outflows)		(55,905)	(56,571)	(666)
DIP Draws / (Repayments)	[7]	(832)	(1,768)	(936)
Interest / (Payments)	[8]	(531)	(260)	271
Ending Balance		**2,713**	**1,382**	**(1,331)**
Intercompany Advances	[9]	(6,000)	(6,500)	(500)

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

Notes to the Variance Analysis:

[1] **Receipts from Operations** – The unfavourable permanent variance of $684,000 is due to lower than anticipated market demand for medical, recreational, and bulk cannabis.

[2] **Payroll and Benefits** – The permanent negative difference of $108,000 is a result of higher than expected payroll costs resulting from greater contract labour and taxes on KERP payments.

[3] **Utilities** – The positive timing variance of $87,000 relates to invoices currently in the AP subledger which will reverse in future weeks.

[4] **Restructuring Professional Fees** – The positive timing variance of $133,000 is expected to reverse in future weeks.

[5] **CCAA Plan Distribution** – The negative permanent variance of $248,000 is based on the CCAA plan distributions being slightly greater than the original forecast.

[6] **KERP** – the positive timing difference of $214,000 is expected to reverse in the week ending January 23rd as a result of the election of certain recipients to delay payment.

[7] **DIP Draws / (Repayments)** – DIP repayments were $936,000 greater than forecast.

[8] **Interest / (Payments)** – the positive timing variance of $271,000 relates to lower than anticipated interest payments.

[9] **Intercompany Advance** – Intercompany Advances from CannTrust Holdings Inc. were made to CannTrust Inc. during the Reporting Period. CannTrust Inc. borrowed $500,000 more than anticipated as it required greater liquidity.

APPENDIX "D"

CASH FLOW FORECAST

CANNTRUST

CCAA Cash Flow Forecast [1]

In thousands $CAD

Forecast Week Ending (Sunday)		23-Jan-22	30-Jan-22	06-Feb-22	13-Feb-22	20-Feb-22	27-Feb-22	06-Mar-22	Total
Forecast Week		1	2	3	4	5	6	7	
Receipts									
Receipts from Operations	[2]	293	374	992	540	542	467	983	4,191
Other Receipts/ (Service Charges)	[3]	-	-	1,100	2,791	-	-	-	3,891
Total Receipts		293	374	2,092	3,331	542	467	983	8,082
Operating disbursements									
Payroll and Benefits	[4]	(540)	-	(540)	(37)	(540)	-	(577)	(2,234)
Property Leases	[5]	-	-	-	(64)	-	(64)	-	(128)
Utilities	[6]	-	-	-	(560)	-	(216)	(559)	(1,335)
Insurance	[7]	-	(171)	(122)	-	-	-	-	(293)
Other Operating Expenses	[8]	(118)	(55)	(57)	(873)	(425)	(721)	(656)	(2,905)
Capital Expenditures	[9]	-	-	-	-	(23)	-	-	(23)
Total Operating Disbursements		(658)	(226)	(719)	(1,534)	(988)	(1,001)	(1,792)	**(6,918)**
Cash from Operations		**(365)**	**148**	**1,373**	**1,797**	**(446)**	**(534)**	**(809)**	**1,164**
Restructuring Disbursements									
Restructuring Professional Fees	[10]	-	-	-	(244)	(58)	(782)	(157)	(1,241)
KERP	[11]	(214)	-	-	-	-	-	-	(214)
Total Restructuring Disbursements		(214)	-	-	(244)	(58)	(782)	(157)	(1,455)
Net Cash Inflows / (Outflows)		**(579)**	**148**	**1,373**	**1,553**	**(504)**	**(1,316)**	**(966)**	**(291)**
Cash									
Beginning Balance		1,382	690	718	1,906	3,418	2,999	1,767	1,382
Net Cash Inflows / (Outflows)		(579)	148	1,373	1,553	(504)	(1,316)	(966)	(291)
Interest Payments		-	-	-	(270)	-	-	-	(270)
DIP Draws / (Repayments)		(113)	(120)	(185)	229	85	84	(24)	(44)
Ending Balance		**690**	**718**	**1,906**	**3,418**	**2,999**	**1,767**	**777**	**777**
DIP Facility									
Beginning Balance		18,859	18,795	18,724	18,588	18,596	18,730	18,863	18,859
DIP Draws / (Repayments)	[12]	(113)	(120)	(185)	229	85	84	(24)	(44)
Interest / (Repayments)	[13]	49	49	49	(221)	49	49	50	74
Ending Balance		**18,795**	**18,724**	**18,588**	**18,596**	**18,730**	**18,863**	**18,889**	**18,889**
Availability	[14]								
Net Available Collateral		18,969	18,811	18,692	18,960	19,072	19,150	19,152	
Less: Outstanding Principal Balance		18,762	18,642	18,458	18,687	18,772	18,856	18,832	
Net Availability		**207**	**169**	**234**	**273**	**300**	**294**	**320**	
Intercompany Advances	[15]								
Beginning Balance		73,800	73,800	73,800	73,800	73,800	73,800	73,800	
Intercompany Advances									
Cumulative Intercompany Advances		**73,800**	**73,800**	**73,800**	**73,800**	**73,800**	**73,800**	**73,800**	

Notes to Cash Flow Forecast:

[1] The purpose of this Seventeenth 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 / (Service Charges)** – Forecast other receipts includes interest income net of bank fees, HST refunds, and the sale of certain financial investments detailed in this Seventeenth Report.

[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 Processing 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. Week 7 includes the $400,000 payment to Consolidated Bottles Inc.

[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] **KERP –** Pursuant to the proposed Amended KERP. The amended KERP allows for 50% of the second milestone of the KERP for executives to be paid upon CCAA Plan implementation, with the remaining to be paid once a going concern transaction or restructuring is completed (as in the original agreement). The payment in the week of January 23rd represents a portion of the initial 50% which certain executives elected to delay from the week ending January 9th. As the timing of the latter event is not known, the second 50% of the second milestone payment has not been included in the Forecast Period.

[12] **DIP Draws/(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] **Availability –** The availability is based on the calculated borrowing base pursuant to the DIP and Exit Loan Agreement, less the outstanding principal of the DIP and Exit Loan.

[15] **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

SEVENTEENTH REPORT OF THE MONITOR
(January 27, 2022)

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