This is Exhibit "**C**" referred to in the
Affidavit of **Greg Guyatt**,
sworn before me virtually on November 17, 2022

Saneea Tanvir

Commissioner for taking Affidavits
(or as may be)
Saneea Tanvir LSO #: 77838T

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.	)	FRIDAY, THE 16TH
JUSTICE PATTILLO	)	DAY OF JULY, 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

SANCTION ORDER

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, among other things, approving and sanctioning the fourth amended and restated plan of compromise, arrangement and reorganization of CannTrust Holdings Inc., CannTrust Inc. and Elmcliffe Investments Inc. (the "**CannTrust Plan Companies**") pursuant to the CCAA and the *Business Corporations Act* (Ontario) dated July 7, 2021 (the "**CCAA Plan**"), a copy of which is attached hereto as Schedule "A", was heard this day by Zoom judicial video conference due to the COVID-19 pandemic.

ON READING the materials filed by the Applicants, Ernst & Young Inc. in its capacity as monitor of the Applicants (the "**Monitor**") and certain respondents listed in **Schedule "D"** hereto (the "**Motion Materials**") and on hearing the submissions of counsel for the Applicants, the Monitor and any such other counsel that were present as listed on the counsel slip, no other party appearing although duly served as appears from the affidavit of service, filed:

A. SERVICE AND INTERPRETATION

1. **THIS COURT ORDERS** that the time for service and filing of the Motion Materials be and are 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 in this Sanction Order and not expressly defined herein shall have the meanings given to them in the CCAA Plan or, if not therein defined, then as given to them in the Meeting Order of the Honourable Mr. Justice Hainey made in these proceedings and dated April 16, 2021 (the "**Meeting Order**").

B. NOTICE AND CONDUCT OF MEETING

3. **THIS COURT ORDERS AND DECLARES** that there has been good and sufficient notice, service, and delivery of the CCAA Plan, the Meeting Order, the GUC Meetings Materials and the Securities Claimant Meeting Materials to all Persons upon which notice, service, and delivery were required.

4. **THIS COURT ORDERS AND DECLARES** that the Meetings were duly convened, held, and conducted on May 28, 2021 in accordance with the Meeting Order, the CCAA and all other Orders of the Court in these CCAA Proceedings.

C. SANCTION OF THE CCAA PLAN

5. **THIS COURT ORDERS AND DECLARES** that:

(a) the CCAA Plan has been approved by the required majorities of the Affected Creditors in conformity with the Meeting Order and the CCAA;

(b) the Applicants have complied with the provisions of the CCAA and the Orders of the Court made in these CCAA Proceedings in all respects;

(c) the Applicants have acted, and continue to act, in good faith and with due diligence, and have not done or purported to do anything, nor does the CCAA

Plan do or purport to do anything, that is not authorized by the CCAA or the Orders of the Court in these CCAA Proceedings;

(d) the CCAA Plan and all of the matters and transactions contemplated thereby are fair and reasonable; and

(e) the CCAA Plan and all associated steps, compromises, arrangements, releases, injunctions, transactions and reorganizations effected thereby are hereby sanctioned and approved pursuant to section 6 of the CCAA.

6. **THIS COURT ORDERS** that, without limitation to paragraph 5 of this Sanction Order, the Allocation and Distribution Scheme is hereby approved.

D. PLAN IMPLEMENTATION

Authorization to Implement the CCAA Plan

7. **THIS COURT ORDERS** that:

(a) each of the CannTrust Plan Companies and the Monitor, as applicable, is hereby authorized and directed to take all steps and actions, and to do all things, necessary or appropriate to implement the CCAA Plan, the Allocation and Distribution Scheme, the RSA, the RSA Supplemental Letter Agreement, the Zola RSA (as defined below) and the Additional RSAs in accordance with and subject to their respective terms and conditions, and to enter into, execute, deliver, complete, implement and consummate all of the steps, transactions, distributions, payments, deliveries, allocations, instruments and agreements contemplated by, and subject to the terms and conditions of, the CCAA Plan, the Allocation and Distribution Scheme, the RSA, the RSA Supplemental Letter Agreement, the Zola RSA (as defined below) and the Additional RSAs;

(b) all distributions and payments under the CCAA Plan shall be free and clear of all claims, rights and interests of any Person other than the recipient, including, without limitation, all Encumbrances; and

(c) none of the CannTrust Plan Companies nor the Monitor shall incur any liability as a result of acting in accordance with the terms of the CCAA Plan and this Sanction Order.

Articles of Reorganization

8. **THIS COURT ORDERS** that CannTrust Holdings shall seek approval of the proposed Articles of Reorganization on or before the Plan Implementation Date and the articles of CannTrust Holdings will be amended as set out in such approved Articles of Reorganization as of the Effective Time.

9. **THIS COURT ORDERS AND DECLARES** that all warrants, options and agreements to purchase Existing Shares are of no further force or effect as of the Effective Time.

Plan Implementation Certificates

10. **THIS COURT ORDERS** that, upon receipt of the Certificate of Amendment for CannTrust Holdings, the Applicants shall deliver to the Monitor a certificate (the "**Applicants' Certificate**") (i) stating that each of the Plan Implementation Conditions has been satisfied or waived and that the Articles of Reorganization for CannTrust Holdings have been filed and have become effective as of the date set out in the Certificate of Amendment, and (ii) designating an Effective Time on the Plan Implementation Date. The Applicants shall file the Applicants' Certificate with this Court as soon as reasonably practicable following delivery thereof to the Monitor.

11. **THIS COURT ORDERS** that the Monitor is hereby authorized and directed, as soon as practicable following receipt of the Applicants' Certificate, to serve on the service list in these CCAA Proceedings (the "**Service List**") and post on the website established by the Monitor in respect of these proceedings (the "**Monitor's Website**") a certificate in the form attached hereto as Schedule "B" (the "**Monitor's Plan Implementation Certificate**"), signed by the Monitor, certifying that the Plan Implementation Date has occurred. The Monitor shall file the Monitor's Plan Implementation Certificate with this Court as soon as reasonably practicable following delivery thereof to the Service List.

Restructuring Steps

12. **THIS COURT ORDERS** that the Restructuring Steps to be taken and the transactions, arrangements, reorganizations, transfers, assignments, compromises, settlements, payments, discharges, injunctions and releases to be effected on the Plan Implementation Date are hereby authorized and approved and are and shall be deemed to occur and be effected in accordance with the terms of the CCAA Plan (and, to the extent applicable, in the sequence and at the times contemplated by the CCAA Plan), without any further act or formality.

Settlement and Securities Claimant Trust Matters

13. **THIS COURT ORDERS** that the Applicants and the CCAA Representatives are hereby authorized, *nunc pro tunc*, to enter into the restructuring support agreement made as of May 5, 2021 between the Applicants, the CCAA Representatives, Zola Finance Holdings Ltd. and Igor Gimelshtein, a copy of which is attached as Exhibit "L" to the Affidavit of Serge Kalloghlian affirmed June 2, 2021 (the "**Zola RSA**").

14. **THIS COURT ORDERS** that the Applicants and CCAA Representatives (i) are hereby authorized to enter into one or more Additional RSAs with the Insurers and Peter Aceto and a supplemental Additional RSA with Ian Abramowitz, in each case on terms substantially consistent with the proposed arrangements described in the Affidavit of Serge Kalloghlian affirmed June 16, 2021, and (ii) are hereby authorized, *nunc pro tunc*, to enter into the Additional RSAs described in the Affidavit of Serge Kalloghlian affirmed June 2, 2021.

15. **THIS COURT ORDERS** that the Trustees are hereby authorized and directed:

(a) to execute a joinder agreement in order to become a party to the Zola RSA on or before the Plan Implementation Date;

(b) to execute one or more joinder agreements in order to become a party to the RSA or Additional RSAs on or before the Plan Implementation Date if the Trustees determine, in their sole discretion, that it is necessary or appropriate to do so in order to carry out the terms of the CCAA Plan; and

(c) to take all steps and actions, and to do all things, necessary or appropriate to implement the CCAA Plan, the Allocation and Distribution Scheme, the RSA, the RSA Supplemental Letter Agreement, the Zola RSA and the Additional RSAs in accordance and subject to their respective terms and conditions, and to enter into, execute, deliver, complete, implement and consummate all of the steps, transactions, distributions, payments, deliveries, allocations, instruments and agreements contemplated by, and subject to the respective terms and conditions of, the CCAA Plan, the Allocation and Distribution Scheme, the RSA, the RSA Supplemental Letter Agreement, the Zola RSA and the Additional RSAs.

16. **THIS COURT ORDERS** that the Applicants shall have no responsibility or liability for the administration of the Securities Claimant Trust and the Allocation and Distribution Scheme, including without limitation the costs and expenses of the Securities Claimant Trust and the Trustees and the allocation and distribution of the funds and other property in the Securities Claimant Trust from time to time.

E. <u>EFFECT OF PLAN IMPLEMENTATION</u>

Effect on Affected Claims

17. **THIS COURT ORDERS AND DECLARES** that, as at the Effective Time, the CCAA Plan and all associated steps, compromises, arrangements, releases, injunctions, transactions and reorganizations effected thereby will be binding and effective upon and with respect to the CannTrust Plan Companies, the Affected Creditors, the Released Parties and all other Persons named or referred to in, or subject to, the CCAA Plan or the Sanction Order.

18. **THIS COURT ORDERS** that each Affected Creditor is hereby deemed to have consented to all of the provisions of the CCAA Plan, in its entirety, and each Affected Creditor is hereby deemed to have executed and delivered to the CannTrust Plan Companies all consents, releases, assignments and waivers, statutory or other, required to implement and carry out the CCAA Plan in its entirety.

19. **THIS COURT ORDERS** that, as at the Effective Time, any and all Affected Claims (other than Insured Securities Claims) shall be and shall be deemed to be fully, finally,

irrevocably and forever compromised, released, discharged and barred, and the ability of any Person to proceed against any of the CannTrust Plan Companies in respect of or relating to any Affected Claims, whether directly, indirectly, derivatively or otherwise is hereby forever barred, estopped, stayed and enjoined, and all proceedings with respect to, in connection with or relating to such Affected Claims are hereby permanently stayed, excepting only any proceeding to enforce the obligation of the CannTrust Plan Companies to make distributions and payments in respect of such Affected Claims in the manner and to the extent provided for in the CCAA Plan and this Sanction Order.

20. **THIS COURT ORDERS** that any Person that did not file a proof of claim in respect of a Claim by the applicable bar date in accordance with the Claims Procedure Order, and any Person with a General Unsecured Claim that is not a Proven Claim or Unresolved General Unsecured Claim at the Effective Time, shall be and is hereby fully, finally, irrevocably and forever barred, estopped, stayed and enjoined from making any such Claim and shall not be entitled to any consideration under the CCAA Plan, and such Person's Claim shall be and is hereby fully, finally, irrevocably and forever barred and extinguished.

Releases and Injunctions

21. **THIS COURT ORDERS** that, as at the Effective Time, (i) any and all Released Claims shall be and shall be deemed to be fully, finally, irrevocably and forever released, discharged and barred, (ii) the ability of any Person to proceed against any of the Released Parties in respect of or relating to any Released Claims, whether directly, indirectly, derivatively or otherwise is hereby forever barred, estopped, stayed and enjoined, (iii) all proceedings with respect to, in connection with or relating to such Released Claims are hereby permanently stayed and (iv) subject to Section 7.1(4) of the CCAA Plan, there shall be a full policy release in respect of the Insurance Policies in favour of each Insurer that is an Additional Settlement Party.

22. **THIS COURT ORDERS** that, as at the Effective Time, all Persons shall be and shall be deemed to be permanently and forever barred, estopped, stayed and enjoined from: (i) commencing, conducting, continuing or making in any manner, directly or indirectly, any action, suit, claim, demand or other proceeding of any nature or kind whatsoever (including any proceeding in a judicial, arbitral, administrative or other forum) against any of the Released

Parties with respect to any and all Released Claims; (ii) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against any of the Released Parties or their property with respect to any and all Released Claims; (iii) commencing, conducting, continuing or making against any other Person in any manner, directly or indirectly, any action, suit, claim, demand or other proceeding of any nature or kind whatsoever (including any proceeding in a judicial, arbitral, administrative or other forum) that relates to a Released Claim if such other Person makes a claim or might reasonably be expected to make a claim, in any manner or forum, including by way of contribution or indemnity or other relief, against one or more of the Released Parties, unless such claim of such other Person is itself a Released Claim; (iv) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any Encumbrance of any kind against the Released Parties or their property with respect to any and all Released Claims; and (v) taking any actions to interfere with the implementation or consummation of the CCAA Plan with respect to any and all Released Claims.

23. **THIS COURT ORDERS** that, from and after the Effective Time, the recovery of Securities Claimants from a Non-Settlement Party with which any Settlement Party is judicially determined to be jointly and severally liable shall be limited to only that proportion of damages attributable to the liability of the Non-Settlement Party, as finally determined in the Actions.

24. **THIS COURT ORDERS** that, from and after the Effective Time, all claims for contribution, indemnity or other claims over that relate to the Released Claims or the Channelled Claims, which were or could have been brought by a Settlement Party in the Actions or otherwise against a Co-Defendant that is a Non-Settlement Party, are permanently and forever barred, estopped, stayed and enjoined.

25. **THIS COURT ORDERS** that a Co-Defendant, on motion to the applicable court on at least thirty (30) days' notice to counsel for each applicable Settlement Party, but not to be brought unless and until the Action against the Co-Defendant has been certified and all appeals or times to appeal have been exhausted if such Action is a class proceeding, may seek orders for the following, determined as if the Settlement Party remained a party to the Action:

(a) documentary discovery and an affidavit of documents from the Settlement Party in accordance with the *Rules of Civil Procedure*, RRO 1990, Reg. 1994, as amended (the "**Rules of Civil Procedure**");

(b) oral discovery of the Settlement Party or a representative of the Settlement Party, as applicable, the transcript of which may be read in at trial;

(c) leave to serve a request to admit on the Settlement Party in respect of factual matters; and

(d) the attendance of the Settlement Party, or the production of a representative of the Settlement Party, as applicable, to testify at trial, with such witness to be subject to cross-examination by counsel for the Co-Defendant.

26. **THIS COURT ORDERS** that each Settlement Party retains all rights to oppose such motion(s) brought under paragraph 25 of this Sanction Order. Moreover, nothing herein restricts a Settlement Party from seeking a protective order to maintain confidentiality and protection of proprietary information in respect of documents to be produced and or for information obtained from discovery in accordance with paragraph 25 of this Sanction Order. Notwithstanding any provision in this Sanction Order, on any motion brought pursuant to paragraph 25 of this Sanction Order, the applicable court may make such orders as to costs and other terms as it considers appropriate.

27. **THIS COURT ORDERS** that a Co-Defendant may effect service of the motion(s) referred to in paragraph 25 of this Sanction Order above on the Settlement Party by service on counsel for the Settlement Party.

28. **THIS COURT ORDERS** that, from and after the Effective Time, each Person having a Channelled Claim will be limited to recovering from the Securities Claimant Trust in respect of such Channelled Claim in accordance with the CCAA Plan and Definitive Documents and, if applicable, from any Person who is not a Released Party, and such Person with a Channelled Claim will have no right to and shall not make any claim against or seek any recovery from any Released Party in respect of such Channelled Claim, provided that this Sanction Order will not prevent a Person with an Insured Securities Claim or Insured Securities-Related Claim from

making a claim against a Settlement Party to establish liability (but without recovery from it or its property) solely to the extent necessary to enable the Securities Claimant Trust to enforce Assigned Claims against Insurers who are not Settlement Parties.

29. **THIS COURT ORDERS** that, from and after the Effective Time, all Persons are permanently and forever barred, estopped, stayed and enjoined from: (i) commencing, conducting, continuing or making in any manner, directly or indirectly, any action, suit, claim, demand or other proceeding of any nature or kind whatsoever (including any proceeding in a judicial, arbitral, administrative or other forum) against any of the Released Parties with respect to any and all Channelled Claims; (ii) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against any of the Released Parties or their property with respect to any and all a Channelled Claims; (iii) commencing, conducting, continuing or making against any other Person in any manner, directly or indirectly, any action, suit, claim, demand or other proceeding of any nature or kind whatsoever (including any proceeding in a judicial, arbitral, administrative or other forum) that relates to a Channelled Claim if such Person makes a claim or might reasonably be expected to make a claim, in any manner or forum, including by way of contribution or indemnity or other relief, against one or more of the Released Parties, unless such claim of such other Person is itself a Released, Claim, Channelled Claim; (iv) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any Encumbrance of any kind against any of the Released Parties with respect to any and all Channelled Claims; and (v) taking any actions to interfere with the implementation or consummation of the CCAA Plan with respect to any and all Channelled Claims, provided that this Sanction Order will not prevent a Person with an Insured Securities Claim or Insured Securities-Related Claim from making a claim against a Settlement Party to establish liability (but without recovery from it or its property) solely to the extent necessary to enable the Securities Claimant Trust to enforce Assigned Claims against Insurers who are not Settlement Parties.

30. **THIS COURT ORDERS** that, in respect of each Action, the applicable Securities Claimants who are plaintiffs in such Action are hereby authorized and directed to dismiss the Action as against the Settlement Parties without delay after the Plan Implementation Date, and

the applicable court is hereby requested to dismiss such Action against the Settlement Parties without costs.

Assigned Claims

31. **THIS COURT ORDERS** that, as of the Effective Time:

(a) all of the rights and obligations of CannTrust Holdings and each Settlement Party to and in respect of the Assigned Claims shall be assigned to and assumed by the Securities Claimant Trust and such assignment is valid and binding upon the applicable Non-Settlement Parties in respect of such Assigned Claims notwithstanding any restriction or prohibition contained in any insurance policy, audit engagement letter or other agreement relating to the assignment thereof (an "**Assigned Claims Related Agreement**"), including any provision requiring the consent of any party to an assignment;

(b) the counterparties to the Assigned Claims Related Agreements are prohibited from exercising any rights or remedies under the Assigned Claims Related Agreements and shall be forever barred, estopped, stayed and enjoined from taking such action, by reason of:

(i) any restriction, condition or prohibition contained in any such Assigned Claim Related Agreement relating to the assignment of the applicable Assigned Claim(s);

(ii) any event that occurred on or prior to the Effective Time and is not continuing that would have entitled such counterparty to enforce those rights or remedies (including defaults or events or default arising as a result of the insolvency of any of the Applicants);

(iii) the insolvency of any of the Applicants or the fact that any of the Applicants sought or obtained relief under the CCAA;

(iv) any compromises or arrangements effected pursuant to the CCAA Plan or any action taken or transaction effected pursuant to the CCAA Plan (including the compromise or release of any Affected Claim or Released Claim arising under such Assigned Claim Related Agreement);

(v) any change in the control of the Applicants arising from the implementation of the CCAA Plan; and

(c) such counterparties are hereby deemed to waive any defaults relating thereto.

32. **THIS COURT ORDERS** that nothing in the CCAA Plan or this Sanction Order limits the right of any defendant to an Assigned Claim to plead any defences that would be available to them absent the CCAA Plan or this Sanction Order.

33. **THIS COURT ORDERS** that nothing in the CCAA Plan or this Sanction Order affects the jurisdiction of the court in the exercise of its case management powers or under the Rules of Civil Procedure to make any appropriate order affecting the conduct of the Assigned Claims, including referring any such claims to arbitration. In the event that an Assigned Claim proceeds by arbitration, nothing in the CCAA Plan or this Sanction Order affects the jurisdiction of an arbitrator or arbitral panel to make any appropriate order affecting the conduct of the Assigned Claims. For greater certainty, the Sanction Order does not limit KPMG LLP's ability to rely on any term in its engagement letter or terms and conditions with CannTrust Holdings or the Securities Claimant Trust's ability to dispute such reliance.

Existing Agreements

34. **THIS COURT ORDERS AND DECLARES** that all contracts, leases and other agreements and arrangements to which any of the Applicants or Cannabis Coffee and Tea Pod Company Ltd., Cannatrek Ltd., Elmcliffe Investments [No. 2] Inc. and O Cannabis We Stand on Guard for Thee Corporation (each, an "**Affected Party**" and collectively, the "**Affected Parties**") is a party, whether written or oral (each, including any and all amendments or supplements thereto, an "**Existing Agreement**") that have not been terminated or disclaimed pursuant to the applicable paragraph of the Initial Order and related provision of the CCAA will be and remain in full force and effect, unamended as of the Effective Time (except for all Affected Claims and Released Claims thereunder that have been compromised and released), and no Person who is a party to any such Existing Agreement may accelerate, terminate, rescind,

refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set off, dilution or other remedy) or make any demand under or in respect of any such Existing Agreement and no automatic termination will have any validity or effect, as against any member of the CannTrust Group, any Affected Party or any Released Party that is a party to such Existing Agreement, by reason of:

(a) any event that occurred on or prior to the Effective Time and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults or events or default arising as a result of the insolvency of the Applicants);

(b) the insolvency of the Applicants or the fact that the Applicants sought or obtained relief under the CCAA;

(c) any compromises or arrangements effected pursuant to the CCAA Plan (including the compromise or release of any Claim arising under such Existing Agreement) or any action taken or transaction effected pursuant to the CCAA Plan; or

(d) any change in the control of the Applicants or the Affected Parties arising from the implementation of the CCAA Plan,

and such counterparties are hereby deemed to waive any defaults relating thereto.

Effect on Unaffected Claims

35. **THIS COURT ORDERS** that:

(a) the designation of any claim as an Unaffected Claim is without prejudice to the CannTrust Plan Companies' right to dispute the existence, validity or quantum of any Unaffected Claim; and

(b) nothing in this Sanction Order or the CCAA Plan shall affect or waive the CannTrust Plan Companies' rights and defences, both legal and equitable, with respect to any Unaffected Claim, including, but not limited to, all rights with respect to entitlements to set-offs or recoupments against such Unaffected Claim.

Bankruptcy

36. **THIS COURT ORDERS AND DECLARES** that notwithstanding: (i) the pendency of these CCAA Proceedings; (ii) any applications for a bankruptcy, receivership or other order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"), the CCAA or otherwise in respect of the CannTrust Plan Companies and any bankruptcy, receivership or other order issued pursuant to any such applications; and (iii) any assignment in bankruptcy made or deemed to be made in respect of any of the CannTrust Plan Companies, the transactions contemplated by the CCAA Plan will be binding on any trustee in bankruptcy or receiver that may be appointed in respect of any of the CannTrust Plan Companies or its assets and will not be void or voidable by creditors of any of the CannTrust Plan Companies, nor will the CCAA Plan, or the payments and distributions contemplated pursuant thereto constitute nor be deemed to constitute a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue or other reviewable transaction under the BIA, CCAA or any other applicable federal or provincial legislation, nor will the CCAA Plan constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

Stay of Proceedings, Ongoing Effect of Orders Made in these CCAA Proceedings and Conflict with the CCAA Plan

37. **THIS COURT ORDERS** that:

(a) the Stay Period (as defined in the Initial Order) be and is hereby extended until the earlier of: (i) the Effective Time; and (ii) September 3, 2021;

(b) paragraphs 63 and 64 of the Amended and Restated Initial Order issued in these proceedings and dated April 9, 2020 shall continue in full force and effect in accordance with their respective terms for the duration of the AGM Extension (as defined below);

(c) other than as expressly set out herein, the provisions of the Initial Order shall terminate at the Effective Time except with respect to the protections granted therein in favour of the Monitor; and

(d) all other Orders of the Court made in these CCAA Proceedings shall continue in full force and effect in accordance with their respective terms including, without limiting the generality of the foregoing, (i) paragraph 2 of the Order (re: AGM Deadline Extension) issued in these proceedings and dated September 16, 2020 (the "**AGM Extension**") and (ii) the Order (CCAA Representatives and CCAA Representative Counsel Appointment Order) issued in these proceedings and dated January 29, 2021, except to the extent that such Orders are varied by or are inconsistent with this Sanction Order or any further Order of this Court in these CCAA Proceedings.

38. **THIS COURT ORDERS** that, from and after the Effective Time, any conflict between:

(a) the CCAA Plan; and

(b) the terms of any Agreement existing between any Person and the Applicants as at the Plan Implementation Date (including, without limitation, the RSA, the Zola RSA and any Additional RSA),

will be deemed to be governed by the terms of the CCAA Plan and this Sanction Order, which shall take precedence and priority.

Termination of SISP and Mediation Process

39. **THIS COURT ORDERS** that the sale and investment solicitation process (the "**SISP**") approved by this Court pursuant to the Sale and Investment Solicitation Process Order dated May 8, 2020 (the "**SISP Order**") is hereby terminated.

40. **THIS COURT ORDERS** that the mediation process (the "**Mediation Process**") approved by this Court pursuant to the Mediation Order dated May 8, 2020 (the "**Mediation Order**") is hereby terminated.

41. **THIS COURT ORDERS** that the Court-Appointed Mediator (as defined in the Mediation Order) is hereby discharged from his duties, obligations and responsibilities as Court-Appointed Mediator and is hereby forever released, remised and discharged from any claims against him relating to his activities as Court-Appointed Mediator.

42. **THIS COURT DECLARES** that, notwithstanding the termination of the SISP and the Mediation Process, the protections afforded to the Monitor, the CRO, Greenhill & Co. Canada Ltd. and the Court-Appointed Mediator and their respective affiliates, partners, directors, employees, agents and controlling persons pursuant to the terms of the SISP Order, the Mediation Order and the other Orders made in the CCAA Proceedings, as applicable, shall not expire or terminate and, subject to the terms hereof, shall remain effective and in full force and effect.

Termination of CCAA Proceedings of CTI Holdings (Osoyoos) Inc.

43. **THIS COURT ORDERS** that upon the filing of the Monitor's Plan Implementation Certificate:

(a) the CCAA Proceedings in respect of CTI Holdings (Osoyoos) Inc. ("**CTI**") shall be terminated effective as of the Effective Time; and

(b) Ernst & Young Inc. shall be deemed to be discharged from its duties, obligations and responsibilities as monitor of CTI and shall be forever released, remised and discharged from any claims against it relating to its activities as monitor of CTI.

44. **THIS COURT ORDERS** that any Person that did not file a proof of claim in respect of a Pre-Filing Claim, Restructuring Claim or D&O Claim (as each such term is defined in the Claims Procedure Order) against CTI (each, a "**CTI Claim**") by the applicable bar date in accordance with the Claims Procedure Order, shall be and is hereby fully, finally, irrevocably and forever barred, estopped, stayed and enjoined from making any such CTI Claim, and such Person's CTI Claim shall be and is hereby fully, finally, irrevocably and forever barred and extinguished.

F. CCAA CHARGES

45. **THIS COURT ORDERS** that:

(a) the Administration Charge (as provided for and defined in the Initial Order) shall continue to apply as against the Administration Reserve and shall be terminated, discharged, expunged and released upon the filing of the Monitor's Discharge Certificate (as defined below);

(b) the Directors' Charge, the KERP Charge and the Transaction Fee Charge (as each is provided for and defined in the Initial Order) shall each be terminated, discharged, expunged and released as at the Effective Time;

(c) the DIP Lender's Charge (as provided for and defined in the DIP Approval Order dated April 30, 2021 in the CCAA Proceedings) shall be terminated, discharged, expunged and released as at the Effective Time; and

(d) the Intercompany Charge (as provided for and defined in the Initial Order) shall be terminated, discharged, expunged and released at the Effective Time but, for greater certainty, the Intercompany Advances (as provided for and defined in the Initial Order) shall remain outstanding and be governed by the applicable agreements between the relevant Applicants.

G. APPLICANTS AND COURT-APPOINTED PARTIES

Conduct of the Directors and CRO of the Applicants

46. **THIS COURT ORDERS AND DECLARES** that the activities and conduct of the CRO and Directors of the Applicants in these CCAA Proceedings, as disclosed in the affidavits filed with the Court on behalf of the Applicants from time to time and the reports of the Monitor to the Court from time to time, be and are hereby ratified and approved.

47. **THIS COURT DECLARES** that the protections afforded to the CRO pursuant to the terms of the Initial Order and the other Orders made in the CCAA Proceedings shall not expire

or terminate on the Plan Implementation Date and, subject to the terms hereof, shall remain effective and in full force and effect.

The Monitor

48. **THIS COURT ORDERS AND DECLARES** that the Monitor has complied with the provisions of the CCAA and the Orders of this Court made in these CCAA Proceedings in all respects.

49. **THIS COURT ORDERS AND DECLARES** that the Monitor has not done or purported to do anything that is not authorized by the CCAA.

50. **THIS COURT ORDERS AND DECLARES** that the activities and conduct of the Monitor and its representatives in these CCAA Proceedings, as disclosed in its reports to the Court from time to time, including, without limitation, in relation to conducting and administering the Meetings, be and are hereby ratified and approved, and that the Monitor has satisfied all of its obligations up to and including the date of this Sanction Order and all claims of any kind or nature against the Monitor arising from or relating to the services provided to the Applicants up to and including the date of this Sanction Order are hereby barred and extinguished.

51. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA and the powers provided to the Monitor herein, under the CCAA Plan and under the other Orders of this Court, shall be and is hereby authorized, directed and empowered to perform its functions and fulfill its obligations under the CCAA Plan to facilitate the implementation of the CCAA Plan and to complete all matters incidental to the termination of these CCAA Proceedings.

52. **THIS COURT ORDERS** that:

(a) in carrying out the terms of this Sanction Order and the CCAA Plan, the Monitor shall have all the protections given to it by the CCAA and the other Orders in these CCAA Proceedings, and as an officer of the Court, including the stay of proceedings in its favour;

(b) the Monitor shall incur no liability or obligation for any act or omission as a result of carrying out any duties or work in connection with the Sanction Order and/or the CCAA Plan, save and except for any gross negligence or wilful misconduct on its part;

(c) the Monitor shall be entitled to rely on the books and records of the Applicants and any information provided by the Applicants without independent investigation; and

(d) the Monitor shall not be liable for any claims or damages resulting from any errors or omissions in such books, records or information.

53. **THIS COURT ORDERS AND DECLARES** that any payments or deliveries under the CCAA Plan or this Sanction Order made or assisted by the Monitor shall not constitute a "distribution" and the Monitor shall not constitute a "legal representative" or "representative" of the Applicants or "other person" for the purposes of section 159 of the *Income Tax Act* (Canada), section 270 of the *Excise Tax Act* (Canada), section 46 of the *Employment Insurance Act* (Canada), section 22 of the *Retail Sales Tax Act* (Ontario), section 107 of the *Corporations Tax Act* (Ontario), or any other similar federal, provincial or territorial tax legislation (collectively, the "**Statutes**"), and the Monitor in making any such payments or deliveries of funds or assets in relation to the CCAA Plan is not "distributing", not shall it be considered to have "distributed", such funds or assets for the purposes of the Statutes, and the Monitor shall not incur any liability under the Statutes for making any payments or deliveries under the CCAA Plan or failing to withhold amounts, ordered or permitted hereunder, and the Monitor shall not have any liability for any of the Applicants' tax liabilities regardless of how or when such liabilities may have arisen, and is hereby forever released, remised and discharged from any claims against it under or pursuant to the Statutes or otherwise at law, arising as a result of the distributions and deliveries under the CCAA Plan and this Sanction Order and any claims of this nature are hereby forever barred.

54. **THIS COURT ORDERS** that upon: (i) fulfillment of the Monitor's duties under the Claims Procedure Order, the Meeting Order and this Sanction Order; and (ii) the Monitor receiving an acknowledgement of payment in full of the claims secured by the Administration

Charge, the Monitor shall serve on the Service List, post on the Monitor's website, and file with the Court a certificate substantially in the form attached hereto as Schedule "C" (the "**Monitor's Discharge Certificate**"), and that, upon the filing of the Monitor's Discharge Certificate, Ernst & Young Inc. shall be deemed to be discharged from its duties, obligations and responsibilities as Monitor of the CannTrust Plan Companies and shall be forever released, remised and discharged from any claims against it relating to its activities as Monitor of the CannTrust Plan Companies.

Fee Approval

55. **THIS COURT ORDERS** that the fees and disbursements of the Monitor for the period from January 9, 2021 to May 14, 2021, inclusive, as set out in the Eleventh Report of the Monitor dated June 2, 2021 (the "**Eleventh Report**"), are hereby approved.

56. **THIS COURT ORDERS** that the fees and disbursements of Aird & Berlis LLP, in its capacity as counsel to the Monitor, for the period from January 4, 2021 to April 30, 2021, inclusive, as set out in the Eleventh Report, are hereby approved.

57. **THIS COURT ORDERS** that the Monitor and its counsel shall not be required to pass any further accounts in these CCAA Proceedings unless otherwise requested by the Applicants.

CCAA Representatives and CCAA Representative Counsel

58. **THIS COURT ORDERS** that, without limitation to the terms of the CCAA Representation Order, the CCAA Representatives and CCAA Representative Counsel are hereby authorized and directed to take all steps and actions, and to do all things, necessary or appropriate to implement the CCAA Plan, the Allocation and Distribution Scheme, the RSA, the RSA Supplemental Letter Agreement, the Zola RSA and the Additional RSAs in accordance with and subject to their respective terms and conditions, and to enter into, execute, deliver, complete, implement and consummate all of the steps, transactions, distributions, payments, deliveries, allocations, instruments and agreements contemplated by, and subject to the terms and conditions of, the CCAA Plan, the Allocation and Distribution Scheme, the RSA, the RSA Supplemental Letter Agreement, the Zola RSA and the Additional RSAs (the "**CCAA Representative Work**").

59. **THIS COURT ORDERS** that the CCAA Representatives and CCAA Representative Counsel shall incur no liability or obligation as a result of carrying out the CCAA Representative Work, save and except for any gross negligence or wilful misconduct on their part.

60. **THIS COURT DECLARES** that the protections afforded to the CCAA Representatives and CCAA Representative Counsel pursuant to the terms of the CCAA Representation Order and the other Orders made in the CCAA Proceedings shall not expire or terminate on the Plan Implementation Date and, subject to the terms hereof, shall remain effective and in full force and effect.

Claims Officers

61. **THIS COURT ORDERS** that the Claims Officer (as defined in the Order (Claims Officer) made in these proceedings and dated February 19, 2021) is hereby discharged from his duties, obligations and responsibilities as Claims Officer and is hereby forever released, remised and discharged from any claims against him relating to his activities as Claims Officer.

H. LATE CLAIMS

62. **THIS COURT ORDERS** that the Monitor is authorized, in its discretion, to accept the Proofs of Claim identified in the Tenth Report of the Monitor dated May 21, 2021 as having been received subsequent to the Pre-Filing Claims Bar Date or the Restructuring Claims Bar Date (as each term is defined in the Claims Procedure Order), as applicable ("**Late Claims**"), which Late Claims shall be reviewed by the Monitor in accordance with the Claims Procedure Order for the purposes of determining whether such Late Claims are Proven Claims.

I. SEALING

63. **THIS COURT ORDERS** that the Confidential Affidavit of Serge Kalloghlian affirmed June 2, 2021 shall be sealed, kept confidential and shall not form part of the public record until the Effective Time, unless otherwise ordered by the Court.

J. RECOGNITION AND NOTICE

Notice

64. **THIS COURT ORDERS** that, as soon as practicable after the granting of this Sanction Order, the Monitor shall cause a copy of this Sanction Order to be posted on the Monitor's Website, and the Applicants shall serve a copy on the parties on the Service List and those parties who appeared at the hearing of the motion for this Sanction Order. From and after the Effective Time, any notices, motions or documents which may be filed with the Court need only be served on the Applicants, the Monitor, the parties on the Service List and such Persons who deliver a Notice of Appearance to the Applicants and the Monitor, and file it with the Court, after the Effective Time.

65. **THIS COURT ORDERS** that the measures in paragraph 64 shall constitute good and sufficient service and notice of this Sanction Order on all Persons who may be entitled to receive notice thereof or who may have an interest in these proceedings, and no other form of notice or service need be made on such Persons and no other document or material need be served on such Persons in respect of these proceedings.

General Provisions

66. **THIS COURT ORDERS** that, notwithstanding any other provision of this Sanction Order, the Applicants and the Monitor shall remain entitled to seek advice, directions or assistance from the CCAA Court in respect of any matters arising from or in relation to the CCAA Plan.

67. **THIS COURT ORDERS AND DECLARES** that, pursuant to section 142 of the *Courts of Justice Act* (Ontario), no Person shall be liable for any act done in good faith in accordance with any Order issued in this proceeding, and any person who takes any action whatsoever in reliance on this Sanction Order prior to the commencement of any appeal hereof or the expiry of any appeal period shall not be prejudiced or harmed in any manner by any such subsequent appeal.

68. **THIS COURT ORDERS** that this Sanction 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.

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

70. **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, or abroad, to give effect to this Sanction Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Sanction Order and the CCAA Plan. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Sanction Order and the CCAA Plan or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Sanction Order and the CCAA Plan.

______________________________ Pattillo, J.

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

SANCTION ORDER

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Lawyers for the Applicants

TAB D

This is Exhibit "**D**" referred to in the
Affidavit of **Greg Guyatt**,
sworn before me virtually on November 17, 2022

Saneea Tanvir

Commissioner for taking Affidavits
(or as may be)
Saneea Tanvir LSO #: 77838T

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	THURSDAY, THE 9TH
	)	
MR. JUSTICE HAINEY	)	DAY OF APRIL, 2020

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

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

Applicants

AMENDED AND RESTATED INITIAL ORDER

THIS APPLICATION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an order amending and restating the Initial Order (the "**Initial Order**") issued on March 31, 2020 (the "**Initial Filing Date**") and extending the stay of proceedings provided for therein was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Greg Guyatt sworn March 31, 2020 and the Exhibits thereto (the "**Guyatt Affidavit**"), the affidavit of Greg Guyatt sworn April 6, 2020 and the Exhibits thereto (the "**Second Guyatt Affidavit**"), the consent of Ernst & Young Inc. ("**EYI**") to act as the Monitor (in such capacity, the "**Monitor**"), the Pre-Filing Report of EYI in its capacity as the proposed Monitor dated March 31, 2020, and the First Report of the Monitor dated April 8, 2020, and on hearing the submissions of counsel for the Applicants, the Monitor and those other parties that were present as listed on the counsel slip, no other party appearing although duly served as appears from the Affidavit of Service of Trevor Courtis sworn April 7, 2020.

AMENDING AND RESTATING INITIAL ORDER

1. **THIS COURT ORDERS** that the Initial Order, reflecting the Initial Filing Date, shall be amended and restated as provided for herein.

SERVICE

2. **THIS COURT ORDERS** that the time for service and filing of the Notice of Application, the Application Record and the Supplementary Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

3. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies.

PLAN OF ARRANGEMENT

4. **THIS COURT ORDERS** that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court one or more plans of compromise or arrangement (hereinafter referred to as the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

5. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their businesses (the "**Business**") and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, contractors, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business, to preserve the value of the Property or for the carrying out of the terms of this Order.

6. **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize the central cash management system currently in place or, with the consent of the Monitor, replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

7. **THIS COURT ORDERS** that each of the Applicants' existing depository and disbursement banks (collectively, the "**Banks**") is authorized to debit the applicable Applicant's accounts in the ordinary course of business without the need for further order of this Court for: (i) all cheques drawn on the applicable Applicant's accounts which are cashed at such Bank's counters or exchanged for cashier's cheques by the payees thereof prior to the date of this Order; (ii) all cheques or other items deposited in one of the Applicant's accounts with such Bank prior to the date of this Order which have been dishonoured or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent an Applicant was responsible for such items prior to the date of this Order; and (iii) all undisputed pre-filing amounts outstanding as of the date hereof, if any, owed to any Bank as service charges for the maintenance of the Cash Management System.

8. **THIS COURT ORDERS** that any of the Banks may rely on the representations of the applicable Applicant with respect to whether any cheques or other payment order drawn or issued by the applicable Applicant prior to the date of this Order should be honoured pursuant to this or any other order of this Court, and such Bank shall not have any liability to any party for relying on such representations by the applicable Applicant as provided for herein.

9. **THIS COURT ORDERS** that (i) those certain existing deposit agreements between the Applicants and the Banks shall continue to govern the post-filing cash management relationship between the Applicants and the Banks, and that all of the provisions of such agreements, including, without limitation, the termination and fee provisions, shall remain in full force and effect, (ii) either any of the Applicants, with the consent of the Monitor, or the Banks may, without further Order of this Court, implement changes to the Cash Management System and procedures in the ordinary course of business pursuant to the terms of those certain existing deposit agreements, including, without limitation, the opening and closing of bank accounts, and (iii) all control agreements in existence prior to the date of this Order shall apply.

10. **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the Initial Filing Date:

(a) all outstanding and future wages, salaries, contract amounts, amounts payable pursuant to the CannTrust Capital Appreciation Plan (whether accrued prior to, on or after the Initial Filing Date), employee and pension benefits, vacation pay and expenses (including, without limitation, in respect of expenses charged by employees to corporate credit cards) payable on or after the Initial Filing Date to employees or contractors, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;

(b) the fees and disbursements of any Assistants retained or employed by the Applicants, or retained by employees or officers of the Applicants that the Applicants have agreed to reimburse, in respect of these proceedings, at their standard rates and charges; and

(c) with the consent of the Monitor, amounts owing for goods or services actually supplied to the Applicants prior to the Initial Filing Date by third party suppliers if in the opinion of the Applicants the supplier is critical to the Business, ongoing operations of the Applicants, or preservation of the Property and the payment is required to ensure ongoing supply.

11. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the

Applicants in carrying on the Business in the ordinary course after the Initial Filing Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services;

(b) expenses required to ensure compliance with any governmental or regulatory rules, orders or directions; and

(c) payment for goods or services actually supplied to the Applicants following the Initial Filing Date.

12. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan (iii) Quebec Pension Plan, and (iv) income taxes;

(b) all goods and services or other applicable sales taxes and all federal excise taxes and duties (collectively, "**Sales & Excise Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales & Excise Taxes are accrued or collected after the Initial Filing Date, or where such Sales & Excise Taxes were accrued or collected prior to the Initial Filing Date but not required to be remitted until on or after the Initial Filing Date; and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

13. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicants and the landlord from time to time ("**Rent**"), for the period commencing from and including the Initial Filing Date twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears), or, at the election of the applicable Applicant, at such intervals as such Rent is usually paid pursuant to the applicable lease. On the date of the first of such payments, any Rent relating to the period commencing from and including the Initial Filing Date shall also be paid.

14. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of the Initial Filing Date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

15. **THIS COURT ORDERS** that the Applicants shall, subject to such requirements as are imposed by the CCAA, have the right to:

(a) permanently or temporarily cease, downsize or shut down any of their businesses or operations, and to dispose of redundant or non-material assets not exceeding $500,000 in any one transaction or $1,000,000 in the aggregate;

(b) terminate the employment of such of their employees or temporarily lay off such of their employees as it deems appropriate; and

(c) pursue all avenues of refinancing or selling their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing or sale,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the "**Restructuring**").

16. **THIS COURT ORDERS** that the Applicants shall provide each of the relevant landlords with notice of the Applicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further Order of this Court upon application by the Applicants on at least two (2) days notice to such landlord and any such secured creditors. If the Applicants disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicants' claims to the fixtures in dispute.

17. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

18. **THIS COURT ORDERS** that from the Initial Filing Date until and including July 5, 2020, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property (including, for greater certainty, any process or steps or other rights and remedies under or relating to any class action proceeding against any of the Applicants or in respect of the Property), except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

19. **THIS COURT ORDERS** that during the Stay Period, none of the Pending Litigation (as defined in the Guyatt Affidavit) or any Proceeding in relation thereto shall be commenced, continued or take place against or in respect of any Person named as a defendant or respondent in any of the Pending Litigation (such Persons, the "**Other Defendants**"), except with leave of this Court, and any and all such Proceedings currently underway or directed to take place against or in respect of any of the Other Defendants, or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

20. **THIS COURT ORDERS** that, to the extent any prescription, time or limitation period relating to any Proceeding by, against or in respect of the Applicants or any of the Other Defendants that is stayed pursuant to this Order may expire, the term of such prescription, time or limitation period shall hereby be deemed to be extended by a period equal to the Stay Period.

NO EXERCISE OF RIGHTS OR REMEDIES

21. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any

business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

22. **THIS COURT ORDERS** that, during the Stay Period, all rights and remedies of any Person against or in respect of Cannabis Coffee and Tea Pod Company Ltd., Cannatrek Ltd., Elmcliffe Investments [No. 2] Inc. and O Cannabis We Stand on Guard For Thee Corporation (each, an "**Affected Party**", and collectively, the "**Affected Parties**") arising out of, relating to, or triggered by the insolvency of any of the Applicants, the making or filing of these proceedings or any allegation, admission or evidence in these proceedings (collectively, the "**Cross-Default Matters**"), are hereby stayed and suspended except with the written consent of the relevant Applicants, the relevant Affected Party and the Monitor, or leave of this Court, and the operation of any provision of any agreement or other arrangement between any Person and any of the Affected Parties whether written or oral that purports to accelerate, terminate, cancel, suspend or modify such agreement or arrangement or create a right to purchase, a right of first refusal or a lien with respect to any property of an Affected Party as a result of any of the Cross-Default Matters is hereby stayed and restrained pending further order of this Court.

NO INTERFERENCE WITH RIGHTS

23. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

24. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of

such goods or services as may be required by the Applicants, and that the Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the Initial Filing Date are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

25. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the Initial Filing Date, nor shall any Person be under any obligation on or after the Initial Filing Date to advance or re-advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

26. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the Initial Filing Date and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

27. **THIS COURT ORDERS** that the Applicants shall indemnify their current and future directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

28. **THIS COURT ORDERS** that the current and future directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of $3.55 million, as security for the indemnity provided in paragraph 27 of this Order. The Directors' Charge shall have the priority set out in paragraphs 57 and 59 herein.

29. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 27 of this Order.

APPOINTMENT OF MONITOR

30. **THIS COURT ORDERS** that EYI is, as of the Initial Filing Date, appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

31. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor the Applicants' receipts and disbursements;

(b) review and approve Intercompany Advances (as defined below);

(c) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

(d) advise the Applicants in the preparation of the Applicants' cash flow statements, which information shall be reviewed with the Monitor;

(e) advise the Applicants in its development of the Plan and any amendments to the Plan;

(f) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' meetings for voting on the Plan;

(g) assist the Applicants, to the extent required by the Applicants, in connection with any sale and investment solicitation process conducted by the Applicants;

(h) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;

(i) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and

(j) perform such other duties as are required by this Order or by this Court from time to time.

32. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

33. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of (i) any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without

limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), or (ii) any of the Property, the administration and control of which is subject to the provisions of any federal, provincial or other law respecting, among other things, the manufacturing, possession, processing and distribution of cannabis or cannabis products including without limitation, the *Cannabis Act* (Canada), the *Cannabis Regulations* (Canada) the *Controlled Drugs and Substances Act* (Canada), the *Excise Tax Act* (Canada), the *Cannabis Control Act* (Ontario), or other such applicable federal or provincial legislation ("**Cannabis Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation or Cannabis Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation or the Cannabis Legislation, unless it is actually in possession.

34. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicants with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

35. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order or the Initial Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order or the Initial Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

APPROVAL OF CHIEF RESTRUCTURING OFFICER ENGAGEMENT

36. **THIS COURT ORDERS** that the agreement dated as of March 27, 2020 pursuant to which the Applicants have engaged FTI Consulting Canada Inc. ("**FTI**") to act as Chief

Restructuring Officer ("**CRO**") and provide certain financial advisory and consulting services to the Applicants, a copy of which is attached as Exhibit "G" to the Guyatt Affidavit (the "**CRO Engagement Letter**"), the execution of the CRO Engagement Letter by the Applicants, *nunc pro tunc*, and the appointment of the CRO pursuant to the terms thereof is hereby approved, including, without limitation, the payment of the fees and expenses contemplated thereby.

37. **THIS COURT ORDERS** that the CRO shall not be or be deemed to be a director, *de facto* director or employee of the Applicants.

38. **THIS COURT ORDERS** that the CRO shall not, as a result of the performance of its obligations and duties in accordance with the terms of the CRO Engagement Letter, be deemed to be in Possession of (i) any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to the Environmental Legislation, (ii) any of the Property, the administration and control of which is subject to the provisions of the Cannabis Legislation; however, if the CRO is nevertheless later found to be in Possession of any Property, then the CRO shall be entitled to the benefits and protections in relation to the Applicants and such Property as are provided to a monitor under Section 11.8(3) of the CCAA, provided however that nothing herein shall exempt the CRO from any duty to report or make disclosure imposed by applicable Environmental Legislation or Cannabis Legislation.

39. **THIS COURT ORDERS** that the CRO shall not have any liability with respect to any losses, claims, damages or liabilities, of any nature or kind, to any Person from and after the Initial Filing Date except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct on the part of the CRO.

40. **THIS COURT ORDERS** that no action or other proceeding shall be commenced directly, or by way of counterclaim, third party claim or otherwise, against or in respect of the CRO, and all rights and remedies of any Person against or in respect of them are hereby stayed and suspended, except with the written consent of the CRO or with leave of this Court on notice to the Applicant, the Monitor and the CRO. Notice of any such motion seeking leave of this Court shall be served upon the Applicants, the Monitor and the CRO at least seven (7) days prior to the return date of any such motion for leave.

41. **THIS COURT ORDERS** that the obligations of the Applicant to the CRO pursuant to the CRO Engagement Letter shall be treated as unaffected and may not be compromised in any Plan or proposal filed under *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") in respect of the Applicants.

APPROVAL OF FINANCIAL ADVISOR ENGAGEMENT

42. **THIS COURT ORDERS** that the agreement dated as of April 3, 2020 pursuant to which the Applicants have engaged Greenhill & Co. Canada Ltd. (the "**Financial Advisor**") to assist the Applicants in a review of strategic alternatives, a copy of which is attached as Exhibit "D" to the Second Guyatt Affidavit (the "**Financial Advisor Engagement Letter**"), the execution of the Financial Advisor Engagement Letter by the Applicants, *nunc pro tunc*, and the appointment of the Financial Advisor pursuant to the terms thereof is hereby approved, including, without limitation, the payment of the fees and expenses contemplated thereby.

43. **THIS COURT ORDERS** that the Financial Advisor shall not be or be deemed to be a director, *de facto* director or employee of the Applicants.

44. **THIS COURT ORDERS** that the Financial Advisor shall not have any liability with respect to any losses, claims, damages or liabilities, of any nature or kind, to any Person from and after the date of this Order except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct on the part of the Financial Advisor.

45. **THIS COURT ORDERS** that no action or other proceeding shall be commenced directly, or by way of counterclaim, third party claim or otherwise, against or in respect of the Financial Advisor, and all rights and remedies of any Person against or in respect of them are hereby stayed and suspended, except with the written consent of the Financial Advisor or with leave of this Court on notice to the Applicant, the Monitor and the Financial Advisor. Notice of any such motion seeking leave of this Court shall be served upon the Applicants, the Monitor and the Financial Advisor at least seven (7) days prior to the return date of any such motion for leave.

46. **THIS COURT ORDERS** that the obligations of the Applicant to the Financial Advisor pursuant to the Financial Advisor Engagement Letter shall be treated as unaffected and may not be compromised in any Plan or proposal filed under the BIA in respect of the Applicants.

ADMINISTRATION CHARGE

47. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, the CRO, the Financial Advisor and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and in the case of the CRO in accordance with the CRO Engagement Letter, and in the case of the Financial Advisor in accordance with the Financial Advisor Engagement Letter, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, the CRO, the Financial Advisor and counsel for the Applicants on a bi-weekly basis and, in addition, the Applicants are hereby authorized to pay to the Monitor, counsel to the Monitor, the CRO and counsel to the Applicants, retainers to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

48. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

49. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, the CRO and counsel to the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of $1.4 million, as security for their professional fees and disbursements incurred at their standard rates and charges, and in the case of the CRO in accordance with the CRO Engagement Letter, both before and after the Initial Filing Date in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 57 and 59 hereof.

TRANSACTION FEE CHARGE

50. THIS COURT ORDERS that the Financial Advisor shall be entitled to the benefit of and is hereby granted a charge (the "**Transaction Fee Charge**") on the Property, as security for the Transaction Fee (as defined the Financial Advisor Engagement Letter). The Transaction Fee Charge shall have the priority set out in paragraphs 57 and 59 hereof.

INTERCOMPANY FINANCING

51. **THIS COURT ORDERS** that CannTrust Holdings Inc. (the "**Intercompany Lender**") is authorized to loan to each of CannTrust Inc., Elmcliffe Investments Inc. and CTI Holdings (Osoyoos) Inc. (each, an "**Intercompany Borrower**"), and each Intercompany Borrower is authorized to borrow, repay and re-borrow, such amounts from time to time as the Intercompany Borrower, with the approval of the Monitor, considers necessary or desirable on a revolving basis to fund its ongoing expenditures and to pay such other amounts as are permitted by the terms of this Order (the "**Intercompany Advances**"), on terms consistent with existing arrangements or past practice or otherwise approved by the Monitor.

52. **THIS COURT ORDERS** that the Intercompany Lender shall be entitled to the benefit of and is hereby granted a charge (the "**Intercompany Charge**") on all of the Property of each Intercompany Borrower, as security for the Intercompany Advances made to such Intercompany Borrower, which Intercompany Charge shall not secure an obligation that exists before the Initial Filing Date. The Intercompany Charge shall have the priority set out in paragraphs 57 and 59 hereof.

53. **THIS COURT ORDERS AND DECLARES** that the Intercompany Lender shall be treated as unaffected and may not be compromised in any Plan or any proposal filed under the BIA in respect of the Applicants, with respect to any Intercompany Advances made on or after the Initial Filing Date.

KERP AND KERP CHARGE

54. **THIS COURT ORDERS** that the Key Employee Retention Plan (the "**KERP**"), as described and defined in the Second Guyatt Affidavit, for the benefit of the Key Employees (as defined in the Second Guyatt Affidavit) is hereby approved and the Applicants are authorized and directed to make payments in accordance with the terms and conditions of the KERP.

55. **THIS COURT ORDERS** that the Key Employees shall be entitled to the benefit of and are hereby granted a charge (the "**KERP Charge**") on the Property, which charge shall not exceed an aggregate amount of $1.4 million to secure amounts owing to the Key Employees under the KERP. The KERP Charge shall have the priority set out in paragraphs 57 and 59 hereof.

56. **THIS COURT ORDERS** that the unredacted version of the KERP, a copy of which is attached as Confidential Exhibit "B" to the Second Guyatt Affidavit, shall be and is hereby sealed, kept confidential, and shall not form part of the public record unless otherwise ordered by the Court.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

57. **THIS COURT ORDERS** that the priorities of the Administration Charge, the Directors' Charge, the KERP Charge, the Transaction Fee Charge and the Intercompany Charge (the "**Charges**"), as among them with respect to any Property to which they apply, shall be as follows:

First – Administration Charge (to the maximum amount of $1.4 million);

Second – Directors' Charge (to the maximum amount of $3.55 million);

Third – KERP Charge (to the maximum amount of $1.4 million);

Fourth – Transaction Fee Charge;

Fifth – Intercompany Charge.

58. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

59. **THIS COURT ORDERS** that each of the Charges (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges, encumbrances and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

60. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants

also obtains the prior written consent of the Monitor and the beneficiaries of the Charges, or further Order of this Court.

61. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

(a) the creation of the Charges shall not create or be deemed to constitute a breach by the Applicants of any Agreement to which it is a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and

(c) the payments made by the Applicants pursuant to this Order and the granting of the Charges do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

62. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

RELIEF FROM REPORTING OBLIGATIONS

63. **THIS COURT ORDERS** that the decision by the Applicants to incur no further expenses in relation to any filings, disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively, the "**Securities**

Filings") that may be required by any federal, provincial or other law respecting securities or capital markets in Canada or the United States, or by the rules and regulations of a stock exchange, including, without limitation, the *Securities Act* (Ontario) and comparable statutes enacted by other provinces of Canada, the *Securities Act of 1933* (United States) and the *Securities Exchange Act of 1934* (United States) and comparable statutes enacted by individual states of the United States, the TSX Company Manual and other rules, regulations and policies of the Toronto Stock Exchange, and the NYSE Listed Company Manual and other rules, regulations and policies of the New York Stock Exchange (collectively, the "**Securities Provisions**"), is hereby authorized, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of the Applicants failing to make any Securities Filings required by the Securities Provisions.

64. **THIS COURT ORDERS** that none of the directors, officers, employees, and other representatives of the Applicants, the Monitor (and its directors, officers, employees and representatives), nor the CRO shall have any personal liability for any failure by the Applicants to make any Securities Filings required by the Securities Provisions.

SERVICE AND NOTICE

65. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in the Globe and Mail (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner or by electronic message to the e-mail address as last shown on the records of the Applicants, a notice to every known creditor who has a claim against the Applicants of more than $1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

66. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at https://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-

commercial/) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: http://www.ey.com/ca/canntrust.

67. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

68. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

69. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

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

or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

71. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that CannTrust Holdings Inc. is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in the United States and any other jurisdiction outside Canada.

72. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

73. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

Hainey J.

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CANNTRUST HOLDINGS INC. ET AL.

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

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

Proceeding commenced at Toronto

AMENDED AND RESTATED
INITIAL ORDER

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Lawyers for the Applicants

DOC#: 19528138

TAB E

This is Exhibit "**E**" referred to in the
Affidavit of **Greg Guyatt**,
sworn before me virtually on November 17, 2022

Saneea Tanvir

Commissioner for taking Affidavits
(or as may be)
Saneea Tanvir LSO #: 77838T

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	WEDNESDAY, THE 16th
	)	
MR. JUSTICE HAINEY	)	DAY OF SEPTEMBER, 2020

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

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

Applicants

ORDER
(re: AGM Deadline Extension)

THIS MOTION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, for an order, among other things:

(i) extending the time for CannTrust Holdings Inc. to call an annual general meeting of its shareholders to a date no later than 120 days after the expiry or termination of the Stay Period (as defined in the initial order dated March 31, 2020, as amended); and

(ii) validating service of the notice of motion and motion materials in the manner described in the affidavit of Greg Guyatt sworn September 9, 2020 and the Exhibits thereto (the "**Guyatt Affidavit**");

was heard this day by way of Zoom judicial video conference due to the COVID-19 crisis.

ON READING the Guyatt Affidavit and the Fourth Report of Ernst & Young Inc., in its capacity as monitor of the Applicants (the "**Monitor**"), to be filed (the "**Fourth Report**"), and on hearing the submissions of counsel for the Applicants and the Monitor and on being advised that all parties on the service list maintained in these proceedings were served with the motion record of the Applicants and the Fourth Report:

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of this motion and related materials 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 the service of the notice of motion and motion materials in the manner described at paragraph 49 of the Guyatt Affidavit is validated and that the time for service is abridged, such that this motion is properly returnable today.

EXTENSION OF AGM DEADLINE

3. **THIS COURT ORDERS** that the time for CannTrust Holdings Inc. to call an annual general meeting of its shareholders, as prescribed by the *Business Corporations Act* (Ontario), is extended until a date no later than 120 days after the expiry or termination of the Stay Period.

GENERAL

4. **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.

5. **THIS COURT ORDERS** that, notwithstanding Rule 59.05, this Order is effective from the date that it is made, and is enforceable without any need for entry and filing. In accordance with Rules 77.07(6) and 1.04, no formal order need be entered and filed unless an appeal or a motion for leave to appeal is brought to an appellate court. Any party may nonetheless submit a formal order for original signing, entry and filing when the Court returns to regular operations.

6. **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 Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Monitor and its agents in carrying out the terms of this Order.

7. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

Hainey J

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CANNTRUST HOLDINGS INC. ET AL.

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

ORDER
(AGM DEADLINE EXTENSION)

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Lawyers for the Applicants

TAB F

This is Exhibit "**F**" referred to in the
Affidavit of **Greg Guyatt**,
sworn before me virtually on November 17, 2022

Saneea Tanvir

Commissioner for taking Affidavits
(or as may be)
Saneea Tanvir LSO #: 77838T

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	THURSDAY, THE 7TH
	)	
MR. JUSTICE PENNY	)	DAY OF JULY, 2022

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
(AGM Deadline Extension)

THIS MOTION, made by CannTrust Holdings Inc. ("**CannTrust Holdings**"), for an order, among other things:

(i) extending the time for CannTrust Holdings Inc. to call an annual general meeting of its shareholders to a date no later than November 30, 2022; and

(ii) validating service of the notice of motion and motion materials in the manner described in the affidavit of Dan Hogan sworn June 23, 2022 and the Exhibits thereto (the "**Hogan Affidavit**");

was heard this day by way of judicial video conference.

ON READING the affidavit of Greg Guyatt sworn June 23, 2022, the affidavit of David Blair sworn June 23, 2022 and the Hogan Affidavit, and on hearing the submissions of counsel for CannTrust Holdings and the Monitor and on being advised that all parties on the service list maintained in these proceedings were served with the motion record of CannTrust Holdings:

SERVICE

1. **THIS COURT ORDERS** that the service and filing of this motion and related materials, including in the manner described at paragraph 36 of the Hogan Affidavit, is hereby abridged and validated such that this motion is properly returnable today and hereby dispenses with further service thereof.

EXTENSION OF AGM DEADLINE

2. **THIS COURT ORDERS** that the time for CannTrust Holdings Inc. to call an annual general meeting of its shareholders, as prescribed by the *Business Corporations Act* (Ontario), is extended until a date no later than November 30, 2022.

GENERAL

3. **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.

4. **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.

5. **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 CannTrust Holdings and its agents in carrying out the terms of this Order.

6. **THIS COURT ORDERS** that CannTrust Holdings is at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

____

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CANNTRUST HOLDINGS INC. ET AL.

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

ORDER
(AGM DEADLINE EXTENSION)

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Lawyers for CannTrust Holdings Inc.

TAB G

This is Exhibit "**G**" referred to in the
Affidavit of **Greg Guyatt**,
sworn before me virtually on November 17, 2022

Saneea Tanvir

Commissioner for taking Affidavits
(or as may be)
Saneea Tanvir LSO #: 77838T

Ontario Ministry of Government and Consumer Services

Articles of Reorganization

Business Corporations Act

For questions or more information to complete this form, please refer to the instruction page.

Fields marked with an asterisk (*) are mandatory.

1. Corporation Information

Corporation Name *
CANNTRUST HOLDINGS INC. / CANNTRUST HOLDINGS INC.

Ontario Corporation Number (OCN) *	Company Key *
2458088	000000000

Official Email Address *
tor-bls-corporate@mccarthy.ca

2. Contact Information

Please provide the following information for the person we should contact regarding this filing. This person will receive official documents or notices and correspondence related to this filing. By proceeding with this filing, you are confirming that you have been duly authorized to do so.

First Name *	Middle Name	Last Name *
Vanmali		Poojari

Telephone Country Code	Telephone Number *	Extension
	416-601-8311	

Email Address *
vpoojari@mccarthy.ca

3. Court Order

This court order is made under section 248 of the Act, the *Bankruptcy and Insolvency Act* (Canada), or the *Companies' Creditors Arrangement Act* (Canada) approving a proposal.

☑ **Please attach a certified copy of the court order with your application.** *

Note - If the court order includes the appointment of directors in place of or in addition to the existing directors, you must file a **Notice of Change** under the *Corporations Information Act* after submitting these articles.

Required Statement

☑ The terms and conditions of the reorganization, if any, have been complied with, as ordered by the court. *

Effective Date

This will be the date shown on the certificate for the articles to be amended pursuant to the court order.

Effective Date *

4. Proposed New Corporation Name (if applicable)

Complete this section only if you are changing the corporation name

If you are changing the corporation name, you can either propose a new name or request a number name. If you propose a new name for the corporation, you need a Nuans report for the proposed name. If your corporation has a number name, you must not select the option for a number name, unless you are changing only the legal element.

Will this corporation have a number name? ☐ Yes ☐ No

5. Number of Director(s) (if applicable)

Complete this section only if you are changing the number of directors

Please specify the number of directors for your Corporation

☐ Fixed Number ☐ Minimum/Maximum

6. Shares and Provisions (if applicable) (Maximum limit is 100,000 characters per text box)

Complete this section only if you are amending the Shares and Provisions

Description of Changes to Classes of Shares

The corporation amends the Description of Classes of Shares as follows (please be specific):

Enter the Text

Description of Changes to Rights, Privileges, Restrictions and Conditions

The corporation amends the Rights, Privileges, Restrictions and Conditions as follows (please be specific):

Enter the Text

The rights, privileges, restrictions and conditions in respect of the common shares of the Corporation are subject to sections X and Y of the Other Provisions of the Corporation's articles and, to the extent of any conflict or inconsistency between the rights, privileges, restrictions and conditions in respect of the common shares of the Corporation and sections X and Y of the Other Provisions, sections X and Y of the Other Provisions shall govern.

Description of Changes to Restrictions on Share Transfers

The corporation amends the Restrictions on Share Transfers as follows (please be specific):

Enter the Text

Description of Changes to Restrictions on Business or Powers

The corporation amends the Restrictions on Business or Powers as follows (please be specific):

Enter the Text

Description of Changes to Other Provisions

The corporation amends the Other Provisions as follows (please be specific):

Enter the Text

The below wordings to follow the existing Other Provisions of the articles of incorporation of the Corporation as amended from time to time:

X. As contemplated by and in accordance with the second amended and restated proposal of the Corporation dated

November ●, 2022 under the Bankruptcy and Insolvency Act (Canada) (the "Proposal") approved by the order of the Ontario Superior Court of Justice in Bankruptcy and Insolvency dated November ●, 2022, upon approval by the directors of the Corporation, the Corporation will distribute the shares it holds in Phoena Holdings Inc. ("Phoena") to its shareholders on the basis of one common share of Phoena ("Phoena Shares") for every one common share of the Corporation held by such person (the "Distribution"), subject to the exclusions and on the terms contained herein. The following shareholders of the Corporation will have no right to receive any Phoena Shares pursuant to the Distribution:

(1) persons who own less than 10,000 common shares of the Corporation;
(2) persons whose common shares are held in any registered retirement savings plan, registered retirement income fund, registered pension plan, deferred profit sharing plan, tax-free savings account, home buyer's plan, lifelong learning plan, registered education savings plan, registered disability savings plan, pooled retirement savings plan, or any other form of registered savings vehicle for which the Phoena Shares do not qualify as a permitted investment or a "qualified investment" within the meaning of the Income Tax Act (Canada), as applicable; and
(3) persons who are not (i) Canadian residents; (ii) U.S. Persons, provided that the Corporation receives an opinion from qualified and independent United States securities counsel in form and substance satisfactory to the directors of the Corporation that the Distribution to U.S. Persons will be exempt from the registration requirements under the United States Securities and Exchange Act of 1933; or (iii) persons other than those described in (i) and (ii) in any jurisdiction in respect of which an opinion has been obtained from qualified and independent securities counsel, in form and substance satisfactory to the directors of the Corporation, confirming that the Distribution will be exempt from any requirement to prepare, file or deliver any registration statement, prospectus, financial statement, offering memorandum or similar disclosure document in connection with the Distribution.

If and to the extent that the Transfer Agent has not distributed all or any portion of the Phoena Shares held by the Corporation on or before the first anniversary hereof whether as a consequence of the limitations set forth above or for any other reason, then the Transfer Agent shall surrender all such undistributed Phoena Shares to Phoena for cancellation, without payment of any consideration to the Corporation or any of the Corporation's shareholders in respect of such undistributed Phoena Shares, and all of the Corporation's shareholders will be deemed to have finally and forever relinquished any action, cause of action, suit, claim or demand whatsoever against the Corporation.

The Distribution shall be paid and distributed to the Corporation's shareholders, other than as excluded above and such distribution shall be paid and distributed by the Corporation in connection with the winding up or the reorganization of its business. Concurrent with the Distribution, the paid-up capital of the common shares of the Corporation will be reduced by an amount equal to the fair market value of the distributed Phoena Shares, as determined by the directors at the time of such Distribution.

Y. At any point in time when the directors, in their discretion, determine that (i) the implementation of the Proposal and the transactions contemplated by it have progressed to the point that it is appropriate for the Corporation to dissolve and (ii) the requisite conditions for dissolution of the Corporation pursuant to the OBCA (other than the requirement for shareholder approval by way of a special resolution, written consent or otherwise) have been met to the satisfaction of the directors, any director of the Corporation, is irrevocably authorized, on behalf of the shareholders of the Corporation, to consent to the dissolution of the Corporation and to take all steps and actions to dissolve the Corporation and all of the Corporation's shareholders will be deemed to have finally and forever relinquished any action, cause of action, suit, claim or demand whatsoever against the Corporation.

7. Authorization

☑ * **I**, Vanmali Poojari

confirm that this form has been signed by the required person.

Caution - The Act sets out penalties, including fines, for submitting false or misleading information.

Required Signature

Name	Position	Signature
Gregory Guyatt	Chief Executive Officer	

TAB H

This is Exhibit "**H**" referred to in the
Affidavit of **Greg Guyatt**,
sworn before me virtually on November 17, 2022

Saneea Tanvir

Commissioner for taking Affidavits
(or as may be)
Saneea Tanvir LSO #: 77838T

Court File No:
Estate No:

ONTARIO
SUPERIOR COURT OF JUSTICE

IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE PROPOSAL OF
CANNTRUST HOLDINGS INC.

PROPOSAL
October 18, 2022

CannTrust Holdings hereby submits the following Proposal under the BIA. Capitalised terms used herein have the meanings ascribed to them in Section 1.1 below.

Recitals

A. On March 31, 2020, CannTrust Holdings and certain of its subsidiaries commenced proceedings under the CCAA following a series of adverse events, including the suspension of cannabis licenses necessary to conduct their business and the issuance of the CTO, prohibiting any trading in the CannTrust Shares. They commenced the CCAA proceedings seeking to reinstate their licenses, resume operations, settle several class actions and other litigation brought against them, and explore a range of potential strategic transactions.

B. On January 5, 2022, CannTrust Holdings implemented the CCAA Plan. Pursuant to the CCAA Plan and the related court order approving it, CannTrust Holdings compromised and was released from substantially all of the claims against it as of March 31, 2020.

C. During the CCAA proceeding, CannTrust Holdings obtained court approval to create a new wholly-owned subsidiary, CannTrust Equity Inc. (now Phoena Holdings Inc.) and to transfer to Phoena Holdings the ownership of its wholly-owned subsidiary, Opco, which was the primary operating entity of the CannTrust group of companies.

D. On February 25, 2022, CannTrust Holdings obtained court approval for the Strategic Transaction, which transaction was intended to secure new financing to enable Opco to continue to carry on business.

E. On March 11, 2022, CannTrust Holdings, Phoena Holdings and Opco implemented the Strategic Transaction. As a result, the Strategic Investors invested $11.2 million to acquire a 90% equity interest in Phoena Holdings (at a subscription price of approximately one cent ($0.01) per Phoena Share) and provided a $5.5 million loan (which is subordinated in payment to a pre-existing loan from Cortland Credit Lending Corporation), with CannTrust Holdings retaining Phoena Shares representing a 10% equity interest in Phoena Holdings.

F. Prior to or in connection with the implementation of the Strategic Transaction, CannTrust Holdings satisfied any remaining liabilities of which it was aware, with the exception of claims that were to remain outstanding by agreement with the applicable creditors, such as the Secured Lenders.

G. Despite the implementation of the CCAA Plan and the Strategic Transaction, CannTrust Holdings remains subject to the CTO. To obtain a discretionary order from the OSC revoking the CTO, CannTrust Holdings would be required to cure its disclosure defaults under applicable securities laws, which would including restating certain historical financial statements and obtaining an audit opinion thereon from a qualified independent auditor.

H. CannTrust Holdings had hoped that, after emerging from the CCAA proceeding, it would be able to complete the steps necessary to either (i) hold an annual general meeting and apply to the OSC to have the CTO revoked or (ii) work with Phoena Holdings to obtain a stock exchange listing for the Phoena Shares and then distribute its Phoena Shares to CannTrust Shareholders pursuant to a plan of arrangement effected under the OBCA. Those steps included the need for CannTrust Holdings to either (i) restate some of its historical annual financial statements and prepare other annual and interim financial statements or (ii) prepare annual and interim financial statements in respect of Phoena Holdings.

I. Because CannTrust Holdings is an “offering corporation” for purposes of the OBCA, it cannot convene an annual general meeting without providing certain annual financial statements to the CannTrust Shareholders, and any annual financial statements to be placed before the CannTrust Shareholders at such meeting would be required to be audited and satisfy the other requirements of applicable securities laws. To facilitate that effort, the court granted an order (as subsequently extended) that gave CannTrust Holdings until November 30, 2022 to hold its annual general meeting.

J. CannTrust Holdings has determined that it is not feasible in the remaining time before November 30, 2022 to hold an annual general meeting and, in any event, CannTrust Holdings is insolvent and cannot afford to complete the audit and other work necessary to do so or to seek the revocation of the CTO, and Phoena is not currently in a position to become a “reporting issuer” under applicable securities laws by obtaining a stock exchange listing for the Phoena Shares.

K. In the circumstances, CannTrust Holdings believes it is in the best interests of its stakeholders to make a proposal to its creditors under the BIA to allow it to address its remaining liabilities, dispose of its residual assets, and dissolve in advance of November 30, 2022 or as soon thereafter as is reasonably achievable.

ARTICLE 1
DEFINITIONS

1.1 Definitions

In this Proposal, capitalized terms have the meanings set out below:

(a) “**Administrative Fees and Expenses**” means:

(i) the proper fees and expenses of the Proposal Trustee, including its legal fees and disbursements; and

(ii) the legal fees and disbursements of CannTrust Holdings incurred on or incidental to negotiations in connection with these proposal proceedings, the preparation of the Proposal and the transactions and agreements contemplated hereby;

(b) "**Amendment**" is defined in Section 7.1;

(c) "**Articles of Reorganization**" means articles of reorganization of CannTrust Holdings to effect, among other things, changes to the terms of the CannTrust Shares to facilitate the distribution of the Phoena Shares to the applicable CannTrust Shareholders that is contemplated by Section 6.4, the form of which articles will be approved by the Proposal Approval Order;

(d) "**BIA**" means the *Bankruptcy and Insolvency Act* (Canada);

(e) "**Business Day**" means a day other than a Saturday, Sunday, statutory or civic holiday in Toronto, Ontario;

(f) "**Canada Pension Plan**" means the *Canada Pension Plan* (Canada);

(g) "**CannTrust D&O Trust**" means a trust that was created on December 17, 2019 to hold and disburse certain funds for the benefit of directors and officers of CannTrust Holdings in accordance with the terms of such trust;

(h) "**CannTrust Holdings**" means CannTrust Holdings Inc., a corporation formed under the OBCA;

(i) "**CannTrust Shareholders**" means the beneficial owners of CannTrust Shares;

(j) "**CannTrust Shares**" means the 1,414,872,032 issued and outstanding common shares in the capital of CannTrust Holdings;

(k) "**CCAA**" means the *Companies' Creditors Arrangement Act* (Canada);

(l) "**CCAA Plan**" means the fourth amended & restated plan of compromise, arrangement and reorganization of CannTrust Holdings, Opco and Elmcliffe Investments Inc. dated July 7, 2021;

(m) "**Claim**" means "claim" as defined by the BIA;

(n) "**Consent**" means, in respect of each Secured Creditor, the written consent of the Secured Creditor to (i) the distributions to Unsecured Creditors contemplated by Section 2.2, (ii) the distribution of the Phoena Shares held by CannTrust Holdings to CannTrust Shareholders that is contemplated by Section 6.4, (iii) the transfer of the Residual Assets to Phoena Holdings contemplated by Section 2.2, (iv) the release of its Claims against CannTrust Holdings and any related security, and (v) the dissolution of CannTrust Holdings contemplated by Section 6.4;

(o) "**Court**" means the Ontario Superior Court of Justice in bankruptcy and insolvency;

(p) "**Court Approval Date**" means the date of the Proposal Approval Order;

(q) "**Creditor**" means any Person having a Claim and may, if the context requires, mean a trustee, receiver, receiver-manager or similar officer acting on behalf or in the name of such Person;

(r) "**Creditor Meeting**" means the meeting of Unsecured Creditors held to consider and vote on this Proposal;

(s) "**Crown**" means His Majesty in right of Canada or a province;

(t) "**CTI**" means CTI Holdings (Osoyoos) Inc.;

(u) "**CTO**" means the cease trade order issued by the OSC on October 13, 2020, on behalf of all of the Canadian securities administrators except for Quebec's, in respect of the CannTrust Shares;

(v) "**Directors**" means any Person who, as at the Effective Date, is a current director or officer of CannTrust Holdings or who by applicable law is deemed to be or is treated similarly to a director or officer of CannTrust Holdings or who currently manages or supervises the management of the business and affairs of CannTrust Holdings;

(w) "**Effective Date**" means one Business Day after the Court Approval Date, or such later date as CannTrust Holdings requests and the Proposal Trustee approves;

(x) "**Employment Insurance Act**" means the *Employment Insurance Act* (Canada);

(y) "**Encumbrance**" means, with respect to any property of CannTrust Holdings, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind whatsoever in respect of such property;

(z) "**Filing Date**" means October 18, 2022;

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

(bb) "**OBCA**" means the *Business Corporations Act* (Ontario);

(cc) "**Opco**" means Phoena Inc., a corporation existing under the OBCA;

(dd) "**OSC**" means the Ontario Securities Commission;

(ee) "**Person**" means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government, or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;

(ff) "**Phoena Claims**" means the Claims of Phoena Holdings and its direct and indirect subsidiaries, including Opco and CTI;

(gg) "**Phoena Holdings**" means Phoena Holdings Inc., a corporation formed under the OBCA;

(hh) "**Phoena Shares**" means common shares in the capital of Phoena Holdings;

(ii) "**Preferred Claim**" means any Unsecured Claim or portion thereof that is required by the BIA to be paid in priority to other Unsecured Claims under a proposal by a debtor, including the Claims of:

(i) employees and former employees of CannTrust Holdings, if any, for amounts equal to the amounts that they would be qualified to receive under paragraph 136(1)(d) of the BIA on the Filing Date, as well as wages, salaries, commissions or compensation for services rendered after that date and before the Court Approval Date, together with, in the case of travelling salespersons, disbursements properly incurred by those salespersons in and about CannTrust Holdings' businesses during the same period;

(ii) the trustee or other administrator of a prescribed pension plan in which CannTrust Holdings participates, if any, for the amounts, if any, required to be paid pursuant to section 60(1.5) of the BIA; and

(iii) the Crown for all amounts that were outstanding as of the Filing Date and are of a kind that could be subject to a demand under:

(A) subsection 224(1.2) of the *Income Tax Act*;

(B) any provisions of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for collection of a contribution, as defined In the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or

(C) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:

(I) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the Income Tax Act; or

(II) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;

(jj) "**Preferred Creditor**" means a Creditor with a Preferred Claim;

(kk) “**Proof of Claim**” shall mean the proof of claim required by the BIA to be mailed to each known Creditor prior to the Creditors’ Meeting;

(ll) “**Proposal**” means this Proposal dated October 18, 2022, as may be further amended or supplemented from time to time in accordance with its terms;

(mm) “**Proposal Approval Order**” means the Order of the Court approving this Proposal and the Articles of Reorganization, in form and content satisfactory to CannTrust Holdings and the Proposal Trustee;

(nn) “**Proposal Funds**” means the aggregate amount, as of the Effective Date, required:

(i) to pay the Administrative Fees and Expenses (as estimated by the Proposal Trustee pursuant to Section 5.2);

(ii) to pay the Superintendent’s Levy; and

(iii) to make the payments to Creditors pursuant to Section 2.2,

to be paid by CannTrust Holdings to the Proposal Trustee on or before the Effective Date;

(oo) “**Proposal Trustee**” means Ernst & Young Inc.;

(pp) “**Proposal Trustee’s Website**” means http://www.ey.com/ca/canntrust;

(qq) “**Proven Claim**” means the amount of the Claim of any Creditor finally determined in accordance with the provisions of the BIA;

(rr) “**Qualifying Jurisdiction**” means any Province or Territory of Canada or any other jurisdiction in respect of which an opinion has been received pursuant to Section 3.1(e) or 3.1(f) herein;

(ss) “**Residual Assets**” means all of the property and other assets of CannTrust Holdings, other than the Phoena Shares held by CannTrust Holdings, including:

(i) a potential HST refund of up to about $1.4 million;

(ii) the potential residual value from CannTrust D&O Trust, but which has incurred trustee expenses and is subject to claims by beneficiaries that, if determined to be “eligible claims,” will exhaust the trust funds;

(iii) the right to receive a payment from the securities claimants with whom CannTrust Holdings settled as part of the CCAA Plan, if the claimants’ total recoveries exceed $250 million;

(iv) a $3 million unsecured promissory note owing by Opco to CannTrust Holdings;

(v) the indebtedness of $40,000 owing by Opco to CannTrust Holdings;

(vi) the indebtedness of about $4,718,616 owing by Elmcliffe Investments Inc.to CannTrust Holdings; and

(vii) the indebtedness of about $50,002 owing by Elmcliffe Investments [No. 2] Inc. to CannTrust Holdings;

(tt) "**Secured Claim**" means any Claim to the extent that it is secured by a valid Encumbrance that is duly and properly registered or otherwise perfected in accordance with applicable law in the appropriate jurisdiction as of the Filing Date or thereafter to the extent permitted by the BIA;

(uu) "**Secured Creditor**" means a Creditor with a Secured Claim;

(vv) "**Secured Lenders**" means:

(i) Cortland Credit Lending Corporation, as agent for and on behalf of the lenders pursuant to the credit agreement dated as of March 11, 2022 between, among others, Cortland Credit Lending Corporation, as agent for the lenders party thereto, in respect of which CannTrust Holdings is a guarantor, as such credit agreement is amended, restated, supplemented or otherwise modified from time to time; and

(ii) the Subordinate Lenders and Marshall Fields International B.V., as agent for and on behalf of the Subordinate Lenders, pursuant to the credit agreement dated as of March 11, 2022 in respect of which CannTrust Holdings is a guarantor, as such credit agreement is amended, restated, supplemented or otherwise modified from time to time**;**

(ww) "**Shareholder Record Date**" means the Filing Date;

(xx) "**Strategic Investors**" means collectively, Marshall Fields International B.V. and Daniel Koehn, Andrew Peppin Medicine Professional Corporation, Jeffrey Zietlow and Greg Guyatt;

(yy) "**Strategic Transaction**" means, collectively, the transactions contemplated by the subscription agreements between Phoena Holdings and each of the Strategic Investors dated March 11, 2022 and the related transactions approved by the Court order dated February 25, 2022 in the CCAA proceedings;

(zz) "**Subordinate Lenders**" means collectively, Marshall Fields International B.V., Andrew Peppin Medicine Professional Corporation, Dan Koehn and Cannacquisition Limited Partnership;

(aaa) "**Superintendent's Levy**" means the levy payable in respect of amounts distributed by the Proposal Trustee under this Proposal in accordance with section 147 of the BIA;

(bbb) "**Transfer Agent**" means TSX Trust Company;

(ccc) "**Transfer Documents**" means collectively, all documentation required to be executed by CannTrust Holdings to effect the transfer of Phoena Shares held by CannTrust Holdings to the applicable CannTrust Shareholders;

(ddd) "**Unsecured Claim**" means any Claim other than a Secured Claim; and

(eee) "**Unsecured Creditor**" means a Creditor with an Unsecured Claim.

1.2 Interpretation Matters

For the purposes of this Proposal:

(a) any reference in this Proposal to a contract, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions;

(b) any reference in this Proposal to an order, an existing agreement, or an agreement to be made or registration means such order, or agreement or registration as it may have been or may be amended, modified, joined by additional parties or supplemented (in accordance with its terms or this Proposal, if applicable);

(c) unless otherwise specified, all references to currency are in Canadian dollars;

(d) the division of this Proposal into "Articles" and "Sections" and the insertion of a table of contents are for convenience of reference only and do not affect the construction or interpretation of this Proposal, nor are the descriptive headings of "Articles" and "Sections" intended as complete or accurate descriptions of the content thereof;

(e) the use of words in the singular or plural, or with a particular gender, including a definition, will not limit the scope or exclude the application of any provision of this Proposal to such Person (or Persons) or circumstances as the context otherwise permits;

(f) the words "includes" and "including" and similar terms of inclusion will not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation, but rather will mean "includes but is not limited to" and "including but not limited to", so that references to included matters will be regarded as illustrative without being either characterizing or exhaustive;

(g) unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean local time in Toronto, Ontario and any reference to an event occurring on a Business Day means prior to 5:00 p.m. (Toronto time) on such Business Day;

(h) unless otherwise specified, time periods within or following which any payment is to be made or act is to be done will be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day;

(i) unless otherwise provided, any reference to a statute or other enactment of parliament or a legislature includes all regulations made thereunder, all amendments to or re enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation; and

(j) references to a specified “Article” or “Section” will, unless something in the subject matter or context is inconsistent therewith, be construed as references to that specified article or section of this Proposal, whereas the terms “this Proposal”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions will be deemed to refer generally to this Proposal and not to any particular article, section or other portion of this Proposal and includes any documents supplemental hereto.

1.3 Successor and Assigns

The Proposal will be binding on and will enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of the Creditors and any other Person named or referred to in the Proposal.

1.4 Statutory References

Any reference in this Proposal to a statute includes all regulations made thereunder and all amendments to such statutes or regulations in force from time to time.

1.5 Governing Law and Jurisdiction

This Proposal will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. All questions as to the interpretation of or application of this Proposal and all proceedings taken in connection with the Proposal and its provisions will be subject to the exclusive jurisdiction of the Court.

1.6 Corporate Approvals

The execution, delivery, implementation and consummation of all matters contemplated under the Proposal involving corporate action of CannTrust Holdings, including pursuant to any provision of the OBCA, will be deemed to be authorized and approved under this Proposal and by the Court as part of the Proposal Approval Order in all respects and for all purposes without any requirement of further action by any Person.

ARTICLE 2
CLASSIFICATION AND TREATMENT OF CLAIMS

2.1 Class of Unsecured Creditors

This Proposal is made to the Unsecured Creditors as a single class.

2.2 Treatment of Unsecured Claims

As of the Effective Date, Creditors holding the following Unsecured Claims will be entitled to receive the following treatment in respect of, and in full satisfaction of, their Unsecured Claims:

(a) Preferred Claims (if any) that are Proven Claims will be paid in full from the Proposal Funds by the Proposal Trustee on behalf of CannTrust Holdings, in priority to all other Unsecured Claims in accordance with the scheme of distribution set forth in the BIA;

(b) Unsecured Claims (if any) that are Proven Claims, other than the Phoena Claims, will be paid from the Proposal Funds by the Proposal Trustee on behalf of CannTrust Holdings in full, in priority to the Phoena Claims; and

(c) Phoena Claims that are Proven Claims will be satisfied in full by the transfer of the Residual Assets to Phoena Holdings or as it may direct, pursuant to one or more assignment agreements or other conveyance documentation satisfactory to CannTrust Holdings and Phoena Holdings.

2.3 Distributions

Distributions pursuant to Section 2.2 will be effected as soon as practical following the Effective Date.

To be eligible to receive a distribution under Section 2.2, a Creditor must have filed a Proof of Claim such that it is actually received by the Proposal Trustee in accordance with the BIA prior to the Effective Date and its Claim must be a Proven Claim. Each and every Creditor that fails to file a Proof of Claim with the Proposal Trustee before 5:00 p.m. on the day prior to the Effective Date will not be eligible to participate in the distributions from the Proposal Funds.

2.4 Secured Lenders

This Proposal does not affect the Secured Claims of the Secured Lenders. The Claims of the Secured Lenders will be addressed pursuant to the terms of the Consents or as otherwise agreed between CannTrust Holdings and the applicable Secured Lenders.

2.5 Different Capacities

Persons may be affected by this Proposal in more than one capacity. Unless expressly provided herein to the contrary, a Person is entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless expressly agreed by the Person in writing or unless its Claims overlap or are otherwise duplicative.

2.6 Set Off

The law of set-off shall be applied to all Claims.

ARTICLE 3
CONDITIONS PRECEDENT

3.1 Conditions Precedent

The performance of this Proposal by CannTrust Holdings is conditional upon the fulfillment or satisfaction of the following conditions:

(a) CannTrust Holdings has received the Consent of each of the Secured Lenders and each consent remains in effect in accordance with its terms;

(b) this Proposal has been accepted by the requisite majorities of the Unsecured Creditors;

(c) the Proposal Approval Order has been issued and has not been appealed, set aside, varied or stayed;

(d) the consensual termination of the unanimous shareholders agreement dated March 11, 2022 made between the Strategic Investors, CannTrust Holdings and Phoena Holdings, providing for the governance of Phoena Holdings;

(e) the receipt by CannTrust Holdings, on or before the Effective Date, of an opinion from qualified and independent United States securities counsel (which includes Mayer Brown LLP), in form and substance satisfactory to the directors of CannTrust Holdings, confirming that the proposed distribution of Phoena Shares held by CannTrust Holdings to CannTrust Shareholders who are U.S. Persons will be exempt from the registration requirements under the United States *Securities and Exchange Act of 1933*; and

(f) the receipt by CannTrust Holdings, on or before the Effective Date, of an opinion from qualified and independent securities counsel, in form and substance satisfactory to the directors of CannTrust Holdings, confirming that the proposed distribution of Phoena Shares held by CannTrust Holdings to any CannTrust Shareholder who is not a Canadian or a U.S. Person will be exempt from any requirement to prepare, file or deliver any registration statement, prospectus, financial statement, offering memorandum or similar disclosure document in connection with such distribution.

ARTICLE 4
RELEASE OF CLAIMS AND SECTIONS 95-101 OF THE BIA

4.1 Upon implementation of this Proposal on the Effective Date and subject to Section 4.2, each Director will be released from any and all demands, claims, debts, judgments, liens and other recoveries on account of any potential, contingent or actual statutory liability of whatsoever nature that any Person may be entitled to assert against such Director as at the Filing Date, including any and all claims howsoever related to any obligation of CannTrust Holdings where the Director(s) are or may be liable at law in their capacity as Director(s) for the payment of such obligation, whether known or unknown, existing or hereafter arising, based in whole or in part on any act of omission, transaction, dealing or other occurrence existing or taking place prior to the Filing Date or, with respect to any agreements of CannTrust Holdings that have been disclaimed, repudiated or terminated after the Filing Date in whole or in part which exist prior to or at the time of such disclaimer, repudiation or termination.

4.2 Notwithstanding Section 4.1, nothing in this Proposal will release or discharge any of the Directors from the exceptions set out in section 50(14) of the BIA.

4.3 Sections 95 to 101 of the BIA and any provincial statute relating to preferences, settlements, fraudulent conveyances, transfers at undervalue or similar impeachable transactions do not apply to any transactions or other dealings by CannTrust Holdings during the period prior to the Filing Date. The release of the Directors contemplated in Section 4.1 includes a release of all claims, actions and remedies available pursuant to sections 95 to 101 of the BIA and any provincial statute relating to preferences, settlements, fraudulent conveyances, transfers at undervalue or similar impeachable transactions.

ARTICLE 5
PROPOSAL TRUSTEE

5.1 Ernst & Young Inc. will be the Proposal Trustee under this Proposal.

5.2 CannTrust Holdings will pay the Administrative Fees and Expenses by including in the Proposal Funds the amount estimated by the Proposal Trustee prior to the Effective Date to be sufficient to pay such fees and expenses. The Proposal Trustee will use such funds to pay such fees and expenses on behalf of CannTrust Holdings as contemplated by Section 5.3 and if there is any surplus from the Proposal Funds after payment of the Administration Fees and Expenses, Creditor distributions, and the levy in full, such surplus will constitute Residual Assets and be paid by the Proposal Trustee to Phoena Holdings or as it may direct.

5.3 On or before the Effective Date, CannTrust Holdings will pay the Proposal Funds to the Proposal Trustee. The Proposal Trustee will make payments from the Proposal Funds, on behalf of CannTrust Holdings, of all payments and distributions of monies required to be made in accordance with the terms of this Proposal.

5.4 Any payments made by the Proposal Trustee to the Creditors hereunder shall be made by the Proposal Trustee net of any levies payable or due under the BIA.

5.5 The Proposal Trustee is acting in its capacity as Proposal Trustee and not in its personal capacity and no officer, director, employee or agent of the Proposal Trustee

will incur any obligations or liabilities in connection with this Proposal or in respect of the business activities or liabilities of CannTrust Holdings.

5.6 Without limitation to Section 5.5, the Proposal Trustee will have no liability whatsoever for any Claims or other obligations of CannTrust Holdings arising before, on or after the Filing Date.

ARTICLE 6
FULL PERFORMANCE OF PROPOSAL

6.1 All obligations of CannTrust Holdings under this Proposal will commence as of the Effective Date. This Proposal will be fully performed by CannTrust Holdings after it has completed the following matters:

(a) paid the Proposal Funds to the Proposal Trustee;

(b) filed the Articles of Reorganization and received the certificate of amendment issued under the OBCA in respect thereof; and

(c) executed the Transfer Documents and delivered them to Phoena Holdings.

6.2 When the Proposal has been fully performed by CannTrust Holdings, the Proposal Trustee will issue to CannTrust Holdings and the Official Receiver the Certificate of Full Performance as provided for in Section 65.3 of the BIA.

6.3 During the currency of this Proposal and until the Certificate of Full Performance referred to in Section 6.2 is issued by the Proposal Trustee, CannTrust Holdings will not amalgamate or otherwise change or reorganize its corporate structure without the approval of the Proposal Trustee (for greater certainty, other than by way of the Articles of Reorganization), unless the new or successor entity agrees to be bound by all terms and conditions of this Proposal.

6.4 Subject to approval by the Court in the Court Approval Order (including approval of the Articles of Reorganization), as soon as practicable following the issuance of the Certificate of Full Performance, CannTrust Holdings intends to:

(a) deliver the Phoena Shares held by CannTrust Holdings to the Transfer Agent, together with a direction to distribute such Phoena Shares to CannTrust Shareholders as of the Shareholder Record Date on the following basis and in the following sequence:

(i) subject to the other clauses of this Section 6.4(a), on or before the first anniversary of the Effective Date, the Transfer Agent will distribute and deliver one Phoena Share for each CannTrust Share held or beneficially owned by each CannTrust Shareholder on the Shareholder Record Date that, relying solely upon the records of the Transfer Agent, is the registered holder or beneficial owner of at least 10,000 CannTrust Shares;

(ii) in the event that, prior to the Effective Date, Phoena Holdings consolidates or splits the outstanding common shares of Phoena, the

10,000 : 1 distribution ratio set forth in Section 6.4(a)(i) shall be adjusted proportionately;

(iii) for any CannTrust Shareholder that, based upon and relying solely upon the records of the Transfer Agent, is not the registered holder or beneficial owner of at least 10,000 CannTrust Shares, no Phoena Shares will be distributed or delivered to such CannTrust Shareholder;

(iv) for any CannTrust Shareholder that, based upon and relying solely upon the records of the Transfer Agent or made available and certified to the satisfaction of the Transfer Agent (in the Transfer Agent's sole discretion), is a resident of a jurisdiction outside of any of the Qualifying Jurisdictions, no Phoena Shares will be distributed or delivered to such CannTrust Shareholder;

(v) if and to the extent that the Transfer Agent has not distributed all or any portion of the Phoena Shares held by CannTrust Holdings on or before the first anniversary of the Effective Date, whether as a consequence of the limitation set forth in Section 6.4(a)(ii) or 6.4(a)(iii) or for any other reason, then the Transfer Agent shall surrender all such undistributed Phoena Shares to Phoena Holdings for cancellation, without payment of any consideration to any CannTrust Shareholder in respect of such undistributed Phoena Shares, and all CannTrust Shareholders will be deemed to have finally and forever relinquished any action, cause of action, suit, claim or demand whatsoever in respect of this Proposal; and

(b) dissolve.

ARTICLE 7
AMENDMENT OF PROPOSAL

7.1 At any time and from time to time prior to or at the Creditor Meeting, CannTrust Holdings may vary, amend, restate, modify or supplement this Proposal (in each case, an "**Amendment**") with the consent of the Proposal Trustee. If any such Amendment is made:

(a) CannTrust Holdings or the Proposal Trustee will communicate the details of the Amendment to Creditors and other Persons present at the Creditor Meeting prior to any vote being taken at the Creditor Meeting;

(b) CannTrust Holdings will provide notice to the service list of the Amendment and file a copy thereof with the Court without delay and in any event prior to the hearing in respect of the Proposal Approval Order; and

(c) the Proposal Trustee will post an electronic copy of the Amendment on the Proposal Trustee's Website without delay and in any event prior to the hearing in respect of the Proposal Approval Order.

7.2 At any time and from time to time after the Creditor Meeting, CannTrust Holdings may make an Amendment with the consent of the Proposal Trustee and approval of the Court. If any such Amendment is made:

(a) CannTrust Holdings will provide notice to the service list of the Amendment and file a copy thereof with the Court without delay; and

(b) the Proposal Trustee will post an electronic copy of the Amendment on the Proposal Trustee's Website without delay.

7.3 Without limitation to Section 7.2, at any time and from time to time after the Creditor Meeting, CannTrust Holdings may vary, amend, restate, modify or supplement this Proposal with the consent of the Proposal Trustee and without Court approval, provided that such Amendment concerns a matter that is of an administrative nature and is required to better give effect to the implementation of this Proposal and is not adverse to the financial interests of the Creditors. If any such Amendment is made:

(a) CannTrust Holdings will provide notice to the service list of the Amendment and file a copy thereof with the Court without delay; and

(b) the Proposal Trustee will post an electronic copy of the Amendment on the Proposal Trustee's Website without delay.

Dated this 18th day of October, 2022.

CANNTRUST HOLDINGS INC.

DocuSigned by:

Dan Hogan

4EE849BD75CB453...

TAB I

This is Exhibit "**I**" referred to in the
Affidavit of **Greg Guyatt**,
sworn before me virtually on November 17, 2022

Saneea Tanvir

Commissioner for taking Affidavits
(or as may be)
Saneea Tanvir LSO #: 77838T

CannTrust Holdings Inc.
Cash Flow Forecast

In $CAD

Forecast Week Ending (Sunday)		23-Oct-22	30-Oct-22	06-Nov-22	13-Nov-22	20-Nov-22	27-Nov-22	04-Dec-22	Total
									Total
Forecast Week		1	3	4	5	6	7	8	
Week Beginning		2022-10-17	2022-10-24	2022-10-31	2022-11-07	2022-11-14	2022-11-21	2022-11-28	
Week Ending		2022-10-23	2022-10-30	2022-11-06	2022-11-13	2022-11-20	2022-11-27	2022-12-04	
Cashflow									
Receipts									
Receipts from Operations	[1]	-	-	-	-	-	-	-	-
Reciept from Phoena Holdings Inc	[2]	197,750	113,000	-	-	-	-	-	310,750
Total Receipts		197,750	113,000	-	-	-	-	-	310,750
Operating disbursements									
Other Operating Expenses	[3]	-	-	-	-	-	-	-	-
Total Operating Disbursements		-	-	-	-	-	-	-	-
Cash from Operations		197,750	113,000	-	-	-	-	-	310,750
Restructuring Disbursements									
Restructuring Professional Fees	[4]	197,750	113,000	-	-	-	-	-	310,750
Total Restructuring Disbursements		197,750	113,000	-	-	-	-	-	310,750
Net Cash Inflows / (Outflows)		-	-	-	-	-	-	-	-
Cash									
Beginning Balance	[5]	3,195	3,195	3,195	3,195	3,195	3,195	3,195	3,195
Net Cash Inflows / (Outflows)		-	-	-	-	-	-	-	-
Ending Balance		3,195	3,195	3,195	3,195	3,195	3,195	3,195	3,195

In the Matter of the Proposal under the *Bankruptcy and Insolvency Act* of CannTrust Holdings Inc. ("CannTrust" or the "Company")

Notes to the Unaudited Cash Flows Projection

Disclaimer:

In preparing this cash flow projection (the "**Cash Flow Forecast**"), CannTrust has relied upon unaudited financial information and the Company has not attempted to further verify the accuracy or completeness of such information. The Cash Flow Forecast includes estimates concerning the operations of the business and additional assumptions discussed below. Since the Cash Flow Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Cash Flow Forecast period will vary from the Cash Flow Forecast, even if the assumptions materialize, and such variation may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.

Overview:

The Cash Flow Forecast has been prepared for the purpose of meeting the requirements of the *Bankruptcy and Insolvency Act* and reflects the estimated cash flows from CannTrust's operations. The Company, with the assistance of the Trustee, has prepared the Cash Flow Forecast based on CannTrust's anticipated plans. Receipts and disbursements are denominated Canadian dollars.

Assumptions:

1) **Receipt from Operations**
CannTrust Holding Inc. is a holding company and therefore has no operations.

2) **Receipt from Phoena Holdings Inc.**
CannTrust Holdings Inc. receives funds from Phoena Holdings Inc. to fund the proposal.

3) **Operating Disbursements**
CannTrust Holding Inc. is a holding company and therefore has no operations or employees.

4) **Restructuring Disbursements**
Restructuring costs include costs related to CannTrust's counsel and the Trustee.

5) **Beginning Balance**
This is the closing cash balance of the Company as at October 16, 2022.

TAB J

This is Exhibit "**J**" referred to in the
Affidavit of **Greg Guyatt**,
sworn before me virtually on November 17, 2022

Saneea Tanvir

Commissioner for taking Affidavits
(or as may be)
Saneea Tanvir LSO #: 77838T

CannTrust Holdings Inc. Makes Proposal under the Bankruptcy and Insolvency Act

NEWS PROVIDED BY

CannTrust Holdings Inc. →

Oct 19, 2022, 19:59 ET

VAUGHAN, ON, Oct. 19, 2022 /CNW/ - CannTrust Holdings Inc. (the "Company" or "CTH"), a minority investor in Phoena Holdings Inc. ("Phoena", formerly CannTrust Equity Inc.) today announced that it has made a Division I Proposal pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "Proposal"). Phoena's operations are not impacted by the restructuring of CTH.

Further to its press release dated July 7, 2022, CTH had intended to hold its annual general meeting on or before November 30, 2022. However, in order to hold such annual meeting, CTH would be required to, among other things, prepare audited financial statements. CTH has determined that it is not feasible to complete the audit and other work necessary to hold an annual general meeting before November 30, 2022. In these circumstances, CTH believes it is in the best interests of its stakeholders to make a proposal to its creditors under the BIA.

The Proposal is being funded by Phoena, with the support of Phoena's largest shareholder, Marshall Fields Holdings, a wholly-owned subsidiary of Kenzoll B.V., a Netherlands based private-equity company. Phoena's operations are not impacted by the restructuring of CTH. The Proposal is also being supported by CTH's lenders.

Subject to satisfying certain conditions, including approval from creditors and obtaining an approval order for the Proposal from the Court, CTH intends to address its remaining liabilities, dispose of its residual assets, distribute its shares in Phoena and dissolve in advance of November 30, 2022 or as soon as practicable after that date.

CTH intends to distribute the shares it holds in Phoena to its existing shareholders, provided that, (i) shareholders are required to hold at least 10,000 common shares of CTH in order to qualify for a distribution of Phoena common shares; and (ii) any distribution of Phoena shares to a holder of CTH shares who is a person that is not Canadian or a U.S. person will be subject to CTH obtaining an opinion from qualified and independent securities counsel that such distribution is exempt from any requirement to prepare, file or deliver a prospectus or similar document. The Company is limiting the distribution of its Phoena Holdings shares to holders or owners of at least 10,000 CTH common shares so that the costs of distribution will not significantly exceed the value of the Phoena shares being distributed. When Phoena completed its private placement with Marshall Fields Holdings and the other strategic investors in March, 2022, they were issued common shares at a price of approximate $0.009 per share, implying that 10,000 shares had a value of $90.

Only those creditors to CTH with proven claims (after submitting a proof of claim in accordance with the claims procedure) shall be entitled to attend the creditors meeting, vote on the resolution to approve the Proposal and participate in any distributions contemplated by the Proposal. To obtain further details about the claims procedure, the time and place of the creditors meeting and/or to get a proof of claims form and copy of the claims package, please visit the Proposal Trustee's website at http://www.ey.com/ca/canntrust. The Proposal Trustee will post additional relevant information and documentation related to these proceedings on its website as they become available.

The hearing date for court approval of the Proposal will be scheduled after the creditors meeting, if the Proposal is approved by the creditors at the creditors meeting. Details on the hearing date will be posted to the Proposal Trustee's website once available. Any person wishing to support or oppose the relief sought at the approval hearing may serve court materials on the service list setting out their basis for their support or opposition and/or attend the hearing. After considering the court materials filed by the Proposal Trustee, CTH and any other person, and hearing the submissions of those present at the hearing , the Court may approve the Proposal and other relief sought by CTH. If approved by the Court, CTH would then proceed to implement the Proposal.

Phoena continues to explore strategic options to generate liquidity for its shareholders. The Board's deliberations are ongoing and progressing but there can be no assurance that Phoena will ultimately be successful.

About CannTrust Holdings Inc.

It is a holding company and its primary asset is comprised of an approximate 10% equity interest in Phoena. Although CannTrust is a reporting issuer under the laws of each of the Canadian provinces except for Quebec, it remains subject to the CTO and its common shares have been delisted by the Toronto Stock Exchange and the New York Stock Exchange.

About Phoena

Phoena is an award-winning, federally regulated licensed cannabis producer, with locations in Vaughan and Fenwick, Ontario. Phoena operates a portfolio of brands, including estora, Liiv, SYNR.G and Xscape.

Phoena is committed to providing exceptional consumer experience, quality & consistent products. Phoena's greenhouse produces Grade A cannabis flower, which is sold in a variety of dried flower and extract formats.

Phoena creates cannabis products that meet the diverse needs of patients and consumers, promoting positivity, supporting creativity, and inspiring confidence.

Phoena, empowering you every day.

Learn more at Phoena.com

Forward-Looking Statements

This press release contains "forward-looking information" within the meaning of Canadian securities laws and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and other applicable United States safe harbor laws, and such statements are based upon CannTrust's current internal expectations, estimates, projections, assumptions and beliefs and views of future events.

Forward-looking information and forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "expect", "likely", "may", "will", "should", "intend", "anticipate", "potential", "proposed", "estimate" and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions "may", "would" or "will" happen, or by discussions of strategy.

The forward-looking information and statements in this news release include statements relating to CTH's efforts to implement a Proposal under the BIA and Phoena's exploration of strategic options to generate liquidity for its shareholders. Forward-looking information and statements necessarily involve known and unknown risks, including, without limitation: the risk that, if Phoena requires additional equity, the Company's investment in Phoena could be diluted further; the risk that Phoena or its affiliates could default under its credit facilities from Cortland Credit Lending Corporation or Marshall Fields International B.V., which are secured against substantially all of Phoena and the Company's assets; the risk that the Company will not be able to obtain a Proposal Approval Order from the Court or complete the contemplated restructuring; the impact of any regulatory and other investigations or proceedings; the risks associated with general economic conditions and/or adverse industry events; the risk of loss of markets; the risk of future legislative and regulatory developments in Canada, the United States and elsewhere; the state of the cannabis industry in Canada generally; the ability of Phoena to attract and retain suitable directors, officers and employees; the risks that Phoena will not be able to satisfy the requirements of a stock exchange to obtain a listing or complete a strategic transaction; and the ability of Phoena to successfully implement its business strategies.

Any forward-looking information and statements speak only as of the date on which they are made, and, except as required by law, neither the Company nor Phoena undertake any obligation to update or revise any forward-looking information or statements, whether as a result of new information, future events or otherwise. New factors emerge from time to time, and it is not possible for the Company or Phoena to predict all such factors. When considering these forward-looking information and statements, readers should keep in mind the risk factors and other cautionary statements in the Company's Annual Information Form dated March 28, 2019 (the "AIF") and filed with the applicable Canadian securities regulatory authorities on SEDAR at www.sedar.com and filed as an exhibit the Company's Form 40-F annual report under the United States Securities Exchange Act of 1934, as amended, with the United States Securities and Exchange Commission on EDGAR at www.sec.gov (the "March 2019 Form 40-F"). The risk factors and other factors noted in the AIF could cause actual events or results to differ materially from those described in any forward-looking information or statements. Readers are also reminded that the Company remains in default of its periodic disclosure requirements under applicable securities laws and stock exchange requirements, that its most recent AIF, Form 40-F and other disclosures do not reflect all risk factors that currently face the Company, and that the Company has not completed or filed the restatements of the financial statements included in the AIF or the March 2019 Form 40-F or otherwise filed an amendment to such Form 40-F, and that the Company was permitted by the Initial Order of the Superior Court of Justice to not to correct its prior filings or make any further filings in respect of periodic disclosure requirements under applicable securities laws and stock exchange requirements. None of the Company's securities is listed for trading on any stock exchange in any jurisdiction and, in Canada, trading in the Company's securities is subject to a cease-trade order issued on April 13, 2020 by the Ontario Securities Commission for CannTrust's failure to comply with its disclosure obligations under applicable securities laws.

SOURCE CannTrust Holdings Inc.

For further information: Media Relations: media@phoena.com; Investor Relations: investor@phoena.com

TAB K

This is Exhibit "**K**" referred to in the
Affidavit of **Greg Guyatt**,
sworn before me virtually on November 17, 2022

Saneea Tanvir

Commissioner for taking Affidavits
(or as may be)
Saneea Tanvir LSO #: 77838T

Court File No: 31-2875614
Estate No: 31-2875614

ONTARIO
SUPERIOR COURT OF JUSTICE

IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE PROPOSAL OF
CANNTRUST HOLDINGS INC.

AMENDED AND RESTATED PROPOSAL
~~October 18~~November 3, 2022

CannTrust Holdings hereby submits the following ~~Proposal~~amended and restated proposal under the BIA which amends and restates the proposal dated October 18, 2022. Capitalised terms used herein have the meanings ascribed to them in Section 1.1 below.

Recitals

A. On March 31, 2020, CannTrust Holdings and certain of its subsidiaries commenced proceedings under the CCAA following a series of adverse events, including the suspension of cannabis licenses necessary to conduct their business and the issuance of the CTO, prohibiting any trading in the CannTrust Shares. They commenced the CCAA proceedings seeking to reinstate their licenses, resume operations, settle several class actions and other litigation brought against them, and explore a range of potential strategic transactions.

B. On January 5, 2022, CannTrust Holdings implemented the CCAA Plan. Pursuant to the CCAA Plan and the related court order approving it, CannTrust Holdings compromised and was released from substantially all of the claims against it as of March 31, 2020.

C. During the CCAA proceeding, CannTrust Holdings obtained court approval to create a new wholly-owned subsidiary, CannTrust Equity Inc. (now Phoena Holdings Inc.) and to transfer to Phoena Holdings the ownership of its wholly-owned subsidiary, Opco, which was the primary operating entity of the CannTrust group of companies.

D. On February 25, 2022, CannTrust Holdings obtained court approval for the Strategic Transaction, which transaction was intended to secure new financing to enable Opco to continue to carry on business.

E. On March 11, 2022, CannTrust Holdings, Phoena Holdings and Opco implemented the Strategic Transaction. As a result, the Strategic Investors invested $11.2 million to acquire a 90% equity interest in Phoena Holdings (at a subscription price of approximately one cent ($0.01) per Phoena Share) and provided a $5.5 million loan (which is subordinated in payment to a pre-existing loan from Cortland Credit Lending Corporation), with CannTrust Holdings retaining Phoena Shares representing a 10% equity interest in Phoena Holdings.

F. Prior to or in connection with the implementation of the Strategic Transaction, CannTrust Holdings satisfied any remaining liabilities of which it was aware, with the exception of claims that were to remain outstanding by agreement with the applicable creditors, such as the Secured Lenders.

G. Despite the implementation of the CCAA Plan and the Strategic Transaction, CannTrust Holdings remains subject to the CTO. To obtain a discretionary order from the OSC revoking the CTO, CannTrust Holdings would be required to cure its disclosure defaults under applicable securities laws, which would including restating certain historical financial statements and obtaining an audit opinion thereon from a qualified independent auditor.

H. CannTrust Holdings had hoped that, after emerging from the CCAA proceeding, it would be able to complete the steps necessary to either (i) hold an annual general meeting and apply to the OSC to have the CTO revoked or (ii) work with Phoena Holdings to obtain a stock exchange listing for the Phoena Shares and then distribute its Phoena Shares to CannTrust Shareholders pursuant to a plan of arrangement effected under the OBCA. Those steps included the need for CannTrust Holdings to either (i) restate some of its historical annual financial statements and prepare other annual and interim financial statements or (ii) prepare annual and interim financial statements in respect of Phoena Holdings.

I. Because CannTrust Holdings is an "offering corporation" for purposes of the OBCA, it cannot convene an annual general meeting without providing certain annual financial statements to the CannTrust Shareholders, and any annual financial statements to be placed before the CannTrust Shareholders at such meeting would be required to be audited and satisfy the other requirements of applicable securities laws. To facilitate that effort, the court granted an order (as subsequently extended) that gave CannTrust Holdings until November 30, 2022 to hold its annual general meeting.

J. CannTrust Holdings has determined that it is not feasible in the remaining time before November 30, 2022 to hold an annual general meeting and, in any event, CannTrust Holdings is insolvent and cannot afford to complete the audit and other work necessary to do so or to seek the revocation of the CTO, and Phoena is not currently in a position to become a "reporting issuer" under applicable securities laws by obtaining a stock exchange listing for the Phoena Shares.

K. In the circumstances, CannTrust Holdings believes it is in the best interests of its stakeholders to make a proposal to its creditors under the BIA to allow it to address its remaining liabilities, dispose of its residual assets or the proceeds thereof, and dissolve in advance of November 30, 2022 or as soon thereafter as is reasonably achievable.

ARTICLE 1
DEFINITIONS

1.1 Definitions

In this Proposal, capitalized terms have the meanings set out below:

(a) "**Administrative Fees and Expenses**" means:

(i) the proper fees and expenses of the Proposal Trustee, including its legal fees and disbursements; and

(ii) the legal fees and disbursements of CannTrust Holdings incurred on or incidental to negotiations in connection with these proposal proceedings, the preparation of the Proposal and the transactions and agreements contemplated hereby;

(b) "**Amendment**" is defined in Section 7.1;

(c) "**Articles of Reorganization**" means articles of reorganization of CannTrust Holdings to effect, among other things, changes to the terms of the CannTrust Shares to facilitate the distribution of the Phoena Shares to the applicable CannTrust Shareholders that is contemplated by Section 6.4, the form of which articles will be approved by the Proposal Approval Order;

(d) "**BIA**" means the *Bankruptcy and Insolvency Act* (Canada);

(e) "**Business Day**" means a day other than a Saturday, Sunday, statutory or civic holiday in Toronto, Ontario;

(f) "**Canada Pension Plan**" means the *Canada Pension Plan* (Canada);

(g) "**CannTrust D&O Trust**" means a trust that was created on December 17, 2019 to hold and disburse certain funds for the benefit of directors and officers of CannTrust Holdings in accordance with the terms of such trust;

(h) "**CannTrust Holdings**" means CannTrust Holdings Inc., a corporation formed under the OBCA;

(i) "**CannTrust Shareholders**" means the beneficial owners of CannTrust Shares;

(j) "**CannTrust Shares**" means the 1,414,872,032 issued and outstanding common shares in the capital of CannTrust Holdings;

(k) "**CCAA**" means the *Companies' Creditors Arrangement Act* (Canada);

(l) "**CCAA Plan**" means the fourth amended & restated plan of compromise, arrangement and reorganization of CannTrust Holdings, Opco and Elmcliffe Investments Inc. dated July 7, 2021;

(m) "**Claim**" means "claim" as defined by the BIA;

(n) "**Consent**" means, in respect of each Secured Creditor, the written consent of the Secured Creditor to (i) the distributions to Unsecured Creditors contemplated by Section 2.2, (ii) the distribution of the Phoena Shares held by CannTrust Holdings to CannTrust Shareholders that is contemplated by Section 6.4, (iii) the transfer of the Residual Assets to Phoena Holdings contemplated by Section 2.2, (iv) the release of its Claims against CannTrust Holdings and any related security, and (v) the dissolution of CannTrust Holdings contemplated by Section 6.4;

(o) "**Court**" means the Ontario Superior Court of Justice in bankruptcy and insolvency;

(p) "**Court Approval Date**" means the date of the Proposal Approval Order;

(q) "**Creditor**" means any Person having a Claim and may, if the context requires, mean a trustee, receiver, receiver-manager or similar officer acting on behalf or in the name of such Person;

(r) "**Creditor Meeting**" means the meeting of Unsecured Creditors held to consider and vote on this Proposal;

(s) "**Crown**" means His Majesty in right of Canada or a province;

(t) "**CTI**" means CTI Holdings (Osoyoos) Inc.;

(u) "**CTO**" means the cease trade order issued by the OSC on October 13, 2020, on behalf of all of the Canadian securities administrators except for Quebec's, in respect of the CannTrust Shares;

(v) "**Directors**" means any Person who, as at the Effective Date, is a current director or officer of CannTrust Holdings or who by applicable law is deemed to be or is treated similarly to a director or officer of CannTrust Holdings or who currently manages or supervises the management of the business and affairs of CannTrust Holdings;

(w) "**Effective Date**" means one Business Day after the Court Approval Date, or such later date as CannTrust Holdings requests and the Proposal Trustee approves;

(x) "**Employment Insurance Act**" means the *Employment Insurance Act* (Canada);

(y) "**Encumbrance**" means, with respect to any property of CannTrust Holdings, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind whatsoever in respect of such property;

(z) "**Filing Date**" means October 18, 2022;

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

(bb) "**OBCA**" means the *Business Corporations Act* (Ontario);

(cc) "**Opco**" means Phoena Inc., a corporation existing under the OBCA;

(dd) "**OSC**" means the Ontario Securities Commission;

(ee) "**Person**" means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government, or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;

(ff) "**Phoena Claims**" means the Claims of Phoena Holdings and its direct and indirect subsidiaries, including Opco and CTI;

(gg) "**Phoena Holdings**" means Phoena Holdings Inc., a corporation formed under the OBCA;

(hh) "**Phoena Shares**" means common shares in the capital of Phoena Holdings;

(ii) "**Preferred Claim**" means any Unsecured Claim or portion thereof that is required by the BIA to be paid in priority to other Unsecured Claims under a proposal by a debtor, including the Claims of:

(i) employees and former employees of CannTrust Holdings, if any, for amounts equal to the amounts that they would be qualified to receive under paragraph 136(1)(d) of the BIA on the Filing Date, as well as wages, salaries, commissions or compensation for services rendered after that date and before the Court Approval Date, together with, in the case of travelling salespersons, disbursements properly incurred by those salespersons in and about CannTrust Holdings' businesses during the same period;

(ii) the trustee or other administrator of a prescribed pension plan in which CannTrust Holdings participates, if any, for the amounts, if any, required to be paid pursuant to section 60(1.5) of the BIA; and

(iii) the Crown for all amounts that were outstanding as of the Filing Date and are of a kind that could be subject to a demand under:

(A) subsection 224(1.2) of the *Income Tax Act*;

(B) any provisions of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for collection of a contribution, as defined In the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or

(C) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:

(I) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the Income Tax Act; or

(II) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;

(jj) "**Preferred Creditor**" means a Creditor with a Preferred Claim;

(kk) "**Proof of Claim**" shall mean the proof of claim required by the BIA to be mailed to each known Creditor prior to the Creditors' Meeting;

(ll) "**Proposal**" means this ~~Proposal~~amended and restated proposal dated November 3, 2022 which amends and restates the proposal dated October 18, 2022, as may be further amended or supplemented from time to time in accordance with its terms;

(mm) "**Proposal Approval Order**" means the Order of the Court approving this Proposal and the Articles of Reorganization, in form and content satisfactory to CannTrust Holdings and the Proposal Trustee;

(nn) "**Proposal Funds**" means the aggregate amount, as of the Effective Date, required:

(i) to pay the Administrative Fees and Expenses (as estimated by the Proposal Trustee pursuant to Section 5.2);

(ii) to pay the Superintendent's Levy; and

(iii) to make the payments to Creditors pursuant to Section 2.2,

to be paid by CannTrust Holdings to the Proposal Trustee on or before the Effective Date;

(oo) "**Proposal Trustee**" means Ernst & Young Inc.;

(pp) "**Proposal Trustee's Website**" means http://www.ey.com/ca/canntrust;

(qq) "**Proven Claim**" means the amount of the Claim of any Creditor finally determined in accordance with the provisions of the BIA;

(rr) "**Qualifying Jurisdiction**" means any Province or Territory of Canada or any other jurisdiction in respect of which an opinion has been received pursuant to Section 3.1(e) or 3.1(f) herein;

(ss) "**Residual Assets**" means all of the property and other assets of CannTrust Holdings as of the Effective Date (or the proceeds thereof), other than the Phoena Shares held by CannTrust Holdings, including:

(i) a potential HST refund of up to about $1.4 million;

(ii) the potential residual value from CannTrust D&O Trust, but which has incurred trustee expenses and is subject to claims by beneficiaries that, if determined to be "eligible claims," will exhaust the trust funds;

(iii) the right to receive a payment from the securities claimants with whom CannTrust Holdings settled as part of the CCAA Plan, if the claimants' total recoveries exceed $250 million;

(iv) a $3 million unsecured promissory note owing by Opco to CannTrust Holdings;

(v) the indebtedness of $40,000 owing by Opco to CannTrust Holdings;

(vi) the indebtedness of about $4,718,616 owing by Elmcliffe Investments Inc.to CannTrust Holdings; ~~and~~

(vii) the indebtedness of about $50,002 owing by Elmcliffe Investments [No. 2] Inc. to CannTrust Holdings; and

(viii) the surplus, if any, from the Proposal Funds as contemplated by Section 5.2.

(tt) "**Secured Claim**" means any Claim to the extent that it is secured by a valid Encumbrance that is duly and properly registered or otherwise perfected in accordance with applicable law in the appropriate jurisdiction as of the Filing Date or thereafter to the extent permitted by the BIA;

(uu) "**Secured Creditor**" means a Creditor with a Secured Claim;

(vv) "**Secured Lenders**" means:

(i) Cortland Credit Lending Corporation, as agent for and on behalf of the lenders pursuant to the credit agreement dated as of March 11, 2022 between, among others, Cortland Credit Lending Corporation, as agent for the lenders party thereto, in respect of which CannTrust Holdings is a guarantor, as such credit agreement is amended, restated, supplemented or otherwise modified from time to time; and

(ii) the Subordinate Lenders and Marshall Fields International B.V., as agent for and on behalf of the Subordinate Lenders, pursuant to the credit agreement dated as of March 11, 2022 in respect of which CannTrust Holdings is a guarantor, as such credit agreement is amended, restated, supplemented or otherwise modified from time to time**;**

(ww) "**Shareholder Record Date**" means the Filing Date;

(xx) "**Strategic Investors**" means collectively, Marshall Fields International B.V. and Daniel Koehn, Andrew Peppin Medicine Professional Corporation, Jeffrey Zietlow and Greg Guyatt;

(yy) "**Strategic Transaction**" means, collectively, the transactions contemplated by the subscription agreements between Phoena Holdings and each of the Strategic Investors dated March 11, 2022 and the related transactions approved by the Court order dated February 25, 2022 in the CCAA proceedings;

(zz) “**Subordinate Lenders**” means collectively, Marshall Fields International B.V., Andrew Peppin Medicine Professional Corporation, Dan Koehn and Cannacquisition Limited Partnership;

(aaa) “**Superintendent’s Levy**” means the levy payable in respect of amounts distributed by the Proposal Trustee under this Proposal in accordance with section 147 of the BIA;

(bbb) “**Transfer Agent**” means TSX Trust Company;

(ccc) “**Transfer Documents**” means collectively, all assignment and other documentation required to be executed by CannTrust Holdings and Phoena Holdings to effect the transfer of the Residual Assets to Phoena ~~Shares held by CannTrust~~ Holdings, in form and content satisfactory to ~~the applicable~~ CannTrust ~~Shareholders~~Holdings and Phoena Holdings;

(ddd) “**Unsecured Claim**” means any Claim other than a Secured Claim; and

(eee) “**Unsecured Creditor**” means a Creditor with an Unsecured Claim.

1.2 Interpretation Matters

For the purposes of this Proposal:

(a) any reference in this Proposal to a contract, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions;

(b) any reference in this Proposal to an order, an existing agreement, or an agreement to be made or registration means such order, or agreement or registration as it may have been or may be amended, modified, joined by additional parties or supplemented (in accordance with its terms or this Proposal, if applicable);

(c) unless otherwise specified, all references to currency are in Canadian dollars;

(d) the division of this Proposal into “Articles” and “Sections” and the insertion of a table of contents are for convenience of reference only and do not affect the construction or interpretation of this Proposal, nor are the descriptive headings of “Articles” and “Sections” intended as complete or accurate descriptions of the content thereof;

(e) the use of words in the singular or plural, or with a particular gender, including a definition, will not limit the scope or exclude the application of any provision of this Proposal to such Person (or Persons) or circumstances as the context otherwise permits;

(f) the words “includes” and “including” and similar terms of inclusion will not, unless expressly modified by the words “only” or “solely”, be construed as terms of limitation, but rather will mean “includes but is not limited to” and “including but

not limited to", so that references to included matters will be regarded as illustrative without being either characterizing or exhaustive;

(g) unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean local time in Toronto, Ontario and any reference to an event occurring on a Business Day means prior to 5:00 p.m. (Toronto time) on such Business Day;

(h) unless otherwise specified, time periods within or following which any payment is to be made or act is to be done will be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day;

(i) unless otherwise provided, any reference to a statute or other enactment of parliament or a legislature includes all regulations made thereunder, all amendments to or re enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation; and

(j) references to a specified "Article" or "Section" will, unless something in the subject matter or context is inconsistent therewith, be construed as references to that specified article or section of this Proposal, whereas the terms "this Proposal", "hereof", "herein", "hereto", "hereunder" and similar expressions will be deemed to refer generally to this Proposal and not to any particular article, section or other portion of this Proposal and includes any documents supplemental hereto.

1.3 **Successor and Assigns**

The Proposal will be binding on and will enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of the Creditors and any other Person named or referred to in the Proposal.

1.4 **Statutory References**

Any reference in this Proposal to a statute includes all regulations made thereunder and all amendments to such statutes or regulations in force from time to time.

1.5 **Governing Law and Jurisdiction**

This Proposal will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. All questions as to the interpretation of or application of this Proposal and all proceedings taken in connection with the Proposal and its provisions will be subject to the exclusive jurisdiction of the Court.

1.6 **Corporate Approvals**

The execution, delivery, implementation and consummation of all matters contemplated under the Proposal involving corporate action of CannTrust Holdings, including pursuant to any provision of the OBCA, will be deemed to be authorized and approved under this Proposal and

by the Court as part of the Proposal Approval Order in all respects and for all purposes without any requirement of further action by any Person.

ARTICLE 2
CLASSIFICATION AND TREATMENT OF CLAIMS

2.1 Class of Unsecured Creditors

This Proposal is made to the Unsecured Creditors as a single class.

2.2 Treatment of Unsecured Claims

As of the Effective Date, Creditors holding the following Unsecured Claims will be entitled to receive the following treatment in respect of, and in full satisfaction of, their Unsecured Claims:

(a) Preferred Claims (if any) that are Proven Claims will be paid in full from the Proposal Funds by the Proposal Trustee on behalf of CannTrust Holdings, in priority to all other Unsecured Claims in accordance with the scheme of distribution set forth in the BIA;

(b) Unsecured Claims (if any) that are Proven Claims, other than the Phoena Claims, will be paid from the Proposal Funds by the Proposal Trustee on behalf of CannTrust Holdings in full, in priority to the Phoena Claims; and

(c) Phoena Claims that are Proven Claims will be satisfied in full by the transfer of the Residual Assets to Phoena Holdings or as it may direct, pursuant to ~~one or more assignment agreements or other conveyance documentation~~the Transfer Documents and such other arrangements as are satisfactory to CannTrust Holdings and Phoena Holdings.

2.3 Distributions

Distributions pursuant to Section 2.2 will be effected as soon as practical following the Effective Date.

To be eligible to receive a distribution under Section 2.2, a Creditor must have filed a Proof of Claim such that it is actually received by the Proposal Trustee in accordance with the BIA prior to the Effective Date and its Claim must be a Proven Claim. Each and every Creditor that fails to file a Proof of Claim with the Proposal Trustee before 5:00 p.m. on the day prior to the Effective Date will not be eligible to participate in the distributions from the Proposal Funds.

2.4 Secured Lenders

This Proposal does not affect the Secured Claims of the Secured Lenders. The Claims of the Secured Lenders will be addressed pursuant to the terms of the Consents or as otherwise agreed between CannTrust Holdings and the applicable Secured Lenders.

2.5 Different Capacities

Persons may be affected by this Proposal in more than one capacity. Unless expressly provided herein to the contrary, a Person is entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity,

unless expressly agreed by the Person in writing or unless its Claims overlap or are otherwise duplicative.

2.6 **Set Off**

The law of set-off shall be applied to all Claims.

ARTICLE 3
CONDITIONS PRECEDENT

3.1 **Conditions Precedent**

The performance of this Proposal by CannTrust Holdings is conditional upon the fulfillment or satisfaction of the following conditions:

(a) CannTrust Holdings has received the Consent of each of the Secured Lenders and each consent remains in effect in accordance with its terms;

(b) this Proposal has been accepted by the requisite majorities of the Unsecured Creditors;

(c) the Proposal Approval Order has been issued and has not been appealed, set aside, varied or stayed;

(d) the consensual termination of the unanimous shareholders agreement dated March 11, 2022 made between the Strategic Investors, CannTrust Holdings and Phoena Holdings, providing for the governance of Phoena Holdings;

(e) the receipt by CannTrust Holdings, on or before the Effective Date, of an opinion from qualified and independent United States securities counsel (which includes Mayer Brown LLP), in form and substance satisfactory to the directors of CannTrust Holdings, confirming that the proposed distribution of Phoena Shares held by CannTrust Holdings to CannTrust Shareholders who are U.S. Persons will be exempt from the registration requirements under the United States *Securities and Exchange Act of 1933*; and

(f) the receipt by CannTrust Holdings, on or before the Effective Date, of an opinion from qualified and independent securities counsel, in form and substance satisfactory to the directors of CannTrust Holdings, confirming that the proposed distribution of Phoena Shares held by CannTrust Holdings to any CannTrust Shareholder who is not a Canadian or a U.S. Person will be exempt from any requirement to prepare, file or deliver any registration statement, prospectus, financial statement, offering memorandum or similar disclosure document in connection with such distribution.

ARTICLE 4
RELEASE OF CLAIMS AND SECTIONS 95-101 OF THE BIA

4.1 Upon implementation of this Proposal on the Effective Date and subject to Section 4.2, each Director will be released from any and all demands, claims, debts, judgments, liens and other recoveries on account of any potential, contingent or actual statutory liability of whatsoever nature that any Person may be entitled to assert against such Director as at the Filing Date, including any and all claims howsoever related to any obligation of CannTrust Holdings where the Director(s) are or may be liable at law in their capacity as Director(s) for the payment of such obligation, whether known or unknown, existing or hereafter arising, based in whole or in part on any act of omission, transaction, dealing or other occurrence existing or taking place prior to the Filing Date or, with respect to any agreements of CannTrust Holdings that have been disclaimed, repudiated or terminated after the Filing Date in whole or in part which exist prior to or at the time of such disclaimer, repudiation or termination.

4.2 Notwithstanding Section 4.1, nothing in this Proposal will release or discharge any of the Directors from the exceptions set out in section 50(14) of the BIA.

4.3 Sections 95 to 101 of the BIA and any provincial statute relating to preferences, settlements, fraudulent conveyances, transfers at undervalue or similar impeachable transactions do not apply to any transactions or other dealings by CannTrust Holdings during the period prior to the Filing Date. The release of the Directors contemplated in Section 4.1 includes a release of all claims, actions and remedies available pursuant to sections 95 to 101 of the BIA and any provincial statute relating to preferences, settlements, fraudulent conveyances, transfers at undervalue or similar impeachable transactions.

ARTICLE 5
PROPOSAL TRUSTEE

5.1 Ernst & Young Inc. will be the Proposal Trustee under this Proposal.

5.2 CannTrust Holdings will pay the Administrative Fees and Expenses by including in the Proposal Funds the amount estimated by the Proposal Trustee prior to the Effective Date to be sufficient to pay such fees and expenses. The Proposal Trustee will use such funds to pay such fees and expenses on behalf of CannTrust Holdings as contemplated by Section 5.3 and if there is any surplus from the Proposal Funds after payment of the Administration Fees and Expenses, Creditor distributions, and the levy in full, such surplus will constitute Residual Assets and be paid by the Proposal Trustee to Phoena Holdings or as it may direct.

5.3 On or before the Effective Date, CannTrust Holdings will pay the Proposal Funds to the Proposal Trustee. The Proposal Trustee will make payments from the Proposal Funds, on behalf of CannTrust Holdings, of all payments and distributions of monies required to be made in accordance with the terms of this Proposal.

5.4 Any payments made by the Proposal Trustee to the Creditors hereunder shall be made by the Proposal Trustee net of any levies payable or due under the BIA.

5.5 The Proposal Trustee is acting in its capacity as Proposal Trustee and not in its personal capacity and no officer, director, employee or agent of the Proposal Trustee will incur any obligations or liabilities in connection with this Proposal or in respect of the business activities or liabilities of CannTrust Holdings.

5.6 Without limitation to Section 5.5, the Proposal Trustee will have no liability whatsoever for any Claims or other obligations of CannTrust Holdings arising before, on or after the Filing Date.

ARTICLE 6
FULL PERFORMANCE OF PROPOSAL

6.1 All obligations of CannTrust Holdings under this Proposal will commence as of the Effective Date. This Proposal will be fully performed by CannTrust Holdings after it has completed the following matters:

(a) paid the Proposal Funds to the Proposal Trustee;

(b) filed the Articles of Reorganization and received the certificate of amendment issued under the OBCA in respect thereof; and

(c) executed the Transfer Documents and delivered them to Phoena Holdings.

6.2 When the Proposal has been fully performed by CannTrust Holdings, the Proposal Trustee will issue to CannTrust Holdings and the Official Receiver the Certificate of Full Performance as provided for in Section 65.3 of the BIA.

6.3 During the currency of this Proposal and until the Certificate of Full Performance referred to in Section 6.2 is issued by the Proposal Trustee, CannTrust Holdings will not amalgamate or otherwise change or reorganize its corporate structure without the approval of the Proposal Trustee (for greater certainty, other than by way of the Articles of Reorganization), unless the new or successor entity agrees to be bound by all terms and conditions of this Proposal.

6.4 Subject to approval by the Court in the Court Approval Order (including approval of the Articles of Reorganization), CannTrust Holdings intends to:

(a) as soon as practicable following the issuance of the Certificate of Full Performance, ~~CannTrust Holdings intends to:(a)~~ deliver the Phoena Shares held by CannTrust Holdings to the Transfer Agent, together with a direction to distribute such Phoena Shares to CannTrust Shareholders as of the Shareholder Record Date on the following basis and in the following sequence:

(i) subject to the other clauses of this Section 6.4(a), on or before the first anniversary of the Effective Date, the Transfer Agent will distribute and deliver one Phoena Share for each CannTrust Share held or beneficially owned by each CannTrust Shareholder on the Shareholder Record Date that, relying solely upon the records of the Transfer Agent, is the registered holder or beneficial owner of at least 10,000 CannTrust Shares;

(ii) in the event that, prior to the Effective Date, Phoena Holdings consolidates or splits the outstanding common shares of Phoena, the ~~10,000 : 1~~1:1 distribution ratio set forth in Section 6.4(a)(i) shall be adjusted proportionately, subject to the condition set out therein;

(iii) for any CannTrust Shareholder that, based upon and relying solely upon the records of the Transfer Agent, is not the registered holder or beneficial owner of at least 10,000 CannTrust Shares, no Phoena Shares will be distributed or delivered to such CannTrust Shareholder;

(iv) for any CannTrust Shareholder that, based upon and relying solely upon the records of the Transfer Agent or made available and certified to the satisfaction of the Transfer Agent (in the Transfer Agent's sole discretion), is a resident of a jurisdiction outside of any of the Qualifying Jurisdictions, no Phoena Shares will be distributed or delivered to such CannTrust Shareholder;

(v) if and to the extent that the Transfer Agent has not distributed all or any portion of the Phoena Shares held by CannTrust Holdings on or before the first anniversary of the Effective Date, whether as a consequence of the limitation set forth in Section 6.4(a)(ii) or 6.4(a)(iii) or for any other reason, then the Transfer Agent shall surrender all such undistributed Phoena Shares to Phoena Holdings for cancellation, without payment of any consideration to any CannTrust Shareholder in respect of such undistributed Phoena Shares, and all CannTrust Shareholders will be deemed to have finally and forever relinquished any action, cause of action, suit, claim or demand whatsoever in respect of this Proposal; and

(b) as soon as practical following the transfer of the Residual Assets contemplated by Section 2.2(c) or at such other time as may be agreed between CannTrust Holdings and Phoena Holdings, dissolve.

ARTICLE 7
AMENDMENT OF PROPOSAL

7.1 At any time and from time to time prior to or at the Creditor Meeting, CannTrust Holdings may vary, amend, restate, modify or supplement this Proposal (in each case, an "**Amendment**") with the consent of the Proposal Trustee. If any such Amendment is made:

(a) CannTrust Holdings or the Proposal Trustee will communicate the details of the Amendment to Creditors and other Persons present at the Creditor Meeting prior to any vote being taken at the Creditor Meeting;

(b) CannTrust Holdings will provide notice to the service list of the Amendment and file a copy thereof with the Court without delay and in any event prior to the hearing in respect of the Proposal Approval Order; and

(c) the Proposal Trustee will post an electronic copy of the Amendment on the Proposal Trustee's Website without delay and in any event prior to the hearing in respect of the Proposal Approval Order.

7.2 At any time and from time to time after the Creditor Meeting, CannTrust Holdings may make an Amendment with the consent of the Proposal Trustee and approval of the Court. If any such Amendment is made:

(a) CannTrust Holdings will provide notice to the service list of the Amendment and file a copy thereof with the Court without delay; and

(b) the Proposal Trustee will post an electronic copy of the Amendment on the Proposal Trustee's Website without delay.

7.3 Without limitation to Section 7.2, at any time and from time to time after the Creditor Meeting, CannTrust Holdings may vary, amend, restate, modify or supplement this Proposal with the consent of the Proposal Trustee and without Court approval, provided that such Amendment concerns a matter that is of an administrative nature and is required to better give effect to the implementation of this Proposal and is not adverse to the financial interests of the Creditors. If any such Amendment is made:

(a) CannTrust Holdings will provide notice to the service list of the Amendment and file a copy thereof with the Court without delay; and

(b) the Proposal Trustee will post an electronic copy of the Amendment on the Proposal Trustee's Website without delay.

Dated this ~~18th~~3rd day of ~~October~~November, 2022.

CANNTRUST HOLDINGS INC.

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Document comparison by Workshare Compare on Thursday, November 03, 2022 6:19:33 PM

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Rendering set	Standard

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Moved cell	
Split/Merged cell	
Padding cell	

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Deletions	14
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Moved to	1
Style changes	0
Format changes	0

Total changes	42

TAB L

This is Exhibit "**L**" referred to in the
Affidavit of **Greg Guyatt**,
sworn before me virtually on November 17, 2022

Saneea Tanvir

Commissioner for taking Affidavits
(or as may be)
Saneea Tanvir LSO #: 77838T

CannTrust Holdings Inc. Seeking Court Approval of Proposal under Bankruptcy and Insolvency Act

NEWS PROVIDED BY

CannTrust Holdings Inc. →

Nov 17, 2022, 17:20 ET

VAUGHAN, ON, Nov. 17, 2022 /CNW/ - Further to its press release dated October 18, 2022, CannTrust Holdings Inc. (the "Company" or "CTH") will be seeking court approval of the Division I Proposal made by the Company pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "Proposal"). The hearing is scheduled for 11:00 a.m. on November 28, 2022 or as soon after that time as the motion can be heard.

The original proposal dated October 18, 2022 was amended and restated on November 3, 2022 to (i) clarify the share distribution mechanics; (ii) clarify that CTH may transfer the proceeds of a potential HST refund to Phoena Holdings Inc. (if such refund is received), as opposed to transferring the right to claim the refund itself; and (iii) allow greater flexibility in respect of the timing of the dissolution of CTH with respect to resolution of tax planning matters.

The amended and restated Proposal was unanimously approved at the meeting of creditors held on November 4, 2022.

CTH is proposing to make further clarifying amendments to the Proposal In accordance with section 7.2 of the Proposal, which allows amendments after the meeting of creditors with the consent of the Proposal Trustee and approval of the Ontario Superior Court of Justice (the "**Court**"). Among other things, the amendments would add further details of the basis upon which CTH's shares in Phoena will be distributed to CannTrust Shareholders (as defined in the Proposal). The actual mechanics of the distribution of the Phoena Shares will be set out and governed by the Articles of Reorganization which are to form part of the court approval order sought on November 28, 2022.

CTH intends to distribute the shares it holds in Phoena to its existing shareholders, on the basis of one common share of Phoena for every one common share its shareholders hold of the Company. The following shareholders of the Company will not have a right to receive any Phoena Shares: (i) shareholders who own less than 10,000 common shares of CTH; (ii) persons whose common shares are held in any registered retirement savings plan, registered retirement income fund, registered pension plan, deferred profit sharing plan, tax-free savings account, home buyer's plan, lifelong learning plan, registered education savings plan, registered disability savings plan, pooled retirement savings plan, or any other form of registered savings vehicle for which the Phoena Shares do not qualify as a permitted investment or a "qualified investment" within the meaning of the *Income Tax Act* (Canada), as applicable; and (iii) persons who are not (A) Canadian residents, (B) U.S. Persons, provided that the Company receives an opinion from qualified and independent U.S. securities counsel in form and substance satisfactory to the directors of the Company that the distribution to U.S. Persons will be exempt from the registration requirements under the United States Securities and Exchange Act of 1933; or (C) persons other than those described in (A) and (B) in any jurisdiction in respect of which an opinion has been obtained from qualified and independent securities counsel, in form and substance satisfactory to the directors of the Company, confirming that the distribution will be exempt from any requirement to prepare, file or deliver any registration statement, prospectus, financial statement, offering memorandum or similar disclosure document in connection with the distribution.

The Company is limiting the distribution of its Phoena Holdings shares to holders or owners of at least 10,000 CTH common shares so that the costs of distribution will not significantly exceed the value of the Phoena shares being distributed. When Phoena completed its private placement with Marshall Fields Holdings and other strategic investors in March 2022, they were issued common shares at a price of approximate $0.009 per share, implying that 10,000 shares had a value of $90.

Any person wishing to support or oppose the relief sought at the approval hearing may serve court materials on the service list setting out their basis for their support or opposition and/or attend the hearing and should contact the Proposal Trustee for further information.

After considering the court materials filed by the Proposal Trustee, CTH and any other person, and hearing the submissions of those present at the hearing, the Court may approve the Proposal and other relief sought by CTH. If approved by the Court, CTH would then proceed to implement the Proposal.

To obtain further details about the time and place of the hearing and/or to review the CTH's or the Proposal Trustee's motion materials, please visit the Proposal Trustee's website at http://www.ey.com/ca/canntrust. The Proposal Trustee will post additional relevant information and documentation related to these proceedings on its website as they become available.

About CannTrust Holdings Inc.

CTH's primary asset is an approximate 10% equity interest in Phoena. Although CTH is a reporting issuer under the laws of each of the Canadian provinces except for Quebec, it remains subject to the CTO and its common shares have been delisted by the Toronto Stock Exchange and the New York Stock Exchange.

About Phoena

Phoena is an award-winning, federally regulated licensed cannabis producer, with locations in Vaughan and Fenwick, Ontario. Phoena operates a portfolio of brands, including estora, Liiv, SYNR.G and Xscape.

Phoena is committed to providing exceptional consumer experience, quality & consistent products. Phoena's greenhouse produces Grade A cannabis flower, which is sold in a variety of dried flower and extract formats.

Phoena creates cannabis products that meet the diverse needs of patients and consumers, promoting positivity, supporting creativity, and inspiring confidence.

Phoena, empowering you every day.

Learn more at Phoena.com

Forward-Looking Statements

This press release contains "forward-looking information" within the meaning of Canadian securities laws and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and other applicable United States safe harbor laws, and such statements are based upon CannTrust's current internal expectations, estimates, projections, assumptions and beliefs and views of future events.

Forward-looking information and forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "expect", "likely", "may", "will", "should", "intend", "anticipate", "potential", "proposed", "estimate" and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions "may", "would" or "will" happen, or by discussions of strategy.

The forward-looking information and statements in this news release include statements relating to CTH's efforts to implement a Proposal under the BIA. Forward-looking information and statements necessarily involve known and unknown risks, including, without limitation: the risk that, if Phoena requires additional equity, the Company's investment in Phoena could be diluted further; the risk that Phoena or its affiliates could default under its credit facilities from Cortland Credit Lending Corporation or Marshall Fields International B.V., which are secured against substantially all of Phoena and the Company's assets; the risk that the Company will not be able to obtain an order from the Court approving the Proposal or complete the contemplated restructuring; the impact of any regulatory and other investigations or proceedings; the risks associated with general economic conditions and/or adverse industry events; the risk of loss of markets; the risk of future legislative and regulatory developments in Canada, the United States and elsewhere; the state of the cannabis industry in Canada generally; the ability of Phoena to attract and retain suitable directors, officers and employees; the risks that Phoena will not be able to satisfy the requirements of a stock exchange to obtain a listing or complete a strategic transaction; and the ability of Phoena to successfully implement its business strategies.

Any forward-looking information and statements speak only as of the date on which they are made, and, except as required by law, neither the Company nor Phoena undertake any obligation to update or revise any forward-looking information or statements, whether as a result of new information, future events or otherwise. New factors emerge from time to time, and it is not possible for the Company or Phoena to predict all such factors. When considering these forward-looking information and statements, readers should keep in mind the risk factors and other cautionary statements in the Company's Annual Information Form dated March 28, 2019 (the "AIF") and filed with the applicable Canadian securities regulatory authorities on SEDAR at www.sedar.com and filed as an exhibit the Company's Form 40-F annual report under the United States Securities Exchange Act of 1934, as amended, with the United States Securities and Exchange Commission on EDGAR at www.sec.gov (the "March 2019 Form 40-F"). The risk factors and other factors noted in the AIF could cause actual events or results to differ materially from those described in any forward-looking information or statements. Readers are also reminded that the Company remains in default of its periodic disclosure requirements under applicable securities laws and stock exchange requirements, that its most recent AIF, Form 40-F and other disclosures do not reflect all risk factors that currently face the Company, and that the Company has not completed or filed the restatements of the financial statements included in the AIF or the March 2019 Form 40-F or otherwise filed an amendment to such Form 40-F, and that the Company was permitted by the Initial Order of the Superior Court of Justice to not to correct its prior filings or make any further filings in respect of periodic disclosure requirements under applicable securities laws and stock exchange requirements. None of the Company's securities is listed for trading on any stock exchange in any jurisdiction and, in Canada, trading in the Company's securities is subject to a cease-trade order issued on April 13, 2020 by the Ontario Securities Commission for CannTrust's failure to comply with its disclosure obligations under applicable securities laws.

SOURCE CannTrust Holdings Inc.

For further information: Media Relations: media@phoena.com; Investor Relations: investor@phoena.com

TAB M

This is Exhibit "**M**" referred to in the
Affidavit of **Greg Guyatt**,
sworn before me virtually on November 17, 2022

Saneea Tanvir

Commissioner for taking Affidavits
(or as may be)
Saneea Tanvir LSO #: 77838T

Court File No: 31-2875614
Estate No: 31-2875614

ONTARIO
SUPERIOR COURT OF JUSTICE

IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE PROPOSAL OF
CANNTRUST HOLDINGS INC.

SECOND AMENDED AND RESTATED PROPOSAL
November 16, 2022

CannTrust Holdings hereby submits the following second amended and restated proposal under the BIA which amends and restates the amended proposal dated November 3, 2022. Capitalised terms used herein have the meanings ascribed to them in Section 1.1 below.

Recitals

A. On March 31, 2020, CannTrust Holdings and certain of its subsidiaries commenced proceedings under the CCAA following a series of adverse events, including the suspension of cannabis licenses necessary to conduct their business and the issuance of the CTO, prohibiting any trading in the CannTrust Shares. They commenced the CCAA proceedings seeking to reinstate their licenses, resume operations, settle several class actions and other litigation brought against them, and explore a range of potential strategic transactions.

B. On January 5, 2022, CannTrust Holdings implemented the CCAA Plan. Pursuant to the CCAA Plan and the related court order approving it, CannTrust Holdings compromised and was released from substantially all of the claims against it as of March 31, 2020.

C. During the CCAA proceeding, CannTrust Holdings obtained court approval to create a new wholly-owned subsidiary, CannTrust Equity Inc. (now Phoena Holdings Inc.) and to transfer to Phoena Holdings the ownership of its wholly-owned subsidiary, Opco, which was the primary operating entity of the CannTrust group of companies.

D. On February 25, 2022, CannTrust Holdings obtained court approval for the Strategic Transaction, which transaction was intended to secure new financing to enable Opco to continue to carry on business.

E. On March 11, 2022, CannTrust Holdings, Phoena Holdings and Opco implemented the Strategic Transaction. As a result, the Strategic Investors invested $11.2 million to acquire a 90% equity interest in Phoena Holdings (at a subscription price of approximately one cent ($0.01) per Phoena Share) and provided a $5.5 million loan (which is subordinated in payment to a pre-existing loan from Cortland Credit Lending Corporation), with CannTrust Holdings retaining Phoena Shares representing a 10% equity interest in Phoena Holdings.

F. Prior to or in connection with the implementation of the Strategic Transaction, CannTrust Holdings satisfied any remaining liabilities of which it was aware, with the exception of claims that were to remain outstanding by agreement with the applicable creditors, such as the Secured Lenders.

G. Despite the implementation of the CCAA Plan and the Strategic Transaction, CannTrust Holdings remains subject to the CTO. To obtain a discretionary order from the OSC revoking the CTO, CannTrust Holdings would be required to cure its disclosure defaults under applicable securities laws, which would including restating certain historical financial statements and obtaining an audit opinion thereon from a qualified independent auditor.

H. CannTrust Holdings had hoped that, after emerging from the CCAA proceeding, it would be able to complete the steps necessary to either (i) hold an annual general meeting and apply to the OSC to have the CTO revoked or (ii) work with Phoena Holdings to obtain a stock exchange listing for the Phoena Shares and then distribute its Phoena Shares to CannTrust Shareholders pursuant to a plan of arrangement effected under the OBCA. Those steps included the need for CannTrust Holdings to either (i) restate some of its historical annual financial statements and prepare other annual and interim financial statements or (ii) prepare annual and interim financial statements in respect of Phoena Holdings.

I. Because CannTrust Holdings is an “offering corporation” for purposes of the OBCA, it cannot convene an annual general meeting without providing certain annual financial statements to the CannTrust Shareholders, and any annual financial statements to be placed before the CannTrust Shareholders at such meeting would be required to be audited and satisfy the other requirements of applicable securities laws. To facilitate that effort, the court granted an order (as subsequently extended) that gave CannTrust Holdings until November 30, 2022 to hold its annual general meeting.

J. CannTrust Holdings has determined that it is not feasible in the remaining time before November 30, 2022 to hold an annual general meeting and, in any event, CannTrust Holdings is insolvent and cannot afford to complete the audit and other work necessary to do so or to seek the revocation of the CTO, and Phoena is not currently in a position to become a “reporting issuer” under applicable securities laws by obtaining a stock exchange listing for the Phoena Shares.

K. In the circumstances, CannTrust Holdings believes it is in the best interests of its stakeholders to make a proposal to its creditors under the BIA to allow it to address its remaining liabilities, dispose of its residual assets or the proceeds thereof, and dissolve in advance of November 30, 2022 or as soon thereafter as is reasonably achievable.

L. The original proposal dated October 18, 2022, was restated by the amended and restated proposal dated November 3, 2022, and which is further restated by this second amended and restated proposal dated as of the date first mentioned above.

ARTICLE 1
DEFINITIONS

1.1 Definitions

In this Proposal, capitalized terms have the meanings set out below:

(a) “**Administrative Fees and Expenses**” means:

(i) the proper fees and expenses of the Proposal Trustee, including its legal fees and disbursements; and

(ii) the legal fees and disbursements of CannTrust Holdings incurred on or incidental to negotiations in connection with these proposal proceedings, the preparation of the Proposal and the transactions and agreements contemplated hereby;

(b) “**Amendment**” is defined in Section 7.1;

(c) “**Articles of Reorganization**” means articles of reorganization of CannTrust Holdings to effect, among other things, changes to the terms of the articles to facilitate the distribution of the Phoena Shares to the applicable CannTrust Shareholders that is contemplated by Section 6.4, the form of which articles will be approved by the Proposal Approval Order;

(d) “**BIA**” means the *Bankruptcy and Insolvency Act* (Canada);

(e) “**Business Day**” means a day other than a Saturday, Sunday, statutory or civic holiday in Toronto, Ontario;

(f) “**Canada Pension Plan**” means the *Canada Pension Plan* (Canada);

(g) “**CannTrust D&O Trust**” means a trust that was created on December 17, 2019 to hold and disburse certain funds for the benefit of directors and officers of CannTrust Holdings in accordance with the terms of such trust;

(h) “**CannTrust Holdings**” means CannTrust Holdings Inc., a corporation formed under the OBCA;

(i) “**CannTrust Shareholders**” means the beneficial owners of CannTrust Shares;

(j) “**CannTrust Shares**” means the issued and outstanding common shares in the capital of CannTrust Holdings;

(k) “**CCAA**” means the *Companies’ Creditors Arrangement Act* (Canada);

(l) “**CCAA Plan**” means the fourth amended & restated plan of compromise, arrangement and reorganization of CannTrust Holdings, Opco and Elmcliffe Investments Inc. dated July 7, 2021;

(m) “**Claim**” means “claim” as defined by the BIA;

(n) “**Consent**” means, in respect of each Secured Creditor, the written consent of the Secured Creditor to (i) the distributions to Unsecured Creditors contemplated by Section 2.2, (ii) the distribution of the Phoena Shares held by CannTrust Holdings to CannTrust Shareholders that is contemplated by Section 6.4, (iii) the transfer of the Residual Assets to Phoena Holdings contemplated by Section 2.2, (iv) the release of its Claims against CannTrust Holdings and any related

security, and (v) the dissolution of CannTrust Holdings contemplated by Section 6.4;

(o) "**Court**" means the Ontario Superior Court of Justice in bankruptcy and insolvency;

(p) "**Court Approval Date**" means the date of the Proposal Approval Order;

(q) "**Creditor**" means any Person having a Claim and may, if the context requires, mean a trustee, receiver, receiver-manager or similar officer acting on behalf or in the name of such Person;

(r) "**Creditor Meeting**" means the meeting of Unsecured Creditors held to consider and vote on this Proposal;

(s) "**Crown**" means His Majesty in right of Canada or a province;

(t) "**CTI**" means CTI Holdings (Osoyoos) Inc.;

(u) "**CTO**" means the cease trade order issued by the OSC on October 13, 2020, on behalf of all of the Canadian securities administrators except for Quebec's, in respect of the CannTrust Shares;

(v) "**Directors**" means any Person who, as at the Effective Date, is a current director or officer of CannTrust Holdings or who by applicable law is deemed to be or is treated similarly to a director or officer of CannTrust Holdings or who currently manages or supervises the management of the business and affairs of CannTrust Holdings;

(w) "**Effective Date**" means one Business Day after the Court Approval Date, or such later date as CannTrust Holdings requests and the Proposal Trustee approves;

(x) "**Employment Insurance Act**" means the *Employment Insurance Act* (Canada);

(y) "**Encumbrance**" means, with respect to any property of CannTrust Holdings, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind whatsoever in respect of such property;

(z) "**Filing Date**" means October 18, 2022;

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

(bb) "**OBCA**" means the *Business Corporations Act* (Ontario);

(cc) "**Opco**" means Phoena Inc., a corporation existing under the OBCA;

(dd) "**OSC**" means the Ontario Securities Commission;

(ee) "**Person**" means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government, or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;

(ff) “**Phoena Claims**” means the Claims of Phoena Holdings and its direct and indirect subsidiaries, including Opco and CTI;

(gg) “**Phoena Holdings**” means Phoena Holdings Inc., a corporation formed under the OBCA;

(hh) “**Phoena Shares**” means common shares in the capital of Phoena Holdings;

(ii) “**Preferred Claim**” means any Unsecured Claim or portion thereof that is required by the BIA to be paid in priority to other Unsecured Claims under a proposal by a debtor, including the Claims of:

(i) employees and former employees of CannTrust Holdings, if any, for amounts equal to the amounts that they would be qualified to receive under paragraph 136(1)(d) of the BIA on the Filing Date, as well as wages, salaries, commissions or compensation for services rendered after that date and before the Court Approval Date, together with, in the case of travelling salespersons, disbursements properly incurred by those salespersons in and about CannTrust Holdings’ businesses during the same period;

(ii) the trustee or other administrator of a prescribed pension plan in which CannTrust Holdings participates, if any, for the amounts, if any, required to be paid pursuant to section 60(1.5) of the BIA; and

(iii) the Crown for all amounts that were outstanding as of the Filing Date and are of a kind that could be subject to a demand under:

(A) subsection 224(1.2) of the *Income Tax Act*;

(B) any provisions of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for collection of a contribution, as defined In the *Canada Pension Plan*, or an employee’s premium, or employer’s premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or

(C) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:

(I) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the Income Tax Act; or

(II) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a “province providing a comprehensive pension plan” as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;

(jj) "**Preferred Creditor**" means a Creditor with a Preferred Claim;

(kk) "**Proof of Claim**" shall mean the proof of claim required by the BIA to be mailed to each known Creditor prior to the Creditors' Meeting;

(ll) "**Proposal**" means this second amended and restated proposal dated November 16, 2022, as may be further amended or supplemented from time to time in accordance with its terms;

(mm) "**Proposal Approval Order**" means the Order of the Court approving this Proposal and the Articles of Reorganization, in form and content satisfactory to CannTrust Holdings and the Proposal Trustee;

(nn) "**Proposal Funds**" means the aggregate amount, as of the Effective Date, required:

(i) to pay the Administrative Fees and Expenses (as estimated by the Proposal Trustee pursuant to Section 5.2);

(ii) to pay the Superintendent's Levy; and

(iii) to make the payments to Creditors pursuant to Section 2.2,

to be paid by CannTrust Holdings to the Proposal Trustee on or before the Effective Date;

(oo) "**Proposal Trustee**" means Ernst & Young Inc.;

(pp) "**Proposal Trustee's Website**" means http://www.ey.com/ca/canntrust;

(qq) "**Proven Claim**" means the amount of the Claim of any Creditor finally determined in accordance with the provisions of the BIA;

(rr) "**Qualifying Jurisdiction**" means any Province or Territory of Canada or any other jurisdiction in respect of which an opinion has been received pursuant to Section 3.1(e) or 3.1(f) herein;

(ss) "**Residual Assets**" means all of the property and other assets of CannTrust Holdings as of the Effective Date (or the proceeds thereof), other than the Phoena Shares held by CannTrust Holdings, including:

(i) a potential HST refund of up to about $1.4 million;

(ii) the potential residual value from CannTrust D&O Trust, but which has incurred trustee expenses and is subject to claims by beneficiaries that, if determined to be "eligible claims," will exhaust the trust funds;

(iii) the right to receive a payment from the securities claimants with whom CannTrust Holdings settled as part of the CCAA Plan, if the claimants' total recoveries exceed $250 million;

(iv) a $3 million unsecured promissory note owing by Opco to CannTrust Holdings;

(v) the indebtedness of $40,000 owing by Opco to CannTrust Holdings;

(vi) the indebtedness of about $4,718,616 owing by Elmcliffe Investments Inc.to CannTrust Holdings;

(vii) the indebtedness of about $50,002 owing by Elmcliffe Investments [No. 2] Inc. to CannTrust Holdings; and

(viii) the surplus, if any, from the Proposal Funds as contemplated by Section 5.2.

(tt) "**Secured Claim**" means any Claim to the extent that it is secured by a valid Encumbrance that is duly and properly registered or otherwise perfected in accordance with applicable law in the appropriate jurisdiction as of the Filing Date or thereafter to the extent permitted by the BIA;

(uu) "**Secured Creditor**" means a Creditor with a Secured Claim;

(vv) "**Secured Lenders**" means:

(i) Cortland Credit Lending Corporation, as agent for and on behalf of the lenders pursuant to the credit agreement dated as of March 11, 2022 between, among others, Cortland Credit Lending Corporation, as agent for the lenders party thereto, in respect of which CannTrust Holdings is a guarantor, as such credit agreement is amended, restated, supplemented or otherwise modified from time to time; and

(ii) the Subordinate Lenders and Marshall Fields International B.V., as agent for and on behalf of the Subordinate Lenders, pursuant to the credit agreement dated as of March 11, 2022 in respect of which CannTrust Holdings is a guarantor, as such credit agreement is amended, restated, supplemented or otherwise modified from time to time**;**

(ww) "**Shareholder Record Date**" means the Filing Date;

(xx) "**Strategic Investors**" means collectively, Marshall Fields International B.V. and Daniel Koehn, Andrew Peppin Medicine Professional Corporation, Jeffrey Zietlow and Greg Guyatt;

(yy) "**Strategic Transaction**" means, collectively, the transactions contemplated by the subscription agreements between Phoena Holdings and each of the Strategic Investors dated March 11, 2022 and the related transactions approved by the Court order dated February 25, 2022 in the CCAA proceedings;

(zz) "**Subordinate Lenders**" means collectively, Marshall Fields International B.V., Andrew Peppin Medicine Professional Corporation, Dan Koehn and Cannacquisition Limited Partnership;

(aaa) "**Superintendent's Levy**" means the levy payable in respect of amounts distributed by the Proposal Trustee under this Proposal in accordance with section 147 of the BIA;

(bbb) "**Transfer Agent**" means TSX Trust Company;

(ccc) "**Transfer Documents**" means collectively, all assignment and other documentation required to be executed by CannTrust Holdings and Phoena Holdings to effect the transfer of the Residual Assets to Phoena Holdings, in form and content satisfactory to CannTrust Holdings and Phoena Holdings;

(ddd) "**Unsecured Claim**" means any Claim other than a Secured Claim; and

(eee) "**Unsecured Creditor**" means a Creditor with an Unsecured Claim.

1.2 Interpretation Matters

For the purposes of this Proposal:

(a) any reference in this Proposal to a contract, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions;

(b) any reference in this Proposal to an order, an existing agreement, or an agreement to be made or registration means such order, or agreement or registration as it may have been or may be amended, modified, joined by additional parties or supplemented (in accordance with its terms or this Proposal, if applicable);

(c) unless otherwise specified, all references to currency are in Canadian dollars;

(d) the division of this Proposal into "Articles" and "Sections" and the insertion of a table of contents are for convenience of reference only and do not affect the construction or interpretation of this Proposal, nor are the descriptive headings of "Articles" and "Sections" intended as complete or accurate descriptions of the content thereof;

(e) the use of words in the singular or plural, or with a particular gender, including a definition, will not limit the scope or exclude the application of any provision of this Proposal to such Person (or Persons) or circumstances as the context otherwise permits;

(f) the words "includes" and "including" and similar terms of inclusion will not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation, but rather will mean "includes but is not limited to" and "including but

not limited to", so that references to included matters will be regarded as illustrative without being either characterizing or exhaustive;

(g) unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean local time in Toronto, Ontario and any reference to an event occurring on a Business Day means prior to 5:00 p.m. (Toronto time) on such Business Day;

(h) unless otherwise specified, time periods within or following which any payment is to be made or act is to be done will be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day;

(i) unless otherwise provided, any reference to a statute or other enactment of parliament or a legislature includes all regulations made thereunder, all amendments to or re enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation; and

(j) references to a specified "Article" or "Section" will, unless something in the subject matter or context is inconsistent therewith, be construed as references to that specified article or section of this Proposal, whereas the terms "this Proposal", "hereof", "herein", "hereto", "hereunder" and similar expressions will be deemed to refer generally to this Proposal and not to any particular article, section or other portion of this Proposal and includes any documents supplemental hereto.

1.3 Successor and Assigns

The Proposal will be binding on and will enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of the Creditors and any other Person named or referred to in the Proposal.

1.4 Statutory References

Any reference in this Proposal to a statute includes all regulations made thereunder and all amendments to such statutes or regulations in force from time to time.

1.5 Governing Law and Jurisdiction

This Proposal will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. All questions as to the interpretation of or application of this Proposal and all proceedings taken in connection with the Proposal and its provisions will be subject to the exclusive jurisdiction of the Court.

1.6 Corporate Approvals

The execution, delivery, implementation and consummation of all matters contemplated under the Proposal involving corporate action of CannTrust Holdings, including pursuant to any provision of the OBCA, will be deemed to be authorized and approved under this Proposal and

by the Court as part of the Proposal Approval Order in all respects and for all purposes without any requirement of further action by any Person.

ARTICLE 2
CLASSIFICATION AND TREATMENT OF CLAIMS

2.1 Class of Unsecured Creditors

This Proposal is made to the Unsecured Creditors as a single class.

2.2 Treatment of Unsecured Claims

As of the Effective Date, Creditors holding the following Unsecured Claims will be entitled to receive the following treatment in respect of, and in full satisfaction of, their Unsecured Claims:

(a) Preferred Claims (if any) that are Proven Claims will be paid in full from the Proposal Funds by the Proposal Trustee on behalf of CannTrust Holdings, in priority to all other Unsecured Claims in accordance with the scheme of distribution set forth in the BIA;

(b) Unsecured Claims (if any) that are Proven Claims, other than the Phoena Claims, will be paid from the Proposal Funds by the Proposal Trustee on behalf of CannTrust Holdings in full, in priority to the Phoena Claims; and

(c) Phoena Claims that are Proven Claims will be satisfied in full by the transfer of the Residual Assets to Phoena Holdings or as it may direct, pursuant to the Transfer Documents and such other arrangements as are satisfactory to CannTrust Holdings and Phoena Holdings.

2.3 Distributions

Distributions pursuant to Section 2.2 will be effected as soon as practical following the Effective Date.

To be eligible to receive a distribution under Section 2.2, a Creditor must have filed a Proof of Claim such that it is actually received by the Proposal Trustee in accordance with the BIA prior to the Effective Date and its Claim must be a Proven Claim. Each and every Creditor that fails to file a Proof of Claim with the Proposal Trustee before 5:00 p.m. on the day prior to the Effective Date will not be eligible to participate in the distributions from the Proposal Funds.

2.4 Secured Lenders

This Proposal does not affect the Secured Claims of the Secured Lenders. The Claims of the Secured Lenders will be addressed pursuant to the terms of the Consents or as otherwise agreed between CannTrust Holdings and the applicable Secured Lenders.

2.5 Different Capacities

Persons may be affected by this Proposal in more than one capacity. Unless expressly provided herein to the contrary, a Person is entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity,

unless expressly agreed by the Person in writing or unless its Claims overlap or are otherwise duplicative.

2.6 **Set Off**

The law of set-off shall be applied to all Claims.

ARTICLE 3
CONDITIONS PRECEDENT

3.1 **Conditions Precedent**

The performance of this Proposal by CannTrust Holdings is conditional upon the fulfillment or satisfaction of the following conditions:

(a) CannTrust Holdings has received the Consent of each of the Secured Lenders and each consent remains in effect in accordance with its terms;

(b) this Proposal has been accepted by the requisite majorities of the Unsecured Creditors;

(c) the Proposal Approval Order has been issued and has not been appealed, set aside, varied or stayed;

(d) the consensual termination of the unanimous shareholders agreement dated March 11, 2022 made between the Strategic Investors, CannTrust Holdings and Phoena Holdings, providing for the governance of Phoena Holdings;

(e) the receipt by CannTrust Holdings, on or before the Effective Date, of an opinion from qualified and independent United States securities counsel (which includes Mayer Brown LLP), in form and substance satisfactory to the directors of CannTrust Holdings, confirming that the proposed distribution of Phoena Shares held by CannTrust Holdings to CannTrust Shareholders who are U.S. Persons will be exempt from the registration requirements under the United States *Securities and Exchange Act of 1933*; and

(f) the receipt by CannTrust Holdings, on or before the Effective Date, of an opinion from qualified and independent securities counsel, in form and substance satisfactory to the directors of CannTrust Holdings, confirming that the proposed distribution of Phoena Shares held by CannTrust Holdings to any CannTrust Shareholder who is not a Canadian or a U.S. Person will be exempt from any requirement to prepare, file or deliver any registration statement, prospectus, financial statement, offering memorandum or similar disclosure document in connection with such distribution.

ARTICLE 4
RELEASE OF CLAIMS AND SECTIONS 95-101 OF THE BIA

4.1 Upon implementation of this Proposal on the Effective Date and subject to Section 4.2, each Director will be released from any and all demands, claims, debts, judgments, liens and other recoveries on account of any potential, contingent or actual statutory liability of whatsoever nature that any Person may be entitled to assert against such Director as at the Filing Date, including any and all claims howsoever related to any obligation of CannTrust Holdings where the Director(s) are or may be liable at law in their capacity as Director(s) for the payment of such obligation, whether known or unknown, existing or hereafter arising, based in whole or in part on any act of omission, transaction, dealing or other occurrence existing or taking place prior to the Filing Date or, with respect to any agreements of CannTrust Holdings that have been disclaimed, repudiated or terminated after the Filing Date in whole or in part which exist prior to or at the time of such disclaimer, repudiation or termination.

4.2 Notwithstanding Section 4.1, nothing in this Proposal will release or discharge any of the Directors from the exceptions set out in section 50(14) of the BIA.

4.3 Sections 95 to 101 of the BIA and any provincial statute relating to preferences, settlements, fraudulent conveyances, transfers at undervalue or similar impeachable transactions do not apply to any transactions or other dealings by CannTrust Holdings during the period prior to the Filing Date. The release of the Directors contemplated in Section 4.1 includes a release of all claims, actions and remedies available pursuant to sections 95 to 101 of the BIA and any provincial statute relating to preferences, settlements, fraudulent conveyances, transfers at undervalue or similar impeachable transactions.

ARTICLE 5
PROPOSAL TRUSTEE

5.1 Ernst & Young Inc. will be the Proposal Trustee under this Proposal.

5.2 CannTrust Holdings will pay the Administrative Fees and Expenses by including in the Proposal Funds the amount estimated by the Proposal Trustee prior to the Effective Date to be sufficient to pay such fees and expenses. The Proposal Trustee will use such funds to pay such fees and expenses on behalf of CannTrust Holdings as contemplated by Section 5.3 and if there is any surplus from the Proposal Funds after payment of the Administration Fees and Expenses, Creditor distributions, and the levy in full, such surplus will constitute Residual Assets and be paid by the Proposal Trustee to Phoena Holdings or as it may direct.

5.3 On or before the Effective Date, CannTrust Holdings will pay the Proposal Funds to the Proposal Trustee. The Proposal Trustee will make payments from the Proposal Funds, on behalf of CannTrust Holdings, of all payments and distributions of monies required to be made in accordance with the terms of this Proposal.

5.4 Any payments made by the Proposal Trustee to the Creditors hereunder shall be made by the Proposal Trustee net of any levies payable or due under the BIA.

5.5 The Proposal Trustee is acting in its capacity as Proposal Trustee and not in its personal capacity and no officer, director, employee or agent of the Proposal Trustee

will incur any obligations or liabilities in connection with this Proposal or in respect of the business activities or liabilities of CannTrust Holdings.

5.6 Without limitation to Section 5.5, the Proposal Trustee will have no liability whatsoever for any Claims or other obligations of CannTrust Holdings arising before, on or after the Filing Date.

ARTICLE 6
FULL PERFORMANCE OF PROPOSAL

6.1 All obligations of CannTrust Holdings under this Proposal will commence as of the Effective Date. This Proposal will be fully performed by CannTrust Holdings after it has completed the following matters:

(a) paid the Proposal Funds to the Proposal Trustee;

(b) filed the Articles of Reorganization and received the certificate of amendment issued under the OBCA in respect thereof; and

(c) executed the Transfer Documents and delivered them to Phoena Holdings.

6.2 When the Proposal has been fully performed by CannTrust Holdings, the Proposal Trustee will issue to CannTrust Holdings and the Official Receiver the Certificate of Full Performance as provided for in Section 65.3 of the BIA.

6.3 During the currency of this Proposal and until the Certificate of Full Performance referred to in Section 6.2 is issued by the Proposal Trustee, CannTrust Holdings will not amalgamate or otherwise change or reorganize its corporate structure without the approval of the Proposal Trustee (for greater certainty, other than by way of the Articles of Reorganization), unless the new or successor entity agrees to be bound by all terms and conditions of this Proposal.

6.4 Subject to approval by the Court in the Court Approval Order (including approval of the Articles of Reorganization), CannTrust Holdings intends to:

(a) as soon as practicable following the issuance of the Certificate of Full Performance, deliver the Phoena Shares held by CannTrust Holdings to the Transfer Agent, together with a direction to distribute such Phoena Shares to CannTrust Shareholders as of the Shareholder Record Date on the following basis and in the following sequence, and subject to the exclusions set out in the Articles of Reorganization:

(i) subject to the other clauses of this Section 6.4(a), on or before the first anniversary of the Effective Date, the Transfer Agent will distribute and deliver one Phoena Share for each CannTrust Share held or beneficially owned by each CannTrust Shareholder on the Shareholder Record Date that, relying solely upon the records of the Transfer Agent, is the registered holder or beneficial owner of at least 10,000 CannTrust Shares;

(ii) in the event that, prior to the Effective Date, Phoena Holdings consolidates or splits the outstanding common shares of Phoena, the 1:1 distribution ratio set forth in Section 6.4(a)(i) shall be adjusted proportionately, subject to the condition set out therein;

(iii) for any CannTrust Shareholder that, based upon and relying solely upon the records of the Transfer Agent, is not the registered holder or beneficial owner of at least 10,000 CannTrust Shares, no Phoena Shares will be distributed or delivered to such CannTrust Shareholder;

(iv) for any CannTrust Shareholder that, based upon and relying solely upon the records of the Transfer Agent or made available and certified to the satisfaction of the Transfer Agent (in the Transfer Agent's sole discretion), is a resident of a jurisdiction outside of any of the Qualifying Jurisdictions, no Phoena Shares will be distributed or delivered to such CannTrust Shareholder;

(v) if and to the extent that the Transfer Agent has not distributed all or any portion of the Phoena Shares held by CannTrust Holdings on or before the first anniversary of the Effective Date, whether as a consequence of the limitation set forth in Section 6.4(a)(ii) or 6.4(a)(iii) or for any other reason, then the Transfer Agent shall surrender all such undistributed Phoena Shares to Phoena Holdings for cancellation, without payment of any consideration to any CannTrust Shareholder in respect of such undistributed Phoena Shares, and all CannTrust Shareholders will be deemed to have finally and forever relinquished any action, cause of action, suit, claim or demand whatsoever in respect of this Proposal; and

(b) as soon as practical following the transfer of the Residual Assets contemplated by Section 2.2(c) or at such other time as may be agreed between CannTrust Holdings and Phoena Holdings, dissolve (in accordance with the Articles of Reorganization).

ARTICLE 7
AMENDMENT OF PROPOSAL

7.1 At any time and from time to time prior to or at the Creditor Meeting, CannTrust Holdings may vary, amend, restate, modify or supplement this Proposal (in each case, an "**Amendment**") with the consent of the Proposal Trustee. If any such Amendment is made:

(a) CannTrust Holdings or the Proposal Trustee will communicate the details of the Amendment to Creditors and other Persons present at the Creditor Meeting prior to any vote being taken at the Creditor Meeting;

(b) CannTrust Holdings will provide notice to the service list of the Amendment and file a copy thereof with the Court without delay and in any event prior to the hearing in respect of the Proposal Approval Order; and

(c) the Proposal Trustee will post an electronic copy of the Amendment on the Proposal Trustee's Website without delay and in any event prior to the hearing in respect of the Proposal Approval Order.

7.2 At any time and from time to time after the Creditor Meeting, CannTrust Holdings may make an Amendment with the consent of the Proposal Trustee and approval of the Court. If any such Amendment is made:

(a) CannTrust Holdings will provide notice to the service list of the Amendment and file a copy thereof with the Court without delay; and

(b) the Proposal Trustee will post an electronic copy of the Amendment on the Proposal Trustee's Website without delay.

7.3 Without limitation to Section 7.2, at any time and from time to time after the Creditor Meeting, CannTrust Holdings may vary, amend, restate, modify or supplement this Proposal with the consent of the Proposal Trustee and without Court approval, provided that such Amendment concerns a matter that is of an administrative nature and is required to better give effect to the implementation of this Proposal and is not adverse to the financial interests of the Creditors. If any such Amendment is made:

(a) CannTrust Holdings will provide notice to the service list of the Amendment and file a copy thereof with the Court without delay; and

(b) the Proposal Trustee will post an electronic copy of the Amendment on the Proposal Trustee's Website without delay.

Dated this 16th day of November, 2022.

CANNTRUST HOLDINGS INC.

DocuSigned by:

4EE849BD75CB453...

TAB N

This is Exhibit "**N**" referred to in the
Affidavit of **Greg Guyatt**,
sworn before me virtually on November 16, 2022

Saneea Tanvir

Commissioner for taking Affidavits
(or as may be)
Saneea Tanvir LSO #: 77838T

Court File No: 31-2875614
Estate No: 31-2875614

ONTARIO
SUPERIOR COURT OF JUSTICE

IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE PROPOSAL OF
CANNTRUST HOLDINGS INC.

SECOND AMENDED AND RESTATED PROPOSAL
November ~~3~~16, 2022

CannTrust Holdings hereby submits the following second amended and restated proposal under the BIA which amends and restates the amended proposal dated ~~October 18~~November 3, 2022. Capitalised terms used herein have the meanings ascribed to them in Section 1.1 below.

Recitals

A. On March 31, 2020, CannTrust Holdings and certain of its subsidiaries commenced proceedings under the CCAA following a series of adverse events, including the suspension of cannabis licenses necessary to conduct their business and the issuance of the CTO, prohibiting any trading in the CannTrust Shares. They commenced the CCAA proceedings seeking to reinstate their licenses, resume operations, settle several class actions and other litigation brought against them, and explore a range of potential strategic transactions.

B. On January 5, 2022, CannTrust Holdings implemented the CCAA Plan. Pursuant to the CCAA Plan and the related court order approving it, CannTrust Holdings compromised and was released from substantially all of the claims against it as of March 31, 2020.

C. During the CCAA proceeding, CannTrust Holdings obtained court approval to create a new wholly-owned subsidiary, CannTrust Equity Inc. (now Phoena Holdings Inc.) and to transfer to Phoena Holdings the ownership of its wholly-owned subsidiary, Opco, which was the primary operating entity of the CannTrust group of companies.

D. On February 25, 2022, CannTrust Holdings obtained court approval for the Strategic Transaction, which transaction was intended to secure new financing to enable Opco to continue to carry on business.

E. On March 11, 2022, CannTrust Holdings, Phoena Holdings and Opco implemented the Strategic Transaction. As a result, the Strategic Investors invested $11.2 million to acquire a 90% equity interest in Phoena Holdings (at a subscription price of approximately one cent ($0.01) per Phoena Share) and provided a $5.5 million loan (which is subordinated in payment to a pre-existing loan from Cortland Credit Lending Corporation), with CannTrust Holdings retaining Phoena Shares representing a 10% equity interest in Phoena Holdings.

F. Prior to or in connection with the implementation of the Strategic Transaction, CannTrust Holdings satisfied any remaining liabilities of which it was aware, with the exception of claims that were to remain outstanding by agreement with the applicable creditors, such as the Secured Lenders.

G. Despite the implementation of the CCAA Plan and the Strategic Transaction, CannTrust Holdings remains subject to the CTO. To obtain a discretionary order from the OSC revoking the CTO, CannTrust Holdings would be required to cure its disclosure defaults under applicable securities laws, which would including restating certain historical financial statements and obtaining an audit opinion thereon from a qualified independent auditor.

H. CannTrust Holdings had hoped that, after emerging from the CCAA proceeding, it would be able to complete the steps necessary to either (i) hold an annual general meeting and apply to the OSC to have the CTO revoked or (ii) work with Phoena Holdings to obtain a stock exchange listing for the Phoena Shares and then distribute its Phoena Shares to CannTrust Shareholders pursuant to a plan of arrangement effected under the OBCA. Those steps included the need for CannTrust Holdings to either (i) restate some of its historical annual financial statements and prepare other annual and interim financial statements or (ii) prepare annual and interim financial statements in respect of Phoena Holdings.

I. Because CannTrust Holdings is an "offering corporation" for purposes of the OBCA, it cannot convene an annual general meeting without providing certain annual financial statements to the CannTrust Shareholders, and any annual financial statements to be placed before the CannTrust Shareholders at such meeting would be required to be audited and satisfy the other requirements of applicable securities laws. To facilitate that effort, the court granted an order (as subsequently extended) that gave CannTrust Holdings until November 30, 2022 to hold its annual general meeting.

J. CannTrust Holdings has determined that it is not feasible in the remaining time before November 30, 2022 to hold an annual general meeting and, in any event, CannTrust Holdings is insolvent and cannot afford to complete the audit and other work necessary to do so or to seek the revocation of the CTO, and Phoena is not currently in a position to become a "reporting issuer" under applicable securities laws by obtaining a stock exchange listing for the Phoena Shares.

K. In the circumstances, CannTrust Holdings believes it is in the best interests of its stakeholders to make a proposal to its creditors under the BIA to allow it to address its remaining liabilities, dispose of its residual assets or the proceeds thereof, and dissolve in advance of November 30, 2022 or as soon thereafter as is reasonably achievable.

L. The original proposal dated October 18, 2022, was restated by the amended and restated proposal dated November 3, 2022, and which is further restated by this second amended and restated proposal dated as of the date first mentioned above.

ARTICLE 1
DEFINITIONS

1.1 Definitions

In this Proposal, capitalized terms have the meanings set out below:

(a) "**Administrative Fees and Expenses**" means:

(i) the proper fees and expenses of the Proposal Trustee, including its legal fees and disbursements; and

(ii) the legal fees and disbursements of CannTrust Holdings incurred on or incidental to negotiations in connection with these proposal proceedings, the preparation of the Proposal and the transactions and agreements contemplated hereby;

(b) "**Amendment**" is defined in Section 7.1;

(c) "**Articles of Reorganization**" means articles of reorganization of CannTrust Holdings to effect, among other things, changes to the terms of the ~~CannTrust Shares~~articles to facilitate the distribution of the Phoena Shares to the applicable CannTrust Shareholders that is contemplated by Section 6.4, the form of which articles will be approved by the Proposal Approval Order;

(d) "**BIA**" means the *Bankruptcy and Insolvency Act* (Canada);

(e) "**Business Day**" means a day other than a Saturday, Sunday, statutory or civic holiday in Toronto, Ontario;

(f) "**Canada Pension Plan**" means the *Canada Pension Plan* (Canada);

(g) "**CannTrust D&O Trust**" means a trust that was created on December 17, 2019 to hold and disburse certain funds for the benefit of directors and officers of CannTrust Holdings in accordance with the terms of such trust;

(h) "**CannTrust Holdings**" means CannTrust Holdings Inc., a corporation formed under the OBCA;

(i) "**CannTrust Shareholders**" means the beneficial owners of CannTrust Shares;

(j) "**CannTrust Shares**" means the ~~1,414,872,032~~ issued and outstanding common shares in the capital of CannTrust Holdings;

(k) "**CCAA**" means the *Companies' Creditors Arrangement Act* (Canada);

(l) "**CCAA Plan**" means the fourth amended & restated plan of compromise, arrangement and reorganization of CannTrust Holdings, Opco and Elmcliffe Investments Inc. dated July 7, 2021;

(m) "**Claim**" means "claim" as defined by the BIA;

(n) "**Consent**" means, in respect of each Secured Creditor, the written consent of the Secured Creditor to (i) the distributions to Unsecured Creditors contemplated by Section 2.2, (ii) the distribution of the Phoena Shares held by CannTrust Holdings to CannTrust Shareholders that is contemplated by Section 6.4, (iii) the transfer of the Residual Assets to Phoena Holdings contemplated by Section 2.2, (iv) the release of its Claims against CannTrust Holdings and any related

security, and (v) the dissolution of CannTrust Holdings contemplated by Section 6.4;

(o) "**Court**" means the Ontario Superior Court of Justice in bankruptcy and insolvency;

(p) "**Court Approval Date**" means the date of the Proposal Approval Order;

(q) "**Creditor**" means any Person having a Claim and may, if the context requires, mean a trustee, receiver, receiver-manager or similar officer acting on behalf or in the name of such Person;

(r) "**Creditor Meeting**" means the meeting of Unsecured Creditors held to consider and vote on this Proposal;

(s) "**Crown**" means His Majesty in right of Canada or a province;

(t) "**CTI**" means CTI Holdings (Osoyoos) Inc.;

(u) "**CTO**" means the cease trade order issued by the OSC on October 13, 2020, on behalf of all of the Canadian securities administrators except for Quebec's, in respect of the CannTrust Shares;

(v) "**Directors**" means any Person who, as at the Effective Date, is a current director or officer of CannTrust Holdings or who by applicable law is deemed to be or is treated similarly to a director or officer of CannTrust Holdings or who currently manages or supervises the management of the business and affairs of CannTrust Holdings;

(w) "**Effective Date**" means one Business Day after the Court Approval Date, or such later date as CannTrust Holdings requests and the Proposal Trustee approves;

(x) "**Employment Insurance Act**" means the *Employment Insurance Act* (Canada);

(y) "**Encumbrance**" means, with respect to any property of CannTrust Holdings, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind whatsoever in respect of such property;

(z) "**Filing Date**" means October 18, 2022;

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

(bb) "**OBCA**" means the *Business Corporations Act* (Ontario);

(cc) "**Opco**" means Phoena Inc., a corporation existing under the OBCA;

(dd) "**OSC**" means the Ontario Securities Commission;

(ee) "**Person**" means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government, or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;

(ff) "**Phoena Claims**" means the Claims of Phoena Holdings and its direct and indirect subsidiaries, including Opco and CTI;

(gg) "**Phoena Holdings**" means Phoena Holdings Inc., a corporation formed under the OBCA;

(hh) "**Phoena Shares**" means common shares in the capital of Phoena Holdings;

(ii) "**Preferred Claim**" means any Unsecured Claim or portion thereof that is required by the BIA to be paid in priority to other Unsecured Claims under a proposal by a debtor, including the Claims of:

(i) employees and former employees of CannTrust Holdings, if any, for amounts equal to the amounts that they would be qualified to receive under paragraph 136(1)(d) of the BIA on the Filing Date, as well as wages, salaries, commissions or compensation for services rendered after that date and before the Court Approval Date, together with, in the case of travelling salespersons, disbursements properly incurred by those salespersons in and about CannTrust Holdings' businesses during the same period;

(ii) the trustee or other administrator of a prescribed pension plan in which CannTrust Holdings participates, if any, for the amounts, if any, required to be paid pursuant to section 60(1.5) of the BIA; and

(iii) the Crown for all amounts that were outstanding as of the Filing Date and are of a kind that could be subject to a demand under:

(A) subsection 224(1.2) of the *Income Tax Act*;

(B) any provisions of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for collection of a contribution, as defined In the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or

(C) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:

(I) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the Income Tax Act; or

(II) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection

3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;

(jj) "**Preferred Creditor**" means a Creditor with a Preferred Claim;

(kk) "**Proof of Claim**" shall mean the proof of claim required by the BIA to be mailed to each known Creditor prior to the Creditors' Meeting;

(ll) "**Proposal**" means this second amended and restated proposal dated November ~~3, 2022 which amends and restates the proposal dated October 18~~16, 2022, as may be further amended or supplemented from time to time in accordance with its terms;

(mm) "**Proposal Approval Order**" means the Order of the Court approving this Proposal and the Articles of Reorganization, in form and content satisfactory to CannTrust Holdings and the Proposal Trustee;

(nn) "**Proposal Funds**" means the aggregate amount, as of the Effective Date, required:

(i) to pay the Administrative Fees and Expenses (as estimated by the Proposal Trustee pursuant to Section 5.2);

(ii) to pay the Superintendent's Levy; and

(iii) to make the payments to Creditors pursuant to Section 2.2,

to be paid by CannTrust Holdings to the Proposal Trustee on or before the Effective Date;

(oo) "**Proposal Trustee**" means Ernst & Young Inc.;

(pp) "**Proposal Trustee's Website**" means http://www.ey.com/ca/canntrust;

(qq) "**Proven Claim**" means the amount of the Claim of any Creditor finally determined in accordance with the provisions of the BIA;

(rr) "**Qualifying Jurisdiction**" means any Province or Territory of Canada or any other jurisdiction in respect of which an opinion has been received pursuant to Section 3.1(e) or 3.1(f) herein;

(ss) "**Residual Assets**" means all of the property and other assets of CannTrust Holdings as of the Effective Date (or the proceeds thereof), other than the Phoena Shares held by CannTrust Holdings, including:

(i) a potential HST refund of up to about $1.4 million;

(ii) the potential residual value from CannTrust D&O Trust, but which has incurred trustee expenses and is subject to claims by beneficiaries that, if determined to be "eligible claims," will exhaust the trust funds;

(iii) the right to receive a payment from the securities claimants with whom CannTrust Holdings settled as part of the CCAA Plan, if the claimants' total recoveries exceed $250 million;

(iv) a $3 million unsecured promissory note owing by Opco to CannTrust Holdings;

(v) the indebtedness of $40,000 owing by Opco to CannTrust Holdings;

(vi) the indebtedness of about $4,718,616 owing by Elmcliffe Investments Inc.to CannTrust Holdings;

(vii) the indebtedness of about $50,002 owing by Elmcliffe Investments [No. 2] Inc. to CannTrust Holdings; and

(viii) the surplus, if any, from the Proposal Funds as contemplated by Section 5.2.

(tt) "**Secured Claim**" means any Claim to the extent that it is secured by a valid Encumbrance that is duly and properly registered or otherwise perfected in accordance with applicable law in the appropriate jurisdiction as of the Filing Date or thereafter to the extent permitted by the BIA;

(uu) "**Secured Creditor**" means a Creditor with a Secured Claim;

(vv) "**Secured Lenders**" means:

(i) Cortland Credit Lending Corporation, as agent for and on behalf of the lenders pursuant to the credit agreement dated as of March 11, 2022 between, among others, Cortland Credit Lending Corporation, as agent for the lenders party thereto, in respect of which CannTrust Holdings is a guarantor, as such credit agreement is amended, restated, supplemented or otherwise modified from time to time; and

(ii) the Subordinate Lenders and Marshall Fields International B.V., as agent for and on behalf of the Subordinate Lenders, pursuant to the credit agreement dated as of March 11, 2022 in respect of which CannTrust Holdings is a guarantor, as such credit agreement is amended, restated, supplemented or otherwise modified from time to time**;**

(ww) "**Shareholder Record Date**" means the Filing Date;

(xx) "**Strategic Investors**" means collectively, Marshall Fields International B.V. and Daniel Koehn, Andrew Peppin Medicine Professional Corporation, Jeffrey Zietlow and Greg Guyatt;

(yy) "**Strategic Transaction**" means, collectively, the transactions contemplated by the subscription agreements between Phoena Holdings and each of the Strategic Investors dated March 11, 2022 and the related transactions approved by the Court order dated February 25, 2022 in the CCAA proceedings;

(zz) "**Subordinate Lenders**" means collectively, Marshall Fields International B.V., Andrew Peppin Medicine Professional Corporation, Dan Koehn and Cannacquisition Limited Partnership;

(aaa) "**Superintendent's Levy**" means the levy payable in respect of amounts distributed by the Proposal Trustee under this Proposal in accordance with section 147 of the BIA;

(bbb) "**Transfer Agent**" means TSX Trust Company;

(ccc) "**Transfer Documents**" means collectively, all assignment and other documentation required to be executed by CannTrust Holdings and Phoena Holdings to effect the transfer of the Residual Assets to Phoena Holdings, in form and content satisfactory to CannTrust Holdings and Phoena Holdings;

(ddd) "**Unsecured Claim**" means any Claim other than a Secured Claim; and

(eee) "**Unsecured Creditor**" means a Creditor with an Unsecured Claim.

1.2 Interpretation Matters

For the purposes of this Proposal:

(a) any reference in this Proposal to a contract, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions;

(b) any reference in this Proposal to an order, an existing agreement, or an agreement to be made or registration means such order, or agreement or registration as it may have been or may be amended, modified, joined by additional parties or supplemented (in accordance with its terms or this Proposal, if applicable);

(c) unless otherwise specified, all references to currency are in Canadian dollars;

(d) the division of this Proposal into "Articles" and "Sections" and the insertion of a table of contents are for convenience of reference only and do not affect the construction or interpretation of this Proposal, nor are the descriptive headings of "Articles" and "Sections" intended as complete or accurate descriptions of the content thereof;

(e) the use of words in the singular or plural, or with a particular gender, including a definition, will not limit the scope or exclude the application of any provision of this Proposal to such Person (or Persons) or circumstances as the context otherwise permits;

(f) the words "includes" and "including" and similar terms of inclusion will not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation, but rather will mean "includes but is not limited to" and "including but

not limited to", so that references to included matters will be regarded as illustrative without being either characterizing or exhaustive;

(g) unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean local time in Toronto, Ontario and any reference to an event occurring on a Business Day means prior to 5:00 p.m. (Toronto time) on such Business Day;

(h) unless otherwise specified, time periods within or following which any payment is to be made or act is to be done will be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day;

(i) unless otherwise provided, any reference to a statute or other enactment of parliament or a legislature includes all regulations made thereunder, all amendments to or re enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation; and

(j) references to a specified "Article" or "Section" will, unless something in the subject matter or context is inconsistent therewith, be construed as references to that specified article or section of this Proposal, whereas the terms "this Proposal", "hereof", "herein", "hereto", "hereunder" and similar expressions will be deemed to refer generally to this Proposal and not to any particular article, section or other portion of this Proposal and includes any documents supplemental hereto.

1.3 **Successor and Assigns**

The Proposal will be binding on and will enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of the Creditors and any other Person named or referred to in the Proposal.

1.4 **Statutory References**

Any reference in this Proposal to a statute includes all regulations made thereunder and all amendments to such statutes or regulations in force from time to time.

1.5 **Governing Law and Jurisdiction**

This Proposal will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. All questions as to the interpretation of or application of this Proposal and all proceedings taken in connection with the Proposal and its provisions will be subject to the exclusive jurisdiction of the Court.

1.6 **Corporate Approvals**

The execution, delivery, implementation and consummation of all matters contemplated under the Proposal involving corporate action of CannTrust Holdings, including pursuant to any provision of the OBCA, will be deemed to be authorized and approved under this Proposal and

by the Court as part of the Proposal Approval Order in all respects and for all purposes without any requirement of further action by any Person.

ARTICLE 2
CLASSIFICATION AND TREATMENT OF CLAIMS

2.1 Class of Unsecured Creditors

This Proposal is made to the Unsecured Creditors as a single class.

2.2 Treatment of Unsecured Claims

As of the Effective Date, Creditors holding the following Unsecured Claims will be entitled to receive the following treatment in respect of, and in full satisfaction of, their Unsecured Claims:

(a) Preferred Claims (if any) that are Proven Claims will be paid in full from the Proposal Funds by the Proposal Trustee on behalf of CannTrust Holdings, in priority to all other Unsecured Claims in accordance with the scheme of distribution set forth in the BIA;

(b) Unsecured Claims (if any) that are Proven Claims, other than the Phoena Claims, will be paid from the Proposal Funds by the Proposal Trustee on behalf of CannTrust Holdings in full, in priority to the Phoena Claims; and

(c) Phoena Claims that are Proven Claims will be satisfied in full by the transfer of the Residual Assets to Phoena Holdings or as it may direct, pursuant to the Transfer Documents and such other arrangements as are satisfactory to CannTrust Holdings and Phoena Holdings.

2.3 Distributions

Distributions pursuant to Section 2.2 will be effected as soon as practical following the Effective Date.

To be eligible to receive a distribution under Section 2.2, a Creditor must have filed a Proof of Claim such that it is actually received by the Proposal Trustee in accordance with the BIA prior to the Effective Date and its Claim must be a Proven Claim. Each and every Creditor that fails to file a Proof of Claim with the Proposal Trustee before 5:00 p.m. on the day prior to the Effective Date will not be eligible to participate in the distributions from the Proposal Funds.

2.4 Secured Lenders

This Proposal does not affect the Secured Claims of the Secured Lenders. The Claims of the Secured Lenders will be addressed pursuant to the terms of the Consents or as otherwise agreed between CannTrust Holdings and the applicable Secured Lenders.

2.5 Different Capacities

Persons may be affected by this Proposal in more than one capacity. Unless expressly provided herein to the contrary, a Person is entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless expressly agreed by the Person in writing or unless its Claims overlap or are otherwise duplicative.

2.6 **Set Off**

The law of set-off shall be applied to all Claims.

ARTICLE 3
CONDITIONS PRECEDENT

3.1 **Conditions Precedent**

The performance of this Proposal by CannTrust Holdings is conditional upon the fulfillment or satisfaction of the following conditions:

(a) CannTrust Holdings has received the Consent of each of the Secured Lenders and each consent remains in effect in accordance with its terms;

(b) this Proposal has been accepted by the requisite majorities of the Unsecured Creditors;

(c) the Proposal Approval Order has been issued and has not been appealed, set aside, varied or stayed;

(d) the consensual termination of the unanimous shareholders agreement dated March 11, 2022 made between the Strategic Investors, CannTrust Holdings and Phoena Holdings, providing for the governance of Phoena Holdings;

(e) the receipt by CannTrust Holdings, on or before the Effective Date, of an opinion from qualified and independent United States securities counsel (which includes Mayer Brown LLP), in form and substance satisfactory to the directors of CannTrust Holdings, confirming that the proposed distribution of Phoena Shares held by CannTrust Holdings to CannTrust Shareholders who are U.S. Persons will be exempt from the registration requirements under the United States *Securities and Exchange Act of 1933*; and

(f) the receipt by CannTrust Holdings, on or before the Effective Date, of an opinion from qualified and independent securities counsel, in form and substance satisfactory to the directors of CannTrust Holdings, confirming that the proposed distribution of Phoena Shares held by CannTrust Holdings to any CannTrust Shareholder who is not a Canadian or a U.S. Person will be exempt from any requirement to prepare, file or deliver any registration statement, prospectus, financial statement, offering memorandum or similar disclosure document in connection with such distribution.

ARTICLE 4
RELEASE OF CLAIMS AND SECTIONS 95-101 OF THE BIA

4.1 Upon implementation of this Proposal on the Effective Date and subject to Section 4.2, each Director will be released from any and all demands, claims, debts, judgments, liens and other recoveries on account of any potential, contingent or actual statutory liability of whatsoever nature that any Person may be entitled to assert against such Director as at the Filing Date, including any and all claims howsoever related to any obligation of CannTrust Holdings where the Director(s) are or may be liable at law in their capacity as Director(s) for the payment of such obligation, whether known or unknown, existing or hereafter arising, based in whole or in part on any act of omission, transaction, dealing or other occurrence existing or taking place prior to the Filing Date or, with respect to any agreements of CannTrust Holdings that have been disclaimed, repudiated or terminated after the Filing Date in whole or in part which exist prior to or at the time of such disclaimer, repudiation or termination.

4.2 Notwithstanding Section 4.1, nothing in this Proposal will release or discharge any of the Directors from the exceptions set out in section 50(14) of the BIA.

4.3 Sections 95 to 101 of the BIA and any provincial statute relating to preferences, settlements, fraudulent conveyances, transfers at undervalue or similar impeachable transactions do not apply to any transactions or other dealings by CannTrust Holdings during the period prior to the Filing Date. The release of the Directors contemplated in Section 4.1 includes a release of all claims, actions and remedies available pursuant to sections 95 to 101 of the BIA and any provincial statute relating to preferences, settlements, fraudulent conveyances, transfers at undervalue or similar impeachable transactions.

ARTICLE 5
PROPOSAL TRUSTEE

5.1 Ernst & Young Inc. will be the Proposal Trustee under this Proposal.

5.2 CannTrust Holdings will pay the Administrative Fees and Expenses by including in the Proposal Funds the amount estimated by the Proposal Trustee prior to the Effective Date to be sufficient to pay such fees and expenses. The Proposal Trustee will use such funds to pay such fees and expenses on behalf of CannTrust Holdings as contemplated by Section 5.3 and if there is any surplus from the Proposal Funds after payment of the Administration Fees and Expenses, Creditor distributions, and the levy in full, such surplus will constitute Residual Assets and be paid by the Proposal Trustee to Phoena Holdings or as it may direct.

5.3 On or before the Effective Date, CannTrust Holdings will pay the Proposal Funds to the Proposal Trustee. The Proposal Trustee will make payments from the Proposal Funds, on behalf of CannTrust Holdings, of all payments and distributions of monies required to be made in accordance with the terms of this Proposal.

5.4 Any payments made by the Proposal Trustee to the Creditors hereunder shall be made by the Proposal Trustee net of any levies payable or due under the BIA.

5.5 The Proposal Trustee is acting in its capacity as Proposal Trustee and not in its personal capacity and no officer, director, employee or agent of the Proposal Trustee will incur any obligations or liabilities in connection with this Proposal or in respect of the business activities or liabilities of CannTrust Holdings.

5.6 Without limitation to Section 5.5, the Proposal Trustee will have no liability whatsoever for any Claims or other obligations of CannTrust Holdings arising before, on or after the Filing Date.

ARTICLE 6
FULL PERFORMANCE OF PROPOSAL

6.1 All obligations of CannTrust Holdings under this Proposal will commence as of the Effective Date. This Proposal will be fully performed by CannTrust Holdings after it has completed the following matters:

(a) paid the Proposal Funds to the Proposal Trustee;

(b) filed the Articles of Reorganization and received the certificate of amendment issued under the OBCA in respect thereof; and

(c) executed the Transfer Documents and delivered them to Phoena Holdings.

6.2 When the Proposal has been fully performed by CannTrust Holdings, the Proposal Trustee will issue to CannTrust Holdings and the Official Receiver the Certificate of Full Performance as provided for in Section 65.3 of the BIA.

6.3 During the currency of this Proposal and until the Certificate of Full Performance referred to in Section 6.2 is issued by the Proposal Trustee, CannTrust Holdings will not amalgamate or otherwise change or reorganize its corporate structure without the approval of the Proposal Trustee (for greater certainty, other than by way of the Articles of Reorganization), unless the new or successor entity agrees to be bound by all terms and conditions of this Proposal.

6.4 Subject to approval by the Court in the Court Approval Order (including approval of the Articles of Reorganization), CannTrust Holdings intends to:

(a) as soon as practicable following the issuance of the Certificate of Full Performance, deliver the Phoena Shares held by CannTrust Holdings to the Transfer Agent, together with a direction to distribute such Phoena Shares to CannTrust Shareholders as of the Shareholder Record Date on the following basis and in the following sequence, and subject to the exclusions set out in the Articles of Reorganization:

(i) subject to the other clauses of this Section 6.4(a), on or before the first anniversary of the Effective Date, the Transfer Agent will distribute and deliver one Phoena Share for each CannTrust Share held or beneficially owned by each CannTrust Shareholder on the Shareholder Record Date that, relying solely upon the records of the Transfer Agent, is the registered holder or beneficial owner of at least 10,000 CannTrust Shares;

(ii) in the event that, prior to the Effective Date, Phoena Holdings consolidates or splits the outstanding common shares of Phoena, the 1:1 distribution ratio set forth in Section 6.4(a)(i) shall be adjusted proportionately, subject to the condition set out therein;

(iii) for any CannTrust Shareholder that, based upon and relying solely upon the records of the Transfer Agent, is not the registered holder or beneficial owner of at least 10,000 CannTrust Shares, no Phoena Shares will be distributed or delivered to such CannTrust Shareholder;

(iv) for any CannTrust Shareholder that, based upon and relying solely upon the records of the Transfer Agent or made available and certified to the satisfaction of the Transfer Agent (in the Transfer Agent's sole discretion), is a resident of a jurisdiction outside of any of the Qualifying Jurisdictions, no Phoena Shares will be distributed or delivered to such CannTrust Shareholder;

(v) if and to the extent that the Transfer Agent has not distributed all or any portion of the Phoena Shares held by CannTrust Holdings on or before the first anniversary of the Effective Date, whether as a consequence of the limitation set forth in Section 6.4(a)(ii) or 6.4(a)(iii) or for any other reason, then the Transfer Agent shall surrender all such undistributed Phoena Shares to Phoena Holdings for cancellation, without payment of any consideration to any CannTrust Shareholder in respect of such undistributed Phoena Shares, and all CannTrust Shareholders will be deemed to have finally and forever relinquished any action, cause of action, suit, claim or demand whatsoever in respect of this Proposal; and

(b) as soon as practical following the transfer of the Residual Assets contemplated by Section 2.2(c) or at such other time as may be agreed between CannTrust Holdings and Phoena Holdings, dissolve (in accordance with the Articles of Reorganization).

ARTICLE 7
AMENDMENT OF PROPOSAL

7.1 At any time and from time to time prior to or at the Creditor Meeting, CannTrust Holdings may vary, amend, restate, modify or supplement this Proposal (in each case, an "**Amendment**") with the consent of the Proposal Trustee. If any such Amendment is made:

(a) CannTrust Holdings or the Proposal Trustee will communicate the details of the Amendment to Creditors and other Persons present at the Creditor Meeting prior to any vote being taken at the Creditor Meeting;

(b) CannTrust Holdings will provide notice to the service list of the Amendment and file a copy thereof with the Court without delay and in any event prior to the hearing in respect of the Proposal Approval Order; and

(c) the Proposal Trustee will post an electronic copy of the Amendment on the Proposal Trustee's Website without delay and in any event prior to the hearing in respect of the Proposal Approval Order.

7.2 At any time and from time to time after the Creditor Meeting, CannTrust Holdings may make an Amendment with the consent of the Proposal Trustee and approval of the Court. If any such Amendment is made:

(a) CannTrust Holdings will provide notice to the service list of the Amendment and file a copy thereof with the Court without delay; and

(b) the Proposal Trustee will post an electronic copy of the Amendment on the Proposal Trustee's Website without delay.

7.3 Without limitation to Section 7.2, at any time and from time to time after the Creditor Meeting, CannTrust Holdings may vary, amend, restate, modify or supplement this Proposal with the consent of the Proposal Trustee and without Court approval, provided that such Amendment concerns a matter that is of an administrative nature and is required to better give effect to the implementation of this Proposal and is not adverse to the financial interests of the Creditors. If any such Amendment is made:

(a) CannTrust Holdings will provide notice to the service list of the Amendment and file a copy thereof with the Court without delay; and

(b) the Proposal Trustee will post an electronic copy of the Amendment on the Proposal Trustee's Website without delay.

Dated this ~~3rd~~16th day of November, 2022.

CANNTRUST HOLDINGS INC.

____

Document comparison by Workshare Compare on Wednesday, November 16, 2022 11:12:04 PM

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Rendering set	Standard

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Padding cell	

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Format changes	0

Total changes	23

IN THE MATTER OF THE PROPOSAL OF CANNTRUST HOLDINGS INC.

Court File No.: 31-2875614

Estate No.: 31-2875614

ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY

Proceeding commenced at Toronto

AFFIDAVIT OF GREG GUYATT
(Sworn November 17, 2022)

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Lawyers for CannTrust Holdings Inc.

MTDOCS 46184028

TAB 3

Court File No: 31-2875614
Estate No: 31-2875614

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	MONDAY, THE 28TH DAY OF
	)	
	)	
JUSTICE OSBORNE	)	NOVEMBER, 2022

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED

IN THE MATTER OF THE PROPOSAL OF CANNTRUST HOLDINGS INC.

ORDER
(Approval of Proposal)

THIS MOTION, made by CannTrust Holdings Inc. (the "**CannTrust Holdings**") and Ernst & Young Inc., in its capacity as proposal trustee of CannTrust Holdings (the "**Proposal Trustee**"), pursuant to the *Bankruptcy and Insolvency* Act, R.S.C. 1985, c. B-3 as amended (the "**BIA**"), for an Order, among other things, approving the first amended and restated proposal filed with the Official Receiver on November 4, 2022 (the "**First Amended Proposal**") and the proposed amendments thereto (the "**Amendments**") in the form of the second amended and restated proposal attached hereto as **Schedule "A"** (the "**Proposal**"), was heard this day by videoconference due to the Covid-19 Pandemic.

ON READING the Motion Record of CannTrust Holdings dated November 17, 2022 and the Second Report of the Proposal Trustee dated November 16, 2022, and such other material as filed in respect of the motion, and on hearing the submissions of counsel for CannTrust Holdings and the Proposal Trustee, and such other counsel as listed on the Participant Slip, no one appearing for any other person on the service list, although properly served as appears from the affidavit of service of sworn November 2022, filed, and having determined that (i) the First Amended Proposal has been accepted by the required majority of creditors voting at the meeting of creditors held on November 4, 2022; (ii) the amendments to be effected by the Amendments and the terms of the Proposal are reasonable and calculated to benefit the general body of creditors; and (iii) no offences or facts have been proved to justify the Court in withholding its approval of the Proposal,

AND UPON being advised that it is the intention of CannTrust Holdings to rely on section 3(a)(10) of the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") as a basis for an exemption from the registration requirements of the U.S. Securities Act with respect to the distribution of the Phoena Shares to CannTrust Shareholders contemplated by the Proposal and Articles of Reorganization, based on the Court's approval of the Proposal,

SERVICE

1. **THIS COURT ORDERS** that the time and method of service of the Notice of Motion and the Motion Record are hereby validated so that this Motion is properly returnable today and that any further service thereof be and is hereby dispensed with.

DEFINITIONS

2. **THIS COURT ORDERS** that all capitalized terms not otherwise defined in this Order shall have the meanings ascribed to them in the Proposal.

APPROVAL OF THE SECOND REPORT

3. **THIS COURT ORDERS** that the Second Report, and activities of the Proposal Trustee as set out therein, be and are hereby approved.

APPROVAL OF THE PROPOSAL

4. **THIS COURT ORDERS** that the Proposal be and is hereby approved.

5. **THIS COURT ORDERS** that, as of the Effective Date, the Proposal and all associated steps, compromises, settlements, satisfactions, releases, discharges, transactions and arrangements set out therein are and shall be approved, final, binding and effective in accordance with the provisions of the Proposal and the BIA for all purposes and enure to the benefit of CannTrust Holdings, the Creditors, the Directors, and all other Persons named or referred to in,

or subject to the Proposal, and their respective heirs, executors, administrators and other legal representatives, successors and assigns.

6. **THIS COURT ORDERS** that pursuant to and in accordance with the Proposal, as of the Effective Date and subject to section 50(14) of the BIA, each Director will be released from any and all demands, claims, debts, judgments, liens and other recoveries on account of any potential, contingent or actual statutory liability of whatsoever nature that any Person may be entitled to assert against such Director as at the Filing Date, including any and all claims howsoever related to any obligation of CannTrust Holdings where the Director(s) are or may be liable at law in their capacity as Director(s) for the payment of such obligation, whether known or unknown, existing or hereafter arising, based in whole or in part on any act of omission, transaction, dealing or other occurrence existing or taking place prior to the Filing Date or, with respect to any agreements of CannTrust Holdings that have been disclaimed, repudiated or terminated after the Filing Date in whole or in part which exist prior to or at the time of such disclaimer, repudiation or termination. For greater certainty, the Director(s) shall be released of all claims, actions and remedies available pursuant to sections 95 to 101 of the BIA and any provincial statute relating to preferences, settlements, fraudulent conveyances, transfers at undervalue or similar impeachable transactions.

ARTICLES OF REORGANIZATION

7. **THIS COURT ORDERS** that, on the Effective Date, after the satisfaction or waiver, as applicable, of the conditions set out in section 3.1 of the Proposal, CannTrust Holdings shall file the Articles of Reorganization, substantially in the form attached as **Schedule "B"**.

8. **THIS COURT ORDERS** that, pursuant to section 186 of the *Business Corporations Act* (Ontario), the Articles of Reorganization, be and are hereby approved and the articles of CannTrust Holdings shall be amended as set out therein as of the Effective Date.

9. **THIS COURT ORDERS** that the distribution of the Phoena Shares to CannTrust Shareholders, on the terms and conditions set out in the Proposal and Articles of Reorganization, are fair and reasonable to CannTrust Shareholders.

IMPLEMENTION OF THE PROPOSAL

10. **THIS COURT ORDERS** that CannTrust Holdings is authorized and directed to take all actions necessary or appropriate to enter into, adopt, execute, deliver, implement, and consummate all matters contemplated under the Proposal and all agreements, transactions and documents contemplated by the Proposal, including without limitation, the distribution of the Phoena Shares and the dissolution of CannTrust Holdings as contemplated by section 6.4 of the Proposal and facilitated by the Articles of Reorganization.

11. **THIS COURT ORDERS** that the Proposal Trustee be and is hereby authorized, directed and empowered to perform its functions and to fulfill its obligations under the Proposal to facilitate the implementation of the Proposal and distribution to Creditors thereunder.

12. **THIS COURT ORDERS** that the Proposal Trustee and any other Person required to make distributions, deliveries or allocations or take any steps or actions related thereto pursuant to the Proposal on behalf of CannTrust Holdings or otherwise, are hereby authorized and directed to complete such distributions, deliveries or allocations in accordance with the terms of the Proposal and to take any and all related steps or actions that are necessary or appropriate, and such distributions, deliveries and allocations and related steps and actions, are hereby approved.

13. **THIS COURT ORDERS** that any payment, distribution or transfer of any money, property or other consideration pursuant to or in connection with the Proposal will be free and clear of any charge, mortgage, lien, pledge, claim, restriction, hypothec, adverse interest, security interest or other encumbrance whether created or arising by agreement, statute or otherwise at law.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

14. **THIS COURT ORDERS** that CannTrust Holdings is not required to call an annual general meeting of its shareholders, as prescribed by the *Business Corporations Act* (Ontario), before its dissolution, subject to further order of this Court.

BANKRUPTCY

15. **THIS COURT ORDERS AND DECLARES** that notwithstanding: (i) the pendency of these BIA proposal proceedings; (ii) any applications for a bankruptcy, receivership or other order now or hereafter issued pursuant to the BIA, the *Companies' Creditors Arrangement Act* (Canada) ("**CCAA**") or otherwise in respect of CannTrust Holdings and any bankruptcy, receivership or other order issued pursuant to any such applications; and (iii) any assignment in bankruptcy made or deemed to be made in respect of CannTrust Holdings, the transactions contemplated by the Proposal will be binding on any trustee in bankruptcy or receiver that may be appointed in respect of CannTrust Holdings or its assets and will not be void or voidable by creditors of CannTrust Holdings, nor will the Proposal, or the payments, distributions and transfers contemplated pursuant thereto constitute nor be deemed to constitute a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue or other reviewable transaction under the BIA, CCAA or any other applicable federal or provincial legislation, nor will the Proposal constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

ADDITIONAL PROVISIONS

16. **THIS COURT ORDERS** that this Order is subject to provisional execution notwithstanding any appeal brought in respect of this Order, pursuant to section 195 of the BIA.

17. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada and as against all Persons against whom it may otherwise be enforced.

18. **THIS COURT ORDERS** that the Proposal Trustee may from time to time apply to this Court for advice and directions in the discharge of its powers and duties in relation to the Proposal.

19. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction, to give effect to this Order and to assist the parties 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 parties and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to grant representative status to the Proposal Trustee in any foreign proceeding.

SCHEDULE “A”

Proposal

Court File No: 31-2875614
Estate No: 31-2875614

ONTARIO
SUPERIOR COURT OF JUSTICE

IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE PROPOSAL OF
CANNTRUST HOLDINGS INC.

SECOND AMENDED AND RESTATED PROPOSAL
November 16, 2022

CannTrust Holdings hereby submits the following second amended and restated proposal under the BIA which amends and restates the amended proposal dated November 3, 2022. Capitalised terms used herein have the meanings ascribed to them in Section 1.1 below.

Recitals

A. On March 31, 2020, CannTrust Holdings and certain of its subsidiaries commenced proceedings under the CCAA following a series of adverse events, including the suspension of cannabis licenses necessary to conduct their business and the issuance of the CTO, prohibiting any trading in the CannTrust Shares. They commenced the CCAA proceedings seeking to reinstate their licenses, resume operations, settle several class actions and other litigation brought against them, and explore a range of potential strategic transactions.

B. On January 5, 2022, CannTrust Holdings implemented the CCAA Plan. Pursuant to the CCAA Plan and the related court order approving it, CannTrust Holdings compromised and was released from substantially all of the claims against it as of March 31, 2020.

C. During the CCAA proceeding, CannTrust Holdings obtained court approval to create a new wholly-owned subsidiary, CannTrust Equity Inc. (now Phoena Holdings Inc.) and to transfer to Phoena Holdings the ownership of its wholly-owned subsidiary, Opco, which was the primary operating entity of the CannTrust group of companies.

D. On February 25, 2022, CannTrust Holdings obtained court approval for the Strategic Transaction, which transaction was intended to secure new financing to enable Opco to continue to carry on business.

E. On March 11, 2022, CannTrust Holdings, Phoena Holdings and Opco implemented the Strategic Transaction. As a result, the Strategic Investors invested $11.2 million to acquire a 90% equity interest in Phoena Holdings (at a subscription price of approximately one cent ($0.01) per Phoena Share) and provided a $5.5 million loan (which is subordinated in payment to a pre-existing loan from Cortland Credit Lending Corporation), with CannTrust Holdings retaining Phoena Shares representing a 10% equity interest in Phoena Holdings.

F. Prior to or in connection with the implementation of the Strategic Transaction, CannTrust Holdings satisfied any remaining liabilities of which it was aware, with the exception of claims that were to remain outstanding by agreement with the applicable creditors, such as the Secured Lenders.

G. Despite the implementation of the CCAA Plan and the Strategic Transaction, CannTrust Holdings remains subject to the CTO. To obtain a discretionary order from the OSC revoking the CTO, CannTrust Holdings would be required to cure its disclosure defaults under applicable securities laws, which would including restating certain historical financial statements and obtaining an audit opinion thereon from a qualified independent auditor.

H. CannTrust Holdings had hoped that, after emerging from the CCAA proceeding, it would be able to complete the steps necessary to either (i) hold an annual general meeting and apply to the OSC to have the CTO revoked or (ii) work with Phoena Holdings to obtain a stock exchange listing for the Phoena Shares and then distribute its Phoena Shares to CannTrust Shareholders pursuant to a plan of arrangement effected under the OBCA. Those steps included the need for CannTrust Holdings to either (i) restate some of its historical annual financial statements and prepare other annual and interim financial statements or (ii) prepare annual and interim financial statements in respect of Phoena Holdings.

I. Because CannTrust Holdings is an “offering corporation” for purposes of the OBCA, it cannot convene an annual general meeting without providing certain annual financial statements to the CannTrust Shareholders, and any annual financial statements to be placed before the CannTrust Shareholders at such meeting would be required to be audited and satisfy the other requirements of applicable securities laws. To facilitate that effort, the court granted an order (as subsequently extended) that gave CannTrust Holdings until November 30, 2022 to hold its annual general meeting.

J. CannTrust Holdings has determined that it is not feasible in the remaining time before November 30, 2022 to hold an annual general meeting and, in any event, CannTrust Holdings is insolvent and cannot afford to complete the audit and other work necessary to do so or to seek the revocation of the CTO, and Phoena is not currently in a position to become a “reporting issuer” under applicable securities laws by obtaining a stock exchange listing for the Phoena Shares.

K. In the circumstances, CannTrust Holdings believes it is in the best interests of its stakeholders to make a proposal to its creditors under the BIA to allow it to address its remaining liabilities, dispose of its residual assets or the proceeds thereof, and dissolve in advance of November 30, 2022 or as soon thereafter as is reasonably achievable.

L. The original proposal dated October 18, 2022, was restated by the amended and restated proposal dated November 3, 2022, and which is further restated by this second amended and restated proposal dated as of the date first mentioned above.

ARTICLE 1
DEFINITIONS

1.1 Definitions

In this Proposal, capitalized terms have the meanings set out below:

(a) "**Administrative Fees and Expenses**" means:

(i) the proper fees and expenses of the Proposal Trustee, including its legal fees and disbursements; and

(ii) the legal fees and disbursements of CannTrust Holdings incurred on or incidental to negotiations in connection with these proposal proceedings, the preparation of the Proposal and the transactions and agreements contemplated hereby;

(b) "**Amendment**" is defined in Section 7.1;

(c) "**Articles of Reorganization**" means articles of reorganization of CannTrust Holdings to effect, among other things, changes to the terms of the articles to facilitate the distribution of the Phoena Shares to the applicable CannTrust Shareholders that is contemplated by Section 6.4, the form of which articles will be approved by the Proposal Approval Order;

(d) "**BIA**" means the *Bankruptcy and Insolvency Act* (Canada);

(e) "**Business Day**" means a day other than a Saturday, Sunday, statutory or civic holiday in Toronto, Ontario;

(f) "**Canada Pension Plan**" means the *Canada Pension Plan* (Canada);

(g) "**CannTrust D&O Trust**" means a trust that was created on December 17, 2019 to hold and disburse certain funds for the benefit of directors and officers of CannTrust Holdings in accordance with the terms of such trust;

(h) "**CannTrust Holdings**" means CannTrust Holdings Inc., a corporation formed under the OBCA;

(i) "**CannTrust Shareholders**" means the beneficial owners of CannTrust Shares;

(j) "**CannTrust Shares**" means the issued and outstanding common shares in the capital of CannTrust Holdings;

(k) "**CCAA**" means the *Companies' Creditors Arrangement Act* (Canada);

(l) "**CCAA Plan**" means the fourth amended & restated plan of compromise, arrangement and reorganization of CannTrust Holdings, Opco and Elmcliffe Investments Inc. dated July 7, 2021;

(m) "**Claim**" means "claim" as defined by the BIA;

(n) "**Consent**" means, in respect of each Secured Creditor, the written consent of the Secured Creditor to (i) the distributions to Unsecured Creditors contemplated by Section 2.2, (ii) the distribution of the Phoena Shares held by CannTrust Holdings to CannTrust Shareholders that is contemplated by Section 6.4, (iii) the transfer of the Residual Assets to Phoena Holdings contemplated by Section 2.2, (iv) the release of its Claims against CannTrust Holdings and any related

security, and (v) the dissolution of CannTrust Holdings contemplated by Section 6.4;

(o) “**Court**” means the Ontario Superior Court of Justice in bankruptcy and insolvency;

(p) “**Court Approval Date**” means the date of the Proposal Approval Order;

(q) “**Creditor**” means any Person having a Claim and may, if the context requires, mean a trustee, receiver, receiver-manager or similar officer acting on behalf or in the name of such Person;

(r) “**Creditor Meeting**” means the meeting of Unsecured Creditors held to consider and vote on this Proposal;

(s) “**Crown**” means His Majesty in right of Canada or a province;

(t) “**CTI**” means CTI Holdings (Osoyoos) Inc.;

(u) “**CTO**” means the cease trade order issued by the OSC on October 13, 2020, on behalf of all of the Canadian securities administrators except for Quebec’s, in respect of the CannTrust Shares;

(v) “**Directors**” means any Person who, as at the Effective Date, is a current director or officer of CannTrust Holdings or who by applicable law is deemed to be or is treated similarly to a director or officer of CannTrust Holdings or who currently manages or supervises the management of the business and affairs of CannTrust Holdings;

(w) “**Effective Date**” means one Business Day after the Court Approval Date, or such later date as CannTrust Holdings requests and the Proposal Trustee approves;

(x) “**Employment Insurance Act**” means the *Employment Insurance Act* (Canada);

(y) “**Encumbrance**” means, with respect to any property of CannTrust Holdings, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind whatsoever in respect of such property;

(z) “**Filing Date**” means October 18, 2022;

(aa) “**Income Tax Act**” means the *Income Tax Act* (Canada);

(bb) “**OBCA**” means the *Business Corporations Act* (Ontario);

(cc) “**Opco**” means Phoena Inc., a corporation existing under the OBCA;

(dd) “**OSC**” means the Ontario Securities Commission;

(ee) “**Person**” means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government, or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;

(ff) “**Phoena Claims**” means the Claims of Phoena Holdings and its direct and indirect subsidiaries, including Opco and CTI;

(gg) “**Phoena Holdings**” means Phoena Holdings Inc., a corporation formed under the OBCA;

(hh) “**Phoena Shares**” means common shares in the capital of Phoena Holdings;

(ii) “**Preferred Claim**” means any Unsecured Claim or portion thereof that is required by the BIA to be paid in priority to other Unsecured Claims under a proposal by a debtor, including the Claims of:

(i) employees and former employees of CannTrust Holdings, if any, for amounts equal to the amounts that they would be qualified to receive under paragraph 136(1)(d) of the BIA on the Filing Date, as well as wages, salaries, commissions or compensation for services rendered after that date and before the Court Approval Date, together with, in the case of travelling salespersons, disbursements properly incurred by those salespersons in and about CannTrust Holdings’ businesses during the same period;

(ii) the trustee or other administrator of a prescribed pension plan in which CannTrust Holdings participates, if any, for the amounts, if any, required to be paid pursuant to section 60(1.5) of the BIA; and

(iii) the Crown for all amounts that were outstanding as of the Filing Date and are of a kind that could be subject to a demand under:

(A) subsection 224(1.2) of the *Income Tax Act*;

(B) any provisions of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for collection of a contribution, as defined In the *Canada Pension Plan*, or an employee’s premium, or employer’s premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or

(C) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:

(I) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the Income Tax Act; or

(II) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a “province providing a comprehensive pension plan” as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;

(jj) "**Preferred Creditor**" means a Creditor with a Preferred Claim;

(kk) "**Proof of Claim**" shall mean the proof of claim required by the BIA to be mailed to each known Creditor prior to the Creditors' Meeting;

(ll) "**Proposal**" means this second amended and restated proposal dated November 16, 2022, as may be further amended or supplemented from time to time in accordance with its terms;

(mm) "**Proposal Approval Order**" means the Order of the Court approving this Proposal and the Articles of Reorganization, in form and content satisfactory to CannTrust Holdings and the Proposal Trustee;

(nn) "**Proposal Funds**" means the aggregate amount, as of the Effective Date, required:

(i) to pay the Administrative Fees and Expenses (as estimated by the Proposal Trustee pursuant to Section 5.2);

(ii) to pay the Superintendent's Levy; and

(iii) to make the payments to Creditors pursuant to Section 2.2,

to be paid by CannTrust Holdings to the Proposal Trustee on or before the Effective Date;

(oo) "**Proposal Trustee**" means Ernst & Young Inc.;

(pp) "**Proposal Trustee's Website**" means http://www.ey.com/ca/canntrust;

(qq) "**Proven Claim**" means the amount of the Claim of any Creditor finally determined in accordance with the provisions of the BIA;

(rr) "**Qualifying Jurisdiction**" means any Province or Territory of Canada or any other jurisdiction in respect of which an opinion has been received pursuant to Section 3.1(e) or 3.1(f) herein;

(ss) "**Residual Assets**" means all of the property and other assets of CannTrust Holdings as of the Effective Date (or the proceeds thereof), other than the Phoena Shares held by CannTrust Holdings, including:

(i) a potential HST refund of up to about $1.4 million;

(ii) the potential residual value from CannTrust D&O Trust, but which has incurred trustee expenses and is subject to claims by beneficiaries that, if determined to be "eligible claims," will exhaust the trust funds;

(iii) the right to receive a payment from the securities claimants with whom CannTrust Holdings settled as part of the CCAA Plan, if the claimants' total recoveries exceed $250 million;

(iv) a $3 million unsecured promissory note owing by Opco to CannTrust Holdings;

(v) the indebtedness of $40,000 owing by Opco to CannTrust Holdings;

(vi) the indebtedness of about $4,718,616 owing by Elmcliffe Investments Inc.to CannTrust Holdings;

(vii) the indebtedness of about $50,002 owing by Elmcliffe Investments [No. 2] Inc. to CannTrust Holdings; and

(viii) the surplus, if any, from the Proposal Funds as contemplated by Section 5.2.

(tt) "**Secured Claim**" means any Claim to the extent that it is secured by a valid Encumbrance that is duly and properly registered or otherwise perfected in accordance with applicable law in the appropriate jurisdiction as of the Filing Date or thereafter to the extent permitted by the BIA;

(uu) "**Secured Creditor**" means a Creditor with a Secured Claim;

(vv) "**Secured Lenders**" means:

(i) Cortland Credit Lending Corporation, as agent for and on behalf of the lenders pursuant to the credit agreement dated as of March 11, 2022 between, among others, Cortland Credit Lending Corporation, as agent for the lenders party thereto, in respect of which CannTrust Holdings is a guarantor, as such credit agreement is amended, restated, supplemented or otherwise modified from time to time; and

(ii) the Subordinate Lenders and Marshall Fields International B.V., as agent for and on behalf of the Subordinate Lenders, pursuant to the credit agreement dated as of March 11, 2022 in respect of which CannTrust Holdings is a guarantor, as such credit agreement is amended, restated, supplemented or otherwise modified from time to time**;**

(ww) "**Shareholder Record Date**" means the Filing Date;

(xx) "**Strategic Investors**" means collectively, Marshall Fields International B.V. and Daniel Koehn, Andrew Peppin Medicine Professional Corporation, Jeffrey Zietlow and Greg Guyatt;

(yy) "**Strategic Transaction**" means, collectively, the transactions contemplated by the subscription agreements between Phoena Holdings and each of the Strategic Investors dated March 11, 2022 and the related transactions approved by the Court order dated February 25, 2022 in the CCAA proceedings;

(zz) "**Subordinate Lenders**" means collectively, Marshall Fields International B.V., Andrew Peppin Medicine Professional Corporation, Dan Koehn and Cannacquisition Limited Partnership;

(aaa) "**Superintendent's Levy**" means the levy payable in respect of amounts distributed by the Proposal Trustee under this Proposal in accordance with section 147 of the BIA;

(bbb) "**Transfer Agent**" means TSX Trust Company;

(ccc) "**Transfer Documents**" means collectively, all assignment and other documentation required to be executed by CannTrust Holdings and Phoena Holdings to effect the transfer of the Residual Assets to Phoena Holdings, in form and content satisfactory to CannTrust Holdings and Phoena Holdings;

(ddd) "**Unsecured Claim**" means any Claim other than a Secured Claim; and

(eee) "**Unsecured Creditor**" means a Creditor with an Unsecured Claim.

1.2 Interpretation Matters

For the purposes of this Proposal:

(a) any reference in this Proposal to a contract, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions;

(b) any reference in this Proposal to an order, an existing agreement, or an agreement to be made or registration means such order, or agreement or registration as it may have been or may be amended, modified, joined by additional parties or supplemented (in accordance with its terms or this Proposal, if applicable);

(c) unless otherwise specified, all references to currency are in Canadian dollars;

(d) the division of this Proposal into "Articles" and "Sections" and the insertion of a table of contents are for convenience of reference only and do not affect the construction or interpretation of this Proposal, nor are the descriptive headings of "Articles" and "Sections" intended as complete or accurate descriptions of the content thereof;

(e) the use of words in the singular or plural, or with a particular gender, including a definition, will not limit the scope or exclude the application of any provision of this Proposal to such Person (or Persons) or circumstances as the context otherwise permits;

(f) the words "includes" and "including" and similar terms of inclusion will not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation, but rather will mean "includes but is not limited to" and "including but

not limited to", so that references to included matters will be regarded as illustrative without being either characterizing or exhaustive;

(g) unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean local time in Toronto, Ontario and any reference to an event occurring on a Business Day means prior to 5:00 p.m. (Toronto time) on such Business Day;

(h) unless otherwise specified, time periods within or following which any payment is to be made or act is to be done will be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day;

(i) unless otherwise provided, any reference to a statute or other enactment of parliament or a legislature includes all regulations made thereunder, all amendments to or re enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation; and

(j) references to a specified "Article" or "Section" will, unless something in the subject matter or context is inconsistent therewith, be construed as references to that specified article or section of this Proposal, whereas the terms "this Proposal", "hereof", "herein", "hereto", "hereunder" and similar expressions will be deemed to refer generally to this Proposal and not to any particular article, section or other portion of this Proposal and includes any documents supplemental hereto.

1.3 **Successor and Assigns**

The Proposal will be binding on and will enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of the Creditors and any other Person named or referred to in the Proposal.

1.4 **Statutory References**

Any reference in this Proposal to a statute includes all regulations made thereunder and all amendments to such statutes or regulations in force from time to time.

1.5 **Governing Law and Jurisdiction**

This Proposal will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. All questions as to the interpretation of or application of this Proposal and all proceedings taken in connection with the Proposal and its provisions will be subject to the exclusive jurisdiction of the Court.

1.6 **Corporate Approvals**

The execution, delivery, implementation and consummation of all matters contemplated under the Proposal involving corporate action of CannTrust Holdings, including pursuant to any provision of the OBCA, will be deemed to be authorized and approved under this Proposal and

by the Court as part of the Proposal Approval Order in all respects and for all purposes without any requirement of further action by any Person.

ARTICLE 2
CLASSIFICATION AND TREATMENT OF CLAIMS

2.1 Class of Unsecured Creditors

This Proposal is made to the Unsecured Creditors as a single class.

2.2 Treatment of Unsecured Claims

As of the Effective Date, Creditors holding the following Unsecured Claims will be entitled to receive the following treatment in respect of, and in full satisfaction of, their Unsecured Claims:

(a) Preferred Claims (if any) that are Proven Claims will be paid in full from the Proposal Funds by the Proposal Trustee on behalf of CannTrust Holdings, in priority to all other Unsecured Claims in accordance with the scheme of distribution set forth in the BIA;

(b) Unsecured Claims (if any) that are Proven Claims, other than the Phoena Claims, will be paid from the Proposal Funds by the Proposal Trustee on behalf of CannTrust Holdings in full, in priority to the Phoena Claims; and

(c) Phoena Claims that are Proven Claims will be satisfied in full by the transfer of the Residual Assets to Phoena Holdings or as it may direct, pursuant to the Transfer Documents and such other arrangements as are satisfactory to CannTrust Holdings and Phoena Holdings.

2.3 Distributions

Distributions pursuant to Section 2.2 will be effected as soon as practical following the Effective Date.

To be eligible to receive a distribution under Section 2.2, a Creditor must have filed a Proof of Claim such that it is actually received by the Proposal Trustee in accordance with the BIA prior to the Effective Date and its Claim must be a Proven Claim. Each and every Creditor that fails to file a Proof of Claim with the Proposal Trustee before 5:00 p.m. on the day prior to the Effective Date will not be eligible to participate in the distributions from the Proposal Funds.

2.4 Secured Lenders

This Proposal does not affect the Secured Claims of the Secured Lenders. The Claims of the Secured Lenders will be addressed pursuant to the terms of the Consents or as otherwise agreed between CannTrust Holdings and the applicable Secured Lenders.

2.5 Different Capacities

Persons may be affected by this Proposal in more than one capacity. Unless expressly provided herein to the contrary, a Person is entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity,

unless expressly agreed by the Person in writing or unless its Claims overlap or are otherwise duplicative.

2.6 **Set Off**

The law of set-off shall be applied to all Claims.

ARTICLE 3
CONDITIONS PRECEDENT

3.1 **Conditions Precedent**

The performance of this Proposal by CannTrust Holdings is conditional upon the fulfillment or satisfaction of the following conditions:

(a) CannTrust Holdings has received the Consent of each of the Secured Lenders and each consent remains in effect in accordance with its terms;

(b) this Proposal has been accepted by the requisite majorities of the Unsecured Creditors;

(c) the Proposal Approval Order has been issued and has not been appealed, set aside, varied or stayed;

(d) the consensual termination of the unanimous shareholders agreement dated March 11, 2022 made between the Strategic Investors, CannTrust Holdings and Phoena Holdings, providing for the governance of Phoena Holdings;

(e) the receipt by CannTrust Holdings, on or before the Effective Date, of an opinion from qualified and independent United States securities counsel (which includes Mayer Brown LLP), in form and substance satisfactory to the directors of CannTrust Holdings, confirming that the proposed distribution of Phoena Shares held by CannTrust Holdings to CannTrust Shareholders who are U.S. Persons will be exempt from the registration requirements under the United States *Securities and Exchange Act of 1933*; and

(f) the receipt by CannTrust Holdings, on or before the Effective Date, of an opinion from qualified and independent securities counsel, in form and substance satisfactory to the directors of CannTrust Holdings, confirming that the proposed distribution of Phoena Shares held by CannTrust Holdings to any CannTrust Shareholder who is not a Canadian or a U.S. Person will be exempt from any requirement to prepare, file or deliver any registration statement, prospectus, financial statement, offering memorandum or similar disclosure document in connection with such distribution.

ARTICLE 4
RELEASE OF CLAIMS AND SECTIONS 95-101 OF THE BIA

4.1 Upon implementation of this Proposal on the Effective Date and subject to Section 4.2, each Director will be released from any and all demands, claims, debts, judgments, liens and other recoveries on account of any potential, contingent or actual statutory liability of whatsoever nature that any Person may be entitled to assert against such Director as at the Filing Date, including any and all claims howsoever related to any obligation of CannTrust Holdings where the Director(s) are or may be liable at law in their capacity as Director(s) for the payment of such obligation, whether known or unknown, existing or hereafter arising, based in whole or in part on any act of omission, transaction, dealing or other occurrence existing or taking place prior to the Filing Date or, with respect to any agreements of CannTrust Holdings that have been disclaimed, repudiated or terminated after the Filing Date in whole or in part which exist prior to or at the time of such disclaimer, repudiation or termination.

4.2 Notwithstanding Section 4.1, nothing in this Proposal will release or discharge any of the Directors from the exceptions set out in section 50(14) of the BIA.

4.3 Sections 95 to 101 of the BIA and any provincial statute relating to preferences, settlements, fraudulent conveyances, transfers at undervalue or similar impeachable transactions do not apply to any transactions or other dealings by CannTrust Holdings during the period prior to the Filing Date. The release of the Directors contemplated in Section 4.1 includes a release of all claims, actions and remedies available pursuant to sections 95 to 101 of the BIA and any provincial statute relating to preferences, settlements, fraudulent conveyances, transfers at undervalue or similar impeachable transactions.

ARTICLE 5
PROPOSAL TRUSTEE

5.1 Ernst & Young Inc. will be the Proposal Trustee under this Proposal.

5.2 CannTrust Holdings will pay the Administrative Fees and Expenses by including in the Proposal Funds the amount estimated by the Proposal Trustee prior to the Effective Date to be sufficient to pay such fees and expenses. The Proposal Trustee will use such funds to pay such fees and expenses on behalf of CannTrust Holdings as contemplated by Section 5.3 and if there is any surplus from the Proposal Funds after payment of the Administration Fees and Expenses, Creditor distributions, and the levy in full, such surplus will constitute Residual Assets and be paid by the Proposal Trustee to Phoena Holdings or as it may direct.

5.3 On or before the Effective Date, CannTrust Holdings will pay the Proposal Funds to the Proposal Trustee. The Proposal Trustee will make payments from the Proposal Funds, on behalf of CannTrust Holdings, of all payments and distributions of monies required to be made in accordance with the terms of this Proposal.

5.4 Any payments made by the Proposal Trustee to the Creditors hereunder shall be made by the Proposal Trustee net of any levies payable or due under the BIA.

5.5 The Proposal Trustee is acting in its capacity as Proposal Trustee and not in its personal capacity and no officer, director, employee or agent of the Proposal Trustee

will incur any obligations or liabilities in connection with this Proposal or in respect of the business activities or liabilities of CannTrust Holdings.

5.6 Without limitation to Section 5.5, the Proposal Trustee will have no liability whatsoever for any Claims or other obligations of CannTrust Holdings arising before, on or after the Filing Date.

ARTICLE 6
FULL PERFORMANCE OF PROPOSAL

6.1 All obligations of CannTrust Holdings under this Proposal will commence as of the Effective Date. This Proposal will be fully performed by CannTrust Holdings after it has completed the following matters:

(a) paid the Proposal Funds to the Proposal Trustee;

(b) filed the Articles of Reorganization and received the certificate of amendment issued under the OBCA in respect thereof; and

(c) executed the Transfer Documents and delivered them to Phoena Holdings.

6.2 When the Proposal has been fully performed by CannTrust Holdings, the Proposal Trustee will issue to CannTrust Holdings and the Official Receiver the Certificate of Full Performance as provided for in Section 65.3 of the BIA.

6.3 During the currency of this Proposal and until the Certificate of Full Performance referred to in Section 6.2 is issued by the Proposal Trustee, CannTrust Holdings will not amalgamate or otherwise change or reorganize its corporate structure without the approval of the Proposal Trustee (for greater certainty, other than by way of the Articles of Reorganization), unless the new or successor entity agrees to be bound by all terms and conditions of this Proposal.

6.4 Subject to approval by the Court in the Court Approval Order (including approval of the Articles of Reorganization), CannTrust Holdings intends to:

(a) as soon as practicable following the issuance of the Certificate of Full Performance, deliver the Phoena Shares held by CannTrust Holdings to the Transfer Agent, together with a direction to distribute such Phoena Shares to CannTrust Shareholders as of the Shareholder Record Date on the following basis and in the following sequence, and subject to the exclusions set out in the Articles of Reorganization:

(i) subject to the other clauses of this Section 6.4(a), on or before the first anniversary of the Effective Date, the Transfer Agent will distribute and deliver one Phoena Share for each CannTrust Share held or beneficially owned by each CannTrust Shareholder on the Shareholder Record Date that, relying solely upon the records of the Transfer Agent, is the registered holder or beneficial owner of at least 10,000 CannTrust Shares;

(ii) in the event that, prior to the Effective Date, Phoena Holdings consolidates or splits the outstanding common shares of Phoena, the 1:1 distribution ratio set forth in Section 6.4(a)(i) shall be adjusted proportionately, subject to the condition set out therein;

(iii) for any CannTrust Shareholder that, based upon and relying solely upon the records of the Transfer Agent, is not the registered holder or beneficial owner of at least 10,000 CannTrust Shares, no Phoena Shares will be distributed or delivered to such CannTrust Shareholder;

(iv) for any CannTrust Shareholder that, based upon and relying solely upon the records of the Transfer Agent or made available and certified to the satisfaction of the Transfer Agent (in the Transfer Agent's sole discretion), is a resident of a jurisdiction outside of any of the Qualifying Jurisdictions, no Phoena Shares will be distributed or delivered to such CannTrust Shareholder;

(v) if and to the extent that the Transfer Agent has not distributed all or any portion of the Phoena Shares held by CannTrust Holdings on or before the first anniversary of the Effective Date, whether as a consequence of the limitation set forth in Section 6.4(a)(ii) or 6.4(a)(iii) or for any other reason, then the Transfer Agent shall surrender all such undistributed Phoena Shares to Phoena Holdings for cancellation, without payment of any consideration to any CannTrust Shareholder in respect of such undistributed Phoena Shares, and all CannTrust Shareholders will be deemed to have finally and forever relinquished any action, cause of action, suit, claim or demand whatsoever in respect of this Proposal; and

(b) as soon as practical following the transfer of the Residual Assets contemplated by Section 2.2(c) or at such other time as may be agreed between CannTrust Holdings and Phoena Holdings, dissolve (in accordance with the Articles of Reorganization).

ARTICLE 7
AMENDMENT OF PROPOSAL

7.1 At any time and from time to time prior to or at the Creditor Meeting, CannTrust Holdings may vary, amend, restate, modify or supplement this Proposal (in each case, an "**Amendment**") with the consent of the Proposal Trustee. If any such Amendment is made:

(a) CannTrust Holdings or the Proposal Trustee will communicate the details of the Amendment to Creditors and other Persons present at the Creditor Meeting prior to any vote being taken at the Creditor Meeting;

(b) CannTrust Holdings will provide notice to the service list of the Amendment and file a copy thereof with the Court without delay and in any event prior to the hearing in respect of the Proposal Approval Order; and

(c) the Proposal Trustee will post an electronic copy of the Amendment on the Proposal Trustee's Website without delay and in any event prior to the hearing in respect of the Proposal Approval Order.

7.2 At any time and from time to time after the Creditor Meeting, CannTrust Holdings may make an Amendment with the consent of the Proposal Trustee and approval of the Court. If any such Amendment is made:

(a) CannTrust Holdings will provide notice to the service list of the Amendment and file a copy thereof with the Court without delay; and

(b) the Proposal Trustee will post an electronic copy of the Amendment on the Proposal Trustee's Website without delay.

7.3 Without limitation to Section 7.2, at any time and from time to time after the Creditor Meeting, CannTrust Holdings may vary, amend, restate, modify or supplement this Proposal with the consent of the Proposal Trustee and without Court approval, provided that such Amendment concerns a matter that is of an administrative nature and is required to better give effect to the implementation of this Proposal and is not adverse to the financial interests of the Creditors. If any such Amendment is made:

(a) CannTrust Holdings will provide notice to the service list of the Amendment and file a copy thereof with the Court without delay; and

(b) the Proposal Trustee will post an electronic copy of the Amendment on the Proposal Trustee's Website without delay.

Dated this 16th day of November, 2022.

CANNTRUST HOLDINGS INC.

DocuSigned by:

4EE849BD75CB453...

SCHEDULE "B"

Articles of Reorganization

Ontario Ministry of Government and Consumer Services

Articles of Reorganization

Business Corporations Act

For questions or more information to complete this form, please refer to the instruction page.

Fields marked with an asterisk (*) are mandatory.

1. Corporation Information

Corporation Name *
CANNTRUST HOLDINGS INC. / CANNTRUST HOLDINGS INC.

Ontario Corporation Number (OCN) *	Company Key *
2458088	000000000

Official Email Address *
tor-bls-corporate@mccarthy.ca

2. Contact Information

Please provide the following information for the person we should contact regarding this filing. This person will receive official documents or notices and correspondence related to this filing. By proceeding with this filing, you are confirming that you have been duly authorized to do so.

First Name *	Middle Name	Last Name *
Vanmali		Poojari

Telephone Country Code	Telephone Number *	Extension
	416-601-8311	

Email Address *
vpoojari@mccarthy.ca

3. Court Order

This court order is made under section 248 of the Act, the *Bankruptcy and Insolvency Act* (Canada), or the *Companies' Creditors Arrangement Act* (Canada) approving a proposal.

☑ **Please attach a certified copy of the court order with your application.** *

Note - If the court order includes the appointment of directors in place of or in addition to the existing directors, you must file a **Notice of Change** under the *Corporations Information Act* after submitting these articles.

Required Statement

☑ The terms and conditions of the reorganization, if any, have been complied with, as ordered by the court. *

Effective Date

This will be the date shown on the certificate for the articles to be amended pursuant to the court order.

Effective Date *

4. Proposed New Corporation Name (if applicable)

Complete this section only if you are changing the corporation name

If you are changing the corporation name, you can either propose a new name or request a number name. If you propose a new name for the corporation, you need a Nuans report for the proposed name. If your corporation has a number name, you must not select the option for a number name, unless you are changing only the legal element.

Will this corporation have a number name? ☐ Yes ☐ No

5. Number of Director(s) (if applicable)

Complete this section only if you are changing the number of directors

Please specify the number of directors for your Corporation

☐ Fixed Number ☐ Minimum/Maximum

6. Shares and Provisions (if applicable) (Maximum limit is 100,000 characters per text box)

Complete this section only if you are amending the Shares and Provisions

Description of Changes to Classes of Shares

The corporation amends the Description of Classes of Shares as follows (please be specific):

Enter the Text

Description of Changes to Rights, Privileges, Restrictions and Conditions

The corporation amends the Rights, Privileges, Restrictions and Conditions as follows (please be specific):

Enter the Text

The rights, privileges, restrictions and conditions in respect of the common shares of the Corporation are subject to sections X and Y of the Other Provisions of the Corporation's articles and, to the extent of any conflict or inconsistency between the rights, privileges, restrictions and conditions in respect of the common shares of the Corporation and sections X and Y of the Other Provisions, sections X and Y of the Other Provisions shall govern.

Description of Changes to Restrictions on Share Transfers

The corporation amends the Restrictions on Share Transfers as follows (please be specific):

Enter the Text

Description of Changes to Restrictions on Business or Powers

The corporation amends the Restrictions on Business or Powers as follows (please be specific):

Enter the Text

Description of Changes to Other Provisions

The corporation amends the Other Provisions as follows (please be specific):

Enter the Text

The below wordings to follow the existing Other Provisions of the articles of incorporation of the Corporation as amended from time to time:

X. As contemplated by and in accordance with the second amended and restated proposal of the Corporation dated

November ●, 2022 under the Bankruptcy and Insolvency Act (Canada) (the “Proposal”) approved by the order of the Ontario Superior Court of Justice in Bankruptcy and Insolvency dated November ●, 2022, upon approval by the directors of the Corporation, the Corporation will distribute the shares it holds in Phoena Holdings Inc. (“Phoena”) to its shareholders on the basis of one common share of Phoena (“Phoena Shares”) for every one common share of the Corporation held by such person (the “Distribution”), subject to the exclusions and on the terms contained herein. The following shareholders of the Corporation will have no right to receive any Phoena Shares pursuant to the Distribution:

(1) persons who own less than 10,000 common shares of the Corporation;
(2) persons whose common shares are held in any registered retirement savings plan, registered retirement income fund, registered pension plan, deferred profit sharing plan, tax-free savings account, home buyer’s plan, lifelong learning plan, registered education savings plan, registered disability savings plan, pooled retirement savings plan, or any other form of registered savings vehicle for which the Phoena Shares do not qualify as a permitted investment or a “qualified investment” within the meaning of the Income Tax Act (Canada), as applicable; and
(3) persons who are not (i) Canadian residents; (ii) U.S. Persons, provided that the Corporation receives an opinion from qualified and independent United States securities counsel in form and substance satisfactory to the directors of the Corporation that the Distribution to U.S. Persons will be exempt from the registration requirements under the United States Securities and Exchange Act of 1933; or (iii) persons other than those described in (i) and (ii) in any jurisdiction in respect of which an opinion has been obtained from qualified and independent securities counsel, in form and substance satisfactory to the directors of the Corporation, confirming that the Distribution will be exempt from any requirement to prepare, file or deliver any registration statement, prospectus, financial statement, offering memorandum or similar disclosure document in connection with the Distribution.

If and to the extent that the Transfer Agent has not distributed all or any portion of the Phoena Shares held by the Corporation on or before the first anniversary hereof whether as a consequence of the limitations set forth above or for any other reason, then the Transfer Agent shall surrender all such undistributed Phoena Shares to Phoena for cancellation, without payment of any consideration to the Corporation or any of the Corporation’s shareholders in respect of such undistributed Phoena Shares, and all of the Corporation’s shareholders will be deemed to have finally and forever relinquished any action, cause of action, suit, claim or demand whatsoever against the Corporation.

The Distribution shall be paid and distributed to the Corporation’s shareholders, other than as excluded above and such distribution shall be paid and distributed by the Corporation in connection with the winding up or the reorganization of its business. Concurrent with the Distribution, the paid-up capital of the common shares of the Corporation will be reduced by an amount equal to the fair market value of the distributed Phoena Shares, as determined by the directors at the time of such Distribution.

Y. At any point in time when the directors, in their discretion, determine that (i) the implementation of the Proposal and the transactions contemplated by it have progressed to the point that it is appropriate for the Corporation to dissolve and (ii) the requisite conditions for dissolution of the Corporation pursuant to the OBCA (other than the requirement for shareholder approval by way of a special resolution, written consent or otherwise) have been met to the satisfaction of the directors, any director of the Corporation, is irrevocably authorized, on behalf of the shareholders of the Corporation, to consent to the dissolution of the Corporation and to take all steps and actions to dissolve the Corporation and all of the Corporation’s shareholders will be deemed to have finally and forever relinquished any action, cause of action, suit, claim or demand whatsoever against the Corporation.

7. Authorization

☑ * **I**, Vanmali Poojari

confirm that this form has been signed by the required person.

Caution - The Act sets out penalties, including fines, for submitting false or misleading information.

Required Signature

Name	Position	Signature
Gregory Guyatt	Chief Executive Officer	

IN THE MATTER OF THE PROPOSAL OF CANNTRUST HOLDINGS INC.

Court File No.: 31-2875614

Estate No.: 31-2875614

ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY

Proceeding commenced at Toronto

ORDER
(Approval of Proposal)

McCarthy Tétrault LLP
Suite 5300, TD Bank Tower
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Lawyers for CannTrust Holdings Inc.

MTDOCS 45989748

IN THE MATTER OF THE PROPOSAL OF CANNTRUST HOLDINGS INC.

Court File No.: 31-2875614

Estate No.: 31-2875614

ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY

Proceeding commenced at Toronto

MOTION RECORD
(RE: APPROVAL OF PROPOSAL)

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Lawyers for CannTrust Holdings Inc.