

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MADAM)	THURSDAY, THE 1ST
)	
JUSTICE KIMMEL)	DAY OF JUNE, 2023

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 CHALICE BRANDS LTD.

SISP APPROVAL ORDER

THIS MOTION, made by Chalice Brands Ltd. (the “**Applicant**”) 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 the proposed sale and solicitation process, was heard this day by videoconference via Zoom in Toronto, Ontario.

ON READING the affidavit of Scott Secord sworn May 26, 2023 and the Exhibits thereto the “**Secord Affidavit**”), the First Report of the KSV Restructuring Inc. (“**KSV**”), in its capacity as monitor of the Applicant (the “**Monitor**”), dated May 30, 2023 and on hearing the submissions of counsel for the Applicant, counsel for the Monitor and those other parties listed on the Counsel Slip, no one else appearing although duly served as appears from the Affidavit of Service of Emilie Dillon sworn May 29, 2023.

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that, unless otherwise defined, each capitalized term in this Order has the meaning given in the sale and investment solicitation process attached hereto as Schedule “A” (the “**SISP**”).

APPROVAL OF SALE AND INVESTMENT SOLICITATION PROCESS

3. **THIS COURT ORDERS** that the SISP (subject to any amendments thereto that may be made in accordance therewith and with this Order) be and is hereby approved.

4. **THIS COURT ORDERS** that the Applicant and the Monitor are authorized to immediately commence the SISP to solicit interest in the opportunity for a sale of or investment in all or part of the owned property, assets and undertaking of (i) the Applicant and (ii) subject to entry of an order of the Circuit Court of the State of Oregon approving the SISP (the “**Oregon SISP Order**”), Greenpoint Holdings Delaware Inc., Fifth and Root, Inc., Greenpoint Nevada Inc., Greenpoint Oregon, Inc., Greenpoint Workforce Inc., Greenpoint Equipment Leasing, LLC, CFA Retail LLC, SMS Ventures LLC or CF Bliss LLC (together, the “**Chalice Group**”) and/or the Chalice Group’s business.

5. **THIS COURT ORDERS** that the Applicant, the Monitor, the Oregon Receiver and the Chief Restructuring Officer (the “**CRO**”), and their respective affiliates, partners, consultants, advisors, experts, accountants, counsel and agents (collectively, “**Assistants**”) are hereby authorized and directed to take any and all actions as may be necessary or desirable to implement and carry out the SISP in accordance with its terms and this Order and the Oregon SISP Order, as applicable.

6. **THIS COURT ORDERS** that the Applicant, the Monitor, the Oregon Receiver, the CRO, and their respective Assistants shall have no liability with respect to any and all losses, claims, damages or liabilities of any kind or nature to any person or entity as a result of implementing or otherwise in connection with the SISP, except to the extent that any such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Applicant, the Monitor, the Oregon Receiver or the CRO, as applicable, as determined by this Court.

7. **THIS COURT ORDERS** that in respect of the SISP, the Monitor shall have all of the benefits and protections granted to it under the CCAA, the ARIO and any other Order of this Court in this proceeding.

8. **THIS COURT ORDERS** that notwithstanding anything contained herein or in the SISP, the Monitor shall not take possession of the Property or be deemed to take possession of the Property, including pursuant to any provision of the Cannabis Legislation (as defined in the ARIO).

PROTECTION OF PERSONAL INFORMATION

9. **THIS COURT ORDERS** that, pursuant to section 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Monitor, the Applicant, the Oregon Receiver, and the CRO are authorized and permitted to disclose personal information of identifiable individuals (“**Personal Information**”) to prospective bidders or offerors and to their advisors, including human resources and payroll information, records pertaining to the Chalice Group’s past and current employees, and information on specific customers, but only to the extent desired or required to negotiate or attempt to complete a transaction under the SISP. Each prospective bidder or offeror to whom any Personal Information is disclosed shall maintain and protect the privacy of such Personal Information with security safeguards appropriate to the sensitivity of the Personal Information and as may otherwise be required by applicable federal or provincial legislation. Each prospective bidder or offeror to whom any Personal Information is disclosed shall also limit the use of such Personal Information to its participation in the SISP, and if it does not complete a sale, shall return all such information to the Applicant, the Monitor, or the Oregon Receiver, as applicable, or in the alternative destroy all such information and confirm same to the Applicant, the Monitor, or the Oregon Receiver. The Successful Bidder(s) shall maintain and protect the privacy of such information and, upon closing of the transaction contemplated in the Successful Bid(s), shall be entitled to use the personal information provided to it that is related to the assets and/or business acquired pursuant to the sale in a manner which is in all material respects identical to the prior use of such information by the Chalice Group, and shall return all other personal information to the Applicant, the Monitor, or the Oregon Receiver, as applicable, or ensure that all other personal information is destroyed and confirm same to the Applicant, the Monitor, or the Oregon Receiver.

GENERAL

10. **THIS COURT ORDERS** that the Applicant or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of its powers and duties under this Order or in the interpretation or application of this Order.

11. **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, including but without limitation the Circuit Court of the State of Oregon, to give effect to this Order and to assist the Applicant, 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 Applicant 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 Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

12. **THIS COURT ORDERS** that each of the Applicant 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, and that KSV is authorized and empowered to act as a representative in respect of the within proceeding for the purpose of having this proceeding recognized in a jurisdiction outside Canada.

13. **THIS COURT ORDERS** that the Applicant and the Monitor and their respective counsel may serve or distribute this Order, or any other materials and orders as may be reasonably required in this proceeding, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to prospective bidders, offerors or other interested parties and their advisors (if any). For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

14. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto time on June 1, 2023.

Schedule "A"

[See attached]

SALE AND INVESTMENT SOLICITATION PROCESS

Introduction

On May 23, 2023, Chalice Brands Ltd. (the “**Applicant**” or the “**Company**”) sought and obtained an initial order (the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act* (“**CCAA**”) and the proceedings commenced thereby, the “**CCAA Proceeding**”) from the Ontario Superior Court of Justice (Commercial List) (the “**CCAA Court**”).

Pursuant to the Initial Order, among other things: (i) KSV Restructuring Inc. was appointed as the Monitor in the Applicant’s CCAA Proceeding (in such capacity, the “**Monitor**”); and (ii) a stay of proceedings was granted over the Applicant and its subsidiaries (together, the “**Chalice Group**”).

Also on May 23, 2023, the Company obtained an order in the Circuit Court of the State of Oregon (the “**Oregon Court**”) granting the appointment of an Oregon state receiver (the “**Oregon Receiver**”) over certain of the Company’s wholly-owned subsidiaries; namely, Greenpoint Oregon, Inc.; Greenpoint Equipment Leasing, LLC; CFA Retail LLC; SMS Ventures LLC; and CF Bliss LLC (together, the “**Oregon Receivership Entities**” and such proceedings, the “**Oregon Receivership**”).

On June 1, 2023, the CCAA Court granted an amended and restated Initial Order under the CCAA, among other things: (i) extending the stay of proceedings to July 28, 2023; (ii) increasing the administration charge to a maximum amount of \$500,000; (iii) approving the engagement between the Applicant and Cardinal Advisory Services Inc. (“**Cardinal Advisory**”), pursuant to which Cardinal Advisory will act as the chief restructuring officer of the Company and its affiliates (the “**CRO**”) through the services of Scott Secord; (iv) relieving the Company from certain securities reporting obligations; and (v) relieving the Company from the obligation to call and hold an annual meeting of the Company’s shareholders.

On June 1, 2023, the CCAA Court granted an order under the CCAA and on June [2], 2023, the Oregon Court granted an order pursuant to Oregon Revised Statutes, among other things (and together, the “**SISP Approval Orders**”), authorizing the implementation of a sale and investment solicitation process on the terms set forth herein (the “**SISP**”) to solicit interest in and opportunities for a sale, or investment in, all or part of the Chalice Group’s, including the Oregon Receivership Entities’, property, assets and undertaking (the “**Property**”) and/or its business (the “**Business**”) (such transaction, a “**Transaction**”).¹

Opportunity

1. The SISP may result in one or more of a restructuring, recapitalization or other form of reorganization of the business and affairs of the Applicant as a going concern, or a sale of all, substantially all or one or more components of the Property and Business operations as a going concern or otherwise (the “**Opportunity**”).
2. Any sale of the Property or investment in the Business will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Applicant or any of its subsidiaries, the CRO, the Monitor, the Oregon Receiver or any of their respective agents, advisors or estates, and, in the event of a sale, all of the right,

¹ As regards Fifth and Root Inc., the sales process shall contemplate the sale of the securities of Fifth and Root Inc. held by members of the Chalice Group and such securities are included in the definition of “Property”.

title and interest of the Chalice Group in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to CCAA Court orders, except as otherwise provided in such CCAA Court orders and, as applicable and if the parties determine appropriate, any Oregon Court orders.

Key Dates

3. The key dates for the SISP are as follows, as such dates may be modified or extended in accordance with the terms of this SISP, or orders of the CCAA Court and the Oregon Court:

June 1, 2023	CCAA Court approval and commencement of the SISP
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June 2, 2023 at 5:30 p.m. (prevailing Eastern Time)	Oregon Court approval and commencement of the SISP
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June 5, 2023 at 5:00 p.m. (prevailing Eastern Time)	Deadline for Distribution of the Teaser Letter (as defined below)
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June 30, 2023 at 5:00 p.m. (prevailing Eastern Time)	Deadline for submission of Qualified Bids (as defined below)
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(“Bid Deadline”)

July 5, 2023 at 11:59 p.m. (prevailing Eastern Time)	Deadline for selection of the Successful Bid (as defined below)
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(“Successful Bid Selection Deadline”)

July 17, 2023 at 10:00 a.m. (prevailing Eastern Time) or such other time as the CCAA Court may advise	Hearing of the Sale Approval Motion (as defined below)
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(“CCAA Court Sale Approval Motion Date”)

July 17, 2023 at 10:00 a.m. (prevailing Pacific Time) or such other time as the Oregon Court may advise (“Oregon Court Sale Approval Motion Date”)	Hearing of the Oregon Court Sale Approval Motion (as defined below)
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July 27 2023, or such later date as may be agreed to by the Successful Bidder (as defined below) and the Applicant, with the consent of the Monitor and the Oregon Receiver (“Outside Date”)	Deadline for completion of the transaction(s) represented by the Successful Bid
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4. In the event that the SISP is approved by the CCAA Court or the Oregon Court after June 1, 2023 or June 2, 2023, as applicable, the key dates set out above will be revised to reflect

the commencement of the SISP being the date of the approval of the SISP by the CCAA Court or the Oregon Court, whichever is later, and the timeline shall be extended accordingly.

Solicitation of Interest

5. As soon as reasonably practicable following the issuance of the SISP Approval Orders the Applicant will (to the extent it has not already done so), with the consent of the Monitor and the Oregon Receiver:
 - (a) prepare an initial list of persons who may have an interest in the Opportunity (the “**Known Potential Bidders**”), including (i) parties that have communicated to the Applicant, the CRO, the Monitor or the Oregon Receiver an interest in the Opportunity, and (ii) strategic and financial parties in Canada, the United States or other jurisdictions that the Applicant, the CRO, the Monitor or the Oregon Receiver reasonably determine may be interested in the Opportunity;
 - (b) cause a notice of the SISP (and such other relevant information which the Applicant, with the approval of the Monitor and the Oregon Receiver, considers appropriate) to be published in the *Oregon Daily Journal of Commerce* and any other publication in Canada or the United States as the Applicant, with the consent of the Monitor and the Oregon Receiver, considers appropriate, if any; and
 - (c) prepare: (i) a process summary (the “**Teaser Letter**”) describing the Opportunity, outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; and (ii) a non-disclosure agreement in form and substance satisfactory to the Applicant, with the approval of the Monitor and the Oregon Receiver (the “**NDA**”), which, together with the Teaser Letter, shall, commencing on the first business day following the date on which the later of the SISP Approval Orders are granted, be distributed to Known Potential Bidders and to any party that requests same from the Applicant as soon as possible following such request.

Qualified Bidders

6. Any party who wishes to participate in the SISP (a “**Potential Bidder**”) must deliver to the Monitor at the address specified in Appendix “A” (including by email):
 - (a) an executed NDA, which will enure to the benefit of any Successful Bidder at Closing (as defined below); and
 - (b) written confirmation of the identity of the Potential Bidder, the contact information for such Potential Bidder, and financial disclosure sufficient to allow the Applicant, with the approval of the Monitor and the Oregon Receiver, to make a reasonable determination as to the Potential Bidder’s financial and other capabilities to consummate a Transaction pursuant to a Qualified Bid.
7. A Potential Bidder that (i) has satisfied the requirements set out in paragraph 6, and (ii) the Applicant, with the consent of the Monitor and the Oregon Receiver, has determined is likely (based on the availability of financing, experience and other considerations) to be

able to consummate a Transaction pursuant to a Qualified Bid offer, may be deemed to be a **“Qualified Bidder”**.

8. At any time during the SISP, the Applicant may make a motion to the CCAA Court and the Oregon Court requesting approval to eliminate a Qualified Bidder from the SISP, and where such orders are granted such bidder will be eliminated from the SISP and will no longer be a “Qualified Bidder” for the purposes of the SISP.
9. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property and Business in connection with their participation in the SISP and evaluation of a potential Transaction.

Due Diligence

10. The Applicant, with the consent of the Monitor and the Oregon Receiver, shall in their reasonable business judgment and subject to competitive and other business considerations, afford each Qualified Bidder such access to due diligence materials and information relating to the Property and Business as they may deem appropriate.
11. Due diligence access may include management presentations, access to any electronic data room (“**Data Room**”) and other matters which a Qualified Bidder may reasonably request and as to which the Applicant may agree, with the consent of the Monitor and the Oregon Receiver.
12. The Monitor shall coordinate all reasonable requests for additional information and due diligence access from Qualified Bidders. All due diligence and information requests must be directed to Eli Brenner, KSV Restructuring Inc. at ebrenner@ksvadvisory.com or 416-932-6028.
13. Neither the Applicant, nor the Monitor, nor the Oregon Receiver will be obligated to furnish any information relating to the Property or Business to any person other than to Qualified Bidders.
14. The Applicant, the Monitor and the Oregon Receiver reserve the right to limit any Qualified Bidder’s access to any confidential information (including any information in any Data Room) and to creditors, customers, landlords, suppliers or other stakeholders of the Chalice Group, where, in the opinion of the Applicant, the Monitor or the Oregon Receiver, such access could negatively impact the SISP, the ability to maintain the confidentiality of the Chalice Group’s confidential or competitive information, the Business, or the Property. For the avoidance of doubt, selected due diligence materials may be withheld from certain Qualified Bidders if the Applicant, the Monitor or the Oregon Receiver determine such information to represent proprietary or sensitive competitive information.

Receipt of Qualified Bids

15. A Qualified Bidder that wishes to make a formal binding proposal to acquire all, substantially all, or a portion of the Property, or make an investment in, restructure, reorganize or refinance the Business/the Chalice Group, must deliver a binding bid to the Monitor at the address specified in Appendix “A” (including by email), so as to be received not later than the Bid Deadline.

16. Subject to paragraph 20, a bid so submitted will be considered a qualified Bid (a “**Qualified Bid**”) only if it complies with all of the following requirements:
- (a) Identification of Qualified Bidder. The bid identifies the Qualified Bidder and the representatives thereof who are authorized to appear and act on their behalf for all purposes regarding the contemplated Transaction.
 - (b) Written Submission of Modified APA and Commitment to Close. The bid is submitted in the form of an executed mark-up of the template asset purchase agreement (each a “**Modified APA**”) reflecting such Qualified Bidder’s proposed changes to the template asset purchase agreement (together with a blackline of the Modified APA against the template asset purchase agreement), and a written and binding commitment to close on the terms and conditions set forth therein.
 - (c) Irrevocable. The bid includes a letter stating that the Qualified Bidder’s offer is irrevocable and open for acceptance until the earlier of (a) the date that the Property has been sold pursuant to the closing of the Transaction approved by the CCAA Court and the Oregon Court and (b) the Outside Date.
 - (d) Contingencies. The bid is not conditional on obtaining financing or any board of directors or similar governing body or equityholder approval or on the outcome or review of due diligence.
 - (e) Proof of Financial Ability to Perform. The bid contains written evidence upon which the Applicant, in consultation with the Monitor and the Oregon Receiver, may reasonably conclude that the Qualified Bidder has the necessary financial ability to close the contemplated Transaction and provide adequate assurance of future performance of all obligations to be assumed in such contemplated Transaction.
 - (f) Deposit. The bid is accompanied by a cash deposit, to be held by the Monitor in a non-interest bearing account in accordance with the terms hereof in an amount equal to at least ten percent (10%) of the purchase price or investment contemplated therein.
 - (g) Acknowledgments and Representations. The bid includes acknowledgements and representations of the Qualified Bidder that, in each case except as expressly stated in the definitive transaction agreement(s) signed by the Applicant, (i) it has had an opportunity to conduct any and all due diligence and it has relied solely upon its own independent review, investigation and/or inspection of any documents, the Business and/or the Property in making its bid (ii) it is not relying upon any written or oral statements, representations, promises, warranties, conditions, or guaranties whatsoever, made by any person or party, including the Applicant, the Monitor and the Oregon Receiver, and their respective employees, officers, directors, agents, advisors and other representatives, regarding the proposed transactions, this SISF, or any information provided in connection therewith; and (iii) it is making its bid on an “as is, where is” basis and without surviving representations or warranties of any kind by the Applicant, the Monitor or the Oregon Receiver or any of their respective employees, officers, directors, agents, advisors and other representatives.

- (h) Closing. The bid provides for Closing to occur no later than the Outside Date; and
 - (i) Deadline. The bid is received by the Bid Deadline.
17. Following the Bid Deadline, the Applicant, with the consent of the Monitor and the Oregon Receiver, will assess each bid submitted by a Qualified Bidder pursuant to paragraph 15 to determine whether they comply with the requirements set out in paragraph 16.
 18. The Applicant may, with the consent of the Monitor and the Oregon Receiver, aggregate separate non-overlapping bids from unaffiliated Qualified Bidders to create one “Qualified Bid”.

Evaluation of Competing Bids

19. Only Qualified Bidders whose bids have been designated as Qualified Bids are eligible to become the Successful Bidder.
20. The Applicant, with the consent of the Monitor, and the Oregon Receiver, may waive strict compliance with any one or more of the requirements specified above and deem any such non-compliant bid to be a Qualified Bid.
21. A Qualified Bid will be valued based upon numerous factors, including, without limitation, items such as the following, as applicable: purchase price or investment amount contemplated by the Qualified Bid, the net value provided by such bid, the claims likely to be created by such bid in relation to other bids, the identity, circumstances and ability of the Qualified Bidder to successfully complete such transaction(s), the proposed transaction documents, the effects of the bid on the stakeholders of the Chalice Group, factors affecting the speed, certainty and value of the transaction (including any regulatory or legal approvals or third party contractual arrangements required to close the transactions), the assets included or excluded from the bid, any related restructuring costs, and the likelihood and timing of consummating such transactions, each as determined by the Applicant, with the consent of the Monitor and the Oregon Receiver.

Selection of Successful Bid

22. Prior to the Successful Bid Selection Deadline, the Applicant, with the consent of the Monitor and the Oregon Receiver, will: (a) review and evaluate each Qualified Bid, provided that each Qualified Bid may be negotiated among the Applicant, with the consent of the Monitor and the Oregon Receiver, and the applicable Qualified Bidder, and may be amended, modified or varied to improve such Qualified Bid as a result of such negotiations; and (b) identify the highest or otherwise best bid (the “**Successful Bid**”, and the Qualified Bidder making such Successful Bid, the “**Successful Bidder**”) for any particular Property or the Business in whole or part. The determination of any Successful Bid by the Applicant, with the consent of the Monitor and the Oregon Receiver, shall be subject to approval by the CCAA Court and the Oregon Court.
23. The Applicant shall have no obligation to enter into a Successful Bid, and reserves the right, with the consent of the Monitor and the Oregon Receiver, to reject any or all Qualified Bid(s).

Sale Approval Motion Hearing

24. The hearing of the motion pursuant to the CCAA for the CCAA Court to approve any transaction with a Successful Bidder (the “**Sale Approval Motion**”) shall take place on the CCAA Court Sale Approval Motion Date.
25. As part of the Sale Approval Motion, the Applicant shall seek, among other things, approval from the CCAA Court to consummate any Successful Bid.
26. The Applicant shall seek to coordinate the Sale Approval Motion with a similar or analogous motion before the Oregon Court in the Oregon Receivership proceedings (the “**Oregon Court Sale Approval Motion**”) which shall take place on the Oregon Court Sale Approval Motion Date.
27. As part of the Oregon Court Sale Approval Motion, the Oregon Receiver shall seek, among other things, approval from the Oregon Court to consummate any Successful Bid.
28. All Qualified Bids, other than the Successful Bid, if any, shall be deemed rejected by the Applicant on and as of the date of approval of the Successful Bid by the CCAA Court and the Oregon Court.

Closing the Successful Bid

29. The Chalice Group and the Successful Bidder shall take all reasonable steps to complete the transaction(s) contemplated by the Successful Bid as soon as possible after the Successful Bid is approved by the CCAA Court and the Oregon Court (“**Closing**”).

Confidentiality, Stakeholder/Bidder Communication and Access to Information

30. All discussions regarding any bid or Transaction contemplated herein should be directed through the Monitor, unless otherwise directed by the Monitor. Under no circumstances should the management of the Applicant or any creditor, customer, landlord supplier or other stakeholder of the Applicant be contacted or communicated with directly without the prior consent of the Monitor; provided, however, that the CRO and the Oregon Receiver may be so contacted or communicated with. Any such unauthorized contact or communication could result in exclusion of the interested party from the SISP process. For greater certainty, nothing herein shall preclude a person from contacting potential bidders, with the agreement of the Monitor and the Oregon Receiver, to advise that the Applicant has commenced a SISP and that they should contact the Monitor if they are interested.
31. If it is determined by the Applicant, with the consent of the Monitor and the Oregon Receiver, that it would be worthwhile to facilitate a discussion between a Qualified Bidder and a stakeholder or other third party as a consequence of a condition to closing or potential closing condition identified by such bidder, the Applicant with the consent of the Monitor and the Oregon Receiver may provide such bidder with the opportunity to meet with the relevant stakeholder or third party to discuss such condition or potential condition, with a view to enabling such bidder to seek to satisfy the condition or assess whether the condition is not required or can be waived. Any such meetings or other form of communication will take place on terms and conditions considered appropriate by the Applicant, with the consent of the Monitor and the Oregon Receiver. The Monitor and the Oregon Receiver

must be provided with the opportunity to be present at all such communications or meetings.

General

32. Unless otherwise provided for herein, the CRO shall be deemed to be acting for and on behalf of the Applicant and is fully authorized and empowered to take any and all actions and steps for and on behalf of the Applicant pursuant to the SISP.
33. The Monitor will oversee, in all respects, the conduct of the SISP by the Applicant. Without limitation to that supervisory role, the Monitor and the Oregon Receiver will participate in the SISP in the manner set out herein and in the SISP Approval Orders, and is entitled to receive all information in relation to the SISP.
34. If there is a Successful Bid, the applicable deposit (plus accrued interest) paid by the Successful Bidder whose bid is approved at the Sale Approval Motion and Oregon Court Sale Approval Motion will be applied to the purchase price or other consideration to be paid or investment amount to be made by the Successful Bidder, as applicable, upon closing of the approved transaction and will be non-refundable. Any deposit delivered with a Qualified Bid that is not selected as a Successful Bid will be returned to the applicable bidder as soon as reasonably practicable (but not later than ten (10) business days) after the date upon which the Successful Bid is at the Sale Approval Motion and Oregon Court Sale Approval Motion or such earlier date as may be determined by the Applicant, with the consent of the Monitor and the Oregon Receiver.
35. If a Successful Bidder breaches its obligations under the terms of the SISP, its deposit shall be forfeited as liquidated damages and not as a penalty.
36. This SISP does not, and will not be interpreted to create any contractual or other legal relationship between any member of the Chalice Group and any Qualified Bidder or any other party, other than as specifically set forth in a definitive agreement that may be signed with the Applicant.
37. Without limiting the preceding paragraph, the Applicant, the Monitor, the CRO and the Oregon Receiver shall not have any liability whatsoever to any person or entity, including without limitation any Potential Bidder, Qualified Bidder, Successful Bidder or any other creditor or stakeholder, as a result of implementation or otherwise in connection with this SISP, except to the extent that any such liabilities result from the gross negligence or wilful misconduct of the Applicant, the Monitor, the CRO or the Oregon Receiver, as applicable, as determined by the CCAA Court. Further, no person or entity, including without limitation any Potential Bidder, Qualified Bidder, Successful Bidder or any other creditor or stakeholder shall have any claim against the Applicant, the Monitor, the CRO or Oregon Receiver in respect of the SISP for any reason whatsoever, except to the extent that such claim is the result of gross negligence or wilful misconduct by the Applicant, the Monitor, the CRO or the Oregon Receiver, as applicable, as determined by the CCAA Court.
38. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with their participation in the SISP, including submission of any bid, due diligence activities, completion of a Successful Bid and any negotiations or other actions whether or not they lead to the consummation of a transaction.

39. The Applicant shall have the right to modify the SISP (including, without limitation, to extend the Bid Deadline or any other deadline) with the prior written approval of the Monitor and the Oregon Receiver if, in the Monitor's reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SISP; provided that, all Potential Bidders remaining in the SISP at the applicable time shall be advised of any substantive modification to the procedures set forth herein.
40. All bidders shall be deemed to have consented to the jurisdiction of the CCAA Court in connection with any disputes relating to the SISP, including the qualification of bids, the construction and enforcement of the SISP, and Closing, as applicable.
41. For the avoidance of doubt, any approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or the Oregon Court, or any other statute or as otherwise required at law in order to implement a Successful Bid.

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APPENDIX “A”

KSV Restructuring Inc., LIT,
Monitor of Chalice Brands Ltd.
150 King Street West, Suite 2308
Toronto ON M5H 1J9
Attention: Eli Brenner
Email: ebrenner@ksvadvisory.com

Ontario
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceeding commenced at Toronto

SISP Approval Order

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