

**ONTARIO
SUPERIOR COURT OF JUSTICE**

COMMERCIAL LIST

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CHALICE BRANDS LTD.

**MOTION RECORD OF THE APPLICANT,
CHALICE BRANDS LTD.**
(Motion Returnable August 31, 2023 at 11:00 a.m.)

August 18, 2023

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Lawyers for the Applicant,
Chalice Brands Ltd.

TO: **THE SERVICE LIST**

**ONTARIO
SUPERIOR COURT OF JUSTICE**

COMMERCIAL LIST

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

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This is Exhibit "C" referred to in the Affidavit of Scott Secord sworn remotely before me at the City of Toronto, in the Province of Ontario, on August 18, 2023, in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)



SUPERIOR COURT OF JUSTICE

COUNSEL SLIP/ENDORSEMENTCOURT FILE NO.: CV-23-00699872-00CLDATE: May 23rd 2023REGISTRAR: Tiana KhanNO. ON LIST: 1TITLE OF PROCEEDING: **IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CHALICE BRANDS LTD.**BEFORE JUSTICE: **KIMMEL****PARTICIPANT INFORMATION****For Plaintiff, Applicant, Moving Party, Crown:**

Name of Person Appearing	Name of Party	Contact Info
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Name of Person Appearing	Name of Party	Contact Info
GOLDSTEIN, NOAH	KSV Restructuring Inc.	ngoldstein@ksvadvisory.com
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VIT, CHRISTIAN	KSV Restructuring Inc.	cvit@ksvadvisory.com

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info

ENDORSEMENT OF JUSTICE KIMMEL:

1. The applicant, Chalice Brands Ltd., brings this application under the CCAA. The relief sought today is for an initial order under the CCAA. I am satisfied that the preconditions to an initial order have been met. Order to issue in the form signed by me this day. Written reasons to follow. The “come back” hearing shall take place before me on June 1, 2023 at 2:00 p.m. on Zoom.



KIMMEL J.

This is Exhibit "D" referred to in the Affidavit of Scott Secord sworn remotely before me at the City of Toronto, in the Province of Ontario, on August 18, 2023, in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)



Court File No. CV-23-00699872-00CL

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.

AMENDED AND RESTATED INITIAL ORDER
(amending Initial Order dated May 23, 2023)

THIS APPLICATION, 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 amending and restating the Initial Order (the “**Initial Order**”) issued on May 23, 2023 (the “**Initial Filing Date**”) and extending the stay of proceedings provided for therein was heard this day by videoconference via Zoom in Toronto, Ontario.

ON READING the affidavit of Scott Secord sworn May 22, 2023 and the Exhibits thereto (the “**First Secord Affidavit**”), the affidavit of Scott Secord sworn May 26, 2023 and the Exhibits thereto, the pre-filing report of the proposed monitor, KSV Restructuring Inc. (“**KSV**”), dated May 22, 2023 (the “**Pre-Filing Report**”), the First Report of the Monitor dated May 30, 2023 (the “**First Report**”) and on hearing the submissions of counsel for the Applicant, counsel for KSV 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, and on reading the consent of KSV to act as the monitor (the “**Monitor**”),

SERVICE

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

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the Applicant is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

3. **THIS COURT ORDERS** that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**")

POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that the Applicant shall remain in possession and control of its current and future assets, licenses, 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 Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the "**Business**") and Property. The Applicant is authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by it, with liberty to retain such further Assistants as the Applicant deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. **THIS COURT ORDERS** that the Applicant shall be entitled to continue to utilize the central cash management system currently in place as described in the First Second Affidavit 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 Applicant 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 Applicant, 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 any Plan that may be filed with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. **THIS COURT ORDERS** that, with the consent of the Monitor, the Applicant 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, employee and pension benefits, vacation pay and expenses payable on or after the Initial Filing Date, in each case incurred in the ordinary course of Business and consistent with existing compensation policies and arrangements, and all other payroll and benefits processing expenses; and
- (b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of this proceeding at their standard rates and charges.

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, with the consent of the Monitor, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant 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; and

- (b) payment for goods or services actually supplied to the Applicant following the Initial Filing Date.

8. **THIS COURT ORDERS** that the Applicant 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, and (iii) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the Initial Filing Date, or where such Sales 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 of the Applicant.

9. **THIS COURT ORDERS** that, except as specifically permitted herein, and subject to the consent of the Monitor, the Applicant is 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 Applicant to its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

10. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicant 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 Applicant and the landlord from time to time (“**Rent**”), for the period commencing from and including the Initial Filing Date. The Applicant may pay such Rent twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first such payments, any Rent relating to the period commencing from and including the Initial Filing Date shall also be paid.

RESTRUCTURING

11. **THIS COURT ORDERS** that the Applicant 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 its business or operations, and to dispose of redundant or non-material assets not exceeding \$250,000 in any one transaction or \$1,000,000 in the aggregate with the consent of the Monitor;
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- (c) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

each of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business.

12. **THIS COURT ORDERS** that the Applicant shall provide each of the relevant landlords with notice of the Applicant’s 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 Applicant’s 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 Applicant, or by further Order of this Court

upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicant disclaims 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 Applicant's claim to the fixtures in dispute.

13. **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 Applicant 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 Applicant 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 APPLICANT OR THE PROPERTY

14. **THIS COURT ORDERS** that until and including July 28, 2023, 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 Applicant or the Monitor or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO PROCEEDINGS AGAINST THE NON-FILING AFFILIATES

15. **THIS COURT ORDERS** that during the Stay Period, no Proceeding shall be commenced or continued against or in respect of 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 “**Non-Filing Affiliates**”) or any of their current and future assets, businesses, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (collectively, the “**Non-Filing Affiliates’ Property**”, and together with the Non-Filing Affiliates business, the “**Non-Filing Affiliates’ Property and Business**”) including, without limitation, terminating, making any demand, accelerating, amending or declaring in default or taking any enforcement steps under any agreement or agreements with respect to which the Applicant is a party, borrower, principal obligor or guarantor, and no default or event of default shall have occurred or be deemed to have occurred under any such agreement or agreements, by reason of:

- a) the insolvency of the Applicant;
- b) the Applicant having made an application to this Court under the CCAA;
- c) the Applicant being a party to this proceeding;
- d) the Applicant taking any step related to this CCAA proceeding; or
- e) any default or cross-default arising from the matters set out in subparagraphs (a), (b), (c) or (d) above, or arising from the Applicant breaching or failing to perform any contractual or other obligations (collectively, the “**Non-Filing Affiliates’ Default Events**”),

except with the prior written consent of the Applicant and the Monitor, or with leave of this Court.

16. **THIS COURT ORDERS** that notwithstanding paragraph 15 hereof, the Applicant is authorized and empowered, but not obligated, to commence and/or continue its complaint in the Circuit Court of the State of Oregon for breach of loan agreements and appointment of a receiver, and a motion to appoint an Oregon state receiver (the “**Receiver**”) with respect to Greenpoint Oregon, Inc.; Greenpoint Equipment Leasing, LLC; CFA Retail LLC; SMS Ventures LLC; and CF Bliss LLC, and that the granting of the order sought in the motion to appoint the

Receiver shall not constitute a breach of the stay of proceedings in respect of those Non-Filing Affiliates..

NO EXERCISE OF RIGHTS OR REMEDIES

17. **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 Applicant or the Monitor, or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall: (i) empower the Applicant to carry on any business which the Applicant is 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.

18. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any Person against or in respect of the Non-Filing Affiliates, or affecting the Non-Filing Affiliates’ Property and Business, as a result of a Non-Filing Affiliates’ Default Event, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall: (i) empower the Non-Filing Affiliates to carry on any business which the Non-Filing Affiliates 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.

NO INTERFERENCE WITH RIGHTS

19. **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, lease, sublease, licence or permit in favour of or held by the Applicant, or

the Non-Filing Affiliates, except with the written consent of the Applicant and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

20. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicant 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 Applicant, 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 Applicant, and that the Applicant shall be entitled to the continued use of its 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 date of the Initial Filing Date are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

21. **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 Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

22. **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 former, current or future directors or officers of the Applicant 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 Applicant 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 Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION

23. **THIS COURT ORDERS** that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant 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.

APPOINTMENT OF CHIEF RESTRUCTURING OFFICER

24. **THIS COURT ORDERS** that the agreement dated as of May 12, 2023 pursuant to which the Applicant has engaged Cardinal Advisory Services Inc. ("**Cardinal**") to act as chief restructuring officer of the Chalice Group (the "**CRO**") through the services of Scott Secord ("**Secord**"), a copy of which is attached as Exhibit "Z" to the First Secord Affidavit as may be amended by the parties thereto with the consent of the Monitor (the "**CRO Engagement Letter**"), and the appointment of the CRO, are hereby approved on the following terms:.

- (a) the CRO shall have the powers and obligations set out in the Engagement Letter (the "**CRO Powers**"). In exercising the CRO Powers, the CRO shall be deemed to be acting for and on behalf of the Applicant and not in its personal or corporate capacity;
- (b) the CRO shall be entitled, in accordance with the terms of the CRO Engagement Letter, to payment from the Applicant for obligations owing thereunder and the expenses and disbursements contemplated therein (collectively, the "**CRO Fees**");
- (c) the CRO shall be responsible for performing its functions and obligations as set out in the CRO Engagement Letter for the benefit of the Applicant and shall provide timely updates to the Monitor in respect of such functions and obligations;

- (d) the CRO shall not be or be deemed to be a director, *de facto* director, or employee of the Applicant or any of its subsidiaries or affiliates;
- (e) nothing in this Order shall be construed as resulting in the CRO or Secord being an employer, successor employer, a responsible person, operator or person with apparent authority within the meaning of any statute, regulation or rule of law, or equity (including any Environmental Legislation (as defined below)) for any purpose whatsoever;
- (f) neither the CRO nor Secord shall, as a result of the performance of their respective obligations and duties in accordance with the terms of the CRO Engagement Letter, be deemed to be in Possession (as defined below) of any of the Property within the meaning of any Environmental Legislation or the *Cannabis Act*, S.C. 2018, c.16; provided, however, if either the CRO or Secord are nevertheless later found to be in Possession of any Property, then the CRO or Secord, as the case may be, shall be entitled to the benefits and protections in relation to the Applicant and such Property as are provided to a monitor under Section 11.8(3) of the CCAA; provided further however, that nothing in this sub-paragraph 24(f) shall exempt the CRO or Secord from any duty to report or make disclosure imposed by a law and incorporated by reference in Section 11.8(4) of the CCAA;
- (g) 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 the CRO are hereby stayed and suspended, except with the written consent of the CRO and the Monitor, or with leave of this Court on notice to the Applicant, the Monitor, and the CRO; provided, however, that nothing in this Order, including this sub-paragraph 24(g) shall affect such investigations, actions, suits or proceedings by a regulatory body that are permitted by Section 11.1 of the CCAA. Notice of any such motion seeking leave of this Court shall be served upon the Applicant, the Monitor and the CRO at least seven (7) days prior to the return date of any such motion for leave;

- (h) the CRO Fees shall not be compromised pursuant to any Plan or proposal filed under the BIA in respect of the Applicant, or any other restructuring and no such Plan, proposal or restructuring shall be approved that does not provide for the payment in full of all amounts due to the CRO pursuant to the terms of the CRO Engagement Letter; and
- (i) if, but for the orders in the preceding sub-paragraphs of this paragraph 24, the CRO or Secord would have liability with respect to any losses, claims, damages or liabilities to His Majesty the King in right of the Province of Ontario or would have incurred an obligation under any enactment of Ontario or Canada (including any Environmental Legislation), such liability or obligation shall be deemed to be a liability or obligation of the Applicant.

APPOINTMENT OF MONITOR

25. **THIS COURT ORDERS** that KSV is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant 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.

26. **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 Applicant's receipts and disbursements;
- (b) 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;
- (c) advise the Applicant in its preparation of the Applicant's cash flow statements and any other reporting to the Court or otherwise;

- (d) advise the Applicant in its development of the Plan and any amendments to the Plan;
- (e) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (f) 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 Applicant, wherever located and to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;
- (g) monitor all payments, obligations or transfers as between the Applicant and the Non-Filing Affiliates;
- (h) 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
- (i) perform such other duties as are required by this Order or by this Court from time to time.

27. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property or be deemed to take possession of the Property, pursuant to any provision 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, under the *Cannabis Act*, S.C. 2018, c.16, the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19, the *Excise Tax Act*, R.S.C., 1985, c. E-15, the *Ontario Cannabis Licence Act*, S.O. 2018, c. 12, Sched. 2 and the Ontario, *Cannabis Control Act*, S.O. 2017, c. 26, Sched. 1, or such other applicable federal or provincial legislation or regulations (collectively, the “**Cannabis Legislation**”) 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 within the meaning of any Cannabis Legislation or otherwise, and nothing in this Order shall be

construed as resulting in the Monitor being an employer or successor employer within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

28. **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 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**”), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental 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, unless it is actually in possession.

29. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicant with information provided by the Applicant 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 Applicant 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 Applicant may agree.

30. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, neither the Monitor nor its respective employees and representatives acting such capacities shall incur any liability or obligation as a result of the appointment of the Monitor or the carrying out by it of the provisions of this Order, including under any Cannabis Legislation, save and except for any gross negligence or wilful

misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

31. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on, or subsequent to the Initial Filing Date, by the Applicant as part of the costs of this proceeding. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor, and the Applicant's counsel on a weekly basis.

32. **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.

33. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, counsel to the Applicant, and the CRO 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 \$500,000 as security for their professional fees and disbursements incurred at their standard rates and charges, both before and after the making of this Order in respect of this proceeding. The Administration Charge shall have the priority set out in paragraphs 34-35 herein.

VALIDITY AND PRIORITY OF ADMINISTRATION CHARGE

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

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

36. **THIS COURT ORDERS** that the Applicant shall be entitled, on a subsequent attendance on notice to those Persons likely to be affected thereby, to seek an increase to the amounts, to seek additional charges and to seek priority of the Administration Charge ahead of any Encumbrance over which the Administration Charge has not obtained priority under this Order.

37. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, the Administration Charge unless the Applicant also obtains the prior written consent of the Monitor and the beneficiaries of the Administration Charge affected thereby (collectively, the “**Chargees**”), or further Order of this Court.

38. **THIS COURT ORDERS** that the Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees shall not otherwise be limited or impaired in any way by (a) the pendency of this proceeding and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to 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 Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) the Administration Charge shall not create or be deemed to constitute a breach by the Applicant 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 Administration Charge; and

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

39. **THIS COURT ORDERS** that the Administration Charge created by this Order over leases of real property in Canada shall only be an Administration Charge in the Applicant's interest in such real property leases.

SERVICE AND NOTICE

40. **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 addresses as last shown on the records of the Applicant, a notice to every known creditor who has a claim against the Applicant of more than \$1,000 (excluding individual employees or former employees), 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.

41. **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 <http://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 – www.ksvadvisory.com/experience/case/chalice-brands-ltd. (the "**Website**").

42. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicant and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in this proceeding, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicant's creditors or other interested parties at their respective addresses as last shown on the records of the Applicant 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.

43. **THIS COURT ORDERS** that the Applicant and the Monitor and their respective counsel are at liberty to serve or distribute this Order, 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 the Applicant's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

44. **THIS COURT ORDERS** that the Monitor shall maintain and update as necessary a list of all Persons appearing in person or by counsel in this proceeding (the "**Service List**"). The Monitor shall post the Service List, as may be updated from time to time, on the case website as part of the public materials in relation to this proceeding. Notwithstanding the foregoing, the Monitor nor its counsel shall have any liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

RELIEF FROM REPORTING OBLIGATIONS

45. **THIS COURT ORDERS** that the decision by the Applicant to incur no further expenses for the duration of the Stay Period in relation to any filings (including financial statements), disclosures, core or non-core documents, and press releases (collectively, the "**Securities Filings**") that may be required by any federal, provincial or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange, including, without

limitation, the *Securities Act* (Ontario), R.S.O, c. S.5 and comparable statutes enacted by other provinces of Canada, and the rules, regulations and policies of the Canada Securities Exchange and OTCQX® (collectively, the “**Securities Legislation**”), 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 Applicant failing to make any Securities Filings required by the Securities Provisions.

46. **THIS COURT ORDERS** that none of the directors, officers, employees, and other representatives of the Applicant, including without limitation the CRO, nor the Monitor shall have any personal liability for any failure by the Applicant to make any Securities Filings required by the Securities Legislation during the Stay Period, 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 against the directors, officers, employees and other representatives of the Applicant of a nature described in section 11.1(2) of the CCAA as a consequence of such failure by the Applicant. For greater certainty, nothing in this Order is intended to or shall encroach on the jurisdiction of any securities regulatory authorities (the “**Regulators**”) in the matter of regulating the conduct of market participants and to issue or maintain cease trader orders if and when required pursuant to applicable securities law. Further, nothing in this Order shall constitute or be construed as an admission by the Regulators that the Court has jurisdiction over matters that are within the exclusive jurisdiction of the Regulators under the Securities Legislation.

47. **THIS COURT ORDERS** that the Applicant be and is hereby relieved of any obligation to call and hold an annual meeting of its shareholders until further Order of this Court.

GENERAL

48. **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.

49. **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 Applicant, the Business or the Property.

50. **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.

51. **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.

52. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto time on the date of the Initial Filing Date.



Digitally signed by Jessica
Kimmel
Date: 2023.06.01 20:42:47
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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

Court File No: CV-23-00699872-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CHALICE BRANDS LTD.

Ontario
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceeding commenced at Toronto

AMENDED AND RESTATED INITIAL ORDER

OSLER, HOSKIN & HARCOURT, LLP

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Lawyers for the Applicant

This is Exhibit "E" referred to in the Affidavit of Scott Secord sworn remotely before me at the City of Toronto, in the Province of Ontario, on August 18, 2023, in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)



SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL SLIP/ENDORSEMENT

COURT FILE NO.: CV-23-00699872-00CL DATE: June 1, 2023

NO. ON LIST: 5

TITLE OF PROCEEDING: **IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CHALICE BRANDS LTD.**

BEFORE **MADAM JUSTICE KIMMEL**

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party, Crown:

Name of Person Appearing	Name of Party	Contact Info
Shawn Irving Kathryn Esaw Fabian Suarez-Amaya	Canadian Counsel for the Applicant, Chalice Brands Ltd.	sirving@osler.com kesaw@osler.com fsuarezamaya@osler.com

For Defendant, Respondent, Responding Party, Defence:

Name of Person Appearing	Name of Party	Contact Info

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
Jeremy Bornstein	Counsel for the Monitor	jbornstein@cassels.com

ENDORSEMENT OF JUSTICE KIMMEL :**Background – As Described in the Applicant’s Factum on this Motion**

1. The Applicant, Chalice Brands Ltd. ("Chalice" or the "Applicant"), together with its direct and indirect subsidiaries (together, the "Chalice Group") forms a vertically integrated cannabis company operating primarily in the regulated adult-use market of Oregon. The Applicant is the ultimate parent of the Chalice Group.
2. On May 23, 2023, the Applicant was granted protection under the Companies' Creditors Arrangement Act 2 (the "CCAA") pursuant to an Initial Order (the "Initial Order") of this court. The stay of proceedings in the Initial Order was extended in favour of the direct and indirect subsidiaries of the Applicant (the "Non-Filing Affiliates"). KSV Restructuring Inc. was appointed as monitor within these CCAA proceedings (the "Monitor").
3. On the same day, certain of the Non-Filing Affiliates (the "Oregon Receivership Entities") were placed into receivership in the State of Oregon by order of the Circuit Court of the State of Oregon (the "Oregon Court" and the "Oregon Receivership"). Kenneth S. Eiler was appointed as receiver over the Oregon Receivership Entities (the "Oregon Receiver").
4. The Applicant, with the assistance of the Monitor, intends to work in a coordinated fashion with the Oregon Receiver to operate the business of the Chalice Group while it seeks to achieve a going concern transaction.
5. The stay of proceedings in the Initial Order was granted until June 2, 2023 and a come-back hearing was scheduled for today.
6. The background leading up to the Chalice Groups filing for CCAA protection on May 23, 2023, including the reason for the Oregon Receivership, is detailed in the court’s May 26, 2023 Reasons at: *Re Chalice Brands Ltd.*, 2023 ONSC 3174.
7. The court was directed to a point of clarification, in that there are five key employees who, contrary to the previous information provided, are employed by the Applicant.
8. The Monitor is satisfied with the breadth of the service list. All parties on it, including the Applicant’s creditors, the Oregon regulator and other stakeholders, were served with notice of this motion and no party has indicated any opposition to the orders sought.

The Orders Sought

9. The Applicant seeks an Amended and Restated Initial Order (the "ARIO"). The ARIO would, among other things:
 - a. authorize the engagement between the Applicant and Cardinal Advisory Services Inc. ("Cardinal Advisory"), pursuant to which Cardinal Advisory will act as the Chief Restructuring Officer (the "CRO") of the Chalice Group through the services of Scott Secord;
 - b. increase the Administration Charge by \$100,000, up to a maximum amount of \$500,000, to reflect the success fee provided under the engagement letter between the Applicant and Cardinal Advisory (the "CRO Engagement Letter"), which is payable upon the occurrence of a sale, transfer, or assumption, on a going concern basis, of all or substantially all of the Chalice Group's operations and assets;
 - c. grant the Applicant relief from certain securities disclosure and shareholder meeting requirements (the "Securities Relief", as defined more fully below); and
 - d. extend the stay of proceedings to July 28, 2023.
10. In addition, the Applicant also seeks an order (the "CCAA Court SISP Approval Order") approving an expedited sales and investment solicitation process (the "SISP"), soliciting transactions for the acquisition of or investment in all or substantially all of the property or the business of the Chalice

Group. The SISP will take place over approximately 30 days, with an outside transaction closing deadline of July 20, 2023. This accelerated timeline is necessary due to the dire financial situation of the Chalice Group.

11. The Monitor supports and recommends both proposed orders.

The ARIO

12. The proposed additions to the Initial Order are for the most party standard. The request to extend the stay of proceedings to July 28, 2023 and various other changes are all consistent with the Applicant's plan to look for a going concern transaction within the period in which the company is projected to have sufficient cash flow to do so, with the benefit of the breathing room that the stay affords. The additional authorizations that have been incorporated into the ARIO are in furtherance of the restructuring efforts.
13. The Authority for the stay extension and the other proposed amendments to the Initial Order in the ARIO can be found in s. 11 of the CCAA.

Appointment of Restructuring Officer

14. The engagement of a chief restructuring officer is appropriate where the proposed chief restructuring officer has expertise that will assist the Applicant and the Monitor in achieving the objectives of the CCAA. See *Walter Energy Canada Holdings, Inc., Re*, 2016 BCSC 107 at para 35; see also *Boreal Capital Partners Ltd. et al, Re*, 2021 ONSC 7802 at para 31. The experience and skills of a restructuring professional can be key to maximizing the value of a CCAA applicant's business and assets. For example, the appointment of a chief restructuring officer has been justified to "ensure that the SISP will be implemented by professionals who will enhance the likelihood that it generates maximum value for [...] stakeholders."(*Walter*, at para. 31).
15. Chief restructuring officers with background and knowledge of the company's affairs and business operations have been found to not only be appropriate, but essential, to the restructuring efforts. See *Re 8449522 Canada Inc.*, 2013 ONSC 6167, at paras. 48; also paras. 17, and 32; see also *Boreal*, at para 32; *Victorian Order of Nurses for Canada, Re*, 2015 ONSC 7371, at para 27.
16. The court is satisfied that the CRO possesses these characteristics. Mr. Secord has served on the Applicant's board for over three years and has developed familiarity with the Applicant's business, operations, and financial affairs. Moreover, Mr. Secord has prior restructuring experience, including experience acting as a chief restructuring officer, and has already been acting as CRO for the Applicant through Cardinal Advisory. Mr. Secord's experience and industry knowledge make him well-positioned to lead the Chalice Group through the restructuring process and into the proposed SISP. The Monitor recommends the appointment of the CRO and considers the success fee to be reasonable.
17. The ARIO also provides certain protections for the CRO similar to those granted to chief restructuring officers in other CCAA proceedings. CCAA courts have emphasized the importance of providing such protections to ensure that qualified professionals consent to take on such roles and provide necessary expertise in restructuring proceedings. *Collins & Aikman Automotive Canada Inc, Re.*, 2007 CanLII 45908 (Ont SCJ), at para. 23 and paras. 133-138; *ICR Commercial Real Estate (Regina) Ltd v. Bricore Land Group Ltd.*, 2007 SKQB 12,1 at para. 19, aff'd on this point 2007 SKCA 72 at paras 75-77.
18. The appointment of the CRO and related protective provisions in the ARIO (some of which include Mr. Secord personally in addition to the company through which he operates) are appropriate and are approved.

Increased Administrative Charge

19. The Applicant asks this Court to approve the fees and expenses contemplated under the CRO Engagement Letter and to increase the Administration Charge to a maximum amount of \$500,000. The proposed increase in the Administration Charge reflects the \$100,000 success fee provided under the

CRO Engagement Letter, which is only payable upon the occurrence of a sale, transfer, or assumption, on a going concern basis, of all or substantially all of the Chalice Groups operations and assets.

20. The ARIO provides for the inclusion of the CRO's success fee in the Administration Charge and a corresponding increase in the size of the charge. The CRO's monthly fees to the end of the stay period have already been paid (in accordance with what the CRO Engagement Letter provides for) quarterly, in advance.
21. Pursuant to s. 11.52 of the CCAA, this Court has authority to order a charge over the assets of a debtor company in an amount that the Court considers appropriate in respect of the fees and expenses of "any financial, legal or other experts engaged by the company for the purposes of proceedings under this Act." This would include the CRO, whose expertise will complement and support the Applicant's restructuring efforts.
22. The increased Administrative Charge flows from the court's approval of the appointment of the CRO pursuant to the CRO Engagement Letter and it is approved on that basis.

Relief from Reporting and other Statutory/Regulatory Obligations

23. The court has the authority under s. 11 of the CCAA to grant the Applicant relief from securities, regulatory and other reporting and disclosure and statutory requirements that would detract from its restructuring efforts. CCAA courts have held that stakeholders will not be prejudiced by such relief where, as here, detailed financial and operational information of the Applicant will be publicly available on the Monitor's website and available to all stakeholders. SEE *MPX International Corporation Re*, 2022 ONSC 4555, at para. 7.
24. The proposed language in the ARIO respecting the Securities Relief is consistent with similar provisions recently approved by this Court and the Ontario Securities Commission in the matter of a plan of compromise or arrangement of *Magna Gold Corp.*, Court File No. CV-23-00696874- 00CL (SCJ).
25. A similar rationale is applied to the Applicant's request to be relieved of its obligation to call an annual general meeting. This has been done in other cases. See *MPX International Corporation*, 2022 ONSC 4348, at para 72; and *Re Canwest Global Communications Corp.*, 2009 CanLII 55114 (Ont SCJ), at paras. 53 and 54.

SISP Approval

26. The SISP will be conducted by the Applicant and builds in extensive consultation with, and approval and consent rights to, both the Monitor and the Oregon Receiver. Concurrent SISP approval and proposed sale approval hearings will be held in both the CCAA Court and the Oregon Court to respect the integrity of both insolvency proceedings. The CRO would be empowered to act for the Applicant during the SISP.
27. Given the Applicant's significant liquidity constraints, the implementation of an accelerated SISP, with the consent of both the Monitor and the Oregon Receiver, is the best option to preserve the Chalice Group's business and assets while maximizing potential value for stakeholders. The Applicant's cash flow forecast simply does not support a longer staged process. However, the Applicant, the CRO, the Monitor and the Oregon Receiver are all satisfied that the SISP that they have developed will afford an opportunity for interested prospective purchasers to meaningfully participate in it. The marketing and solicitation efforts will be focused on prospective purchasers who are already in, or who have been identified as having an interest in being in, the Oregon cannabis market.
28. Subject to court approval in both jurisdictions, the SISP will be carried out by the Applicant with assistance from the CRO, the Monitor and the Oregon Receiver on an expedited basis in a single phase process that will span approximately 30 days. It will commence on Monday June 5, 2023, after the anticipated approval by the Oregon court, which, if granted after the scheduled hearing before the

Oregon Court on the afternoon of June 2, 2023 (pacific time), will be after the close of markets and normal business hours in Toronto (eastern time).

29. The Court may exercise its statutory discretion under s. 11 of the CCAA to approve a sale and investment solicitation process that is fair and reasonable. There are precedents for similarly expedited sales processes in real time insolvency matters. See *Arrangement relatif à Xebec Adsorption Inc.*, 2022 QCCS 3888 at para 12; *Re Port Capital Development (EV) Inc.*, 2022 BCSC 1464 at para 56; *Re Feronia Inc.*, 2020 BCSC 1372, at para 45; *In the matter of a plan of compromise or arrangement of Nexient Learning Inc.*
30. The factors to be considered in approving a SISP come from s. 36 of the CCAA and are often cited to in *Re Nortel Networks Corp.*, 2009 CanLII 39492 (SCJ), at para 49. In this case the following factors support the approval of the SISP:
 - a. A sale or investment transaction is warranted at this time in light of the Applicant's liquidity crisis and lack of funds to continue operating through a longer sale process;
 - b. There is no better viable alternative to the SISP. given the Chalice Group's dire financial circumstances;
 - c. The SISP is reasonable and fair in the circumstances and has the checks and balances of the oversight and need for consent and approval from both the Monitor and the Oregon Receiver, as well as the CCAA Court and the Oregon Court;
 - d. The SISP will benefit the whole "economic community" if it succeeds in identifying a going concern transaction before the Applicant runs out of cash to continue its operations;
 - e. The SISP was developed in consultation with the Monitor and the Oregon Receiver; and
 - f. The Monitor supports the approval of the SISP.
31. The SISP is approved.

Orders

32. The Amended and Restated Initial Order and the SISP Approval Order shall issue in the forms signed by me today.
33. A hearing has been scheduled for 90 minutes on July 19, 2023 (currently set to commence at 11:30 a.m.) to consider any sale transaction that might arise from the SISP, and/or any other relief that the Applicant may wish to seek at that time.



KIMMEL J.

This is Exhibit "F" referred to in the Affidavit of Scott Secord sworn remotely before me at the City of Toronto, in the Province of Ontario, on August 18, 2023, in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

CGJ

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IN THE CIRCUIT COURT OF THE STATE OF OREGON
IN AND FOR THE COUNTY OF MULTNOMAH

CHALICE BRANDS, LTD., a Canadian corporation,

Plaintiff,

v.

GREENPOINT OREGON, INC., an Oregon corporation; GREENPOINT EQUIPMENT LEASING, LLC, an Oregon limited liability company; CFA RETAIL LLC, an Oregon limited liability company; SMS VENTURES LLC, an Oregon limited liability company; and CF BLISS LLC, an Oregon limited liability company,

Defendants.

Case No. _____

STIPULATED ORDER APPOINTING RECEIVER

The Court, after having reviewed the Stipulated Motion for Appointment of Receiver and supporting Declarations of Kenneth Eiler and Scott Secord, and after considering additional argument or submissions by Plaintiff or Defendants, if any, and otherwise being fully informed, and good cause appearing therefor, makes the following findings:

A. The Defendants are insolvent or are in imminent danger of insolvency. The businesses, assets or property of each of the Defendants, including but not limited to all tangible and intangible personal property of each Defendant, wherever located, including inventory,

1 rents, profits, licenses, accounts, intellectual property, interests, claims, and all other property
2 proceeds thereof (collectively, the "**Property**"), are in danger of being lost or materially injured
3 or impaired as a result of, among other things, the Defendants' alleged defaults under certain
4 agreements, and failure to pay the balances due and owing to creditors, including the Plaintiff
5 herein, vendors, landlords, lenders, and others (some of which, whether creditors or not, have
6 threatened to exercise alleged self-help remedies by taking possession of the Defendants'
7 Property). Receivership is necessary and appropriate to protect the Property and to conserve and
8 protect the interests of the Defendants' stockholders, members, partners or creditors.

9 B. As a result of the foregoing, the appointment of a Receiver pursuant to Oregon
10 Revised Statutes ("**ORS**"), including 37.060(1)(a), (g), and/or (i) is necessary and appropriate to
11 manage and protect the Property.

12 C. Kenneth Eiler (the "**Receiver**") is not interested in this action and is competent,
13 eligible and qualified to act as the Receiver.

14 D. Notice of the relief sought under this Order has been adequate and proper for the
15 circumstances of this case.

16 E. The powers and duties of the Receiver shall be as set forth in ORS Chapter 37,
17 except to the extent otherwise provided herein.

18 Based upon the foregoing, it is hereby **ORDERED** as follows:

19 1. **Appointment.** Subject to the terms of this Order, the Receiver is hereby
20 appointed as Receiver with exclusive possession, control and management over the Property,
21 together with all rights, entitlements, licenses, contracts, leases, interests, properties and
22 business affairs associated with and relating to each of the Defendants (collectively, the
23 "**Estates**"). During the Receivership, and until further order of the Court, the Estates and
24 Defendants' respective Property, wherever located, shall remain under this Court's jurisdiction
25 in accordance with ORS 37.100. The Receiver shall not be subject to the control of any of the
26 parties to this matter, but shall be subject only to the ORS and the Court's direction in the

1 fulfillment of the Receiver's duties. The Estates and their respective Property and liabilities shall
2 not be substantively consolidated, and the Receiver shall continue to operate and account for
3 each of the Estates as a distinct entity.

4 **2. Bond and Oath.** The appointment of the Receiver as the Receiver is effective as
5 of the date of this order. A \$100,000 bond shall be required (the "**Bond**"). The Receiver shall
6 post such bond within 10 business days, and shall be authorized to obtain reimbursement for the
7 Bond from any or all of the Estates pursuant to ORS 37.090(4).

8 **3. Powers.** The Receiver shall have exclusive possession and control over the
9 Estates, with the power and authority to preserve, manage, protect, improve, and sell their
10 Property. The Receiver shall maintain, secure, and manage the Estates, review the books and
11 records of the Estates, investigate the operations and financial affairs of the Estates, and take
12 such other actions as may be deemed appropriate by the Receiver. The Receiver shall have all
13 other powers and rights of a receiver appointed under Oregon law, including, without limitation,
14 each and every one of the powers set forth under ORS 37.110(1)(a) through (s), together with the
15 following rights, powers and privileges:

16 (a) Collect, control, manage, conserve, construct, protect, and sell each Estates'
17 Property;

18 (b) Enter into agreements on behalf of the Defendants, and renegotiate, amend, or
19 modify any existing agreements in which the Defendants are parties;

20 (c) Manage, collect, and control any insurance claim and/or any related insurance
21 proceeds arising from or in connection with the Estates;

22 (d) In the ordinary course of business, incur unsecured debt and pay expenses
23 incidental to the Receiver's preservation of each Estates' Property, utilizing the Defendants'
24 existing cash management systems if deemed advisable by the Receiver;

25 (e) Assert or continue to assert a right, claim, cause of action or defense of the
26 Defendants, or enter into any settlement related to the same;

1 (f) Seek and obtain instructions from the Court concerning each Estates' Property,
2 exercise of the Receiver's powers, and performance of the Receiver's duties;

3 (g) Operate the respective businesses of Defendants and use the proceeds from the
4 sale of inventory to pay operating expenses, purchase new inventory and pay for expenses of
5 administration of the receivership;

6 (h) On subpoena, compel a person to submit to examination under oath in the manner
7 of a deposition in a civil case, or to produce and permit inspection and copying of designated
8 records or tangible things, with respect to each Estates' Property or any other matter that may
9 affect administration of the Receivership;

10 (i) Obtain and review the Defendants' books and records;

11 (j) Obtain an accounting of the Defendants' accounts payable, accounts receivable,
12 income, debts, profits, losses, and all other financial affairs;

13 (k) Pay the Defendants' accounts payable debts as they become due, including
14 without limitation, utilities, operating expenses, repair, and construction costs;

15 (l) Collect the Defendants' accounts receivable, if any, as they become due;

16 (m) Engage and pay compensation to one or more professionals, including attorneys,
17 accountants, investigators, consultants, general contractors and any other persons or entities
18 deemed necessary by the Receiver to assist the Receiver in the discharge of the Receiver's duties
19 under this Order, with the costs of such services to be paid out of the Estates in the ordinary
20 course of business, subject to the requirements of Section 19 of this Order and ORS 37.310;

21 (n) Pay compensation to the Receiver;

22 (o) Take possession of existing or set up new bank accounts as described in Section 5
23 of this Order;

24 (p) Redirect mail to a location the Receiver has exclusive control of as described in
25 Section 23 of this Order; and

26

1 (q) Operate the Defendants' businesses pursuant to authority as provided under
2 Oregon Administrative Rule 845-025-1260; and

3 (r) Take any other actions that the Court deems reasonably necessary to avoid
4 injustice or waste.

5 **4. Duties of the Receiver:**

6 The Receiver shall comply with applicable law, including the provisions of ORS 37.120.

7 **5. Collection of Accounts Receivable, Profits, and Proceeds.** The Receiver shall
8 have the power to take all steps reasonably necessary to collect cash, accounts receivable, profits,
9 proceeds, rents, insurance proceeds, and other amounts due to the Estates from the sale of
10 inventory or otherwise and shall deposit those amounts into segregated accounts (the "**Bank**
11 **Accounts**"), if possible and considered advisable by the Receiver in its reasonable discretion.
12 The Receiver shall have the power to present for payment any checks, money orders, and other
13 forms of payment made payable to the Defendants or similar names, endorse the same, and
14 collect the proceeds thereof. The Receiver shall have the sole and exclusive authority to disburse
15 funds from the Bank Accounts. Any banks or credit unions at which Defendants maintain
16 accounts, including but not limited to Salal Credit Union, shall comply with the Receiver's
17 instructions concerning the Bank Accounts and the use and/or disposition of the funds therein.
18 The Receiver is authorized to continue using existing bank accounts of Defendants at Salal Credit
19 Union or any other financial institution.

20 **(a) Possession of Estates.** The Receiver may take and keep possession of the Estates
21 during the pendency of this action.

22 **(b) Management of Estates.** The Receiver shall manage, operate, and maintain and, if
23 applicable, improve the Estates subject to such rules and conditions as the Receiver may establish
24 to ensure that profits and rents are profitably preserved and to reasonably ensure that the value of
25 the Estates are not diminished. The Receiver shall not be personally liable in connection with
26 such Property, or for any damage to the same, whether now known or later discovered, except if

1 its conduct falls under the circumstances set forth in ORS 37.300 (the “**Limitation of Liability**
2 **Exceptions**”).

3 (c) **Licenses and Permits.** The Receiver may acquire, keep, or renew all governmental
4 licenses, permits, or other authorizations, in the names of the Defendants, pertaining to the
5 Estates or any business associated therewith and to do all other things necessary or appropriate to
6 maintain and protect the Estates. Without limiting the foregoing, the Receiver may obtain any
7 necessary temporary approvals to operate the Defendants’ businesses pursuant to OAR 845-025-
8 1260.

9 **6. Operating Decisions.** In carrying out the Powers and Duties of the Receiver
10 described in paragraph 3 and 4, and subject to the limitations of such Powers and Duties of the
11 Receiver, the Receiver shall have the power to do all the things that Defendants might do in the
12 ordinary course of their operations of the businesses related to the Estates, and shall be entitled
13 to make operating decisions regarding the Estates, including, without limitation:

14 (a) Providing ordinary maintenance, repair, and security services for the Property and
15 extraordinary maintenance or repair services where required;

16 (b) Procuring goods and services for the Estates where necessary;

17 (c) Consulting with, or obtaining records of, existing employees of Defendants or
18 related parties regarding any business operations related to the Estates;

19 (d) Contracting with, or hiring, paying, directing, and discharging all persons deemed
20 necessary by the Receiver, in its sole discretion, for the operation and maintenance of the Estates;
21 and

22 (e) Engaging counsel, accountants, appraisers, auctioneers, brokers, contractors, or
23 other professionals, as deemed necessary by the Receiver, in its sole discretion, the reasonable
24 fees and expenses of whom shall be included and paid as expenses of the Receivership.

25 **7. Payment of Expenses.** The Receiver shall pay the operating expenses of the
26 respective Estates, including administrative costs, from the income generated by the Estates.

1 Each Estate shall be responsible for paying its own operating expenses. To the extent an Estate's
2 income is inadequate to pay its operating expenses, payment may be made from Receivership
3 Advances made in accordance with Section 14 below or from an advance from one Estate to
4 another Estate; provided, however, that the Receiver shall maintain accurate books and records
5 reflecting the amounts of any such inter-Estate advances. The Receiver shall similarly pay all
6 amounts necessary to maintain adequate property insurance and liability insurance on the
7 Estates. Payment of loan installments or fees, payroll, payroll taxes, rent, employee benefits,
8 utilities, insurance, taxes, accounts payable, landscaping, janitorial services, and maintenance
9 shall not require prior approval of the Court.

10 **8. No Obligation to Complete Tax Returns.** Notwithstanding any other provision
11 hereof, the Receiver shall be under no obligation to prepare, complete or file tax returns on behalf
12 of the Defendants. The Receiver shall furnish the Defendants with such access to books and
13 records within the Receiver's custody or control as reasonably may be necessary for the
14 Defendants to complete and file state and federal tax returns on their own behalf.

15 **9. Court Actions.** The Receiver may bring and prosecute actions to recover any
16 Property of the Estates that is in the possession of any third party.

17 **10. No Appraisal Required.** The Receiver has no duty to seek an independent
18 professional appraisal of any Property of the Estates.

19 **11. No Personal Liability/Indemnification.** Subject to the Limitation of Liability
20 Exceptions, no obligation incurred by the Receiver in the good faith performance of its duties in
21 accordance with the orders of this Court, whether pursuant to any contract, by reason of any tort,
22 or otherwise, shall be assessed against the Receiver. Rather, the recourse of any person or entity
23 to whom the Receiver becomes obligated in connection with the performance of its duties and
24 responsibilities shall be solely against the assets of the Estates. To the fullest extent allowed by
25 law, the Receiver and the Receiver's agents, attorneys, consultants and employees, shall be
26 immune from and shall be held harmless from and against any and all suits, liabilities, claims,

1 losses, lawsuits, judgments, and/or expenses, including but not limited to attorney fees, costs and
2 monetary damages, arising out of or related to, either directly or indirectly, his, her, its or their
3 performance of duties or obligations pursuant to the terms of this Order. Defendants will, to the
4 extent allowable by law, indemnify the Receiver, its owners, employees, contractors, attorneys
5 and agents against any and all claims related to the duties performed under this Order, except for
6 cases of willful misconduct or fraud as determined by this Court. The Receiver shall have no
7 obligation to advance its own funds to pay any costs and expenses of the Estates.

8 **12. No Obligation or Liability for Hazardous Materials.** Unless otherwise ordered
9 by the Court, the Receiver is not obligated to undertake, and will have no liability for any
10 remediation or cleanup with respect to hazardous materials presently existing under, on or about
11 Property of the Estates. The Receiver is authorized, in its sole discretion, to initiate
12 environmental due diligence, inspections, or other environmental monitoring it initiates, and
13 shall have no liability for any hazardous materials presently existing under, on or about Property
14 of the Estates.

15 **13. Limitations on Duties and Obligations.** The Receiver shall have no duties or
16 obligations except for duties and obligations specifically identified in this Order. Pursuant to ORS
17 37.110(2), upon proper notice and Court order, the powers and duties of the Receiver may be
18 expanded, modified, or limited at any time.

19 **14. Receivership Advances.** The Receiver may request advances from the Plaintiff in
20 such amounts as may be necessary to satisfy the costs and expenses of these receivership
21 proceedings (each, a "Receivership Advance"). The Plaintiff is not and shall not be required to
22 make or loan any Receivership Advance. The Receiver shall bear no individual obligation or
23 responsibility for repayment of any Receivership Advance. Any such Receivership Advance will
24 be secured by a first-priority lien on Estate property in favor of Plaintiff, subject to the lien in
25 favor of the Receiver and its professionals as set forth in Section 19, which shall be binding,
26 perfected, and enforceable without the necessity for any or further action by Plaintiff.

1 **15. Inventory of Estate Property; Notice to Creditors and Others.** No later than
2 60 days after the entry of this order, the Receiver shall file schedules of all known creditors of
3 each of the Estates, their last known addresses, the amount and nature of the claims, and an
4 inventory of Property of the Estates (except for legal claims) and serve the schedules and
5 inventory on all known creditors. The Receiver shall mail notice of these receivership
6 proceedings to all known creditors, which notice must be mailed no later than 30 days after the
7 date of appointment of the Receiver. The Receiver shall also give notice to federal and state
8 taxing authorities, consistent with ORS 37.120.

9 **16. Claims Process.** The Receiver shall not be required to administer a claims
10 process in these receivership proceedings at this time, but may elect to do so.

11 **17. Financial Reports.** The Receiver shall provide the Court, the parties or their
12 counsel, if applicable, with monthly reports on the operations and financial affairs of the Estates.
13 Each such report shall be due by the last day of the subsequent month, and shall include: (a) a
14 narrative summary of the Receiver's activities; (b) balance sheets; (c) statements of income and
15 expenses; (d) cash flow statements; (e) statements of accrued accounts receivable; and (f) a
16 statement of accounts payable of the Receiver, including professional fees. The Receiver's first
17 report shall be due by the last day of the month after his appointment. These requirements
18 replace any reporting requirements under ORS Chapters 60 or 37.

19 **18. Compensation of Receiver.** The Receiver's compensation during the course of
20 these receivership proceedings shall be \$450 per hour for the services of Kenneth Eiler.

21 **19. Reimbursement Procedure.** The Receiver is authorized to make payment for its
22 fees and costs, and for the fees and costs of its professionals, by filing a notice of intent to
23 compensate professionals and serving such notice, together with a reasonably detailed
24 description of the time periods, services and amount requested on the special notice list
25 maintained pursuant to ORS 37.160. If no party in interest objects to such accounting within 10
26

1 calendar days of its filing and service, the fees and costs shall be deemed approved as being fully
2 and finally earned without further order or leave of the Court.

3 If a party objects, the party must serve a written objection on the Receiver stating the
4 nature and scope of the objection. Upon receipt of an objection, the Receiver and the objecting
5 party must first attempt to resolve the objection through negotiation. If the objection cannot be so
6 resolved, the objecting party may file its objection in Court within 30 days after the date of the
7 objection. Any objection not filed within 30 days after the date of service of the objection is
8 deemed waived. Only those portions of the fees, costs and expenses that are the subject of timely
9 objections will be withheld from payment until the objection is resolved, and all other portions of
10 the fees, costs and expenses will be deemed approved without further order or leave of the Court.
11 The approved fees and costs of the Receiver and its professionals shall be paid from the gross
12 receipts derived from the Estates and shall be a first priority lien on Property of the Estates with
13 priority over all others claiming an interest or lien upon Estate property.

14 **20. Notice.** The Receiver shall comply with the notice requirements of ORS 37.160
15 and 37.170 provided that, for good cause shown, the Receiver may request shortened time on any
16 motion.

17 **21. Further Instructions.** The Receiver may at any time apply to this Court for
18 further or other instructions or for modification of this Order or for further powers necessary to
19 enable the Receiver properly to perform its duties, or for termination of the Receiver's
20 appointment.

21 **22. Defendants' Obligations.** The Defendants and their officers, directors,
22 managers, members, employees, agents, affiliates, and other individuals exercising or claiming to
23 have the power to exercise control over the affairs of Defendants, as applicable, are directed to:

24 (a) cease and desist any operations on behalf of the Defendants except as otherwise
25 requested by the Receiver, notwithstanding the language herein, ordinary course of business
26 operations of the Defendants shall continue by the officers, directors, managers, members,

1 employees, agents, and affiliates of the Defendants, subject to supervision and/or control by the
2 Receiver;

3 (b) assist and cooperate fully with the Receiver in the administration of the Estates
4 and the discharge of the Receiver's duties, and comply with all orders of the Court;

5 (c) supply to the Receiver information necessary to enable the Receiver to Carry out
6 its duties set forth herein;

7 (d) submit to examination by the Receiver, or by any other person upon order of the
8 Court, under oath, concerning any matter relating to the Receiver's administration of the
9 Estates; and

10 (e) comply with all reasonable instructions of the Receiver in connection with its
11 duties.

12 **23. Other Parties' Obligations.** Defendants and their officers, directors, managers,
13 members, employees, agents, CPAs, affiliates, affiliates, representatives and contractors and
14 subcontractors, if any, and its employees, and all persons with actual or constructive knowledge
15 of this order and their agents and employees, as applicable, shall turn over to the Receiver:

16 (a) Possession of Property of the Estates, including all keys, and the records, books of
17 account, ledgers and all business records for Estate property, operating statements, and all other
18 records, documents, insurance policies and instruments of whatever kind and nature which relate
19 to the operation and control of any part of the Estates, wherever located and in whatever mode
20 maintained;

21 (b) All documents that constitute or pertain to licenses, permits or governmental
22 approvals relating to the Estates;

23 (c) All documents that constitute or pertain to insurance policies, whether currently
24 in effect or lapsed, that relate to the Estates;

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1 (d) All contracts for purchase or sale, leases and subleases, royalty agreements,
2 licenses, purchase orders, assignments, or other agreements of any kind, whether currently in
3 effect or lapsed, that relate to the Estates;

4 (e) Any other record, document, or information that may be needed by or requested
5 by the Receiver;

6 (f) All rents and profits derived from the Estates, wherever and in whatever mode
7 maintained.

8 **24. Receiver Directions Binding.** The Defendants' shareholders, officers, directors,
9 banks, credit unions, financial institutions, credit card processors, insurance agents or
10 underwriters, utility providers, vendors, suppliers, tradesmen, materialmen, service providers,
11 franchisors, taxing agencies, and all government agencies and departments are hereby ordered to
12 take direction from the Receiver regarding the licenses, permits, accounts, and contracts of
13 Defendants as they relate to the Estates. All licenses, permits, accounts, and contracts of
14 Defendants shall remain in full force and effect as they relate to any third party. The
15 commencement of this Receivership shall not form a basis for any third party to terminate, annul,
16 rescind, revoke, suspend, or otherwise frustrate the performance of any such license, permit,
17 account, or contract.

18 **25. Utilities.** Any utility company providing services for the benefit of any of the
19 Estates, including gas, electricity, water, sewer, trash collection, telephone, communications or
20 similar services, shall be prohibited from discontinuing service to the Estates based upon unpaid
21 bills incurred by Defendants. Further, such utilities shall transfer any deposits held by the utility
22 to the exclusive control of the Receiver and shall be prohibited from demanding that the Receiver
23 deposit additional funds in advance to maintain or secure such services.

24 **26. Mail.** The Receiver may direct that mail related to the Estates and their
25 businesses be re-directed to the Receiver.

26

1 **27. Insurance.** The Receiver shall determine upon taking possession of Property of
2 the Estates whether, in the Receiver's judgment, there is sufficient insurance coverage. With
3 respect to any insurance coverage in existence or obtained, the Receiver may be named as an
4 additional insured on the policies for the period of the Receivership. If sufficient insurance
5 coverage does not exist, the Receiver shall promptly notify the parties to this lawsuit and shall
6 have 30 calendar days to procure sufficient property and liability insurance on Estate property.
7 The Receiver shall not be responsible for claims arising from the lack of procurement or inability
8 to obtain insurance. The Receiver shall have sole authority to manage, collect, and control any
9 insurance claim and/or any related insurance proceeds.

10 **28. Use of Funds.** The Receiver shall pay only those bills that are reasonable and
11 necessary for the operation and protection of the Estates and shall allocate funds in the following
12 order of priority: Receiver fees and professional fees, the costs and expense of the Estates
13 including payroll (including indirect payroll obligations), utilities, insurance premiums, and
14 general and special taxes or assessments and accounts payable.

15 **29. Stay Against Actions or Proceedings.** The entry of this Order appointing the
16 Receiver shall operate as a stay, applicable to all persons, of all activities enumerated in ORS
17 37.220(1). Without limiting the foregoing, the stay shall apply to:

18 (a) the commencement or continuation, including the issuance or employment of
19 process, of a judicial, administrative, or other action or proceeding against any of the Estates that
20 was or could have been commenced before the entry of the order of appointment;

21 (b) the enforcement, against any Estate property, wherever located, of a judgment
22 obtained before the order of appointment;

23 (c) any act to obtain possession of any Estate property, wherever located, or to
24 interfere with, or exercise control over, such property, including but not limited to any licenses
25 owned by the Defendants and any real property leased by the Defendants;

26

1 (d) any act to create, perfect, or enforce any lien or claim against any Estate property,
 2 wherever located, except by exercise of a right of setoff, to the extent that the lien secures a claim
 3 that arose before the entry of the order of appointment; and

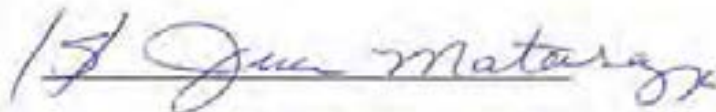
4 (e) any act to collect, assess, or recover a claim against any Property of the Estates,
 5 wherever located, that arose before the entry of the order of appointment.

6 The stay shall remain in effect until the earlier to occur of (x) the termination of these
 7 receivership proceedings, and (y) entry of an order terminating the stay.

8 **30. Termination of Receivership.** These receivership proceedings shall not be
 9 terminated, and the rights and parties subject to this order shall remain in full force, until this
 10 Court enters an order terminating these receivership proceedings. Upon discharge, the Court
 11 shall also exonerate the Bond. The Receiver's discharge shall release the Receiver from any
 12 further duties and responsibilities as Receiver.

13 **31. Jurisdiction.** This Court shall retain jurisdiction over any disputes arising from
 14 the order of appointment, these receivership proceedings, or relating to the Receiver's actions
 15 therein or to Property of the Estates, which jurisdiction shall be exclusive, and shall survive the
 16 termination of this receivership.

17
 18 **IT IS SO ORDERED**
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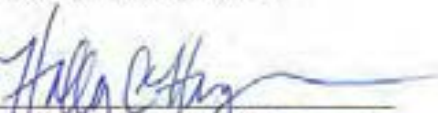
Presented By:

LEONARD LAW GROUP LLC

By: 
Timothy A. Solomon, OSB #072573
tsolomon@LLG-LLC.com
Attorneys for Plaintiff

SO STIPULATED:

FARLEIGH WADA WITT

By: 
Holly C. Hayman, OSB #114146
hhayman@fwwlaw.com
Attorneys for Defendants

CERTIFICATE OF READINESS
(UTCRC 5.100(2))

This proposed order or judgment is ready for judicial signature because:

- Each opposing party affected by this order or judgment has stipulated to the order or judgment, as shown by each opposing party's signature on the document being submitted.
- Each opposing party affected by this order or judgment has approved the order or judgment, as shown by signature on the document being submitted or by written confirmation of approval sent to me.
- I have served a copy of this order or judgment on all parties entitled to service, and:
- No objection has been served on me.
- I received objections that I could not resolve with the opposing party despite reasonable efforts to do so. I have filed a copy of the objections I received and indicated which objections remain unresolved.
- After conferring about objections, [role and name of opposing party] agreed to independently file any remaining objection.
- The relief sought is against an opposing party who has been found in default.
- An order of default is being requested with this proposed judgment.
- Service is not required pursuant to subsection (3) of this rule, or by statute, rule, or otherwise.
- This is a proposed judgment that includes an award of punitive damages and notice has been served on the Director of the Crime Victims' Assistance Section as required by subsection (4) of this rule.

DATED: May 23, 2023

 Timothy A. Solomon, OSB No. 072573
 Attorney for Plaintiffs

This is Exhibit "G" referred to in the Affidavit of Scott Secord sworn remotely before me at the City of Toronto, in the Province of Ontario, on August 18, 2023, in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)



Court File No. CV-23-00699872-00CL

**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.



Digitally signed by Jessica
Kimmel
Date: 2023.06.01 20:43:41
-04'00'

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)
---	---

June 30, 2023 at 5:00 p.m. (prevailing Eastern Time)	Deadline for submission of Qualified Bids (as defined below)
--	--

(“Bid Deadline”)

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

(“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 SISF 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 SISF 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.

* * * * *

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

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

Court File No: CV-23-00699872-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CHALICE BRANDS LTD.

Ontario
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceeding commenced at Toronto

SISP Approval Order

OSLER, HOSKIN & HARCOURT, LLP

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Fabian Suárez-Amaya (LSO# 80301W)
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fsuarezamaya@osler.com

Fax: 416.862.6666

Lawyers for the Applicant

This is Exhibit “H” referred to in the Affidavit of Scott Secord sworn remotely before me at the City of Toronto, in the Province of Ontario, on August 18, 2023, in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

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IN THE CIRCUIT COURT OF THE STATE OF OREGON
FOR THE COUNTY OF MULTNOMAH

CHALICE BRANDS, LTD., a Canadian corporation,

Plaintiff,

v.

GREENPOINT OREGON, INC., an Oregon corporation; GREENPOINT EQUIPMENT LEASING, LLC, an Oregon limited liability company; CFA RETAIL LLC, an Oregon limited liability company; SMS VENTURES LLC, an Oregon limited liability company; and CF BLISS LLC, an Oregon limited liability company,

Defendants.

Case No. 23CV20696

(PROPOSED) ORDER APPROVING BID PROCEDURES

(Judge David F. Rees)

This matter came before the Court on Receiver’s Motion for Approval of Bid Procedures (the “**Motion**”).¹ Based on the record herein and the Court having considered the record, the Motion, and having been fully advised in the premises,

IT IS HEREBY ORDERED as follows:

1. The Motion is granted.
2. The Bid Procedures, entitled Sale and Investment Solicitation Process (SISP) attached hereto as **Exhibit 1**, the terms of which are expressly incorporated herein and made a part of this Order, are hereby approved.

¹ Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Motion and/or the Bid Procedures, as applicable.

1 3. The Applicant, the Monitor, the Chief Restructuring Officer (the “CRO”), and the
2 Receiver, and their respective affiliates, partners, consultants, advisors, experts, accountants,
3 counsel and agents (collectively, “**Assistants**”) are hereby authorized and directed to take any and
4 all actions as may be necessary or desirable to implement and carry out the Bid Procedures in
5 accordance with its terms and this Order.

6 4. The Applicant, the Monitor, the Receiver, the CRO, and their respective Assistants
7 shall have no liability with respect to any and all losses, claims, damages or liabilities of any kind
8 or nature to any person or entity as a result of implementing or otherwise in connection with the
9 Bid Procedures, except to the extent that any such losses, claims, damages or liabilities result from
10 the gross negligence or willful misconduct of the Applicant, the Monitor, the Receiver or the CRO,
11 as applicable, as determined by this Court.

12 5. The Monitor, the Applicant, the CRO, and the Receiver are authorized and
13 permitted to disclose personal information of identifiable individuals (“**Personal Information**”)
14 to prospective bidders or offerors and to their advisors, including human resources and payroll
15 information, records pertaining to the Company’s past and current employees, and information on
16 specific customers, but only to the extent desired or required to negotiate or attempt to complete a
17 transaction under the Bid Procedures. Each prospective bidder or offeror to whom any Personal
18 Information is disclosed shall maintain and protect the privacy of such Personal Information with
19 security safeguards appropriate to the sensitivity of the Personal Information and as may otherwise
20 be required by applicable law. Each prospective bidder or offeror to whom any Personal
21 Information is disclosed shall also limit the use of such Personal Information to its participation in
22 the Bid Procedures, and if it does not complete a sale, shall return all such information to the
23 Applicant, the Monitor, or the Receiver, as applicable, or in the alternative destroy all such
24 information and confirm same to the Applicant, the Monitor, or the Receiver. The Successful
25 Bidder(s) shall maintain and protect the privacy of such information and, upon closing of the
26 transaction contemplated in the Successful Bid(s), shall be entitled to use the personal information
27 provided to it that is related to the assets and/or business acquired pursuant to the sale in a manner

1 which is in all material respects identical to the prior use of such information by the Company and
2 shall return all other personal information to the Applicant, the Monitor, or the Receiver, as
3 applicable, or ensure that all other personal information is destroyed and confirm same to the
4 Applicant, the Monitor, or the Receiver.

6/12/2023 9:42:51 AM



Circuit Court Judge David F. Rees

10 Presented by:

11 David W. Criswell, OSB No. 925930
12 Andrew J. Geppert, OSB No. 203744
13 Telephone: 503.778.2100
14 Attorneys for Receiver

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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 Proceedings**”) 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 Proceedings (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

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”.

of their respective agents, advisors or estates, and, in the event of a sale, all of the right, 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 and Oregon Court approval and commencement of the SISP
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June 1, 2023 at 5:00 p.m. (prevailing Eastern Time)	Deadline for Distribution of the Teaser Letter (as defined below)
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June 26, 2023 at 5:00 p.m. (prevailing Eastern Time)	Deadline for submission of Qualified Bids (as defined below)
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("Bid Deadline")

June 30, 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 10, 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 10, 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 20 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, 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 SISF 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 SISF 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.

* * * * *

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

CERTIFICATE OF READINESS
(UTCR 5.100(2))

This proposed order or judgment is ready for judicial signature because:

- Each opposing party affected by this order or judgment has stipulated to the order or judgment, as shown by each opposing party's signature on the document being submitted.
- Each opposing party affected by this order or judgment has approved the order or judgment, as shown by signature on the document being submitted or by written confirmation of approval sent to me.
- I have served a copy of this order or judgment on all parties entitled to service, and:
- No objection has been served on me.
- I received objections that I could not resolve with the opposing party despite reasonable efforts to do so. I have filed a copy of the objections I received and indicated which objections remain unresolved.
- After conferring about objections, [role and name of opposing party] agreed to independently file any remaining objection.
- The relief sought is against an opposing party who has been found in default.
- An order of default is being requested with this proposed judgment.
- Service is not required pursuant to subsection (3) of this rule, or by statute, rule, or otherwise.
- This is a proposed judgment that includes an award of punitive damages and notice has been served on the Director of the Crime Victims' Assistance Section as required by subsection (4) of this rule.
- Other:

DATED: May __, 2023

s/

 Andrew J. Geppert, OSB No. 203744
 Attorney for Receiver

CERTIFICATE OF SERVICE

I, David W. Criswell, hereby certify that on this 26th day of May, 2023, I caused a copy of the foregoing **(PROPOSED) ORDER APPROVING BID PROCEDURES** to be served via U.S. Mail and electronic mail, on the following:

<p>Timothy A. Solomon, Esq. LEONARD LAW GROUP LLC 4110 SE Hawthorne Blvd, PMB 506 Portland, OR 97214 tsolomon@llg-llc.com</p> <p><i>Attorney for Plaintiff</i></p>	<p>Holly C. Hayman, Esq. FARLEIGH WADA WITT 121 SW Morrison Street, Suite 600 Portland, OR 97204 hhayman@fwwlaw.com</p> <p><i>Attorney for Defendants</i></p>
<p>Allison C. Bizzano, Esq. LOTUS LAW GROUP, LLC 2 Centerpointe Drive, Suite 345 Lake Oswego, OR 97035 allison@lotuslawgroup.com</p> <p><i>Attorney for Secured Creditors Alicia Smith, Jillian Smith, Marcena Sorrels</i></p>	<p>Lauren B. Bernton, Esq. TONKON TORP LLP 888 SW Fifth Avenue, Suite 1600 Portland, OR 97204 lauren.bernton@tonkon.com</p> <p><i>Attorney for Bobsled Extracts, LLC</i></p>
<p>Daniel Shouldice, Esq. McMILLAN LLP Royal Centre, 1055 W. Georgia St, Ste 1500 PO Box 11117 Vancouver, BC V6E 4N7 daniel.shouldice@mcmillan.ca</p> <p><i>Attorney for Gary Zipfel</i></p>	<p>Jesse Mondry, Esq. Kathleen Biddle, Esq. Vincent Sliwoski, Esq. HARRIS BRICKEN 511 SE 11th Avenue, Suite 201 Portland, OR 97214 jesse@harrisbricken.com kathleen@harrisbricken.com vince@harrisbricken.com</p> <p><i>Attorney for Kush Originals, LLC, judgment-creditor for Chalice entities CF Bliss LLC and CFA Farms LLC</i></p>
<p>Kathryn Esaw, Esq. Shawn Irving, Esq. Osler, Hoskin & Harcourt LLP 100 King Street West 1 First Canadian Place Suite 6200 PO Box 50 Toronto, ON M5X 1B8 kesaw@osler.com sirving@osler.com</p> <p><i>Attorneys for Chalice Brands LTD (Canadian Proceeding)</i></p>	<p>Nathan Q. Rugg, Esq. Joeseoph D. Lambert, Esq. Barack Ferrazzano Kirschbaum & Nagelberg 200 West Madison Street, Suite 3900 Chicago, IL 60606 nathan.rugg@bfkn.com joe.lambert@bfkn.com</p> <p><i>Attorneys for Landlord Aventine Property Group</i></p>

1	USGAI	Security State Bank & Trust
2	1190 N Carrol Ave	201 W Main Street
3	Southlake, TX 76092	Fredericksburg, TX,78624
4	<i>Creditor</i>	<i>Creditor</i>
5	APG McLoughlin 2, LLC	Gary Zipfel
6	Aventine Prop Group	1551 Penstemon Court
7	111 S. Wacker Drive	Grayslake, IL 60030
8	Suite 3350	<i>Creditor</i>
9	Chicago, IL 60606	
10	<i>Creditor</i>	
11	Mike Genovese	William Simpson
12	3300 NW 185 th Avenue, #163	P.O. Box 510
13	Portland, OR 97229	Lawai, HI 19765
14	<i>Creditor</i>	<i>Creditor</i>
15	High Street Capital Partners, LLC	Yamhill County
16	366 Madison Ave	535 NE 5th St, Room 42
17	NY, NY 10017	McMinnville, OR 97128
18	<i>Creditor</i>	<i>Creditor</i>
19		

18 s/ David W. Criswell

19 David W. Criswell

IN THE CIRCUIT COURT OF THE STATE OF OREGON
FOR THE COUNTY OF MULTNOMAH
1200 SW First Avenue Portland Oregon 97204
971-274-0540 <http://courts.oregon.gov/multnomah>

June 14, 2023

DAVID W CRISWELL
Lane Powell PC
601 SW 2nd Ave Ste 2100
Portland OR 97204

Re: Chalice Brands Ltd. vs Greenpoint Oregon, INC., Greenpoint Equipment Leasing, LLC, CFA
Retail LLC, SMS Ventures LLC, CF Bliss LLC
Case #: 23CV20696 Contract

NOTICE OF SIGNED DOCUMENT

A case event that includes a signed document has been added to the Register of Actions for this case.

For further information, log into the Oregon eCourt Case Information (OECI) system or go to a public access kiosk at the courthouse.

Note: Documents may not be attached to events depending on local court business processes.

From: Court_Notification@ojd.state.or.us
To: [Criswell, David W.](#)
Cc: [Docketing](#)
Subject: Court Notification
Date: Wednesday, June 14, 2023 9:07:32 AM

CAUTION: This is an external email. **STOP and THINK.** Do **NOT** click links or open attachments unless you are certain the content is safe.

You have received a court notification regarding:

Chalice Brands Ltd. vs Greenpoint Oregon, INC., Greenpoint Equipment Leasing, LLC, CFA Retail LLC, SMS Ventures LLC, CF Bliss LLC, Case #: 23CV20696

Click the link below to view the notification.

<https://publicaccess.courts.oregon.gov/Notifications/ba8fe41ca0fd4fff9d4e8e8b3546f2ba>

NOTE: This email is NOT monitored. DO NOT reply to this email. If you need to contact the court, use the contact information provided on the enclosed notification.

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CHALICE BRANDS LTD.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT TORONTO

MOTION RECORD OF THE APPLICANT,
CHALICE BRANDS LTD.
(Motion Returnable August 31, 2023, at 11:00 a.m.)

OSLER, HOSKIN & HARCOURT LLP

100 King Street West
1 First Canadian Place
Suite 6200, P.O. Box 50
Toronto ON M5X 1B8

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Lawyers for the Applicant,
Chalice Brands Ltd.