

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

**COMMERCIAL LIST**

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

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

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**SUPPLEMENTARY APPLICATION RECORD OF THE APPLICANT  
VOLUME 2**

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May 26, 2023

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Chalice Brands Ltd.

TO: **THE SERVICE LIST**

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THIS IS **EXHIBIT “C”** REFERRED TO IN THE AFFIDAVIT OF SCOTT SECORD SWORN BEFORE ME over video teleconference this 26<sup>th</sup> day of May, 2023 pursuant to O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant was located in the City of Toronto, in the Province of Ontario while the Commissioner was located in the City of Toronto, in the Province of Ontario.

DocuSigned by:  
*Emilie Dillon*  
58C63E8818CD461...

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Commissioner for Taking Affidavits  
Emilie Dillon (LSO No. 85199L)

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4<sup>TH</sup> JUDICIAL DIST.

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. 23CV20696

**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,

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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

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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;

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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

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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



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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.

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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,

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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.

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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  
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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,

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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.

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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;

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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

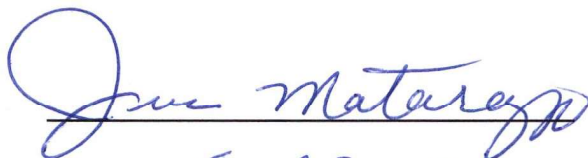
4 (e) any act to collect, assess, or recover a claim against any Property of the Estates,  
5 wherever located, that arose before the entry of the order of appointment.

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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\_Verified Correct Copy of Original 5/23/2023.\_

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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

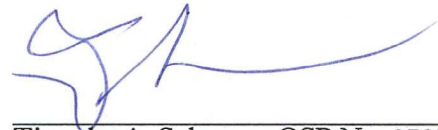
\_Verified Correct Copy of Original 5/23/2023.\_

**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.

DATED: May 23, 2023



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

THIS IS **EXHIBIT “D”** REFERRED TO IN THE AFFIDAVIT OF SCOTT SECORD SWORN BEFORE ME over video teleconference this 26<sup>th</sup> day of May, 2023 pursuant to O. Reg 431/20, Administering Oath or Declaration Remotely. The affiant was located in the City of Toronto, in the Province of Ontario while the Commissioner was located in the City of Toronto, in the Province of Ontario.

DocuSigned by:

*Emilie Dillon*

58C63E8818CD461...

---

Commissioner for Taking Affidavits  
Emilie Dillon (LSO No. 85199L)

---

**From:** Criswell, David W.

**Sent:** Tuesday, May 23, 2023 2:22 PM

**To:** Miller Matt \* OLCC <[Matt.Miller@oregon.gov](mailto:Matt.Miller@oregon.gov)>; Mitchell Nicole \* OLCC

<[Nicole.Mitchell@oregon.gov](mailto:Nicole.Mitchell@oregon.gov)>; BYRAM Denise \* OLCC <[Denise.Byram@oregon.gov](mailto:Denise.Byram@oregon.gov)>

**Cc:** Geppert, Andrew J. <[GeppertA@LanePowell.com](mailto:GeppertA@LanePowell.com)>; Kenneth Eiler <[kenneth.eiler7@gmail.com](mailto:kenneth.eiler7@gmail.com)>; 'Meghan Miller' <[mem@chalicebrandsltd.com](mailto:mem@chalicebrandsltd.com)>

**Subject:** Request for Temporary Operating Authority by Receiver

And to follow up on Mr. Eiler's email below, Lane Powell represents Kenneth S. Eiler as Court Appointed Receiver ("Receiver") over the assets of 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, ("Licensees") in Multnomah County Circuit Court Case No. 23CV20696 (the "Receivership Action"). A copy of the Order Appointing Receiver signed on May 23, 2023 is attached as well as a copy of the docket in the Receivership Action. Judge Matarazzo advised this morning that the Order Appointing Receiver will be entered on the docket this afternoon. We will send the order as entered to the OLCC following our receipt.

Pursuant to OAR 845-025-1260, the Receiver hereby requests temporary authority operated the licensed businesses associated with the OLCC licenses described on the attached spreadsheet.

The address and telephone number of the Receiver (copied by email here) are:

Kenneth S. Eiler

Receiver

Attorney at Law

515 NW Saltzman Rd.

PMB 810

Portland, OR. 97229

503.292.6020

As indicated below, Kenneth Eiler previously submitted fingerprints to the OLCC in connection with obtaining temporary operating authority in another cannabis receivership. Please let us know if the

OLCC will require new fingerprints to be submitted or will be able to rely on the prior fingerprints submission. Thank you

<image002.png>

**DAVID W. CRISWELL**  
Shareholder [Bio](#) | [vCard](#)  
criswell@lanepowell.com  
D 503.778.2198 C 503.329.2793  
**LANEPOWELL.COM**

---

**From:** Miller Matt \* OLCC <[Matt.Miller@oregon.gov](mailto:Matt.Miller@oregon.gov)>  
**Sent:** Tuesday, May 23, 2023 2:10 PM  
**To:** Kenneth Eiler <[kenneth.eiler7@gmail.com](mailto:kenneth.eiler7@gmail.com)>; 'Meghan Miller' <[mem@chalicebrandsltd.com](mailto:mem@chalicebrandsltd.com)>  
**Cc:** Criswell, David W. <[CriswellD@LanePowell.com](mailto:CriswellD@LanePowell.com)>; BYRAM Denise \* OLCC <[Denise.Byram@oregon.gov](mailto:Denise.Byram@oregon.gov)>; Mitchell Nicole \* OLCC <[Nicole.Mitchell@oregon.gov](mailto:Nicole.Mitchell@oregon.gov)>  
**Subject:** RE: Credentials

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

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Hello,

My apologies. This first email went to my junk folder.

I am copying Denise Byram and Nicole Mitchell. They are our technicians for the OLCC licensing unit and handle these temporary authority to operate situations.

Sorry I cannot be of much more assistance, but you are in good hands with them.

**Matt Miller**

Marijuana Licensing Inspector

Oregon Liquor & Cannabis Commission

9079 SE McLoughlin Blvd.

Portland OR 97222

(971) 420-5512

[matt.miller@oregon.gov](mailto:matt.miller@oregon.gov)

**My work hours are Monday through Friday, 7:30am – 4pm.**

---

**From:** Kenneth Eiler [<mailto:kenneth.eiler7@gmail.com>]

**Sent:** Tuesday, May 23, 2023 12:51 PM

**To:** 'Meghan Miller' <[mem@chalicebrandsltd.com](mailto:mem@chalicebrandsltd.com)>; Miller Matt \* OLCC <[matt.miller@oregon.gov](mailto:matt.miller@oregon.gov)>

**Cc:** 'Criswell, David W.' <[CriswellD@LanePowell.com](mailto:CriswellD@LanePowell.com)>

**Subject:** RE: Credentials

Matt.....as a follow up, I have attached a conformed copy of the Order entered by the court this morning. As I am sure you are aware, I will need, and so am requesting, temporary authority to operate as a Receiver per OAR 845-025-1260. As an aside, I have been granted this authority by the OLCC in the past and have previously submitted a fingerprint card via Field Print which should be on file with the OLCC should that be necessary to process this request. I have also copied David Criswell on this email. He will be representing me as Receiver in this matter. If you need any additional information from me please let me know. Thank you for your courtesies in processing this request.  
Ken Eiler

Kenneth S. Eiler

Receiver

Attorney at Law

Bankruptcy Panel Trustee

Sub Chapter V Trustee (Region 18)

515 NW Saltzman Rd.

PMB 810

Portland, OR. 97229

503.292.6020

503.297.9402 (fax)



IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. Court File No: CV-23-00699872-00CL  
C-36, AS AMENDED

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

**AFFIDAVIT OF SCOTT SECOND**

**OSLER, HOSKIN & HARCOURT LLP**  
100 King Street West, 1 First Canadian Place  
Suite 6200, P.O. Box 50  
Toronto ON M5X 1B8

Marc Wasserman (LSO# 44066M)  
Tel: 416.862.4908  
Email: mwasserman@osler.com

Shawn Irving (LSO# 50035U)  
Tel: 416.862.4733  
Email: sirving@osler.com  
Kathryn Esaw (LSO# 58264F)  
Tel: 416.862.4905  
Email: kesaw@osler.com

Fabian Suárez-Amaya (LSO# 80301W)  
Tel: 416.862.6416  
Email: fsuarezamaya@osler.com

Lawyers for the Applicant,  
Chalice Brands Ltd.

**TAB 3**

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 [●], 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 [●], 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 or Secord 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](http://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.

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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.

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*Ontario*  
**SUPERIOR COURT OF JUSTICE**  
**COMMERCIAL LIST**  
Proceeding commenced at Toronto

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**AMENDED AND RESTATED INITIAL ORDER**

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**OSLER, HOSKIN & HARCOURT, LLP**

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**TAB 4**



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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MADAM ) ) JUSTICE KIMMEL ) )	)	<del>TUESDAY</del> <u>THURSDAY</u> , THE <del>23RD</del> <u>1ST</u> DAY OF <del>MAY</del> <u>JUNE</u> , 2023
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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 [●], 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 [●], 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. ~~3.~~ **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. ~~4.~~ **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 of compromise or arrangement~~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. ~~5.~~ **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 ~~date of this Order~~Initial Filing Date:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the ~~date of this Order~~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. ~~6.~~ **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 ~~this Order~~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 ~~date of this Order~~ Initial Filing Date.

8. ~~7.~~ **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 ~~date of this Order~~ Initial Filing Date, or where such Sales Taxes were accrued or collected prior to the ~~date of this Order~~ Initial Filing Date but not required to be remitted until on or after the ~~date of this Order~~ 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. ~~8.~~ **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. ~~9.~~ 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. ~~10.~~ **THIS COURT ORDERS** that until and including ~~June~~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. ~~11.~~ **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. ~~12.~~ **THIS COURT ORDERS** that, notwithstanding paragraph ~~1~~5 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. ~~13.~~ **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. ~~14.~~ **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. ~~15.~~ **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. ~~16.~~ **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 ~~this Order~~ 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. ~~17.~~ **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 ~~date of this Order~~ Initial Filing Date, nor shall any Person be under any obligation on or after the ~~date of this Order~~ 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. ~~18.~~ **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 ~~date hereof~~ 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. ~~19.~~ **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 or Secord 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. ~~20.~~ **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. ~~21.~~ **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) ~~(d)~~ 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) ~~(e)~~ monitor all payments, obligations or transfers as between the Applicant and the Non-Filing Affiliates;
- (h) ~~(f)~~ 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) ~~(g)~~ perform such other duties as are required by this Order or by this Court from time to time.

27. ~~22.~~ **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. ~~23.~~ **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. ~~24.~~ **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. ~~25.~~ **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. ~~26.~~ **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 ~~date of this Order~~ 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. ~~27.~~ **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. ~~28.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, ~~and~~ 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 \$4500,000 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 ~~2934-305~~ 2934-305 herein.

## VALIDITY AND PRIORITY OF ADMINISTRATION CHARGE

34. ~~29.~~ **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. ~~30.~~ **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. ~~31.~~ **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 ~~amount~~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. ~~32.~~ **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. ~~33.~~ **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 ~~the~~ BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (~~ee~~) 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. ~~34.~~ **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. ~~35.~~ **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. ~~36.~~ **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](http://www.ksvadvisory.com/experience/case/chalice-brands-ltd). (the “**Website**”).

42. ~~37.~~ **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. ~~38.~~ **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)~~(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

44. ~~39.~~ **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. ~~40.~~ **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. ~~41.~~ **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. ~~42.~~ **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. ~~43.~~ **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 ~~proceedings~~proceeding for the purpose of having this  
| proceeding recognized in a jurisdiction outside Canada.

| 52. ~~44.~~ **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 ~~this Order~~the Initial Filing Date.

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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

**TAB 5**

Revised: January 21, 2014

Court File No. — CV-23-00699872-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE — MADAM ) ~~WEEKDAY~~ THURSDAY, THE # 1ST  
 )  
 JUSTICE — KIMMEL ) DAY OF ~~MONTH~~ JUNE, 20YR23

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 ~~[APPLICANT'S NAME]~~ (the  
"Applicant") 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 ~~at 330 University Avenue,~~ by videoconference via Zoom in Toronto, Ontario.

**ON READING** the affidavit of ~~[NAME]~~ Scott Secord sworn ~~[DATE]~~ May 22, 2023 and the Exhibits thereto, ~~and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice~~ (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 [●], 2023 (the "First Report") and on hearing the submissions of counsel for ~~[NAMES]~~ the Applicant, counsel for KSV and those other parties listed on the Counsel Slip, no one else appearing ~~for [NAME]~~<sup>†</sup> although duly served as appears from the

<sup>†</sup> ~~Include names of secured creditors or other persons who must be served before certain relief in this model Order may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2) and 36(2).~~



~~affidavit~~Affidavit of ~~service~~Service of ~~[NAME]~~Emilie Dillon sworn [~~DATE~~●], 2023, and on reading the consent of ~~[MONITOR'S NAME]~~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<sup>2</sup> 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

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<sup>2</sup>~~If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.~~

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<sup>3</sup> currently in place as described in the First Secord Affidavit ~~of [NAME] sworn [DATE] 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 ~~the~~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 ~~this Order~~the Initial Filing Date:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the ~~date of this Order~~Initial Filing Date, in each case incurred in the ordinary course of ~~business~~Business and consistent with existing

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<sup>3</sup>~~This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross border and inter company transfers of cash.~~

- 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 ~~these proceedings,~~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 ~~this Order~~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 ~~date of this Order~~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) Quebec Pension Plan,~~ ~~and (iv)~~ 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 ~~date of this Order~~Initial Filing Date, or where such Sales Taxes were accrued

or collected prior to the ~~date of this Order~~Initial Filing Date but not required to be remitted until on or after the ~~date of this Order~~Initial Filing Date; and

- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business ~~by~~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. ~~9.~~ THIS COURT ORDERS that until a real property lease is disclaimed ~~for resiliated~~<sup>4</sup> 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 ~~date of this Order~~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 ~~of~~ such payments, any Rent relating to the period commencing from and including the ~~date of this Order~~Initial Filing Date shall also be paid.

<sup>4</sup> ~~The term "resiliate" should remain if there are leased premises in the Province of Quebec, but can otherwise be removed.~~

~~10. THIS COURT ORDERS that, except as specifically permitted herein, 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 any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.~~

## RESTRUCTURING

11. **THIS COURT ORDERS** that the Applicant shall, subject to such requirements as are imposed by the CCAA ~~and such covenants as may be contained in the Definitive Documents (as hereinafter defined)~~, 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<sup>5</sup> 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,

~~attach~~ of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business ~~(the "Restructuring")~~.

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

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<sup>5</sup>~~Section 36 of the amended CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or be available at the initial CCAA hearing.~~

seven (7) days<sup>7</sup> 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~~—for resiliates~~ 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 ~~for resiliation~~ of the lease shall be without prejudice to the Applicant's<sup>8</sup> claim to the fixtures in dispute.

13. **THIS COURT ORDERS** that if a notice of disclaimer~~—for resiliation~~ is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer~~—for resiliation~~, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours<sup>9</sup> prior written notice, and (b) at the effective time of the disclaimer~~—for resiliation~~, 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 ~~[DATE—MAX. 30 DAYS]~~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. ~~15.~~ **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. ~~16.~~ **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. ~~17.~~ **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 ~~this Order~~ 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. ~~18.~~ **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of ~~lease~~ leased or licensed property or other valuable consideration provided on or after the ~~date of this Order~~ Initial Filing Date, nor shall any Person be under any obligation on or after the ~~date of this Order~~ 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.~~ <sup>6</sup> ~~This non-derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example,~~

**PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

22. ~~19.~~ **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 ~~date hereof~~ 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 ~~AND CHARGE~~**

23. ~~20.~~ **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,<sup>7</sup> 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.

~~21. —~~

**APPOINTMENT OF CHIEF RESTRUCTURING OFFICER**

24. **THIS COURT ORDERS** that the ~~directors and officers of the Applicant shall be entitled to the benefit of and~~ 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

~~number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).~~

~~<sup>7</sup>The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge), and the scope of the indemnity, are discretionary matters that should be addressed with the Court.~~

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 ~~granted a charge (the “Directors’ Charge”)<sup>8</sup> on the Property, which charge shall not exceed an aggregate amount of \$●, as security for the indemnity provided in paragraph [20] of this Order. The Directors’ Charge shall have the priority set out in paragraphs [38] and [40] herein.~~

~~22. — THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors’ Charge, and (b) the Applicant’s directors and officers shall only be entitled to the benefit of the Directors’ Charge to the extent that they do not have coverage under any directors’ and officers’ insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph [20] of this Order.~~ 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 or Secord 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;

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~~<sup>8</sup>Section 11.51(3) provides that the Court may not make this security/charging order if in the Court’s opinion the Applicant could obtain adequate indemnification insurance for the director or officer at a reasonable cost.~~

- (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. ~~23.~~ **THIS COURT ORDERS** that ~~[MONITOR'S NAME]~~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. ~~24.~~ **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) assist the Applicant, to the extent required by the Applicant, in its dissemination, to the DIP Lender and its counsel on a [TIME INTERVAL] basis of financial and other information as agreed to between the Applicant and the DIP Lender which may be~~

- ~~used in these proceedings including reporting on a basis to be agreed with the DIP Lender;~~
- (c) ~~(d)~~ advise the Applicant in its preparation of the Applicant's cash flow statements and any other reporting ~~required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, but not less than [TIME INTERVAL],~~ to the Court or ~~as otherwise agreed to by the DIP Lender;~~
- (d) ~~(e)~~ advise the Applicant in its development of the Plan and any amendments to the Plan;
- (e) ~~(f)~~ 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) ~~(g)~~ 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. ~~25.~~ **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. ~~26.~~ **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. ~~27.~~ **THIS COURT ORDERS** that ~~that~~ the Monitor shall provide any creditor of the Applicant ~~and the DIP Lender~~ 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. ~~28.~~ **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 ~~no~~any liability or obligation as a result of ~~its~~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. ~~29.~~ **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 ~~these proceedings~~this proceeding. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, ~~counsel for the Monitor and counsel for the Applicant on a [TIME INTERVAL] basis and, in addition, the Applicant is hereby authorized to pay to the Monitor,~~ counsel to the Monitor, and ~~counsel to the Applicant, retainers in the amount[s] of \$● [ , respectively, ] to be held by them as security for payment of their respective fees and disbursements outstanding from time to time~~'s counsel on a weekly basis.

32. ~~30.~~ **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. ~~31.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, ~~if any, and counsel to~~ the Applicant's ~~counsel, 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 ~~the~~their standard rates and charges ~~of the Monitor and such counsel,~~



both before and after the making of this Order in respect of ~~these proceedings~~this proceeding. The Administration Charge shall have the priority set out in paragraphs ~~[38] and [40] hereof~~4-35 herein.

### **DIP FINANCING**

~~32. — THIS COURT ORDERS that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from [DIP LENDER'S NAME] (the "DIP Lender") in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$● unless permitted by further Order of this Court.~~

~~33. — THIS COURT ORDERS THAT such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicant and the DIP Lender dated as of [DATE] (the "Commitment Letter"), filed.~~

~~34. — THIS COURT ORDERS that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "Definitive Documents"), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.~~

~~35. — THIS COURT ORDERS that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "DIP Lender's Charge") on the Property, which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs [38] and [40] hereof.~~

~~36. — THIS COURT ORDERS that, notwithstanding any other provision of this Order:~~

- (a) ~~the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;~~
- (b) ~~upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon 90 days notice to the Applicant and the Monitor, may exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicant and set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant; and~~
- (c) ~~the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property.~~

37. ~~THIS COURT ORDERS AND DECLARES that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.~~

**VALIDITY AND PRIORITY OF ~~CHARGES CREATED BY THIS~~  
~~ORDER~~ ADMINISTRATION CHARGE**

38. ~~THIS COURT ORDERS that the priorities of the Directors' Charge, the Administration Charge and the DIP Lender's Charge, as among them, shall be as follows<sup>9</sup>:~~

<sup>9</sup> ~~The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly,~~

~~First—Administration Charge (to the maximum amount of \$●);~~

~~Second—DIP Lender's Charge; and~~

~~Third—Directors' Charge (to the maximum amount of \$●).~~

34. ~~39.~~ **THIS COURT ORDERS** that the filing, registration or perfection of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge (collectively, the "Charges")~~ shall not be required, and that the ~~Charges~~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 ~~Charges~~Administration Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

35. ~~40.~~ **THIS COURT ORDERS** that ~~each of the Directors' Charge,~~ the Administration Charge ~~and the DIP Lender's Charge (all as constituted and defined herein)~~ shall constitute a charge on the Property and such ~~Charges~~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. ~~41.~~ **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, ~~any of the Directors' Charge,~~ the Administration Charge ~~or the DIP Lender's Charge,~~ unless the Applicant also obtains the prior

~~may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly, the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order (and the rankings, above), where appropriate.~~

written consent of the Monitor,~~the DIP Lender~~ and the beneficiaries of the ~~Directors' Charge and the Administration Charge~~ affected thereby (collectively, the "Chargees"), or further Order of this Court.

38. ~~42.~~ **THIS COURT ORDERS** that the ~~Directors' Charge, the Administration Charge, the Commitment Letter, the Definitive Documents and the DIP Lender's Charge~~ shall not be rendered invalid or unenforceable and the rights and remedies of the ~~chargees entitled to the benefit of the Charges (collectively, the "Chargees") and/or the DIP Lender thereunder~~ shall not otherwise be limited or impaired in any way by (a) the pendency of ~~these proceedings~~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) ~~neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents~~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 Applicant entering into the Commitment Letter, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents~~Administration Charge; and
- (c) the payments made by the Applicant pursuant to this Order, ~~the Commitment Letter or the Definitive Documents~~, and the granting of the ~~Charges~~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. ~~43.~~ **THIS COURT ORDERS** that ~~any~~the Administration Charge created by this Order over leases of real property in Canada shall only be ~~a~~an Administration Charge in the Applicant's interest in such real property leases.

## SERVICE AND NOTICE

40. ~~44.~~ **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in ~~[newspapers specified by the Court]~~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 \$10,000 (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. ~~45.~~ **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/e-service-protocol/>~~<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.](http://www.ksvadvisory.com/experience/case/chalice-brands-ltd.) (the "**Website**").

42. ~~46.~~ **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 ~~these proceedings~~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. ~~47.~~ **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 ~~hereunder~~ under this Order or in the interpretation or application of this Order.

49. ~~48.~~ **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. ~~49.~~ **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. ~~50.~~ **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and ~~is~~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 ~~the Monitor~~KSV is authorized and empowered to act as a representative in respect of the within ~~proceedings~~proceeding for the purpose of having ~~these proceedings~~this proceeding recognized in a jurisdiction outside Canada.

~~51.— THIS COURT ORDERS that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.~~

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



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

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

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**COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

**SUPPLEMENTARY APPLICATION RECORD OF THE**  
**APPLICANT, VOLUME 2**

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