



**Fourth Report of  
KSV Restructuring Inc.  
as CCAA Monitor of  
Chalice Brands Ltd.**

September 26, 2023

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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.

FOURTH REPORT OF  
KSV RESTRUCTURING INC., IN ITS CAPACITY AS MONITOR

SEPTEMBER 26, 2023

## 1.0 Introduction

1. Pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "Court") made on May 23, 2023 (the "Initial Order"), Chalice Brands Ltd. ("Chalice" or the "Applicant") was granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") and KSV Restructuring Inc. ("KSV") was appointed monitor of the Applicant (in such capacity, the "Monitor").
2. Substantially all of Chalice's value is derived through its equity interests in its direct and indirect subsidiaries in the United States ("U.S.") (together with Chalice, the "Chalice Group").
3. As a cannabis company with operations in the U.S., the Chalice Group's ability to access the protections of the federal U.S. Bankruptcy Code, including relief under Chapter 15 of the U.S. Bankruptcy Code, is untested. As a result, on May 22, 2023, Chalice filed a complaint in the State of Oregon against the following subsidiaries: Greenpoint Oregon, Inc., CFA Retail LLC, Greenpoint Equipment Leasing, LLC, SMS Ventures LLC, and CF Bliss LLC (together, the "Oregon Receivership Entities") in order to commence the process of having the Oregon Receivership Entities placed into receivership. On May 23, 2023, the Circuit Court of the State of Oregon (the "Oregon Court") signed an order appointing Kenneth S. Eiler as state receiver (the "Oregon Receiver") over the Oregon Receivership Entities (the "Oregon Receivership Proceedings").

4. Pursuant to the terms of the Initial Order, among other things, the Court:
  - a) granted a stay of proceedings in favour of the Applicant to and including June 2, 2023 (the “Stay Period”) and extended that stay and other benefits and protections of the Initial Order to the Non-Filing Affiliates<sup>1</sup>; and
  - b) granted a charge in the amount of \$400,000 on the Applicant’s current and future assets, property and undertaking to secure the fees and disbursements of the Applicant’s legal counsel, as well as the fees and disbursements of the Monitor and its independent counsel (the “Administration Charge”).
5. At a motion heard on June 1, 2023 (the “Comeback Motion”), the Court issued an Amended and Restated Initial Order which, among other things:
  - a) extended the Stay Period to July 28, 2023;
  - b) increased the Administration Charge to \$500,000;
  - c) approved the agreement between the Applicant and Cardinal Advisory Services Inc. (“Cardinal Advisory”), pursuant to which Cardinal Advisory (through the services of Scott Secord) acts as the Chief Restructuring Officer (“CRO”) of the Chalice Group; and
  - d) relieved the Applicant from certain securities disclosure and shareholder meeting requirements.
6. At the Comeback Motion, the Court also issued an order approving an expedited sale and investment solicitation process (the “SISP”) for the purpose of soliciting interest in, and opportunities for the acquisition of, or investment in, the assets and business operations of the Chalice Group. On June 2, 2023, the Oregon Court granted an order authorizing the implementation of the SISP in the Oregon Receivership Proceedings.
7. On August 18, 2023, the Applicant served a motion returnable August 31, 2023 seeking orders, among other things: (i) extending the Stay Period to and including October 31, 2023; and (ii) approving a transaction (the “Transaction”) contemplated by an Asset Purchase Agreement dated August 11, 2023 (the “APA”) wherein APCO LLC (the “Purchaser”) would acquire substantially all of the assets of the Chalice Group (the “Sale Approval Motion”). At the return of the motion, the Court issued an order extending the Stay Period to and including October 31, 2023, but, for reasons noted below, the Applicant deferred seeking approval of the Sale Approval Motion.

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<sup>1</sup> The Non-Filing Affiliates are 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 and CF Bliss LLC.

8. This report (the “Report”) should be read in conjunction with the Third Report of the Monitor dated August 28, 2023 (the “Third Report”) and the Second Report of the Monitor dated July 25, 2023 (the “Second Report”). A copy of the Third Report, without appendices, is attached as Appendix “A”. Among other things, the Third Report summarizes the results of the SISP, the proposed Transaction and the reasons the Monitor recommends the Court approve the Transaction. A copy of the Second Report, without appendices, is attached as Appendix “B”. Among other things, the Second Report summarizes the Interim Financing (as defined and described in paragraph 3.3.1 of the Second Report) advanced by the Applicant to the Oregon Receivership Entities.

## 1.1 Purposes of this Report

1. The purposes of this Report are to:
  - a) provide an update regarding this proceeding and the Oregon Receivership Proceedings;
  - b) provide an update on the Transaction;
  - c) discuss the basis on which it is proposed that this CCAA proceeding be terminated and the Monitor be discharged;
  - d) summarize the fees and disbursements of the Monitor from the commencement of this proceeding to and including August 31, 2023 and its counsel, Cassels Brock & Blackwell LLP (“Cassels”) from the commencement of this proceeding to and including September 21, 2023;
  - e) report on the Applicant’s cash flow projection for the period from September 23, 2023 to and including January 31, 2024 (the “Updated Cash Flow Forecast”);
  - f) discuss the reasons to extend the Stay Period from October 31, 2023 to the earlier of: (i) service of the Termination Certificate (as defined below), or (ii) January 31, 2024;
  - g) discuss the basis on which the Applicant is seeking approval to make an assignment in bankruptcy pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “BIA”); and
  - h) recommend that the Court issue the following orders:
    - i. an approval and vesting order (the “Approval and Vesting Order”), among other things:
      - approving the Transaction as contemplated by the APA; and
      - vesting all of the Applicant’s right, title and interest in and to the Purchased Assets (as defined in the APA) in the Purchaser, free and clear of all encumbrances, other than permitted encumbrances;

- ii. a CCAA termination order (the “CCAA Termination Order”), among other things:
  - discharging KSV in its capacity as the Monitor of the Applicant effective upon the service by the Monitor on the service list in this CCAA proceeding of an executed copy of a certificate certifying that all matters to be attended to in connection with this CCAA proceeding have been completed to the satisfaction of the Monitor and the Applicant (the “Termination Certificate” and the time of service thereof being the “CCAA Termination Time”);
  - authorizing the Applicant to make an assignment in bankruptcy pursuant to the BIA prior to the filing of the Termination Certificate and authorizing the Monitor, if it so consents, to act as licensed insolvency trustee (the “Trustee”);
  - releasing and discharging the Administration Charge effective as of the CCAA Termination Time;
  - granting certain releases (the “Releases”) in favour of the Monitor and its counsel, the Applicant’s Canadian and US counsel, and the Oregon Receiver and its counsel, effective as of the CCAA Termination Time (collectively, the “Released Parties”);
  - discharging the CRO effective as at the earlier of (a) the end of the “Initial Term” contemplated in the CRO’s engagement letter, being February 12, 2024, or (b) the CCAA Termination Time;
  - approving the fees and disbursements of the Monitor and Cassels as described in this Report, including a fee accrual of \$150,000, excluding harmonized sales tax and disbursements, for services until the end of this CCAA proceeding (the “Estimated Remaining Fees”); and
  - approving the activities, conduct and reports of the Monitor to date.
- iii. an order, extending the Stay Period to the earlier of (i) service of the Termination Certificate, or (ii) January 31, 2024.

## 1.2 Restrictions

1. In preparing this Report, the Monitor has relied upon the unaudited financial information and books and records of the Chalice Group, discussions with its management, discussions with its counsel, discussions with the CRO and discussions with the Oregon Receiver and its counsel.

2. The Monitor has not audited, or otherwise attempted to verify, the accuracy or completeness of the financial information relied on to prepare this Report in a manner that complies with Canadian Auditing Standards (“CAS”) pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence.
3. An examination of the Updated Cash Flow Forecast as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based upon the Applicant’s assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Monitor expresses no opinion or other form of assurance on whether the Updated Cash Flow Forecast will be achieved.

### **1.3 Currency**

1. Unless otherwise noted, all currency references in this Report are in U.S. dollars.

### **1.4 Capitalized Terms**

1. Capitalized terms not otherwise defined in this Report have the meanings given to them in the Affidavit of Scott Secord, sworn September 25, 2023 in support of this motion.

## **2.0 Background**

1. Chalice is the ultimate parent company of the Chalice Group, which is a vertically integrated cannabis company that grows, processes, distributes and sells cannabis and cannabis products, operating within the Oregon adult-use regulated market.
2. Chalice is a public company. On May 6, 2022, the Ontario Securities Commission issued a cease trade order as a result of a delay by Chalice in filing its audited financial statements and associated materials for its fiscal year ending December 31, 2021. Until the issuance of the cease trade order, the common shares of Chalice traded on the Canadian Securities Exchange under the trading symbol “CHAL” as well as over the counter on the OTCQX® operated by OTC Markets Group Inc. under the trading symbol “CHALF”.
3. To date, the Monitor has filed with this Court the following reports in this proceeding: (i) the Pre-Filing Report dated May 23, 2023, (ii) the First Report dated May 30, 2023, (iii) the Second Report; and (iv) the Third Report (collectively, the “Prior Reports”). The Prior Reports and all other public Court documents are available on the Monitor’s website at the following link: <https://www.ksvadvisory.com/experience/case/chalice-brands-ltd>.

### 3.0 Update on Sale Approval Motion<sup>2</sup>

1. As outlined in the Third Report, the Transaction was conditional on, among other things, approval by both this Court and the Oregon Court. Given that most of the Chalice Group's assets are owned by the Oregon Receivership Entities, the Applicant, in consultation with the Monitor and the Oregon Receiver, had determined that the Oregon Receiver should seek approval of the Transaction in Oregon first, before the Sale Approval Motion in this Court.
2. The Oregon Court scheduled the motions (the "Oregon Motions") to approve the Transaction and related relief for August 28, 2023 with additional days reserved on August 31 and in early September to hear evidence. The Oregon Receiver received several objections to the Transaction. As of August 28, 2023, the Oregon Receiver negotiated settlements with all the parties objecting to the Transaction other than one party, Bobsled Extracts, LLC ("Bobsled"). Accordingly, on August 30, 2023, the Applicant, through its counsel, advised the CCAA service list that it would not be seeking the Approval and Vesting Order at the August 31 hearing, but rather would only seek to extend the Stay Period and would return at a later date to seek approval of the Transaction.
3. Early in the morning on August 31, 2023, the Oregon Receiver, with the consent of the Applicant and the Monitor, reached a settlement with Bobsled. As such, on August 31, 2023, the Oregon Receiver returned to the Oregon Court to seek approval of the Transaction on an unopposed basis and the Oregon Court approved the Transaction. Accordingly, the Applicant is now seeking this Court's approval of the Transaction.
4. The Applicant and the Monitor have corresponded extensively with the Oregon Receiver regarding the funds potentially available to the Applicant following the closing of the Transaction. The funds available will depend on the amount of taxes and administrative claims that are required to be paid in the Oregon Receivership Proceedings. These amounts will not be known until the Transaction closes and, as such, it is presently unclear whether the Applicant will receive any funds from the Transaction.

### 4.0 Employee Retention Tax Credits

1. In 2020, U.S. Congress passed the Coronavirus Aid, Relief and Economic Security (CARES) Act which, among other things, created a new employee retention tax credit (the "ERTCs") for private employers carrying on a trade or business who had closed, partially closed or had experienced significant revenue losses as a result of COVID-19.
2. For the years 2020 and 2021, Greenpoint Workforce claimed ERTCs, as the employment entity for the Chalice Group. As of the commencement of this CCAA proceeding, the Applicant had received ERTCs of \$2,700,000 and anticipated receiving another \$2,300,000, which Greenpoint Workforce intended to use, among other things, to repay intercompany debt owing to the Applicant.

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<sup>2</sup> Capitalized terms in this section of the Report not otherwise defined have the meanings provided to them in the Third Report.



3. Due to various factors, including that certain entities of the Chalice Group owe taxes to the IRS, it is presently uncertain if the remaining \$2,300,000 of ERTCs will be received (the “ERTC Receivable”).

## 5.0 CCAA Termination Order

1. Pursuant to the proposed CCAA Termination Order, the Monitor will be authorized to issue the Termination Certificate once all matters to be attended to in connection with this CCAA proceeding have been completed to the satisfaction of the Monitor and the Applicant, which in the Monitor’s view includes, among other things, that: (i) the Transaction has closed (which is currently anticipated to occur on or about November 30, 2023); (ii) the Monitor has concluded supporting the Oregon Receiver as needed to complete any necessary approvals to close the Transaction; and (iii) the Monitor has attended to any minor issues that may arise between now and the conclusion of the Oregon Receivership Proceedings and this CCAA proceeding.
2. Upon filing of the Termination Certificate, it is contemplated that this CCAA proceeding and the stay of proceedings in favour of the Applicant and the Non-Filing Affiliates will be terminated, KSV will be released and discharged as Monitor, the Administration Charge will be terminated, released and discharged and the Released Parties will be released.
3. The proposed CCAA Termination Order also provides for the discharge of the CRO, effective as of the earlier of (a) the end of the “Initial Term” contemplated in the CRO’s engagement letter, being February 12, 2024, or (b) the CCAA Termination Time.
4. Since the Termination Certificate may not be filed with the Court until early 2024 or later and certain relief in the proposed CCAA Termination Order (including the Releases, as described below) becomes effective upon the filing of the Termination Certificate, the proposed CCAA Termination Order requires the Monitor provide notice to the service list of its intention to file the Termination Certificate 10 days prior to such filing. The CCAA Termination Order also requires the Monitor to concurrently serve on the service list a report of the Monitor providing an update on this CCAA proceeding, including with respect to the activities of the Released Parties from the date of the CCAA Termination Order to the date of such report.
5. If a party objects to any of the relief set to become effective on the filing of the Termination Certificate, notice of such objection must be provided to the Monitor and Cassels in writing, including the grounds therefor, prior to the proposed time of filing the Termination Certificate (such time to be set out in the notice to the service list of the Monitor’s intention to file the Termination Certificate). If such an objection is received, the Monitor may only file the Termination Certificate (i) if the objection is resolved, or (ii) on further order of this Court.
6. The Monitor believes that this proposed mechanism appropriately balances the Applicant’s need to exit this CCAA proceeding efficiently, without additional unnecessary court attendances, with the need to provide parties with adequate time and information to consider the relief that becomes effective upon the filing of the Termination Certificate prior to such time.

## 5.1 Administration Charge

1. The proposed CCAA Termination Order provides that as of the CCAA Termination Time, the Administration Charge will be terminated, released and discharged. Given that all fees and disbursements secured by the Administration Charge, including the Estimated Remaining Fees, must be paid prior to the CCAA Termination Time, there will be no amounts outstanding under the Administration Charge as at the CCAA Termination Time and the Monitor supports this relief.

## 5.2 Releases

1. Upon filing of the Termination Certificate, the proposed CCAA Termination Order provides for a release of all claims against the Released Parties, in respect of any claims of any kind whatsoever based on all liability that they have or may have now or in the future in connection with this CCAA proceeding or with respect to their respective conduct in connection therewith, including carrying out the terms of the proposed CCAA Termination Order, or any matters that are ancillary or incidental to this CCAA proceeding following its termination.
2. The proposed Releases do not release any claim or liability arising from gross negligence or wilful misconduct.
3. In the Monitor's view:
  - a) the Released Parties have facilitated this CCAA proceeding and the proposed Transaction, and have contributed to the successful sale of substantially all of the Chalice Group's assets for the benefit of its stakeholders;
  - b) the Releases will limit or eliminate claims for contribution and indemnity that the Released Parties may have against the Applicant and thereby facilitate rather than hinder value maximization in this CCAA proceeding; and
  - c) the Releases contain exclusions consistent with previous similar releases granted by this Court.

## 5.3 The Applicant's Bankruptcy

1. In order to facilitate the orderly and efficient wind-up of Chalice's estate, the Applicant also seeks an order authorizing it to file an assignment in bankruptcy and authorizing the Monitor to act as Trustee, if it so consents, in the bankruptcy.
2. The Monitor is supportive of the Applicant's proposed assignment in bankruptcy. The Monitor will only consent to act as Trustee if there are sufficient funds available to administer the bankruptcy proceeding. It will only be known if there are sufficient funds available once the Transaction is closed and the Applicant knows if it will receive the ERTC Receivable.
3. Terminating this CCAA proceeding and authorizing the Applicant to make an assignment into bankruptcy will prevent the filing of additional motions before the Court and provide a mechanism to make distributions to the Applicant's creditors should funds become available. In addition to saving professional fees, this will eliminate the need to take up Court time in respect of additional non-contentious motions in this CCAA proceeding.

## 6.0 Professional Fees

1. Provided that this Court approves the proposed CCAA Termination Order, all of the matters to be addressed in this CCAA proceeding, aside from those matters required to wind-down this proceeding as detailed in this Report, will have been accomplished. As a result, the Monitor seeks approval of the fees and disbursements of the Monitor and Cassels since the commencement of this CCAA proceeding, and the Estimated Remaining Fees for the Monitor (with the assistance of Cassels) to complete its remaining duties in this proceeding.
2. The fees (excluding disbursements and HST) (i) of the Monitor from the commencement of this CCAA proceeding to and including August 31, 2023 total \$214,717.50, and (ii) of Cassels from the commencement of this CCAA proceeding to and including September 24, 2023 total \$180,691.00.
3. The average hourly rates for the Monitor and Cassels for the referenced billing periods were \$572.27 and \$1,006.07, respectively.
4. Invoices in respect of the fees and disbursements of the Monitor and Cassels are provided in the exhibits to the fee affidavits attached as Appendices "C" and "D", respectively.
5. The Monitor is of the view that the hourly rates charged by Cassels are consistent with the rates charged by large corporate law firms practicing in the area of corporate insolvency and restructuring in the Toronto market, that Cassels' billings reflect work performed consistent with the Monitor's instructions, and that the overall fees charged by Cassels and the Monitor are reasonable and appropriate in the circumstances.

## 7.0 Cash Flow Forecast

1. The Applicant prepared the Updated Cash Flow Forecast to and including January 31, 2024. The Updated Cash Flow Forecast and the Applicant's statutory report on the cash flow prepared pursuant to Section 10(2)(b) of the CCAA are attached as Appendix "E".
2. The Updated Cash Flow Forecast reflects that the Applicant will have sufficient liquidity to pay all expenses until January 31, 2024.
3. To be conservative, the Updated Cash Flow Forecast does not contemplate the repayment of the Interim Financing previously advanced to the Oregon Receiver by the Applicant. Based on the Monitor's discussions with the Oregon Receiver, the repayment of the Interim Financing will be dependent on potential tax savings which are not certain to be achieved.
4. Based on the Monitor's review of the Updated Cash Flow Forecast, the assumptions appear reasonable. The Monitor's statutory report on the Updated Cash Flow Forecast is attached as Appendix "F".

## 8.0 Stay Extension

1. The Stay Period currently expires on October 31, 2023. The Applicant is requesting an extension to the Stay Period to the earlier of: (a) the Monitor's service of the Termination Certificate on the CCAA Service List, or (b) January 31, 2024.
2. The Monitor is supportive of this request for the following reasons:
  - a) in the Monitor's view, the Applicant is acting in good faith and with due diligence;
  - b) it will provide time for the Chalice Group to close the Transaction;
  - c) the Updated Cash Flow Forecast reflects that the Applicant has sufficient liquidity to fund the wind-down of the CCAA proceeding through the extended Stay Period; and
  - d) no creditor will be materially prejudiced if the extension is granted.

## 9.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1(1)(h) of this Report.

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.  
IN ITS CAPACITY AS MONITOR OF  
CHALICE BRANDS LTD.  
AND NOT IN ITS PERSONAL CAPACITY**

## **Appendix “A”**



**Third Report of  
KSV Restructuring Inc.  
as CCAA Monitor of  
Chalice Brands Ltd.**

August 28, 2023

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COURT FILE NO.: CV-23-00699872-00CL

ONTARIO  
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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.

THIRD REPORT OF  
KSV RESTRUCTURING INC., IN ITS CAPACITY AS MONITOR

AUGUST 28, 2023

## 1.0 Introduction

1. Pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "Court") made on May 23, 2023 (the "Initial Order"), Chalice Brands Ltd. ("Chalice" or the "Applicant") was granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") and KSV Restructuring Inc. was appointed monitor of the Applicant (in such capacity, the "Monitor").
2. Substantially all of Chalice's value is derived through its equity interests in its direct and indirect subsidiaries in the United States ("U.S.") (together with Chalice, the "Chalice Group").
3. As a cannabis company with operations in the U.S., the Chalice Group's ability to access the protections of the federal U.S. Bankruptcy Code, including relief under Chapter 15 of the U.S. Bankruptcy Code, is untested. As a result, on May 22, 2023, Chalice filed a complaint in the State of Oregon against the following subsidiaries: Greenpoint Oregon, Inc., CFA Retail LLC, Greenpoint Equipment Leasing, LLC, SMS Ventures LLC, and CF Bliss LLC (together, the "Oregon Receivership Entities") in order to commence the process of having the Oregon Receivership Entities placed into receivership. On May 23, 2023, the Circuit Court of the State of Oregon (the "Oregon Court") signed an order appointing Kenneth S. Eiler as state receiver (the "Oregon Receiver") over the Oregon Receivership Entities (the "Oregon Receivership Proceedings").



4. Pursuant to the terms of the Initial Order, among other things, the Court:
  - a) granted a stay of proceedings in favour of the Applicant to and including June 2, 2023 (the “Stay Period”) and extended that stay and other benefits and protections of the Initial Order to the Non-Filing Affiliates<sup>1</sup>; and
  - b) granted a charge in the amount of \$400,000 on the Applicant’s current and future assets, property and undertaking to secure the fees and disbursements of the Applicant’s legal counsel, as well as the fees and disbursements of the Monitor and its independent counsel (the “Administration Charge”).
5. At a motion heard on June 1, 2023 (the “Comeback Motion”), the Court issued an Amended and Restated Initial Order which, among other things:
  - a) extended the Stay Period to July 28, 2023;
  - b) increased the Administration Charge to \$500,000;
  - c) approved the agreement between the Applicant and Cardinal Advisory Services Inc. (“Cardinal Advisory”), pursuant to which Cardinal Advisory through the services of Scott Secord acts as the Chief Restructuring Officer (“CRO”) of the Chalice Group; and
  - d) relieved Chalice from certain securities disclosure and shareholder meeting requirements.
6. At the Comeback Motion, the Court also issued an order (the “CCAA SISP Approval Order”) approving an expedited sale and investment solicitation process (the “SISP”) for the purpose of soliciting interest in, and opportunities for the acquisition of, or investment in, the assets and business operations of the Chalice Group. On June 2, 2023, the Oregon Court granted an order authorizing the implementation of the SISP in the Oregon Receivership Proceedings (together with the CCAA SISP Approval Order, the “SISP Approval Orders”).
7. On July 27, 2023, the Court issued an order extending the Stay Period to and including August 31, 2023.

## 1.1 Purposes of this Report

1. The purposes of this report (the “Report”) are to:
  - a) provide background information regarding the Chalice Group and this proceeding;
  - b) summarize the results of the SISP;

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<sup>1</sup> The Non-Filing Affiliates are 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 and CF Bliss LLC.

- c) summarize the proposed transaction (the “Transaction”) for substantially all of the assets of the Chalice Group, pursuant to an asset purchase agreement dated August 11, 2023 (the “APA”) entered into between Chalice, Greenpoint Nevada Inc., Greenpoint Oregon, Inc., Greenpoint Equipment Leasing, LLC, CFA Retail LLC, SMS Ventures LLC, and CF Bliss LLC (collectively, the “Vendor”) and APCO LLC (the “Purchaser”);
- d) report on the Applicant’s cash flow projection for the period from August 26, 2023 to and including October 31, 2023 (the “Updated Cash Flow Forecast”);
- e) discuss the reasons to extend the Stay Period from August 31, 2023 to October 31, 2023; and
- f) recommend that the Court issue the following orders:
  - i. an Approval and Vesting Order, among other things:
    - approving the Transaction as contemplated by the APA; and
    - vesting all of the Applicant’s right, title and interest in and to the Purchased Assets (as defined in the APA) in the Purchaser, free and clear of all encumbrances, other than permitted encumbrances;
  - ii. an order, among other things:
    - extending the Stay Period to October 31, 2023; and
    - sealing the confidential appendix to this Report.

## 1.2 Restrictions

1. In preparing this Report, the Monitor has relied upon the unaudited financial information and books and records of the Chalice Group, discussions with its management, discussions with its counsel, discussions with the CRO and discussions with the Oregon Receiver and its counsel.
2. The Monitor has not audited, or otherwise attempted to verify, the accuracy or completeness of the financial information relied on to prepare this Report in a manner that complies with Canadian Auditing Standards (“CAS”) pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence.
3. An examination of the Updated Cash Flow Forecast as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based upon the Applicant’s assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Monitor expresses no opinion or other form of assurance on whether the Updated Cash Flow Forecast will be achieved.

### **1.3 Currency**

1. Unless otherwise noted, all currency references in this Report are in U.S. dollars.

### **1.4 Capitalized Terms**

1. Capitalized terms not otherwise defined in this Report have the meanings given to them in the Affidavit of Scott Secord, sworn August 18, 2023 in support of the Applicant's motion to seek the Approval and Vesting Order and extend the Stay Period (the "Fifth Secord Affidavit").

## **2.0 Background**

1. Chalice is the ultimate parent company of the Chalice Group, which is a vertically integrated cannabis company that grows, processes, distributes and sells cannabis and cannabis products, operating within the Oregon adult-use regulated market.
2. The corporate chart for the Chalice Group is provided in Appendix "A".
3. Chalice is a public company. On May 6, 2022, the Ontario Securities Commission issued a cease trade order as a result of a delay by Chalice in filing its audited financial statements and associated materials for its fiscal year ending December 31, 2021. Until the issuance of the cease trade order, the common shares of Chalice traded on the Canadian Securities Exchange under the trading symbol "CHAL" as well as over the counter on the OTCQX® operated by OTC Markets Group Inc. under the trading symbol "CHALF".
4. To date, the Monitor has filed with this Court the following reports in this proceeding: (i) the Pre-Filing Report dated May 23, 2023, (ii) the First Report dated May 30, 2023, and (iii) the Second Report dated July 25, 2023 (the "Second Report" and collectively, the "Prior Reports"). The Prior Reports and all other public Court documents are available on the Monitor's website at the following link: <https://www.ksvadvisory.com/experience/case/chalice-brands-ltd>.

## **3.0 SISP**

### **3.1 Marketing Process**

1. Consistent with the terms of the SISP Approval Orders, the Applicant, with the oversight of the Monitor and the assistance of the CRO and Oregon Receiver, carried out the SISP. A summary of the SISP marketing process is as follows:
  - a) prior to the commencement of the CCAA proceeding, the Board of Directors of the Applicant formed a special committee to determine potential buyers for the Chalice Group's assets, and spent several weeks soliciting same;

- b) following the issuance of the SISP Approval Orders, the Monitor launched the SISP on June 1, 2023 by distributing an interest solicitation letter detailing the acquisition opportunity (the “Teaser”) to prospective purchasers;
- c) the Teaser was sent to 38 prospective purchasers, comprised of Canadian and U.S. operators and other strategic parties, including certain parties that contacted the Monitor directly. In compiling the list of prospective purchasers, the Monitor sought input from the Applicant, the CRO and the Oregon Receiver;
- d) attached to the Teaser was a form of non-disclosure agreement (“NDA”). Parties that executed the NDA were provided the opportunity to access an online data room managed by the Monitor. The data room contained certain historical and projected financial information and certain other relevant diligence information, including material contracts; and
- e) the Oregon Receiver sent a notice regarding the SISP to the members of the Executive Committee of the Oregon Cannabis and Psychedelics Section of the Oregon State Bar as well as to the Oregon State Bar Cannabis e-mail list, which includes non-attorneys with an interest in cannabis law in Oregon.

### **3.2 SISP Results**

1. A summary of the results of the SISP is as follows:
  - a) 20 parties entered into the NDA and were granted access to the online data room;
  - b) the Applicant received four offers by the bid deadline on June 30, 2023, one of which was from the Purchaser (the “Initial Bids”). A summary of the Initial Bids is provided in Confidential Appendix “1” (the “Offer Summary”);
  - c) the Applicant determined that none of the Initial Bids provided for sufficient consideration to pay all priority items such that the Oregon Court would approve the sale. With the consent of the Monitor and the Oregon Receiver, the Applicant re-engaged with each of the four bidders and extended the bid deadline, pursuant to the terms of the SISP;
  - d) as a result of ongoing negotiations, the Purchaser delivered a revised offer on July 12, 2023 (the “Revised APCO Bid”). The terms of the Revised APCO Bid were subsequently improved.
  - e) with the consent of the Monitor and the Oregon Receiver, the Applicant selected the improved Revised APCO Bid as the successful bid in the SISP and negotiated and entered into the APA with the Purchaser on August 11, 2023.

### 3.3 Confidentiality and Sealing

1. The Monitor respectfully requests that the Offer Summary contained in the Confidential Appendix be filed with the Court on a confidential basis and be sealed until the Transaction closes or upon further order of the Court as the document contains confidential information. If the Offer Summary is not sealed, the information may negatively impact realizations on the business in the event that the Transaction does not close. The Monitor is not aware of any party that will be prejudiced if the information contained in the Offer Summary is sealed for the period requested. In the Monitor's view, the salutary effects of sealing such information from the public record outweigh the deleterious effects of doing so in the circumstances. Accordingly, the Monitor believes the proposed sealing is appropriate in the circumstances.

### 4.0 Sale Transaction<sup>2</sup>

1. A copy of the APA is attached as Appendix "B".
2. A summary of the key terms of the APA is as follows:
  - a) **Vendor**: Chalice, Greenpoint Nevada Inc., Greenpoint Oregon, Inc., Greenpoint Equipment Leasing, LLC, CFA Retail LLC, SMS Ventures LLC, and CF Bliss LLC.
  - b) **Purchaser**: APCO LLC.<sup>3</sup>
  - c) **Purchased Assets**: All of the Vendor's right, title and interest in, to and under, or relating to, the assets, property and undertaking owned or used or held for use by the Vendor in connection with the business carried on by the Vendor.
  - d) **Excluded Assets**: All undertaking, property and assets of the Vendor other than the Purchased Assets, including the Excluded Locations and Excluded Licenses, any and all contracts to the extent associated with the Excluded Locations and cash on hand as of Closing.
  - e) **Assumed Liabilities**: None.
  - f) **Excluded Liabilities**: All Liabilities of the Vendor are Excluded Liabilities.
  - g) **Purchase Price**: \$3,000,000.00. The Purchaser's prior payment of the Deposit (\$506,453.76) shall be credited to the Vendor by the release of such amount to the Monitor and the Oregon Receiver on the Closing Date, proportionately based on the allocation methodology set out in the APA. The balance of the purchase price (\$2,493,546.24) will be paid into escrow within three business days after entry of both the Oregon Court Sale Approval Order and CCAA Court Approval and Vesting Order and then subsequently released from escrow on

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<sup>2</sup> Capitalized terms in this section of the Report not otherwise defined have the meanings provided to them in the APA or the Fifth Secord Affidavit, as applicable.

<sup>3</sup> The Purchaser is a Delaware limited liability company. Its principals and managers are William Simpson and Gary Zipfel. Both of these individuals are familiar with the business and operations of the Chalice Group through their involvement as, among other things, shareholders, creditors and former members of management.

the Closing Date. To the extent Vendor's inventory (at cost), as of the Closing Date, is less than the Minimum Inventory Level<sup>4</sup>, the balance of the Purchase Price shall be reduced by the difference.

- h) **Approvals and Consent**: No authorization, consent or approval of, or filing with or notice to, any Governmental Entity, court or other Person that would have a material effect on or materially delay or impair the ability of the Purchaser to consummate the Transaction is required in connection with the execution, delivery or performance of the APA by the Purchaser, except for:
- i. the issuance of the CCAA Court Approval and Vesting Order;
  - ii. the issuance of the Oregon Court Sale Approval Order;
  - iii. Oregon Liquor and Cannabis Commission ("OLCC") approval of change in ownership applications for the OLCC Licenses;
  - iv. Portland, Oregon approval of change in ownership applications for the City Licenses;
  - v. Nevada Cannabis Compliance Board approval of change in ownership applications for its licenses;
  - vi. the obtaining of a Land Use Compatibility Statement ("LUCS") as to each of the OLCC Licenses or confirmation from the applicable local governments that the existing applicable LUCSs are still valid; and
  - vii. any consent that may be required in connection with the assignment of a Purchased Asset.
- i) **"As Is, Where Is"**: Consistent with the terms of a standard insolvency transaction, the Purchaser will accept the Purchased Assets at the Time of Closing on an "as is, where is" basis.
- j) **Master Services Agreement**: Should Closing not occur by October 31, 2023, and provided that the Purchaser has entered into new Real Property Leases with the applicable landlords for all retail locations (other than Excluded Locations) where the Oregon Receivership Entities hold OLCC Licenses, the parties will enter into a Management Services Agreement that is compliant with all applicable state laws and administrative rules and in a form agreed to by the parties, acting reasonably, and approved by the Oregon Receiver and the Monitor.
- k) **Employee Matters**: The Purchaser will not be responsible for any obligations to or assume any Liabilities associated with Employees who the Purchaser does not employ. The Purchaser may offer employment to any current Employees, in its discretion.

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<sup>4</sup> The Minimum Inventory Level is the value of Vendor's inventory, at cost, calculated based on a rolling 8-week average as of August 8, 2023, subject to a 10% variance, unless otherwise agreed to by Purchaser.

- l) **Termination:** The Agreement may be terminated at any time before Closing in accordance with the terms of the Agreement, including as follows:
- i. by the Purchaser if the Closing has not occurred on or before the Outside Date (being December 1, 2023, or such later date as may be agreed to by the Purchaser and the Vendor, with the consent of the Monitor and the Receiver), provided the Purchaser is not in material breach of its obligations under the Agreement;
  - ii. by the Purchaser if Transaction Approval Orders have not been entered by October 1, 2023;
  - iii. by the Vendor (with the consent of the Monitor and the Receiver), if the Purchaser fails to fulfill any conditions for the benefit of the Vendor by the Outside Date or if there has been a material violation or breach by the Purchaser of any covenant, representation or warranty, which would prevent the satisfaction of the conditions set forth for the benefit of the Vendor or mutual benefit of the Vendor and Purchaser, unless the Vendor is in material breach of its obligations under this Agreement, and such failure has not been waived by the Purchaser or cured by the Outside Date; or
  - iv. by the Purchaser, if the Vendor fails to fulfill any condition for the benefit by Purchaser by the Outside Date or if there has been a material violation or breach by the Vendor of any covenant, representation or warranty, which would prevent the satisfaction of the conditions for the benefit of the purchaser or mutual benefit of the Vendor and the Purchaser, unless the Purchaser is in material breach of its obligations under this Agreement, and such failure has not been waived by the Vendor or cured by the Outside Date.

#### 4.1 Alleged Liens on Certain of the Purchased Assets

1. There are four creditors of the Chalice Group who assert or may potentially assert liens on certain of the Purchased Assets: (i) Alicia Smith, Jillian Smith and Marcena Sorrels (collectively, the “Homegrown Lenders”); (ii) High Street Capital Partners, LLC (“High Street”); (iii) Bobsled Extracts, LLC (“Bobsled”); and (iv) the Internal Revenue Service (“IRS”).<sup>5</sup>
2. As of the date of this Report, the Oregon Receiver, with the support of the Applicant, reached tentative agreements with the Homegrown Lenders and High Street, subject to documenting the agreements and Oregon Court approval. Under the terms of the tentative settlements, the Oregon Receiver would pay \$150,000 to each of the Homegrown Lenders and High Street on account of their asserted lien claims.

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<sup>5</sup> The principals of the Purchaser have also asserted lien claims on certain of the Purchased Assets, but they have agreed they will receive no distribution from the proceeds of the Transaction on account of such asserted liens.

3. The Oregon Receiver has not been able to reach resolutions with Bobsled and IRS (the “Disputed Secured Creditors”) and has filed a motion in the Oregon Receivership Proceedings to determine the validity of their liens (the “Lien Motion”). In respect of the Lien Motion, the Oregon Receiver is disputing the validity of the liens asserted by the Disputed Secured Creditors and has requested that the Oregon Court enter an order determining that the Disputed Secured Creditors’ liens are invalid and unperfected.
4. As an alternative, the Oregon Receiver has requested that the Oregon Court grant a motion (the “Sale Motion” and together with the Lien Motion, the “Oregon Motions”) approving the Transaction and authorizing the Oregon Receiver to close the Transaction free and clear of all liens, with all claims to any liens and interests against the Purchased Assets (including any alleged liens asserted by the Disputed Secured Creditors) attaching to the net proceeds of the Transaction in the same order and in the same priority as such liens and interests had with respect to the Purchased Assets immediately before the Transaction, except that the Oregon Receiver is requesting authority to pay (i) all outstanding administrative tax liabilities and Oregon state taxes required to be paid as a condition of transfer of the OLCC licenses; (ii) \$150,000 to each of the Homegrown Lenders and High Street pursuant to a settlement on account of their asserted lien claims; and (iii) all allowed administrative claims owing as of the Closing Date other than to holders of administrative claims who have agreed to other treatment. In the event the Sale Motion is granted, it would permit the Transaction to promptly proceed to closing, with the liens of the Disputed Secured Creditors to be adjudicated after closing.
5. The Monitor has been advised by the Oregon Receiver that if either of the Oregon Motions are granted by the Oregon Court, all proceeds from the Transaction would be used to pay administrative claims and/or amounts to the Homegrown Lenders and High Street and that no funds would be distributed to the Applicant (other than repayment in full of the \$150,000 in Interim Funding (as defined in the Second Report) advanced by the Applicant to the Oregon Receiver for professional fees to continue and complete the Oregon Receivership Proceedings, as described in Section 3.3 of the Second Report attached as Appendix “C”).

## 4.2 Oregon Motions

1. Given that most of the Chalice Group’s assets (including the cannabis licenses) are owned by the Oregon Receivership Entities, the Applicant, in consultation with the Monitor and the Oregon Receiver, has determined that the Oregon Motions should be heard before the sale approval motion in this Court.
2. In the event that no opposition is filed in respect of the Oregon Motions (or any opposition is resolved prior to August 28, 2023), it is anticipated that the Oregon Court Sale Motion will proceed on August 28, 2023.
3. Should the Oregon Court Sale Approval Order be granted on August 28, 2023, the Applicant intends to seek the Approval and Vesting Order, together with an order extending the Stay Period, at the motion currently scheduled before this Court on August 31, 2023.
4. If the Oregon Court Sale Approval Order is not granted before August 31, 2023, on the motion returnable August 31, 2023, the Applicant intends to seek an adjournment from this Court of the motion seeking approval of the Transaction and at that time will only seek an order extending the Stay Period, as well as a sealing order.



### 4.3 Transaction Recommendation

1. The Monitor recommends that the Court issue an order approving the Transaction as contemplated by the APA for the following reasons:
  - a) the SISP was conducted in accordance with the terms of the SISP Approval Orders, including the timelines it established and the breadth of the marketing process, which allowed multiple parties to perform due diligence;
  - b) the Purchaser's offer represents the best and highest offer received in the SISP and the consideration under the Transaction is greater than the consideration contemplated under the other bids received in the SISP;
  - c) absent the Transaction, the Chalice Group will need to immediately cease operations and in those circumstances the only available alternative would be a liquidation of the Chalice Group's assets;
  - d) the Applicant is of the view that the Transaction is the best transaction in the circumstances and the best means to maximize the value of the Purchased Assets for the benefit of the Chalice Group's stakeholders, particularly as compared to the net value that the Applicant believes could be obtained in a liquidation of the Chalice Group's assets; and
  - e) the Transaction contemplates the continuation of a portion of the Chalice Group's business, preserves several of the cannabis licenses, offers the possibility of continued employment for a number of the Chalice Group's employees and potentially preserves key supplier and customer relationships.

### 5.0 Cash Flow Forecast

1. The Applicant prepared the Updated Cash Flow Forecast to and including October 31, 2023. The Updated Cash Flow Forecast and the Applicant's statutory report on the cash flow prepared pursuant to Section 10(2)(b) of the CCAA are attached as Appendix "D".
2. As of the date of this Report, the Applicant had approximately \$239,000 in cash on hand. The Updated Cash Flow Forecast reflects that Chalice will have sufficient liquidity to pay all expenses until October 31, 2023. The Applicant does not expect to make any further advances to the Oregon Receiver.
3. Based on the Monitor's review of the Updated Cash Flow Forecast, the assumptions appear reasonable. The Monitor's statutory report on the Updated Cash Flow Forecast is attached as Appendix "E".

## 6.0 Stay Extension

1. The Stay Period currently expires on August 31, 2023. The Applicant is requesting an extension to the Stay Period to and including October 31, 2023.
2. The Monitor is supportive of this request for the following reasons:
  - a) in the Monitor's view, the Applicant is acting in good faith and with due diligence;
  - b) it will allow the Chalice Group to close the Transaction and obtain any necessary regulatory approvals in respect of same;
  - c) the Updated Cash Flow Forecast reflects that the Applicant has sufficient liquidity to fund the wind-down of the CCAA proceeding through the extended Stay Period; and
  - d) no creditor will be materially prejudiced if the extension is granted.

## 7.0 Next Steps

1. Following the closing of the Transaction, the Applicant intends to return to Court to seek an order to terminate the CCAA proceeding.

## 8.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1 (1)(f) of this Report.

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.  
IN ITS CAPACITY AS MONITOR OF  
CHALICE BRANDS LTD.  
AND NOT IN ITS PERSONAL CAPACITY**

## **Appendix “B”**



**Second Report of  
KSV Restructuring Inc.  
as CCAA Monitor of  
Chalice Brands Ltd.**

July 25, 2023

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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.

SECOND REPORT OF  
KSV RESTRUCTURING INC., IN ITS CAPACITY AS MONITOR

JULY 25, 2023

## 1.0 Introduction

1. Pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "Court") made on May 23, 2023 (the "Initial Order"), Chalice Brands Ltd. ("Chalice" or the "Applicant") was granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") and KSV Restructuring Inc. was appointed monitor of the Applicant (in such capacity, the "Monitor").
2. Substantially all of Chalice's value is derived through its equity interests in its direct and indirect subsidiaries in the United States ("U.S.") (together with Chalice, the "Chalice Group").
3. As a cannabis company with operations in the U.S., the Chalice Group's ability to access the protections of the federal U.S. Bankruptcy Code, including relief under Chapter 15 of the U.S. Bankruptcy Code, is untested. As a result, on May 22, 2023, Chalice filed a complaint in the State of Oregon against the following subsidiaries: Greenpoint Oregon, Inc., CFA Retail LLC, Greenpoint Equipment Leasing, LLC, SMS Ventures LLC, and CF Bliss LLC (together, the "Oregon Receivership Entities") in order to commence the process of having the Oregon Receivership Entities placed into receivership. On May 23, 2023, the Circuit Court of the State of Oregon (the "Oregon Court") signed an order appointing Kenneth S. Eiler as state receiver (the "Oregon Receiver") over the Oregon Receivership Entities (the "Oregon Receivership Proceedings").

4. Pursuant to the terms of the Initial Order, among other things, the Court:
  - a) granted a stay of proceedings in favour of the Applicant to and including June 2, 2023 (the “Stay Period”) and extended that stay and other benefits and protections of the Initial Order to the Non-Filing Affiliates<sup>1</sup>; and
  - b) granted a charge in the amount of \$400,000 on the Applicant’s current and future assets, property and undertaking to secure the fees and disbursements of the Applicant’s legal counsel, as well as the fees and disbursements of the Monitor and its independent counsel (the “Administration Charge”).
5. At a motion heard on June 1, 2023 (the “Comeback Motion”), the Court issued an Amended and Restated Initial Order which, among other things:
  - a) extended the Stay Period to July 28, 2023;
  - b) increased the Administration Charge to \$500,000;
  - c) approved the agreement between the Applicant and Cardinal Advisory Services Inc. (“Cardinal Advisory”), pursuant to which Cardinal Advisory through the services of Scott Secord acts as the Chief Restructuring Officer (“CRO”) of the Chalice Group; and
  - d) Chalice was relieved from certain securities disclosure and shareholder meeting requirements.
6. At the Comeback Motion, the Court also issued an order (the “CCAA SISF Approval Order”) approving an expedited sale and investment solicitation process (the “SISF”) for the purpose of soliciting interest in, and opportunities for the acquisition of, or investment in, the assets and business operations of the Chalice Group.
7. On June 2, 2023, the Oregon Court granted an order authorizing the implementation of the SISF in the Oregon Receivership Proceedings (together with the CCAA SISF Approval Order, the “SISF Approval Orders”).
8. The principal purpose of this CCAA proceeding is to create a stabilized environment to ensure the Chalice Group can continue going-concern operations while Chalice and the CRO, working in coordination with the Monitor and the Oregon Receiver, conduct the SISF to facilitate a sale of, or investment in, the Chalice Group’s assets and/or business operations.

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<sup>1</sup> The Non-Filing Affiliates are 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 and CF Bliss LLC.

## 1.1 Purposes of this Report

1. The purposes of this report (the “Report”) are to:
  - a) provide a general update on this proceeding and the Oregon Receivership Proceedings since the granting of the Amended and Restated Initial Order and the CCAA SISP Approval Order;
  - b) provide an update on the SISP;
  - c) report on the Applicant’s cash flow projection for the period July 22, 2023 to and including August 31, 2023 (the “Updated Cash Flow Forecast”);
  - d) discuss the reasons to extend the Stay Period from July 28, 2023 to August 31, 2023; and
  - e) recommend that the Court issue an order extending the Stay Period to August 31, 2023.

## 1.2 Restrictions

1. In preparing this Report, the Monitor has relied upon the unaudited financial information and books and records of the Chalice Group, discussions with its management (“Management”), discussions with its counsel, discussions with the CRO and discussions with the Oregon Receiver and its counsel.
2. The Monitor has not audited, or otherwise attempted to verify, the accuracy or completeness of the financial information relied on to prepare this Report in a manner that complies with Canadian Auditing Standards (“CAS”) pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence.
3. An examination of the Updated Cash Flow Forecast as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based upon the Applicant’s assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Monitor expresses no opinion or other form of assurance on whether the Updated Cash Flow Forecast will be achieved.

## 1.3 Currency

1. Unless otherwise noted, all currency references in this Report are in U.S. dollars.

## 2.0 Background

1. Chalice is the ultimate parent company of the Chalice Group, which is a vertically integrated cannabis company that grows, processes, distributes and sells cannabis and cannabis products, operating within the Oregon adult-use regulated market.



2. The corporate chart for the Chalice Group is provided in Exhibit “A” of the Affidavit of Scott Secord, sworn May 22, 2023 in support of the initial CCAA application (the “First Secord Affidavit”).
3. Scott Secord swore two additional affidavits on May 26, 2023 in support of the Comeback Motion (the “May 26<sup>th</sup> Affidavits”) and one affidavit on July 21, 2023 in support of the relief sought in this Report (the “Fourth Secord Affidavit”, and together with the First Secord Affidavit and May 26<sup>th</sup> Affidavits, the “Secord Affidavits”). The Monitor recommends that readers review the Fourth Secord Affidavit for a detailed update on the Oregon Receivership Proceedings.
4. To date, the Monitor has filed with this Court the following reports in this proceeding: (i) the Pre-Filing Report dated May 23, 2023, and (ii) the First Report dated May 30, 2023 (collectively, the “Prior Reports”). The Prior Reports and Secord Affidavits are available on the Monitor’s website at the following link: <https://www.ksvadvisory.com/experience/case/chalice-brands-ltd>.

### **3.0 Update on Oregon Receivership Proceedings**

#### **3.1 Business Operations**

1. Since the commencement of this CCAA proceeding and the Oregon Receivership Proceedings, the Applicant and the CRO, with the assistance of the Monitor, have worked closely with the Oregon Receiver to stabilize the business and operations of the Chalice Group. In that respect, the Monitor and its counsel have attended weekly telephone calls with the CRO, the Applicant and the Oregon Receiver and its counsel to discuss, among other things, urgent business issues, the liquidity of the Chalice Group and the status of the SISP.
2. On June 1, 2023, Jeff Yapp, the former CEO of the Applicant, and Kala Bernhardt, the former CFO of the Applicant, resigned. Meghan Miller, the then Chief Operating Officer of the Chalice Group, replaced Mr. Yapp and Byron Henson, the then Director of Accounting, replaced Ms. Bernhardt. As a result, there has been no material interruption or interference with this proceeding, the Oregon Receivership Proceedings, or the daily operations of the Chalice Group.

#### **3.2 Motion commenced by Homegrown Lenders**

1. On May 19, 2021, Golden Leaf Holdings Ltd. (predecessor to Chalice) and Greenpoint Holdings Delaware Inc. (“Greenpoint Holdings”) entered into an agreement (the “Homegrown Acquisition”) to acquire 100% ownership in SMS Ventures LLC (“SMS”), a chain of five retail dispensaries located in Portland, Salem and Albany, Oregon.
2. The total consideration of the Homegrown Acquisition was \$9,750,000, consisting of \$6,000,000 in cash, \$2,000,000 in common shares of Chalice, a promissory note in the principal amount of \$1,750,000 (the “Homegrown Note”) pursuant to which Alicia Smith, Jillian Smith, and Marcena Sorrels (the “Homegrown Lenders”), are lenders.
3. As of May 1, 2023, \$1,896,411 is outstanding on the Homegrown Note.

4. On June 30, 2023, the Homegrown Lenders filed a motion in the Oregon Receivership Proceedings in the Oregon Court (the “Lift Stay Motion”) seeking:
  - a) an Order to lift the stay of proceedings and authorizing the Homegrown Lenders to foreclose on what they allege to be their collateral under a security agreement with Chalice and Greenpoint Holdings, which includes five OLCC licensed retail marijuana dispensaries; or
  - b) an Order declaring that SMS holds title to what the Homegrown Lenders allege to be their collateral, and that the Homegrown Lenders have a perfected first prior security interest in the alleged collateral.
5. On July 6, 2023, the Homegrown Lenders filed a further motion in the Oregon Court seeking expedited consideration and requesting that the Oregon Court hear the Lift Stay Motion on or before July 17, 2023.
6. The Monitor understands there is significant uncertainty regarding the validity and enforceability of the Homegrown Lenders’ security.
7. On July 14, 2023, the Oregon Receiver filed an objection to the Homegrown Lenders’ motions.
8. On July 14, 2023, the Lift Stay Motion (and the related motion seeking expedited consideration thereof) was denied by the Oregon Court and the SISF was permitted to proceed.

### **3.3 Interim Financing to Oregon Receivership Entities<sup>2</sup>**

1. In early July 2023, the Oregon Receiver requested that the Applicant fund it with \$150,000 for professional fees to continue and complete the receivership (the “Interim Financing”). Such financing has been requested because the Oregon Receivership Entities’ cash receipts during the pendency of the Oregon Receivership Proceedings were less than forecasted and as a result of trust claims asserted by the State of Oregon that were previously unknown to the Chalice Group.
2. The Applicant, in consultation with the Monitor, considered the request for Interim Financing and advised the Monitor that without the Interim Financing, there would not be sufficient funds for the Oregon Receivership Entities to pay the fees and expenses of the Oregon Receiver to execute and close a transaction for the assets of the Chalice Group. As such, the Applicant determined that it was in the best interests of the Chalice Group for the Applicant to advance the Interim Financing to the Oregon Receiver (in accordance with the terms of the Oregon Order Appointing Receiver and the Amended and Restated Initial Order, as described below).
3. The Monitor is of the view that any material delay in payment of the fees and expenses of the Oregon Receiver could result in significant uncertainty regarding the Applicant’s ability to execute and close a transaction for the assets of the Chalice Group in the Oregon Receivership Proceedings and this CCAA proceeding, which would not be in the interests of the Applicant and its stakeholders.

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<sup>2</sup> Capitalized terms in this Section are as defined in the Fourth Secord Affidavit.

4. The Amended and Restated Initial Order provides, among other things, that “except as 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 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”.
5. The Oregon receivership order contemplates that, as necessary to satisfy the costs and expenses of the Oregon Receivership Proceedings, Chalice may advance funds to the Oregon Receiver on a first-priority basis (the “Financing Lien”), subject to a lien in favour of the Oregon Receiver and its professionals (the “Receiver’s Lien”).
6. The Applicant has also entered into security agreements with the Oregon Receivership Entities and has registered its security against each of the Oregon Receivership Entities via UCC filings, which serve to protect the Applicant’s assets in addition to the protection provided by the Financing Lien.
7. A Consent and Acknowledgement was entered into between the Applicant, the Oregon Receiver and the Monitor on July 17, 2023 in respect of the Interim Financing (the “Consent and Acknowledgement”). The terms of the Consent and Acknowledgement include, among other things, the following:
  - a) the Interim Financing shall be advanced as a non-interest-bearing loan by the Applicant to the Oregon Receiver and shall be repaid by the Oregon Receiver to the Applicant as and when the Oregon Receiver receives payment of its approved fees and expenses in accordance with the terms of the Oregon Order Appointing Receiver or as otherwise ordered by the Oregon Court;
  - b) the Applicant has a right of subrogation in respect of the Receiver’s Lien and may claim the benefit of the lien as security for the Interim Financing; and
  - c) the Oregon Receiver shall use its best efforts to obtain approval and payment of its fees and expenses and to repay the Interim Financing.
8. The Monitor understands that in light of the Applicant’s right of subrogation under the terms of the Consent and Acknowledgement, there are no claims in respect of the Oregon Receivership Entities that are in priority to the Financing Lien. The Monitor also understands that provided that the Oregon Receivership Entities’ assets can be monetized, the proceeds are anticipated to be sufficient to repay the Interim Financing. Those assets, which are collateral for the Interim Financing, include, among other things, cannabis licenses and cannabis growing, processing and retail operations and related assets.
9. Based on discussions with the Applicant, the Monitor is of the view that the primary risks to the Oregon Receivership Entities failing to repay the Interim Financing is if the proceeds of their assets are not sufficient to allow for approval of the proposed sale by the Oregon Court and the applicable regulatory agencies.
10. Considering all of the forgoing, the Monitor has consented to and supports the Applicant providing the Interim Financing in order to facilitate the monetization of the Chalice Group’s assets for the benefit of the Applicant’s stakeholders.
11. The funds under the Interim Financing were advanced by the Applicant to the Oregon Receiver on July 24, 2023.

## 4.0 SISP Update

1. As noted above, both this Court and the Oregon Court approved the SISP pursuant to the SISP Approval Orders.
2. The Applicant has conducted the SISP, with the assistance of the Monitor and the Oregon Receiver, in accordance with the terms of the SISP Approval Orders.
3. Pursuant to the SISP Approval Orders, the bid deadline was June 30, 2023 (the “Bid Deadline”). Four bids were received by the Bid Deadline. In accordance with the terms of the SISP, the Applicant, with the consent of the Monitor and the Oregon Receiver, elected to extend the deadlines in the SISP to continue to negotiate the bids. The Monitor has since advised each of the parties who submitted bids that the Chalice Group requires additional time to negotiate the offers and that the Applicant intends to select a successful bidder by July 27, 2023.
4. As of the date of this Report, the Applicant, in consultation with the Monitor and the Oregon Receiver, remains in advanced discussions with a bidder with a view to entering into a purchase agreement. To ensure the integrity of the SISP process, the nature of these discussions, the terms of the bid, and the identity of the bidder, remain confidential at this time.
5. The Applicant anticipates being back before this Court in the coming weeks to seek approval of a sale transaction. The Oregon Receiver will also seek approval of such sale from the Oregon Court. At the Lift Stay Motion, the Oregon Court advised the Oregon Receiver that the Court was not available to hear a sale approval motion until mid-August. The Monitor anticipates that the sale approval motion in the Oregon Receivership Proceedings will be heard before the sale approval motion in this CCAA proceeding since most of the Chalice Group’s valuable assets are owned by the Oregon Receivership Entities.

## 5.0 Cash Flow Forecast

1. The Applicant prepared the Updated Cash Flow Forecast to and including August 31, 2023. The Updated Cash Flow Forecast and the Applicant’s statutory report on the cash flow prepared pursuant to Section 10(2)(b) of the CCAA are attached as Appendix “A”.
2. As of the date of this Report, the Applicant had approximately \$835,000 in cash on hand. The Updated Cash Flow Forecast reflects that Chalice will have sufficient liquidity to pay all expenses until August 31, 2023. As of this time, the Applicant does not expect to make any further advances to the Oregon Receiver.
3. Based on the Monitor’s review of the Updated Cash Flow Forecast, the assumptions appear reasonable. The Monitor’s statutory report on the Updated Cash Flow Forecast is attached as Appendix “B”.

## 6.0 Stay Extension

1. The Stay Period currently expires on July 28, 2023. The Applicant is requesting an extension to the Stay Period until August 31, 2023.
2. The Monitor is supportive of this request for the following reasons:
  - a) in the Monitor's view, the Applicant is acting in good faith and with due diligence;
  - b) it will allow the Chalice Group to continue the SISP, including further negotiations with potential bidders and hopefully close a prospective sale transaction;
  - c) the Updated Cash Flow Forecast reflects that the Applicant has sufficient liquidity to fund this CCAA proceeding through the extended Stay Period; and
  - d) no creditor will be materially prejudiced if the extension is granted.

## 7.0 Monitor's Activities

1. The Monitor's activities since its last report to Court have included:
  - a) working with the CRO and the Oregon Receiver to stabilize the business and operations as part of the CCAA proceeding;
  - b) monitoring the receipts and disbursements of the Chalice Group;
  - c) corresponding with Cassels Brock & Blackwell LLP, the Monitor's counsel, Osler, Hoskin & Harcourt LLP, restructuring counsel to the Applicant, the Oregon Receiver and Lane Powell PC, counsel to the Oregon Receiver, regarding various matters in this CCAA proceeding and the Oregon Receivership Proceedings;
  - d) working with the Oregon Receiver and its counsel in connection with the Oregon Receivership Proceedings and the SISP;
  - e) reviewing and consenting to the Oregon Receiver's request for Interim Financing;
  - f) overseeing the SISP;
  - g) reviewing Oregon Court materials in respect of the motion commenced by the Homegrown Lenders; and
  - h) preparing this Report, and, with the assistance of its counsel, related Court materials.

## 8.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1 (1)(e) of this Report.

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.  
IN ITS CAPACITY AS MONITOR OF  
CHALICE BRANDS LTD.  
AND NOT IN ITS PERSONAL CAPACITY**

## **Appendix “C”**

**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.**

**AFFIDAVIT OF NOAH GOLDSTEIN  
(sworn September 25, 2023)**

I, **NOAH GOLDSTEIN**, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY  
AS FOLLOWS:**

1. I am a Managing Director of KSV Restructuring Inc. ("KSV"), the Court-appointed monitor (the "Monitor") of Chalice Brands Ltd. (the "Applicant"), and as such I have knowledge of the matters deposited to herein.
2. Pursuant to an order of the Ontario Superior Court of Justice ("Court") made on May 23, 2023, the Applicant was granted protection under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA") and KSV was appointed as the Monitor in this proceeding.
3. This Affidavit is sworn in support of a motion seeking, among other things, approval of the Monitor's fees and disbursements for the period April 6, 2023 to August 31, 2023 (the "Period").
4. The Monitor's invoices for the Period disclose in detail: the nature of the services rendered; the time expended by each person and their hourly rates; the total charges for the services rendered; and the disbursements charged. Copies of the Monitor's invoices are attached hereto as Exhibit "A" and the billing summary is attached hereto as Exhibit "B".
5. The Monitor spent a total of 375.2 hours on this matter during the Period, resulting in fees totalling \$214,717.50, excluding disbursements and HST, as summarized in Exhibit "B".
6. As reflected on Exhibit "B", the Monitor's average hourly rate for the Period was \$572.27.



7. I verily believe that the time expended and the fees charged are reasonable in light of the services performed and the prevailing market rates for services of this nature in downtown Toronto.

**SWORN** before me at the City of  
Toronto, in the Province of Ontario  
this 25<sup>th</sup> day of September, 2023



Rajinder Kashyap, a Commissioner, etc.,  
Province of Ontario, for KSV Restructuring Inc.  
Expires January 27, 2024

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**NOAH GOLDSTEIN**

Attached is Exhibit "A"

Referred to in the

AFFIDAVIT OF NOAH GOLDSTEIN

Sworn before me

this 25 day of September, 2023



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Rajinder Kashyap, a Commissioner, etc.,  
Province of Ontario, for KSV Restructuring Inc.  
Expires January 27, 2024



**ksv advisory inc.**

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**INVOICE**

Chalice Brands Ltd.  
82 Richmond Street East  
Toronto, ON M5C 1P1

June 6, 2023

**Attention: Scott Secord**

Invoice No: 3132  
HST #: 818808768RT0001

**Re: Chalice Brands Ltd. (the "Company")**

For professional services rendered from April 6 to May 31, 2023 by KSV Restructuring Inc. ("KSV") in connection with the Company's proceedings under the *Companies' Creditors Arrangement Act* ("CCAA"), including:

**General**

- Corresponding with Cassels Brock & Blackwell LLP ("Cassels"), the Monitor's legal counsel, and Osler, Hoskin & Harcourt LLP ("Osler"), counsel to the Company, concerning all matters in the CCAA proceedings, including daily calls and emails as more specifically outlined below;
- Corresponding extensively with Cassels, Osler, management of the Company ("Management"), Scott Secord, the Company's Chief Restructuring Officer ("CRO"), Leonard Law Group ("Leonard Law"), U.S. counsel to the Company, Kenneth Eiler (the "Oregon Receiver") and Lane Powell PC ("Lane Powell"), counsel to the Oregon Receiver (together with Leonard Law, the Oregon Receiver and Lane Powell, the "U.S. Professionals"), concerning all matters in the Oregon receivership proceedings (the "Oregon Proceedings") and coordination thereof with the CCAA proceedings;
- Attending an all hands call on May 19, 2023 with Cassels, Osler, Management, the CRO and U.S. Professionals in preparation for the Company's CCAA filing and the Oregon state receivership;
- Considering strategic and cost-saving initiatives relating to CCAA, including reviewing several drafts of the Company's 13-week cash flow projection and discussing same with the CRO and Management;
- Reviewing the corporate chart of the Chalice group of companies (the "Chalice Group");
- Reviewing the Chalice Group's historical financial statements;
- Preparing a professional fee estimate and discussing same with Osler;

**CCAA Filing and Comeback Motion**

- Reviewing and commenting extensively on all draft court-materials filed in connection with the Company's CCAA filing on May 23, 2023 (the "CCAA Application Materials"), including:
  - the Affidavit of Scott Secord sworn May 22, 2023 (the "Initial Affidavit");
  - the Initial Order;
  - the Factum of the Applicant; and
  - the CRO engagement letter dated May 12, 2023 (the "CRO Engagement Letter");
- Corresponding extensively with Cassels and Osler regarding the draft CCAA Application Materials, including attending multiple calls;
- Preparing KSV's Pre-Filing Report to Court dated May 22, 2023 in its capacity as proposed CCAA monitor of the Company (the "Pre-filing Report");
- Preparing appendices to the Pre-filing Report;
- Calculating the Court ordered administration charge in connection with the Initial Order;
- Corresponding extensively with Cassels and Osler regarding the Pre-filing Report;
- Attending Court (virtually) on May 23, 2023 regarding the initial application;
- Reviewing and commenting on all Court materials prepared in connection with the Company's comeback hearing scheduled on June 1, 2023 (the "Comeback Motion"), including:
  - the motion record of the Company returnable May 26, 2023;
  - the Affidavit of Scott Secord sworn May 26, 2023 in support of the SISP;
  - the proposed Oregon Court Sale and Investor Solicitation Process ("SISP") Approval Order;
  - the proposed SISP;
  - the SISP Approval Order;
  - the Affidavit of Scott Secord sworn May 26, 2023 in support of the Amended and Restated Initial Order (the "ARIO");
  - the ARIO; and
  - the Factum of the Applicant dated May 30, 2023;
- Preparing the Monitor's First Report to Court dated May 30, 2023 (the "First Report") in connection with the Comeback Motion;
- Corresponding extensively with Cassels and Osler regarding the First Report;
- Preparing and filing Form 1, Information Pertaining to the Initial Order, with the Office of the Superintendent of Bankruptcy Canada ("OSB");

- Corresponding with Management, the CRO, Cassels, Osler and the U.S. Professionals regarding the Oregon Proceedings, including attending a call on May 9, 2023 with Osler, the CRO, Management and the U.S. Professionals and a subsequent call with Osler and Lane Powell on May 10, 2023 to discuss same;
- Corresponding with Cassels and Osler regarding Court relief sought in respect of the Company's reporting obligations under applicable securities law;
- Preparing and filing Form 2, Debtor Company Information Summary, with the OSB;
- Maintaining the Service List in these proceedings on the Monitor's website;

### **Operational Matters**

- Preparing and finalizing notices for the Company's stakeholders in connection with the CCAA proceeding, including:
  - a notice posted national edition of *The Globe and Mail* newspaper in accordance with the Initial Order; and
  - a statutory notice dated May 30, 2023 to all known creditors of the Company advising of the CCAA proceeding (the "Notice to Creditors");
- Discussing the notices with Management, the CRO, Cassels and Osler;
- Reviewing and corresponding with Management regarding the Company's creditor listing in connection with the Notice to Creditors;
- Reviewing a draft press released prepared by Osler dated May 19, 2023 regarding the CCAA filing;
- Corresponding with Management and the CRO to monitor purchases and payments, and support discussions with various stakeholders;
- Corresponding with DLA Piper LLP, counsel to High Street Capital Partners, LLC, a creditor of the Chalice Group;
- Corresponding daily with the CRO to discuss operational, suppliers and customer issues;

### **Cash Flow & Cash Management**

- Preparing a projected 13-week statement of cash flow for the Company in connection with the Pre-Filing Report and corresponding extensively with Management and the CRO in connection with the same;
- Corresponding extensively with Management and the CRO to establish cash management and accounts payable procedures during the CCAA proceedings;
- Corresponding with Management and the CRO to discuss the funding needs and operational concerns of the Oregon receivership entities;

**SISP**

- Corresponding with the CRO regarding the SISP and operational updates for the Chalice Group as a whole, including attending a call on May 25, 2023;
- Preparing the Teaser, and a preliminary listing of potential bidders, in cooperation with the CRO, in connection with the SISP;
- Reviewing various financial and non-financial information related to Chalice in connection with preparing the Teaser and a data room, including:
  - revenue and expense details;
  - key employee information;
  - leases;
  - key contracts; and
  - several other key documents.
- Reviewing and commenting multiple drafts of the SISP;
- Reviewing and commenting on a draft confidentiality agreement in connection with the SISP;
- Corresponding extensively with Cassels and Osler regarding the SISP;
- Preparing a data room for prospective buyers in connection with the SISP, including:
  - Historical financial information and financial statements;
  - Employee matters; and
  - Material contracts.

**Other**

- Convening internal meetings; and
- Dealing with all other matters not otherwise referred to herein.

Fees and disbursements	\$ 106,990.79
HST	13,908.80
Total due	<u>120,889.59</u>
Less: Retainer	<u>(100,000.00)</u>
Balance owing	<u>\$ 20,899.59</u>
Total retainer remaining	<u>\$ 113,000.00</u>

KSV Restructuring Inc.

Chalice Brands Ltd.

**Time Summary**

For the period April 6, 2023 to May 31, 2023

<b>Personnel</b>	<b>Rate (\$)</b>	<b>Hours</b>	<b>Amount (\$)</b>
Noah Goldstein	700	79.55	55,685.00
Eli Brenner	535	8.75	4,681.25
Christian Vit	450	80.50	36,225.00
Meg Ostling	425	21.00	8,925.00
Other Staff and administration	175-225	1.00	1,397.00
Total fees		190.80	106,913.25
Add: Out of Pocket Disbursements			
Photocopies			29.40
Postage			48.14
Total disbursements			77.54
Total fees and disbursements			106,990.79



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**INVOICE**

Chalice Brands Ltd.  
82 Richmond Street East  
Toronto, ON M5C 1P1

July 20, 2023

**Attention: Scott Secord**

Invoice No: 3205  
HST #: 818808768RT0001

**Re: Chalice Brands Ltd. (the "Company")**

For professional services rendered from June 1, 2023 to June 30, 2023 by KSV Restructuring Inc. ("KSV") in connection with the Company's proceedings under the *Companies' Creditors Arrangement Act* ("CCAA"), including:

**General**

- Corresponding with Cassels Brock & Blackwell LLP ("Cassels"), the Monitor's legal counsel, and Osler, Hoskin & Harcourt LLP ("Osler"), counsel to the Company, concerning all matters in the CCAA proceedings, including calls and emails as more specifically outlined below;
- Corresponding extensively with Cassels, Osler, management of the Company ("Management"), Scott Secord, the Company's Chief Restructuring Officer ("CRO"), Leonard Law Group ("Leonard Law"), U.S. counsel to the Company, Kenneth Eiler (the "Oregon Receiver") and Lane Powell PC ("Lane Powell"), counsel to the Oregon Receiver (together with Leonard Law, the Oregon Receiver and Lane Powell, the "U.S. Professionals"), concerning all matters in the Oregon receivership proceedings (the "Oregon Proceedings") and coordination thereof with the CCAA proceedings;
- Attending Court (virtually) on June 1, 2023 for the Company's comeback hearing;
- Attending a call with Osler, the CRO and the U.S. Professionals on June 2, 2023 to discuss the departure of certain employees and next steps in the proceedings;
- Reviewing objections and motions filed in the Oregon Proceedings;
- Maintaining the Service List in these proceedings on the Monitor's website;

**Operational Matters**

- Corresponding on a regular basis with the CRO to discuss operational, suppliers and customer issues;



- Corresponding extensively with Management and the CRO to monitor and review purchases and payments, and support discussions with various stakeholders;
- Attending a call on June 6, 2023 with Osler, the CRO and the U.S. Professionals to discuss correspondence from the Internal Revenue Service;
- Reviewing a letter dated June 20, 2023 from Aird & Berlis LLP in respect of Alicia Smith, Jillian Smith and Marcena Sorrels' (collectively, the "Homegrown Lender") security under the Homegrown Security Agreement;
- Reviewing a motion for relief sought by the Homegrown Lender in the Circuit Court of the State of Oregon dated June 30, 2023 (the "Homegrown Motion");
- Corresponding with Cassels, Osler, the CRO and the U.S. Professionals in respect of the Homegrown Motion;
- Attending weekly calls to discuss the restructuring process with Osler, Cassels and the U.S. Professionals;

### **Cash Flow & Cash Management**

- Corresponding with Management and the CRO to discuss the funding needs and operational concerns of the Oregon receivership entities;
- Reviewing of a professional fee payment request in respect of the U.S. Professionals;

### **SISP**

- Corresponding extensively with the Company and reviewing financial and other information provided, including the Company's licenses, leases, and historical financial information;
- Researching and corresponding with the Company to compile a potential buyers' list;
- Preparing marketing materials including a Teaser;
- Reviewing and commenting on a draft confidentiality agreement in connection with the SISP;
- Preparing a virtual data room for prospective purchasers in connection with the SISP, including, but not limited to:
  - Corporate documents;
  - Historical financial information and financial statements;
  - Licenses;
  - Facilities; and
  - Material contracts.
- Corresponding extensively with potential buyers to execute the confidentiality agreement, provide information on the SISP, and arrange access to the virtual data room;
- Corresponding with the Company and potential buyers to respond to due diligence questions;

Other

- Convening internal meetings; and
- Dealing with all other matters not otherwise referred to herein.

Fees and disbursements	\$	48,411.98
HST		<u>6,293.56</u>
Total due	\$	<u>54,705.54</u>

KSV Restructuring Inc.

Chalice Brands Ltd.

**Time Summary**

For the period June 1, 2023 to June 30, 2023

<b>Personnel</b>	<b>Rate (\$)</b>	<b>Hours</b>	<b>Amount (\$)</b>
Noah Goldstein	700	38.70	27,090.00
Eli Brenner	535	21.00	11,235.00
Christian Vit	450	3.80	1,710.00
Meg Ostling	425	19.45	8,266.25
Other Staff and administration	175-225	0.50	105.00
Total fees		83.45	48,406.25
Add: Out of Pocket Disbursements			
Telephone			4.43
Postage			1.30
Total disbursements			5.73
Total fees and disbursements			48,411.98



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**INVOICE**

Chalice Brands Ltd.  
82 Richmond Street East  
Toronto, ON M5C 1P1

August 18, 2023

**Attention: Scott Secord**

Invoice No: 3241  
HST #: 818808768RT0001

**Re: Chalice Brands Ltd. (the "Company")**

For professional services rendered from July 1, 2023 to July 31, 2023 by KSV Restructuring Inc. ("KSV") in connection with the Company's proceedings under the *Companies' Creditors Arrangement Act* ("CCAA"), including:

**General**

- Corresponding with Cassels Brock & Blackwell LLP ("Cassels"), the Monitor's legal counsel, and Osler, Hoskin & Harcourt LLP ("Osler"), counsel to the Company, concerning all matters in the CCAA proceedings, including calls and emails as more specifically outlined below;
- Corresponding extensively with Cassels, Osler, management of the Company ("Management"), Scott Secord, the Company's Chief Restructuring Officer ("CRO"), Leonard Law Group ("Leonard Law"), U.S. counsel to the Company, Kenneth Eiler (the "Oregon Receiver") and Lane Powell PC ("Lane Powell"), counsel to the Oregon Receiver (together with Leonard Law, the Oregon Receiver and Lane Powell, the "U.S. Professionals"), concerning all matters in the Oregon receivership proceedings (the "Oregon Proceedings") and coordination thereof with the CCAA proceedings;
- Maintaining the Service List in these proceedings on the Monitor's website;
- Reviewing and commenting on all Court materials prepared in connection with the Company's hearing scheduled on July 27, 2023 ("Stay Extension Motion"), including:
  - the motion record of the Applicant dated July 21, 2023;
  - the Affidavit of Scott Secord sworn July 21, 2023 in support of the Stay Extension Motion;
  - the Factum of the Applicant dated July 25, 2023; and
  - the Stay Extension Order dated July 27, 2023;

- Preparing the Monitor’s Second Report to Court dated July 25, 2023 (the “Second Report”) in connection with the Stay Extension Motion;
- Corresponding extensively with Cassels and Osler regarding the Second Report;
- Corresponding with the CRO and management regarding potential offers to purchase the Chalice business;

#### **Operational Matters**

- Corresponding with the CRO to discuss operational, suppliers and customer issues;
- Corresponding extensively with Management and the CRO to monitor and review purchases and payments, and support discussions with various stakeholders;
- Reviewing a motion for relief sought by of Alicia Smith, Jillian Smith and Marcena Sorrels’ (collectively, the “Homegrown Lender”) filed by Lotus Law Group, counsel to the Homegrown Lender, in the Circuit Court of the State of Oregon dated June 30, 2023 (the “Homegrown Motion”);
- Corresponding with Cassels, Osler, the CRO and the U.S. Professionals in respect of the Homegrown Motion;
- Attending weekly calls to discuss the restructuring process with Osler, Cassels and the U.S. Professionals;

#### **Cash Flow & Cash Management**

- Preparing a projected statement of cash flow for the Company in connection with the Pre-Filing Report and corresponding extensively with Management and the CRO in connection with the same;
- Corresponding with Management and the CRO to discuss the funding needs and operational concerns of the Oregon receivership entities;

#### **Other**

- Convening internal meetings; and
- Dealing with all other matters not otherwise referred to herein.

Fees and disbursements	\$ 30,289.16
HST	3,937.59
Total due	\$ <u>34,226.75</u>

KSV Restructuring Inc.  
Chalice Brands Ltd.  
**Time Summary**  
For the period July 1, 2023 to July 31, 2023

<b>Personnel</b>	<b>Rate (\$)</b>	<b>Hours</b>	<b>Amount (\$)</b>
Noah Goldstein	700	24.20	16,940.00
Eli Brenner	535	5.50	2,942.50
Christian Vit	450	11.25	5,062.50
Meg Ostling	425	2.00	850.00
Other Staff and administration	175-225	3.30	678.00
Total fees		46.25	26,473.00
Add: Out of Pocket Disbursements			
Globe & Mail			3,816.16
Total disbursements			3,816.16
Total fees and disbursements			30,289.16



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**INVOICE**

Chalice Brands Ltd.  
82 Richmond Street East  
Toronto, ON M5C 1P1

September 25, 2023

**Attention: Scott Secord**

Invoice No: 3289  
HST #: 818808768RT0001

**Re: Chalice Brands Ltd. (the "Company")**

For professional services rendered from August 1, 2023 to August 31, 2023 by KSV Restructuring Inc. ("KSV") in connection with the Company's proceedings under the *Companies' Creditors Arrangement Act* ("CCAA"), including:

**General**

- Corresponding with Cassels Brock & Blackwell LLP ("Cassels"), the Monitor's legal counsel, and Osler, Hoskin & Harcourt LLP ("Osler"), counsel to the Company, concerning all matters in the CCAA proceedings, including calls and emails as more specifically outlined below;
- Corresponding extensively with Cassels, Osler, management of the Company ("Management"), Scott Secord, the Company's Chief Restructuring Officer ("CRO"), Leonard Law Group ("Leonard Law"), U.S. counsel to the Company, Kenneth Eiler (the "Oregon Receiver") and Lane Powell PC ("Lane Powell"), counsel to the Oregon Receiver (together with Leonard Law, the Oregon Receiver and Lane Powell, the "U.S. Professionals"), concerning all matters in the Oregon receivership proceedings (the "Oregon Proceedings") and coordination thereof with the CCAA proceedings;
- Maintaining the Service List in these proceedings on the Monitor's website;
- Reviewing and commenting on all Court materials prepared in connection with the Company's hearing scheduled on August 31, 2023 ("Sale Approval Motion"), including:
  - the motion record of the Applicant dated August 18, 2023;
  - the Affidavit of Scott Secord sworn August 18, 2023 in support of the Sale Approval Motion;
  - the Asset Purchase Agreement dated August 11, 2023 (the "APA") wherein APCO LLC would acquire substantially all of the assets of the Chalice Group (the "Transaction");

- the Approval and Vesting Order contemplated by the APA; and
- an order extending the stay of proceedings to and including October 31, 2023;
- Preparing the Monitor’s Third Report to Court dated August 28, 2023 (the “Third Report”) in connection with the Sale Approval Motion;
- Assisting the Company to extend its cash flow projection for the period ending October 31, 2023 which was appended to the Third Report;
- Finalizing the statutory reports on cash flow filed by the Company and KSV, as CCAA Monitor;
- Corresponding extensively with the CRO, Cassels and Osler regarding the Third Report;
- Reviewing the Oregon Receiver’s motions filed in the Oregon Proceedings, including its Motion for Authority to Sell Property Free and Clear of Liens and Interests dated August 11, 2023 and Motion to Determine Validity of Liens on Purchased Assets dated August 11, 2023;
- Reviewing the Declaration of the Oregon Receiver dated August 11, 2023; and
- Reviewing the Circuit Court of the State of Oregon’s Order Authorizing Sale Free and Clear dated August 31, 2023 in connection with approval of the Transaction pursuant to the APA.

#### **Operational Matters**

- Corresponding on a regular basis with the CRO to discuss operational, suppliers and customer issues;
- Corresponding extensively with Management and the CRO to monitor and review purchases and payments, and support discussions with various stakeholders;
- Attending weekly calls to discuss the restructuring process with Osler, Cassels and the U.S. Professionals;

#### **Cash Flow & Cash Management**

- Corresponding with Management and the CRO to discuss the funding needs and operational concerns of the Oregon receivership entities;

#### **Other**

- Convening internal meetings; and
- Dealing with all other matters not otherwise referred to herein.

Fees	\$ 32,925.00
HST	4,280.25
Total due	<u>\$ 37,205.25</u>



KSV Restructuring Inc.  
Chalice Brands Ltd.

**Time Summary**

For the period August 1, 2023 to August 31, 2023

<b>Personnel</b>	<b>Rate (\$)</b>	<b>Hours</b>	<b>Amount (\$)</b>
Noah Goldstein	700	35.20	24,640.00
Eli Brenner	535	2.00	1,070.00
Christian Vit	450	14.85	6,682.50
Other Staff and administration	175-210	2.65	532.50
Total fees		<u>54.70</u>	<u>32,925.00</u>

Attached is Exhibit "B"

Referred to in the

AFFIDAVIT OF NOAH GOLDSTEIN

Sworn before me

this 25<sup>th</sup> day of September, 2023



---

Rajinder Kashyap, a Commissioner, etc.,  
Province of Ontario, for KSV Restructuring Inc.  
Expires January 27, 2024

**Chalice Brands Ltd. (the "Applicant")**  
**Schedule of Professionals' Time and Rates**  
**For the Period of April 6, 2023 to August 31, 2023**

Name	Role	Hours	Billing Rate (Per Hour)	Total Fees by Professional (\$)
Noah Goldstein	Overall Responsibility	177.65	\$ 700	124,355
Eli Brenner	Mandate Assistance	37.25	\$ 535	19,929
Christian Vit	All aspects of mandate	110.40	\$ 450	49,680
Meg Ostling	Mandate Assistance	42.45	\$ 425	18,041
Other staff and administrative		7.45	\$ 175 - 225	2,713
Total hours				375.20
Total fees				<u>\$ 214,717.50</u>
Average hourly rate				572.27

## **Appendix “D”**

**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.

**AFFIDAVIT OF RYAN JACOBS  
(sworn September 25, 2023)**

I, Ryan Jacobs, of the City of Toronto, in the Province of Ontario, MAKE OATH  
AND SAY:

1. I am a lawyer qualified to practice law in Ontario and a Partner<sup>1</sup> with Cassels Brock & Blackwell LLP ("**Cassels**"), counsel for KSV Restructuring Inc., in its capacity as monitor (the "**Monitor**") appointed pursuant to the Initial Order of the Ontario Superior Court of Justice (Commercial List) granted in these proceedings on May 23, 2023. As such, I have knowledge of the matters to which I depose.

2. During the period from May 12, 2023 to September 24, 2023, Cassels incurred fees and disbursements, including HST, in the amount of \$204,343.45. Particulars of the work performed are contained in the invoices (the "**Invoices**") attached hereto and marked as **Exhibit "A"** to this affidavit.

3. Attached as **Exhibit "B"** is a schedule with tables summarizing each Invoice in Exhibit "A", including the total billable hours charged per Invoice, the total fees

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<sup>1</sup> My services are provided through a professional corporation.

charged per Invoice and the average hourly rate charged per Invoice. The average hourly rate charged by Cassels is \$1,006.07.

4. Attached as **Exhibit "C"** is a schedule summarizing the respective years of call and billing rates of each individual at Cassels who acted for the Monitor, as the case may be.

5. To complete the remaining activities in respect of this proceeding, Cassels and the Monitor estimate that they will incur up to an aggregate of \$150,000 plus HST in fees and disbursements (the "**Estimated Remaining Fees**"). Cassels and the Monitor therefore seek approval of the Estimated Remaining Fees, in addition to the approval of actual fees to date. By seeking approval in advance for the Estimated Remaining Fees, Cassels and the Monitor will avoid the need to bring a separate fee approval motion later, which will minimize further professional fees.

6. For the sake of clarity, to the extent that the actual future fees of Cassels and the Monitor are less than the Estimated Remaining Fees, both Cassels and the Monitor will only charge the lesser amount.

7. To the best of my knowledge, the rates charged by Cassels throughout the course of these proceedings are comparable to the rates charged by other law firms in the Toronto market for the provision of similar services, and the rates charged by Cassels for services rendered in similar proceedings.

8. I make this affidavit in support of a motion for, *inter alia*, approval of the fees and disbursements of counsel of the Monitor, and for no other or improper purpose.

**SWORN BEFORE ME** by video conference on this 25th day of September 2023. The affiant and I both were located the City of Toronto in the Province of Ontario. This affidavit was commissioned remotely in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



*Alec Hoy*

\_\_\_\_\_  
A commissioner for Taking Affidavits  
(or as may be)

\_\_\_\_\_  
RYAN JACOBS

Commissioner Name: Alec Hoy  
Law Society of Ontario Number: 85489K

This is Exhibit "A" referred to in the affidavit of Ryan Jacobs, affirmed before me by videoconference on September 25, 2023 in accordance with O. Reg. 431/20. The affiant was located in the City of Toronto in the Province of Ontario and I was located in the City of Toronto in the Province of Ontario.

*Alec Hoy*

.....  
A Commissioner for Taking Affidavits

Commissioner Name: Alec Hoy  
Law Society of Ontario Number: 85489K



**EXHIBIT "A"**

**True Copies of the Invoices issued to the Monitor  
for fees and disbursements incurred by  
Cassels Brock & Blackwell LLP**

# Cassels

Attn: Noah Goldstein  
KSV Advisory  
150 King St W, Suite 2308  
Toronto, ON M5H 1J9

Invoice No: 2201847  
Date: June 02, 2023  
Matter No.: 057984-00010  
GST/HST No.: R121379572  
Lawyer: Jacobs, Ryan  
Tel.: (416) 860-6465  
E-mail: RJacobs@cassels.com

Re: Chalice Brands – Restructuring

---

Fees for professional services rendered up to and including May 31, 2023

Our Fees	60,577.50
HST @ 13.00%	7,875.08
<b>TOTAL DUE (CAD)</b>	<b>68,452.58</b>

*We are committed to protecting the environment.*

*Please provide your email address to [payments@cassels.com](mailto:payments@cassels.com) to receive invoice and reminder statements electronically.*

**Payment due upon receipt. Please return remittance advice(s) with cheque.**

**REMITTANCE ADVICE: Email payment details to [payments@cassels.com](mailto:payments@cassels.com)**

**CAD EFT and Wire:**

Bank of Nova Scotia  
44 King St. West,  
Toronto, ON, M5H 1H1

Bank I.D.: 002  
Transit No.: 47696  
Account No.: 0073911  
Swift Code: NOSCCATT  
ABA No.: 026002532

**Cheque Payments:**

Cassels Brock & Blackwell LLP  
Finance & Accounting (Receipts)  
Suite 3200, Bay Adelaide Centre - North Tower  
40 Temperance St., Toronto, ON, M5H 0B4 Canada

**Online Bill Payments:**

Vendor name is **Cassels Brock Blackwell LLP** and you are required to enter the first six digits of the matter #

Invoice No: 2201847  
Matter No.: 057984-00010  
Amount: **CAD 68,452.58**

**e-Transfer Payments:** [payments@cassels.com](mailto:payments@cassels.com)

**Credit Card Payments:** [payments.cassels.com](http://payments.cassels.com)

---

**Cassels Brock Blackwell LLP** | [cassels.com](http://cassels.com)

Suite 3200, Bay Adelaide Centre - North Tower, 40 Temperance Street, Toronto, ON M5H 0B4 Canada | t: 416 869 5300 | f: 416 360 8877

FEE DETAIL			
Date	Name	Description	Hours
May-12-23	R. Jacobs	Begin review of initial affidavit, intercompany analysis.	1.00
May-15-23	J. Bornstein	Instructions to A Hoy regarding file background and data room materials review; Call with R Jacobs re affidavit and debt profile; Emails with R Jacobs and N Goldstein re same;	0.20
May-15-23	R. Jacobs	Begin review of initial affidavit, corporate structure and lease analysis. Correspondence with N. Goldstein regarding timing and report. Correspondence with J. Bornstein.	1.30
May-16-23	J. Bornstein	Analyze affidavit, org chart and debt structure; Instructions to A Hoy regarding data room review;	1.20
May-16-23	R. Jacobs	Examine affidavit. Consider strategic options including recognition of receivership. Call with N. Goldstein.	1.10
May-16-23	A. Hoy	Review of documents for initial filing; organizing data room documents	0.40
May-17-23	A. Hoy	Reviewing background documents for CCAA filing (draft Affidavit, Security documents, lease provisions)	1.50
May-17-23	R. Jacobs	Strategy meeting with M. Wasserman (Osler) and client regarding filing structure and objectives. Further review of affidavit and consider US company filings in Canada. Correspondence with N. Goldstein (KSV) regarding receivership.	1.20
May-18-23	R. Jacobs	Discuss filing timing with N. Goldstein. Review updated initial affidavit.	0.80
May-19-23	J. Bornstein	Analyze revised affidavit; Call with Company and advisors regarding CCAA and receivership open issues for filing and emails with Osler and KSV team re same;	1.00
May-19-23	R. Jacobs	Attend filing prep meeting with Osler, Oregon counsel, Company and KSV teams. Begin review of initial materials circulated by Osler. Discussions with J. Bornstein regarding issues on same.	2.00
May-20-23	J. Bornstein	Analyze and comments on initial order; Call with R Jacobs re same; Emails with KSV team re same; Email to Osler team re same; Emails and call with Cassels, KSV and Osler teams regarding funding and cash position; Call with R Jacobs re same;	2.20
May-20-23	R. Jacobs	Meeting with Osler, KSV and Cassels teams regarding receivership issues, intercompany funding and initial relief. Meeting with J. Bornstein regarding initial relief and comment on drafts of IO, factum and receivership materials. Calls with N. Goldstein regarding funding strategy and scope of stay relief. Review emails regarding same. Brief initial review of draft pre-filing report.	3.60
May-21-23	R. Jacobs	Review and comment on latest draft initial application materials, receivership materials, and draft KSV report. Calls and meetings with KSV team, J. Bornstein regarding same. Review emails from Osler regarding bridge loans and strategy. Review cash flows.	3.80

<b>Date</b>	<b>Name</b>	<b>Description</b>	<b>Hours</b>
May-21-23	J. Bornstein	Emails with Cassels and KSV team regarding filing matters; Call with R Jacobs and N Goldstein re same; Analyze and revise report; Emails with Osler team re same; Emails with Osler team re outstanding issues for filing and comments on orders;	3.00
May-22-23	J. Bornstein	Analyze revised orders and application materials; Analyze and finalize Monitor's report; Email to Court; Emails with Cassels and KSV team re same;	1.00
May-22-23	R. Jacobs	Review and comment on latest draft initial application material. Correspondence with KSV and Cassels teams regarding pre-filing report and finalize same. Review updates regarding receivership application and next steps. Advise N. Goldstein (KSV) regarding funding issues, scope of stay and comeback issues.	2.30
May-23-23	J. Bornstein	Serve Monitor's report; Prepare for and attend initial application; Analyze application record; Emails and calls with N Goldstein and R Jacobs re same; Instructions to A Hoy regarding analyzing data room materials; Swear affidavit of service; Instructions to A Maciel re same and filing;	2.20
May-23-23	R. Jacobs	Prep for initial order hearing. Update correspondence with N. Goldstein and J. Bornstein regarding outcome of same and ARIO relief including SISP and related terms.	1.30
May-23-23	A. Hoy	Reviewing Affidavit for Initial Comments	1.40
May-24-23	J. Bornstein	Analyze and comment on SISP and SISP Approval order; Emails and calls with Torys and Cassels teams re same; Emails with KSV team re same;	3.80
May-24-23	A. Hoy	Reviewing Initial Affidavit for Comments; Commenting on SISP and SISP Order	2.70
May-24-23	R. Jacobs	Review and comment on draft SISP and SISP order. Calls and correspondence with N. Goldstein and J. Bornstein regarding same Consider cross border and jurisdiction, liability issues. Advise on same.	2.40
May-25-23	J. Bornstein	Analyze and comment on Company court materials; Emails and calls with R Jacobs re same; Emails with Osler and KSV teams re same;	1.50
May-25-23	A. Hoy	Reviewing comments on draft SISP Order and SISP draft	0.80
May-25-23	R. Jacobs	Review and comment on draft SISP and order. Correspondence with KSV and Osler team regarding same. Update calls with. Bornstein regarding strategy on receivership order. Meeting with N. Goldstein and J. Bornstein regarding ARIO and SISP.	2.00
May-26-23	J. Bornstein	Analyze and comment on Company's court materials; Emails with Osler and KSV team re same; Calls with K Esaw re same; Calls and emails with R Jacobs re same;	3.50
May-26-23	R. Jacobs	Review and comment on latest draft motion materials and affidavit for ARIO and SISP order. Review revised receivership order approving SISP. Correspondence with J.	2.00

Date	Name	Description	Hours
		Bornstein and N. Goldstein regarding same. Advise KSV regarding issues on same.	
May-28-23	R. Jacobs	Begin review of draft first report. Correspondence with J. Bornstein regarding same.	0.50
May-29-23	J. Bornstein	Analyze and revise Monitor's report; Emails and call with R Jacobs re same; Emails with Monitor team re same; Emails with Osler team re same; Analyze and comment on notice to creditors; Emails regarding potential directors charge and updates to Company's court materials;	2.00
May-29-23	A. Hoy	Preparing service materials	0.60
May-29-23	R. Jacobs	Review Osler comments on draft Monitor's report and email correspondence with KSC regarding same. Review email update from K. Esaw regarding Chalice employees and adding applicant to CCAA, necessity for D&O charge and revision to ARIO materials.	1.20
May-30-23	J. Bornstein	Analyze Monitor's Report; Emails regarding service; Instructions to A Hoy re same;	0.30
May-30-23	A. Hoy	Serving first report of Monitor on service list	0.40
May-30-23	R. Jacobs	Finalize Monitor's report. Review emails regarding Workforce as CCAA applicant and attend meeting with Osler team regarding same. Correspondence with M. Wasserman. Prep with J. Bornstein for ARIO hearing.	1.20
May-31-23	R. Jacobs	Prep for comeback hearing. Meet with J. Bornstein regarding same.	0.50

**FEE SUMMARY**

Name	Title	Hours	Rate	Amount
Jacobs, Ryan	Partner	28.20	1,500.00	42,300.00
Bornstein, Jeremy	Partner	21.90	685.00	15,001.50
Hoy, Alec	Associate	7.80	420.00	3,276.00
<b>Total (CAD)</b>		<b>57.90</b>		<b>60,577.50</b>

Our Fees 60,577.50

HST @ 13.00% 7,875.08

**TOTAL FEES & TAXES (CAD) 68,452.58**

**TOTAL FEES 60,577.50**

**TOTAL TAXES 7,875.08**

**TOTAL FEES & TAXES (CAD) 68,452.58**

# Cassels

Attn: Noah Goldstein  
KSV Advisory  
150 King St W, Suite 2308  
Toronto, ON M5H 1J9

Invoice No: 2206246  
Date: July 20, 2023  
Matter No.: 057984-00010  
GST/HST No.: R121379572  
Lawyer: Jacobs, Ryan  
Tel.: (416) 860-6465  
E-mail: RJacobs@cassels.com

Re: Chalice Brands – Restructuring

---

Fees for professional services rendered up to and including June 30, 2023

Our Fees	41,245.00
HST @ 13.00%	5,361.85
<b>TOTAL DUE (CAD)</b>	<b>46,606.85</b>

*We are committed to protecting the environment.*

*Please provide your email address to [payments@cassels.com](mailto:payments@cassels.com) to receive invoice and reminder statements electronically.*

**Payment due upon receipt. Please return remittance advice(s) with cheque.**

**REMITTANCE ADVICE: Email payment details to [payments@cassels.com](mailto:payments@cassels.com)**

**CAD EFT and Wire:**

Bank of Nova Scotia  
44 King St. West,  
Toronto, ON, M5H 1H1

Bank I.D.: 002  
Transit No.: 47696  
Account No.: 0073911  
Swift Code: NOSCCATT  
ABA No.: 026002532

**Cheque Payments:**

Cassels Brock & Blackwell LLP  
Finance & Accounting (Receipts)  
Suite 3200, Bay Adelaide Centre - North Tower  
40 Temperance St., Toronto, ON, M5H 0B4 Canada

**Online Bill Payments:**

Vendor name is **Cassels Brock Blackwell LLP** and you are required to enter the first six digits of the matter #

Invoice No: 2206246  
Matter No.: 057984-00010  
Amount: **CAD 46,606.85**

**e-Transfer Payments:** [payments@cassels.com](mailto:payments@cassels.com)

**Credit Card Payments:** [payments.cassels.com](http://payments.cassels.com)

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Suite 3200, Bay Adelaide Centre - North Tower, 40 Temperance Street, Toronto, ON M5H 0B4 Canada | t: 416 869 5300 | f: 416 360 8877

FEE DETAIL			
Date	Name	Description	Hours
May-31-23	A. Hoy	Serving Report on bounceback parties; filing documents with Caselines	0.90
Jun-01-23	J. Bornstein	Prepare for and attend ARIO and sale process approval hearing; Analyze proposed form of NDA; Emails with Cassels and KSV team re same; Emails with Osler team re same;	3.00
Jun-01-23	A. Hoy	Uploading First Report to Caselines	0.20
Jun-02-23	J. Bornstein	Emails with Osler regarding asset purchase agreement and receivership sale process approval hearing; Emails with court resale process approval order; Emails with KSV team re NDA;	0.20
Jun-02-23	M. Wunder	Security review. Review PPSA lien filing summary.	1.40
Jun-02-23	R. Jacobs	Call with J. Bornstein regarding prep for comeback hearing. Review proposed NDA for SISF and correspondence with N. Goldstein regarding same.	1.00
Jun-02-23	R. Jacobs	Review update from Osler regarding receivership order and SISF. Correspondence regarding form of NDA.	0.30
Jun-03-23	J. Bornstein	Analyze asset purchase agreement; Emails with Cassels team re same; Call with M Lungu re same;	5.20
Jun-03-23	M. Lungu	Review of APA; call with J. Bornstein;	0.70
Jun-03-23	R. Jacobs	Review email from Osler regarding revisions on form NDA. Correspondence with KSV regarding same. Correspondence with J. Bornstein regarding review of APA.	1.00
Jun-04-23	M. Lungu	Review of APA; revised APA: email to J. Bornstein;	2.60
Jun-04-23	R. Jacobs	Review draft APA. Correspondence with J. Bornstein regarding same.	1.20
Jun-04-23	J. Bornstein	Analyze and revise APA; Emails with Cassels team re same; Emails with Cassels and KSV team re NDA; Emails with Osler team re same;	1.00
Jun-05-23	M. Lungu	Call with J. Bornstein to review purchase agreement comments; review of revised purchase agreement; review of emails within working group;	1.10
Jun-05-23	R. Jacobs	Finalize comments on draft form of APA. Review comments from KSV regarding same. Review and comment on draft teaser.	1.30
Jun-05-23	J. Bornstein	Call with M Lungu regarding APA; Emails with Cassels and KSV team re same; Analyze and revise APA; Emails with Osler team re same; Emails; Emails with KSV, Cassels and Osler team re teaser; Analyze and comment on same;	1.00
Jun-05-23	M. Wunder	Continue work on security review.	1.30
Jun-06-23	M. Wunder	Review security and supporting documents in connection with security report for Monitor.	1.80
Jun-06-23	R. Jacobs	Correspondence with J. Bornstein regarding draft form APA, teaser and SISF next steps.	0.50
Jun-07-23	M. Wunder	Security review.	1.70
Jun-09-23	R. Jacobs	Email correspondence regarding template APA, SISF process	1.00

<b>Date</b>	<b>Name</b>	<b>Description</b>	<b>Hours</b>
		and case timing.	
Jun-19-23	J. Bornstein	Emails with Monitor, Receiver and Company teams regarding potential secured creditor objections;	0.20
Jun-20-23	J. Bornstein	Call with Osler, Monitor and Receiver team regarding secured creditors; Emails with R. Jacobs re same; Analyze motion records and loan and security documents re same;	1.20
Jun-21-23	M. Lungu	Review of emails from J. Bornstein re sale process;	0.40
Jun-21-23	J. Bornstein	Emails from receiver regarding tax liability and secured creditors; Initial analysis of secured creditor table; Instructions to A Hoy regarding analysis of Homegrown loan and security documents; Emails with KSV regarding APA and emails with Cassels team re same and SISP update; Emails to M. Lungu re sales process;	0.50
Jun-21-23	A. Hoy	Review of Homegrown Security Agreement and Promissory Note re claims of security against licences	1.60
Jun-22-23	A. Hoy	Review of security documents re granting of security in licenses	0.40
Jun-23-23	J. Bornstein	Prepare for and attend update call; Analyze Homegrown security analysis re same; Call with N Goldstein regarding update call; Email from US counsel regarding analysis of security and analyze same;	1.50
Jun-23-23	R. Jacobs	Review email advice from US counsel on homegrown security interests. Correspondence with KSV regarding same. Correspondence with J. Bornstein regarding SISP.	1.50
Jun-27-23	R. Jacobs	Review proposed draft release from directors received from Osler. Advice to KSV re same.	0.60
Jun-28-23	J. Bornstein	Analyze release; Emails with Osler, Cassels and KSV teams re same; Call with M Lungu regarding sales process;	0.50
Jun-28-23	R. Jacobs	Review revised agreement received from Osler. Advise KSV regarding same.	0.30
Jun-29-23	J. Bornstein	Emails with Osler and receiver regarding release; Emails with KSV team re bid; Analyze and summarize same;	1.90
Jun-29-23	R. Jacobs	Review LOI received and email correspondence with N. Goldstein and Cassels team regarding terms and issues.	2.00
Jun-30-23	J. Bornstein	Update call with Osler, Company and Receiver; Emails with Cassels team re same; Emails regarding bids and analyze same; Analyze homegrown motion materials;	1.00
Jun-30-23	M. Lungu	Emails with J. Bornstein; preliminary review of bids;	0.80
Jun-30-23	R. Jacobs	Initial review of bids received. Discussion with N. Goldstein and J. Bornstein. Attend update call with Company and advisors.	1.30



<b>FEE SUMMARY</b>				
<b>Name</b>	<b>Title</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Bornstein, Jeremy	Partner	17.20	685.00	11,782.00
Lungu, Michael	Partner	5.60	735.00	4,116.00
Jacobs, Ryan	Partner	12.00	1,500.00	18,000.00
Wunder, Michael	Partner	6.20	975.00	6,045.00
Hoy, Alec	Associate	3.10	420.00	1,302.00
<b>Total (CAD)</b>		<b>44.10</b>		<b>41,245.00</b>
Our Fees		41,245.00		
HST @ 13.00%		5,361.85		
<b>TOTAL FEES &amp; TAXES (CAD)</b>				<b>46,606.85</b>
<b>TOTAL FEES</b>				<b>41,245.00</b>
<b>TOTAL TAXES</b>				<b>5,361.85</b>
<b>TOTAL FEES &amp; TAXES (CAD)</b>				<b>46,606.85</b>

# Cassels

Attn: Noah Goldstein  
KSV Advisory  
150 King St W, Suite 2308  
Toronto, ON M5H 1J9

Invoice No: 2208793  
Date: August 15, 2023  
Matter No.: 057984-00010  
GST/HST No.: R121379572  
Lawyer: Jacobs, Ryan  
Tel.: (416) 860-6465  
E-mail: RJacobs@cassels.com

Re: Chalice Brands – Restructuring

---

Fees for professional services rendered up to and including July 31, 2023

Our Fees	32,032.50
HST @ 13.00%	4,164.23
<b>TOTAL DUE (CAD)</b>	<b>36,196.73</b>

*We are committed to protecting the environment.*

*Please provide your email address to [payments@cassels.com](mailto:payments@cassels.com) to receive invoice and reminder statements electronically.*

**Payment due upon receipt. Please return remittance advice(s) with cheque.**

**REMITTANCE ADVICE: Email payment details to [payments@cassels.com](mailto:payments@cassels.com)**

**CAD EFT and Wire:**

Bank of Nova Scotia  
44 King St. West,  
Toronto, ON, M5H 1H1

Bank I.D.: 002  
Transit No.: 47696  
Account No.: 0073911  
Swift Code: NOSCCATT  
ABA No.: 026002532

**Cheque Payments:**

Cassels Brock & Blackwell LLP  
Finance & Accounting (Receipts)  
Suite 3200, Bay Adelaide Centre - North Tower  
40 Temperance St., Toronto, ON, M5H 0B4 Canada

**Online Bill Payments:**

Vendor name is **Cassels Brock Blackwell LLP** and you are required to enter the first six digits of the matter #

Invoice No: 2208793  
Matter No.: 057984-00010  
Amount: **CAD 36,196.73**

**e-Transfer Payments:** [payments@cassels.com](mailto:payments@cassels.com)

**Credit Card Payments:** [payments.cassels.com](http://payments.cassels.com)

---

**Cassels Brock Blackwell LLP** | [cassels.com](http://cassels.com)

Suite 3200, Bay Adelaide Centre - North Tower, 40 Temperance Street, Toronto, ON M5H 0B4 Canada | t: 416 869 5300 | f: 416 360 8877

FEE DETAIL			
Date	Name	Description	Hours
Jul-01-23	R. Jacobs	Review bids received. Correspondence with Cassels team and KSV regarding same. Consider tax payment obligations in the US and SISP next steps.	2.20
Jul-02-23	M. Lungu	Emails with J. Bornstein regarding status;	0.20
Jul-03-23	R. Jacobs	Review email update from US counsel on bid issues and payment obligations. Correspondence with KSV team regarding same.	1.00
Jul-04-23	R. Jacobs	Correspondence with KSV regarding bids and next steps.	0.50
Jul-06-23	M. Lungu	Emails with J. Bornstein;	0.20
Jul-07-23	J. Bornstein	Update call with receiver, Monitor and counsel for the company;	0.20
Jul-10-23	R. Jacobs	Review update regarding bids and taxes.	0.30
Jul-12-23	J. Bornstein	Analyze consent agreement; Emails with KSV team and Osler team re same; Emails with KSV and Cassels teams regarding sale update;	0.40
Jul-14-23	R. Jacobs	Review email update on revised LOI. Correspondence with KSV regarding same.	0.50
Jul-14-23	J. Bornstein	Update call with Company, receiver and advisors; Emails with receiver's counsel regarding revised term sheet; Emails with Cassels team re same;	0.80
Jul-16-23	R. Jacobs	Review email from K. Esaw (Osler) and summary update from US hearing. Correspondence with N. Goldstein (KSV) and advice regarding same.	1.20
Jul-17-23	R. Jacobs	Review email update from Osler regarding status of bids and intercompany loan. Consider issues regarding funding request and diligence regarding same. Correspondence with KSV and J. Bornstein regarding same.	1.40
Jul-17-23	J. Bornstein	Email from Osler regarding HomeGrown's motion in the receivership and anticipated relief to be sought in the CCAA; Analyze orders and email summary from the receiver re same; Emails and discussions with R Jacobs and N Goldstein regarding consent to intercompany loan; Analyze consent and US orders re same; Analyze ARIO re same;	1.20
Jul-18-23	J. Bornstein	Emails with Osler and KSV teams re extension of SISP deadlines; Emails with Cassels team and analyze SISP re same; Emails with KSV and Cassels teams regarding interim financing and consider same; Email from counsel for Homegrown and analyze letter re same;	0.80
Jul-18-23	R. Jacobs	Meeting with N. Goldstein (KSV) and J. Bornstein regarding loan to receiver and diligence on priority of same. Review responses from K. Esaw (Osler) regarding same and advise KSV. Correspondence regarding scope of report.	1.40
Jul-19-23	J. Bornstein	Emails and Osler and KSV team regarding stay extension hearing and affidavit; Analyze draft affidavit regarding same; Emails with Cassels and KSV team regarding interim financing and consider same;	0.60

<b>Date</b>	<b>Name</b>	<b>Description</b>	<b>Hours</b>
Jul-19-23	R. Jacobs	Email correspondence with Osler and then Cassels and KSV regarding loan. Review responses from Osler on priority. Advise KSV regarding consent. Review affidavit for stay extension hearing and correspondence with N. Goldstein regarding report.	1.60
Jul-20-23	J. Bornstein	Emails with KSV team and Osler team regarding interim funding; Emails regarding execution of acknowledgement and consent re same;	0.20
Jul-21-23	R. Jacobs	Attend weekly meeting with Receiver and counsel regarding case update and strategic initiatives. Correspondence with KSV regarding stay extension motion, funding loan and consent. Correspondence with N. Goldstein and J. Bornstein regarding same.	1.50
Jul-23-23	J. Bornstein	Analyze and revise Monitor's report; Emails with KSV team and R Jacobs re same;	2.70
Jul-23-23	R. Jacobs	Begin review of draft second report. Correspondence with KSV and J. Bornstein regarding same.	1.10
Jul-24-23	J. Bornstein	Analyze and revise monitor's report; Emails with Cassels and KSV teams re same; Emails with Osler team re same;	0.80
Jul-24-23	R. Jacobs	Review and comment on draft second report. Call and correspondence with J. Bornstein and N. Goldstein regarding same.	1.10
Jul-24-23	A. Hoy	Preparing documents for service; drafting Affidavit of Service	0.40
Jul-25-23	R. Jacobs	Review Osler markup of second report. Correspondence with Cassels and KSV teams regarding same. Review factum.	1.30
Jul-25-23	J. Bornstein	Emails with Cassels, KSV and Osler team regarding Monitor's report; Analyze report regarding same; Instructions regarding service;	0.30
Jul-25-23	A. Hoy	Finalizing Report for service; serving motion	0.50
Jul-26-23	W. Onyeaju	Commissioning Affidavit of Service of A. Hoy.	0.10
Jul-26-23	R. Jacobs	Correspondence with J. Bornstein and N. Goldstein regarding prep for hearing.	0.50
Jul-26-23	A. Hoy	Filing documents with Court & swearing Affidavit of Service	0.30
Jul-27-23	R. Jacobs	Update call with J. Bornstein regarding stay extension hearing. Correspondence with N. Goldstein regarding next steps.	0.50
Jul-27-23	J. Bornstein	Prepare for and attend stay extension hearing; Call with R Jacobs re same;	0.90
Jul-28-23	R. Jacobs	Review stay extension order. Correspondence with N. Goldstein (KSV) regarding update and case strategy.	0.40
Jul-28-23	J. Bornstein	Update call with Company and advisors;	0.50

<b>FEE SUMMARY</b>				
<b>Name</b>	<b>Title</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Bornstein, Jeremy	Partner	9.40	685.00	6,439.00
Jacobs, Ryan	Partner	16.50	1,500.00	24,750.00
Lungu, Michael	Partner	0.40	735.00	294.00
Onyeaju, William	Associate	0.10	455.00	45.50
Hoy, Alec	Associate	1.20	420.00	504.00
<b>Total (CAD)</b>		<b>27.60</b>		<b>32,032.50</b>
<hr/>				
Our Fees		32,032.50		
HST @ 13.00%		4,164.23		
<b>TOTAL FEES &amp; TAXES (CAD)</b>				<b>36,196.73</b>
<hr/>				
<b>TOTAL FEES</b>				<b>32,032.50</b>
<b>TOTAL TAXES</b>				<b>4,164.23</b>
<b>TOTAL FEES &amp; TAXES (CAD)</b>				<b>36,196.73</b>



Attn: Noah Goldstein  
KSV Advisory  
150 King St W, Suite 2308  
Toronto, ON M5H 1J9

Invoice No: 2212451  
Date: September 25, 2023  
Matter No.: 057984-00010  
GST/HST No.: R121379572  
Lawyer: Jacobs, Ryan  
Tel.: (416) 860-6465  
E-mail: RJacobs@cassels.com

Re: Chalice Brands – Restructuring

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Fees for professional services rendered up to and including September 25, 2023

Our Fees	46,836.00
Disbursements	143.90
Total Fees and Disbursements	46,979.90
HST @ 13.00%	6,107.39
<b>TOTAL DUE (CAD)</b>	<b>53,087.29</b>

*We are committed to protecting the environment.*

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44 King St. West,  
Toronto, ON, M5H 1H1

Bank I.D.: 002  
Transit No.: 47696  
Account No.: 0073911  
Swift Code: NOSCCATT  
ABA No.: 026002532

**Cheque Payments:**

Cassels Brock & Blackwell LLP  
Finance & Accounting (Receipts)  
Suite 3200, Bay Adelaide Centre - North Tower  
40 Temperance St., Toronto, ON, M5H 0B4 Canada

**Online Bill Payments:**

Vendor name is **Cassels Brock Blackwell LLP** and  
you are required to enter the first six digits of the  
matter #

Invoice No: 2212451  
Matter No.: 057984-00010  
Amount: **CAD 53,087.29**

**e-Transfer Payments:** [payments@cassels.com](mailto:payments@cassels.com)

**Credit Card Payments:** [payments.cassels.com](http://payments.cassels.com)

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**Cassels Brock Blackwell LLP** | [cassels.com](http://cassels.com)

Suite 3200, Bay Adelaide Centre - North Tower, 40 Temperance Street, Toronto, ON M5H 0B4 Canada | t: 416 869 5300 | f: 416 360 8877

FEE DETAIL			
Date	Name	Description	Hours
Aug-04-23	J. Bornstein	Update call with Company and receiver; Email to M Lungu and R Jacobs re same; Email update from Company re potential transaction;	0.40
Aug-07-23	J. Bornstein	Emails with KSV and Cassels teams regarding APCO APA;	0.20
Aug-07-23	R. Jacobs	Review revised offer received and identify issues. Correspondence with Cassels team regarding same.	1.20
Aug-07-23	M. Lungu	Initial review of APA; email to J. Bornstein;	0.70
Aug-08-23	R. Jacobs	Review markup and issues list on APA and discussion with J. Bornstein and N. Goldstein regarding same.	1.00
Aug-08-23	J. Bornstein	Analyze and comment on APCO APA; Emails with Cassels and KSV teams re same; Emails and call with Osler team re same;	3.10
Aug-09-23	J. Bornstein	Call with KSV regarding APCO purchase agreement; Emails with Osler team re same;	0.30
Aug-09-23	R. Jacobs	Review update from receiver on status of APA negotiations and issues. Review APA and correspondence with J. Bornstein regarding advice to KSV.	1.20
Aug-10-23	R. Jacobs	Review APA and correspondence regarding comments on same with J. Bornstein. Review update emails from J. Bornstein and K. Esaw. Correspondence with N. Goldstein.	1.30
Aug-10-23	J. Bornstein	Emails with counsel for Company regarding court approval of transaction; Emails with counsel for the company and for the receiver regarding comments on APA; Analyze revised APA re same and emails with Cassels team re same;	0.20
Aug-11-23	J. Bornstein	Emails with receiver's counsel and KSV team regarding request for Monitor to sign the APA and finalizing deal terms; Email and call with counsel for purchaser regarding same;	0.50
Aug-11-23	R. Jacobs	Review updates on status of transaction and timing. Correspondence with J. Bornstein regarding same.	1.00
Aug-14-23	J. Bornstein	Update call with Company, Monitor and Receiver and counsel;	0.20
Aug-16-23	R. Jacobs	Review draft affidavit in support of APA approval. Correspondence with N. Goldstein and J. Bornstein regarding same.	1.00
Aug-16-23	J. Bornstein	Analyze and comment on affidavit; Email to R Jacobs re same;	1.90
Aug-17-23	R. Jacobs	Review and comment on draft affidavit. Discuss report with N. Goldstein. Correspondence with J. Bornstein.	1.00
Aug-17-23	J. Bornstein	Emails with Cassels and KSV team regarding affidavit; Analyze and comment on same; Emails with Osler team re same;	0.70
Aug-20-23	S. Kukulowicz	Exchanged emails with J. Bornstein regarding motion for and AVO and stay extension; review of notice of motion for AVO and stay extension;	0.80

<b>Date</b>	<b>Name</b>	<b>Description</b>	<b>Hours</b>
Aug-21-23	J. Bornstein	Email to Osler team regarding court attendance; Emails with S Kukulowicz re same;	0.10
Aug-22-23	S. Kukulowicz	Further review of motion record;	1.30
Aug-23-23	J. Bornstein	Emails and call with N Goldstein regarding report; Emails with Osler team re same;	0.20
Aug-23-23	R. Jacobs	Call with N. Goldstein regarding objections to sale approval, content of report. Correspondence regarding hearing timing and Canadian hearing.	0.60
Aug-23-23	S. Kukulowicz	Exchanged emails with J. Bornstein regarding Monitors report on AVO and stay extension;	0.30
Aug-24-23	A. Hoy	Preparing service documents (service email, affidavit of service); reviewing & revising draft Report of the Monitor	1.20
Aug-24-23	J. Bornstein	Emails with KSV and Cassels team regarding report; Analyze and comment on same;	3.30
Aug-24-23	S. Kukulowicz	Review of draft report of the Monitor in support of the AVO and stay extension;	0.80
Aug-25-23	S. Kukulowicz	Review of revised report;	0.40
Aug-27-23	R. Jacobs	Review correspondence from R. Steffner regarding premium offer terms and timing. Review emails from trustee counsel and correspondence with KSV regarding same.	0.50
Aug-28-23	S. Kukulowicz	Review of update emails and telephone attendance with J. Bornstein regarding status; review of served report and confidential appendix;	1.40
Aug-28-23	J. Bornstein	Call with receiver and counsel and potential bidder; Emails with KSV team regarding serving report; Call with S Kukulowicz regarding hearing; Emails with D Criswell re same; Instructions to A Hoy regarding serving report; Emails with KSV team re same;	0.80
Aug-28-23	A. Hoy	Preparing documents for service; finalizing and serving Monitor's report and uploading to Caselines	0.80
Aug-29-23	W. Onyeaju	Commissioning affidavit of service of A. Hoy.	0.10
Aug-29-23	S. Kukulowicz	Review of factum in support of AVO and stay extension; review of draft orders; preparation for court hearing; review of update regarding Oregon hearing and simple stay extension;	2.20
Aug-29-23	A. Hoy	Filing Monitor's Report with Court; preparing documents for providing Confidential Appendix to Court	1.10
Aug-29-23	J. Bornstein	Initial analysis of factum; Emails with Osler team regarding Oregon hearing and stay extension motion; Analyze letter of intent; Emails with Receiver's counsel and KSV and Osler teams regarding same;	0.30
Aug-30-23	S. Kukulowicz	Telephone attendance with J. Bornstein regarding status; review of filings on caselines; review of email regarding adjournment of AVO and simple stay extension;	0.50
Aug-31-23	S. Kukulowicz	Attended hearing for extension of stay; reported to N. Goldstein;	0.50



Date	Name	Description	Hours
Aug-31-23	J. Bornstein	Emails with Cassels team regarding stay extension hearing; Emails with counsel for receiver regarding settlement with Bobsled;	0.10
Aug-31-23	C. Gendron	Prepare portions of the Monitor's Report; emails and discussions with J. Bornstein re revisions to the Monitor's Report;	1.50
Sep-05-23	C. Gendron	Further revisions to the Monitor's Report re Oregon hearing;	0.90
Sep-19-23	R. Jacobs	Review draft affidavit, and draft order. Call with KSV to advise on same.	1.00
Sep-19-23	J. Bornstein	Emails with Osler team regarding court materials; Call and emails with R Jacobs and N Goldstein re same;	0.30
Sep-20-23	J. Bornstein	Instructions to A Hoy regarding fee affidavit and reviewing and preparing for termination motion; Analyze and comment on affidavit and order; Emails with R Jacobs and N Goldstein re same; Emails with Osler team re same;	2.40
Sep-20-23	A. Hoy	Reviewing draft Affidavit; reviewing draft Termination & Discharge Order; preparing Fee affidavit; preparing AOS	2.00
Sep-21-23	J. Bornstein	Emails with Cassels, KSV and Osler teams regarding draft affidavit and order; Analyze same;	0.50
Sep-21-23	R. Jacobs	Review and comment on updated draft affidavit and order Advise KSV regarding same.	1.00
Sep-22-23	R. Jacobs	Correspondence with N. Goldstein regarding terms of order and comment on same. Correspondence with J. Bornstein. Correspondence regarding scope of report.	1.60
Sep-22-23	J. Bornstein	Analyze and comment on draft Order; Emails with Cassels, KSV and Osler team re same;	0.90
Sep-23-23	R. Jacobs	Brief review of report. Correspondence with N. Goldstein regarding same.	0.70
Sep-23-23	A. Hoy	Updating fee affidavit of Cassels	0.50
Sep-24-23	R. Jacobs	Comment on draft report. Comment on draft fee affidavit. Call and email with N. Goldstein and then Cassels team regarding same.	1.10
Sep-24-23	J. Bornstein	Analyze and revise Monitor's report; Emails with Cassels and KSV team re same; Email Osler team re same; Analyze fee affidavit; Emails with Cassels team re same;	2.40

**FEE SUMMARY**

Name	Title	Hours	Rate	Amount
Bornstein, Jeremy	Partner	18.80	685.00	12,878.00
Kukulowicz, Shayne	Partner	8.20	1,130.00	9,266.00
Jacobs, Ryan	Partner	14.20	1,500.00	21,300.00
Lungu, Michael	Partner	0.70	735.00	514.50
Onyeaju, William	Associate	0.10	455.00	45.50

<b>Name</b>	<b>Title</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Hoy, Alec	Associate	5.60	420.00	2,352.00
Gendron, Camély	Law Student	2.40	200.00	480.00
<b>Total (CAD)</b>		<b>50.00</b>		<b>46,836.00</b>

Our Fees	46,836.00
HST @ 13.00%	6,088.68
<b>TOTAL FEES &amp; TAXES (CAD)</b>	<b>52,924.68</b>

**DISBURSEMENT SUMMARY**

**Taxable Disbursements**

Copies	99.50
Binding, Tabs, Disks, etc	35.28
Delivery	9.12
Total Taxable Disbursements	143.90
HST @ 13.00%	18.71
Total Taxable Disbursements & Taxes	162.61

<b>TOTAL DISBURSEMENTS &amp; TAXES (CAD)</b>	<b>162.61</b>
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<b>TOTAL FEES</b>	<b>46,836.00</b>
<b>TOTAL DISBURSEMENTS</b>	<b>143.90</b>
<b>TOTAL TAXES</b>	<b>6,107.39</b>
<b>TOTAL FEES, DISBURSEMENTS &amp; TAXES (CAD)</b>	<b>53,087.29</b>

This is Exhibit "B" referred to in the affidavit of Ryan Jacobs, affirmed before me by videoconference on September-25, 2023 in accordance with O. Reg. 431/20. The affiant was located in the City of Toronto in the Province of Ontario and I was located in the City of Toronto in the Province of Ontario.

*Alec Hoy*

.....  
A Commissioner for Taking Affidavits

Commissioner Name: Alec Hoy  
Law Society of Ontario Number: 85489K

**EXHIBIT "B"**  
**Calculation of Average Hourly Billing Rates of**  
**Cassels Brock & Blackwell LLP**  
**for the period from May 12, 2023 to September 24, 2023**

<b>Invoice No./ Period</b>	<b>Fees (\$)</b>	<b>Disbursements (\$)</b>	<b>HST (\$)</b>	<b>Total Fees, Disbursements and HST (\$)</b>	<b>Hours Billed</b>	<b>Average Billed Rate (\$)</b>
2201847 May 12-23 to May 31-23	60,577.50	0.00	7,875.08	68,452.58	57.90	1,046.24
2206246 Jun 1-23 to Jun 30-23	41,245.00	0.00	5,361.85	46,606.85	44.10	935.26
2208793 Jul 1-23 to Jul 31-23	32,032.50	0.00	4,164.23	36,196.73	27.60	1,160.60
2212451 Aug 1-23 to Sep 24-23	46,836.00	143.90	6,107.39	53,087.29	50.00	936.72
<b>Total</b>	<b>180,691.00</b>	<b>143.90</b>	<b>23,508.55</b>	<b>204,343.45</b>	<b>179.60</b>	<b>1,006.07</b>

This is Exhibit "C" referred to in the affidavit of Ryan Jacobs, affirmed before me by videoconference on September 25, 2023 in accordance with O. Reg. 431/20. The affiant was located in the City of Toronto in the Province of Ontario and I was located in the City of Toronto in the Province of Ontario.

*Alec Hoy*

.....  
A Commissioner for Taking Affidavits

Commissioner Name: Alec Hoy  
Law Society of Ontario Number: 85489K

**EXHIBIT "C"**

**Billing Rates of Cassels Brock & Blackwell LLP**

**For the period from May 12, 2023 to September 24, 2023**

<b>Year of Call</b>	<b>Individual</b>	<b>Rate (\$)</b>	<b>Fees Billed (\$)</b>	<b>Hours Worked</b>
1990	Michael Wunder	975.00	6,045.00	6.20
1990	Shayne Kukulowicz	1,130.00	9,266.00	8.20
2009	Michael Lungu	735.00	4,924.50	6.70
2011	Ryan Jacobs	1,500.00	106,350.00	70.90
2014	Jeremy Bornstein	685.00	46,100.50	64.00
2021	William Onyeaju	455.00	91.00	0.20
2022	Alec Hoy	420.00	7,434.00	17.70
	Camely Gendron (Law Student)	200.00	480.00	2.40

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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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

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**AFFIDAVIT OF RYAN JACOBS  
SWORN SEPTEMBER 25, 2023**

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**CASSELS BROCK & BLACKWELL LLP**

Suite 3200, Bay Adelaide Centre – North Tower  
40 Temperance Street  
Toronto, ON M5H 0B4

**Ryan Jacobs LSO#: 59510J**

Tel: 416.860.6465  
rjacobs@cassels.com

**Jeremy Bornstein LSO#: 65425C.**

Tel: 416.869.5386  
jbornstein@cassels.com

*Lawyers for KSV Restructuring Inc. as Monitor of Chalice  
Brands Ltd.*

## **Appendix “E”**





**Notes to Projected Statement of Cash Flows**

For the Period Ending January 31, 2024

(Unaudited; \$USD)

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**Purpose and General Assumptions**

1. The purpose of the projection is to present a cash flow forecast of the Company for the period September 23, 2023 to January 31, 2024 (the "Period") in respect of the proceedings under the Companies' Creditors Arrangement Act ("CCAA").

The cash flow projection has been prepared based on most probable assumptions.

**Most Probable**

2. Represents fees of the Chief Restructuring Officer.

**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.**

**MANAGEMENT'S REPORT ON CASH FLOW STATEMENT**  
(paragraph 10(2)(b) of the CCAA)

The management of Chalice Brands Ltd. (the "Applicant") has developed the assumptions and prepared the attached statement of projected cash flow as of the 25<sup>th</sup> day of September, 2023 for the period September 23, 2023 to January 31, 2024 ("Cash Flow"). All such assumptions are disclosed in the notes to the Cash Flow.

The probable assumptions are suitably supported and consistent with the plans of the Applicant and provide a reasonable basis for the Cash Flow.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material.

The Cash Flow has been prepared solely for the purpose outlined in Note 1 using a set of probable assumptions set out therein. Consequently, readers are cautioned that the Cash Flow may not be appropriate for other purposes.

Dated at Toronto, Ontario this 25<sup>th</sup> day of September, 2023.

**CHALICE BRANDS LTD.**



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Per: Scott Secord, Chief Restructuring Officer

## **Appendix “F”**

**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.**

**MONITOR'S REPORT ON CASH FLOW STATEMENT**  
(paragraph 23(1)(b) of the CCAA)

The attached statement of projected cash-flow of Chalice Brands Ltd. (the "Applicant"), as of the 25<sup>th</sup> day September, 2023, consisting of a weekly projected cash flow statement for the period September 23, 2023 to January 31, 2024 ("Cash Flow") has been prepared by the management of the Applicant for the purpose described in Note 1, using the probable assumptions set out in the notes to the Cash Flow.

Our review consisted of inquiries, analytical procedures and discussions related to information supplied by the management and employees of the Applicant. We have reviewed the support provided by management for the probable assumptions and the preparation and presentation of the Cash Flow.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- a) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Applicant or do not provide a reasonable basis for the Cash Flow; or
- b) the Cash Flow does not reflect the probable assumptions.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report.

The Cash Flow has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, Ontario this 25<sup>th</sup> day of September, 2023.

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.  
IN ITS CAPACITY AS PROPOSED CCAA MONITOR OF  
CHALICE BRANDS LTD.  
AND NOT IN ITS PERSONAL CAPACITY**