

**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  
CANNAPIECE GROUP INC., CANADIAN CRAFT GROWERS CORP., 2666222 ONTARIO  
LTD., 2580385 ONTARIO INC., 2669673 ONTARIO INC. AND 14707117 CANADA INC.

Applicants

**MOTION RECORD OF THE APPLICANTS  
(Returnable March 17, 2023)**

March 14, 2023

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Applicants

**I N D E X**

<b>TAB</b>	<b>DOCUMENT</b>
1.	Notice of Motion, returnable March 17, 2023
2.	Affidavit of Afshin Souzankar, sworn March 14, 2023
3.	Draft CCAA Termination Order

# TAB 1

**ONTARIO  
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LTD., 2580385 ONTARIO INC., 2669673 ONTARIO INC. AND 14707117 CANADA INC.

Applicants

**NOTICE OF MOTION  
(Returnable March 17, 2023)**

The applicants, CannaPiece Group Inc. ("**CPG**"), Canadian Craft Growers Corp. ("**CCG**"), 2580385 Ontario Inc. ("**258**"), 2666222 Ontario Inc. ("**222**"), 2669673 Ontario Inc. ("**673**"), and 14707117 Canada Inc. ("**ResidualCo**"), and collectively the "**Applicants**") will make a motion to the Court on Friday March 17, 2023 at 10:00 a.m. or as soon after that time as the motion can be heard.

**PROPOSED METHOD OF HEARING:** The motion is to be heard by video conference at the following location:

[Zoom link to be uploaded on Caselines.](#)

**THE MOTION IS FOR:**

1. An order ("**CCAA Termination Order**") substantially in the form of the draft order attached at **Tab "3"** of the Applicants' Motion Record, among other things:

- (a) if necessary, abridging the time for service of the Applicants' notice of motion and motion record;

- (b) terminating these *Companies' Creditors Arrangement Act*, R.S.C. 1985, c, C-36, as amended ("**CCAA**") proceedings effective upon service of the Monitor's Termination Certificate substantially in the form attached as Schedule "A" to the draft CCAA Termination Order ("**CCAA Termination Time**");
  - (c) discharging BDO Canada Limited ("**BDO**") in its capacity as the monitor of the Applicants ("**Monitor**") at the CCAA Termination Time;
  - (d) discharging the priority charges granted in these CCAA proceedings at the CCAA Termination Time, including the Revised Administration Charge, the DIP Lender's Charge, and the Purchaser's Charge (each as defined below);
  - (e) approving the third report of the Monitor dated March 14, 2023 ("**Third Report**") and the activities and conduct of the Monitor as described in the Third Report;
  - (f) approving the fees and disbursements of the Monitor and its counsel as set out in the Third Report;
  - (g) following the assignment in bankruptcy of any of the Applicants (excluding ResidualCo), authorizing the trustee in bankruptcy to administer the bankruptcy estates as if such estates were in respect of a single bankrupt ("**Procedural Consolidation**") and related relief; and
2. Such further and other relief as this Court may deem just and equitable.

## THE GROUNDS FOR THE MOTION ARE:

### Background

3. CannaPiece Corp (“**CPC**”), the Applicants’ operating entity, is a leading Canadian cannabis contract manufacturer, providing extraction, processing, and packaging services for its customers who include large and industry leading participants. The Applicants do not grow any flower, nor do they have any retail operations. CPC is strictly a business-to-business company.

4. The business operates out of a large state of the art cannabis production facility located in Pickering, Ontario.

### Financial Difficulties

5. In early November 2022 the Applicants urgently sought protection under the CCAA on account of the financial pressures arising as a result of: (i) substantial capital investments made to meet capacity requirements of customer contracts that never fully materialized; (ii) intense competition and an over-supply of cannabis products leading to significant price compression; and (iii) the low market demand for cannabis products at the retail level, partially as a result of the illicit market for cannabis, causing a decline in orders from licenced processors.

6. On November 3, 2022, the Honourable Mr. Justice Penny granted an order (“**Initial Order**”), among other things:

- (a) granting a stay of proceedings until November 10, 2022;
- (b) approving a debtor-in-possession (“**DIP**”) term sheet (“**DIP Term Sheet**”) approving a \$500,000 DIP loan and a corresponding charge (“**DIP Lender’s Charge**”) in favour of Cardinal in its capacity as the DIP lender (“**DIP Lender**”);

- (c) appointing BDO Canada Limited as the CCAA Monitor of the Applicants; and
  - (d) granting the Monitor, counsel to the Monitor, and the Applicants' counsel the benefit of a \$250,000 charge ("**Administration Charge**") as security for their professional fees and disbursements.
7. On November 10, 2022, the Mr. Justice Penny granted two orders:
- (a) An amended and restated initial order ("**Amended and Restated Initial Order**"), among other things:
    - (i) extending the stay of proceedings to and including February 3, 2023;
    - (ii) approving a Key Employee Retention Plan ("**KERP**") and authorizing the Applicants to make payments in accordance with the terms of the KERP; and
    - (iii) approving an increase to the Administration Charge to the maximum amount of \$500,000; and
  - (b) An order ("**Sale Process Approval Order**"), among other things:
    - (i) authorizing and empowering CPG and CPC to enter into a stalking horse purchase agreement dated November 7, 2022 (the "**Stalking Horse SPA**") between CPG, CPC and Cardinal Advisory Limited, or its nominee (in such capacity, the "**Stalking Horse Purchaser**");
    - (ii) approving the Stalking Horse SPA as well as the payment and priority of payment of the associated Break Fee and Professional Fees;

- (iii) authorizing and empowering the Applicants to utilize a purchaser's deposit facility ("**Deposit Facility**") provided by the Stalking Horse Purchaser in order to finance their working capital requirements and other corporate purposes in accordance with the terms of the Stalking Horse SPA;
- (iv) granting the Stalking Horse Purchaser a second in priority charge (subject only to the Administration Charge) equal to all amounts advanced or to be advanced by the Stalking Horse Purchaser under the Deposit Facility (the "**Purchaser's Charge**");
- (v) approving a sale and investment solicitation process ("**SISP**" or "**Stalking Horse Sales Process**");
- (vi) authorizing and directing the Monitor to take such steps as it deems necessary or advisable to carry out and perform its obligations under the SISP, subject to prior approval of the court being obtained before completion of any transaction under the SISP; and
- (vii) approving the appointment of BDO Canada Transaction Advisory Services Inc. as the sales agent ("**Sales Agent**") to assist with the implementation of the Sale Process.

8. On February 10, 2023, the Court granted two orders:

- (a) an Order ("**Approval and Vesting Order**"), among other things:
  - (i) extending the stay of proceedings up to and including March 17, 2023;

- (ii) approving the amended and restated Share Purchase Agreement (“**Amended SPA**”) entered into between CannaPiece Group Inc. (“**Vendor**”), CPC, and 1000420548 Ontario Inc. (“**Purchaser**”), and the transaction contemplated thereby (the “**Transaction**”);
- (iii) authorizing and directing the Applicants to perform their obligations under the Amended SPA and to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction;
- (iv) transferring and vesting all of the Applicants’ right, title, and interest in and to the Excluded Assets, Excluded Contracts, and Excluded Liabilities (each as defined in the Amended SPA) to and in a newly incorporated entity, ResidualCo;
- (v) vesting in the Purchaser or its nominee all of the right, title and interest in and to the Purchased Shares (as defined in the Amended SPA) free and clear of all Encumbrances, other than Permitted Encumbrances (each capitalized term as defined in the Amended SPA), upon the filing of a certificate by the Monitor (as defined below) substantially in the form attached Schedule “A” to the draft Approval and Vesting Order (the “**Monitor’s Certificate**”);
- (vi) releasing and discharging the CPC and the Purchased Shares from the Excluded Liabilities in accordance with the Amended SPA;



- (vii) granting a first-in-priority charge on the Vendor's and the Company's accounts receivable from and after Closing of the Transaction ("**Revised Administration Charge**") to the maximum amount of \$350,000;
  - (viii) approving the releases ("**Releases**") provided for in article 6.2 of the Amended SPA in favour of the officers and directors of CPC, its advisors, the Monitor and the Monitor's counsel ("**Released Parties**"); and
  - (ix) expanding the powers and duties of the Monitor set out in the Amended and Restated Initial Order (as defined below); and
- (b) An order ("**Ancillary Order**"), among other things:
- (i) on Closing of the Transaction, authorizing and directing the Monitor to distribute up to \$3,500,000 of proceeds of the Transaction to Cardinal Advisory Services Limited ("**Cardinal**"), (and such distribution, the "**Deposit Repayment**") on account of amounts owing to Cardinal pursuant to the DIP Term Sheet and Deposit Facility which secured credit facilities were approved by the Initial Order and the Sale Process Approval Order;
  - (ii) approving the Second Report of the Monitor dated January 28, 2023, the Supplementary Report to the Second Report of the Monitor dated February 9, 2023 and the activities of the Monitor as set out therein.

### **Termination of CCAA Proceedings and Discharge of Monitor**

9. The court-approved Transaction has been completed in accordance with the Amended SPA. Accordingly, it is appropriate for these CCAA proceedings to be terminated at the CCAA

Termination Time and for BDO to be discharged from its role as court-appointed Monitor of the Applicants.

10. Upon service and filing of the Monitor's Termination Certificate, the Monitor will have completed its responsibilities as Monitor in these CCAA proceedings. The Monitor has duly and properly discharged and performed its obligations in accordance with the orders of this Court made in these proceedings.

### **Termination of Priority Charges**

#### *Revised Administration Charge*

11. The Revised Administration Charge in favour of the Monitor, counsel to the Monitor, and the Applicants' counsel was granted pursuant to the Approval and Vesting Order of Justice Osborne.

12. The Approval and Vesting Order at paragraph 21 provides that the Revised Administration Charge shall be discharged on motion to the court as soon as practicable following the payment of the fees and disbursements of the Monitor, counsel to the Monitor, and counsel to the Applicants, up to the maximum aggregate amount of \$350,000.

13. The Applicants now seek the termination of the Revised Administration Charge, effective upon the filing of the Monitor's Termination Certificate. The fees secured by the Revised Administration Charge will be paid prior to the filing of the Monitor's Termination Certificate.

#### *DIP Lender's Charge and Purchaser's Charge*

14. The DIP Lender's Charge was granted pursuant to the Initial Order. The Purchaser's Charge was granted pursuant to the Sale Process Approval Order. All amounts secured by the

DIP Lender's Charge and the Purchaser's Charge were paid to Cardinal on Closing of the Transaction pursuant to the terms of the Ancillary Order.

15. Accordingly, the Applicants request the termination of the DIP Lender's Charge and the Purchaser's Charge.

### **Approval of Monitor's Report, Conduct and Fees and Release**

16. In performing their duties pursuant to the orders made in these CCAA proceedings, the Monitor and its counsel have incurred the fees and disbursements detailed in the Third Report. The Monitor's fees and disbursements are reasonable in the circumstances and have been validly incurred in accordance with the provisions of the orders made in these CCAA proceedings.

17. The Applicants and the Monitor seek this Court's approval of the activities and conduct of the Monitor, and the fees and disbursements of the Monitor and its counsel, as set out in the Third Report.

18. The proposed CCAA Termination Order also seeks a release in favour of the Monitor and its counsel.

### **Bankruptcy and Procedural Consolidation of Estates**

19. To fully and appropriately wind-down operations, certain of the Applicants intend to file an assignment into bankruptcy. The proposed CCAA Termination Order permits the administration of the bankruptcies (with the exception of ResidualCo) on a procedurally consolidated basis. The relief sought in this regard will permit the administration of the bankruptcies in the most efficient, coordinated and cost-effective manner.

**General**

20. The provisions of the CCAA, including sections 11, 11.02, 11.2, 11.03, and the statutory, inherent and equitable jurisdiction of this Court,
21. The provisions of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, C C-8, as amended,
22. Rules 1.04, 1.05, 2.01, 2.03, 3.02, 16, 37, and 39 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended,
23. Section 97, 100, 106, and 137(2) of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended; and
24. Such further and other grounds as counsel may advise.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

- (a) the Affidavit of Afshin Souzankar, sworn March 14, 2023 and the exhibits attached thereto;
- (b) the Third Report of the Monitor dated March 14, 2023; and
- (c) such further and other evidence as counsel may advise and this Court may permit.

March 14, 2023

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**(As of March 14, 2023)**

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**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C.  
1985, C. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CANNAPIECE  
GROUP INC., CANADIAN CRAFT GROWERS CORP., 2666222 ONTARIO LTD., 2580385  
ONTARIO INC., 2669673 ONTARIO INC. AND 14707117 CANADA INC.**

Court File No.: CV-22-00689631-00CL

**Applicants**

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**  
Proceeding commenced at TORONTO

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**NOTICE OF MOTION**  
  
(RETURNABLE MARCH 17, 2023)

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Lawyers for the Applicants

# TAB 2

Court File No.: CV-22-00689631-00CL

**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  
CANNAPIECE GROUP INC., CANADIAN CRAFT GROWERS CORP., 2666222 ONTARIO  
LTD., 2580385 ONTARIO INC., 2669673 ONTARIO INC. AND 14707117 CANADA INC.

Applicants

**AFFIDAVIT OF AFSHIN SOUZANKAR**

(SWORN MARCH 14, 2023)

I, Afshin Souzankar of the City of Thornhill, in the Regional Municipality of York, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

**INTRODUCTION**

1. I am the President and Chief Executive Officer of the applicant, CannaPiece Group Inc. ("**CPG**" or "**CannaPiece Group**") as well as a member of the board of directors, having served initially as Managing Partner – Strategic Planning when I co-founded the company in 2018, and as President and Chief Executive Officer since August of 2020.
2. I am also the Chief Executive Officer and a member of the board of directors of CannaPiece Group's wholly-owned subsidiaries, Canadian Craft Growers Corp. ("**CCG**"), 2580385 Ontario Inc. ("**258**"), 2666222 Ontario Inc. ("**222**"), 2669673 Ontario Inc. ("**673**"), and 14707117 Canada Inc. ("**ResidualCo**").
3. CPG, CCG, 258, 222, 673 and ResidualCo are the "**Applicants**" in this CCAA proceeding.
4. I have personal knowledge of the matters to which I depose in this affidavit, except where I have obtained information from others. Where I have obtained information from others, I have stated the source of my information and, in all such cases, believe such information to be

true.

5. I swear this Affidavit in support of the Applicants' motion for an order substantially in the form of the draft order attached as **Tab "3"** to the Applicants' Motion Record, among other things:

- (a) if necessary, abridging the time for service of the Applicants' notice of motion and motion record;
- (b) terminating these *Companies' Creditors Arrangement Act*, R.S.C. 1985, c, C-36, as amended ("**CCAA**") proceedings effective upon service of the Monitor's Termination Certificate substantially in the form attached as Schedule "A" to the draft CCAA Termination Order ("**CCAA Termination Time**");
- (c) discharging BDO Canada Limited ("**BDO**") in its capacity as the monitor of the Applicants ("**Monitor**") at the CCAA Termination Time;
- (d) terminating the Revised Administration Charge and the DIP Lender's Charge (as defined below) at the CCAA Termination Time;
- (e) approving the third report of the Monitor dated March 14, 2023 ("**Third Report**") and the activities and conduct of the Monitor as described in the Third Report;
- (f) approving the fees and disbursements of the Monitor and its counsel as set out in the Third Report;
- (g) following the assignment in bankruptcy of any of the Applicants, authorizing the trustee in bankruptcy to administer the bankruptcy estates as if such estates were in respect of a single bankrupt ("**Procedural Consolidation**") and related relief; and
- (h) Such further and other relief as this Court may deem just and equitable.



## HISTORY OF CCAA PROCEEDINGS

6. The Applicants applied for urgent relief under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") on November 3, 2022, because they had insufficient cash to sustain operations for the week ending November 6, 2022.

7. On November 3, 2022, the Honourable Mr. Justice Penny made an order (the "**Initial Order**"), among other things:

- (a) granting a stay of proceedings in favour of the Applicants up to and including November 10, 2022;
- (b) appointing BDO Canada Limited as Monitor of the Applicants;
- (c) granting a \$250,000 first-priority administration charge in favour of counsel to the Applicants, the Monitor and counsel to the Monitor, to secure payment of their professional fees and disbursements to the maximum amount of \$250,000 ("**Administration Charge**");
- (d) approving a debtor-in-possession ("**DIP**") term sheet ("**DIP Term Sheet**"), and approving a \$500,000 DIP loan and a corresponding second-priority charge ("**DIP Lender's Charge**") in favour of Cardinal Advisory Limited ("**Cardinal**") in its capacity as the DIP lender ("**DIP Lender**"); and
- (e) scheduling a return hearing date for November 10, 2022 ("**Comeback Hearing**").

8. At the Comeback Hearing, Mr. Justice Penny granted two orders:

- (i) extending the stay of proceedings to and including February 3, 2023;
- (ii) approving a Key Employee Retention Plan ("**KERP**") and authorizing the Applicants to make payments in accordance with the terms of the KERP; and
- (iii) approving an increase to the Administration Charge to the maximum amount of \$500,000; and

- (b) An order (“**Sale Process Approval Order**”), among other things:
- (i) authorizing and empowering CPG and CPC to enter into a stalking horse purchase agreement dated November 7, 2022 (the “**Stalking Horse SPA**”) between CPG, CPC and Cardinal, or its nominee (in such capacity, the “**Stalking Horse Purchaser**”);
  - (ii) approving the Stalking Horse SPA as well as the payment and priority of payment of the associated Break Fee and Professional Fees;
  - (iii) authorizing and empowering the Applicants to utilize a \$3,000,000 purchaser’s deposit facility (“**Deposit Facility**”), provided by the Stalking Horse Purchaser, in order to finance the Applicants’ working capital requirements during a stalking horse sales process, in accordance with the terms of the Stalking Horse SPA;
  - (iv) granting the Stalking Horse Purchaser a second in priority charge (subject only to the first priority Administration Charge) equal to all amounts advanced, or which shall be advanced by the Stalking Horse Purchaser under the Deposit Facility, plus certain Cardinal professional fees (the “**Purchaser’s Charge**”);
  - (v) approving a sale and investment solicitation process (“**SISP**” or “**Stalking Horse Sales Process**”);
  - (vi) authorizing and directing the Monitor to take such steps as it deems necessary or advisable to carry out and perform its obligations under the SISP, subject to prior approval of the court being obtained before completion of any transaction under the SISP; and
  - (vii) approving the appointment of BDO Canada Transaction Advisory Services Inc. as the sales agent (“**Sales Agent**”) to assist with the implementation of the Sale Process.

9. On January 25, 2023, the Applicants brought a motion before the Honourable Justice Osborne seeking approval of a transaction between CPG, CPC and 1000420548 Ontario Inc. (“**Initial Sale Approval Motion**”). The Initial Sale Approval Motion was heard by Justice Osborne on January 31, 2023 and was largely dismissed on the basis of the reasons (“**Reasons**”) released February 2, 2023. The only relief granted was an extension of the stay of proceedings in favour of the Applicants up to and including February 17, 2023.

10. The share purchase agreement in respect of which approval was sought at the Initial Sale Approval Motion was re-negotiated and revised following the release of the Reasons.

11. On February 10, 2023, the Court granted two orders:

- (a) an Order (“**Approval and Vesting Order**”), among other things:
  - (i) extending the stay of proceedings up to and including March 17, 2023;
  - (ii) approving the amended and restated Share Purchase Agreement (“**Amended SPA**”) entered into between CannaPiece Group Inc. (“**Vendor**”), CPC, and 1000420548 Ontario Inc. (“**Purchaser**”), and the transaction contemplated thereby (the “**Transaction**”);
  - (iii) authorizing and directing the Applicants to perform their obligations under the Amended SPA and to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction;
  - (iv) transferring and vesting all of the Applicants’ right, title, and interest in and to the Excluded Assets, Excluded Contracts, and Excluded Liabilities (each as defined in the Amended SPA) to and in a newly incorporated entity, ResidualCo;

- (v) vesting in the Purchaser or its nominee all of the right, title and interest in and to the Purchased Shares (as defined in the Amended SPA) free and clear of all Encumbrances, other than Permitted Encumbrances (each capitalized term as defined in the Amended SPA), upon the filing of a certificate by the Monitor (as defined below) substantially in the form attached Schedule "A" to the draft Approval and Vesting Order (the "**Monitor's Certificate**");
  - (vi) releasing and discharging the CPC and the Purchased Shares from the Excluded Liabilities in accordance with the Amended SPA;
  - (vii) granting a first-in-priority charge on the Vendor's and the Company's accounts receivable from and after Closing of the Transaction ("**Revised Administration Charge**") to the maximum amount of \$350,000;
  - (viii) approving the releases ("**Releases**") provided for in article 6.2 of the Amended SPA in favour of the officers and directors of CPC, its advisors, the Monitor and the Monitor's counsel ("**Released Parties**"); and
  - (ix) expanding the powers and duties of the Monitor set out in the Amended and Restated Initial Order (as defined below); and
- (b) An order ("**Ancillary Order**"), among other things:
- (i) on Closing of the Transaction, authorizing and directing the Monitor to distribute up to \$3,500,000 of proceeds of the Transaction to Cardinal Advisory Services Limited ("**Cardinal**"), (and such distribution, the "**Deposit Repayment**") on account of amounts owing to Cardinal pursuant to the DIP Term Sheet and Deposit Facility which secured credit

facilities were approved by the Initial Order and the Sale Process Approval Order; and

- (ii) approving the Second Report of the Monitor dated January 28, 2023, the Supplementary Report to the Second Report of the Monitor dated February 9, 2023 and the activities of the Monitor as set out therein.

## **RELIEF SOUGHT**

### ***Termination of CCAA Proceedings and Discharge of Monitor***

12. The court-approved Transaction has been completed in accordance with the Amended SPA.

### ***Termination of Priority Charges***

#### Revised Administration Charge

13. The Revised Administration Charge in favour of the Monitor, counsel to the Monitor, and the Applicants' counsel was granted pursuant to the Approval and Vesting Order of Justice Osborne.

14. The Approval and Vesting Order at paragraph 21 provides that the Revised Administration Charge shall be discharged on motion to the court as soon as practicable following the payment of the fees and disbursements of the Monitor, counsel to the Monitor, and counsel to the Applicants, up to the maximum aggregate amount of \$350,000.

15. The Applicants request the discharge of the Revised Administration Charge on this motion, effective upon the filing of the Monitor's Termination Certificate. The fees secured by the Revised Administration Charge are to be paid prior to the filing of the Monitor's Termination Certificate.

DIP Lender's Charge

16. The DIP Lender's Charge was granted pursuant to the Initial Order. All amounts secured by the DIP Lender's Charge were paid to Cardinal on Closing of the Transaction pursuant to the terms of the Ancillary Order.

17. Accordingly, the Applicants request the termination of the DIP Lender's Charge on this motion.

***Procedural Consolidation***

18. To appropriately wind-down the operations, the Applicants intend to file an assignment into bankruptcy.

19. The proposed CCAA Termination Order procedurally consolidates the estates in bankruptcy of each of the Applicants except ResidualCo. The relief sought in this regard will facilitate the administration of the bankruptcies in the most efficient, coordinated and cost-effective manner.

20. The requested consolidation is procedural in nature and does not: (i) impact the legal status or corporate structure of the applicable entities, (ii) cause any of the entities to be liable for any claim for which they are otherwise not liable, nor (iii) cause any of the entities to have an interest in an asset to which it otherwise would not have.

21. The Monitor intends to assign ResidualCo into bankruptcy as authorized by the Approval and Vesting Order.

SWORN BEFORE ME via video-conference with the deponent in the City of Thornhill, in the regional municipality of York, in the Province of Ontario, and the Commissioner in the City of Mississauga, in the regional municipality of Peel, in the Province of Ontario this 14th day of March, 2023 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:  
*Afshin Souzankar*  
AFSHIN SOUZANKAR

DocuSigned by:  
*Monica Faheim*  
A Commissioner for taking Affidavits (or as may be)

**MONICA FAHEIM**

**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 CANNAPIECE  
GROUP INC., CANNAPIECE CORP., CANADIAN CRAFT GROWERS CORP., 2666222  
ONTARIO LTD., 2580385 ONTARIO INC. AND 2669673 ONTARIO INC.**

Court File No.: CV-22-00689631-00CL

**Applicants**

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**  
Proceeding commenced at THORNHILL

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**AFFIDAVIT OF AFSHIN SOUZANKAR  
(RETURNABLE MARCH 17, 2023)**

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Lawyers for the Applicants



# TAB 3

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE ) FRIDAY THE 17<sup>TH</sup>  
 )  
JUSTICE PENNY ) DAY OF MARCH, 2023  
 )

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
CANNAPIECE GROUP INC., CANADIAN CRAFT GROWERS CORP., 2666222 ONTARIO  
LTD., 2580385 ONTARIO INC., 2669673 ONTARIO INC. AND 14707117 CANADA INC.**

(collectively, the "**Applicants**" and each an "**Applicant**")

**CCAA TERMINATION ORDER**

**THIS MOTION**, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), was heard this day by videoconference.

**ON READING** the Applicants' Notice of Motion dated March 14, 2023, the Affidavit of Afshin Souzankar dated March 14, 2023 ("**Fourth Souzankar Affidavit**"), and the Third Report ("**Third Report**") of BDO Canada Limited ("**BDO**") in its capacity as the monitor (the "**Monitor**") dated March 14, 2023, and on hearing the submissions of counsel for the Applicants and counsel for the Monitor and counsel for those other parties appearing as indicated by the counsel slip, no one appearing for any other party although duly served as appears from the affidavit of service, filed:

**SERVICE**

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

## **DEFINED TERMS**

2. **THIS COURT ORDERS** that capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Initial Order of Justice Penny dated November 3, 2022, as further amended and/or restated (“**Initial Order**”) or the sale approval order of Justice Osborne dated February 10, 2023 (“**Sale Approval Order**”), as applicable.

## **TERMINATION OF CCAA PROCEEDINGS**

3. **THIS COURT ORDERS** that upon service by the Monitor of an executed certificate substantially in the form attached hereto as **Schedule “A”** (the “**Monitor’s Termination Certificate**”) on the service list in these CCAA proceedings (“**Service List**”) certifying that, to the best of the knowledge and belief of the Monitor, all matters to be attended to in connection with the CCAA proceedings have been completed, the within CCAA proceedings shall be terminated without any further act or formality (the “**CCAA Termination Time**”), save and except as provided in this Order, and provided that nothing herein impacts the validity of any Orders made in these CCAA proceedings or any actions or steps taken by any Person (as defined in the Initial Order).

4. **THIS COURT ORDERS AND DIRECTS** the Monitor to file a copy of the Monitor’s Termination Certificate with the Court and post a copy of the Monitor’s Termination Certificate on its website as soon as is practicable following the CCAA Termination Time.

## **TERMINATION OF PRIORITY CHARGES**

5. **THIS COURT ORDERS** that the Revised Administration Charge, the DIP Lender’s Charge, and the Purchaser’s Charge (as defined in the Fourth Souzankar Affidavit) shall be and are hereby terminated at the CCAA Termination Time without any further act or formality.

## **DISCHARGE OF MONITOR**

6. **THIS COURT ORDERS** that effective at the CCAA Termination Time, BDO shall be and is hereby discharged from its duties as the Monitor and shall have no further duties, obligations or responsibilities as Monitor from and after the CCAA Termination Time, provided that, notwithstanding its discharge as Monitor, BDO shall have the authority to carry out, complete or address any matters in its role as Monitor that are ancillary or incidental to these CCAA proceedings following the CCAA Termination Time, as may be required or appropriate (“**Monitor Incidental Matters**”).

7. **THIS COURT ORDERS** that, notwithstanding any provision of this Order, the Monitor's discharge or the termination of these CCAA proceedings, nothing herein shall affect, vary, derogate from, limit or amend, and the Monitor shall continue to have the benefit of, all of the rights, approvals and protections in favour of the Monitor at law or pursuant to the CCAA, the Initial Order, or any other Order of this Court in these CCAA proceedings or otherwise, all of which are expressly continued and confirmed following and after the CCAA Termination Time, including in connection with any Monitor Incidental Matters and other actions taken by the Monitor following the CCAA Termination Time with respect to the Applicants or these CCAA proceedings.

8. **THIS COURT ORDERS** that effective at the CCAA Termination Time, in addition to the protections in favour of the Monitor in any Order of this Court in the CCAA proceedings or the CCAA, the Monitor, its counsel, and each of their respective affiliates, officers, directors, partners, employees and agents, as applicable, (collectively, the "**Released Parties**") are hereby released and forever discharged from any and all liability that the Released Parties now or may hereafter have by reason of any act, omission, transaction, dealing or other occurrence in any way relating to arising out of, or in respect of these CCAA proceedings, including in carrying out any Monitor Incidental Matters, whether known or unknown, matured or unmatured, foreseen or unforeseen, relating to matters that were raised, or could have been raised, in the within proceedings, save and except for any gross negligence or wilful misconduct.

9. **THIS COURT ORDERS** that no action or other proceeding shall be commenced against the Monitor in any way arising from or related to its capacity as Monitor, including in connection with any Monitor Incidental Matters taken after the CCAA Termination Time, except with prior leave of this Court on not less than fifteen (15) days prior notice to the Monitor.

#### **MONITOR'S REPORT AND ACTIVITIES APPROVAL**

10. **THIS COURT ORDERS** that the Third Report of the Monitor and the activities and conduct of the Monitor described therein be and hereby approved; provided, however, that only the Monitor, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

11. **THIS COURT ORDERS** that the fees and disbursements of the Monitor and its counsel, as set out in the Third Report, are hereby approved.

## PROCEDURAL CONSOLIDATION OF BANKRUPTCY ESTATES

12. **THIS COURT ORDERS** that, following the assignment in bankruptcy of any of the Applicants (excluding ResidualCo) pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (“**BIA**”), the trustee in bankruptcy (“**Trustee**”) shall be and is hereby authorized to administer the bankruptcy estates as if such estates were in respect of a single bankrupt for the purpose of carrying out its duties and responsibilities as trustee under the BIA, including, without limitation:

- (a) administering the bankruptcy estates of CannaPiece Group Inc., Canadian Craft Growers Corp., 2666222 Ontario Ltd., 2580285 Ontario Inc. and 2669673 Ontario Inc. under a single court file number being Court file number [●] and title of proceeding of “In the Matter of the Bankruptcy of CannaPiece Group Inc., Canadian Craft Growers Corp., 2666222 Ontario Ltd., 2580385 Ontario Inc., and 2669673 Ontario Inc.;
- (b) sending a notice of the first meeting of creditors (the “**Notice**”) in the manner prescribed by section 102 of the BIA by sending a consolidated Notice for all of the Applicants to accompany the Notice set out in section 102(2) of the BIA (the “**Forms**”);
- (c) convening meetings of creditors and inspectors in the bankrupt estates of the Applicants through one combined advertisement and conducting such meetings jointly provided that the results of any creditors’ vote shall be separately tabulated for each such bankrupt estate;
- (d) using a consolidated form of proof of claim that directs creditors to identify the bankrupt estate in which a claim is made for voting and for distribution purposes;
- (e) maintaining a consolidated bank account with respect to the Applicants’ respective bankruptcy estates;
- (f) issuing consolidated reports in respect of the bankruptcy estates of the Applicants;
- (g) performing a consolidated making, filing, advertising and distribution of all filings and notices in the bankrupt estates of the Applicants required under the BIA; and
- (h) the appointment of a single group of inspectors to be the inspectors for the consolidated bankruptcy estates of the Applicants.

13. **THIS COURT ORDERS** that this procedural consolidation is not a substantive consolidation of the bankrupt estates of the Applicants and will automatically terminate if the Trustee is replaced as licensed insolvency trustee of any, but not all, of the estates of the Applicants.

**GENERAL**

14. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto time on the date of this Order, and this Order is enforceable without the need for entry and filing.

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**SCHEDULE "A"**

Court File No. CV-22-00689631-00CL

**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  
**CANNAPIECE GROUP INC., CANADIAN CRAFT GROWERS CORP., 2666222 ONTARIO  
LTD., 2580385 ONTARIO INC., 2669673 ONTARIO INC. AND 14707117 CANADA INC.**

(collectively, the "**Applicants**" and each an "**Applicant**")

**MONITOR'S TERMINATION CERTIFICATE**

**RECITALS**

1. BDO Canada Limited ("**BDO**") was appointed as the Monitor of the Applicants in the within proceedings commenced under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCA**") pursuant to an Initial Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated November 3, 2022 (as amended, the "**Initial Order**").
2. Pursuant to an Order of this Court dated March 17, 2023 (the "**CCA Termination Order**"), among other things, BDO shall be discharged as the Monitor and the Applicants' CCA proceedings shall be terminated upon the service of this Monitor's Termination Certificate on the Service List in these CCA proceedings, all in accordance with the terms of the CCA Termination Order.

**THE MONITOR HEREBY CERTIFIES** the following:

3. To the knowledge of the Monitor, all matters to be attended to in connection with the Applicants' CCA Proceedings (Court File No. CV-22-00689631-00CL) have been completed.

DATED at Toronto, Ontario this  
\_\_\_\_\_ day of \_\_\_\_\_,  
2023. **BDO Canada Limited, in its capacity  
of the Monitor of the Applicants, and not  
in its personal or corporate capacity**  
Per:  
Name:  
Title:

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

Court File No.: CV-22-00689631-00CL

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CANNAPIECE  
GROUP INC., CANADIAN CRAFT GROWERS CORP., 2666222 ONTARIO LTD., 2580385  
ONTARIO INC., 2669673 ONTARIO INC. AND 14707117 CANADA INC.**

**Applicants**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**  
Proceeding commenced at TORONTO

**CCA TERMINATION ORDER  
(RETURNABLE MARCH 17, 2023)**

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Lawyers for the Applicants



**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 CANNAPIECE  
GROUP INC., CANADIAN CRAFT GROWERS CORP., 2666222 ONTARIO LTD., 2580385  
ONTARIO INC., 2669673 ONTARIO INC. AND 14707117 CANADA INC.**

Court File No.: CV-22-00689631-00CL

**Applicants**

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**  
Proceeding commenced at TORONTO

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**MOTION RECORD OF THE APPLICANTS  
(RETURNABLE March 17, 2023)**

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