

District of British Columbia  
Division No.: 04-Vernon  
Court No.: VER-S-B-58732  
Estate No.: 11-3145114  
Vernon Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA  
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE NOTICE OF INTENTION  
TO MAKE A PROPOSAL OF CANNAGROUP DEVELOPMENT CORP.

**ORDER MADE AFTER APPLICATION**

BEFORE )  
          ) THE HONOURABLE JUSTICE )  
          ) MILMAN ) 18/NOV/2024

ON THE APPLICATION OF CannGroup Development Corp. (the “**Applicant**”) coming on for hearing at Vernon, British Columbia on the 18<sup>th</sup> day of November, 2024, AND ON HEARING Heidi Esslinger, counsel for the Applicant, and those other counsel listed on Schedule “A” hereto, and no one else appearing although duly served; AND UPON READING the material filed, including Affidavit #1 of Marlin Tobias made November 13, 2024 and the First Report of Crowe Mackay Company Ltd. (the “**Proposal Trustee**”), in its capacity as proposal trustee of the Applicant, dated November 14, 2024 (the “**First Report**”).

THIS COURT ORDERS AND DECLARES that:

1. The time for service of the Notice of Application for this order and the supporting materials is hereby abridged and this application is returnable today and the need for any further service thereof is hereby dispensed with.

Administration Charge

2. The Proposal Trustee, counsel to the Proposal Trustee, and counsel to the Applicant shall be entitled to the benefit of and are hereby granted a charge (the “**Administration**”

**Charge**") on the assets, property and undertakings of the Applicant (the "**Property**"), which charge shall not exceed the aggregate amount of \$150,000, as security for their respective fees and disbursements incurred at the standard rates and charges of the Proposal Trustee, counsel for the Proposal Trustee, and counsel for the Applicant, both before and after the making of this order, that are related to these proceedings, the Applicant's proposal and the fulfillment of the Proposal Trustee's duties in these proceedings and under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**"). The Administration Charge shall rank in priority to all other security interests, trusts, liens, charges, encumbrances and other claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**"), in favour of any person, other than any secured claims which may arise pursuant to subsection 14.06(7) of the BIA.

3. The filing, registration or perfection of the Administration Charge shall not be required, and the Administration Charge shall be valid and enforceable for all purposes, including as against any right, title and interest filed, registered, recorded or perfected subsequent to Administration Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.
4. Except as otherwise expressly provided for herein, or as may be approved by this court, the Applicant shall not grant any Encumbrances over any of the Property that rank in priority to, or *pari passu* with, the Administration Charge, unless the Applicant also obtains the prior written consent of the Proposal Trustee and the other beneficiaries of the Administration Charge.
5. The Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the beneficiaries thereof shall not otherwise be limited or impaired in any way by:
  - (a) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order(s) made pursuant to such applications;
  - (b) the filing of any assignments for the general benefit of creditors made pursuant to the BIA;

- (c) the filing by the Applicant for relief pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36;
  - (d) the provisions of any federal or provincial statutes; or
  - (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt and the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) to which the Applicant is a party, and notwithstanding any provision to the contrary in any Agreement:
    - (i) neither the creation of the Administration Charge nor the execution, delivery, perfection, registration or performance of any documents in respect thereof, shall create or be deemed to constitute a new breach by the Applicant of any Agreement to which it is a party; and the beneficiaries of the Administration Charge shall not have any liability to any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Administration Charge; and
    - (ii) the payments made by the Applicant pursuant to this order and the granting of the Administration Charge do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law.
6. Any interested Person may apply to this Court on notice to any other party likely to be affected, for an order to allocate the Administration Charge amongst the various assets comprising the Property.

Extension of time to file a Proposal

7. The time for filing the Applicant’s proposal under Part III of the BIA be and is hereby extended to 11:59 on January 7, 2025.

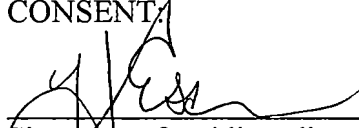
Transfer of Proceedings


8. These proceedings shall be transferred from the Vernon registry to the Vancouver registry for all purposes.
9. Leave is hereby granted to enter this Order at the Vancouver registry of the British Columbia Supreme Court.

Miscellaneous

10. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada to give effect to this order and to assist the Applicant and the Proposal Trustee, and their respective agents in carrying out the terms of this order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Proposal Trustee, as an officer of this court, as may be necessary or desirable to give effect to this order, to assist the Applicant and the Proposal Trustee and their respective agents in carrying out the terms of this order.
11. The Applicant, the Proposal Trustee or any other party affected by this Order have liberty to apply for such further or other directions or relief as may be necessary or desirable to give effect to this Order.
12. Endorsement of this Order by counsel appearing on this application other than counsel for the Applicant is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT.

  
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Signature of Heidi Esslinger  
Lawyer for the Applicant

BY THE COURT 

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REGISTRAR



**Schedule A – List of Counsel**

Counsel	Party

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(ADMINISTRATION CHARGE ET. AL.)**

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