

other parties listed on the counsel slip, no one appearing for any other party although duly served as appears from the affidavit of service of Jacky Cheung sworn July 23, 2021,

SERVICE AND DEFINITIONS

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

2. **THIS COURT ORDERS** that capitalized terms used herein that are not otherwise defined shall have the meaning ascribed to them in the Amended and Restated Initial Order dated March 31, 2021 (“**ARIO**”), and the Sale and Investment Solicitation Process Approval Order dated April 30, 2021 (“**SISP Approval Order**”).

MONITOR’S EXPANDED POWERS

3. In addition to its prescribed rights pursuant to the CCAA and the powers and duties set out in the ARIO, the SISP Approval Order or any other Order granted in these proceedings, and without altering in any way the limitations and obligations of Hydrx as a result of these proceedings, the Monitor is hereby authorized and empowered, but not required, to:

- (a) cause Hydrx to take any action permitted pursuant to the ARIO or any other Order granted in these CCAA proceedings;
- (b) preserve, protect and maintain control of the Property, or any parts thereof;
- (c) receive, collect and take possession of all monies and accounts now owed or hereafter owing to Hydrx, including proceeds payable pursuant to a sale of the Property;

- (d) execute any agreement, document, instrument or writing in the name of and on behalf of Hydrx as may be necessary or desirable in order to carry out the provisions of this Order, the ARIO or any other Order granted in these proceedings or to facilitate the orderly completion of these proceedings;
- (e) take any and all actions and steps in the name of and on behalf of Hydrx to facilitate the administration of the Business, Property, operations, affairs and estate of Hydrx as may be necessary, appropriate, or desirable, in the opinion of the Monitor;
- (f) conduct, supervise, and direct the sale, conveyance, transfer, lease, assignment or disposal of the Property of Hydrx or any part or parts thereof, whether or not outside of the normal course of business, in accordance with SISP Approval Order, and subject to approval of this Court as may be required pursuant to the ARIO, and to sign or execute on behalf of Hydrx any conveyance or other closing documents in relation thereto;
- (g) have access to all books and records relating to or comprising the Property of Hydrx in the possession or control of Hydrx;
- (h) conduct, supervise and direct the continuation or commencement of any process or effort to recover Property or other assets belonging or owing to Hydrx;
- (i) engage, deal, communicate, negotiate, agree and settle with any creditor or other stakeholder of Hydrx (including any governmental authority) in the name of and on behalf of Hydrx;
- (j) claim or cause Hydrx to claim any and all insurance refunds or tax refunds, including refunds of goods and services taxes and harmonized sales taxes, to which Hydrx is entitled;
- (k) engage, retain, or terminate the services of, or cause Hydrx to engage, retain or terminate the services of any officer, employee, consultant, agent, representative,

advisor, or other persons or entities, all under the supervision and direction of the Monitor, as the Monitor, in its sole opinion, deems necessary or appropriate to assist with the exercise of its powers and duties;

- (l) facilitate or assist Hydrx with the accounting, tax and financial reporting functions of Hydrx, including the preparation of cash flow forecasts, employee-related remittances, T4 statements and records of employment, in each case based solely upon the information provided by Hydrx on the basis that the Monitor shall incur no liability or obligation to any person with respect to such reporting, remittances, statements and records;
- (m) cause Hydrx to perform such other functions or duties as the Monitor considers necessary or desirable in order to facilitate or assist Hydrx in dealing with the Property, operations, restructuring, wind-down, liquidation, distribution of proceeds, and any other related activities;
- (n) exercise any shareholder, partnership, joint venture or other rights of Hydrx;
- (o) disclaim, in accordance with the CCAA, any contracts of Hydrx;
- (p) apply to this Court for advice and directions regarding the Monitor's powers hereunder; and
- (q) take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Monitor takes any such actions or steps, it shall be exclusively, authorized and empowered to do so, to the exclusion of all other Persons, including Hydrx and its past or present directors and officers and shareholders, and without interference from any other Person, provided, however, that the Monitor shall comply with all applicable laws and shall not have any authority or power to elect or to cause the election or removal of directors of the

Applicants or to take any action to restrict or to transfer to the Monitor any of their powers, duties or obligations, except in accordance with section 11.5(1) of the CCAA.

4. Hydrx, and its consultants, agents, representatives and advisors shall cooperate fully with the Monitor and any directions it may provide pursuant to this Order, the SISP Approval Order or the ARIO and shall provide such assistance as the Monitor may reasonably request from time to time to enable the Monitor to carry out its duties and powers pursuant to the CCAA, this Order, the ARIO, and any other Order granted in these proceedings.

5. The Monitor is authorized and empowered to operate and control, on behalf of Hydrx, all of Hydrx' existing accounts at any financial institution (each an "**Account**" and collectively the "**Accounts**"), including, without limitation, to:

- (a) exercise control over the funds credited to or deposited in the Accounts;
- (b) effect any disbursement from the Accounts permitted by the ARIO or any other Order granted in these proceedings;
- (c) give instructions from time to time with respect to the Accounts and the funds credited to or deposited therein, including to transfer the funds credited to or deposited in such Accounts to such other account or accounts as the Monitor may direct; and
- (d) add or remove persons having signing authority with respect to any Account or to direct the closing of any Account,

and the financial institutions maintaining such Accounts shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken in accordance with the instructions of the Monitor as to the use or application

of funds transferred, paid, collected or otherwise dealt with in accordance with such instructions, and such financial institutions shall be authorized to act in accordance with and in reliance upon the instructions of the Monitor without any liability in respect thereof to any person.

6. The Monitor is hereby authorized, but not required, to open one or more new accounts in its own name (the “**Monitor's Accounts**”) and receive third party funds into the Monitor’s Accounts or transfer into the Monitor’s Accounts such funds of Hydrx as the Monitor, in its sole opinion, deems necessary or appropriate to assist with the exercise of the Monitor’s powers and duties set out herein, provided that the monies standing to the credit the Monitor’s Accounts from time to time shall be held by the Monitor to be dealt with as permitted by this Order, other Orders in this proceeding, or by further Order of this Court, and further the Monitor is hereby authorized to make use of the funds in the Monitor’s Accounts from time to time to make disbursements and pay amounts for and on behalf of Hydrx or in connection with the Monitor’s exercise of its powers and duties in these proceedings, as the Monitor may in its sole opinion deem necessary or appropriate from time to time.

7. The Monitor may, from time to time, apply to this Court for advice and directions in respect of the exercise and discharge of its powers and duties hereunder.

MONITOR’S ADDITIONAL PROTECTIONS

8. In addition to the rights and protections afforded the Monitor in the ARIIO, under the CCAA, or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment, the carrying out of the provisions of this Order, the exercise by the Monitor of any of its powers, or the performance by the Monitor of any of its duties, save and except for: (i) any gross negligence or wilful misconduct on its part; or (ii) liability for any costs award made

in connection with any proceeding joined, continued or commenced by the Monitor on behalf of Hydrx or any of them. Save as aforesaid, nothing in this Order shall derogate from the rights and protections afforded the Monitor by the CCAA, any other Order of this Court in these proceedings, or any applicable legislation.

9. Notwithstanding the enhancement of the Monitor's powers and duties as set forth herein, the exercise by the Monitor of any of its powers, or the performance by the Monitor of any of its duties, the Monitor is not, and shall not be deemed to be, an owner of any of the Property for any purpose including without limitation for purposes of Environmental Legislation (for purposes of this Order, the term "**Environmental Legislation**" shall mean any federal, provincial, territorial or other jurisdictional legislation, statute, regulation or rule of law or equity (whether in effect in Canada or any other jurisdiction) respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act, 1999*, S.C. 1999, c. 33, the *Environmental Protection Act*, R.S.O.1990,c. E19.

10. The Monitor shall not be liable under any Environmental Legislation in respect of any Adverse Environmental Condition (for purpose of this Order, the term "**Adverse Environmental Condition**" shall include without limitation, any injury, harm, damage, impairment or adverse effect to the environmental condition of the Property and the unlawful storage or disposal of waste or other contamination on or from the Property) with respect to the Property or any part thereof that arose or occurred before the date of the ARIO.

11. The Monitor shall not be liable under any Environmental Legislation in respect of any Adverse Environmental Condition with respect to the Property or any part thereof that arose,

occurred, or continued after the date of this Order unless such Adverse Environmental Condition is caused by the gross negligence or wilful misconduct of the Monitor.

12. Notwithstanding the immediately preceding paragraph, the Monitor shall not be liable beyond the net realized cash value received and available to the Monitor from the Property under any Environmental Legislation in respect of any Adverse Environmental Condition with respect to the Property or any part thereof which is caused by the gross negligence or wilful misconduct of the Monitor.

13. Nothing contained in this Order shall vest in the Monitor the care, ownership, control, charge, occupation, possession or management (separately and/or collectively, "**Possession**"), or require the Monitor to take Possession, of any part of the Property which may be a pollutant or contaminant or cause or contribute to a spill, discharge, release or deposit of a substance contrary to any Environmental Legislation.

14. The Monitor shall not be liable for any employee-related liabilities of Hydrx, including any successor employer liabilities as provided for in Section 14.06(1.2) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"), other than amounts the Monitor may specifically agree in writing to pay. Nothing in this Order shall, in and of itself, cause the Monitor to be liable for any employee related liabilities of the Applicants, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts.

15. The enhancement of the Monitor's powers as set forth herein, the exercise by the Monitor of any of its powers, the performance by the Monitor of any of its duties, or the use or employment by Hydrx of any person under the direction of the Monitor in connection with the Monitor's appointment and the exercise and performance of its powers and duties shall not

constitute the Monitor as the employer, successor employer or related employer of the employees of Hydrx within the meaning of any provincial, federal, municipal legislation or common law governing employment or labour standards or any other statute, regulation or rule of law or equity for any purpose whatsoever or expose the Monitor to liability to any individuals arising from or relating to their employment by Hydrx. In particular, the Monitor shall not be liable to any of the employees for any wages, including severance pay, termination pay and vacation pay except for such wages as the Monitor may specifically agree to pay.

16. The Monitor shall continue to have the benefit of all of the indemnities, charges, protections and priorities as set out in the CCAA, the ARIO and any other Order of this Court and all such indemnities, charges, protections and priorities (as amended herein) shall apply and extend to the Monitor in the fulfilment of its duties or the carrying out of the provisions of this Order. Nothing in this Order shall derogate from the powers of the Monitor as provided in the CCAA, the ARIO and the other Orders of in this proceeding.

17. The Monitor is not and shall not be deemed to be a director, officer, or employee of Hydrx.

18. Nothing in this Order or any other Order granted in these proceedings shall constitute or be deemed to constitute the Monitor as a receiver, assignee, liquidator, administrator, receiver-manager, agent of the creditors or legal representative of Hydrx within the meaning of any relevant legislation, including subsection 159(2) of the *Income Tax Act* (Canada), as amended (the “ITA”), and any distributions to creditors of Hydrx by the Monitor will be deemed to have been made by Hydrx themselves. Nothing in this Order shall constitute or be deemed to constitute the Monitor as a person subject to subsection 150(3) of the ITA.


GENERAL

19. Except as may be necessary to give effect to this Order, the ARIO and any other Order granted in these proceedings shall remain in full force and effect. In the event of any conflict or inconsistency between this Order, the ARIO, or any other Order in these proceedings, the terms of this Order shall govern.

20. The power and authority granted to the Monitor by virtue of this Order shall, if exercised in any case, be paramount to the power and authority of Hydrx with respect to such matters.

21. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, a trustee in bankruptcy, a liquidator or similar person of Hydrx, the Business, or the Property.

22. This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces or territories, in the United States or in any of its states, or in any foreign jurisdiction, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist the Monitor in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such order and to provide such assistance to the Monitor, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to assist the Monitor and its agents in carrying out the terms of this Order.



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

AND DOMENICO SERAFINO AS A PERSON INTERESTED IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
HYDRX FARMS LTD., CANNSCIENCE INNOVATIONS INC. AND SCIENTUS PHARMA
INC. (the "Applicant")

Court File No. CV-21-00659187-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

ORDER

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