



October 8, 2020

To the Creditors of True Leaf Brands Inc.

On October 1, 2020, True Leaf Brands Inc. (otherwise referred to as “**TLB**” or “**the Company**”) lodged with the proposal trustee, FTI Consulting Canada Inc. (the “**Proposal Trustee**”), a proposal pursuant to the Bankruptcy and Insolvency Act (the “**BIA**”) (the “**Proposal**”). On the same day the Proposal was filed with the Office of the Superintendent of Bankruptcy (the “**OSB**”).

Attached to this notice are the following documents.

- A. Report of the Trustee on the Proposal;
- B. The Proposal;
- C. Statement of Affairs;
- D. Proof of Claim forms;
- E. Proxy forms; and
- F. Voting letters.

Creditor Meeting

A general meeting of the Creditors (the “**Meeting**”) will be held on the 20th day of October 2020 at 3:00 PM PST, at:

Dial In: (866) 840-8976,
Conference ID: 205 557 658

Proposal

This Notice and the attached Report of the Trustee on the Proposal are not a substitute for reading the Proposal and Creditors are strongly encouraged to review the Proposal in its entirety prior to voting on the Proposal.

As outlined in the Proposal, In the event that the Unsecured Creditors vote to accept the Proposal and all of the conditions precedent in Article V of the Proposal are satisfied, Funds for Distribution, in the amount of \$85,000, will be paid to the Proposal Trustee and distributed on a pro-rata basis to the Unsecured Creditors.

Based on the Unsecured Creditor Claims known to the Proposal Trustee at this time, it is anticipated that the Funds for Distribution will be sufficient to pay all Unsecured Creditor Claims approximately 9 cents on the dollar, less a levy payable to the OSB.

Proof of Claim

To be eligible to vote, Creditors must file with the Proposal Trustee prior to the Meeting, a Proof of Claim form, properly completed, signed and witnessed as required, accompanied by supporting documentation.



When completing your proof of claim, please note that the most common omissions are:

- No supporting documentation attached (i.e. Schedule "A") to verify the claim amount;
- Claim not signed or signature not witnessed;
- Voting Letter not included or proxy not appointed; and
- Contact information not completed.

Voting

The primary purpose of the Meeting is to permit Creditors to consider the acceptance or rejection of the Proposal. For the Proposal to be accepted, the BIA requires that at least two thirds (66 2/3%) of the Creditors by dollar value and more than fifty percent (50%) of Creditors by number of those who vote, vote in favour of the Proposal.

Creditors can also appoint a proxy to represent them and vote on their behalf at the Meeting by submitting a completed proxy form to the Proposal Trustee.

If the Proposal is not accepted by the requisite majority of Unsecured Creditors, TLB will automatically be deemed to have thereupon made an assignment in bankruptcy as of the date of the vote defeating the Proposal.

If the Proposal is accepted by the statutory majority, the Proposal Trustee will then make an application to the Court for approval of the Proposal. If the Court grants such approval, the Proposal, as approved, will be binding on all the Creditors with Proven Claims pursuant to the provisions of the BIA.

Claims received after the commencement of the meeting will not be included in the voting. It is acceptable to send your proof of claim, proxy, and voting letter as a scanned document via email. Scanned and emailed claims should be sent to ben.chiu@fticonsulting.com. Please ensure that your claim is complete before submitting.

Further information with respect to this matter is available on the Proposal Trustee's web-site:
<http://cfcanada.fticonsulting.com/TrueLeaf>

Should you have any queries in the interim, please do not hesitate to contact a representative of the Proposal Trustee, Ben Chiu at (604) 369-1095.

Yours truly,

FTI CONSULTING CANADA INC.

In its capacity as Trustee under a Proposal
True Leaf Brands Inc.
and not in its personal capacity

Per:  _____

Ben Chiu

COURT FILE NUMBER B-200191
VANCOUVER REGISTRY
ESTATE NO. 11-2636060

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN BANKRUPTCY AND INSOLVENCY

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF TRUE LEAF BRANDS INC.**

REPORT OF THE TRUSTEE ON THE PROPOSAL

OCTOBER 7, 2020

A. INTRODUCTION

1. This report (the “**Report**”) has been prepared by FTI Consulting Canada Inc. (“**FTI**”) in its capacity as the Trustee (the “**Proposal Trustee**”) in the proceedings commenced on April 2, 2020 by True Leaf Brands Inc. (“**TLB**” or the “**Company**”) pursuant to Part III, Division I of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”).
2. In that regard, on April 2, 2020, TLB (formerly known as True Leaf Medicine International Ltd.) filed with the Office of the Superintendent of Bankruptcy (the “**OSB**”) a Notice of Intention to Make a Proposal (“**NOI**”) and FTI Consulting Canada Inc. consented to act as the Proposal Trustee. The proposal was filed on October 1, 2020 in accordance with Section 62(1) of the BIA. A copy of the proposal (the “**Proposal**”) is attached as Appendix A.
3. Capitalized terms in the Report shall have the meaning ascribed to them in the Proposal unless otherwise defined.

B. PURPOSE OF THIS REPORT

4. The purpose of the Report is to:
 - a) Provide background information concerning the Company, its financial situation, the cause of the Company’s financial difficulties and the state of the Company’s business and financial affairs;
 - b) Outline the terms of the Proposal;
 - c) Discuss the conditions that must be satisfied subsequent to Creditor approval in order for the Proposal to be successfully completed;
 - d) Provide an overview of the Proposal Trustee’s findings resulting from its preliminary review of preferences and related party transactions as required under the BIA;

- e) Compare the amounts distributable under the Proposal to the estimated distribution to Creditors with Priority Claims and Unsecured Creditors in the event the Proposal is not accepted, and the Company is deemed to have made an assignment in bankruptcy; and
- f) Recommend that the Unsecured Creditors vote to accept the Proposal.

C. TERMS OF REFERENCE

- 5. In preparing the Report, the Proposal Trustee has relied upon unaudited financial information, other information available to the Proposal Trustee and, where appropriate, the Company's books and records and discussions with management and other various parties (collectively, the "**Information**").
- 6. Except as described in the Report:
 - a) The Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and
 - b) The Proposal Trustee has not examined or reviewed financial forecasts and projections referred to in the Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
- 7. Future oriented financial information reported or relied on in preparing the Report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.
- 8. The Report should only be read in conjunction with the Proposal. Details of the Proposal are outlined in the Report.
- 9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

D. BACKGROUND/CAUSES OF FINANCIAL DIFFICULTY

10. TLB was incorporated under the Business Corporations Act of British Columbia (the “**BCABC**”) on June 9, 2014. The Company was used as the fundraising vehicle for the True Leaf group of companies.
11. TLB became a publicly traded company by completing a statutory plan of arrangement through a share exchange with Noor Energy Corporation in 2015.
12. Since its inception, TLB has raised approximately \$25 million which provided the funding to acquire 40 acres of land in Lumby, BC on which True Leaf Cannabis Inc. (“**TLC**”) constructed an 18,000 square foot facility for its operations (the “**Lumby Facility**”).
13. TLB is the parent company of True Leaf Investments Inc. (“**TLI**”), which holds all of the shares in TLC. TLB is also the parent company of True Leaf Pet Inc. (“**TLP**”).
14. TLC (formerly known as True Leaf Medicine Inc.) was incorporated under the BCABC on July 4, 2013.
15. TLC was established to hold a federal cannabis license that was applied for in 2013.
16. In late 2015, TLB pivoted into the pet industry by launching a line of hemp supplements through TLP.
17. TLP developed ‘soft chew’ and ‘oil’ product formulations with hemp seed and other active ingredients to support calming, joint-pain relief and omega 3 supplementation, and marketed these products to the specialty pet industry in Canada, the USA and over 17 countries in Europe.
18. TLP’s 2019 revenues reached \$2.3 million with its products being sold in 3,500 stores globally.

19. In February 2019, TLB raised \$4.5 million through the issuance of a convertible, secured note (the “Notes”) with the intention of re-branding its pet supplement business and completing the construction of the Lumby Facility. The Notes were guaranteed by TLI, TLC and TLP.
20. In anticipation of a growth trajectory, TLB bolstered its executive suite and sales staff.
21. The Lumby Facility was completed in late 2019, however TLP’s sales did not meet expectation and as a result, the True Leaf group began to experience liquidity issues.
22. TLB’s first payment on the Notes was due on March 23, 2020.
23. As a result of its lack of liquidity, TLB was unable to make the payment and accordingly the holder of the Notes (the “DIP Lender”) threatened to call its loan if TLB did not remedy its default.
24. With the onset of the COVID-19 pandemic and its implications on global trade in conjunction with its Note default, TLB’s management and board decided to seek a stay of proceedings pursuant to the BIA to allow it the time necessary to refinance and/or restructure its debts.
25. As a result, on April 1, 2020, TLB, along with TLI, TLC and TLP, signed NOI’s pursuant to the BIA which were filed by the Proposal Trustee and accepted by the OSB on April 2, 2020.
26. The DIP Lender agreed to provide interim financing to the companies in the NOI proceedings.
27. The reports of the Proposal Trustee issued to date and other information in respect of these proceedings are posted on the Proposal Trustee’s website at <http://cfcanada.fticonsulting.com/TrueLeaf/>.

E. THE PROPOSAL

28. The Proposal Trustee's Report provides an overview of the terms of the Proposal. The Report is not a substitute for reading the Proposal and creditors are strongly encouraged to review the Proposal in its entirety prior to voting on the Proposal. Creditors are also encouraged to discuss the terms of the Proposal with their legal counsel.

Overview of the Proposal

29. As indicated previously, TLB's primary assets are its ownership interest in TLI, TLC and TLP.
30. On May 13, 2020 the Court granted an order (the "**Sales Process Order**") approving a sale process for the sale of the assets or shares of TLC and TLP (the "**Sales Process**").

The TLP Sales Process

31. In accordance with the Sales Process:
- a) On May 15, 2020, TLP issued a news release announcing its Sales Process; and
 - b) On May 22, 2020, the Proposal Trustee placed an advertisement in a national edition of the Globe and Mail newspaper.
32. Commencing on May 14, 2020 and continuing throughout the week of May 18, 2020, TLP forwarded a Teaser document to all known parties that had either previously expressed an interest in the company or were identified as a party that may have a strategic interest in TLP.
33. Subsequent to forwarding the Teaser, TLP's management followed up directly with 28 of the parties offering to make themselves available for calls to answer any detailed questions.

34. 15 parties signed NDA's and were provided access to an electronic data room in which detailed information and financial reports had been uploaded.
35. All 15 parties accessed the data room and held meetings with TLP's management via electronic means.
36. The deadline for the receipt of offers was set as June 19, 2020.
37. On June 19, 2020 four offers and two expressions of interest were received. One additional offer was received on June 22, 2020.
38. The offers and expressions of interest were summarized and discussed with the DIP Lender.
39. Some of the offers included consideration in a form other than cash and accordingly, the Proposal Trustee and TLP's management had to follow up with each party to gain a better understanding of the potential value of the alternative consideration.
40. The Proposal Trustee, in consultation with the DIP Lender, entered into negotiations with the interested parties to try to increase the transaction value of their offers.
41. After prolonged discussions and negotiations with the interested parties, TLP with the agreement of the DIP Lender, signed an Offer to Purchase and Agreement of Purchase and Sale for all of the assets of TLP.
42. The sale transaction was approved by the Court and subsequently closed on September 14, 2020.
43. The gross proceeds from the sale of TLP's assets was \$300,000.

The TLC Sale Process

44. The Sales Process Order authorized TLC to engage Colliers Macaulay Nicolls Inc. (“**Colliers**”) as the designated agent to market the Lumby Facility. With the assistance of Colliers, the following steps were taken in accordance with the Sales Process:
 - a) On May 22, 2020, the Proposal Trustee placed an advertisement in the national edition of the Globe and Mail newspaper;
 - b) On May 15, 2020, TLB issued a news release announcing its Sales Process;
 - c) On May 15, 2020, Colliers forwarded a brochure providing an overview of the Lumby Facility to over 60 parties who had either been identified through its previous sale process or who had been identified subsequently as a party that may have an interest in the Lumby Facility; and
 - d) On May 18, 2020, Colliers posted the listing for the Lumby Facility on its website as well as on the LinkedIn accounts of the two Colliers’ sales agents.
45. Colliers established an electronic data room and provided access to 60 parties upon receipt of an NDA.
46. Site tours and meetings with TLC’s management were arranged for several parties.
47. The Proposal Trustee prepared a checklist for interested parties summarizing the details required to be provided in support of any offer submitted. This document was posted in Colliers’ data room.
48. Finally, draft forms of an Asset Purchase Agreement and a Share Purchase Agreement for the Lumby Facility and for TLC’s shares were prepared by the Company’s legal counsel and provided to all interested parties. The document was provided in Word format to enable interested parties to edit with tracked changes for ease of review by the Proposal Trustee, Colliers and the Company.

49. The date for receipt of offers on the Lumby Facility was set for June 15, 2020 pursuant to the Sales Process. However, as some of the interested parties had not finalized their offers, the Proposal Trustee, in consultation with the DIP Lender, Colliers and TLC, agreed to extend the deadline for receipt of offers to June 17, 2020.
50. On June 15, 2020 Colliers received one Expression of Interest and on June 17, 2020 an additional two offers were received from interested parties.
51. An additional interested party indicated to Colliers that it was continuing to work on its offer which was received on June 20, 2020.
52. The offers were summarized and reviewed with the DIP Lender. All of the offers had some form of conditionality to them and accordingly the Proposal Trustee and Colliers systematically worked with the perceived superior offer to get it to a definitive agreement capable of being brought before the court for approval.
53. Unfortunately, the offers received from interested parties were not able to achieve a price in excess of the amount owed to the DIP Lender and the DIP Lender would not agree to release its security at the prices indicated. The other interested parties were unable to satisfy their conditions and ultimately withdrew their offers.
54. Subsequently, several additional parties came forward indicating their interest in acquiring the Lumby Facility and discussions regarding a proposed sales transaction continued to occur with these parties.
55. To date, no Expressions of Interest or binding offers capable of being approved by the Court have been received on the Lumby Facility.
56. Concurrently with the proposed sale discussions with interested parties, two parties contacted the DIP Lender and commenced discussions regarding the purchase of the DIP Lender's debt and security.

57. Those negotiations concluded with the DIP Lender, TLB, TLI and TLC entering into a term sheet with Canguard Mortgage Investment Corporation for the refinancing of the DIP Lender's secured debt and which now forms the basis of the Proposal being submitted to the Unsecured Creditors for their consideration.
58. The term sheet allows for the refinancing of the Company and the Proposal provides a path to enable the Company to exit these proceedings.

Creditor Claims

59. The list of creditor claims and their claimed amounts is part of the Statement of Affairs ("SOA") filed by the Company with the Proposal Trustee and attached as Appendix B to the Report.

Secured Creditors

60. The Company has one secured creditor which is not included under or in any way affected by the Proposal.

Priority Creditors

61. Creditors with Priority Claims in accordance with the applicable provisions of the BIA, will be paid in full. According to TLB's SOA, there does not appear to be any Priority Claims.

Unsecured Creditors

62. The Proposal is being made to the Unsecured Creditors which are those Creditors holding unsecured Proven Claims against the Company. According to the Company's SOA, Unsecured Creditors are owed a total amount of approximately \$958,000.

Crown Claims

63. As at the date of the Proposal, TLB appears to owe CRA approximately \$77,000 for unpaid source deductions. The Company intends to pay this debt within 6 months of the Court's approval of the Proposal.

Dividend Amount

64. In the event that the Unsecured Creditors vote to accept the Proposal and all of the conditions precedent in Article V of the Proposal are satisfied, the Funds for Distribution, in the amount of \$85,000, will be paid to the Proposal Trustee.
65. The Funds for Distribution will be distributed by the Proposal Trustee on a pro-rata basis to the Unsecured Creditors on account of their Unsecured Creditor Claims.
66. Pursuant to section 147 of the BIA, payments under the Proposal are subject to the levy payable to the OSB.
67. Based on the Unsecured Creditor Claims known to the Proposal Trustee at this time, it is anticipated that the Funds for Distribution will be sufficient to pay all Unsecured Creditor Claims approximately 9 cents on the dollar, less the applicable levy as indicated in the previous paragraph.

Fees of the Proposal Trustee

68. To date, the fees and expenses of the Proposal Trustee have been paid by the Company from funds provided by the DIP Lender.
69. It is anticipated that the funds provided to the Proposal Trustee will be sufficient to cover its remaining fees to complete the Proposal and accordingly will not be drawn from the Funds for Distribution.

Other Proposal Terms

70. Inspectors may be appointed at the meeting of the Unsecured Creditors held to vote on the Proposal and the Inspectors shall number at least one and not more than five. The Inspectors shall have the following powers, but will have no personal liability to the Company or other Creditors:
- a) To advise the Proposal Trustee in connection with its actions under the Proposal or any amendment thereto as the Proposal Trustee may, from time to time, request;
 - b) To advise the Proposal Trustee concerning any dispute which may arise as to the validity of Claims of Creditors under the Proposal;
 - c) To extend the date of distribution of the Funds for Distribution; and
 - d) To advise the Proposal Trustee in respect of such other matters as may be referred to the Inspectors by the Proposal Trustee.

Acceptance of the Proposal

71. In order for the Proposal to be accepted, two-thirds in dollar value and over 50% in number of the Unsecured Creditors present and voting, in person, by proxy or by voting letter, must vote in favour of the Proposal. The Proposal must be approved by the Court after it is accepted by the Unsecured Creditors. Rejection of the Proposal would result in the Company being deemed to have made an assignment in bankruptcy.
72. The Proposal is also conditional upon the approval of a Plan of Arrangement by the requisite number of Shareholders and the Court in accordance with the provisions of the BCABC.

F. PREFERENCES AND RELATED PARTY TRANSACTIONS

73. The Proposal Trustee enquired of the Company's management regarding any transactions for the twelve month period immediately preceding the commencement of these proceedings.
74. To the best of management's knowledge, there were no payments or transactions which could be considered to be preferences, settlements or transactions at undervalue with related or third parties.
75. In addition, nothing has been brought to the Proposal Trustee's attention during these proceedings to indicate a preference, settlement or transaction at undervalue.
76. If the Company was to become bankrupt, it is possible that there may be certain transactions the Proposal Trustee does not have knowledge of, which could be voided. However, recovery from such transactions have not been taken into account in the analysis of the impact of a bankruptcy on the Unsecured Creditors due to the uncertainty as to the likelihood of a successful challenge and if successful, uncertainty as to the quantum and timing of any potential recovery to the estate.
77. Furthermore, given the deficiency to the secured creditor (the DIP Lender) as discussed in the following section, voiding these transactions, if possible, would not result in additional funds being available to the Unsecured Creditors as such additional funds would be subject to the DIP Lender's security.

ESTIMATED DISTRIBUTION IN THE EVENT OF A BANKRUPTCY

78. As detailed in a previous section of the Report, the assets of the Company have been the subject of an extensive Sales Process.
79. The results of the Sales Process have demonstrated that the value of the Lumby Facility and the TLP assets are significantly less than the amount owed to the DIP Lender.

80. Accordingly, in a bankruptcy the expected distribution to the Unsecured Creditors would be NIL.

G. COMPARISON OF PROPOSAL VS. BANKRUPTCY DIVIDEND

81. Based on the analysis in the previous section of the Report, it is estimated that in the event of a bankruptcy of the Company, the Unsecured Creditors would receive a bankruptcy dividend of NIL.

82. The Proposal provides for Funds for Distribution of \$85,000 to be distributed on a pro-rata basis to the Unsecured Creditors on account of their Unsecured Creditor Claims.

83. Based on the Company's management's knowledge of the known Claims, it is anticipated that the Funds for Distribution will provide for a payment of approximately 9 cents on the dollar of the Unsecured Creditor Claims, less the applicable levy payable to the OSB.

H. SUMMARY COMMENTS

84. The Proposal Trustee is of the view that Priority and Unsecured Creditors are unlikely to receive any recovery should the Proposal not be accepted by the Priority and Unsecured Creditors and approved by the Court. As set out in the Report, if the Proposal is approved, \$85,000 will be available to fund the Proposal resulting in an opportunity for the Unsecured Creditors to realize a small recovery of their debt, less the applicable levy payable to the OSB.

85. Payments to Unsecured Creditors are scheduled to be paid within 5 days of the Implementation Date, which is anticipated to be around the middle of November 2020. Accordingly, payments will be received in a timely manner.

86. The Proposal Trustee is of the view that the terms of the Proposal are reasonable, has been made in good faith and benefits the Unsecured Creditors.
87. If the Proposal is rejected by the Unsecured Creditors, a bankruptcy will ensue and it is expected that there will be no funds available for the Priority Claims and Unsecured Creditors.
88. Accordingly, the Proposal Trustee recommends that the Unsecured Creditors support the Proposal.

All of which is respectfully submitted this 7th day of October, 2020.

FTI Consulting Canada Inc.,
in its capacity as Proposal Trustee under a NOI
filed by True Leaf Brands Inc.



Name: Craig Munro
Title: Managing Director,
FTI Consulting Canada Inc.

APPENDIX A

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF
TRUE LEAF BRANDS INC.

PROPOSAL

**ARTICLE I
DEFINITIONS & INTERPRETATION**

1.1 DEFINITIONS

In the Proposal:

“Administrative Charge” means the charge granted pursuant to paragraph 3 of the order of the Court made May 1, 2020 in the Proposal Proceedings, as more particularly set out therein, in favour of the Trustee, counsel to the Trustee, if any, and the Company’s Solicitors.

“BIA” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 as amended.

“Business Day” means any day which is not a Saturday or Sunday, or statutory holiday in British Columbia.

“Claim” means any right or claim of any person against the Company, whether or not asserted in connection with any indebtedness, liability or obligation of any kind whatsoever owed to such person, including any indebtedness, liability or obligation owed to such person as a result of any breach of duty (including, without limitation, any legal, statutory, equitable, or fiduciary duty), any right of ownership of or title to, or to a trust or deemed trust against, any of the property or assets of the Company, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose of action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in part on facts which existed prior to or at the Filing Date, and, for certainty, includes Priority Claims.

“Claims Process” means the process pursuant to the BIA by which the Trustee will determine the Proven Claims against the Company.

“Company” means True Leaf Brands Inc.

“Company’s Solicitors” means Clark Wilson LLP.

“Conditions Precedent” means the conditions precedent set out in Section 5.1 of the Proposal.

“Court” means the Supreme Court of British Columbia.

“Creditor” means any person that has a Claim against the Company.

“Creditors Meeting” means the meeting of the Creditors to be called and held pursuant to Section 51(1) of the BIA for the purpose of considering, and if thought fit, voting to approve the Proposal, as same may be amended at any such meeting, and agreeing to the compromise and arrangement constituted thereby, and any adjournment thereof.

“Crown” means Her Majesty in the Right of Canada or a province.

“Crown Claim” means a Claim of the Crown for amounts that are outstanding as at the Filing Date and are of the kind that could be subject to a demand under:

- (a) subsection 224(1.2) of the *Income Tax Act*;
- (b) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or
- (c) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:
 - (i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*; or
 - (ii) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection.

“Disputed Claim” means any Claim of an Unsecured Creditor which has been received by the Trustee in accordance with the BIA but has not been accepted as a Proven Claim, or which is being disputed in whole or in part by the Trustee or any other person entitled to do so and has not been resolved by agreement or in accordance with the BIA.

“Employee Claims” means any Proven Claim of any employees and former employees of the Company, including the amounts that such employees and former employees would have been qualified to receive under Paragraph 136(1)(d) of the BIA if the Company had become bankrupt on the Filing Date.

"Excluded Claim" means, subject to further order of the Court:

- (a) any Secured Creditor Claims;
- (b) any Employee Claims;
- (c) any Priority Claims; and
- (d) any Crown Claims.

"Excluded Creditors" means Creditors having Excluded Claims.

"Filing Date" means April 2, 2020, the date when the Notice of Intention to File a Proposal pursuant to the BIA was filed by the Company.

"Funds for Distribution" shall have the meaning ascribed to it in Section 2.1 of the Proposal.

"Inspectors" has the meaning ascribed to it in Section 8.5 of the Proposal.

"Implementation Date" means the date on which the Conditions Precedent to the Proposal set forth in Article V hereof have been satisfied or waived.

"Plan of Arrangement" shall have the meaning ascribed to it in Section 2.1 of the Proposal.

"Plan Sponsor" shall mean 1263809 B.C. Ltd.

"Priority Claim" means a Proven Claim of a Creditor entitled to receive a payment of any amount owed to it in priority to any payments to Unsecured Creditors as provided for in Section 136 of the BIA.

"Proof of Claim" means the proof of claim delivered to the Trustee in accordance with the BIA.

"Proposal" means the proposal herein among the Company and the Unsecured Creditors, as from time to time amended, modified or supplemented pursuant to an order of the Court, or pursuant to an agreement among the Company and the Unsecured Creditors, as provided for herein or pursuant to any Creditors Meeting.

"Proposal Proceeding" means the proceeding commenced by the Company under the BIA, being British Columbia Supreme Court, Vancouver Registry Action No. B-200191.

"Proven Claim" means the aggregate amount of any and all Claims held by a Creditor which has been accepted by the Trustee and the Company in accordance with the BIA.

"Required Majority" means the affirmative vote, at the Creditors Meeting, of:

- (a) a simple majority in number of those Unsecured Creditors with Proven Claims in the Unsecured Creditor Class who vote upon the Proposal (in person or by proxy); and
- (b) a two-thirds majority in value of the Proven Claims of Unsecured Creditors in the Unsecured Creditor Class who vote upon the Proposal (in person or by proxy).

“Sanction Order” means the order of the Court made in the Proposal Proceeding approving the Proposal and directing the implementation of the Proposal.

“Secured Creditors” means those Creditors holding perfected security interests against the Company registered in the British Columbia Personal Property Registry or holding a mortgage, charge or encumbrance in the assets or property of the Company to the extent of their Secured Creditor Claims.

“Secured Creditor Claim” means a secured Proven Claim of a Secured Creditor against the Company.

“Shareholders” means the shareholders of the Company.

“Trustee” means FTI Consulting Canada Inc. in its appointed capacity as trustee of the Proposal, and not in its personal capacity.

“Trustee’s Fees” means all proper fees, expenses and legal costs of the Trustee on and incidental to the proceedings arising out of the Proposal and all proper fees, expenses and legal costs of the Trustee arising in relation to the Proposal.

“Trustee’s Final Certificate” means the certificate filed by the Trustee in the Proposal Proceeding confirming that the distributions to Creditors have been made in accordance with the Proposal.

“Unsecured Creditor Claim” means an unsecured Proven Claim of a Creditor against the Company.

“Unsecured Creditor Class” means the class comprising all Creditors with Unsecured Creditor Claims.

“Unsecured Creditors” means those Creditors with an Unsecured Creditor Claim.

1.2 HEADINGS

The division of the Proposal into Sections and the insertion of headings are for convenience only and do not form part of the Proposal and will not be used to interpret, define or limit the scope, extent or intent of the Proposal.

1.3 STATUTORY REFERENCE

Unless otherwise specified, each reference to a statute is deemed to be a reference to that statute and to the regulations made under that statute, as amended or re-enacted from time to time.

1.4 NUMBER AND GENDER

Unless otherwise specified, words importing the singular include the plural and vice versa and words importing gender include all genders.

1.5 CURRENCY

All references to amounts of money means lawful currency of the Dominion of Canada unless otherwise expressly indicated. All Proofs of Claim submitted by Creditors in any other currency will be converted to Canadian dollars at the rate of exchange applicable at the Filing Date.

1.6 DATE FOR ANY ACTION

In the event that any date on which any action is required to be taken under the Proposal by any of the parties is not a Business Day, that action shall be required to be taken on the next succeeding day that is a Business Day.

1.7 GOVERNING LAW

The Proposal shall be governed by and construed in accordance with the Laws of the Province of British Columbia and the federal Laws of Canada applicable thereto. All questions as to the interpretation or application of the Proposal and all proceedings taken in connection with the Proposal shall be subject to the exclusive jurisdiction of the Court.

ARTICLE II PURPOSE AND EFFECT OF THE PROPOSAL

2.1 PURPOSE OF THE PROPOSAL

The purpose of the Proposal is to allow the Company to reorganize its affairs through filing a plan of arrangement pursuant to the *Business Corporations Act* (British Columbia) (the “**Plan of Arrangement**”) and compromising its Unsecured Creditor Claims pursuant to the Proposal Proceedings.

The Proposal will provide for the sum of \$85,000 to be distributed to the Unsecured Creditors (the “**Funds for Distribution**”). The Funds for Distribution will be provided by the Plan Sponsor.

The implementation of the Proposal is subject to the Conditions Precedent, including the approval of the Plan of Arrangement by the requisite majority of Shareholders and the Court in accordance with the *Business Corporations Act* (British Columbia) and the fulfilment or waiver, as applicable, of all other conditions precedent to the implementation of the Plan of Arrangement.

If the Proposal is not accepted by the Unsecured Creditors, the Company will be deemed bankrupt. The liquidation and sale of the Company’s assets upon bankruptcy will result in no distribution to Unsecured Creditors.

2.2 EFFECT OF THE PROPOSAL

Upon the Company meeting its obligation to the Unsecured Creditors under the Proposal and subject to the satisfaction or waiver of the Conditions Precedent, all Claims which the Unsecured Creditors have against the Company shall be irrevocably extinguished, released and discharged. On the Implementation Date, the Proposal will be binding on the Company and the Unsecured Creditors.

The Proposal does not affect Excluded Creditors.

The Proposal is made pursuant to the provisions of the BIA.

2.3 VOTE BY UNSECURED CREDITORS

Subject to order of the Court, the Unsecured Creditors shall be entitled to attend and vote at the Creditors Meeting.

Subject to order of the Court, in order to be approved, the Proposal must receive an affirmative vote, in accordance with the provisions of the BIA, by the Required Majority of the Unsecured Creditor Class.

2.4 TRUSTEE UNDER THE PROPOSAL

Subject to the provisions of the BIA the Trustee shall act as the administrator for certain purposes connected with the Proposal, including administration of the Creditors Meeting and any adjournments thereof.

ARTICLE III CREDITOR CLASS AND PRIORITY OF PAYMENTS

3.1 UNSECURED CREDITOR CLASS

There will be one class of Creditors for the purpose of considering and voting upon the Proposal being the Unsecured Creditor Class.

3.2 PAYMENT TO THE UNSECURED CREDITORS

If the Proposal is approved by the Required Majority, and the Conditions Precedent have been satisfied or waived, then Unsecured Creditors shall be paid their pro rata share of the Funds for Distribution on account of their Unsecured Creditor Claims within 5 (five) Business Days of the Implementation Date, in full and final satisfaction of their Unsecured Creditor Claims.

3.3 CREDITORS WITH DISPUTED CLAIMS

Unsecured Creditors with Disputed Claims shall be entitled to attend the Creditors Meeting and cast a vote in respect of the Proposal up to the value of their Disputed Claim. The Trustee shall keep a separate record and tabulation of any votes cast in respect of Disputed Claims. The Trustee shall report the result of the vote and the tabulation of votes of Proven Claims and Disputed Claims to the Court and, if the decision by Unsecured Creditors whether to approve or reject the Proposal is affected by the votes cast in respect of Disputed Claims, the Company shall seek direction from the Court in respect thereof. The fact that a Disputed Claim is allowed for voting purposes shall not preclude the Company or the Trustee from disputing the Disputed Claim for distribution purposes.

Any Unsecured Creditors with a Disputed Claims on the date of distribution of payments under Section 3.2 shall not be entitled to receive any distribution hereunder with respect to such Disputed Claim unless, until and to the extent that such Disputed Claim is accepted as a Proven Claim, either by agreement or in accordance with the Claims Process.

Pending resolution of each Disputed Claim, either by agreement or by Order of the Court, the Trustee shall withhold such amount as would be payable to the Unsecured Creditor with such Disputed Claim if that Disputed Claim were a Proven Claim. If and to the extent a Disputed Claim is determined to be a Proven Claim, the Trustee shall distribute the appropriate payment to that Unsecured Creditor in respect of its Proven Claim within 10 days of that determination. If a Disputed Claim is not determined to be a Proven Claim, then such withheld amount shall be dealt with in accordance with the BIA.

3.4 COMPROMISE AND RELEASE

Upon the Company meeting its obligation to each Unsecured Creditor under the Proposal, each Unsecured Creditor shall be deemed to have:

- (a) released the Company from all Claims that arose before the Filing Date and that relate to the obligations of the Company prior to the Filing Date, regardless of the date of crystallization of such Claims; and
- (b) released the directors and officers of the Company from all Claims that arose before the Filing Date and that relate to the obligations of the Company prior to the Filing Date, regardless of the date of crystallization of such Claims, where the directors or officers are, by law, liable in their capacity as directors or officers for the payment of such obligation but shall not include claims that are based on allegations of misrepresentation made by directors to creditors or of wrongful or oppressive conduct by directors.

ARTICLE IV PRIORITY PAYMENTS

4.1 TRUSTEE'S FEES

The Trustee's Fees will be paid by the Company in priority to payment of all Proven Claims in accordance with the provisions of the BIA.

4.2 PAYMENT OF PRIORITY CLAIMS

The Trustee shall pay the following from funds provided by the Company if applicable:

- (a) all Crown Claims within 6 months of the date the Sanction Order is made;
- (b) all Employee Claims immediately after the granting of the Sanction Order; and
- (c) any other Priority Claims in accordance with Subsection 136(1) of the BIA prior to any distribution to the Unsecured Creditors Class.

ARTICLE V PAYMENT TO THE UNSECURED CREDITORS

5.1 CONDITIONS PRECEDENT TO THE IMPLEMENTATION DATE

The Implementation Date is subject to the satisfaction or waiver of the following Conditions Precedent:

- (a) The Proposal has been approved by the Required Majority of the Unsecured Creditor Class;
- (b) The Sanction Order has been granted by the Court and has not been stayed;

- (c) The Plan of Arrangement has been approved by the requisite majority of Shareholders in accordance with the *Business Corporations Act* (British Columbia) and the fulfilment or waiver, as applicable, of all other conditions precedent to the implementation of the Plan of Arrangement, and has been approved by the Court and has not been stayed;
- (d) The Funds for Distribution have been paid to the Proposal Trustee pursuant to Subsection 60(2) of the BIA; and
- (e) All other actions, documents and agreements necessary to implement the Proposal have been effected and executed.

5.2 WAIVER OF CONDITIONS PRECEDENT

Any of the Conditions Precedent contained in Section 5.1, other than Subsections 5.1(a) and 5.1(b) may be waived by the Company, with the consent of the Plan Sponsor and the Trustee.

5.3 TRUSTEE'S CERTIFICATE OF PROPOSAL IMPLEMENTATION

Upon being advised in writing by counsel to the Company that the Conditions Precedent have been satisfied or waived in accordance with Section 5.2 hereto and that the Proposal is capable of being implemented, the Trustee shall file with the Court a certificate stating that all Conditions Precedent have been satisfied or waived in accordance with the Proposal and that the Proposal is capable of being implemented forthwith.

5.4 Failure to Satisfy Conditions to Plan Implementation

If the Conditions Precedent are not satisfied or waived in accordance with Section 5.2 hereof on or before the day which is five (5) Business Days after the date on which the Sanction Order is issued or such later date as may be specified by the Company, with the consent of the Plan Sponsor and the Trustee or by order of the Court, the Proposal shall not be implemented and the Proposal and the Sanction Order shall cease to have any further force or effect.

ARTICLE VI DELIVERY OF NOTICES UNDER THE PROPOSAL

6.1 NOTICES AND PAYMENTS TO CREDITORS

Any notices, correspondence and payments to Creditors under or in relation to the Proposal shall be a) delivered to the address provided by each Creditor in its Proof of Claim unless the Trustee is notified by a Creditor in writing of an alternative address for delivery, or b) made in accordance with an order of the Court.

6.2 UNDELIVERABLE PAYMENTS

If any payments to a Creditor under the Proposal is returned to the Trustee as undeliverable, no further payments to that Creditor shall be made unless and until the Trustee is notified by such Creditor, in writing, of their current address, at which time any missed payments shall be delivered to such Creditor

without interest. Undeliverable payments shall be retained by the Trustee until they are claimed or until the date of the Trustee's discharge, after which they shall, subject to Section 154(1) of the BIA and Directive No. 18 of the Superintendent of Bankruptcy, be paid over by the Trustee to the Office of the Superintendent of Bankruptcy.

6.3 WITHHOLDING TAXES AND SUPERINTENDENT'S LEVY

All payments made by the Trustee to Creditors pursuant to the Proposal shall be made net of all applicable levies in accordance with the BIA and regulations thereto, including the levy imposed by the Superintendent of Bankruptcy under the BIA.

Notwithstanding any other provision of the Proposal, each Creditor that is to receive a payment pursuant to the Proposal shall have the sole and exclusive responsibility for the satisfaction and payment of any taxes or tax obligations imposed by any governmental entity (including income, withholding and other tax obligations on account of such distribution).

ARTICLE VII PROCEDURE FOR VALIDATION OF CLAIMS

7.1 FILING OF PROOFS OF CLAIM

Each Unsecured Creditor must file a Proof of Claim to vote on the Proposal and receive a distribution under the Proposal.

7.2 ALLOWANCE OR DISALLOWANCE OF CLAIMS BY THE TRUSTEE

Upon receipt of the completed Proof of Claim, the Trustee shall examine the Proof of Claim and shall deal with each claim in accordance with the provisions of the BIA. The procedure for valuing Claims of the Unsecured Creditors and resolving disputes with respect to such Claims will be as set forth in the BIA. The Company and/or the Trustee reserve the right to seek the assistance of the Court in valuing the Claim of any Unsecured Creditor, if required, to ascertain the result of any vote on the Proposal, as the case may be.

ARTICLE VIII CREDITORS MEETING

8.1 CREDITORS MEETING

Subject to order of the Court:

- (a) the Creditors Meeting to consider and vote on the Proposal shall be conducted in accordance with Part III, Division I – General Scheme for Proposals of the BIA; and
- (b) the Creditors Meeting shall be held within 21 days after the date of filing of the Proposal.

8.2 VOTING

Subject to order of the Court, the Proposal shall be voted on by the Unsecured Creditors Class at the Creditors Meeting. For the purposes of voting, each Unsecured Creditor shall have one vote for the purposes of determining a majority in number in the Unsecured Creditor Class and each shall be entitled to one vote for each \$1.00 of its Proven Claim for the purpose of determining two-thirds in value.

8.3 PROXIES AND VOTING LETTERS

Unsecured Creditors will be entitled to vote at the Creditors Meeting by proxy or voting letter. The particulars with respect to voting by proxy or voting letter will be detailed in the package provided to the Unsecured Creditors by the Trustee and will be binding upon the Unsecured Creditors.

8.4 ADJOURNMENT OF MEETING

The Creditors Meeting may be adjourned in accordance with Section 52 of the BIA.

8.5 INSPECTORS

At the Creditors Meeting, the Creditors may appoint one or more but not exceeding five inspectors (the “**Inspectors**”) under the Proposal pursuant to Section 56 of the BIA, whose duties will be restricted to the following:

- (a) to advise the Trustee in connection with its actions under the Proposal or any amendment thereto as the Trustee may, from time to time, request;
- (b) to advise the Trustee concerning any dispute which may arise as to the validity of claims of Creditors under the Proposal;
- (c) to extend the date(s) of distribution of payments under Section 3.2; and
- (d) to advise the Trustee in respect of such other matters as may be referred to the Inspectors by the Trustee.

The powers of the Inspectors will be exercised by a majority of them in accordance with Section 116(3) of the BIA.

In the event Creditors do not elect to appoint Inspectors under the Proposal, the Trustee shall be entitled to proceed as if authorized by the Inspectors and, subject to taxation thereof, to be paid by the Company for services rendered by it pursuant and in relation to the Proposal.

The Trustee, and the Inspectors, should any be appointed, shall be exempt from all personal liability for any wrongful act, default or neglect (other than fraud, willful misconduct or gross negligence) in fulfilling any duties or exercising any powers conferred upon them by the Proposal, the BIA or generally in carrying out the terms of the Proposal.

**ARTICLE IX
AMENDMENTS AND MODIFICATIONS**

9.1 AMENDMENT OF PROPOSAL

The Company reserves the right, with the consent of the Plan Sponsor and the Trustee, to amend the Proposal at any time prior to the Creditors Meeting, and after the Creditors Meeting and prior to obtaining the Sanction Order to amend any approved Proposal, and re-submit it to the Creditors.

9.2 MODIFICATION OF PROPOSAL

After the Creditors Meeting, the Proposal may be modified from time to time:

- (a) if the amendment is considered by the Trustee and the Inspectors (should any be appointed) to be non-substantive in nature, with the approval of the Trustee and the majority of the Inspectors (should any be appointed);
- (b) upon a vote conducted by the Trustee at a further meeting of Creditors; and
- (c) by the Court at any time on application of the Company or the Trustee and upon notice to those determined by the Company and the Trustee to be directly affected by the proposed modification, whether a Creditor or not.

9.3 WAIVERS

Other than the Conditions Precedent contained in Section 5.1, any provision of the Proposal may be waived, with the consent of the Trustee, by the Inspectors, or if no Inspectors are appointed, with the consent of a simple majority of the Unsecured Creditors or by an Unsecured Creditor affected by the provision.

**ARTICLE X
APPLICATION FOR SANCTION ORDER**

10.1 APPLICATION FOR SANCTION ORDER

Within 20 days after the Proposal has been approved by the Required Majority of the Unsecured Creditor Class, the Trustee will set a hearing date before the Court for a hearing of the application of the Sanction Order in accordance with Section 58 of the BIA.

10.2 CONTINUATION OF THE STAY OF PROCEEDINGS

The stay of proceedings provided for in Subsection 69.1(1) of the BIA will be continued in full force and effect from the date of filing of the Proposal until the later of the date of the completion of the distributions to the Creditors in accordance with the Proposal, or if the Company becomes bankrupt, the date of bankruptcy.

**ARTICLE XI
GENERAL**

11.1 CERTIFICATE OF COMPLETION AND DISCHARGE OF TRUSTEE

Following the completion of the distributions to the Creditors in accordance with the Proposal, the terms of the Proposal shall be deemed to be fully performed and the Trustee shall give to the Company and the official receiver a certificate, in the prescribed form, in accordance with Section 65.3 of the BIA and the Trustee shall thereupon be entitled to be discharged.

11.2 FURTHER ACTIONS

The Company will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of the Proposal and to give effect to the transactions contemplated hereby.

11.3 NOTICES

All notices and correspondence relating to the Proposal and to be delivered to the Company or the Trustee shall be made in writing and shall be delivered either personally, by email, by telecopy, by regular mail, by registered mail or by certified mail, return receipt request, at the following address:

(a) If to the Company:

Clark Wilson LLP
900-885 West Georgia St.
Vancouver, BC V6C 3H1

Attn: Christopher Ramsay / Katie Mak
Tel: 604-687-6314 / 604-643-3105
Email: cramsay@cwilson.com / kmak@cwilson.com

(b) If to the Trustee:

FTI Consulting Canada Inc.
Suite 1450, P.O. Box 10089
701 West Georgia St.
Vancouver, BC V7Y 1B6

Attn: Craig Munro
Tel: (604) 757-6108
Email: craig.munro@fticonsulting.com

(c) If to the Plan Sponsor:

MLT Aikins LLP
Suite 2600, 1066 West Hastings Street

Vancouver, B.C. V6E 3X1

Attn: William E.J. Skelly
Tel: (604) 608-4597
Email: wskelly@mltaikins.com

And if to a Creditor, at its address set forth in the last Proof of Claim deposited with the Trustee, or at such other address of which the Creditor has subsequently given the Trustee notice in writing.

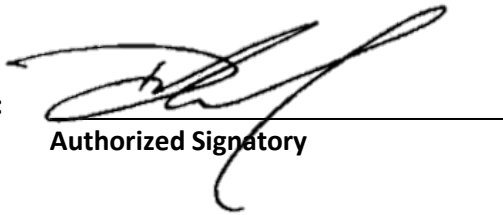
11.4 SUCCESSORS AND ASSIGNS

The Proposal is binding upon the Company and the Creditors and their respective heirs, executors, administrators, successors and assigns.

DATED this 30th day of September, 2020.

True Leaf Brands Inc.

Per:



Authorized Signatory

APPENDIX B

District of: British Columbia
 Division No. 03 - Vancouver
 Court No. 11-2636060
 Estate No. 11-2636060

Original Amended

Form 78
 Statement of Affairs (Business Proposal) made by an entity
 (Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)

In the matter of the proposal of
 TRUE LEAF BRANDS INC.
 of the city of Vancouver, in the municipality of Vancouver
 in the Province of British Columbia

To the debtor:

You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 1st day of April 2020. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES (as stated and estimated by the officer)	ASSETS (as stated and estimated by the officer)
1. Unsecured creditors as per list "A" 958,465.07	1. Inventory 0.00
Balance of secured claims as per list "B" 6,985,201.00	2. Trade fixtures, etc. 0.00
Total unsecured creditors 7,943,666.07	3. Accounts receivable and other receivables, as per list "E"
2. Secured creditors as per list "B" 2.00	Good 0.00
3. Preferred creditors as per list "C" 0.00	Doubtful 0.00
4. Contingent, trust claims or other liabilities as per list "D"	Bad 0.00
estimated to be reclaimable for 0.00	Estimated to produce 0.00
Total liabilities 7,943,668.07	4. Bills of exchange, promissory note, etc., as per list "F" 0.00
Surplus NIL	5. Deposits in financial institutions 0.00
	6. Cash 0.00
	7. Livestock 0.00
	8. Machinery, equipment and plant 0.00
	9. Real property or immovable as per list "G" 0.00
	10. Furniture 0.00
	11. RRSPs, RRIFs, life insurance, etc. 0.00
	12. Securities (shares, bonds, debentures, etc.) 0.00
	13. Interests under wills 0.00
	14. Vehicles 0.00
	15. Other property, as per list "H" 0.00
	If debtor is a corporation, add:
	Amount of subscribed capital 0.00
	Amount paid on capital 0.00
	Balance subscribed and unpaid 0.00
	Estimated to produce 0.00
	Total assets 0.00
	Deficiency 7,943,668.07

I, Darcy Bomford, of the City of Vernon in the Province of British Columbia, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of my affairs on the 2nd day of October 2020 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)
 before me at the city of Vancouver in the Province of British Columbia, on this 2nd day of October 2020.


 Darcy Bomford

District of: British Columbia
 Division No. 03 - Vancouver
 Court No. 11-2636060
 Estate No. 11-2636060

FORM 78 -- Continued

List "A"
 Unsecured Creditors

TRUE LEAF BRANDS INC.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	ALLIANCE GLOBAL PARTNERS	590 Madison Avenue, 36th Floor New York NY 10022 USA	32,500.00	0.00	32,500.00
2	BREAK THROUGH COMMUNICATION	1380 - 1100 Melville Street Vancouver BC V6E 4A6	26,762.00	0.00	26,762.00
3	CONCUR TECHNOLOGIES INC.	PO BOX 4090 STN A, C/O 913190 Toronto ON M5W 0E9	1,561.20	0.00	1,561.20
4	CRA	PO Box 3800 Stn A Sudbury ON P3A 0C3	70,550.85	0.00	70,550.85
5	CRA	275 Pope Rd Summerside PE C1N 6E7	25,232.27	0.00	25,232.27
6	DARCY BOMFORD	7306 Old Stamp Mills Rd Vernon BC V1H 1N2	289,480.06	0.00	289,480.06
7	DELOITTE LLP	8621 - 201st Street, Suite 600 Langley BC V2Y 0G9	164,855.10	0.00	164,855.10
8	EQUISOLVE	3500 SW Corporate Parkway, Suite 206 Palm City FL 34990 USA	1,037.40	0.00	1,037.40
9	FINANCE MATTERS	Suite 170 3104 30th Avenue Vernon BC V1T 9M9	5,250.00	0.00	5,250.00
10	JODI WATSON	7001 Seaview Ave NW #160-457 Seattle WA 98117 USA	5,200.00	0.00	5,200.00
11	KPMG LLP	KPMG LLP, T4348, PO Box 4348, Station A Toronto ON M5W 7A6	17,358.08	0.00	17,358.08
12	LIND ASSET MANAGEMENT XV, LLC	Suite 1900 370 Lexington Ave New York NY 10017 USA	0.00	6,985,201.00	6,985,201.00
13	MCCARTHY TETRAULT	Suite 2400 - 745 Thurlow Street Vancouver BC V6E 0C3	23,433.23	0.00	23,433.23
14	MINISTRY OF FINANCE	PO Box 9445 Stn Prov Govnt Victoria BC V8W 9V5	18,858.09	0.00	18,858.09
15	MNP LLP	Suite 2200 MNP Tower, 1021 West Hastings Street Vancouver BC V6E 0C3	31,760.82	0.00	31,760.82
16	OSLER, HOSKIN & HARCOURT LLP	1000 Rue De La Gauchetiere Ouest, Bureau 2100 Montreal QC H3B 4W5	74,072.11	0.00	74,072.11
17	RICHARDS BUELL SUTTON LLP	700 - 401 West Georgia St. Vancouver BC V6B 5A1	9,472.29	0.00	9,472.29
18	SOLIUM CAPITAL, ULC	Suite 1500 600 3rd Avenue SW Calgary AB T2P 0G5	843.86	0.00	843.86
19	TENZIN KHANGSAR	1619 Dempsey Rd Vancouver BC V7K 1T2	134,681.77	0.00	134,681.77
20	TOUTANT, SYLVAIN	900 Route 343 Ste-Marcielline de Kildare QC J0K 2Y0	2,000.00	0.00	2,000.00
21	VENTURE LIQUIDITY PROVIDERS, INC.	1 McGuire Cres. Uxbridge ON L9P 1G7	22,600.00	0.00	22,600.00
22	WCB BC	PO Box 9600 Stn Terminal Vancouver BC V6B5J5	955.94	0.00	955.94
Total:			958,465.07	6,985,201.00	7,943,666.07

02-Oct-2020

Date



Darcy Bomford

District of: British Columbia
 Division No. 03 - Vancouver
 Court No. 11-2636060
 Estate No. 11-2636060

FORM 78 -- Continued


List "B"
 Secured Creditors

TRUE LEAF BRANDS INC.

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
1	LIND ASSET MANAGEMENT XV, LLC	Suite 1900 370 Lexington Ave New York NY 10017 USA	6,985,203.00	Securities - Shares - True Leaf Cannabis		1.00		
				Securities - Shares - True Leaf Investment		1.00		6,985,201.00
Total:			6,985,203.00			2.00	0.00	6,985,201.00

02-Oct-2020

Date



Darcy Bomford

District of: British Columbia
Division No. 03 - Vancouver
Court No. 11-2636060
Estate No. 11-2636060

FORM 78 -- Continued

List "C"
Preferred Creditors for Wages, Rent, etc.

TRUE LEAF BRANDS INC.

No.	Name of creditor	Address and occupation	Nature of claim	Period during which claim accrued	Amount of claim	Amount payable in full	Difference ranking for dividend
Total:					0.00	0.00	0.00

02-Oct-2020

Date



Darcy Bomford

District of: British Columbia
Division No. 03 - Vancouver
Court No. 11-2636060
Estate No. 11-2636060

FORM 78 -- Continued


List "D"
Contingent or Other Liabilities

TRUE LEAF BRANDS INC.

No.	Name of creditor or claimant	Address and occupation	Amount of liability or claim	Amount expected to rank for dividend	Date when liability incurred	Nature of liability
Total:			0.00	0.00		

02-Oct-2020

Date



Darcy Bomford

District of: British Columbia
Division No. 03 - Vancouver
Court No. 11-2636060
Estate No. 11-2636060

FORM 78 -- Continued


List "E"
Debts Due to the Debtor

TRUE LEAF BRANDS INC.

No.	Name of debtor	Address and occupation	Nature of debt	Amount of debt (good, doubtful, bad)	Folio of ledgers or other book where particulars to be found	When contracted	Estimated to produce	Particulars of any securities held for debt
			Total:	0.00 0.00 0.00			0.00	

02-Oct-2020

Date



Darcy Bomford

District of: British Columbia
Division No. 03 - Vancouver
Court No. 11-2636060
Estate No. 11-2636060

FORM 78 -- Continued

List "F"

Bills of Exchange, Promissory Notes, Lien Notes, Chattel
Mortgages, etc., Available as Assets

TRUE LEAF BRANDS INC.

No.	Name of all promissory, acceptors, endorsers, mortgagors, and guarantors	Address	Occupation	Amount of bill or note, etc.	Date when due	Estimated to produce	Particulars of any property held as security for payment of bill or note, etc.
Total:				0.00		0.00	

02-Oct-2020

Date



Darcy Bomford

District of: British Columbia
Division No. 03 - Vancouver
Court No. 11-2636060
Estate No. 11-2636060

FORM 78 -- Continued

List "G"
Real Property or Immovables Owned by Debtor

TRUE LEAF BRANDS INC.

Description of property	Nature of debtor interest	In whose name does title stand	Total value	Particulars of mortgages, hypothecs, or other encumbrances (name, address, amount)	Equity or surplus
Total:			0.00		0.00

02-Oct-2020

Date



Darcy Bomford

District of: British Columbia
Division No. 03 - Vancouver
Court No. 11-2636060
Estate No. 11-2636060

FORM 78 -- Concluded

List "H"
Property

TRUE LEAF BRANDS INC.
FULL STATEMENT OF PROPERTY

Nature of property	Location	Details of property	Original cost	Estimated to produce
(a) Stock-in-trade			0.00	0.00
(b) Trade fixtures, etc.			0.00	0.00
(c) Cash in financial institutions			0.00	0.00
(d) Cash on hand			0.00	0.00
(e) Livestock			0.00	0.00
(f) Machinery, equipment and plant			0.00	0.00
(g) Furniture			0.00	0.00
(h) Life insurance policies, RRSPs, etc.			0.00	0.00
(i) Securities		Shares	1.00	0.00
		Shares	1.00	0.00
(j) Interests under wills, etc.			0.00	0.00
(k) Vehicles			0.00	0.00
(l) Taxes			0.00	0.00
			Total:	0.00

02-Oct-2020

Date



Darcy Bomford

Court No. 11-2636060

Estate No. 11-2636060

In the matter of the proposal of
TRUE LEAF BRANDS INC.
of the city of Vancouver, in the municipality of
Vancouver
in the Province of British Columbia

Form 78 (Bill C-12)
Statement of affairs (Business bankruptcy)

FTI Consulting Canada Inc. - Licensed Insolvency
Trustee

1450 – 701 W. Georgia
Vancouver BC V7Y 1B6
Phone: (604) 757-6108

District of: British Columbia
Division No. 03 - Vancouver
Court No. 11-2636060
Estate No. 11-2636060

FORM 31
Proof of Claim
(Sections 50.1, 81.5, 81.6, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 102(2), 124(2), 128(1),
and Paragraphs 51(1)(e) and 66.14(b) of the Act)

In the matter of the proposal of
TRUE LEAF BRANDS INC.
of the city of Vancouver, in the municipality of Vancouver
in the Province of British Columbia

All notices or correspondence regarding this claim must be forwarded to the following address:

In the matter of the proposal of TRUE LEAF BRANDS INC. of the city of Vernon in the Province of British Columbia and the claim of _____, creditor.

I, _____ (name of creditor or representative of the creditor), of the city of _____ in the province of _____, do hereby certify:

1. That I am a creditor of the above named debtor (or I am _____ (position/title) of _____, creditor).

2. That I have knowledge of all the circumstances connected with the claim referred to below.

3. That the debtor was, at the date of proposal, namely the 1st day of April 2020, and still is, indebted to the creditor in the sum of \$ _____, as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)

4. (Check and complete appropriate category.)

A. UNSECURED CLAIM OF \$ _____

(other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and
(Check appropriate description.)

Regarding the amount of \$ _____, I claim a right to a priority under section 136 of the Act.

Regarding the amount of \$ _____, I do not claim a right to a priority.
(Set out on an attached sheet details to support priority claim.)

B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ _____

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

C. SECURED CLAIM OF \$ _____

That in respect of this debt, I hold assets of the debtor valued at \$ _____ as security, particulars of which are as follows:
(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ _____

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ _____
(Attach a copy of sales agreement and delivery receipts.)

- E. CLAIM BY WAGE EARNER OF \$_____
- That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$_____,
- That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$_____,
- F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$_____
- That I hereby make a claim under subsection 81.5 of the Act in the amount of \$_____,
- That I hereby make a claim under subsection 81.6 of the Act in the amount of \$_____,
- G. CLAIM AGAINST DIRECTOR \$_____

(To be completed when a proposal provides for the compromise of claims against directors.)

That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

- H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$_____

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

5. That, to the best of my knowledge, I _____ (am/am not) (or the above-named creditor _____ (is/is not)) related to the debtor within the meaning of section 4 of the Act, and _____ (have/has/have not/has not) dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, and the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Section 2 of the Act: (Provide details of payments, credits and transfers at undervalue.)

7. (Applicable only in the case of the bankruptcy of an individual.)

- Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
- I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at _____, this _____ day of _____.

Witness

Creditor

Phone Number: _____
Fax Number : _____
E-mail Address : _____

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits.

WARNINGS: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.

Subsection 20(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

District of: British Columbia
Division No. 03 - Vancouver
Court No. 11-2636060
Estate No. 11-2636060

FORM 36
Proxy
(Subsection 102(2) and paragraphs 51(1)(e) and 66.15(3)(b) of the Act)

In the matter of the proposal of
TRUE LEAF BRANDS INC.
of the city of Vancouver, in the municipality of Vancouver
in the Province of British Columbia

I, _____, of _____, a creditor in the above matter, hereby
appoint _____, of _____, to be my
proxyholder in the above matter, except as to the receipt of dividends, _____ (with or without) power to
appoint another proxyholder in his or her place.

Dated at _____, this _____ day of _____, _____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Per _____
Name and Title of Signing Officer

Return To:

FTI Consulting Canada Inc. - Licensed Insolvency Trustee

1450 – 701 W. Georgia
Vancouver BC V7Y 1B6
Phone: (604) 369-1095
E-mail: ben.chiu@fticonsulting.com

District of: British Columbia
Division No. 03 - Vancouver
Court No. 11-2636060
Estate No. 11-2636060

FORM 37

Voting Letter
(Paragraph 51(1)(f) of the Act)

In the matter of the proposal of
TRUE LEAF BRANDS INC.
of the city of Vancouver, in the municipality of Vancouver
in the Province of British Columbia

I, _____, creditor (or I, _____, representative of
_____, creditor), of _____, a creditor in the above matter for
the sum of \$ _____, hereby request the trustee acting with respect to the proposal of TRUE LEAF
BRANDS INC., to record my vote _____ (for or against) the acceptance of the proposal as made on
the _____ day of _____, _____.

Dated at _____, this _____ day of _____.

Witness
Individual Creditor

Witness
Name of Corporate Creditor

Per _____
Name and Title of Signing Officer

Return To:
FTI Consulting Canada Inc. - Licensed Insolvency Trustee
Per:

Craig Munro - Licensed Insolvency Trustee
1450 - 701 W. Georgia
Vancouver BC V7Y 1B6
Phone: (604) 369-1095
E-mail: ben.chiu@fticonsulting.com