



No. B200195
Estate No. 11-2636224
Vancouver Registry

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 PET INC.

**ORDER MADE AFTER APPLICATION
(APPROVAL AND VESTING ORDER AND STAY EXTENSION)**

BEFORE THE HONOURABLE)
) August 28, 2020
MR. JUSTICE WALKER)

ON THE APPLICATION of True Leaf Pet Inc. (the "TLP") coming on for hearing at Vancouver, British Columbia, on the 28th day of August, 2020; AND ON HEARING Katie G. Mak and Nick Carlson, counsel for TLP, and those other counsel listed on **Schedule "A"** hereto; AND UPON READING the material filed, including the Fifth Report of the FTI Consulting Canada Inc. in its capacity as proposal trustee (the "**Proposal Trustee**") dated August 24, 2020 (the "**Report**");

THIS COURT ORDERS AND DECLARES that:

Approval and Vesting

1. The sale transaction (the "**Transaction**") contemplated by the Offer to Purchase and Agreement of Purchase and Sale dated August 11, 2020 (the "**Sale Agreement**") between TLP, 4033001 (a Wyoming Corporation) (the "**Purchaser**") and Hemp Technology, Inc. (a Wyoming Corporation) (the Purchaser's parent company), a copy of which is attached as Appendix "A" to the Report is hereby approved, and the Sale Agreement is commercially reasonable.

2. TLP is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance to the Purchaser of the assets described in the Sale Agreement (the "**Purchased Assets**").

3. Upon payment of the Purchase Price (as defined in the Sale Agreement) in accordance with the Sale Agreement, all of TLP's right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser in fee simple, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of this Court dated May 1, 2020; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* of British Columbia or any other personal property registry system; and (iii) those Claims listed on **Schedule "B"** hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule "C"** hereto), and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and from and after the payment of the Purchase Price all Claims shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having had possession or control immediately prior to the sale.

5. Pursuant to Section 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act* or Section 18(1)(o) of the *Personal Information Protection Act* of British Columbia, the Proposal Trustee is hereby authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the company's records pertaining to TLP's past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by TLP.

6. Subject to the terms of the Sale Agreement, vacant possession of the Purchased Assets, including any real property, shall be delivered by TLP to the Purchaser at 12:00 noon on the Closing Date (as defined in the Sale Agreement), subject to the permitted encumbrances as set out in the Sale Agreement and listed on **Schedule "C"**.

7. TLP, with the consent of the Proposal Trustee and the Purchaser, shall be at liberty to extend the Closing Date to such later date as those parties may agree without the necessity of a further Order of this Court provided that the Closing Date occurs within 30 days of the date of this Order.

8. Notwithstanding:

- (a) these proceedings;
- (b) any applications for a bankruptcy order in respect of TLP now or hereafter made pursuant to the *Bankruptcy and Insolvency Act* and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made by or in respect of TLP,

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of TLP and shall not be void or voidable by creditors of TLP, nor shall it constitute or be deemed to be a transfer at undervalue, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the *Bankruptcy and Insolvency Act* or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

Stay Extension

9. The stay of proceedings and the time for the filing of a proposal by TLP is extended to October 2, 2020.

Service of this Order

10. TLP shall serve Her Majesty the Queen in Right of the Province of British Columbia (the "Province") and Her Majesty the Queen in Right of Canada & Minister of National Revenue (the "CRA") with this Order and the Province and/or CRA shall be at liberty to apply to vary or set this Order aside within 7 (seven) business days of being served.

General

11. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body, wherever located, to give effect to this Order and to assist the Proposal Trustee and its 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 Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Proposal Trustee and its agents in carrying out the terms of this Order.

12. TLP, the Proposal Trustee or any other party have liberty to apply for such further or other directions or relief as may be necessary or desirable to give effect to this Order.

13. Endorsement of this Order by counsel appearing on this application other than counsel for TLP 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:

 for Katie G. Mak

Signature of Lawyer for True Leaf Pet Inc.
Lawyer: Katie G. Mak

BY THE COURT

REGISTRAR IN BANKRUPTCY

CHECKED
 

Schedule A

Counsel Appearing

Victor Gerchikov	Lind Asset Management

Schedule B

Encumbrances to be Discharged

1. Base Registration No. 320721L, in favour of Lind Asset Management XV, LLC as the secured party, against True Leaf Pet Inc., as debtor, with respect to True Leaf Pet Inc.'s present and after-acquired personal property.

Schedule C
Permitted Encumbrances

1. Subsisting conditions, provisos, restrictions, exceptions and reservations, including royalties, contained in the original or any other Crown grant or disposition or implied by statute in respect of or affecting the Purchased Assets.
2. The legal notations, charges and encumbrances registered against the Purchased Assets as of the date of the Sale Agreement, save and except those legal notations, charges and encumbrances set out in Schedule B of this Order and save and except any leases or tenancies in respect of the Purchased Assets in existence as of the Closing Date.
3. Base Registration No. 145089L, in favour of Bank of Montreal, as the secured party, against True Leaf Pet Inc., as debtor, with respect to LF269 pledge of instrument, assignment of proceeds instrument described as a variable rate guaranteed investment certificate (gic) account no. 0004-9679-851 in the amount of \$57,500.00 including all renewals and replacements thereof, substitutions therefor accretions thereto and interest, income and money therefrom and all proceeds thereof and therefrom including accounts.
4. Base Registration No. 720151L, in favour of Masonlift Ltd., as the secured party, against True Leaf Pet Ltd., as debtor, with respect to a 2016 Toyota-8FGU18 motor vehicle with serial # 8FGU18-63421.

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APPROVAL AND VESTING ORDER

File No.: 46587-0002

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