



No. B-200196  
Estate No. 11-2636236  
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 INVESTMENTS CORP.

**ORDER MADE AFTER APPLICATION**

**APPROVAL AND VESTING ORDER**

BEFORE THE HONOURABLE MADAM )  
JUSTICE FITZPATRICK ) November 6, 2020

ON THE APPLICATION of True Leaf Investments Corp. ("TLI") coming on for hearing at Vancouver, British Columbia, on the Sixth day of November, 2020; AND ON HEARING Christopher J. Ramsay and Nicholas Carlson, counsel for TLI, and those other counsel listed on **Schedule "A"** hereto; AND UPON READING the material filed, including the Sixth Report of FTI Consulting Canada Inc. in its capacity as proposal trustee of TLI (the "**Proposal Trustee**") dated November 4, 2020 (the "**Report**");

THIS COURT ORDERS AND DECLARES that:

1. The transactions (collectively, the "**Transactions**") contemplated by (a) the offer to purchase and agreement of purchase and sale dated November 4, 2020 between TLI, True Leaf Cannabis Inc. ("**TLC**") and 1273096 B.C. Ltd. (the "**Purchaser**"), a copy of which is attached as Appendix "B" to the Report (the "**SPA**"), and (b) the binding term sheet dated September 11, 2020 between TLI, TLC, True Leaf Brands Inc., the Purchaser, Canguard Mortgage Investment Corporation, Lind Asset Management XV, LLC and other parties, a copy of which is attached as Appendix "A" to the Report (the "**Term Sheet**", and together with the SPA, the "**Sale Agreements**") are hereby approved, and the Sale Agreements are commercially reasonable.

2. The execution of the Sale Agreements by TLI is hereby authorized and approved, and TLI 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 Transactions and for the conveyance to the Purchaser of the shares of TLC as described in the Sale Agreements (the "**Purchased Shares**").

3. Upon delivery by the Proposal Trustee to the Purchaser of a certificate substantially in the form attached as **Schedule "B"** hereto (the "**Proposal Trustee's Certificate**"), the following shall occur and be deemed to have occurred commencing at the time of delivery of the Proposal Trustee's Certificate (the "**Effective Time**") in the following sequence:

- (a) all of the debts, liabilities, options, 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, 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 "C"** hereto (all of which are collectively referred to as the "**Claims and Encumbrances**", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule "D"** hereto), and, for greater certainty, shall be expunged, discharged and released as against TLC. For greater certainty, this Court orders that from and after the Effective Time, no Person shall have any right, claim or interest against or in respect of TLC in respect of the Claims and Encumbrances and all Persons shall be and hereby are forever stayed, estopped and enjoined from commencing or continuing any action or proceeding against TLC in any way relating to or in respect of the Claims and Encumbrances; and
- (b) all of TLI's right, title and interest in the Purchased Shares shall vest absolutely in the Purchaser, free and clear of any and all Claims and Encumbrances, and, for greater certainty, this Court orders that all of the Claims and Encumbrances affecting or relating to the Purchased Shares are hereby expunged, discharged and released as against the Purchased Shares.

4. At Closing (as defined in the Term Sheet):

- (a) TLC shall pay to Lind Asset Management XV, LLC ("**Lind**") the amount of CDN\$4.15 million in partial payment of the amounts owed to Lind under the Lind Loans (as defined as in the Term Sheet), provided that the \$4.15 million of proceeds paid to Lind pursuant to the Term Sheet shall pay down the amounts owed to Lind in such a manner so as to maintain an outstanding obligation under the DIP Facility of at least \$300,000; and
- (b) TL Brands Inc., TLC and TLI shall pay to Lind all their cash balances in excess of CDN\$100,000 in the aggregate.

5. From and after the Effective Time, all Persons, including any and all counterparties to any contract, lease or agreement with TLC, are prohibited and forever stayed, estopped and enjoined from exercising, enforcing or relying on any rights, remedies, claims or benefits in respect of or as against TLC, in any way arising from or relating to:



- (a) the insolvency of TLC prior to the Effective Time;
- (b) the commencement or existence of these proposal proceedings, including any deferral or interruption of payments and any incurrence or creation of charges arising from or relating to these proposal proceedings; or
- (c) the entering into and implementation of the Sale Agreement and the Transactions, including, without limitation, as a result of a change of control of TLI or TLC resulting from the completion of the Transactions.

6. Following the Effective Time, the Purchaser shall be authorized to take all steps as may be necessary to effect the discharge of the Claims and Encumbrances as against TLC and the Purchased Shares.

7. For the purposes of determining the nature and priority of Claims and Encumbrances, the net proceeds from the sale of the Purchased Shares shall stand in the place and stead of the Purchased Shares, and from and after the delivery of the Proposal Trustee's Certificate all Claims shall attach to the net proceeds from the sale of the Purchased Shares with the same priority as they had with respect to the Purchased Shares immediately prior to the sale, as if the Purchased Shares had not been sold and remained in the possession or control of the person having had possession or control immediately prior to the sale.

8. The Proposal Trustee is to file with the Court a copy of the Proposal Trustee's Certificate forthwith after delivery thereof.

9. TLI, with the consent of the Purchaser and Lind, shall be at liberty to extend the closing date under the Sale Agreements to such later date as those parties may agree without the necessity of a further Order of this Court.

10. Notwithstanding:

- (a) these proceedings;
- (b) any applications for a bankruptcy order in respect of the Debtor 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 the Debtor,

the vesting of the Purchased Shares in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of TLI, 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.


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 TLI, the Purchaser and the Proposal Trustee and their 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 TLI, the Purchaser and the Proposal Trustee, as an officer of this Court, and their agents, as may be necessary or desirable to give effect to this Order or to assist them and their agents in carrying out the terms of this Order.

12. TLI 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. The approval of counsel as to form, except for counsel to TLI, is 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:

per:  Nicholas Carlson  
\_\_\_\_\_  
Signature of Lawyer for True Leaf Investments Corp.  
Lawyer: Christopher J. Ramsay

BY THE COURT

\_\_\_\_\_  
*Registrar in Bankruptcy*

**Schedule A**

**Counsel**

<b>Ashley Taylor and Victor Gerchikov</b>	<b>Lind Asset Management XV, LLC</b>
<b>Christopher Ramsay and Nicholas Carlson</b>	<b>FTI Consulting Canada Inc. as agent</b>
<b>William Skelly</b>	<b>Canguard Mortgage Investment Corporation</b>
<b>Christine Matthews</b>	<b>The Crown in Right of Canada</b>

**Schedule B**

**Proposal Trustee's Certificate**

No. B-200196  
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**IN THE BANKRUPTCY AND INSOLVENCY**

IN THE MATTER OF THE NOTICE OF INTENTION  
TO MAKE A PROPOSAL OF  
TRUE LEAF INVESTMENTS CORP.

**PROPOSAL TRUSTEE'S CERTIFICATE**

1. On April 2, 2020, True Leaf Investments Corp. ("**TLI**") filed a notice of intention to make a proposal pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended with the Office of the Superintendent of Bankruptcy and FTI Consulting Canada Inc. ("**FTI**") was appointed as proposal trustee in TLI's proposal proceeding (the "**Proposal Trustee**").

2. Pursuant to an Order of the Court dated ♦, 2020 (the "**Approval and Vesting Order**"), the Court ordered that, effective upon the delivery by the Proposal Trustee of this Certificate to the Purchaser confirming that the Transactions contemplated by the Sale Agreements have been implemented:

- (a) all of the right, title and interest of TLI in the Purchased Shares vest in Purchaser; and
- (b) all Claims and Encumbrances shall be discharged against TLC.

3. Unless otherwise defined herein, capitalized terms shall have the meanings ascribed thereto in the Approval and Vesting Orders.

**THE PROPOSAL TRUSTEE HEREBY CERTIFIES as follows:**

The Transactions contemplated by the Sale Agreements have been implemented.

**DATED at the City of Vancouver, in the Province of British Columbia, this ♦, day of ♦, 2020.**

**FTI Consulting Canada Inc. in its capacity as  
Proposal Trustee of TLI and not in its personal  
capacity**

**By:**

\_\_\_\_\_  
**Name:**

**Title:**



**Schedule C**  
**Claims and Claims and Encumbrances to be Discharged**



**Schedule D**  
**Permitted Claims and Encumbrances**

Parcel Identifier: 008-974-241  
Legal Description: Lot 3 District Lot 18 Osoyoos Division Yale District Plan 14627 Except Plans 25260, 30965, 31773 and EPP101164

1. The reservations, limitations, provisos and conditions expressed in the original grant thereof from the Crown.
2. Registration Number KH19362, statutory right of way in favour of Catalyst Paper Corporation.
3. Registration Number KV158631, covenant in favour of the Crown in Right of British Columbia Village of Lumby.
4. Registration Number CA6725746, covenant in favour of the Corporation of the Village of Lumby.
5. Registration Number CA7351621, mortgage in favour of Lind Asset Management XV LLC.
6. Registration Number CA7351622, assignment of rents in favour of Lind Asset Management XV LLC.
7. Registration Number CA7594106, mortgage in favour of PT Bank Negara Indonesia (Persero) TBK.
8. Registration Number CA759410, assignment of rents in favour of PT Bank Negara Indonesia (Persero) TBK.
9. Registration Number CA8198573, mortgage in favour of Lind Asset Management XV, LLC.
10. Registration Number CA8198574, assignment of rents in favour of Lind Asset Management XV, LLC.

British Columbia Personal Property Registry

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

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**ORDER MADE AFTER APPLICATION**

File No.: 46587-0002

**CLARK WILSON LLP**

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LAWYER: Katie G. Mak  
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