



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., TRUE LEAF CANNABIS INC., TRUE LEAF  
INVESTMENTS CORP. AND TRUE LEAF PET INC.**

**THIRD REPORT OF THE PROPOSAL TRUSTEE**

**JUNE 12, 2020**

## INTRODUCTION

1. This report (“**Third Report**”) has been prepared by FTI Consulting Canada Inc. (“**FTI**”) in its capacity as the Trustee (the “**Proposal Trustee**”) under Notices of Intention to File a Proposal (“**NOI**”) signed by True Leaf Brands Inc. (“**True Leaf**”), True Leaf Cannabis Inc. (“**TLC**”), True Leaf Investments Corp. (“**TLI**”) and True Leaf Pet Inc. (“**TLP**”) (collectively the “**Companies**”) as of April 1, 2020 and filed with the Superintendent of Bankruptcy on April 2, 2020 pursuant to Part III, Division I of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”).
2. TLC (formerly known as True Leaf Medicine Inc.) was incorporated under the Business Corporations Act of British Columbia (the “**BCABC**”) on July 4, 2013. TLC’s parent company, True Leaf (formerly known as True Leaf Medicine International Ltd.) was incorporated under the BCABC on June 9, 2014.
3. TLC was established to hold a federal cannabis license that was applied for in 2013.
4. In late 2015 True Leaf pivoted into the pet industry by launching a line of hemp supplements through its wholly owned TLP subsidiary.
5. TLC’s cannabis facility (the “**Facility**”) was completed in late 2019, however the Companies’ sales did not meet expectation and it began to experience liquidity issues.
6. As indicated in the First Report, True Leaf’s first payment on the Notes was due on March 23, 2020.
7. As a result of its lack of liquidity, True Leaf was unable to make the interest payment on its Notes and with the onset of the COVID-19 pandemic and its implications on global trade, True Leaf’s management and board decided to seek a stay of proceedings to allow it the time necessary to refinance and/or restructure its debts.

8. As a result, on April 1, 2020, the Companies signed NOI's which were filed by the Proposal Trustee with the Office of the Superintendent of Bankruptcy (the "**OSB**") and accepted on April 2, 2020.
9. On May 1, 2020, the Companies sought the following relief and were granted an order by this Honourable Court providing:
  - a) An extension of the Companies' stay of proceedings and time to file a proposal to June 16, 2020;
  - b) Approval of a DIP Loan for an amount not to exceed \$700,000 as provided by its senior secured lender (the "**DIP Lender**");
  - c) Approval of an administrative charge over all of the assets and undertakings of TLC in favour of the Proposal Trustee, its counsel and the Companies' counsel (the "**Administrative Charge**") in the amount of \$150,000; and
  - d) Approval of a first ranking charge against all of the Companies' assets and undertakings in favour of the DIP Lender, subject only to the priority of the Administrative Charge.
10. The DIP Loan included a covenant by the Companies to obtain Court approval of a sales process providing for the separate marketing and sale of TLP's pet business and the Facility, in form and substance acceptable to the DIP Lender.
11. The order was to be sought by the Companies prior to May 14, 2020.
12. Accordingly, on May 13, 2020 True Leaf sought and obtained an order of this Honourable Court providing:
  - a) Authorization for the Proposal Trustee to carry out the Sales Process as described in Schedule B attached to the Sales Process Order;
  - b) Authorization for TLC to engage Colliers Macaulay Nicolls Inc. ("**Colliers**") as the designated agent to market the Facility; and

- c) In the event TLC does engage Colliers, directing Colliers to report, discuss and provide information to the Proposal Trustee regarding the marketing of the Facility and to assist the Proposal Trustee in the negotiation and finalization of any offers received.
13. The reports of the Proposal Trustee and other information in respect of these proceedings are posted on the Proposal Trustee's website at <http://cfcanada.fticonsulting.com/TrueLeaf/>.

## **PURPOSE**

14. The purpose of the Third Report is to provide this Honourable Court with an update on the following:
- a) The activities of the Companies subsequent to the date of the Second Report;
  - b) An update on the progress of the Sales Process;
  - c) An analysis of the Companies' actual cash receipts and disbursements for the period from April 25, 2020 to June 5, 2020, compared to the forecast filed on April 9, 2020 (the "**April 9 Forecast**");
  - d) The Companies' cash flow projection for the period from June 6, 2020 to July 31, 2020; and
  - e) The Companies' request for an extension of the current stay of proceedings under the NOI from June 16, 2020 to July 31, 2020.

## TERMS OF REFERENCE

15. In preparing this report, the Proposal Trustee has relied upon unaudited financial information, other information available to the Proposal Trustee and, where appropriate, the Companies' books and records and discussions with various parties (collectively, the "**Information**").
16. Except as described in this 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 this report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
17. Future oriented financial information reported or relied on in preparing this report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.
18. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

## ACTIVITIES OF THE COMPANIES

19. Since the date of the Second Report, the Companies have been primarily focused on the Sales Process (as discussed in more detail in the following section) and maintaining its pet supplement business.
20. TLP's sales continue to show improvement with April and May's sales up 9% over the same period in the prior year.
21. The growth in TLP's sales have been predominantly driven by its European sales which were more than triple for April and May over last year.
22. The Company has been holding weekly update calls with the DIP Lender to review its cash needs as well as being provided with an update on the Sales Process.
23. Given the growth in TLP's European sales, the DIP Lender agreed to allow a payment of 18,000 Euros be released to its European subsidiary to fund some of its working capital needs.
24. The Companies' directors have all remained on the board subsequent to the commencement of the Proposal proceedings. The board continues to be actively involved in the affairs of the Companies and has held weekly update meetings with the CEO.
25. The Companies' suppliers have been supportive and to date there has been no issues with any of its unsecured creditors.

## UPDATE ON THE SALES PROCESS

26. As indicated previously, on May 13, 2020 this Honourable Court granted an order approving the Sales Process.
27. As a result, 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, True Leaf issued a news release announcing its Sales Process;
  - c) Commencing on May 14, 2020 and continuing throughout the week of May 18, 2020, TLP forwarded a Teaser document (attached as Appendix A) 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 the company;
  - d) On May 15, 2020, Colliers forwarded its Brochure (attached as Appendix B) 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 Facility; and
  - e) On May 18, 2020, Colliers posted the listing for the Facility on its website as well as on the LinkedIn accounts of the two sales agents.
28. 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.
29. With respect to TLP, 15 parties have signed NDA's and were provided access to an electronic data room in which detailed information and financial reports had been uploaded.
30. All 15 parties accessed the data room and have held meetings with TLP's management via electronic means.

31. With respect to the Facility, Colliers established an electronic data room and has provided access to 60 parties upon receipt of an NDA.
32. Site tours were arranged for several parties as well as meetings with TLC's management.
33. 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 both data rooms.
34. Finally, draft forms of Asset Purchase Agreements and Share Purchase Agreements for each of TLP and TLC were prepared by the Companies' 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 Companies.
35. Based on feedback from the parties who have been reviewing the assets, it is expected that the Sales Process will result in offers being submitted on both TLP and the Facility.

#### **COMPARISON OF FORECAST TO ACTUAL**

36. The following table indicates the actual cash receipts and disbursements for the period from April 25, 2020 to June 5, 2020 as compared to the April 9 Forecast.



**True Leaf Brands Inc. et al Summary of Actual versus Forecast Cash Flow  
For the 6-Week Period from April 25th, 2020 to June 5, 2020**

**Prepared on a Consolidated Basis**

<b>(CAD \$)</b>	<b>Forecast</b>	<b>Actual</b>	<b>Variance</b>
<b>Operating Receipts</b>			
Collections on AR	49,138	94,364	<b>45,226</b>
Other receipts	65,720	85,995	<b>20,275</b>
<b>Total - Operating Receipts</b>	<b>114,858</b>	<b>180,359</b>	<b>65,501</b>
<b>Operating Disbursements</b>			
Payroll	(56,813)	(59,938)	<b>(3,125)</b>
Payroll taxes	(44,942)	(43,413)	<b>1,529</b>
Benefits	(4,118)	(2,098)	<b>2,019</b>
Inventory replenish	(45,000)	-	<b>45,000</b>
Software costs	(9,915)	(11,835)	<b>(1,920)</b>
Selling and Marketing	(10,000)	(12,803)	<b>(2,803)</b>
Utilities	(2,007)	(3,079)	<b>(1,072)</b>
Consultants & Sales Rep groups	(40,990)	(36,152)	<b>4,838</b>
Maintenance	(875)	(1,336)	<b>(461)</b>
Rent	(7,998)	(7,293)	<b>705</b>
Shipping	(12,000)	(28,454)	<b>(16,454)</b>
Insurance	(4,673)	(4,673)	-
IR & Pubco costs	(4,988)	(13,836)	<b>(8,848)</b>
Legal & Professional Fees	(4,200)	(4,200)	-
Other	(31,746)	(52,705)	<b>(20,959)</b>
<b>Total - Operating Disbursements</b>	<b>(280,263)</b>	<b>(281,813)</b>	<b>(1,550)</b>
<b>Net Operating Cash Flow</b>	<b>(165,406)</b>	<b>(101,455)</b>	<b>63,951</b>
<b>Non-Operating Disbursements</b>			
Professional fees	(235,513)	(167,099)	<b>68,414</b>
DIP financing	400,000	300,000	<b>(100,000)</b>
DIP financing fees	(19,000)	(19,000)	-
<b>Total Net Cash Flow</b>	<b>(19,919)</b>	<b>12,446</b>	<b>32,365</b>
Opening Cash Balance	174,227	174,227	-
<b>Ending cash (Canadian Dollar)</b>	<b>154,308</b>	<b>186,673</b>	<b>32,365</b>

37. Explanations for the significant variances in actual receipts and disbursements as compared to the April 9 Forecast are as follows:
- a) Collection of AR is approximately \$45,000 higher than anticipated as sales have outperformed initial expectations;
  - b) The variance in other receipts is primarily related to the receipt of the Canada Emergency Wage Subsidy (“CEWS”) earlier than anticipated. The CEWS provides up to 75% of gross salaries for eligible employees up to a maximum of \$874 per week;
  - c) The replenishment of inventory has been delayed until the completion of the sale process and accordingly is a permanent difference;
  - d) Shipping costs exceeded planned disbursements as TLP’s main warehouse in the United States required pre-payments and a security deposit to be posted;
  - e) Other costs include a GST payment of approximately \$35,000 which was not included in the April 30 Cash Flow attached as Appendix C to the First Report of the Proposal Trustee. However, the Company expects to receive GST refunds in the coming months which is expected to offset this variance. In addition, this disbursement was reduced as a result of True Leaf’s management negotiating a payment plan with respect to the fee due to Health Canada for its cannabis license. TLC is now making \$2,000 per month payments as opposed to the lump sum payment of \$23,000 that was originally forecasted;
  - f) Professional fee variances are a result of timing differences and are expected to reverse in subsequent periods; and
  - g) DIP advances have been made as necessary based on the Company’s liquidity needs.

## **CASH FLOW PROJECTION**

38. The Companies prepared an updated Cash Flow Statement for the period from June 6, 2020 to July 31, 2020 (attached as Appendix C).
39. Given the approved limit of \$700,000 for the DIP Loan, it appears that the Companies will have sufficient liquidity to fund its post-filing obligations through the period of the extension of the stay of proceedings being sought.

## **COMPANIES' REQUEST FOR AN EXTENSION**

40. The Companies are seeking an extension of the stay of proceedings from June 16, 2020 to July 31, 2020.
41. The Companies are seeking an extension to provide them with the time required to complete its sales process or complete a refinancing, recapitalization, or investment transaction that would allow the Companies to restructure their balance sheets and formulate a proposal to their unsecured creditors.
42. The Proposal Trustee supports the Companies' request for an extension of its stay of proceedings based on the following:
  - a) The Companies are acting in good faith and with due diligence;
  - b) The Secured Lender is supportive of the Companies' efforts and has been kept apprised of the activities related to the Sales Process; and
  - c) With the approval of the DIP Loan, the Companies have sufficient resources to fund the post-filing costs through the period of the extension being sought.

All of which is respectfully submitted this 12<sup>th</sup> day of June, 2020.

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



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

# **APPENDIX A**



## INVESTMENT / ACQUISITION OPPORTUNITY

### True Leaf Pet Business Overview and Contact Information

May 2020



# True Leaf Pet – Overview



- \$2.3M revenue (FY19) business in the high growth pet supplements sector. FY20 results not yet released
- Sales and distribution in both North America and Europe – products in 3,500 pet stores
- ~50% gross margin across three product ranges (NA SKUs shown below)



### Hemp Seed Recipes

- ✓ Calming, Hip+Joint, Omega 3 Support
- ✓ Soft Chews & Oils



### Hemp Leaf (CBD) Recipes

- ✓ Calming, Hip+Joint,
- ✓ Soft Chews & Oils



### World's First Pet Line with Oil of Oregano

- ✓ Natural Anti-Bacterial
- ✓ Body + Oral Health Support

- Flexible manufacturing model using co-manufacturers/co-packers
- Accelerated growth plans based on expansion with major new customers and recent assortment extensions with existing customers

**TRUE LEAF: A global brand in the fast-growing pet supplements sector**

# Potential Sources of Value



- Established product line and brand that can **extend assortment** and **add revenue**
- 2-step and direct customers that can be used to **cross-sell** products and drive growth
- Sales channel, customers, presence and resources in **Europe** that can be leveraged for global expansion
- Flexible and scalable supply chain that can easily and **cost effectively be integrated**
- **Strong new product pipeline** built off existing product platforms for efficient growth
- Veterinary back formulations and Vet Board that can **add credibility** to products/company
- Knowledgeable and **capable team** that can be integrated into existing operations
- Strong **relationship** with NASC and other Pet Industry resources that can be leveraged to grow and promote

**High leverage potential for an acquirer**





- **For additional information and to receive an NDA for this opportunity, please email:**

Mr. Kevin Cole  
President, True Leaf Pet  
email: [kevin.cole@trueleaf.com](mailto:kevin.cole@trueleaf.com)

- Please be aware that the deadline for submission of qualified offers is June 19, 2020
- Access to the Data Room will be accommodated after execution of the NDA

# **APPENDIX B**



# ACQUISITION OPPORTUNITY

1837 Shuswap Avenue  
Lumby | BC

**OFFER DEADLINE: 5:00 PM, June 15, 2020**



**Pricing Guidance: \$7,250,000**

**Federally Licensed Health  
Canada Cannabis Cultivation and  
Production Facility on 40 acres  
of Industrial Land**



**Alan L. Johnson**  
Vice President  
Unique Properties | Vancouver  
604 661 0842  
alan.johnson@colliers.com

**Bianca Gilbert**  
Senior Associate  
Industrial Sales & Leasing | Vancouver  
604 694 7225  
bianca.gilbert@colliers.com

True Leaf Brands (the "Vendor") in consultation with its Proposal Trustee, FTI Consulting, has retained Colliers International as its exclusive agent for the sale of their federally licensed cannabis facility located in Lumby, BC.

True Leaf filed a Notice of Intention to Make a Proposal ("NOI"), pursuant to the Bankruptcy and Insolvency Act, in April 2020.

## OPPORTUNITY

TL Cannabis, owns a 40 acre industrial zoned property in the village of Lumby in British Columbia's interior, 20 minutes east of Vernon. The property was acquired with the specific intent to develop a comprehensive cannabis production facility that would include a wide range of cannabis based production from cultivation to research and development.

TL Cannabis received its standard cultivation, standard processing and sale for medical purposes licenses through Health Canada in November 2019. The asset sale includes these licenses, copies of which can be found in the data room.

## SALIENT FACTS

Civic Address:	1837 Shuswap Avenue, Lumby, BC
Legal Address:	PID: 008-974-241 Lot 3 District Lot 18 Osoyoos Division Yale District Plan 14627 Except Plans 25260, 30965 and 31773
Site Size:	40.06 Acres (1,745,014 SF)
Improvements:	GMP compliant two-storey, 18,000 SF central hub for the initial grow area, laboratory services, whole-plant extraction, and the production of therapeutic cannabis products. An additional 16,000 square foot foundation has been poured for future expansion and the steel and roof package have been purchased and are stored on site. Engineering has been completed for the entire 'True Leaf Campus' project, which is made up of four- 16,000 square foot wings with 12 grow rooms per wing and an estimated total capacity of 6400 kilograms of dried cannabis flower per year.
Zoning:	I-2 - General Industrial Zone
Easements:	Please see the Data Room for full copies of easements and covenants on title.
Designated Land Uses:	LI - Light Industrial GI - General Industrial
Assessed Value (2020):	Land: \$1,549,000 Improvements: \$6,925,000 Total: \$8,474,000
Licenses	Standard cultivation, standard processing, sale for medical purposes.
<b>Pricing Guidance:</b>	<b>\$7,250,000</b>

## OFFER PROCESS

Please contact the listing agents for access into the data room for additional due diligence items. All offers to be submitted by 5:00pm on June 15th, 2020. Offers received after this time will not be considered.

For comprehensive details on the Offering Process, please contact the Listing Agents.

# **APPENDIX C**

True Leaf Brands Inc. et al

Cash Flow Statement for the period of June 6, 2020 to July 31, 2020

Week Ending	12-Jun-20	19-Jun-20	26-Jun-20	3-Jul-20	10-Jul-20	17-Jul-20	24-Jul-20	31-Jul-20	TOTAL	Notes
<b>Opening Cash</b>	186,673	212,851	124,702	135,658	121,221	132,210	51,384	53,888	<b>186,673</b>	1
<b>Cash Receipts</b>										
Collection of AR - Pet Supplements	57,196	14,115	13,504	1,504	11,520	10,190	2,504	5,000	<b>115,532</b>	2
Other receipts	-	2,500	-	3,360	-	-	-	-	<b>5,860</b>	3
<b>Total - Operating Receipts</b>	<b>57,196</b>	<b>16,615</b>	<b>13,504</b>	<b>4,864</b>	<b>11,520</b>	<b>10,190</b>	<b>2,504</b>	<b>5,000</b>	<b>121,392</b>	
<b>Operating Disbursements</b>										
Payroll	-	(16,646)	-	(16,646)	-	(16,646)	-	(16,646)	<b>(66,582)</b>	4
Payroll taxes	-	(17,207)	-	-	-	(17,207)	-	-	<b>(34,415)</b>	5
Benefits	-	-	-	(1,368)	-	-	-	-	<b>(1,368)</b>	6
Software costs	-	(3,200)	-	-	-	(9,666)	-	-	<b>(12,866)</b>	7
Selling and Marketing	(4,000)	(4,000)	-	-	-	-	-	-	<b>(8,000)</b>	8
Utilities	(524)	(332)	-	(269)	(524)	(150)	-	(269)	<b>(2,069)</b>	9
Consultants & Sales Rep groups	-	(10,980)	-	(18,437)	-	(7,980)	-	(18,437)	<b>(55,834)</b>	10
Maintenance	-	(700)	-	(168)	-	(500)	-	(168)	<b>(1,536)</b>	11
Rent	-	-	-	(3,950)	-	-	-	(3,950)	<b>(7,900)</b>	12
Shipping	(8,000)	-	-	(3,000)	-	(8,000)	-	(2,500)	<b>(21,500)</b>	13
Insurance	-	(4,673)	-	-	-	(4,673)	-	-	<b>(9,346)</b>	14
IR & Pubco costs	-	(9,884)	-	(2,210)	-	(3,675)	-	(2,210)	<b>(17,979)</b>	15
Legal & Professional Fees	-	(4,200)	-	-	-	(4,200)	-	-	<b>(8,400)</b>	16
Other	(18,493)	(3,319)	(2,548)	(3,254)	(6)	(3,319)	-	(5,796)	<b>(36,735)</b>	17
<b>Total - Operating Disbursements</b>	<b>(31,017)</b>	<b>(75,141)</b>	<b>(2,548)</b>	<b>(49,301)</b>	<b>(530)</b>	<b>(76,016)</b>	<b>-</b>	<b>(49,975)</b>	<b>(284,530)</b>	
<b>Non-operating Receipts and Disbursements</b>										
Professional fees	-	(79,623)	-	(20,000)	-	(65,000)	-	(45,000)	<b>(209,623)</b>	18
DIP financing	-	50,000	-	50,000	-	50,000	-	50,000	<b>200,000</b>	19
<b>Total Non-Operating Receipts and Disbursements</b>	<b>-</b>	<b>(29,623)</b>	<b>-</b>	<b>30,000</b>	<b>-</b>	<b>(15,000)</b>	<b>-</b>	<b>5,000</b>	<b>(9,623)</b>	
<b>Total Net Cash Flow</b>	<b>26,178</b>	<b>(88,149)</b>	<b>10,956</b>	<b>(14,437)</b>	<b>10,989</b>	<b>(80,826)</b>	<b>2,504</b>	<b>(39,975)</b>	<b>(172,761)</b>	
<b>Ending cash</b>	<b>212,851</b>	<b>124,702</b>	<b>135,658</b>	<b>121,221</b>	<b>132,210</b>	<b>51,384</b>	<b>53,888</b>	<b>13,912</b>	<b>13,912</b>	

**Notes:**

- 1 - Opening cash balances are bank statements with US funds converted at an exchange rate of 1.4.
- 2- Collections are based on historical patterns for each customer.
- 3- The Company has rented out space on its 40 acre property in Lumby, British Columbia.
- 4- The Company has recently restructured its staffing levels and makes payroll on a semi-monthly basis.
- 5- Payroll source deductions are due on the 15th of the month following payment of payroll.
- 6- Extended benefits for full time employees is provided by a third party with payments made on the first day of each month.
- 7- Specialized software is required by Health Canada to maintain cannabis growing and processing licenses. The software costs are related to the monthly subscriptions to that software as well as other programs needed to manage the business.
- 8- Marketing materials are purchased on an ad hoc basis through the Company's credit cards which are due on the 16th of each month.
- 9- Utilities for the Lumby property and the Vernon office relate to electricity, gas, cable and internet and are paid on a monthly basis with estimates based on historical costs.
- 10- The Company utilizes contractors as sales representatives in the US to generate sales as well to support finance and HR functions.
- 11- The Company pays for janitorial services at the head office on an as needed basis and pest control is required by the Health Canada licenses at the Lumby property.
- 12- Rent includes the head office space and warehouse in Vernon that services Canadian sales.
- 13- The Company has a US warehouse provider that arranges all shipping of orders to customers in the US and stores the Company's inventory. The Company also incurs shipping costs for orders out of the Vernon, BC warehouse which are paid semi-monthly.
- 14- Property and liability insurance was financed over a nine month period with payments ending August 2020.
- 15- The Company incurs certain costs to maintain its filings as a publicly traded entity.
- 16- The Company retains a paralegal that completes all public filings and maintains shareholder lists, warrants and options as well as acts as the Corporate Secretary.
- 17- Other costs relates primarily to a monthly payment to Health Canada to maintain its cannabis license as well as rental equipment utilized at the Company's Lumby and Vernon sites and bank fees. A payment of approximately \$18,500 was made to TLP Europe in the week ended June 12 in order to retain staff in that entity.
- 18- Professional fees includes the Trustee, the Company's legal counsel and the DIP Lender's legal counsel.
- 19- A total of \$200,000 is expected to be received through DIP financing throughout the forecasted period.