

Estate No. 31-2643278

Court File No. 31-2643278

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

**IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF MUSKOKA GROWN LIMITED, A
CORPORATION INCORPORATED UNDER THE LAWS OF
ONTARIO**

FIRST REPORT OF THE PROPOSAL TRUSTEE

May 5, 2020

TABLE OF CONTENTS

INTRODUCTION.....	1
PURPOSE OF THIS REPORT	1
DISCLAIMER.....	2
BACKGROUND	4
PURPOSE OF NOI.....	10
ANALYSIS OF CASH-FLOW	11
ADMINISTRATION CHARGE	12
DIRECTORS' CHARGE	12
DIP LENDER'S CHARGE.....	13
EXTENSION OF THE TIME TO MAKE A PROPOSAL	14
REQUESTED RELIEF	15

LIST OF APPENDICES

- “A” Muskoka Grown Limited’s Notice of Intention to Make a Proposal, with list of creditors of \$250 or more, dated May 1, 2020 and filed with the Official Receiver on May 5, 2020
- “B” Cash Flow projections for the 13-week period from the week ending May 8, 2020 to the week ending July 31, 2020

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**IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF MUSKOKA GROWN LIMITED, A
CORPORATION INCORPORATED UNDER THE LAWS OF
ONTARIO**

FIRST REPORT OF THE PROPOSAL TRUSTEE

May 5, 2020

A. Farber & Partners Inc. (“**Farber**”), in its capacity as the trustee (the “**Proposal Trustee**”) *in re* the proposal of Muskoka Grown Limited (“**Muskoka Grown**”), hereby reports to the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) as follows.

INTRODUCTION

1. On May 5, 2020, Muskoka Grown filed a Notice of Intention to Make a Proposal (the “**NOI**”) under Section 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C 1985, c. B-3, as amended (the “**BIA**”) and Farber was appointed as Proposal Trustee.
2. The primary purpose of the NOI is to provide Muskoka Grown with temporary relief from creditors to allow it to carry on business while it formulates a plan to restructure its financial affairs.
3. All references to monetary amounts in this first report of the Proposal Trustee (the “**First Report**”) are in Canadian dollars unless noted otherwise.

PURPOSE OF THIS REPORT

4. The purpose of this First Report is:

- a. to report on Muskoka Grown’s cash-flow projection from the week ending May 8, 2020 to the week ending July 31, 2020 (the “**Cash Flow**”); and
- b. to support Muskoka Grown’s motion, returnable May 6, 2020 (the “**Motion**”), for the relief outlined therein, including, amongst other things;
 - i. approving a first ranking charge in an amount up to a maximum of \$300,000 (the “**Administration Charge**”), to secure the fees and disbursements of the Proposal Trustee (including in its capacity as trustee in bankruptcy, if applicable), counsel for the Proposal Trustee (including as counsel to the trustee in bankruptcy, if applicable), Dentons Canada LLP (“**Dentons**”), and Muskoka Grown’s counsel, Bennett Jones LLP (“**Bennett Jones**”);
 - ii. approving a second ranking charge in an amount up to a maximum of \$200,000 (the “**Directors’ Charge**”), to secure the indemnity provided by Muskoka Grown to its directors and officers against obligations and liabilities that they may incur as directors or officers of Muskoka Grown after the commencement of the within proceedings;
 - iii. approving a third ranking charge in an amount up to a maximum principal of \$4,000,000 (the “**DIP Lender’s Charge**”), to secure the debtor-in-possession loan facility (the “**DIP Loan**”), as described in the debtor-in-possession term sheet agreement dated May 5, 2020 (the “**DIP Term Sheet**”) between Muskoka Grown, as borrower, and Arthur Zwingenberger, as lender (“**Zwingenberger**” and, in such capacity, the “**DIP Lender**”); and
 - iv. approving a 45-day extension of the time period to file a proposal with the Official Receiver to July 19, 2020.

DISCLAIMER

- 5. In preparing this First Report and making the comments herein, Farber has been provided with, and has relied upon certain unaudited, draft and/or internal financial information, company records, company prepared financial information and projections, discussions

with management and employees of Muskoka Grown, and information from other third-party sources (collectively, the “**Information**”). Except as described in this First Report:

- a. Farber has reviewed the information for reasonableness, internal consistency and use in the context in which it was provided. Farber has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with generally accepted assurance standards, and accordingly Farber expresses no opinion or other form of assurance in respect of the Information;
- b. In view of the purpose of the First Report, some of the financial information herein may not comply with generally accepted accounting principles;
- c. Some of the information referred to in this First Report consists of forecasts and projections, which were prepared based on management’s estimates and assumptions. Such estimates and assumptions are, by their nature, not ascertainable and, consequently, no assurance can be provided regarding the forecasted or projected results. Indeed, the reader is cautioned that the actual results will likely vary from the forecasts or projections, even if the assumptions materialize, and the variations could be significant;
- d. Farber has prepared this report in its capacity as Proposal Trustee in support of the Motion described in paragraph 4 of this First Report. The reader is cautioned that this report may not be appropriate for any other purpose and consequently should not be used for any other purpose; and
- e. Farber assumes no responsibility or liability for any loss or damage incurred by or caused to any person or entity as a result of the circulation, publication, re-production or use of or reliance upon this First Report. Any use which any person or entity, other than the Court, makes of this First Report, or any reliance on or a decision made based upon this First Report is at such person’s or entity’s own risk.

BACKGROUND

6. In support of the Motion, Muskoka Grown filed an affidavit of David Ascott, the Chief Financial Officer of Muskoka Grown, sworn May 5, 2020 (the “**Ascott Affidavit**”). The Proposal Trustee has not repeated the information set out in the Ascott Affidavit in the First Report, except to the extent necessary.
7. Muskoka Grown is a privately held corporation, incorporated pursuant to the laws of Ontario, and carries on business as a licensed producer of cannabis pursuant to the *Cannabis Act*, S.C. 2018 c.16 (the “**Cannabis Act**”) and the regulations thereunder. As of the date of the First Report, the Proposal Trustee understands that Muskoka Grown’s license under the *Cannabis Act* is in good standing and will remain valid until March 23, 2021.
8. Muskoka Grown is licensed to cultivate and process cannabis for recreational markets and to sell cannabis plant seeds, cannabis plants, dried cannabis and fresh cannabis to provincially/territorially authorized distributors and retailers. Muskoka Grown’s core business revolves around the production and sale of high quality, high potency, small-batch cannabis flower, which can be packaged and sold in bulk to other licensed producers, or sold in individually packaged units, as loose flower or pre-rolled cannabis cigarettes.
9. Muskoka Grown carries on its primary business operations from a facility located in Bracebridge, Ontario at 50A Keith Road (the “**Production Facility**”). Muskoka Grown owns the Production Facility and two adjacent parcels of vacant land (the “**Vacant Lands**”).
10. Muskoka Grown also leases separate commercial office space in Bracebridge at 440 Eccelstone Drive, Unit C5 (the “**Corporate Office**”). The Proposal Trustee understands that the landlord of the Corporate Office is an arm’s length party.
11. It is the Proposal Trustee’s understanding that Muskoka Grown owns the following personal property assets (the “**Personal Property**”):
 - a. Dried flower inventory at various stages of processing and readiness for sale;

- b. Biological assets (i.e. cannabis plants) at various stages of the growth cycle;
 - c. Equipment for growing, trimming, storing, processing, packaging and testing product;
and
 - d. Office furniture and fixtures.
12. The Proposal Trustee understands that Muskoka Grown owns all shares of 2634436 Ontario Inc. (“**263**”), which was previously incorporated for the sole purpose of purchasing and holding 8 acres of the Vacant Lands. 263 subsequently transferred its portion of the Vacant Lands to Muskoka Grown on or about December 17, 2018. Muskoka Grown advised the Proposal Trustee that 263 is effectively an empty shell corporation with no assets, liabilities or current business activities.
13. Muskoka Grown has 47 employees, consisting of salaried and hourly employees. Of the 47 employees, 39 work primarily at the Production Facility, 6 work primarily at the Corporate Office, and 2 work remotely. Muskoka Grown’s employees are not unionized and Muskoka Grown does not sponsor a registered pension plan.

CREDITORS

14. As of May 4, 2020, Muskoka Grown’s creditor list included in its NOI filing lists (i) secured creditors of Muskoka Grown with claims totalling approximately \$8,360,000, (ii) preferred creditors of Muskoka Grown with claims totalling \$125,000, and (iii) unsecured creditors of Muskoka Grown with claims totalling approximately \$7,001,000. A copy of the NOI, which includes Muskoka Grown’s sworn Statement of Affairs (the “**Statement of Affairs**”) listing its creditors with claims of more than \$250, is attached hereto as **Appendix “A”**.

Secured Creditors

15. 1035065 Ontario Ltd. (the “**VTB Mortgagee**”) is the first ranking mortgagee to the real property on which the Production Facility is situated (the “**Improved Land**” and, together with the Vacant Lands, the “**Real Property**”). Muskoka Grown entered into a vendor-take-back mortgage agreement with the VTB Mortgagee as partial consideration for the

purchase price of the Improved Land. Muskoka Grown advises the Proposal Trustee that Muskoka Grown owes the VTB Mortgagee \$197,349.00 in mortgage loan principal.

16. Zwingenberger is the second ranking mortgagee in respect of the Improved Land and the first ranking mortgagee in respect of the Vacant Lands. Zwingenberger holds a \$10,000,000 charge on the Improved Land and the Vacant Lands. Muskoka Grown advises the Proposal Trustee that Muskoka Grown owes Zwingenberger \$5,201,843 in outstanding mortgage loan principal and interest. The Proposal Trustee notes that Mr. Zwingenberger converted approximately \$5,000,000 of debt to equity on or about January 9, 2020; and is also a guarantor of the RBC Credit Facilities (defined below).
17. As of the date of this First Report, Royal Bank of Canada (“**RBC**”) is the operating lender of Muskoka Grown. As described in greater detail in the Ascott Affidavit, RBC made loan facilities available to Muskoka Grown, including a revolving operating demand loan, corporate credit cards and a temporary revolving loan facility to address specific challenges relating to the COVID-19 pandemic (together, the “**RBC Credit Facilities**”). As of the date of this First Report, the total aggregate principal indebtedness in respect of the RBC Credit Facilities is approximately \$2,200,000
18. As security for the RBC Credit Facilities, Muskoka Grown granted RBC, among other things, a general security agreement made as of May 29, 2019 (the “**General Security**”). RBC appears to be the senior secured creditor in relation to the Personal Property, with a financing statement registered pursuant to the *Personal Property Security Act*, R.S.O. 1990, c P.10, as amended (the “**PPSA**”), in priority to all other registrants. Zwingenberger guaranteed the RBC Credit Facilities and, to support his guarantee, provided cash collateral in the form of a \$2,000,000 GIC. The Proposal Trustee understands that Zwingenberger is in the process of completing a transaction to receive an assignment of the RBC General Security.
19. The following additional parties have also registered financing statements, pursuant to the PPSA, against Muskoka Grown:

- a. Muskoka Community Futures Development Corporation (listed as Nord-Aski Regional Economic on Muskoka Grown's creditor list) ("**Community Futures**") in respect of a general security agreement dated September 9, 2017; and
 - b. Nitrofin Inc. ("**Nitrofin**") in respect of specific canning and packaging equipment.
20. Community Futures made credit facilities available to Muskoka Grown in the total principal amount of \$500,000 (the "**Community Futures Credit Facilities**"). As security for the Community Futures Credit Facilities, Muskoka Grown granted in favour of Community Futures, *inter alia*, a general security agreement over the Personal Property of Muskoka Grown. As at the date of this Report, Muskoka Grown is indebted to Community Futures in the approximate amount of \$466,206 for principal and interest, plus costs.
21. On or about February 3, 2020 Muskoka Grown entered into an Equipment Lease Agreement with Nitrofin Inc. ("**Nitrofin**") (the "**Nitrofin Agreement**") for the lease of specific canning and packaging equipment (the "**Nitrofin Equipment**") located at the Production Facility. The Nitrofin Agreement expired on May 4, 2020. The Proposal Trustee understands that Muskoka Grown intends to negotiate a new lease or lease renewal with Nitrofin.
22. Muskoka Grown advises the Proposal Trustee that a secured convertible debenture was issued by Muskoka Grown in favour of Leslie Ann Gallagher in the amount of \$450,000. As of the date of this First Report, the Proposal Trustee has not received or reviewed any documentation relating to the convertible debenture. The Proposal Trustee also notes that there are no security registrations in favour of Leslie Ann Gallagher on title to the Real Property, nor are there financing statements registered in accordance with the PPSA.
23. The Ascott Affidavit reflects that 2089871 Ontario Limited holds a construction lien on the Real Property in the amount of \$168,849. The Proposal Trustee has not yet received any information or documentation from Muskoka Grown relating to this debt.

Preferred Creditors

24. Muskoka Grown has listed \$125,000 in debts to its employees for outstanding wages and vacation pay on its Statement of Affairs. The Proposal Trustee understands that this figure is an estimate based on best available information at the time the Statement of Affairs was prepared and that the actual amount of unfunded gross wages and vacation pay is closer to \$37,000. As per the Cash Flow and the Ascott Affidavit, Muskoka Grown intends to pay these outstanding gross wages in full using funding from the DIP Loan.

Unsecured Creditors

25. Muskoka Grown has approximately 127 unsecured creditors, not including employees, with aggregate total unsecured debt of approximately \$7 million. The group of unsecured creditors comprises, *inter alia*:
- a. 22 private investors (not including the debt to Leslie Ann Gallagher described above) owed an aggregate total of approximately \$3,065,000;
 - b. Third party goods and services suppliers in the amount of approximately \$3,500,000;
 - c. Rent arrears to the landlord of the Corporate Office in the amount of approximately \$5,085;
 - d. public utilities;
 - e. government agencies; and
 - f. David Grand, Muskoka Grown's founder and Chief Executive Officer, for deferred salary and expenses of approximately \$585,000.

FINANCIAL DIFFICULTIES AND NOI FILING

26. Since its inception, Muskoka Grown's operations have been funded almost exclusively through trade credit, debt financing and equity investments. Muskoka Grown has expended a considerable amount of time, effort and money on building the Production Facility, developing proper growing and operating procedures, ensuring compliance with its

licensing requirements under the *Cannabis Act*, and improving the quality of its product. Muskoka Grown had no revenue during the fiscal year ending September 30, 2018.

27. Muskoka Grown did not initially purchase proven plant genetics and, instead, attempted to develop its own genetics from seed. Muskoka Grown was unable to consistently produce high quality cannabis flower, with several of the batches producing inconsistent tests for tetrahydrocannabinol (more commonly known as “**THC**”) content and potency. Nevertheless, sale of cannabis product commenced in fiscal year 2019. Muskoka Grown was previously unable to sell the inventory having inconsistent THC levels (the “**Salad Inventory**”) as flower intended for end-user consumption, and instead kept the Salad Inventory in storage.
28. In the fiscal year ending September 30, 2019, Muskoka Grown had revenues of approximately \$2.8 million but posted a loss of over \$4.2 million. In the prior fiscal year ending September 30, 2018, Muskoka Grown had no revenue and posted a loss of approximately \$2.7 million.
29. Interim management statements prepared by Muskoka Grown (appended to the Ascott Affidavit as Exhibit D) reflect that revenues over a 6-month period have fallen short of expectations. For the interim fiscal period ending March 31, 2020, Muskoka Grown reports \$741,778 of revenue and a loss of \$1,791,366.
30. Muskoka Grown has been operating at unsustainable monthly losses and has consequently reached the limit of its revolving operating loan with RBC. Muskoka Grown advised its principal secured creditors, RBC and Zwingenberger, of its precarious financial position and that it would require some time and liquidity to get to the point of consistent product quality, consistent sales and normalized cash flow. Based on cash availability, Muskoka Grown is currently unable to (i) pay for necessary testing and Certificates of Analysis required to sell dried cannabis, (ii) pay its employees, and (iii) fund general overhead expenses of the business.

31. As a result of Muskoka Grown's financial difficulties, Muskoka Grown engaged Farber to, *inter alia*, assist with the analysis of restructuring options, and help formulate a plan to address Muskoka Grown's liquidity issues.
32. Subsequently, Muskoka Grown has engaged in discussions with Zwingenberger, who has agreed to support this insolvency proceeding and provide the DIP Loan to Muskoka Grown, subject to Court approval, to cover operational and restructuring costs in accordance with the Cash Flow.

PURPOSE OF NOI

33. The purpose of the NOI is to provide Muskoka Grown with temporary relief from its creditors to allow it time to work with its advisors to develop a proposal that will be acceptable to the requisite majority of creditors. In addition, Muskoka Grown requires the NOI proceedings and the relief requested in the Motion to secure the working capital needed to finance operations for the period covered by the Cash Flow, while assessing if Muskoka Grown's business is viable and profitable moving forward.
34. Muskoka Grown's plan under the NOI proceedings involves, *inter alia*:
 - a. harvesting, processing, testing and selling its new crop of cannabis flower, which it expects to be of consistent quality and high potency (the "**Monocrop Inventory**");
 - b. selling its Salad Inventory at best available rates at the discretion of Muskoka Grown's management, which may result in sales at commodity price rates for biomass to other cannabis producers licensed for extraction;
 - c. identifying and correcting expensive operational inefficiencies;
 - d. exploring the possibility of selling the Vacant Lands to help finance its current operational cash flow shortfall; and
 - e. if actual cash flow does not meet expectations, further explore its options for a going concern sale of the business to maximize value for creditors.

35. Given that the Monocrop Inventory will not be harvested until the end of May, and will require additional time and effort to adequately prepare the product for market, the Proposal Trustee believes that the 30 days of temporary relief provided by the NOI is not an adequate period of time to develop a proposal for creditors or to assess the profitability of the business. Accordingly, the Proposal Trustee supports Muskoka Grown's request for a 45-day extension of the stay and time within which Muskoka Grown must file a proposal.

ANALYSIS OF CASH-FLOW

36. The Proposal Trustee has reviewed certain of Muskoka Grown's Information from the fiscal year ended September 30, 2018 onwards, as well as Muskoka Grown's projected Cash Flow for the period of the week ending May 8, 2020 to the week ending July 31, 2020. A copy of the Cash Flow, including notes and assumptions attached thereto, to be filed with the Official Receiver, are attached hereto as **Appendix "B"**.
37. Muskoka Grown is projecting to incur an operational shortfall over the 13-week period covered by the Cash Flow. Muskoka Grown advises the Proposal Trustee that its Cash Flow sales projections are conservatively forecast based on the opinion of Muskoka Grown's management.
38. With working capital available through the DIP Loan, the Proposal Trustee anticipates that Muskoka Grown will have enough liquidity to pay its obligations during the requested extension period.
39. The foregoing Cash Flow projection is wholly contingent on, *inter alia*, the continued support of Zwingenberger, in his capacity as DIP Lender and as an otherwise significant stakeholder in Muskoka Grown.
40. Given the current social and economic challenges present due to the COVID-19 pandemic, if Muskoka Grown is immediately forced to liquidate on a forced liquidation basis, the secured creditors may sustain a significant loss on their security and the unsecured creditors may end up with no recovery.

ADMINISTRATION CHARGE

41. Muskoka Grown is seeking an Administration Charge up to the maximum of \$300,000, which will have priority over all claims against Muskoka Grown. The beneficiaries of the Administration Charge are the Proposal Trustee (including Farber in its capacity as trustee in bankruptcy, if applicable), its counsel and counsel for Muskoka Grown.
42. Zwingenberger, in his various capacities as DIP Lender, first ranking secured creditor over the Personal Property, first ranking secured creditor over the Vacant Lands, and second ranking secured creditor over the Improved Land and Production Facility, has been consulted regarding the Administration Charge and consents to same.
43. As of the date of the First Report, the Proposal Trustee has not been advised of any opposition to the Administration Charge. The Proposal Trustee will advise the Court at the hearing of the Motion if there is opposition.

DIRECTORS' CHARGE

44. Muskoka Grown has requested that the Court grant a Directors' Charge, up to a maximum of \$200,000, in favour of the directors and officers involved in the management of Muskoka Grown, to indemnify the directors and officers should Muskoka Grown fail to pay certain obligations after the filing of the NOI which may give rise to personal liability of the directors and officers.
45. Muskoka Grown's directors and officers' insurance policy expires on May 10, 2020 (the "**Current D&O Policy**"). The Proposal Trustee understands that the insurance provider is no longer in the business of providing directors and officers' insurance policies and is therefore unwilling to renew the Current D&O Policy. The Proposal Trustee also understands that Muskoka Grown has been unable to source alternative insurance for its directors and officers. Muskoka Grown is exploring the option to purchase long tail coverage for a 365-day period for claims related to the Current D&O Policy.
46. The Proposal Trustee is of the view that, under the circumstances,

- a. the Directors' Charge is reasonable to provide to the directors and officers with security during the restructuring proceeding; and
 - b. the quantum of the Directors' Charge is a reasonable and conservative estimate for three weeks' gross employee wages and vacation pay (including source deductions), and sales tax.
47. As of the date of the First Report, the Proposal Trustee has not been advised of any opposition to the Directors' Charge. Zwingenberger does not oppose the Director's Charge. The Proposal Trustee will advise the Court at the hearing of the Motion if there is opposition.

DIP LENDER'S CHARGE

48. Muskoka Grown has requested that the Court grant a DIP Lender's Charge, up to a maximum principal amount of \$4,000,000, in favour of the DIP Lender in respect of the DIP Loan.
49. The Proposal Trustee has reviewed the DIP Term Sheet and is of the opinion that the terms of the DIP Loan are reasonable. Relevant terms of the DIP Term Sheet include, *inter alia*:
- a. maximum credit amount: \$4,000,000 as a revolving credit facility, to be transferred to Muskoka Grown on an as required basis;
 - b. interest rate: Per annum rate of 10%, with interest accrued daily and paid monthly;
 - c. upfront Fee (as defined in the DIP Term Sheet): \$80,000, equal to 2% of the maximum credit amount; and
 - d. advances under the DIP Loan will be transferred to a segregated account to be administered by Proposal Trustee which shall release the funds to Muskoka Grown upon any one of the following conditions being satisfied: (i) Muskoka Grown delivering to the Proposal Trustee a list of payments to be made with the requested

draw which is consistent with the Agreed Budget; (ii) the written consent of the DIP Lender; or (iii) Court order.

50. The Proposal Trustee understands that Muskoka Grown was previously discussing options to obtain financing through another lender, however, the DIP Term Sheet is the only commitment received to date. The Proposal Trustee believes that the terms of the DIP Term Sheet are reasonable and are comparable to recent comparable DIP financing terms. Muskoka Grown is in desperate need of working capital to fund operations and the DIP Lender is a party with a significant economic interest in Muskoka Grown.
51. The Proposal Trustee is of the view that:
 - a. the DIP Loan provides Muskoka Grown with the liquidity it needs to continue operations while it formulates a proposal for creditors; and
 - b. the quantum of the DIP Lender's Charge is a reasonable amount given the liquidity requirements identified in the Cash Flow.
52. As of the date of the First Report, the Proposal Trustee has not been advised of any opposition to the DIP Lender's Charge. The Proposal Trustee will advise the Court at the hearing of the Motion if there is opposition.

EXTENSION OF THE TIME TO MAKE A PROPOSAL

53. The initial 30-day stay period granted upon the filing of the NOI expires June 4, 2020.
54. As detailed above, the proposed extension is necessary to allow Muskoka Grown to sell the Salad Inventory, ready its rolling Monocrop Inventory for sale, explore the option of selling the Vacant Lands, and identify restructuring options most advantageous to Muskoka Grown and its creditors. Muskoka Grown is acting in good faith and with due diligence in formulating a plan that would yield the highest recovery to its creditors.
55. The Cash-Flow contemplates that DIP Loan, Salad Inventory sales and Monocrop Inventory sales will fund operations during the period covered by the Cash-Flow only. It is

not yet clear as to whether the DIP Loan will be required to fund Muskoka Grown past the period covered by the Cash-Flow.

56. The requested extension will avoid the expense of an additional court attendance at the end of the initial stay period. The Proposal Trustee believes that granting the requested extension will increase the likelihood that Muskoka Grown is able to complete its restructuring and formulate a viable proposal to its stakeholders. No creditor will be materially prejudiced if the extension applied for is granted. If a second extension is required, Muskoka Grown will request such relief from the Court at the appropriate time.

REQUESTED RELIEF

57. Based on the foregoing, the Proposal Trustee supports Muskoka Grown's request for relief from this Honourable Court as set out in paragraph 4 of this First Report (and the Ascott Affidavit).

All of which is respectfully submitted this 5th day of May 2020.

A. FARBER & PARTNERS INC.
The Trustee acting *in re* the Proposal of
Muskoka Grown Limited

A. Farber & Partners Inc.

APPENDIX A

District of:
Division No.
Court No.
Estate No.

- FORM 33 -
NOTICE OF INTENTION TO MAKE A PROPOSAL
(Subsection 50.4(1) of the Act)


IN THE MATTER OF THE PROPOSAL OF
MUSKOKA GROWN LIMITED
OF THE TOWN OF BRACEBRIDGE, IN THE PROVINCE OF ONTARIO

TAKE NOTICE THAT:

1. The undersigned MUSKOKA GROWN LIMITED, an insolvent person, pursuant to Subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, intends to make a Proposal to its creditors.
2. A Farber & Partners Inc., of 150 York Street, Suite 1600, Toronto, Ontario, a Licensed Insolvency Trustee, has consented to act as Trustee under the Proposal and a copy of the Consent is attached hereto.
3. A list of the names of the known creditors with claims amounting to \$250 or more and the amounts of their claims is attached.
4. Pursuant to Section 69 of the *Bankruptcy and Insolvency Act*, all proceedings against the company are stayed as of the date of filing this Notice with the Official Receiver in my locality.

DATED AT Bracebridge this 29th day of April, 2020.

MUSKOKA GROWN LIMITED


Per: David Grand

To be completed by Official Receiver:

Filing Date

Official Receiver

District of:
Division No. -
Court No.
Estate No.

☒ 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
Muskoka Grown Limited
of the Town of Bracebridge, in the Province of Ontario

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 29th 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.

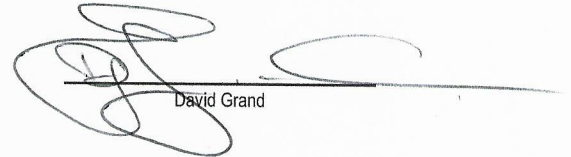
LIABILITIES (as stated and estimated by the officer)		ASSETS (as stated and estimated by the officer)	
1. Unsecured creditors as per list "A"	7,001,148.74	1. Inventory	2,720,000.00
Balance of secured claims as per list "B"	0.00	2. Trade fixtures, etc.	0.00
Total unsecured creditors	7,001,148.74	3. Accounts receivable and other receivables, as per list "E"	
2. Secured creditors as per list "B"	8,363,555.00	Good	0.00
3. Preferred creditors as per list "C"	125,000.00	Doubtful	0.00
4. Contingent, trust claims or other liabilities as per list "D"	0.00	Bad	0.00
estimated to be reclaimable for		Estimated to produce	15,000.00
Total liabilities	15,489,703.74	4. Bills of exchange, promissory note, etc., as per list "F" ..	0.00
Surplus	3,357,296.26	5. Deposits in financial institutions	0.00
		6. Cash	0.00
		7. Livestock	0.00
		8. Machinery, equipment and plant	674,000.00
		9. Real property or immovable as per list "G"	15,382,000.00
		10. Furniture	56,000.00
		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	18,847,000.00
		Deficiency	NIL

I, David Grand, of the Town of Bracebridge in the Province of Ontario, 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 1st day of May 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 Town of Bracebridge in the Province of Ontario, on this 1st day of May 2020.



Geanina Schmidt, Commissioner of Oaths
For the Province of Ontario
Expires April 6, 2021


David Grand

**GEANINA SCHMIDT, A Commissioner, etc.,
Province of Ontario, for A. Farber & Partners Inc.
Expires: April 6, 2021.**

District of:
Division No. -
Court No.
Estate No.

FORM 78 -- Continued

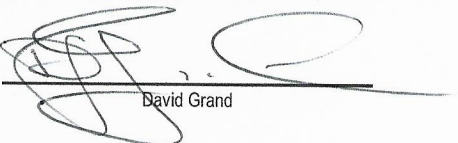
List "A"
Unsecured Creditors

Muskoka Grown Limited

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	3M	PO Box 15533 Station A Toronto ON M5W 1C1	4,094.82	0.00	4,094.82
2	Abacus Growth Agency	355 Adelaide Street West Toronto ON M5V 1S2	21,100.00	0.00	21,100.00
3	Accent Packaging Equipment Corp.	6791 178B Street Surrey BC V3S 9E1	72,319.82	0.00	72,319.82
4	Alarm Pro	PO Box 68 79 Manitoba Street Bracebridge ON P1L 1T5	259,069.18	0.00	259,069.18
5	Alarm Pro	PO Box 68 79 Manitoba Street Bracebridge ON P1L 1T5	100,000.00	0.00	100,000.00
6	Ample Organics	629 Eastern Avenue Building B Toronto ON M4M 1E3	18,642.15	0.00	18,642.15
7	Andrea Grand	7 Green Valley Road Toronto ON M2P 1A4	17,360.54	0.00	17,360.54
8	Atlantic Lifts Ltd.	1125 Burns Street East Whitby ON L1N 6A6	395.50	0.00	395.50
9	Bayroc Construction	134 Imperial Road North Bay ON P1A 4M5	68,369.94	0.00	68,369.94
10	Bennett Jones	1 First Canadian Place Suite 3400 PO Box 130 Toronto ON M5X 1A4	28,603.41	0.00	28,603.41
11	Berry Electric Motors, Pumps & Service	141 Welham Road Unit 3 Barrie ON L4N 8Y3	496.57	0.00	496.57
12	Bert Fielding	1115 Rusty Rock Road Gravenhurst ON P1P 1R1	41.95	0.00	41.95
13	Bill O'Dwyer	27 Oswald Crescent Toronto ON M4S 2H5	500,000.00	0.00	500,000.00
14	Bob Torella Plumbing	A Division of 1157228 Ontario Ltd PO Box 2201 Orillia ON L3V 6S1	143,736.27	0.00	143,736.27
15	Bracebridge RONA	10 Entrance Drive PO Box 718 Bracebridge ON P1L 1T9	22,939.12	0.00	22,939.12
16	Bradnick Construction Services Inc.	PO Box 397 Orillia ON L3V 6J8	208,963.93	0.00	208,963.93
17	Broidy Rondelet	109 Ossington Avenue, Apt #204 Toronto ON M6J 0G1	588.66	0.00	588.66
18	Call of the Wild	530 Greer Road Utterson ON P0B 1M0	1,356.00	0.00	1,356.00
19	Camfil Canada Inc.	100-2215 Boul. Degenais Ouest Laval QC H7L 5W9	8,446.08	0.00	8,446.08
20	Canada Revenue EHT	33 King St. West Oshawa ON L1H1A1	34,000.00	0.00	34,000.00

01-May-2020

Date


David Grand

District of:
Division No. -
Court No.
Estate No.

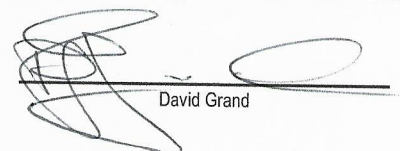
FORM 78 -- Continued

List "A"
Unsecured Creditors
Muskoka Grown Limited

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
21	Canada Revenue HST	1050 Notre Dame Ave Sudbury ON P3A 5C1	0.00	0.00	0.00
22	Canada Revenue Payroll	1050 Notre Dame Ave Sudbury ON P3A 5C1	0.00	0.00	0.00
23	Canada Revenue Tax	1050 Notre Dame Ave Sudbury ON P3A 5C1	0.00	0.00	0.00
24	Canada Wide Scientific	2300 Walkley Road Ottawa ON K1G 6B1	338.83	0.00	338.83
25	Canadian Scientific Lab Systems	7777 Eastview Road Guelph ON N1H 6J1	74,804.49	0.00	74,804.49
26	CannaPro	A Division of Pro Horticulture Inc., 1775 Heather Hills Drive Burlington ON L7P 2Z1	18,096.54	0.00	18,096.54
27	Capes Engineering	355310 Blue Mountains-Euphrasia Townline Clarksburg ON N0H 1J0	262.74	0.00	262.74
28	Capital Transfer Agency	390 Bay Street Suite 920 Toronto ON M5H 2Y2	1,593.30	0.00	1,593.30
29	CAR-Wal - Orillia	655 Harvie Settlement Road Orillia ON L3V 0Y7	9,780.81	0.00	9,780.81
30	Cintas	Dept 400004 PO Box 4372 STN A TORONTO ON M5W 0J2	40,811.59	0.00	40,811.59
31	CN	PO Box 6089 Stn Centre-Ville Montreal QC H3C 3H1	21,474.72	0.00	21,474.72
32	CNW	A Cision Company 88 Queens Quay West Suite 3000 Toronto ON M5J 0B8	4,898.55	0.00	4,898.55
33	Cusimano Architect Inc	185 Bridgeland Avenue Suite 107 Toronto ON M6A 1Y7	19,068.75	0.00	19,068.75
34	Dale & Lessman	181 University Avenue Suite 2100 Toronto ON M5H 3M7	12,697.47	0.00	12,697.47
35	David Ascott, Expenses	32 Price Point Road Huntsville ON P1H 2J3	80.79	0.00	80.79
36	David Grand	PO Box 182 Bracebridge ON P1L 1T6	8,571.18	0.00	8,571.18
37	David Grand	PO Box 182 Bracebridge ON P1L 1T6	500,000.00	0.00	500,000.00
38	Dawson's Incorporated	1966 Muskoka Beach Road Gravenhurst ON P1P 1R1	205,902.02	0.00	205,902.02
39	De Koning Group Inc.,	36 Beach Road Utterson ON P0B 1M0	8,192.50	0.00	8,192.50
40	Detonate Group Inc.	800 Denison Street Unit 7 Markham ON L3R 5M9	4,340.33	0.00	4,340.33

01-May-2020

Date


David Grand

District of:
Division No. -
Court No.
Estate No.

FORM 78 -- Continued

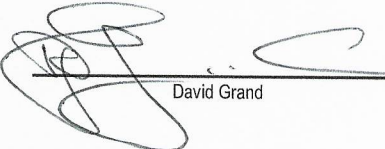
List "A"
Unsecured Creditors

Muskoka Grown Limited

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
41	District of Muskoka	Muskoka Water & Sewer 70 Pine Street Bracebridge ON P1L 1N3	18,945.24	0.00	18,945.24
42	Division 15 Plumbing & Mechanical Inc	5273 County Road 9 New Lowell ON L0M 1N0	487,911.16	0.00	487,911.16
43	Dr. Arthur Paul and Carol Monk	684 Muskoka Road North Gravenhurst ON P1P 1E7	4,500.00	0.00	4,500.00
44	Earth Alive Clean Technologies	9641 Rue Clément Québec Lasalle QC H8R 4B4	-38.75	0.00	-38.75
45	Eastview Construction	Operated by 2089871 Ontario Limited PO Box 1017 North Bay ON P1B 8K3	157,738.09	0.00	157,738.09
46	Embertech Industrial Inc.	27 Barron Drive Bracebridge ON P1L 0A1	4,312.08	0.00	4,312.08
47	Fastenal Canada LTD	900 Wabanaki Drive Kitchener ON N2C 0B7	1,367.21	0.00	1,367.21
48	FisherCat Inc.	12 Fitzpatrick Court Whitby ON L1M 2G9	26,517.32	0.00	26,517.32
49	Fowler Construction Company Limited	PO Box 630 Bracebridge ON P1L 1T9	12,261.51	0.00	12,261.51
50	Georgian Duct Cleaning	A Division of 100800 Ontario Inc., 315 Line 13 North Oro-Medonte ON L0L 1T0	15,413.40	0.00	15,413.40
51	Global Horticultural	4222 Sann Road Beamsville ON L0R 1B1	40,227.78	0.00	40,227.78
52	Greenshield	8677 Anchor Drive PO Box 1612 Windsor ON N9A 7A7	5,551.69	0.00	5,551.69
53	Grodan/Ruxul Inc.,	8024 Esqueing Line Milton ON L9T 6W3	10,451.81	0.00	10,451.81
54	Growhaus	1835 Green Meadow Drive Burlington ON L7P 2Y7	6,849.54	0.00	6,849.54
55	GS1 Canada	c/o TH1029 PO Box 4283 Postal Station A Toronto ON M5W 5W6	113.00	0.00	113.00
56	Higrocorp	661 Justus Drive Kingston ON K7M 4H5	1,414.76	0.00	1,414.76
57	Hillfinch Properties Ltd.	440 Ecclestone Drive Bracebridge ON P1L 1Z6	6,339.00	0.00	6,339.00
58	Home Depot	PO Box 675 Station D Scarborough ON M1R 5T4	41.06	0.00	41.06
59	Home Hardware	95 Highway 118 West Bracebridge ON P1L 1T2	995.44	0.00	995.44
60	Hugh Wood Canada Ltd	4120 Younge Street Toronto ON M2P 2B8	0.00	0.00	0.00

01-May-2020

Date


David Grand

District of:
Division No. -
Court No.
Estate No.

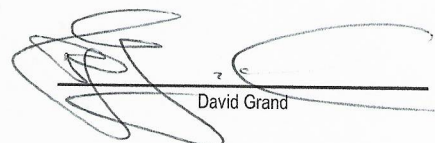
FORM 78 -- Continued

List "A"
Unsecured Creditors
Muskoka Grown Limited

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
61	Imaginex (Hallman)	39 Royalavon Cres Etobicoke ON M9A 2E7	47,295.35	0.00	47,295.35
62	Industry Air Sales Ltd	8A - 650 Woodlawn Road West Guelph ON N1K 1B8	38,238.32	0.00	38,238.32
63	Innovation Diagnostics	229 Robinson Sanit-Eustache QC J7R 5V7	4,885.62	0.00	4,885.62
64	Inplanta Biotechnology	4401 University Drive South Lethbridge AB T1K 3L4	10,920.00	0.00	10,920.00
65	Interweigh Systems	51 Bentley Street Markham ON L3R 3L1	12,882.00	0.00	12,882.00
66	Irrigation Direct Canada	5100 South Service Road Unit 17 Burlington ON L7L 6A5	1,316.95	0.00	1,316.95
67	JD Cold Rooms	195 Toryork Drive Toronto ON M9L 1X9	40,344.65	0.00	40,344.65
68	JD Michael Little Prof. Corp.	Box 237 Port Carling ON P0B 1J0	7,926.15	0.00	7,926.15
69	Jennifer Perlock	50 Little Ryan's Way Bracebridge ON P1L 0C3	332.50	0.00	332.50
70	Jennifer Tory	123 Buckingham Ave Toronto ON M4N 1R5	50,000.00	0.00	50,000.00
71	Jodi Wright Ritchie & Neil Ritchie	39 Buckingham Ave Toronto ON M4N 1R3	100,000.00	0.00	100,000.00
72	JSW Manufacturing Inc.	Box 586 1091 Manitoba Street Bracebridge ON P1L 1T8	2,414.54	0.00	2,414.54
73	Kevin Dann	16 Royal Troon Crescent Toronto ON L6C 2A8	400,000.00	0.00	400,000.00
74	Kyles Custom Cleaning	161 Toronto Street Bracebridge ON P1L 1J4	8,254.65	0.00	8,254.65
75	Lakeland Energy	200-395 Centre St North Huntsville ON P1H 2M2	742.21	0.00	742.21
76	Lakeland Energy (Ecclestone)	200-395 Centre Street North Huntsville ON P1H 2M2	699.21	0.00	699.21
77	Lakeland Network (77 Manitoba Street)	200-395 Centre St North Huntsville ON P1H 2M2	168.23	0.00	168.23
78	Lakeland Power	200 - 395 Centre Street North Huntsville ON P1H 2M2	254,164.76	0.00	254,164.76
79	Liberty Clothing Company	7370 Bramalea Road Unit 25 Mississauga ON L5S 1N6	4,711.62	0.00	4,711.62
80	Liz Rondelet Grand	PO Box 182 Bracebridge ON P1L 1T6	750,000.00	0.00	750,000.00
81	Marcia Gammon	2800 District Road 118 West Box 487 Port Carling ON P0B 1J0	10,000.00	0.00	10,000.00
82	Mark and Christine Olds	42 College Crescent Barrie ON L4M 2W3	10,000.00	0.00	10,000.00

01-May-2020

Date


David Grand

District of:
Division No. -
Court No.
Estate No.

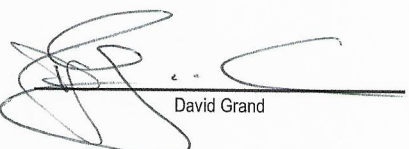
FORM 78 -- Continued

List "A"
Unsecured Creditors
Muskoka Grown Limited

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
83	Mark Rosenhek	17 Doncliffe Road Toronto ON M4N 2E5	170,000.00	0.00	170,000.00
84	Maxama Protection Inc.,	234 Romaine Street Peterborough ON K9J 2C5	38,886.90	0.00	38,886.90
85	MITS Air Conditioning	1608 Bonhill Road Mississauga ON L5T 1C7	239,308.00	0.00	239,308.00
86	Near North Customs Brokers	20 Elliott Avenue Barrie ON L4N 4V7	584.30	0.00	584.30
87	Nedco	Div of Rexel Canada Electrical Inc., PO Box 1127, Station B Mississauga ON L4Y 3W4	337.31	0.00	337.31
88	Nitrofin Inc.	485 Industrial Ave. Truro NS B2N 6V8	1.00	0.00	1.00
89	Noble Corporation	7171 Jane Street Concord ON L4K 1A7	530.44	0.00	530.44
90	Norton Rose Fulbright	1 Place Ville Marie Bureau 2500 Montreal QC H3B 1R1	20,580.04	0.00	20,580.04
91	Notable Life	25 Oxley Street, TH1 Toronto ON M5V 2J5	11,147.45	0.00	11,147.45
92	Orkin Canada Corporation	5840 Falbourne Street Mississauga ON L5R 4B5	1,244.02	0.00	1,244.02
93	Paul Cohen	584 Castlefield Ave Toronto ON M5N 1L8	150,000.00	0.00	150,000.00
94	PDS of Muskoka	7 Armstrong Street Unit 1 Bracebridge ON P1L 1C1	5,717.08	0.00	5,717.08
95	Peter Topp	687 Hillsdale Avenue Toronto ON M4S 1V4	5,000.00	0.00	5,000.00
96	PharmaSystem	151 Telson Road Markham ON L3R 1E7	33,972.48	0.00	33,972.48
97	Phil Garrat	ON	50,000.00	0.00	50,000.00
98	PID Controls	142 Ellins Avenue Toronto ON M6N 2B1	7,108.38	0.00	7,108.38
99	Plant Products	1520 Sandhill Drive Ancaster ON L9G 4V5	15,439.10	0.00	15,439.10
100	Popcann Corporation	116 Geary Ave - Suite 202A Toronto ON M6H 4H1	410,700.00	0.00	410,700.00
101	Praxair	P.O. Box 400 Stn D Scarborough ON M1R 5M1	11,829.86	0.00	11,829.86
102	Priva North America Inc.,	3468 South Service Road Vineland Station ON L0R 2E0	4,469.15	0.00	4,469.15
103	Purolator	PO Box 4800 Stn Main Concord ON L4K 0K1	391.70	0.00	391.70

01-May-2020

Date



David Grand

District of:
Division No. -
Court No.
Estate No.

FORM 78 -- Continued

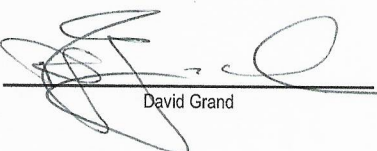
List "A"
Unsecured Creditors

Muskoka Grown Limited

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
104	Quality Cryogenics (Combined Air)	Div of Combined Air Mechanical Services 1670 Finfar Court, Unit #3 Mississauga ON L5J 4K1	6,073.75	0.00	6,073.75
105	Renton, Peter Engineer	55 Shoreline Drive Bracebridge ON P1L 1Z3	22,600.00	0.00	22,600.00
106	Rob & Sue Quigg	1130 Baldwin Road Bracebridge ON P1L 1N8	5,062.50	0.00	5,062.50
107	Rob Cross	2267 Lakeshore Blvd. West #323 Toronto ON M8V 3X2	5,000.00	0.00	5,000.00
108	Rochester Midland Company (RMC)	143 Mills Road Ajax ON L1S 2H2	1,751.52	0.00	1,751.52
109	Roger Rowan	29 Gormley Avenue Toronto ON M4V 1Y9	100,000.00	0.00	100,000.00
110	Roman Iwasjuk	22 Timothy Court Toronto ON M9P 3T8	50,000.00	0.00	50,000.00
111	Royal Bank of Canada Tim Comfort	37 Manitoba Street Bracebridge ON P1L 1T6	0.00	0.00	0.00
112	RPC Science & Engineering	Research & Productivity Council 921 College Hill Road NB Fredericton NB E3B 6Z9	54,628.60	0.00	54,628.60
113	RW Sheet Metal Ltd	580 First St. N. Gravenhurst ON P1P 1B9	13,013.34	0.00	13,013.34
114	SGS Canada Inc	PO Box 4580 Dept. 5, Station A Toronto ON M5W 4W2	13,843.94	0.00	13,843.94
115	Soil Engineers Ltd.	90 West Beaver Creek Road Suite 100 Richmond Hill ON L4B 1E7	4,369.71	0.00	4,369.71
116	Sunbelt Rentals	PO Box 99257 Station Terminal Vancouver BC V6B 0N5	32,266.62	0.00	32,266.62
117	Telus	PO Box 5300 Burlington ON L7R 4S8	1,741.32	0.00	1,741.32
118	Tews of Amercia Corp	2530 Meridian Parkway 3rd Floor, Suite 300 Durham NC 27713	41,255.02	0.00	41,255.02
119	The Mint Agency Inc.,	65 Bellwoods Avenue 2nd Floor Toronto ON M6J 3N4	26,837.06	0.00	26,837.06
120	Tim Griffioen	19-1723 Muskoka Road 118 West Bracebridge ON P1L 1W8	50,000.00	0.00	50,000.00
121	Tom Wright	39 Buckingham Ave Toronto ON M4N 1R3	15,000.00	0.00	15,000.00
122	Tonder n Holding (Donna Colson)	1467 Butter & Egg Road Milford Bay ON P0B 1E0	30,000.00	0.00	30,000.00
123	Town of Bracebridge	1000 Taylor Court Bracebridge ON P1L 1R6	65,058.71	0.00	65,058.71

01-May-2020

Date


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District of:
Division No. -
Court No.
Estate No.

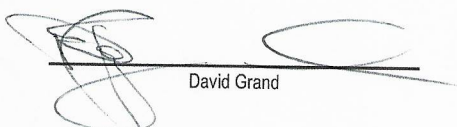
FORM 78 -- Continued

List "A"
Unsecured Creditors
Muskoka Grown Limited

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
124	Uline	3333 James Snow Parkway North Milton ON L9T 8L1	11,115.98	0.00	11,115.98
125	Union Gas	PO Box 4001 STN A Toronto ON M5W 0G2	7,651.99	0.00	7,651.99
126	Univar Canada Ltd.	PO Box 4910 Station A Toronto ON M5W 0B8	1,334.51	0.00	1,334.51
127	VIPOND Fire Inspection	Division of Vipond Inc., 110 Saunders Road, Unit 1 Barrie ON L4N 9A8	21,198.12	0.00	21,198.12
128	Vivian McGuire	26 Fox Hunt Avenue Ottawa ON K1V 0E1	5,000.00	0.00	5,000.00
129	Wasserman Ramsay	3601 Hwy 7 East Suite 1008 Markham ON L3R 0M3	2,825.00	0.00	2,825.00
130	Waste Connections	PO BOX 1779, 580 Ecclestone Drive Bracebridge ON P1L 1V7	2,444.40	0.00	2,444.40
131	Water Depot	5005 Hwy 118 West Unit 117C Bracebridge ON P1L 1T4	15.80	0.00	15.80
132	WeightPack Systems Inc.,	5605 Cypihot Street Montreal QC H4S 1R3	132,287.08	0.00	132,287.08
133	Wes Finch & Sons Excavating Ltd.	PO Box 1419 Bracebridge ON P1L 1V5	78,851.93	0.00	78,851.93
134	WSIB	PO Box 4115 STN A Toronto ON M5W 2V3	20,360.71	0.00	20,360.71
135	Zim Coat Inc	27-160 Wilkinson Road Brampton ON L6T 4Z4	4,667.27	0.00	4,667.27
Total:			7,001,148.74	0.00	7,001,148.74

01-May-2020

Date


David Grand

District of:
Division No. -
Court No.
Estate No.

FORM 78 -- Continued

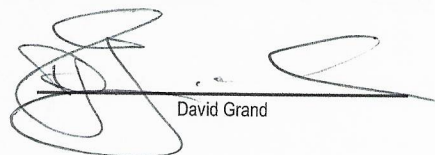
List "B"
Secured Creditors

Muskoka Grown Limited

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	1035065 Ontario Ltd	50 Keith Road Bracebridge ON P1L 1X2	197,349.00	Real Property or Immovable - Building and Land		197,349.00		
2	Arthur Zwingerberger	1440 Don Mills Road, Suite 105 Toronto ON M3B 3M1	5,200,000.00	Real Property or Immovable - Land - Excess Land Real Property or Immovable - Building and Land		1,382,000.00 3,818,000.00		
3	Leslie Ann Gallagher	1160 Woodeden Drive Mississauga ON L5H 2T6	450,000.00	Real Property or Immovable - Building and Land		450,000.00	9,534,651.00	
4	Nord-Aski Regional Economic	345 Ecclestone Drive Bracebridge ON P1L 1R1	466,206.00	Business Assets - Stock In Trade - Inventory - 1,530 kg Business Assets - Machinery - Equipment Furniture - Office Furniture Debts Due - Business - A/R - Various customers Cash on Hand - Cash on Hand Debts Due - Business - Loan Receivable Other - Biological Assets Other - Licensing and Regulatory Costs Other - Prepays		466,206.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00	218,794.00 674,000.00 56,000.00	
5	Royal Bank of Canada Secured Line of Credit	7101 Parc Avenue, 5th Floor Montreal QC H3N 1X9	2,050,000.00	Business Assets - Stock In Trade - Inventory - 1,530 kg Debts Due - Business - A/R - Various customers Debts Due - Business - Loan Receivable Furniture - Office Furniture Other - Biological Assets Other - Licensing and Regulatory Costs Other - Prepays Cash on Hand - Cash on Hand Business Assets - Machinery - Equipment		2,035,000.00 15,000.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00		
Total:			8,363,555.00			8,363,555.00	10,483,445.00	0.00

01-May-2020

Date


David Grand

District of:
Division No. -
Court No.
Estate No.

FORM 78 -- Continued

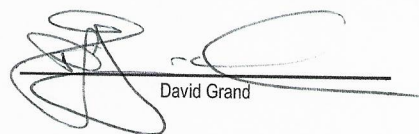
List "C"
Preferred Creditors for Wages, Rent, etc.

Muskoka Grown Limited

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
1	Various Employees			-	125,000.00	0.00	125,000.00
Total:					125,000.00	0.00	125,000.00

01-May-2020

Date


David Grand

District of:
Division No. -
Court No.
Estate No.

FORM 78 -- Continued

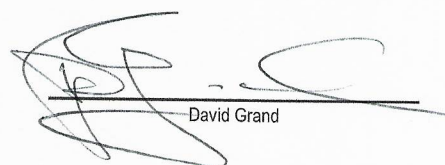
List "D"
Contingent or Other Liabilities

Muskoka Grown Limited

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		

01-May-2020

Date


David Grand

District of:
Division No. -
Court No.
Estate No.

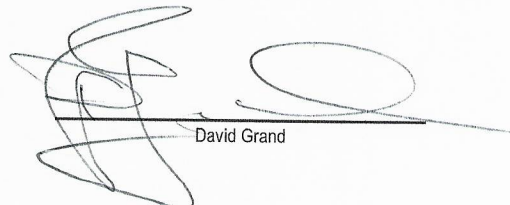
FORM 78 -- Continued

List "E"
Debts Due to the Debtor
Muskoka Grown Limited

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
1	A/R - Various customers	A/R - Various customers	A/R - Various customers	0.00 0.00 0.00		20-Nov-2013	15,000.00	A/R - Various customers
2	Loan Receivable	Loan Receivable	Loan Receivable	0.00 0.00 0.00		01-Mar-2018	0.00	Loan Receivable
Total:				0.00 0.00 0.00			15,000.00	

01-May-2020

Date


David Grand

District of:
Division No. -
Court No.
Estate No.

FORM 78 -- Continued

List "F"

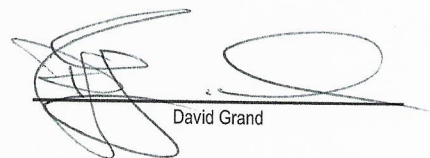
Bills of Exchange, Promissory Notes, Lien Notes, Chattel
Mortgages, etc., Available as Assets

Muskoka Grown Limited

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	

01-May-2020

Date



David Grand

District of:
Division No. -
Court No.
Estate No.

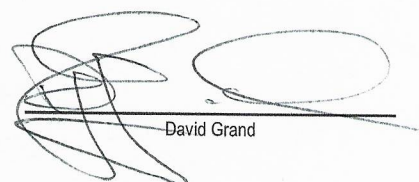
FORM 78 -- Continued

List "G"
Real Property or Immovables Owned by Debtor
Muskoka Grown Limited

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
Building and Land			14,000,000.00	1035065 Ontario Ltd 50 Keith Road Bracebridge ON P1L 1X2 197,349.00 Arthur Zwingenberger 1440 Don Mills Road, Suite 105 Toronto ON M3B 3M1 5,200,000.00 Leslie Ann Gallagher 1160 Woodeden Drive Mississauga ON L5H 2T6 450,000.00	9,534,651.00
Land - Excess Land			1,382,000.00	Arthur Zwingenberger 1440 Don Mills Road, Suite 105 Toronto ON M3B 3M1 5,200,000.00	0.00
Total:			15,382,000.00		9,534,651.00

01-May-2020

Date



David Grand

District of:
Division No. -
Court No.
Estate No.

FORM 78 -- Concluded

List "H"
Property

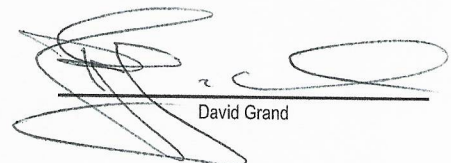
Muskoka Grown Limited

FULL STATEMENT OF PROPERTY

Nature of property	Location	Details of property	Original cost	Estimated to produce
(a) Stock-in-trade		Inventory - 1,530 kg	2,720,000.00	2,720,000.00
(b) Trade fixtures, etc.			0.00	0.00
(c) Cash in financial institutions			0.00	0.00
(d) Cash on hand		Cash on hand	0.00	0.00
(e) Livestock			0.00	0.00
(f) Machinery, equipment and plant		Equipment	2,248,000.00	674,000.00
(g) Furniture		Office Furniture	375,000.00	56,000.00
(h) Life insurance policies, RRSPs, etc.			0.00	0.00
(i) Securities			0.00	0.00
(j) Interests under wills, etc.			0.00	0.00
(k) Vehicles			0.00	0.00
(l) Taxes			0.00	0.00
(m) Other		Biological Assets	585,000.00	0.00
		Licensing and Regulatory Costs	168,000.00	0.00
		Prepays	0.00	0.00
Total:				3,450,000.00

01-May-2020

Date



David Grand

**IN THE MATTER OF THE PROPOSAL OF
MUSKOKA GROWN LIMITED
OF THE TOWN OF BRACEBRIDGE, IN THE PROVINCE OF ONTARIO**

CONSENT TO ACT AS TRUSTEE

A. Farber & Partners Inc. hereby consents to act as Trustee *in re* the Proposal of Muskoka Grown Limited.

DATED AT TORONTO this 29th day of April, 2020.

A. FARBER & PARTNERS INC.

Per:



Hylton Levy, CPA, CA, CFP, LIT



Industry Canada

Office of the Superintendent
of Bankruptcy Canada

Industrie Canada

Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 03 - Barrie
Court No. 31-2643278
Estate No. 31-2643278

In the Matter of the Notice of Intention to make a
proposal of:

Muskoka Grown Limited
Insolvent Person

A. FARBER & PARTNERS INC.
Licensed Insolvency Trustee

Date of the Notice of Intention: May 05, 2020

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: May 05, 2020, 16:18

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada

APPENDIX B

MUSKOKA GROWN LIMITED
Statement of Projected Cash Flow
For the 13-week period ending July 31, 2020

Court No. 31-2643278
Estate No. 31-2643278

Week No.	1	2	3	4	5	6	7	8	9	10	11	12	13	
Week Ending	8-May	15-May	22-May	29-May	5-Jun	12-Jun	19-Jun	26-Jun	3-Jul	10-Jul	17-Jul	24-Jul	31-Jul	TOTAL
Cash In-Flows														
Sales	-	-	15,000	241,160	-	-	169,204	201,164	105,600	295,684	225,481	362,026	-	1,615,319
HST Refund	-	-	-	-	-	-	-	-	-	-	-	-	90,000	90,000
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash In-Flows	-	-	15,000	241,160	-	-	169,204	201,164	105,600	295,684	225,481	362,026	90,000	1,705,319
Cash Out-Flows														
Employee and Management Compensation	153,345	-	118,451	-	127,233	-	133,311	-	138,113	-	138,751	-	138,113	947,315
Utilities	-	-	35,000	-	-	135,328	-	-	5,000	130,328	-	5,000	-	310,656
Operational Expenses	27,350	93,250	19,000	20,471	66,072	15,250	11,718	7,938	57,105	51,750	9,000	-	39,491	418,395
SG&A Expenses	25,000	27,900	22,000	49,150	5,000	7,900	2,000	2,000	5,150	7,900	2,000	2,000	5,150	163,150
Insurance	51,000	-	38,000	-	-	-	16,218	-	-	-	-	16,218	-	121,436
Processing Equipment - Capex	-	-	130,592	24,000	30,000	20,000	-	-	-	-	-	-	-	204,592
Total Operational Cash Out-Flows	256,695	121,150	363,043	93,621	228,305	178,478	163,247	9,938	205,368	189,978	149,751	23,218	182,754	2,165,544
Operational Cash Flow	(256,695)	(121,150)	(348,043)	147,539	(228,305)	(178,478)	5,957	191,226	(99,768)	105,706	75,730	338,808	(92,754)	(460,225)
Less Total Financing Costs	94,499	2,885	2,885	2,885	36,874	3,846	3,846	3,846	36,963	3,846	3,846	3,846	37,051	237,117
Less Total Restructuring Costs	42,000	190,000	-	105,000	-	90,000	-	80,000	-	80,000	-	75,000	-	662,000
Net Cash Flow	(393,193)	(314,035)	(350,927)	39,654	(265,179)	(272,324)	2,111	107,380	(136,730)	21,860	71,884	259,962	(129,805)	(1,359,343)
Debtor-in-Possession Loan (DIP)														
Borrowings / (Repayment)	1,500,000	-	-	-	500,000	-	-	-	-	-	-	-	-	2,000,000
Starting Cash Availability	(85,777)	1,021,030	706,995	356,068	395,722	630,543	358,219	360,330	467,710	330,979	352,839	424,723	684,685	
Ending Cash Availability	1,021,030	706,995	356,068	395,722	630,543	358,219	360,330	467,710	330,979	352,839	424,723	684,685	554,880	

This Statement of Projected Cash Flow, prepared in accordance with s.s. 50(6) and/or s.s. 50.4(2) of the *Bankruptcy and Insolvency Act*, should be read in conjunction with the Trustee's report on the reasonableness of the cash flow statement.

A. FARBER & PARTNERS INC., LIT
The Trustee appointed *in re* the Proposal of
Muskoka Grown Limited

MUSKOKA GROWN LIMITED



Per: David Grand, A.S.O.

Per: Hylton Levy, CA, CPA, CIRP, LIT

MUSKOKA GROWN LIMITED
Statement of Projected Cash Flow
For the 13-week period ending July 31, 2020

Court No. 31-2643278
Estate No. 31-2643278

Week No.	1	2	3	4	5	6	7	8	9	10	11	12	13	
Week Ending	8-May	15-May	22-May	29-May	5-Jun	12-Jun	19-Jun	26-Jun	3-Jul	10-Jul	17-Jul	24-Jul	31-Jul	TOTAL
Cash In-Flows														
Sales	-	-	15,000	241,160	-	-	169,204	201,164	105,600	295,684	225,481	362,026	-	1,615,319
HST Refund	-	-	-	-	-	-	-	-	-	-	-	-	90,000	90,000
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash In-Flows	-	-	15,000	241,160	-	-	169,204	201,164	105,600	295,684	225,481	362,026	90,000	1,705,319
Cash Out-Flows														
Employee and Management Compensation	153,345	-	118,451	-	127,233	-	133,311	-	138,113	-	138,751	-	138,113	947,316
Utilities	-	-	35,000	-	-	135,328	-	-	5,000	130,328	-	5,000	-	310,656
Operational Expenses	27,350	93,250	19,000	20,471	66,072	15,250	11,718	7,938	57,105	51,750	9,000	-	39,491	418,395
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Processing Equipment - Capex	-	-	130,592	24,000	30,000	20,000	-	-	-	-	-	-	-	204,592
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Less Total Restructuring Costs	42,000	190,000	-	105,000	-	90,000	-	80,000	-	80,000	-	75,000	-	662,000
Net Cash Flow	(393,193)	(314,035)	(350,927)	39,654	(265,179)	(272,324)	2,111	107,380	(136,730)	21,860	71,884	259,962	(129,805)	(1,359,343)
Debtor-in-Possession Loan (DIP)														
Borrowings / (Repayment)	1,500,000	-	-	-	500,000	-	-	-	-	-	-	-	-	2,000,000
Starting Cash Availability	(85,777)	1,021,030	706,995	356,068	395,722	630,543	358,219	360,330	467,710	330,979	352,839	424,723	684,685	
Ending Cash Availability	1,021,030	706,995	356,068	395,722	630,543	358,219	360,330	467,710	330,979	352,839	424,723	684,685	554,880	

This Statement of Projected Cash Flow, prepared in accordance with s.s. 50(6) and/or s.s. 50.4(2) of the *Bankruptcy and Insolvency Act*, should be read in conjunction with the Trustee's report on the reasonableness of the cash flow statement.

A. FARBER & PARTNERS INC., LIT
The Trustee appointed in re the Proposal of
Muskoka Grown Limited

Per: Hylton Levy, CA, CPA, CIRP, LIT

MUSKOKA GROWN LIMITED

Per: David Grand, A.S.O.

MUSKOKA GROWN LIMITED
(the “Company”)

**NOTES TO AND ASSUMPTIONS UNDERLYING THE STATEMENT OF PROJECTED
CASH FLOW FOR THE PERIOD OF THE WEEK ENDING MAY 8, 2020 TO THE WEEK
ENDING JULY 31, 2020**

NOTES

1. The purpose of the statement of projected cash flow for the period from the week ending May 8, 2020 to the week ending July 31, 2020 is to comply with the provisions of the *Bankruptcy and Insolvency Act*.

HYPOTHETICAL ASSUMPTIONS

An assumption that assumes a set of economic conditions or courses of action that are not necessarily the most probable in the insolvent person's judgment but are consistent with the purpose of the cash-flow projection.

1. On May 5, 2020, the Company filed a Notice of Intention to Make a Proposal (“**NOI**”) and named A. Farber & Partners Inc. as the Licensed Insolvency Trustee acting under the NOI (the “**Proposal Trustee**”). The Company’s principal secured creditor, Arthur Zwingenberger, will continue to support the Company and its restructuring efforts by providing debtor-in-possession financing (the “**DIP Loan**”) to the Company to address its liquidity concerns, provided that, among other things:
 - a. the Court grants him a first-ranking charge over all assets, property and undertaking of the Company in respect of the DIP Loan; and
 - b. the Company’s performance during the NOI does not materially deviate from the cash flow projections.
2. **Sales:** Operating revenue projections for the period covered by this cash-flow are based on the estimates of the Company’s management. There is limited historical data to support sales projections. Sales projections and turnover rates are therefore based on estimates of the Company’s management.
 - a. Mono-crop inventory, which is projected by the Company’s management to be high quality, high potency cannabis, is in high demand and is inherently more saleable than salad inventory.
 - b. Salad inventory, which is dried cannabis with inconsistent test results on quality and potency, has a lower demand in the market. The Company is attempting to sell the salad inventory as dried cannabis intended for end-user consumption, however, if

that is not feasible, it will be sold in bulk to other licensed producers, who are engaging in cannabis extraction processes, at biomass commodity rates.

3. **Processing Equipment – Capex:** Capital expenditures that the Company's management advise are necessary for (i) improving production capabilities and efficiencies, (ii) keeping cost of goods throughputs down, and (iii) limiting the amount of disruption that has been caused in the past by using third party goods and service providers. These capital expenditures have been approved by the Company's primary secured lender and DIP Loan provider.

PROBABLE ASSUMPTIONS

An assumption that the insolvent person believes reflects the most probable set of economic conditions and planned courses of action; they are suitably supported, consistent with the plans of the insolvent person and provide a reasonable basis for the revised cash-flow statement.

1. The Company is seeking the Court's approval of certain relief, including charges to secure (i) the DIP Loan, (ii) professional fees of the Proposal Trustee, its legal counsel and the Company's legal counsel, and (iii) the Company's indemnity in favour of its directors and officer, in lieu of insurance, for any debts of the Company of which the directors and officers may become personally liable.
2. The DIP Loan will be made available to the Company to fund ongoing operational costs, approved capital expenditures and restructuring costs, as provided for in this cash flow projection.
3. Sale terms vary by customer and, accordingly, collection of accounts receivable is based on estimates made by management of the Company.
4. Collection of accounts receivable is based on management's estimate of customer payment histories and internal estimates. To be conservative, provision has been made for uncertainties relating to collection of receivables in a restructuring mode.
5. Only essential expenses will be paid, and suppliers will continue to supply the company all its needs on a C.O.D. basis during the period covered by this cash flow. The payments are expected to relate to mortgage payments, materials, utilities, insurance, supplies, product testing, financing fees and professional fees.
6. **Employees and Management Compensation:** This line item is inclusive of (i) wages and vacation pay for 32 production staff, paid by the hour; (ii) bi-weekly salaries for 15 salaried management staff; (iii) compensation to the CEO; and (iv) payments to the employee benefits provider. Gross wages and salaries include employer and the employee portion of current payroll taxes deducted at the source. Payroll is processed by the company on a bi-weekly basis using a third-party payroll service provider.

7. Production staff payroll is expected to be increased over the period provided for in this cash flow to increase efficiencies relating to hand-trimming of dried flower and prepare the product for market quicker.
8. **Utilities:** line item includes provision for a potential deposit for continuation of services after the filing of the NOI.
9. **Insurance:** Includes the Company's insurance of (i) the facility and real property; (ii) corporate and general liability policies; (iii) and long-tail directors and officers insurance. These first two policies are due for renewal in the third week of May. The directors and officers long-tail coverage is in respect of a policy that expires on May 10, 2020. Management of the Company have identified this as a critical expense to ensure that the Company's directors and officers continue to assist through the restructuring.
10. **SG&A Expenses:** This line item is inclusive of costs for: (i) marketing; (ii) telecommunication; (iii) bank fees; (iv) excise tax stamp deposit to Receiver General; (v) corporate office rent; and (vi) other contingency items.
 - a. **Marketing, telecommunication, bank fees and corporate office rent** are self-explanatory.
 - b. **Excise tax stamp deposit:** The deposit or surety required to be paid to the Receiver General in respect of future monies due under the *Excise Tax Act*, 2001 (Canada). The Company has committed to this deposit as the highest monthly amount calculated as owing for excise taxes over the previous 12-month period.
 - c. **Other contingency items:** Includes payment of (i) approved expense reimbursement, (ii) deposits to other utilities or goods and service providers, and (iii) general overhead not accounted for in the other line items, such as postage, office supplies, contingencies and other small office expenses.
11. Management have estimated professional fees during the period covered by the cash flow projection based on advice from the affected professions. These fees will be dictated by the level of activity required by the Company's legal counsel, the Proposal Trustee and its legal counsel.
12. **Other:** Includes payment of (i) approved expense reimbursement, (ii) deposits to other utilities or goods and service providers, and (iii) general overhead not accounted for in the other line items, such as postage, office supplies, contingencies and other small office expenses.
13. **Financing Costs:** All line items under this subheading refer to ongoing secured obligations of the Company.
14. Starting cash availability is negative due to the outstanding amount due to the remaining

secured indebtedness due to Royal Bank of Canada (the "**RBC Debt**"). The RBC Debt is projected to be discharged through cash flow.

15. The DIP Loan will be funded to the Company in accordance with the provisions of the term sheet agreement between Arthur Zwingenberger and the Company. For the purposes of this cash flow projection, advances have been projected to be provided to the Company on an as required basis.

This Statement of Projected Cash Flow of Muskoka Grown Limited prepared in accordance with s.s. 50.4(2) and/or s.s. 50 (6) of the Bankruptcy and Insolvency Act should be read in conjunction with the Trustee's report on the reasonableness of the cash flow statement.

DATED AT VAUGHAN this 5th day of May 2020.

**A. FARBER & PARTNERS INC., LIT
THE TRUSTEE ACTING *IN RE*
THE PROPOSAL OF MUSKOKA GROWN LIMITED**

Per: Hylton Levy, CPA, CA, CIRP, LIT

DATED AT BRACEBRIDGE this 5th day of May 2020.

MUSKOKA GROWN LIMITED

A handwritten signature in black ink, appearing to read 'David Grand', is written over a horizontal line.

Per: David Grand, A. S. O.

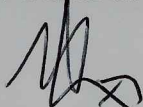
secured indebtedness due to Royal Bank of Canada (the "RBC Debt"). The RBC Debt is projected to be discharged through cash flow.

15. The DIP Loan will be funded to the Company in accordance with the provisions of the term sheet agreement between Arthur Zwingenberger and the Company. For the purposes of this cash flow projection, advances have been projected to be provided to the Company on an as required basis.

This Statement of Projected Cash Flow of Muskoka Grown Limited prepared in accordance with s.s. 50.4(2) and/or s.s. 50 (6) of the Bankruptcy and Insolvency Act should be read in conjunction with the Trustee's report on the reasonableness of the cash flow statement.

DATED AT VAUGHAN this 5th day of May 2020.

**A. FARBER & PARTNERS INC., LIT
THE TRUSTEE ACTING *IN RE*
THE PROPOSAL OF MUSKOKA GROWN LIMITED**



Per: Hylton Levy, CPA, CA, CIRP, LIT

DATED AT BRACEBRIDGE this 5th day of May 2020.

MUSKOKA GROWN LIMITED

Per: David Grand, A. S. O.

**IN THE MATTER OF THE PROPOSAL OF
MUSKOKA GROWN LIMITED
A COMPANY DULY INCORPORATED PURSUANT TO THE LAWS OF THE PROVINCE
OF ONTARIO, WITH A HEAD OFFICE IN THE
CITY OF BRACEBRIDGE, IN THE PROVINCE OF ONTARIO**

TRUSTEE'S REPORT ON CASH-FLOW STATEMENT
(Paragraph 50(6)(b) of the Bankruptcy and Insolvency Act)

The attached statement of projected cash-flow of Muskoka Grown Limited as of the 5th day of May 2020 consisting of the statement of projected cash-flow for the period from the weekend ending May 8, 2020 to the week ending July 31, 2020 and the notes and assumptions underlying the statement of projected cash flow, has been prepared by the insolvent person for the purpose described in Note 1, using the probable and hypothetical assumptions as set out in the notes to and assumptions underlying the statement of projected cash flow.

Our review consisted of enquiries, analytical procedures and discussion related to information supplied to us by the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided for the probable assumptions and the preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

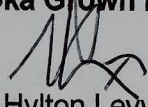
- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material.

The projection has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

DATED AT VAUGHAN this 5th day of May 2020.

A. FARBER & PARTNERS INC., LIT
The Trustee acting *in re* the proposal of
Muskoka Grown Limited

Per:  Hylton Levy, CPA, CA, CIRP, LIT

**IN THE MATTER OF THE PROPOSAL OF
MUSKOKA GROWN LIMITED
A COMPANY DULY INCORPORATED PURSUANT TO THE LAWS OF THE PROVINCE
OF ONTARIO, WITH A HEAD OFFICE IN THE
CITY OF BRACEBRIDGE, IN THE PROVINCE OF ONTARIO**

**REPORT ON CASH-FLOW STATEMENT BY THE PERSON
MAKING THE PROPOSAL**

(Paragraphs 50(6)(c) and 50.4(2)(c) of the Bankruptcy and Insolvency Act)

Muskoka Grown Limited has developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 5th day of May, 2020 consisting of the statement of projected cash-flow for the period from the week ending May 8, 2020 to the week ending July 31, 2020, and the notes and assumptions underlying the statement of projected cash flow.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note 1, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes to and assumptions underlying the statement of projected cash flow.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in Note 1, using a set of probable and hypothetical assumptions set out in the notes to and assumptions underlying the statement of projected cash flow. Consequently, readers are cautioned that it may not be appropriate for other purposes.

DATED AT BRACEBRIDGE this 5th day of May 2020.

MUSKOKA GROWN LIMITED

A handwritten signature in black ink, appearing to read 'David Grand', is written over a horizontal line.

Per: David Grand, CEO