

**IN THE SUPREME COURT OF BRITISH COLUMBIA  
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE BANKRUPTCY OF  
1193269 B.C. Ltd.**

**TRUSTEE'S REPORT TO CREDITORS  
October 4, 2023**

**BACKGROUND**

This report has been prepared by MNP Ltd., in its capacity as Licensed Insolvency Trustee in the bankruptcy of 1193269 B.C. Ltd. (the "**Trustee**") to provide preliminary information to creditors on October 4, 2023.

1193269 B.C. Ltd. operating as "Shelter Cannabis" (the "**Company**") is a cannabis branding, marketing, and consulting company that developed several brands of cannabis products due to having a knowledge of cannabis processing and facility operations. The company was incorporated in January 2019.

In January 2020 the Company entered into a Share and Purchase Agreement with Agro-Greens Natural Products. The Company licensed the brands to Agro-Greens to produce and sell cannabis, and provided consulting services related to sales, marketing, and production of the cannabis products. Consulting fees for the services provided to Agro-Greens were the only revenue of the Company. The Company ceased working with Agro-Greens in January 2022, when it was determined that the Share and Purchase Agreement between parties would not close and Agro-Greens would be closing their operations.

In March 2022, the Company sold some of their brands to MediPharm Labs Inc., in an Asset Purchase Agreement. The total purchase price for the purchased assets was to be received in earnouts that depended on revenue generated by the purchased assets.

However, the earnouts being received between March 2022 and July 2023 were much lower than anticipated and were not sufficient to cover the debts of the Company. The Company also received indications that MediPharm Labs Inc. were likely to terminate production. In August 2023 the Company negotiated a final payment and terminated the agreement with MediPharm Labs Inc.

The Company has no additional revenue nor potential for revenue.

The Company had to terminate all employees in February 2023.

On September 15, 2023, the Company was assigned into bankruptcy and MNP Ltd. was appointed as the Licensed Insolvency Trustee.

**FINANCIAL SITUATION**

The Trustee has been provided with unaudited financial statements for fiscal year ended June 30, 2020, which are summarized below:

1193269 B.C. Ltd.		
	Fiscal year ended	
	June 30, 2019	June 30, 2020
	\$000's	
Revenue	26	1,429
Cost of sales	-	394
Gross Profit	26	1,036
Expenses	979	2,847
Operating loss	(953)	(1,811)
Total other expenses	(187)	-
Net Income (Loss)	(953)	(1,998)

The Company had no other current financial statements available.

### **CONSERVATORY AND PROTECTIVE MEASURES**

The Trustee is aware of one bank account held at Synergy Credit Union. The Trustee has suspended the bank account and is in process of transferring the balances to the Trustee's estate bank account. The Trustee is not aware of any other assets of value owned by the Company.

The Company terminated all employees prior to the date of bankruptcy.

### **BOOKS AND RECORDS**

The Trustee has taken possession of certain books and records of the Company and is in the process of reviewing financial records available and obtaining additional financial information.

### **PRELIMINARY EVALUATION OF ASSETS**

The Company's principal asset as of September 13, 2023, is a cash amount of \$257,987.21 that was held at Synergy Credit Union, currently in the possession of the Trustee.

### **SECURED CREDITORS AND PRIORITY CREDITORS**

According with PPRS results, BC Ministry of Finance – Employer Health Tax has a security interest registered against all present and after - acquired property of the Company.

However, at the date of this report, BC Ministry of Finance filed an unsecured claim in the amount of \$67,588.57.

The Company has indicated that all employees were terminated in February 2023, therefore there are no eligible amounts owing to employees.

Any amounts owing to CRA for payroll source deductions would be considered a deemed trust claim which ranks ahead of all creditors. The Company records indicate no amounts owing to CRA with respect to employee source deductions. The Trustee has contacted CRA to confirm and perform a trust audit.

### **UNSECURED CREDITORS**

The Companies' records indicate that there are unsecured creditors with total claims of approximately \$5,602,849.

## **LEGAL ACTIONS**

The Trustee is aware of the following litigations:

- Notice of Civil Claim filed by TRUEXTRACTS (CALGARY) INC. in Calgary Registry, Court file number 2201-05169;
- Notice of Civil Claim filed by ORGANNICRAFT PRODUCTION INC. in Saskatoon Registry, Court file number QBG 288 of 2022; and
- Notice of Civil Claim filed by SEN PHARM PARTNERS LTD. in Saskatoon Registry, Court file number QBG 457 of 2022.

The Trustee is not aware of any other ongoing litigation. The Trustee has not commenced or continued any actions on behalf of the Company.

## **REVIEWABLE TRANSACTIONS AND PREFERENCE PAYMENTS**

The Trustee has taken possession of certain books and records of the Company and is in the process of obtaining additional records and gathering additional information.

The Trustee has conducted a preliminary review of the information available and has not identified any transactions which could be regarded as preference transactions or transfers at undervalue to date. Further investigations may be conducted which could reveal such transactions.

## **CONFLICT OF INTEREST**

The Trustee is not aware of any conflicts of interest.

## **CONCLUSION**

Based on our preliminary estimates, there will be a minimal recovery to unsecured creditors.

### **MNP Ltd.**

In its capacity as the Licensed Insolvency Trustee of the bankrupt estate of 1193269 B.C. Ltd., and not in its personal capacity.

Per:



Doug Chivers, CPA, CA, CIRP, LIT