

Division of Alberta
Division No. 25 - Calgary
Court No: 25-2585991
Estate No: 25-2585991

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
HOP COMPOST LTD.**

REPORT OF THE TRUSTEE

Purpose of the Report

The purpose of this Report is to notify the creditors of a material adverse change in the cash flow projections prepared by management (the "Material Adverse Change" or "MAC").

Background

Hop Compost Ltd. (the "Debtor") filed a Notice of Intention to Make a Proposal (the "NOI") on November 20, 2019 and MNP Ltd. was appointed as the Licensed Insolvency Trustee (the "Proposal Trustee").

The Debtor prepared its cash flow projections on November 26, 2019 and the Proposal Trustee prepared its report on cash flow statement on November 26, 2019. At the time of filing these reports, interim financing was to be provided to the Debtor through an Order granted by the Court of Queen's Bench of Alberta on November 27, 2019 (the "Interim Financing Order").

Management has now advised that the interim funding will not be forthcoming.

As a result, the cash flow statement filed on November 26, 2019 is no longer viable and the Debtor has no other way to finance operations during the stay period granted under the NOI.

Recommendation

The Proposal Trustee no longer believes that a viable proposal can be made by the Debtor as there is no party prepared to provide funding that was defined under the Interim Funding Order.

The Proposal Trustee is of an opinion that the change in the cash flow statement is material and advises the creditors, the Office of the Superintendent of Bankruptcy and the Court accordingly.

DATED at the City of Calgary in the Province of Alberta this 2nd day of December 2019.

MNP LTD.

Trustee acting in Notice of Intention to make a proposal of Hop Compost Ltd.

A handwritten signature in black ink, consisting of a large, stylized 'V' followed by a long, sweeping horizontal line that tapers to the right.

Victor P. Kroeger, CPA, CA, CIRP, LIT, CFE
Senior Vice President

cc: All Proven Creditors
cc: Superintendent of Bankruptcy
cc: Court House