

District of: ONTARIO
Division No. 12-Ottawa
Court No. 33-2618511
Estate No. 33-2618513

Tel: 416-775-7326
Fax: 416-601-6690
www.deloitte.ca

**IN THE MATTER OF THE PROPOSAL OF
VITALITY CBD NATURAL HEALTH PRODUCTS INC.
OF THE CITY OF OTTAWA
IN THE PROVINCE OF ONTARIO**

Notice of Reconvened General Meeting of Creditors

Take notice that:

As you are aware, the general meeting of creditors (the “**Original General Meeting**”) to vote on the Proposal filed on June 12, 2020 pursuant to Part III of the Bankruptcy and Insolvency Act (Canada) (the “**BIA**”) (the “**Proposal**”) of Vitality CBD Natural Health Products Inc. (“**Vitality**” or the “**Company**”) was held on July 28, 2020 at 2:00 a.m. (Toronto time) via Zoom Meeting.

At the Original General Meeting, two motions were made. First, Dominion Capital LLC (“**Dominion**”) made a motion (the “**Dominion Motion**”) to adjourn the meeting to a date not less than 30 days hence to:

1. Receive the documentation ordered by RSJ Macleod from Mr. Kouwenberg.
2. Allow Dominion to conduct examinations of Seann Poli.
3. For the trustee to obtain:
 - a. Details (and if written) all agreements among the first mortgagee, Family Lending, the DIP financier and the debtor respecting the consent to postpone to the DIP financing;
 - b. Details and evidence of any advances, payments and a discharge statement for the first mortgage.
 - c. For examination of the first mortgagee by Dominion, if so advised, by Dominion.

Prior to the Dominion Motion being made, the Company advised the Proposal Trustee that it disputed the proof of claim submitted by Dominion. As a result, the Proposal Trustee marked Dominion’s proof of claim as “objected to” and permitted Dominion to vote on the Dominion Motion subject to the vote being declared invalid in the event the objection is sustained. As a result, the resolution proposed by the Dominion Motion passed.

Since the vote on the Dominion Motion could subsequently be declared invalid, a second motion was brought to adjourn the meeting to a time to be so determined by the Court. That motion passed.

On July 31, 2020, a Case Conference was arranged before Justice MacLeod in order to set a timetable for the review and potential disallowance of Dominion’s proofs of claim and for the matters set out in the Dominion Motion. On August 5, 2020, Justice MacLeod issued a Case Conference Order that ordered and directed the following:

- (a) The Trustee is to forthwith assess and value the proofs of claim submitted by the noteholders and to issue its Form 77 no later than August 14, 2020. The noteholders and the debtors are to fully cooperate with the Trustee.
- (b) The examination of Mr. Poli and others as approved by the meeting of creditors in the Eureka 93 proposal shall proceed and shall be completed by August 18th, 2020. If the Trustee wishes to conduct the examinations, the Trustee shall do so. If not, then the noteholders may do so.
- (c) If the Trustee accepts the proof of claim in any of the proposals and the debtor (or any other creditor) wishes to challenge the validity of the debt owing to the noteholders, the said creditor(s) shall advise the noteholders in writing of the specific basis for doing so and shall undertake to bring the necessary application before the court.
- (d) Subject to further order or agreement in writing and to any application or appeal which must be determined in advance thereof, the votes on the proposals shall be completed no later than August 28th, 2020.

A copy of the Case Conference Order is available on the Proposal Trustee's website at <https://www.insolvencies.deloitte.ca/en-ca/pages/Eureka93.aspx>.

On August 14, 2020, the Proposal Trustee issued a Form 77 Notice of Disallowance to Dominion Capital disallowing its claim against the Company and its directors in its entirety.

Since Dominion's proof of claim against the Company has been disallowed in its entirety, the motion to examine Seann Poli has not proceeded at this time, and the parties are seeking further direction from Justice MacLeod.

The Proposal Trustee has set August 28, 2020 as the date for the reconvened general meeting of creditors (the "**Reconvened Meeting**").

The Company has advised the Proposal Trustee that it is in the process of preparing an Amended Proposal that will involve only minor, technical amendments (the "**Amended Proposal**"). Once the amendments are finalized, the Proposal Trustee will file a copy of the Amended Proposal with the Office of the Superintendent of Bankruptcy and will post on the Proposal Trustee's website a copy of the Amended Proposal, a version that identifies the changes from the Proposal, and a supplementary report of the Proposal Trustee. Also available on the Proposal Trustee's website will be revised proxy and voting letter forms for those who wish to revise their proxy or vote in the Amended Proposal.

Any revised proxy/voting letter intended to be used at the Reconvened Meeting must be for the Amended Proposal lodged with the Proposal Trustee prior to the commencement of the Reconvened Meeting and should be forwarded to:

Deloitte Restructuring Inc.
Proposal Trustee in the Proposal of Vitality CBD Natural Health Products Inc.
Attention: Hartley Bricks
By email - hbricks@deloitte.ca or by facsimile at 416-601-6690

In the matter of the Proposal of
Vitality CBD Natural Health Products Inc.
August 17, 2020
Page 3

Due to the restrictions imposed by the Ontario Government as a result of COVID-19, the Reconvened Meeting will be held by Zoom Meeting on **August 28, 2020 at 10:30 am**. Creditors may attend the Reconvened Meeting to consider the Proposal either in person via Zoom Meeting or by proxy. The Zoom Meeting details are as follows:

Zoom Link: <https://deloitte.zoom.us/j/96927255770?pwd=THZqdU83ZlJMaGdya21Pa3Qxdzd6QT09>

Password: 054365

-or-

Dial In # Canada - (613) 209-3054 or (647) 374 4685 or (438) 809-7799; US - (720) 928-9299

Meeting ID: 969 2725 5770

Password: 054365

Please note that only those creditors who submitted a valid proof of claim prior to the Original General Meeting which is admitted by the Proposal Trustee will be allowed to vote at the Reconvened Meeting.

Dated at Toronto, Ontario, this 17th day of August, 2020

DELOITTE RESTRUCTURING INC.
in its capacity as Proposal Trustee under the
Notices of Intention to Make a Proposal for
Vitality CBD Natural Health Products Inc.
and not in its personal or corporate capacity

Per:



Hartley Bricks, MBA, CPA, CA, CIRP, LIT
Senior Vice President