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| COURT FILE NUMBER | Q.B. 727 / 2015 | **Clerk's Stamp** |
| COURT OF QUEEN'S BENCH FOR SASKATCHEWAN IN BANKRUPTCY AND INSOLVENCY | | |
| JUDICIAL CENTRE | SASKATOON | |
| PLAINTIFF | ALIGNVEST PRIVATE DEBT LTD. | |
| DEFENDANTS | NABER SPECIALTY GRAINS LTD. AND MELFORT GRAIN TERMINAL LTD. | |

**IN THE MATTER OF THE RECEIVERSHIP OF NABER SPECIALTY GRAINS LTD. AND MELFORT GRAIN TERMINAL LTD.**

# FIRST REPORT OF THE RECEIVER

**NOVEMBER 12, 2015**

## INTRODUCTION

1. On June 18, 2015 this Honourable Court granted an Order (the "Order") appointing Ernst & Young Inc. as receiver ("EY" or the "Receiver") of the assets, property and undertaking of Naber Specialty Grains Ltd. ("NSGL") and Melfort Grain Terminal Ltd. ("MGTL") (collectively the "Companies") pursuant to section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c.B-3, as amended (the "BIA") and section 64(8) of the *Personal Property Security Act*, S.S. 1993 c.P-6.2 (the "PPSA").

2. The purpose of this first report of the Receiver (the "First Report") is to advise this Honourable Court with respect to:

   a) the background of the Companies;

   b) the activities of the Receiver since the date of the Order;

   c) the realization of certain of the Companies' assets;

   d) the fees and disbursements of the Receiver and its legal counsel; and

   e) the Receiver's conclusions and recommendations.

3. Concurrently with the filing of this First Report, the Receiver will file a confidential report of the Receiver (the "Confidential First Report") to provide information to this Honourable Court that is subject to the Receiver's motion to seal certain commercially sensitive material from the public record. The Confidential Report includes:

   a) A copy of the sale agreement between the Receiver and Cas-Grain Farms Partnership ("Cas-Grain") in respect of the sale of the Receiver's right, title and interest in and to certain seed cleaning, grain terminal and related assets in Melfort, SK;

b) A copy of the sale agreement between the Receiver and Starco Ag Ltd. in respect of the sale of the Receiver's right, title and interest in and to land parcel 135772263 (400 Railway Ave) in the municipality of Star City, SK; and

c) A listing of all tender submissions received including the amounts offered for the parcel(s).

4. The Receiver is of the view that if disclosed in the public domain, the material contained in the Confidential Report (specifically the purchase price of the assets and the quantum of other offers) prior to the closing of the transactions would have a material adverse effect on the ability of the Receiver to maximize the value of the Companies' assets in the circumstances.

5. Upon request, the Receiver will provide copies of the Confidential Report to legal counsel to the parties on the Service List, upon the provision of a written undertaking that counsel will keep the contents confidential, and will only disclose the contents of the Confidential Report to designated personnel at their clients, who will provide the Receiver with an executed confidentiality agreement. If a party requests a copy of the Confidential Report and the Receiver is of the view that the party has no valid business purpose to review the Confidential Report, the Receiver will advise this Honourable Court accordingly at the time of the hearing of the sealing motion.

6. The Receiver's legal counsel has received a request from counsel for Todd Naber ("Naber"), to be provided with the purchase price information for the proposed sale of the assets. For the reasons described in this First Report, the Receiver has serious concerns that notwithstanding the provisions of any confidentiality agreement that might be entered into with him, Mr. Naber cannot be relied upon to keep the purchase price information confidential.

## DISCLAIMER

7. In preparing this First Report, the Receiver has relied upon unaudited financial information, books and records of NSGL and MGTL, financial information prepared by former management of the Companies and discussions with the Applicant.

8. The Receiver 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 (Canada) Handbook. Accordingly, the Receiver expresses no opinion or other form of assurance on the information contained in this First Report.

9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

10. Capitalized terms not defined herein are as defined in the Order.

## BACKGROUND OF THE COMPANIES

11. Prior to the receivership, NSGL operated a seed cleaning, grain terminal and related assets in Melfort, SK. The Companies' facilities are primarily located at the intersection of Highway 3 and Highway 41A on the outskirts of Melfort, with two parallel rail spurs that can accommodate 35 hopper cars.

12. The real property at this site is held in the name of MGTL. With the exception of holding title to the real property and certain equipment used in NSGL's business, MGTL did not carry on active business.

13. Prior to the receivership, the Companies were controlled by Mr. Naber. Based on representations to the Receiver from the Companies' creditors and former employees, Mr. Naber was the principal mind and management of 100% of the Companies' business activities.

14. The principal secured creditors of the Companies are Alignvest Private Debt Ltd. ("Alignvest") and Business Development Bank of Canada ("BDC"). Details with respect

to Alignvest's security and the Companies' indebtedness to Alignvest are provided in the affidavit of Mr. Samuel Fleiser sworn on June 5, 2015 (the "Fleiser Affidavit"). On November 10, 2015, the Receiver was advised that Alignvest and BDC had closed a transaction whereby Alignvest acquired the secured position of BDC. At this point, the Receiver does not consider it likely that realization on the assets of the Companies would be sufficient to pay out the combined indebtedness to BDC and Alignvest.

15. As a consequence of its transaction with BDC, Alignvest appears to be the only secured creditor with an interest in the assets of the Companies, subject to:

    a) potential claims over specific assets by creditors with purchase money security interests or serial number registrations; and

    b) the Receiver is aware of a priority agreement among BDC, Alignvest and Calidon Financial Services Inc. ("Calidon"), which appears to provide Calidon with priority over certain assets; however, Calidon has not participated significantly in the within proceedings to date, nor has it expressed any views to the Receiver concerning the disposition of any assets.

16. In September 2014, the Companies engaged the services of Johnson Advisory Services Inc. ("JASI") to provide chief restructuring officer services to NSGL and to sell the plant assets of MGTL under a competitive process. Mr. Cameron Johnson ("Johnson"), a partner of JASI, advised the Receiver that its sales efforts included the following activities:

    a) JASI's process was based on a targeted sales approach that identified special crop processing and marketing companies, as well as grain handling companies interested in expanding their operations. A total of 22 strategic purchasers were identified by JASI. As a result of consultations with the Companies, 14 parties were approved by Mr. Naber as qualified bidders;

    b) Between October and December 2014, the qualified parties were contacted by JASI, and five of these parties engaged in discussions with a view to submit an offer. All of these discussions terminated in late December 2015 as a result of an inability to bridge the parties' valuation expectations;

c) In January 2015, one of the parties re-engaged in discussions with JASI, and a series of proposals and counter-proposals were exchanged between the parties between January and April 2015;

d) In April 2015, JASI re-initiated contact with several parties (who were previously involved in discussions between October and December 2014) that in the view of JASI, represented the best fit for MGTL's assets. Three of these parties provided JASI with verbal indications of the price they would be willing to pay for MGTL's assets; and

e) On the date the receivership order was granted, the Companies, Alignvest and BDC collectively received a letter of intent from an arm's length purchaser to acquire the assets.

## ACTIVITIES OF THE RECEIVER SINCE JUNE 18, 2015

*Stakeholder Communications*

17. The Receiver has established a web-site to facilitate communications with creditors and stakeholders. The Receiver's web-site is: www.ey.com/ca/naber.

18. In accordance with the Order the Receiver has posted the following documents on its web-site:

    a) A copy of the Order;

    b) Notice to Creditors pursuant to s.245(1) and s.246(1) of the BIA for each of NSGL and MGTL;

    c) Form 74 – Notice of Reclamation of Property;

    d) Tender Information Package dated August 10, 2015;

e) A service list of parties requesting notice of these proceedings (the "Service List"); and

f) A copy of this First Report.

19. The Receiver has also responded to numerous creditor and stakeholder queries since the date of the receivership. These creditors and stakeholders include, *inter alia*, secured creditors, farmers, former employees, trade creditors, lease creditors, potentially interested purchasers, collection agencies, legal counsel, and representatives from Canada Revenue Agency, the Canadian Grain Commission and the Federal Labour Board.

20. The Notice to Creditors pursuant to s.245(1) and s.246(1) of the BIA was sent by ordinary mail to the debtor, the Office of the Superintendent of Bankruptcy and all known creditors (both secured and unsecured). Copies of these notices are attached as Appendix "A", and contain disclaimers that the books and records were not up to date.

21. Based upon feedback and inquiries from numerous creditors, it is apparent to the Receiver that there are a significant number of unsecured creditors who appear to be owed funds by NSGL, yet the accounts payable records or NSGL accounting records did not disclose that those parties were owed money. In response to such queries, the Receiver has added the parties to the list of known creditors in the event future communications or notices are required to the known unsecured creditors of NSGL.

22. The Receiver has communicated in writing with Mr. Naber on multiple occasions, including demanding unfettered access to and return of the books and records, demanding repayment of amounts owed in accordance with the books and records of NSGL, and demanding the return of certain assets that appear to have been removed from the premises. The Receiver is of the view that various demands have not been fully responded to, and will report further to this Honourable Court as its collection efforts continue.

23. The Receiver sent a letter to NSGL's customers advising them of the Receivership and directing that they issue payments to the Receiver for outstanding accounts. The Receiver

has received several inquiries in response to this letter. In the vast majority of cases, the parties have disputed that amounts are owed to NSGL.

*Preservation of Assets – Bank Accounts*

24. Immediately upon its appointment, the Receiver contacted representatives of Bank of Montreal ("BMO") and Bank of Nova Scotia ("BNS") and issued instructions to immediately freeze NSGL's bank accounts. The Receiver is not aware of any active bank accounts in the name of MGTL.

25. Representatives of BMO confirmed that NSGL's accounts were closed on June 17, 2015 on the instruction of Mr. Naber, and the closing balances of $1,638.64 CAD and $615.42 USD were made out to him personally by way of bank draft and cash withdrawal, in contravention of the order of this Honourable Court dated June 5, 2015. The Receiver has made written demands on Mr. Naber for repayment of these and other amounts owed to NSGL. Mr. Naber paid these amounts to the Receiver on October 7, 2015.

26. Representatives of BNS confirmed that NSGL's accounts were closed in December 2014.

27. Based upon information remaining at NSGL's premises and confirmation of payment sources from certain creditors, the Receiver learned that accounts may have been operated at TD Bank on behalf of the Companies. The Receiver immediately contacted TD Bank officials, who have confirmed that no accounts were opened in the name of NSGL or MGTL. The Receiver has subsequently been provided with evidence that the payment of NSGL obligations by way of payments drawn on TD Bank accounts were made from bank accounts in the name of other companies controlled by Mr. Naber.

*Books and Records*

28. Upon attending at NSGL's premises, the Receiver discovered that prior to the receivership all books and records of the Companies and supporting documentation were removed from the premises by Mr. Naber. The Receiver demanded the immediate return of all of the Companies' records, both in a face-to-face meeting with Mr. Naber and followed up

by a written demand. A copy of the written demand, along with a response from Mr. Naber's counsel is attached as Appendix "B".

29. Mr. Naber subsequently provided the Receiver with nine banker's boxes of records, and advised that this comprised all of the records of the Companies. These records have been relocated to the Receiver's office.

30. The Companies' electronic accounting records were maintained by a third-party bookkeeping firm based in Regina, SK. On June 18, 2015, the Receiver contacted this third party, who immediately agreed to provide the Receiver with an electronic copy of the Companies' accounting database records. This party has maintained that it does not have any original books and records of the Companies. Mr. Naber advised that the Companies' bookkeeper held original banking records, however the Receiver has obtained these records directly from BMO and BNS.

31. The Receiver is of the view that it has not been provided with all of the books and records of the Companies, or alternatively that books and records were either destroyed or not properly maintained prior to the receivership.

*Information Technology*

32. No operational computer servers were noted at NSGL's premises. Mr. Naber advised that a computer that he had used in his office prior to the receivership was used primarily for email and personal use, and was also used for his farm operations and other business interests. Mr. Naber further advised in writing that no files related to the Companies were located on this computer. The computer has not been made available to the Receiver to verify these claims.

*Insurance*

33. Prior to the receivership, the Companies maintained its insurance policies through Wynward Insuarance Group. ("Wynward"). The Receiver confirmed that the Companies' existing policies continued in force, and made monthly payments to the Companies'

insurance financing creditor, FIRST Insurance Funding of Canada. On September 9, 2015, Wynward issued a notice advising it was electing to cancel coverage.

34. The Receiver has arranged for alternative insurance coverage for the buildings and equipment owned by the Companies, including general liability, and boiler and machinery. The Receiver's coverage remains in force.

*Employee Matters*

35. At the time of the Receivership, the Receiver met with the three employees who remained employed by NSGL: an office clerk who also handled grain shipments and logistics, the plant manager and the assistant plant manager.

36. The Receiver has made temporary arrangements to retain the services of the employees pending a sale of the facility. The employees attend on site on a daily basis and have undertaken various maintenance and other supervisory tasks, and have provided significant assistance to the Receiver in the liquidation of the inventory and description of the plant layout and operation during site tours for potentially interested parties.

## REALIZATION OF ASSETS

*Inventory*

37. Upon its appointment, the Receiver completed a tour of the NSGL premises and with the assistance of NSGL employees, compiled an inventory of grain at NSGL's premises. The Receiver further arranged to take samples from each of the storage bins for grading purposes.

38. Since the commencement of the receivership, the Receiver has been contacted by a large number of local farmers, demanding the return of grains sold to NSGL and not fully paid for prior to the receivership. The Receiver was unable to accept any of these claims for the return of inventory, due to the Receiver's inability to specifically identify any particular producer's grain (which had been comingled by NSGL with similar grains acquired from other producers prior to the receivership), and the passage of time from the

shipment of grain to NSGL, as all deliveries to NSGL were well in excess of the time limits set out in s.81.1 and 81.2 of the BIA.

39. Based upon grading reports from an independent third party grading service and feedback from potentially interested parties, the Receiver was of the view that the grain inventory was of relatively low value and would be subject to high levels of dockage, customer rejection and/or counterclaim upon liquidation.

40. The Receiver made contact with a number of large grain companies and specialty grain brokers, in an attempt to liquidate the inventory on an "as is, where is" basis, FOB NSGL's premises in Melfort. The Receiver was not prepared to undertake shipment, product liability, or collection risk to complete certain uncompleted contracts with NSGL customers.

*Accounts Receivable*

41. At the commencement of the receivership, the Receiver met with Mr. Naber to review the accounts receivable listing that was described in paragraph 25 of the Fleiser Affidavit. Mr. Naber advised that a substantial portion of the accounts receivable balances represented billings made in advance of shipment, and had not yet been shipped. Accordingly, the Receiver is of the view that the majority of these items do not represent valid accounts receivable, as the related sales were never completed at the time the entries were processed by the Companies.

42. On June 23, 2015, Mr. Naber provided Alignvest with a statutory declaration of all collectible accounts receivable of NSGL as at June 17, 2015. This listing consisted of total accounts receivable of approximately $39,000 USD and $19,000 CAD, significantly less than the amounts previously represented to Alignvest as the value of collectible accounts receivable.

43. A substantial amount of NSGL's accounts receivable is subject to dispute or counterclaims. The Receiver has made demand upon these parties to determine the nature of the dispute and to negotiate a settlement if practical. To date, the Receiver has only

been able to collect approximately $6,000 in accounts receivable. The Receiver is of the view that limited additional collections may be realized, and is further of the view a number of accounts are likely uncollectible.

*Accounts Receivable – amounts due from Mr. Naber and related entities*

44. Based upon the Receiver's review of the electronic accounting records of the Companies, the Receiver identified numerous transactions between NSGL and other entities controlled by Mr. Naber. It appears from the Receiver's initial review that NSGL paid a significant amount of disbursements on behalf of such related entities, and also made a substantial number of payments to Mr. Naber personally. The physical books and records provided to the Receiver by Mr. Naber do not contain any supporting documentation for such disbursements.

45. The NSGL records indicate that payments to Mr. Naber personally for the period June 6, 2014 to the date of the receivership were $667,035.96, with such payments processed through various NSGL accounts at both BNS and BMO. This amount does not include the amounts that were paid upon the instruction of Mr. Naber when NSGL's bank accounts were closed out immediately prior to the receivership, as described earlier in this First Report.

46. In addition, the records of NSGL indicate that TK Equipment Ltd. ("TKEL"), a company controlled by Mr. Naber, owes NSGL $151,788.56. Another company controlled by Mr. Naber, TKN Company Farm Ltd. ("TKNCFL"), owes NSGL $526,008.63.

47. The Receiver is also advised that one of Mr. Naber, TKNCFL or another entity controlled by Mr. Naber is indebted to NSGL for fertilizer in the amount of approximately $160,000 USD. This fertilizer was purchased in the name of NSGL in late April 2015, and the Receiver is advised that the fertilizer was used in Mr. Naber's farming operations. No fertilizer inventory was on hand at NSGL upon the Receiver's appointment.

48. Based on a review of insurance documents, NSGL transferred ownership of two vehicles (a 2002 International truck and a 2006 Silverado pickup) and two 2004 Doepker Trailers

to TKEL. No purchase or payment documentation from TKEL was located in NSGL's books and records.

49. The Receiver instructed its legal counsel to issue written demands for repayment of amounts owed and the return of equipment to each of Mr. Naber, TKEL and TKNCFL on August 17, 2015. Copies of these letters are attached as Appendix "C". The letters were personally served on Mr. Naber on August 18, 2015.

50. On October 7, 2015, legal counsel to Mr. Naber responded to the Receiver's legal counsel, and advised that Mr. Naber was either disputing the amounts claimed and/or asserting counterclaims for trucking and other services provided to NSGL. A copy of Mr. Naber's reply is attached as Appendix "D".

51. The Receiver is not aware of any documentation in the records of NSGL to substantiate any of Mr. Naber's claims, despite Mr. Naber's previous claims that all of NSGL's books and records were delivered up to the Receiver.

*Sale of MGTL Land and Buildings*

52. Prior to the receivership and as described in the "Background" section of this First Report, the Companies had undertaken a process to sell its assets on a going concern basis. These sales efforts, undertaken by the Companies with the assistance of a financial advisor prior to the receivership, exposed the assets to a wide range of industry players and likely interested parties.

53. Prior to the commencement of the receivership and as part of its receivership planning, the Receiver compiled a listing of potentially interested purchasers. This listing was compiled based on target screens of Canadian Grain Commission licence holders across Canada and other known interested parties. Initially, the listing generated over 170 hits, the large majority of which were deleted from the list of possible purchasers, as the Receiver was of the view that not all 170 listings would be considered viable purchasers based on their known size, geographic location, duplicate entries, etc. The resulting contact list comprised 29 parties.

54. On the date the receivership order was granted, the Companies, Alignvest and BDC received a letter of intent from an arm's length purchaser to acquire the assets. However, this letter of intent could not be concluded due to the terms and conditions therein, which would have required the provision of representations and warranties by the Receiver which it was incapable of providing in the context of a sale of assets by a receiver.

55. The Receiver commenced negotiations with this party, with a view to secure an offer that a Receiver could be in a position to close. Versions of a letter of intent with terms acceptable to the Receiver were exchanged between the parties, and a revised, non-exclusive letter of intent was executed on July 17, 2015, at a slightly reduced purchase price to reflect the removal of exclusivity provisions and other various representations and warranties requested by the interested party.

56. Approximately one week later and prior to the commencement of due diligence, the Receiver was contacted by legal counsel for the interested party who advised that due to internal governance and risk factors, it was terminating further participation in the sales process and was terminating the letter of intent.

57. Upon the removal of the exclusivity clause, the Receiver commenced contact by telephone and/or email with other potentially interested parties. These parties were provided with an opportunity overview and a confidentiality agreement. Copies of the opportunity overview and the template confidentiality agreement are attached as Appendix "E".

58. A number of parties requested site tours, which were facilitated by the Receiver with the assistance of NSGL employees to explain the functional aspects of the assets.

59. Based on preliminary responses received from the parties and in order to maintain competitive tension on an equal playing field, the Receiver issued a Sale by Tender package on August 10, 2015, with tender submissions required by September 14, 2015. A copy of this package was also posted on the Receiver's web site, and is attached to the First Report as Appendix "F". The only parties identified by the Receiver as possible purchasers who were not contacted about the Sale by Tender package were those who had

been initially contacted by the Receiver, and who had explicitly declined to participate further in any process to acquire NSGL's assets.

60. The timing of the closing of tenders was deliberate, in that the Receiver considered it prudent to make it possible for a sale to close in time for a successful purchaser to be able to restart operations in time to receive grain from the 2015 harvest.

61. In developing the sales process, the Receiver consulted with Alignvest and BDC as, based upon the prior interest that the Receiver had received, and the price negotiated for the LOI, it appeared highly unlikely that net sale proceeds would exceed the amounts owed to Alignvest and BDC.

62. The Receiver is of the view that due to the specialized nature of the Companies' assets in the seed cleaning and grain handling and storage industry, advertisement of the sale by tender in a newspaper would not enhance the prospect of attracting a viable purchaser in the circumstances.

63. On August 19, 2015, notwithstanding the disclaimers and qualifications contained therein, the Receiver advised all parties in receipt of the Sale by Tender package that certain equipment previously described in the package was no longer on-site or had been disposed of several years ago. An updated equipment listing was circulated to these parties and the package was updated accordingly.

64. The Sale by Tender package was distributed to 22 prospective purchasers. The Receiver is unable to ascertain whether additional parties viewed the Sale by Tender package via the Receiver's publicly available web-site. Upon receipt of a signed confidentiality agreement, interested parties were provided with access to a secure dataroom that included historical financial information and sales contracts. Thirteen of the parties receiving the Sale by Tender package executed confidentiality agreements and obtained dataroom access.

65. Prior to the offer deadline, six parties toured the NSGL assets. A seventh party had arranged a site tour but withdrew their interest and declined to participate further prior to the tour.

66. Shortly prior to the tender submission deadline, two parties contacted the Receiver and requested site tours. One of these parties was afforded access to the site over the weekend (prior to the submission deadline), and has not contacted the Receiver further and has not submitted any offer. The second party requested a tour subsequent to the deadline which the Receiver granted on a courtesy basis subsequent to the opening of tender offers but prior to communicating the acceptance or rejection of any offers. After a site tour and a review of the material in the dataroom, this party withdrew their interest.

67. Prior to the tender submission deadline of noon Central Time on September 14, 2015, four parties submitted offers for some or all of the parcels in the Sale by Tender package.

68. The Receiver has communicated in writing to each of (a) Cas-Grain in respect of the sale of Parcel 1 (the Receiver's right, title and interest in and to certain seed cleaning, grain terminal and related assets in Melfort, SK); and (b) Starco Ag Ltd. in respect of the sale of Parcel 2 (the Receiver's right, title and interest in and to land parcel 135772263 (400 Railway Ave) in the municipality of Star City, SK), that it intended to proceed to apply for a vesting order to convey the assets to each respective purchaser.

69. The Receiver has also communicated to unsuccessful tenderers that their offers were rejected and the relevant deposits were being returned to them.

70. The Receiver has consulted with the principal secured creditors, Alignvest and BDC, and has disclosed to both parties the results of the sales process and the quantum of the offers submitted to the Receiver.

71. Based on the Receiver's evaluation of the sales process efforts conducted by the Companies prior to the receivership and the efforts by the Receiver since the date of the receivership, the Receiver is of the view that the NSGL and MGTL assets have been widely exposed to the market, and prospective purchasers have had an fair and reasonable

opportunity to view the assets and submit an offer to the Receiver in a forum that did not favour one party over the other, yet maintained an element of competitive tension.

72. The tender received from Cas-Grain in respect of the sale of Parcel 1 is for a price that is lower than what the Receiver had anticipated would be its value, and lower than the price that had been agreed to in the LOI with the party who later withdrew. The Receiver is unable to advise the Court that the sale price to Cas-Grain represents what it expected to be the fair market value of the assets being sold. The Receiver has also been advised by BDC and Alignvest that the sale price is lower than they had anticipated. Nevertheless, the Receiver is of the view that the sales process undertaken was appropriately thorough. In addition to the provision of the Sale by Tender package to 22 prospective purchasers, many such parties had been identified and communicated with before the commencement of the sales process, including the work done by JASI on behalf of the Companies.

73. On October 5, 2015, representatives from Starco Ag Ltd. contacted the Receiver and indicated it had misunderstood what actually comprised Parcel 2. The Receiver was advised by Starco that for many years, there had been a grain facility in Star City operated by NSGL. However, the parcel description for Parcel 2 refers to a vacant lot near this site. As a result, Starco has requested that the Receiver agree that Starco be permitted to withdraw its offer. As at the date of this First Report, the Receiver has not yet reached a conclusion with respect to Starco's request, and is not currently seeking any direction from the Court in respect of Parcel 2.

74. With respect to Parcel 1, the Receiver has been advised by its legal counsel that based on a review of various lease agreements involving Calidon, there are six freestanding fertilizer storage bins at the Companies' premises that are leased solely in the name of Mr. Naber. The Receiver has confirmed that those bins are not affixed to the land in any fashion, but are resting on their own weight. As a result, the Receiver has no ability to convey any right, title and interest of NSGL or MGTL in and to these bins (the "Excluded Bins") to Cas-Grain. The Receiver has communicated this development to the principal of Cas-Grain. If the Court were to approve the sale of Parcel 1 to Cas-Grain, in light of

the terms of the Sale by Tender package, the Receiver would not intend to offer any reduction in the purchase price in respect of the Excluded Bins.

75. Following the close of tenders, the Receiver consulted with BDC and Alignvest concerning their views as to whether to proceed with the sale of Parcel 1 to Cas-Grain, as they were the creditors who would primarily be impacted by any such decision. The Sale by Tender package contains provisions that any tenders must be left open for at least a week following the close of tenders. At the end of that one week period, BDC and Alignvest were not in agreement as to whether to proceed with the sale. The Receiver therefore sought and obtained a date from the Court to consider the proposed sale. That initial date was October 14, 2015 (the "Initial Date").

76. As the Initial Date approached, it is the Receiver's understanding that Alignvest and BDC were then involved in the negotiations which ultimately resulted in Alignvest acquiring the indebtedness of the Companies to BDC. The Receiver deferred serving and filing materials with the Court concerning the Initial Date in light of those negotiations. On October 9, 2015, BDC and Alignvest jointly requested that the Receiver defer the Initial Date to allow them further time to conclude their negotiations. Seeking to balance fairness considerations concerning the sale process, and the interest of BDC and Alignvest in maximizing their respective recoveries, the Receiver agreed to defer the Initial Date and so advised the Court through its legal counsel.

77. Counsel for the Receiver subsequently explained to the initial legal counsel for Cas-Grain, and later to the more recent counsel for Cas-Grain (Michael Krawchuk of WMCZ) the reason for the deferral.

78. As noted above, on November 10, 2015, the Receiver was advised by Alignvest (confirmed by BDC on November 11, 2015) that it had acquired BDC's position with respect to the Companies. As the holder of all the senior secured debt of the Companies, Alignvest further advised the Receiver that it opposes the sale of the assets of the Companies for the proposed purchase prices identified in the September 2015 tender offers. In the face of such opposition and based on the Receiver's assessment of the offers

received compared to the fair market value of the assets being sold, the Receiver is unable to recommend that the Court approve the sale of Parcel 1 to Cas-Grain.

79. The Receiver considers it appropriate that the Court make an Order as to whether to approve the sale of Parcel 1 to Cas-Grain, i.e., that the Court order either that the sale is approved or that it is not approved. The Draft Order filed with the Court includes language for both alternatives, including vesting language in the event that the Court approves the sale.

80. As noted, the Receiver is not able to recommend that the sale be approved. If the Court orders that the sale is not approved, then the Receiver would return the deposit to Cas-Grain.

## THE RECEIVER'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

81. The Receiver's interim statement of receipts and disbursements for the period June 18, 2015 to November 10, 2015 (the "Reporting Period") is attached as Appendix G to this First Report.

82. Exclusive of deposits paid to the Receiver, the particulars of which have been omitted to preserve the confidential nature of the amounts offered for the assets of the Companies, receipts in respect of NSGL during the Reporting Period totalled approximately $225,000, comprised of the following:

    a) Accounts receivable collections of approximately $6,000, composed primarily as refunds from Canada Revenue Agency and a refund from Melfort Co-Op;

    b) Proceeds of approximately $2,500 from NSGL's bank accounts as at the date of the receivership, which were paid to the Receiver by Mr. Naber in October 2015 as described previously; and

    c) Inventory proceeds of approximately $217,000.

83. Disbursements in respect of NSGL during the Reporting Period totalled approximately $113,000, comprised of the following:

a) Payroll and related source deduction remittances of approximately $69,000;

b) Insurance premiums of approximately $20,000;

c) Occupancy and related disbursements of approximately $15,000, including utilities, repairs and maintenance, and inventory grain grading;

d) Commissions payable to a grain inventory broker of approximately $4,000 related to the sale of certain grain inventory; and

e) Professional fees of approximately $5,000, representing payments in respect of advances on the Receiver's legal counsel's fees and disbursements.

84. As at November 10, 2015 the Receiver had cash on hand of approximately $112,000, exclusive of deposits from Cas-Grain and Starco Ag Ltd.

85. The Receiver opened separate estate trust bank accounts for each of NSGL and MGTL. On July 8, 2015 the Receiver advanced the sum of $500.00 from the estate trust bank account of NSGL to the estate trust bank account of MGTL to fund administrative disbursements. To date, the only disbursement from the MGTL estate trust bank account is a filing fee of $70.00 paid to the Office of the Superintendent of Bankruptcy upon the filing of the MGTL notice to creditors pursuant to s.245 and s.246 of the BIA.

## CONCLUSION AND RECOMMENDATIONS

86. The Receiver respectfully requests that this Honourable Court make orders:

a) as to whether it approves the sale of Parcel 1 to Cas-Grain Farms Ltd., and such incidental relief as would be appropriate; and

b) approving the activities of the Receiver to date as described in this First Report.

All of which is respectfully submitted this 12th day of November, 2015.

**ERNST & YOUNG INC.**
**In its capacity as Court-Appointed Receiver of**
**Naber Specialty Grains Ltd. and Melfort Grain Terminal Ltd.,**
**and not in its personal capacity**

Per:

Joe Healey CPA, CA, CIRP
Senior Vice President

APPENDIX A

EY
Building a better working world

Ernst & Young Inc.
360 Main Street
Suite 2700
Winnipeg, MB R3C 4G9

Tel: (204) 947 6519
Fax:(204) 954 5552
www.ey.com/ca

# AMENDED NOTICE AND STATEMENT OF RECEIVER
(Subsections 245(1) and 246(1) of the Bankruptcy & Insolvency Act)

In the Matter of the Court Appointed Receivership of
**Naber Specialty Grains Ltd.**
(the "Company")

The Receiver gives notice and declares that:

1. On June 18, 2015, Ernst & Young Inc. ("EY" or the "Receiver") became the Receiver in respect of the property of the Company that is described below by virtue of an Order of the Court of Queen's Bench for Saskatchewan (the "Order"):

| | **Net book values as per the Company's records (Note A)** |
|---|---|
| Accounts receivable (Note B) | $3,873,293 |
| Due from related companies | 679,897 |
| Inventory | 3,293,175 |
| Other accounts receivable (Note B) | 461,000 |
| Prepaid expenses | 33,858 |
| Property, plant and equipment | 845,838 |

*Notes:*

A. *Values obtained from the company's books and records per QuickBooks. The Receiver notes that the books and records of the Company were not up to date – the Receiver is of the view that the net realizable values of inventory and accounts receivable will be materially less than the recorded net book value.*

B. *A statutory declaration signed by Todd Naber on June 23, 2015 stated the accounts receivable balance of the Company was $38,808 USD and $18,702 CAD.*

2. EY became a Receiver and took possession and control of the Property described above on June 18, 2015. At the time of taking possession of the assets, the books and records had been removed from the Company's premises. The Receiver has demanded the return of the books and records from the Company's former president, and has demanded an accounting of any of the Company's Property removed prior to the receivership.

3. The following information relates to the receivership:

| | | |
|---|---|---|
| a) | Principal address of the insolvent person: | Box 1390<br>Melfort, SK S0E 1A0 |
| b) | Principal line of business: | Wholesale grain dealer that buys, cleans, and distributes grain. |
| c) | Location of the business: | NE 11-45-19W2<br>HWY 41A and HWY 6<br>Melfort, SK S0E 1A0 |

Building a better
working world

d) The list of secured and unsecured creditors of the insolvent person and the amount owed to each creditor and the total amount due by the insolvent person is set out in the attached Schedule "A".

e) The intended action plan of the Receiver is to conduct an orderly sale of the property and realize on the receivables of the Company, and distribute the proceeds to entitled parties.

f) The Receiver's contact information is:


Ernst & Young Inc.
Suite 2700, 360 Main Street
Winnipeg, MB R3C 4G9

| | |
|---|---|
| Attention: | Joe Healey |
| Telephone: | (204) 954-5568 |
| Facsimile: | (204) 956-0138 |
| Email: | joe.a.healey@ca.ey.com |
| Website: | www.ey.com/ca/naber |


Dated at Winnipeg, Manitoba this 7TH day of July, 2015.

**ERNST & YOUNG INC.**
**Court-Appointed Receiver**
**of Naber Specialty Grains Ltd. and not in its**
**personal or corporate capacity**

Per: Joe Healey

Joe Healey, CA•CIRP
Senior Vice-President

Schedule "A"

**In the Matter of the Receivership of Naber Specialty Grains Ltd.**
**Amended Detailed Liabilities Schedule**
**As at June 29, 2015**

| | | |
|---|---|---|
| Alignvest Private Debt Ltd. | $2,769,455.00 | |
| Business Development Bank of Canada | 4,000,000.00 | |
| Calidon Financial Services Inc. (Lease) | Unknown | |
| Roynat Inc. (Lease) | Unknown | |
| Success Office Systems (Lease) | Unknown | |
| **Total secured creditors** | | **$ 6,769,455.00** |
| | | |
| T.J. Markusson Agro | 236,183.36 | |
| Montgomery, Chris | 148,373.28 | |
| SSS Farms | 100,000.00 | |
| Lammer,s Mike | 90,222.61 | |
| Hyrick, Jim | 84,775.19 | |
| Holland Farms Ltd | 72,417.54 | |
| Mead Francis | 57,985.00 | |
| BDM Holdings Inc. | 45,394.92 | |
| Ozmun Farms Ltd | 43,920.42 | |
| Hryciuk, Jim | 43,008.37 | |
| Zurkowski, Bernie | 40,475.70 | |
| Zelensky Bros | 38,700.05 | |
| Weber Neal & Shannon | 36,230.36 | |
| Hruduko, Isobelle | 35,305.38 | |
| Receiver General | 32,866.50 | |
| Jakeco Holdings Inc. | 30,062.00 | |
| Q-Line Trucking | 26,423.57 | |
| Sask Power Melfort 4618 | 25,169.28 | |
| Penner International Inc | 21,600.00 | |
| Lewis M Carter Ltd | 19,671.19 | |
| Fountain Tire | 18,952.37 | |
| Paramount Pallet | 18,912.50 | |
| CEMR | 16,462.50 | |
| Skilbicki, Dale | 15,918.81 | |
| A. L. Management Group | 12,819.96 | |
| Duck's Agro | 12,361.00 | |
| ArrowCorp Inc. | 10,675.62 | |
| S & S Transport, Inc | 9,000.00 | |
| Trinet Transportation Inc. | 8,380.00 | |
| Smith Agencies Ltd | 7,805.47 | |
| Red River Freight | 6,462.37 | |
| Winnfeild International Inc, | 5,957.85 | |

**In the Matter of the Receivership of Naber Specialty Grains Ltd.**

**Detailed Liabilities Schedule (continued)**

**As at June 29, 2015**

| | |
|---|---|
| Sask Energy Melfort 018 | 5,379.02 |
| Melfort Parts Depot | 5,353.53 |
| Heafty Seed Company | 5,325.00 |
| WCB | 5,058.12 |
| The Kansas City Southern Railway Company | 4,952.32 |
| Prairie Wide Grain Services | 4,935.92 |
| McPhaden Building Movers | 4,921.87 |
| Can-Seed Equipment Ltd. | 3,687.36 |
| XPO Logistics | 3,570.00 |
| Super Poly Ltd | 3,531.00 |
| Purolator Courier Ltd | 3,289.63 |
| SGS Canada Inc. | 2,367.75 |
| Norman G. Jensen Inc. | 1,920.45 |
| Northeast Truck & Trailer Ltd | 1,586.43 |
| Town of Star City | 1,464.32 |
| Sask Energy 011 | 1,446.85 |
| Stafford Communications Inc | 1,437.79 |
| Newco Logistics | 1,300.00 |
| Tisdale Motor Rewinding | 1,014.75 |
| Linde Canada Ltd | 931.60 |
| Kozar Trucking | 863.10 |
| C & S Electric | 840.38 |
| Orkin Canada Corporation | 787.50 |
| Intertek Testing Services Canada Ltd | 763.26 |
| Greenland Disposal Ltd | 644.57 |
| Lansing Canada ULC. | 573.66 |
| Canaryseed Development Commission of Sask | 481.63 |
| Canadian Food Inspection Agency | 478.57 |
| Saskatchewan Mutual Insurance Company | 462.00 |
| Ag Seed Lab | 448.00 |
| Melfort Rural Pipeline Association | 352.96 |
| Saskatchewan Oat Development Commission | 338.97 |
| McCracken, Dana | 326.88 |
| Sun Media | 321.10 |
| Melfort Chamber of Commerance | 309.75 |
| Oil Can Alley | 306.96 |
| Success Office System | 286.53 |
| Rural Municipality of Flett's Springs | 242.50 |
| Argenta International | 235.51 |
| Andres Cleaners LTD | 157.32 |

**In the Matter of the Receivership of Naber Specialty Grains Ltd.**

**Detailed Liabilities Schedule (continued)**

**As at June 29, 2015**

| | | |
|---|---|---|
| Sask Power 317 Railway | 63.98 | |
| Unknown, Matt | 62.74 | |
| FedEx | 45.72 | |
| Greater Saskatoon Chamber of Commerce | 31.50 | |
| Armstrong Trucking & Excavating Ltd | 10.40 | |
| Saskatchewan Pulse Growers | 4.05 | |
| Archibald, James | Unknown | |
| Miazga, Murray | Unknown | |
| Lobb, Charlene | Unknown | |
| Erikson, Roger | Unknown | |
| Zwozdesky, Blake | Unknown | |
| Erickson, Tyler | Unknown | |
| Hoyt, Charles | Unknown | |
| Canadian Grain Commission | Unknown | |
| Johnson Advisory Services | Unknown | |
| Hood, Nathan | Unknown | |
| Rus-An Farms | Unknown | |
| Kunz, Ryan | Unknown | |
| Opheim, Cecil | Unknown | |
| McKercher LLP | Unknown | |
| Eisner Mahon Forsyth LLP | Unknown | |
| **Total unsecured creditors** | | **$ 1,445,406.42** |
| **Total liabilities** | | **$ 8,214,861.42** |

*Note: The books and records of the Company were not up to date as at the date of the Receivership. As a result, the amounts listed as owing to creditors may not reflect actual amounts owed. Creditors are not required to prove their claims to the Receiver at this time.*

NOTICE AND STATEMENT OF RECEIVER
(Subsections 245(1) and 246(1) of the Bankruptcy & Insolvency Act)

In the Matter of the Court Appointed Receivership of
**Melfort Grain Terminal Ltd.**
(the "Company")

The Receiver gives notice and declares that:

1. On June 18, 2015, Ernst & Young Inc. ("EY" or the "Receiver") became the Receiver in respect of the property of the Company that is described below by virtue of an Order of the Court of Queen's Bench for Saskatchewan (the "Order"):

| | **Net book values as per the Company's records (Note A)** |
|---|---|
| Due from related companies | $917,951 |
| Property, plant and equipment | 706,374 |

*Notes:*

*A. Values obtained from the company's books and records per QuickBooks. The Receiver notes that the books and records of the Company do not appear to have been updated since the most recent fiscal year ended October 31, 2014.*

2. EY became a Receiver and took possession and control of the Property described above on June 18, 2015. At the time of taking possession of the assets, the books and records had been removed from the Company's premises. The Receiver has demanded the return of the books and records from the Company's former president, and has demanded an accounting of any of the Company's Property removed prior to the receivership.

3. The following information relates to the receivership:

   a) Principal address of the insolvent person: Box 1390
   Melfort, SK S0E 1A0

   b) Principal line of business: Grain terminal and storage.

   c) Location of the business: NE 11-45-19W2
   HWY 41A and HWY 6
   Melfort, SK S0E 1A0

   d) The list of secured and unsecured creditors of the insolvent person and the amount owed to each creditor and the total amount due by the insolvent person is as follows:

| | |
|---|---|
| Business Development Bank of Canada (secured) | $4,000,000 |
| Alignvest Private Debt Ltd. (secured) | 2,769,455 |
| Due to shareholder – Prairie Protein (unsecured) | 1,665,615 |

   e) The intended action plan of the Receiver is to conduct an orderly sale of the property, in accordance with the powers in the receivership appointment Order.

f) The Receiver's contact information is:

Ernst & Young Inc.
Suite 2700, 360 Main Street
Winnipeg, MB R3C 4G9

| | |
|---|---|
| Attention: | Joe Healey |
| Telephone: | (204) 954-5568 |
| Facsimile: | (204) 956-0138 |
| Email: | joe.a.healey@ca.ey.com |
| Website: | www.ey.com/ca/naber |

Dated at Winnipeg, Manitoba this 6th day of July, 2015.

**ERNST & YOUNG INC.**
**Court-Appointed Receiver**
**of Naber Specialty Grains Ltd. and not in its**
**personal or corporate capacity**

Per: Joe Healey

Joe Healey, CA, CIRP
Senior Vice-President

APPENDIX B

Miller Thomson
lawyers | avocats

MILLER THOMSON LLP
MILLERTHOMSON.COM

300-15 23RD STREET EAST
SASKATOON, SK • S7K 0H6 • CANADA

T 306.665.7844
F 306.652.1586

June 26, 2015

David Gerecke
Direct Line: 306.667.5615
Direct Fax: 306.652.1586
dgerecke@millerthomson.com

File: 151747.0003

**Sent via E-mail: nsgl@sasktel.net**

Todd Naber
Melfort, Saskatchewan

Dear Sir:

**Re: Receivership of Naber Specialty Grains Ltd. and Melfort Grain Terminal Ltd.**

We act for Ernst & Young Inc. (the "Receiver"), which is the Receiver of Naber Specialty Grains Ltd. and Melfort Grain Terminal Ltd. (collectively, the "Debtors"), appointed by Order of Madam Justice Rothery dated June 18, 2015 (the "Receivership Order").

We are writing to you in respect of two principal areas of serious concern.

**1. Provision of Documentation to Receiver**

Since its appointment on June 18, 2015, the Receiver has made several requests of you, including in person meetings on June 18, 2015 and June 19, 2015, and also by emails dated June 19, 2015 and June 22, 2015, for critical assets and documentation concerning the Debtors that were removed by you from the Debtors' premises <u>after</u> Madam Justice Rothery's preservation order dated June 5, 2015 (the "Preservation Order"). Removal of any such assets and documentation was in direct contravention of the Preservation Order, which restrained all persons, including (specifically) you, from taking any of the Property of the Debtors.

The June 22, 2015 email set a deadline of the end of business on June 24, 2015 for providing the required assets and documentation. While that might seem to you to be a short deadline, we are advised by the Receiver that its requests relate largely or entirely to assets and documentation removed by you recently, such that it should all be easily accessible by you. The Receiver's June 22, 2015 email also gave you the opportunity to provide explanation if you could not comply.

Pursuant to paragraphs 4, 5 and 6 of the Receivership Order, you are required to provide the Receiver with full cooperation and access to all Records concerning the Debtors.

We are advised by the Receiver that, while you have provided some information and documentation to the Receiver in response to the emails of June 19, 2015 and June 22, 2015, what you have provided falls far short of what the Receiver requested and requires of you.

Dan Woo, a vice-president employed by the Receiver, has reported the following to us:

- I arrived at Melfort at 12:30 pm on Monday June 22/15. I met with Todd Naber that afternoon to discuss the location of the books and records. At that time he indicated that he needed the information to complete his statutory declaration for Alignvest and would return it the next day. I advised that we preferred taking possession of the books and records as set out in the Court Order and that we could make copies of any documents for him. I inquired what books and records did he take and he indicated everything since as he was preparing to sell the property and wanted the Naber company records removed. He further indicated the records were at his farm and were spread out all over the place and that it would be easier for him to finish his matter and then turn everything over.

- On Tuesday June 23 I called Todd re: an update on when the books and records would be returned. He indicated that a stat declaration was due today regarding A/R and that he could provide that information to me. He provided a one page summary with 5 accounts listed on it. I inquired about the listing provided by the book keeper Yvonne. Todd forwarded a copy of the listing he received from Yvonne and we went through each individual customer account and I recorded his explanation for each customer account. I inquired when we would receive the company books and records and Todd indicated that he would like the evening to sort through everything as his personal records were inter-mingled with the company records. I again offered to attend his farm to assist with this matter and Todd said he will make time this evening to take care of it. I reminded him that I was leaving tomorrow and required the books and records prior to my departure. Todd referenced an email from Joe and confirmed that the records would be delivered to the office tomorrow. He inquired for what period did I want as he had records from 15 years ago. I requested that all company records for 2013, 2014 and 2015 be provided.

- On Wednesday June 24, Todd delivered 9 boxes of records that represented company books and records for 2013, 2014 and 2015.

While the Receiver has not yet been able to carry out a full inventory of what you delivered on June 24, the Receiver <u>has</u> determined that what you provided was not complete. Thus, far the Receiver has been able to determine that you have <u>not</u> provided the following:

- Records concerning amounts owing to farmers who made grain deliveries and were not paid. Farmers have advised the Receiver of precise dates and quantities of deliveries of seed, and have advised that they were provided with grain tickets. The Receiver cannot locate files in the 9 boxes to correspond with that information received from farmers.

- No banking records have been located among the 9 boxes.

- The Receiver is aware that certain transactions and records, including accounts receivable records, are located on a computer which you have claimed is your personal computer, Note that the foregoing is not a complete list of what you have not provided. Rather, it represents what the Receiver has been able to, to this point, conclude is missing. Your obligation to ensure that the Receiver is provided with **all** records is a continuing and urgent obligation and you must comply with it.

Therefore, we are writing to notify you that the Receiver considers you to be in contravention of the Preservation Order and the Receivership Order, and requires you to forthwith comply with the provisions of those Orders and the Receiver's demands for access to documentation and assets. You are to make such delivery to the premises of Naber Specialty Grains Ltd. You merely need to contact the Receiver and they will make arrangements for someone to be present to receive the delivery.

For your convenience, attached to this letter is a copy of the Receiver's email of June 22 detailing what you are required to turn over to the Receiver.

We also note that, the omission of a record from the June 22 email does not relieve you of the obligation to provide it. You must provide all records relevant to the Debtors.

In that respect, we also advise that the Receiver requires access to any computer on which records of or pertaining to the Debtors are stored or have been stored. We direct your attention to paragraph 5 of the Receivership Order which states as follows (our emphasis):

> 5. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, business and accounting records, and any other papers, any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.

If all remaining records are not provided by the Receiver in full by the end of Monday, June 29, 2015, and if you do not forthwith provide the Receiver access to all computers on which records of or pertaining to the Debtors are stored or have been stored, we anticipate receiving instructions to apply to the Court for advice and assistance concerning this failure on your part to comply with the Court's orders. As well, we note that the Receiver is engaged in a process to attempt to sell the Debtors' assets to maximize the recovery for the creditors.

Your failure to comply with the Receiver's requests has already added and continues to add cost to the process and may potentially detract from the return on the assets, which could in turn add to your personal liability under any guarantees that you may have granted to creditors of the Debtors. As such, it would seem to be in your personal interest to comply, although you can determine that for yourself.

**2. Representations by You Concerning Sale of Debtors' Assets**

It has come to the Receiver's attention that, as recently as yesterday, you have represented to persons that you are involved in the sale of the Debtors' assets to a U.S. based party and that, upon the completion of such sale, you will pay farmers for seed that they delivered.

You are not involved in any sale process and you are not to provide any person with any information as to any sale process or the potential status of any sale, or the identity of any potential purchaser. If anyone asks you about a potential sale or the status of assets or payments, you may refer them to the Receiver.

You are required to immediately cease making any comments yourself to any party concerning a sale, your involvement in any sale, the identity of any potential purchaser or payment to creditors.

Any comments that you make to persons may jeopardize the ability of the Receiver to obtain the best possible realization on the assets and may expose you to personal liability.

As you will note, we have copied this letter to your legal counsel, along with counsel for Alignvest and BDC.

The foregoing matters are very serious. If you have any doubts about your obligations as described in this letter, please consult with your legal counsel.

Yours truly,

MILLER THOMSON LLP

Per:

David Gerecke
DGG/

c. Joel Hesje, Jeff Lee, Ian Sutherland, Joe Healey, all via email

FW: Naber - initial requested items
Joe Healey to: nsgl@sasktel.net 06/22/2015 10:25 PM
Cc: "David Gerecke - Miller Thomson LLP (dgerecke@millerthomson.com)" , "j.hesje@mckercher.ca", "Jeff Lee (jmlee@mlt.com)", "SUTHERLAND, Ian"

Todd,

Further to my emails to you on June 18 and 19, 2015 and our meeting of June 19, 2015, there are critical assets and documentation that you have removed from the premises after Madam Justice Rothery made her preservation order on June 5, 2015. These e-mails are copied below for ease of reference and set out the assets and documentation that we require be provided to us immediately. These requests were made to you by email on Friday June 19 and as of this afternoon you had not complied.

We need the information immediately so that we can deal appropriately with the Andersons and any other prospective purchasers, and to discharge our mandate as receiver. By not providing them to us, you are impeding that work. If you do not provide it to us by the end of business on Wednesday June 24, 2015 then we will take such steps as we deem necessary, including by applying to the Court for assistance.

If there is a valid reason as to why you cannot comply with our requests, please advise immediately.

--

**Joe Healey*** | Partner | Transaction Advisory Services
*Services provided by Joe Healey Chartered Accountant Inc.

Ernst & Young LLP
2700 360 Main Street, Winnipeg, MB R3G 4G9, Canada
Office: +1 204 954-5568 | Mobile: +1 204 791-0818 | joe.a.healey@ca.ey.com
Website: http://www.ey.com
Carol Cadigal | Phone: +1 204 933-0222 | carol.m.cadigal@ca.ey.com

**From:** Joe Healey
**Sent:** June-19-15 1:41 PM
**To:** 'nsgl@sasktel.net'
**Subject:** FW: Naber - initial requested items

Todd,

As a follow up to our discussions yesterday, you had stated that no product had moved from Naber for a number of months. However, we are advised that approximately 495MT of wheat was shipped out of NSGL's premises on June 13, 14, and 17 by rail and truck. We have copies of the bills of lading and scale receipts if you require them.

Charlene has advised that this product was delivered to NSGL's premises a number of months ago, but she did not have any documentation to indicate whether or not the product was NSGL inventory or stored and loaded on behalf of a third party owner. We have obtained a copy of the NSGL trial balance from the bookkeeper, and it indicates that there is wheat inventory recorded in NSGL with a book value of approximately $145,000.

We have also been advised that all invoicing for customers would have been generated from a computer that had been located in your office.

In addition to our previous request, we require the following:

- Access to the computer that had previously been located in your office;
- Copies of all log books and grain receipts showing the receipt of all products currently stored on-site;
- Any other relevant documentation to support the purchase of the inventory;
- Any support for the storage / shipping arrangements, if any of the product is held and loaded on behalf of third parties;
- Invoicing details for the storage / shipping; and
- Access to the books and records which were removed from the premises prior to our arrival on site.

Please contact us to make arrangements to obtain these items.

Regards,

--

**Joe Healey*** | Partner | Transaction Advisory Services

Ernst & Young LLP
Office: +1 204 954-5568 | joe.a.healey@ca.ey.com

**From:** Joe Healey
**Sent:** Friday, June 19, 2015 12:27 AM
**To:** 'nsgl@sasktel.net'
**Cc:** Bryce McFarlane
**Subject:** Naber - Initial requested items

Todd,

Thank you for meeting with us today. In case you haven't received a copy already, attached is a copy of the court order appointing Ernst & Young Inc. as receiver of the assets, property and undertaking of Naber Specialty Grains Ltd. ("NSGL") and Melfort Grain Terminal Ltd. ("MGT") (collectively the "Companies").

Prior to our appointment, we were not aware that substantially all of the books and records of NSGL and MGT had been removed from the premises. In order to discharge our mandate, we require the following items (additional requests may follow based on the responses and/or material provided):

Cash

1. Listing of all bank accounts maintained by the Companies in the past 12 months, including the most recent three bank statements for each account (blocked and non-blocked accounts);
2. Confirmation whether there are any petty cash balances;
3. Cheque register for all disbursements since January 1, 2015;

Accounts receivable

4. Updated schedule of all open accounts receivable for the Companies showing debtor name, invoice number, shipping date(s), customer contracts, payment due date, customer contact information, and comments on collection action to date
5. Copies of any accounts receivable insurance policies
6. Copies of any supporting invoice information (bills of lading, grain grading / sampling

analysis, other relevant documentation)

7. Copies of correspondence with customers
8. Listing of any other accounts receivable (i.e. transloading invoices, rebates, GST, etc.)

Inventory

9. Listing of inventory on hand as at June 18, 2015
10. Details on any grain receipts since April 1, 2015, including copies of any scale receipts and / or grain tickets
11. Schedule indicating all shipments since April 1, 2015
12. Copies of any grading / inspection / quality reports
13. Listing of any inventory at the Companies' premises owned by third parties, including support for such ownership claims
14. Your recommendations on any product preservation / enhancement procedures (e.g. drying, aeration, storage, etc.)

Prepaid expenses and other assets

15. Listing of any deposits, coop shares, investments or prepaid expenses

Property, plant and equipment

16. Listing of all fixed assets and equipment
17. Schedule of any required maintenance / repairs

Accounts payable and liabilities

18. Listing of outstanding accounts payable, including all farmer payables, trade accounts payable, and accrued liabilities
19. Analysis of GST and PST liability (or credit)
20. Copies of all unremitted and/or unpaid CRA source deduction worksheets
21. Copy of 2014 T4 Summary and supporting T4 slips
22. Schedule of unpaid wages and vacation pay by employee, including wage rate, date of hire, wages owing, and vacation pay owing
23. Schedule with listing of transactions in the due to/from related parties accounts since January 1, 2015
24. Details on any settlement or set off of amounts due to creditors since March 1, 2015
25. Listing of any credit cards in the Companies' name
26. Details of any loans from or advances to non-arms length parties

If we think of additional items tomorrow we will append them to this list.

Regards,
Joe

--

**Joe Healey*** | Partner | Transaction Advisory Services
*Services provided by Joe Healey Chartered Accountant Inc.

Ernst & Young LLP
2700 360 Main Street, Winnipeg, MB R3G 4G9, Canada
Office: +1 204 954-5568 | Mobile: +1 204 791-0818 | joe.a.healey@ca.ey.com
Website: http://www.ey.com
Carol Cadigal | Phone: +1 204 933-0222 | carol.m.cadigal@ca.ey.com

MCKERCHER LLP

June 29, 2015

Reply To: Joel A. Hesje, Q.C.
Direct Dial: (306) 664-1274
Email: j.hesje@mckercher.ca

Assistant: Ashley Leclair
Direct Dial: (306) 664-1305

Miller Thomson LLP
300, 15 - 23rd Street East
Saskatoon SK S7K 0H6

VIA EMAIL – dgerecke@millerthomson.com

**ATTENTION: DAVID G. GERECKE**

Dear Sir:

**Re: Receivership of Naber Specialty Grains Ltd. and Melfort Grain Terminal Ltd.**

I refer to your letter of June 26, 2015 to Todd Naber. Mr. Naber has asked us to respond.

Mr. Naber advises that he did not remove any assets or documentation after Madam Justice Rothery's preservation Order dated June 5, 2015. Documentation was removed prior to the preservation Order in preparation for what was considered to be an imminent sale of the terminal.

Mr. Naber further advises that the nine boxes of records delivered on June 24 included all documentation for the requested years, with the exception of certain bank records. Mr. Naber is prepared to assist the Receiver in locating the specific information they are looking for in the files provided. He is also prepared to assist with any specific concerns the Receiver may have with respect to the documentation.

The bank records are in the possession of the company's book-keeper/accountant in Regina. These records can be obtained directly from the book-keeper/accountant and Mr. Naber understands that the receiver has already been in contact with the book-keep/accountant in this regard.

Mr. Naber advises that the computer that was on his desk was used primarily for email and personal use and was also used for his farm operations and other business interests. He advises that there are no files located on the computer related to the company other than what was in the files provided already.

**Our File Reference:**
116251.1

Mr. Naber would like to see the sale of the terminal proceed as expeditiously as possible. He is not, and will not, knowingly do anything to interfere with the sale process. Mr. Naber is a long time resident of the Melfort district and it should not be surprising that he is contacted regularly with inquiries about Naber Grains and the terminal. It is also not surprising that he's been contacted by farmers requesting payment for grains delivered. Mr. Naber does not believe he's made any misrepresentation in responding to these inquiries. However, we have advised Mr. Naber to refer any future inquiries to the Receiver.

We trust this addresses the matters raised in your letter.

Yours truly,

**McKercher LLP**

Per:

**Joel A. Hesje, Q.C.**

JAH/aml

cc Todd Naber

APPENDIX C

MILLER THOMSON LLP
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Miller Thomson
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August 17, 2015

David G. Gerecke
Direct Line: 306.667.5615
Direct Fax: 306.652.1586
dgerecke@millerthomson.com

File: 151747.0003

**Personal Service**

Todd Naber
Block A, Plan 101707433, Ext 19
Melfort, SK S0E 1A0

Dear Sir:

**Re: Receivership of Naber Specialty Grains Ltd. ("NSGL") and Melfort Grain Terminal Ltd. ("MGTL")**

We write with respect to the above-noted matter regarding a preliminary review by the Receiver of the books and accounts of NSGL and MGTL. As a result of its preliminary review, the Receiver has determined that it appears that you are indebted to NSGL and MGTL as described below.

(a) According to the books and accounts of NSGL and MGTL, you have received payments from NSGL since June 6, 2014 of $667,035.96 CAD as set out in the attached schedule. The Receiver has been unable to satisfy himself as to the validity of any of the aforementioned payments.

(b) The Receiver has obtained confirmation from Bank of Montreal that after Madam Justice Rothery made her preservation order, on or about June 17, 2015, you caused the NSGL accounts at Bank of Montreal to be closed out by having or cash withdrawals in the following amounts made out to you: $1,638.64 CAD and $615.42 USD. While the dollar amounts are relatively small, the Receiver nonetheless requires an explanation as to why you took NSGL funds for your own use following the preservation order, and demands payment of these funds.

(c) You (or one of your companies, perhaps TK Company Farm Ltd.), further appears to be indebted to NSGL for fertilizer used in your farming operations, as set out in the affidavit of Cameron Johnson prior to the receivership. The Receiver has recently received copies of the relevant invoices from Gavilon Fertilizer LLC ("Gavilon"), indicating that NSGL was invoiced for fertilizer in the amount of approximately $160,000$157,675.75 USD. Gavilon has not been paid for those invoices but nonetheless you appear to have used fertilizer worth approximately $160,000 USD for personal purposes where it was the property of NSGL and as such you are indebted to NSGL for such amount of $160,000.

(d) You owe payment of rent for use of MGTL's land for crops planted and farmed by you in his personal capacity. The Receiver has investigated fair market rents in the area and has determined that $55 per acre would be a reasonable rent.

(e) There are numerous intercompany transactions in respect of which the Receiver will be seeking additional information on that may result in additional demands.

In respect of the foregoing, the Receiver hereby demands payment of the following from you:

1. $667,035.96 CAD, representing the unexplained payments you caused to be made to you by NSGL;

2. $1,638.64 CAD and $615.42 USD, representing the amount received by you upon clearing out the accounts at Bank of Montreal;

3. $157,675.75 USD, representing the value of NSGL's fertilizer used by you in your personal capacity; and

4. $4,400.00 CAD, representing land rent at $55 per acre for the lands of MGTL being farmed by you.

The aggregate amounts demanded herein are $673,074.60 CAD and $158,291.17 USD, subject to further demands as described below.

The Receiver is continuing to review the books and records of NSGL and MGTL and reserves the right to make further demands for payment where obligations are determined to exist.

If payment and compliance in full is not made within 14 days of the date of service of this letter upon you, the Receiver will take legal action to enforce payment.

Yours truly,

MILLER THOMSON LLP

Per:

David Gerecke
DGG/

c. Joel Hesje, Jeff Lee, Ian Sutherland, Joe Healey, all via email

**IN THE MATTER OF THE RECEIVERSHIP OF NABER SPECIALTY GRAINS LTD.**

**SCHEDULE OF PAYMENTS MADE TO TODD NABER**

| Vendor (payee) | Type | Date | Paid From | Amount |
|---|---|---|---|---|
| Todd Naber | Bill Pmt - Cheque | 06-Jun-14 | Scotabank (CDN) 4813 | 25,000.00 |
| Todd Naber | Bill Pmt - Cheque | 16-Jun-14 | Scotiabank (CDN) 4813 | 12,000.00 |
| Todd Naber | Bill Pmt - Cheque | 30-Jun-14 | Scotiabank (CDN) 4813 | 20,000.00 |
| Todd Naber | Bill Pmt - Cheque | 30-Jun-14 | Scotiabank (CDN) 4813 | 10,071.33 |
| Todd Naber | Bill Pmt - Cheque | 30-Jun-14 | Scotiabank (CDN) 4813 | 25,000.00 |
| Todd Naber | Bill Pmt - Cheque | 04-Jul-14 | Scotiabank (CDN) 4813 | 5,720.00 |
| Todd Naber | Bill Pmt - Cheque | 08-Jul-14 | Scotiabank (CDN) 4813 | 7,500.00 |
| Todd Naber | Bill Pmt - Cheque | 08-Jul-14 | Scotiabank (CDN) 4813 | 43,146.45 |
| Todd Naber | Bill Pmt - Cheque | 15-Jul-14 | Scotiabank (CDN) 4813 | 3,000.00 |
| Todd Naber | Bill Pmt - Cash | 28-Aug-14 | Scotiabank (CDN) 4813 | 82,710.36 |
| Todd Naber | Bill Pmt - Cash | 09-Sep-14 | Scotiabank (CDN) 4813 | 10,123.65 |
| Todd Naber | Bill Pmt - Cash | 09-Sep-14 | Scotiabank (CDN) 4813 | 266,668.32 |
| Todd Naber | Bill Pmt - Cash | 12-Sep-14 | Scotiabank (CDN) 4813 | 16,262.20 |
| Todd Naber | Bill Pmt - Cheque | 15-Sep-14 | Scotiabank (CDN) 4813 | 27,473.26 |
| Todd Naber | Bill Pmt - Cash | 16-Sep-14 | Scotiabank (CDN) 4813 | 2,576.00 |
| Todd Naber | Bill Pmt - Cash | 26-Nov-14 | Scotiabank (CDN) 4813 | 5,500.00 |
| Todd Naber | Bill Pmt - Cash | 18-Dec-14 | BMO (CDN) | 6,126.47 |
| Todd Naber | Bill Pmt - Cash | 02-Feb-15 | BMO (CDN) | 7,132.69 |
| Todd Naber | Bill Pmt | 23-Feb-15 | BMO (CDN) | 11,557.34 |
| Todd Naber | Offical | 03-Mar-15 | BMO (0002 1912-375) | 21,500.00 |
| Todd Naber | Official Cheque | 23-Mar-15 | BMO (0002 1911-508) | 3,500.00 |
| Todd Naber | Official Cheque | 01-Apr-15 | BMO (0002 1911-508) | 35,000.00 |
| Todd Naber | CDN Bank Draft | 24-Apr-15 | BMO (0002 1911-508) | 467.89 |
| Todd Naber | U.S. Bank Draft | 15-May-15 | BMO (0002 4688-507) | 9,000.00 |
| Todd Naber | Official Cheque | 20-May-15 | BMO (0002 1911-508) | 10,000.00 |
| **Total paid** | | | | **667,035.96** |

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Miller Thomson
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August 17, 2015

David G. Gerecke
Direct Line: 306.667.5615
Direct Fax: 306.652.1586
dgerecke@millerthomson.com

File: 151747.0003

TK Equipment Ltd.
101 Macleod Avenue W.
Melfort, SK S0E 1A0

Attention: Todd Naber

Dear Sir:

**Re: Receivership of Naber Specialty Grains Ltd. ("NSGL") and Melfort Grain Terminal Ltd. ("MGTL")**

We write with respect to the above-noted matter regarding a preliminary review by the Receiver of the books and accounts of NSGL and MGTL. As a result of its preliminary review, the Receiver has determined that it appears that TK Equipment LTD. ("TK") is indebted to NSGL and MGTL as described below.

1. NSGL's books and records disclose that TK is indebted to NSGL in the amount of $151,788.26.

2. In addition, NSGL transferred the following vehicles to TK in April 2015. The records of NSGL do not disclose any payment for such vehicles, so the Receiver requires either payment for such vehicles or the return of such vehicles in good working order:

   (a) 2006 Silverado pickup

   (b) 2002 International truck

   (c) Two 2004 Doepker Trailers

The Receiver hereby demands payment from TK of the amount of $151,788.26, plus either return of the aforementioned vehicles or payment for them.

The Receiver is continuing to review the books and records of NSGL and MGTL and reserves the right to make further demands for payment where obligations are determined to exist.

If payment in full is not made by TK within 14 days of service of this letter (along with payment for or return of the vehicles), the Receiver will take legal action to enforce payment.

Yours truly,

MILLER THOMSON LLP

Per:

David Gerecke
DGG/

c. Joel Hesje, Jeff Lee, Ian Sutherland, Joe Healey, all via email

Miller Thomson
lawyers | avocats

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August 17, 2015

David G. Gerecke
Direct Line: 306.667.5615
Direct Fax: 306.652.1586
dgerecke@millerthomson.com

File: 151747.0003

TKN Company Farm Ltd.
101 Macleod Avenue W.
Melfort, SK S0E 1A0

Attention: Todd Naber

Dear Sir:

**Re: Receivership of Naber Specialty Grains Ltd. ("NSGL") and Melfort Grain Terminal Ltd. ("MGTL")**

We write with respect to the above-noted matter regarding a preliminary review by the Receiver of the books and accounts of NSGL and MGTL. As a result of its preliminary review, the Receiver has determined that it appears that TKN Company Farm Ltd. ("TKN") is indebted to NSGL and MGTL as described below.

1. The records of NSGL show an amount owing by TKN to NSGL in the amount of $526,008.63 CAD;

2. The Receiver's understanding is that Todd Naber is indebted to NSGL for fertilizer used in his farming operations, as set out in the affidavit of Cameron Johnson prior to the receivership. The Receiver has recently received copies of the relevant invoices from Gavilon Fertilizer LLC ("Gavilon"), indicating that NSGL was invoiced for fertilizer in the amount of $157,675.75 USD. Gavilon has not been paid for those invoices but nonetheless you appear to have used fertilizer worth approximately $160,000 USD for personal purposes where it was the property of NSGL. If Todd Naber did not utilize that fertilizer and instead it was used by TKN, then TKN is indebted to NSGL for such amount.

3. Similarly, the Receiver's understanding is that Todd Naber has been farming lands of MGTL, and that Todd Naber therefore owes rent for such lands. If in fact it is TKN farming such lands then TKN would owe rent. The Receiver has investigated fair market rents in the area and has determined that $55 per acre would be a reasonable rent.

Therefore, the Receiver hereby demands payment from TKN of the amount of $526,008.63 CAD. In addition, if TKN used the fertilizer and is farming the MGTL lands, the Receiver demands payment from TKN for the relevant amounts.

The Receiver is continuing to review the books and records of NSGL and MGTL and reserves the right to make further demands for payment where obligations are determined to exist.

If payment in full is not within 14 days of the date of service of this letter upon you, the Receiver will take legal action to enforce payment.

Yours truly,

MILLER THOMSON LLP

Per:

David Gerecke
DGG/

c. Joel Hesje, Jeff Lee, Ian Sutherland, Joe Healey, all via email

APPENDIX D

MCKERCHER LLP

October 07, 2015

Reply To: Joel A. Hesje, Q.C.
Direct Dial: (306) 664-1274
Email: j.hesje@mckercher.ca

Assistant: Ashley Leclair
Direct Dial: (306) 664-1305

Miller Thomson LLP
Suite 300, 15 - 23rd Street East
Saskatoon SK S7K 0H8

**ATTENTION: DAVID G. GERECKE**

Dear Sir:

**Re: Receivership of Naber Specialty Grains Ltd. ("NSGL") and Melfort Grain Terminal Ltd. ("MGTL")**

We refer to your letters of October 17, 2015 to Todd Naber, TK Equipment Ltd. and TKN Company Farm Ltd. We have been asked to respond to these letters.

With respect to the letter to Todd Naber, we can advise as follows:

1. Mr. Naber disputes that he received all the payments referred to in the total amount of $667,035.96. In any event, Mr. Naber delivered grain and provided other services to NSGL which had not been invoiced. He indicates that these amounts more than offset any advances made to him.

2. Mr. Naber acknowledges that he did close the NSGL account at the Bank of Montreal. While it was never Mr. Naber's intent to personally benefit from the small amounts un-deposited, he does acknowledge that the balances did belong to NSGL and enclosed you will find bank drafts payable to NSGL in the amount of these withdrawals.

3. Mr. Naber has been in contact with Gavilon Fertilizer LLC and is making arrangements to have the fertilizer re-invoiced to Todd Naber and/or his farming company. Mr. Naber is making arrangement for payment of these amounts directly to Gavilon.

4. While Mr. Naber did farm a small amount of land owned by MGTL, there was no Lease Agreement. MGTL simply allowed Todd Naber the use of the land rent free. Accordingly, there is no rent due or owing to MGTL.

With respect to the letter to TK Equipment Ltd., we can advise as follows:

1. The debt on NSGL's books and records of TK Equipment represent lease payments

**Our File Reference:**
116251.1

made by NSGL on behalf of TK Equipment. However, NSGL was not charged or invoiced for the trucking services provided by TK Equipment to NSGL. The value of the trucking services more than offsets the debt. The value of the two trucks and two trailers transferred to TK Equipment is also more than offset by the value of the trucking services provided to NSGL by TK Equipment.

With respect to the letter to TKN Company Farm Ltd. ("TKN") we can advise as follows:

1. Mr. Naber disputes the amount claimed to be owing by TKN to NSGL in the amount of $526,008.63. In any event, TKN delivered a substantial amount of grain to NSGL which has not been invoiced. The value of this grain would more than offset any indebtedness of TKN to NSGL.

2. As noted above, Mr. Naber is making arrangements to have Gavilon Fertilizer re-invoice Todd Naber and/or TKN for the fertilizer and is making arrangements for payment of the fertilizer account directly to Gavilon.

3. With respect to rent for farmland, Mr. Naber's response is as noted above.

We trust this addresses your concerns, if you require anything further, please do not hesitate to let me know.

Yours truly,

**McKercher LLP**

Per:

**Joel A. Hesje, Q.C.**

JAH/aml

# APPENDIX E

EY
Building a better working world

Ernst & Young Inc.
360 Main Street, Suite 2700
Winnipeg, MB R3C 4G9

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Fax: +1 204 956 0138
ey.com

# Acquisition opportunity



**JULY 2015**

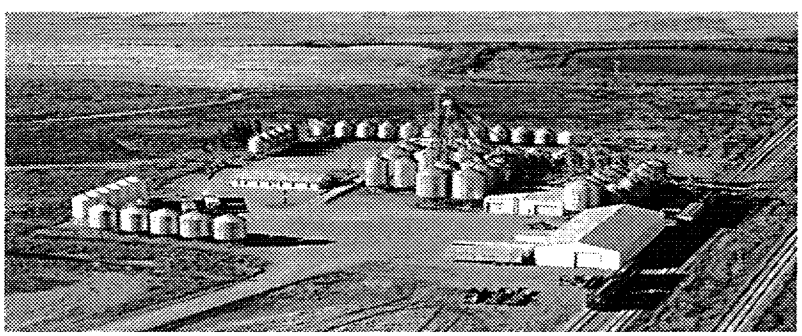
## Transaction Opportunity

### Summary

Ernst & Young Inc. ("EY"), in its capacity as court-appointed receiver of the assets, undertakings and properties of Naber Specialty Grains Ltd. ("NSGL") and Melfort Grain Terminal Ltd. ("MGTL") (collectively with NSGL, the "Companies"), is seeking offers for the purchase of the Companies' right, title and interest in and to certain seed cleaning, grain terminal and related assets in Melfort, SK. The Companies' facilities are located at the intersection of Highway 3 and Highway 41A on the outskirts of Melfort, with two parallel rail spurs that can accommodate 35 hopper cars. The Companies' total storage capacity exceeds 13,000MT, and includes five product processing lines.

### Key Investment Attributes

- Located on 110 acres (+ / -) of owned land, with expansion capacity for additional facilities and/or rail car loading.
- Four buildings, including a grain handling/processing facility, main shop facility, ancillary storage and office building.
- Two 45MT railway load out scales and one 100 foot, 100MT truck scale.
- 50 MT per hour precision cleaning capacity, and 100MT per hour commercial cleaning capacity, with five individual product processing lines.
- 38 corrugated steel and welded steel hopper bins (sizes range between 80MT and 410MT).
- Crops processed include canary seed, peas, lentils, wheat, canola, barley, flax, oats and oat grouts.



### Confidentiality

The information contained in this summary is submitted to parties on a confidential basis for use solely in connection with their consideration of the transaction opportunity described herein. By its acceptance hereof, the recipient agrees that neither it nor any of its employees or advisors shall use the information for any purpose other than the evaluation of the business opportunity, nor shall it divulge the information or distribute this Summary to any other party, in whole or in part, at any time without the prior written consent of EY.

Building a better
working world

## Next Steps

A copy of the receivership court order is available for viewing at www.ey.com/ca/naber, as well as other stakeholder materials. Any sale of the assets of the Companies is subject to further order of the Court of Queen's Bench of Saskatchewan.

The Receiver will consider transaction proposals from qualified parties. The Receiver reserves the right to accept an offer at any time without further notice to parties receiving this acquisition opportunity overview.

Prospective investors will receive a detailed Confidential Information Memorandum upon execution of a Confidentiality Agreement to be provided by EY. Interested parties should direct all inquiries to EY who will arrange all contacts for appropriate due diligence.


**Ernst & Young Inc., Receiver of Naber Specialty Grains Ltd. and Melfort Grain Terminal Ltd.**

2700-360 Main Street | Winnipeg, Manitoba | R3C 4G9

Joe Healey
Senior Vice President
Direct: +1 204 954 5568
Email: joe.a.healey@ca.ey.com

Marcus Matychuk
Associate
Direct: +1 204 933 0296
Email: marcus.matychuk@ca.ey.com

## CONFIDENTIALITY AGREEMENT

Confidentiality agreement dated July __, 2015 between Ernst & Young Inc. (the "**Receiver**"), in its capacity as Receiver of Naber Specialty Grains Ltd. and Melfort Grain Terminal Ltd. (the "**Companies**") and ______________________ (the "**Counterparty**") (collectively the "**Parties**" or individually a "**Party**"). Reference to a Party includes such Party's Representatives (as hereinafter defined) and "affiliates". For purposes of this Agreement, an entity is an "affiliate" of a Party if: (1) one of them is a subsidiary of the other; or (2) each of them is controlled by the same person.

The Counterparty is considering the acquisition of assets of the Companies or similar transaction (the "**Transaction**"). For purposes of evaluating the Transaction, the Counterparty has asked the Receiver to disclose information. This Agreement sets out the terms under which the Receiver is willing to disclose the information and the terms under which the Counterparty may receive and use the information.

**Section 1 Non-Disclosure of Confidential Information**

(1) The Counterparty and its directors, officers, employees, agents or advisors, including, accountants, counsel, lenders, consultants and financial advisors ("**Representatives**"), will keep confidential all information disclosed to the Counterparty relating to the Companies' business, operations, assets, liabilities, plans, prospects and affairs, regardless of whether such information is in oral, visual, electronic, written or other form and whether or not it is identified as "confidential", and including all notes, analyses, compilations, forecasts, data, studies, interpretations, or other documents prepared by, on behalf of or for the benefit of, the Counterparty that contain, reflect, summarize, analyze, discuss or review any of the foregoing ("**Confidential Information**"), will use the Confidential Information solely to evaluate the Transaction and not directly or indirectly for any other purpose and will not disclose such Confidential Information except as expressly permitted by this Agreement.

(2) Confidential Information does not include any information that:

(a) is or becomes generally available to the public (other than as a result of disclosure directly or indirectly by the Counterparty);

(b) is or becomes available to the Counterparty on a non-confidential basis from a source other than the Receiver provided such source does not owe a duty of confidentiality to the Receiver or to any other person; or

(c) is or was independently acquired or developed by the Counterparty without use of any information disclosed by the Receiver.

(3) The disclosure restrictions contained in this Agreement do not apply to any information that is required to be disclosed by law. However, prior to making such disclosure, the Counterparty must unless prohibited by law:

(a) immediately advise the Receiver of the requirement;

(b) cooperate with the Receiver in limiting the extent of the disclosure; and

(c) provide the Receiver with a reasonable opportunity to obtain a protective order or other remedy in order to preserve the confidentiality of the information required to be disclosed.

(4) The Counterparty may disclose Confidential Information to its Representatives but only to the extent that such Representatives need to know the Confidential Information, have been informed of the confidential nature of the Confidential Information and agree to be bound by and act in accordance with the confidentiality provisions of this Agreement.

(5) The Counterparty is responsible for any breach by its Representatives or affiliates of any of the provisions of this Agreement.

(6) Each Party will immediately notify the other Party of any determination not to proceed with the Transaction. If such notice is given, or at any time upon the written request of the Receiver, the Counterparty will and will cause its Representatives to, immediately: (a) destroy or return to the Receiver all Confidential Information without retaining any copies; and (b) certify to the Receiver in writing that this Section 1(6) has been complied with. This Agreement will terminate three (3) years after the date upon which such notice is given.

**Section 2 No Representation or Warranty.**

The Receiver makes no representation or warranty, expressed or implied, as to the accuracy or completeness of the Confidential Information. The Receiver is not liable to the Counterparty or to any other person for any losses, liabilities, damages, claims, demands or expenses resulting from, connected with or arising out of the Counterparty's use of the Confidential Information. Nothing in this Agreement or in the disclosure of any Confidential Information confers any interest in the Confidential Information on the Counterparty.

**Section 3 Remedies.**

In the event of a breach of a Party's obligations under this Agreement, that Party must, immediately following discovery of the breach, give notice to the other Party of the nature of the breach. Any breach of this Agreement will give rise to irreparable injury to the Receiver inadequately compensable in damages. The Receiver may, in addition to any other remedy, enforce the performance of this Agreement by way of injunction or specific performance upon application to a court of competent jurisdiction without proof of actual damages (and without the requirement of posting a bond or other security) and the Counterparty agrees not to plead sufficiency of damages as a defence in any such proceeding. The rights and remedies provided in this Agreement are cumulative and are in addition to, and not in substitution for, any other rights and remedies available at law or equity.

**Section 4 Other Covenants and Agreements.**

(1) The Parties share a common legal and commercial interest in all Confidential Information which is and remains subject to all applicable privileges, including solicitor-client privilege, anticipation of litigation privilege, work product privilege and privilege in respect of "without prejudice" communications. No waiver of any privilege is implied by the disclosure of Confidential Information to any person pursuant to the terms of this Agreement.

(2) Unless otherwise agreed to by the Receiver in writing, all (i) communications regarding any possible Transaction, (ii) requests for additional information, (iii) requests for facility tours or management meetings, and (iv) discussions or questions regarding procedures, will be

submitted or directed to Ernst & Young Inc. Accordingly, the Counterparty agrees not to directly or indirectly contact or communicate with any shareholder, director, officer (other than those members of senior management specifically designated), employee, customer, advertiser, supplier or creditor of the Companies or any of their affiliates, or any agent or representative of the foregoing, concerning the Transaction, or to seek any information in connection therewith from such person, with a prior request being made to the Receiver. Except as otherwise contemplated by this Agreement, the Counterparty also agrees not to discuss with or offer to any third party a right to participate in the Transaction or any other form of joint participation by the Counterparty and such third party without prior written consent similarly obtained from the Receiver.

**Section 5 Miscellaneous.**

(1) Time is of the essence in this Agreement.

(2) No waiver of any provision of this Agreement constitutes a waiver of any other provision.

(3) This Agreement is binding on and enures to the benefit of the Parties and their respective successors and permitted assigns.

(4) Neither this Agreement nor any of the rights or obligations under this Agreement, are assignable or transferable by a Party without the prior written consent of the other Party.

(5) If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction from which no appeal exists or is taken, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

(6) This Agreement is governed by, interpreted and enforced in accordance with the laws of the Province of Saskatchewan and the federal laws of Canada applicable in the province.

(7) It is understood and agreed that no failure or delay by the Receiver in exercising any right, power or privilege hereunder shall operate as a waiver hereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder.

(8) Ernst & Young Inc. acts in its capacity as Receiver of the assets of Naber Specialty Grains Ltd. and Melfort Grain Terminal Ltd. as aforesaid and shall have no personal or corporate liability hereunder or from the Agreement contemplated hereby.

(9) This Agreement may be executed in any number of counterparts (including by facsimile or .pdf) and all counterparts taken together constitute one and the same instrument.

**[Remainder of page intentionally left blank]**

**IN WITNESS WHEREOF** the Parties have executed this Agreement.

Ernst & Young Inc., Receiver of Naber Specialty Grains Ltd. and Melfort Grain Terminal Ltd.

By: ______________________________
Authorized Signing Officer

**[NAME OF COUNTERPARTY]**

By: ______________________________
Authorized Signing Officer

By: ______________________________
Authorized Signing Officer

APPENDIX F

# Naber Specialty Grains Ltd. and Melfort Grain Terminal Ltd.

# Tender information package

10 August 2015

Building a better working world

# Naber Specialty Grains Ltd. and Melfort Grain Terminal Ltd.

Naber Specialty Grains Ltd. ("**NSGL**") and Melfort Grain Terminal Ltd. ("**MGTL**") (collectively, the "**Companies**") conducted business in the agricultural sector, operating seed cleaning, grain terminal and related assets in Melfort, in the Province of Saskatchewan, Canada.

On 18 June 2015, the Court of Queen's Bench of Saskatchewan (the "**Court**") issued an Order (the "**Receivership Order**") appointing Ernst & Young Inc. as Receiver (the "**Receiver**") of the assets, property and undertakings of the Companies.

The Receiver has prepared this Tender Information Package and hereby solicits tenders for the purchase of some or all of the Companies' assets (the "**Assets**") as described in the Notice of Sale. Tenders are to be received by Ernst & Young Inc., 2700 - 360 Main St., Winnipeg, Manitoba, Canada, R3C 4G9, Attention: Mr. Marcus Matychuk, no later than 12 o'clock noon (Central Daylight Time) on Monday 14 September 2015.

Enclosed is a detailed description of the assets offered for sale and the terms and conditions relating to their sale. The Receiver has prepared an electronic data room with additional information relating to the Assets. Qualified Bidders may be granted access to the data room by returning an executed Non-Disclosure Agreement to the Receiver by email at marcus.matychuk@ca.ey.com or by fax at 204 956 0138.

Qualified Bidders are defined as being interested parties who have executed the Non-Disclosure Agreement and who are, in the Receiver's sole discretion, a party with a reasonable prospect of completing a transaction as contemplated herein. Appointments to view the Assets can be made by contacting Mr. Marcus Matychuk by email or by phone 204 933 0296.

**The information contained in this Tender Information Package is provided for information purposes only and should not be relied upon by tenderers submitting tenders. The purpose of this Tender Information Package is to provide non-audited information to interested parties for some or all of the assets of the Companies. The asset listings and descriptions included in this Tender Information Package have been prepared solely for the purpose of assisting recipients to identify and submit tenders for the Assets. The Receiver makes no representation whatsoever with respect to their accuracy. Interested parties will be permitted to conduct their own due diligence prior to providing a tender offer and must rely solely on their own investigations.**

Yours very truly,

**ERNST & YOUNG INC.**
**Acting in its capacity as Court-Appointed Receiver of**
**Naber Specialty Grains Ltd. and Melfort Grain Terminal Ltd.**
**and not in its personal or corporate capacity**

Per:

Joe Healey

Joe Healey, CA, CIRP
Senior Vice President

# Table of contents

# Notice of sale

**IN THE MATTER OF THE RECEIVERSHIP OF NABER SPECIALTY GRAINS LTD. AND MELFORT GRAIN TERMINAL LTD.**

**NOTICE OF SALE BY TENDER**

This is a call for tenders for the sale of some or all of the assets of Naber Specialty Grains Ltd. ("**NSGL**") and Melfort Grain Terminal Ltd. ("**MGTL**") (collectively, the "**Companies**").

On 18 June 2015, the Court of Queen's Bench of Saskatchewan (the "**Court**") issued an Order (the "**Receivership Order**") appointing Ernst & Young Inc. as Receiver (the "**Receiver**") of the assets, property and undertakings of the Companies. A copy of the order is available for viewing at www.ey.com/ca/naber

The Companies were primarily involved in the operation of a seed cleaning and grain storage facility in Melfort, SK.

Sealed tenders will be accepted by the Receiver until 12 o'clock noon (Central Daylight Savings Time) on Monday 14 September 2015, for the purchase of the following assets:

| | |
|---|---|
| Parcel 1 | Receiver's right, title and interest in and to certain seed cleaning, grain terminal and related assets in Melfort, SK |
| Parcel 2 | Receiver's right, title and interest in and to land parcel 135772263 (400 Railway Ave) in the municipality of Star City, SK |

The highest or any offer will not necessarily be accepted.

Tenders must be accompanied by a certified cheque or bank draft payable to "Ernst & Young Inc. Receiver for Naber Specialty Grains Ltd. and Melfort Grain Terminal Ltd." for 15% of the amount of the offer price as a deposit. This deposit will be refunded if the offer is not accepted and forfeited to the Receiver on account of liquidated damages if the offer is accepted and the sale is not completed by the offerer. The balance of the offer price will be payable by certified cheque or bank draft on closing. Tenders may be made for individual parcels or en bloc, but en bloc offers must stipulate a separate price for each parcel.

Tenders will only be accepted in sealed envelopes, clearly marked "**Tender - Naber Specialty Grains Ltd. and Melfort Grain Terminal Ltd.**".

All tenders shall be subject to the Conditions of Sale, which shall form part thereof and may be obtained from the Receiver or accessed via the Receiver's web site at: www.ey.com/ca/naber

To obtain a copy of the Tender Information Package, request access to the Receiver's electronic data room or for any other information with respect to the tender sale, please contact Mr. Marcus Matychuk at 204-933-0296 or marcus.matychuk@ca.ey.com.

**ERNST & YOUNG INC.**
**Acting in its capacity as Court-Appointed Receiver and Manager for Naber Specialty Grains Ltd. and Melfort Grain Terminal Ltd. and not in its personal or corporate capacity**

**2700 - 360 Main Street**
**Winnipeg, Manitoba, Canada**
**R3C 4G9**

# Conditions of sale

1. The Vendor is Ernst & Young Inc. acting in its capacity as Court-appointed Receiver and Manager for Naber Specialty Grains Ltd. and Melfort Grain Terminal Ltd. (the "Receiver") pursuant to an Order of the Court of Queen's Bench of Saskatchewan (the "Court") dated 18 June 2015 (the "Receivership Order").
2. The Receiver is selling its right, title and interest, if any, in the following assets pursuant to these Conditions of Sale for the following parcels:

| | |
|---|---|
| Parcel 1 | Receiver's right, title and interest in and to certain seed cleaning, grain terminal and related assets in Melfort, SK |
| Parcel 2 | Receiver's right, title and interest in and to land parcel 135772263 (400 Railway Ave) in the municipality of Star City, SK |
| Parcel 3 | Parcels 1 and 2 inclusive |

3. Lists of specific assets included in each parcel are attached as Appendix A. Such lists and any other material or information provided to prospective tenderers relating to the assets have been prepared solely for the convenience of prospective tenderers and are not warranted to be complete or accurate and do not form part of these Conditions of Sale. Every tenderer shall be deemed to have, and by submitting an offer represents that it has, relied on its own inspection and investigation of the assets and the title thereto.
4. It is expressly understood that assets marked "Property of Others" are not included in the property offered for sale.
5. The assets may be inspected by appointment only.
6. The Receiver has populated an electronic data room with additional material related to the Companies. In order to be provided access to the electronic data room, each prospective bidder must deliver to the Receiver at the address specified in the Notice of Sale an executed Non-Disclosure Agreement in the form attached hereto as Appendix B which shall enure to the benefit of any purchaser of the assets.
7. A potential bidder who has executed and submitted a Non-Disclosure Agreement, as described above, and who the Receiver, in its sole discretion, determines has a reasonable prospect of completing a transaction as contemplated herein, will be deemed a "Qualified Bidder" and will be promptly notified of such designation by the Receiver.
8. The Receiver shall provide Qualified Bidders with access to the electronic data room. The Receiver makes no representation or warranty as to the accuracy or completeness of the information contained in the Tender Information Package, the electronic data room or to the information to be provided through the due diligence process or otherwise, except to the extent otherwise contemplated under any definitive sale agreement with a successful bidder executed and delivered by the Receiver and where necessary, approved by the Court.
9. Tenders will be for a fixed amount and there will be no adjustments of any kind except as specifically set out in these Conditions of Sale. The acceptance of any tender is

subject to the Receiver obtaining the approval of the Court of Queen's Bench of Saskatchewan, as set out in the Receivership Order.

10. Sealed tenders marked "Tender - Naber Specialty Grains Ltd. and Melfort Grain Terminal Ltd." shall be delivered or mailed postage prepaid to Ernst & Young Inc., 2700 - 360 Main Street, Winnipeg, MB R3C 4G9; to the attention of Mr. Marcus Matychuk, so as to be received before 12 o'clock noon (Central Daylight Time) on Monday 14 September 2015.

11. Tenders will be opened at 1 o'clock in the afternoon (Central Daylight Time) on Monday 14 September 2015. The Receiver reserves the right to enter into and/or conclude sale arrangements on the assets before such date and time.

12. Every tender submitted should be in the form of tender enclosed herein, but may contain proposals for amending the Conditions of Sale. A tenderer seeking to amend the Conditions of Sale or tenders received that are not on the attached form may, at the sole discretion of the Receiver, be rejected. The tender must identify the actual tenderer and owners and ultimate parent company of the tenderer and contain either: (a) written evidence of a firm, irrevocable commitment for financing from a creditworthy bank or financial institution, or (b) other evidence of the ability to fund and consummate the sale on or before the Closing Date satisfactory to the Receiver in its sole and absolute discretion.

13. Tenders may be made for individual parcels or en bloc for Parcels 1-2 (i.e., Parcel 3), but en bloc tenders must stipulate a separate price for each parcel. Tenders submitted for more than one parcel will be considered as a separate tender for each parcel unless the tenderer specifically states that the acceptance of one parcel is conditional upon the acceptance of one or more other parcels.

14. Proposals from auctioneers to auction any of the parcels on behalf of the Receiver containing a guaranteed minimum net return to the Receiver will be considered.

15. Each tenderer shall, with its tender, deliver to the Receiver a certified cheque or bank draft payable to "Ernst & Young Inc. Receiver for Naber Specialty Grains Ltd. and Melfort Grain Terminal Ltd." for fifteen percent (15%) of the aggregate tendered price (the "**Purchase Price**"). If the tender is accepted, said monies shall be a cash deposit and the successful tenderer(s) (hereinafter called the "**Purchaser**") of Parcels 1 to 2 shall pay the balance of the Purchase Price to the Receiver, in cash, by certified cheque or bank draft, without interest, within thirty (30) days after having been notified by the Receiver of the acceptance of any tender(s), or within seven (7) days following the granting of a vesting order by the Court, if so required, unless an alternate date is mutually agreed upon by the Receiver and the Purchaser (hereinafter called the "**Closing Date**").

16. The Receiver shall be entitled to speak with tenderers to clarify and finalize the terms of any tenders delivered to the Receiver.

17. Certified cheques or bank drafts accompanying tenders that are not accepted will be returned to the tenderer by prepaid courier addressed to the tenderer at the address set out in its tender or made available for pick-up not later than seven (7) days following the opening of tenders, unless otherwise arranged with the tenderer.

18. Each tenderer shall comply with all reasonable requests for additional information by the Receiver regarding such tenderer and its contemplated transaction. Failure by a tenderer to comply with requests for additional information will be a basis for the Receiver to determine that the tenderer is not a Qualified Bidder.

19. If any tender is accepted by the Receiver, then such acceptance, including a statement of whether such acceptance is subject to Court approval, shall be communicated to the Purchaser within seven (7) days of the opening of the tenders by notice in writing sent by the Receiver to the Purchaser at the address set forth in its tender, such notice to be given by mail, courier, facsimile, email or personal delivery and to be deemed effectively given when deposited in the post office, when personally delivered or when sent by facsimile or email, as the case may be.

20. When a tender for any parcel(s) is accepted, the terms of the advertised Notice of Sale by Tender, the tender and the acceptance thereof, and these Conditions of Sale shall constitute an agreement of purchase and sale (hereinafter called the "**Agreement of Purchase and Sale**"), between the Purchaser and the Receiver with respect to such parcel(s) (hereinafter referred to as the "**Purchased Property**").

21. The closing of the Agreement or Agreements of Purchase and Sale formed by the acceptance of a tender shall take place at the office of the Receiver at 2700 - 360 Main Street, Winnipeg, MB R3C 4G9, Canada, or such other place as the Receiver may designate; at 1 o'clock in the afternoon (Central Time) on the Closing Date.

22. The Receiver shall apply, no later than fifteen (15) business days after the selection by the Receiver of the Purchaser(s), to the Court for an order approving the selected tender(s) and authorizing the Receiver to enter into any and all necessary agreements with the Purchaser(s), as well as an order conveying title to the Purchased Property in the name of the Purchaser(s). A business day shall be defined as a day, other than Saturday and Sunday, on which banks are open for business in the City of Saskatoon in the Province of Saskatchewan ("**Business Day**").

23. Upon closing of the sale contemplated by the Agreement of Purchase and Sale, the Purchaser shall be entitled, upon receipt by the Receiver of the Purchase Price, only to such Bill of Sale or Assignments as may be considered necessary by the Receiver to convey the Receiver's interest in the Purchased Property to the Purchaser. Any such Bills of Sale or Assignments shall contain only a release of the Receiver's interest in the Purchased Property and shall not contain any covenant, warranty or representation other than a covenant that the Receiver has done no act to encumber the Purchased Property.

24. The Purchaser shall pay on closing in addition to the Purchase Price and shall, with respect to any liability therefore, indemnify and save harmless the Receiver from all applicable Federal and Provincial taxes arising on the sale and payable by the Purchaser including, without restriction, taxes pursuant to applicable provincial sales tax and the *Excise Tax Act* (Canada). Any taxes which the Receiver is required by law to collect from the Purchaser on sale shall be paid by the Purchaser to the Receiver on closing.

25. The Purchaser shall assume, at the Purchaser's cost, complete responsibility for compliance with all municipal, provincial or federal or other applicable laws and

regulations insofar as the same apply to the Purchased Property and the use thereof by the Purchaser.

26. The Purchaser shall be responsible to pay any and all registration costs charged by any governmental authority to register any of the Purchased Property into the name of the Purchaser.

27. Certain licenses, permits and consents held by NSGL and MGTL and used by them in their operations may no longer be in force and/or may not be assignable to a Purchaser. As such it may be necessary for a Purchaser to apply for and/or enter into agreements on its own behalf of obtain new licenses, permits and/or consents. Upon request, the Receiver will provide such information as is in its possession concerning the primary licenses, permits and consents that were utilized by NSGL and MGTL.

28. The Receiver shall not be required to produce any tax certificate, clearance certificate, plan of survey, abstract of title or documents or copies thereof or any evidence as to title, other than those in its actual possession.

29. The obligation of the Receiver to sell, and of the Purchaser to purchase the Purchased Property shall, at the option of the Receiver, terminate in the event that prior to the Closing Date of the sale the Purchased Property is substantially destroyed by fire, flood, the elements, Government action, civil commotion or any other external cause beyond the control of the Receiver (each a "**Force Majeure Event**"). Such option to terminate by the Receiver shall be exercised by giving notice in writing to the Purchaser that it intends to take the proceeds, if any, payable under any existing insurance policies and terminate the Agreement of Purchase and Sale. In such event, the Agreement of Purchase and Sale shall automatically terminate and be deemed null and void and the deposit money shall be returned to the Purchaser without interest, cost, compensation or deduction and no party shall be liable to another for any costs or damages whatsoever. If the Receiver does not exercise such option following the occurrence of a Force Majeure Event, the Purchaser, at its option may complete the Agreement of Purchase and Sale, such option to be exercised, in writing, within seven (7) days after notice to the Purchaser that the Receiver does not intend to exercise its option to terminate. In such event, the Purchaser shall be entitled only to an assignment of any proceeds payable under the existing insurance policies and transfer of any remaining Purchased Property in full settlement of the Receiver's obligations to repair or replace the damaged assets and in full satisfaction of this Agreement of Purchase and Sale. If the Purchaser does not exercise its option, the Agreement of Purchase and Sale shall be automatically terminated and deemed null and void and the deposit money shall be refunded to the Purchaser without interest, costs, compensation or deduction and neither party shall be liable to the other for any costs or damages whatsoever.

30. The Receiver shall remain in possession of the Purchased Property and title to the Purchased Property shall not pass until the Purchase Price thereof has been paid in full.

31. If the Purchaser of any parcel(s) fails to comply with these Conditions of Sale, the deposit with respect to that parcel or all deposits received with respect to all parcels, shall be forfeited to the Receiver on account of liquidated damages and such parcel(s) may be resold by the Receiver and the Purchaser shall pay to the Receiver (i) an amount equal to the amount, if any, by which the Purchase Price under the Agreement

of Purchase and Sale exceeds the net purchase price received by the Receiver pursuant to such resale; and (ii) an amount equal to all costs and expenses incurred by the Receiver in respect of, or occasioned by, the Purchaser's failure to comply with the Agreement of Purchase and Sale.

32. By submitting a tender, a Purchaser acknowledges that it has inspected the Purchased Property and that the Purchased Property is sold on an "as is, where is" basis at the time of closing and that no representation, warranty or condition is expressed or implied as to title, description, fitness for purpose, merchantability, quantity, condition, cost, or quality thereof or compliance of the Purchased Property with environmental laws and requirements, or in respect of any other matter or thing whatsoever. Without limitation, all parcels are specifically offered as they exist on closing and with no adjustments to be allowed the Purchaser for changes in conditions, qualities or quantities of such parcels from the date hereof to the closing date. Each Purchaser acknowledges that the Receiver is not required to inspect or count, or provide any inspection or counting, of the Purchased Property or any part thereof and each Purchaser shall be deemed to have relied entirely on its own inspection and investigation including an independent investigation by the Purchaser of current and past uses of the Purchased Property to satisfy the Purchaser as to the effects of any environmental laws, regulations or requirements upon the Purchased Property or the transfer by the Receiver to the Purchaser of the Purchased Property. It shall be the Purchaser's sole responsibility to obtain, at its own expense, any consent to such transfer and any further documents or assurances which are necessary or desirable in the circumstances.

33. Ernst & Young Inc. acts in its capacity as Receiver as aforementioned and shall have no personal or corporate liability hereunder or from any Agreement of Purchase and Sale contemplated hereby or as a result of any sale contemplated hereby.

34. The highest or any tender will not necessarily be accepted.

35. In consideration of the Receiver making available to tenderers these Conditions of Sale, any other information, and the opportunity of inspection and/or in consideration of receiving and considering any tender to be submitted hereunder, each tenderer agrees that its tender is irrevocable and cannot be retracted, withdrawn, varied or countermanded prior to acceptance or rejection thereof.

36. In the event that some of the tenders submitted have similar terms and/or amounts, the Receiver may in its sole discretion call upon those tenderers to submit further tenders.

37. The Receiver, at its discretion, may: (a) waive or vary any or all of the Terms and Conditions herein or in the Notice of Sale by Tender; and (b) adopt such other terms or conditions of sale (including conditions that may depart from those set forth herein) that in its reasonable business judgement will better promote the goals of this tender process.

38. The Terms and Conditions contained herein shall not merge on closing unless otherwise provided for in writing between the parties.

39. The validity and interpretation of these Conditions of Sale, and each provision and part thereof and of the Agreement of Purchase and Sale defined herein, shall be governed by the laws of the Province of Saskatchewan and the courts of the Province

of Saskatchewan shall have exclusive jurisdiction with respect to any dispute arising out of these Conditions of Sale or any Agreement of Purchase and Sale entered into pursuant hereto.

40. This Agreement shall enure to the benefit of and be binding upon the parties hereto, and their respective heirs, executors, administrators, successors or assigns as the case may be. The Purchaser may not assign its interest in the Agreement of Purchase and Sale without prior written consent of the Receiver.

41. Any notice provided for herein shall be given in writing:

| | |
|---|---|
| *To the Receiver,* | Ernst & Young Inc.<br>Attention: Mr. Joe Healey<br>2700 - 360 Main Street<br>Winnipeg, Manitoba R3C 4G9 |
| *To any offeror or purchaser,* | At the address set forth in the offer. |

42. All stipulations as to time are strictly of the essence.

43. Any tender of documents or money hereunder may be made upon the Receiver or the Purchaser, or their respective solicitors in immediately available funds in Canadian currency.

44. The Purchaser(s) agree(s) to accept title to any real property subject to work orders, license and lease conditions, municipal requirements, including building or zoning by-laws and regulations, easements for hydro, gas, telephone or any other utility affecting the Purchased Property, like services to the Purchased Property, and restrictions and/or covenants which run with the land.

45. The Purchaser shall arrange its own insurance and there shall be no adjustment of insurance. The Receiver assumes no responsibility or liability for and shall not be required to discharge or adjust for any taxes, assessments, rates, liens, or other liabilities which do not, by law, form a specific lien or charge upon or against the Purchased Property in priority to the interest being conveyed.

46. The Receiver shall not be required to pay any finder's fee, commission, expense or any other compensation to any agent, consultant, adviser or other intermediary of any prospective Purchaser under any circumstance unless agreed to separately and in writing.

47. The Receiver reserves the right, in its sole and unfettered discretion, to withdraw all or any part of the assets being offered for sale at any time without notice to any party. If the Receiver exercises this right, the Agreement of Purchase and Sale affecting such parcel(s) shall be automatically terminated and deemed null and void and the deposit money shall be refunded to the Purchaser without interest, costs, compensation or deduction and neither party shall be liable to the other for any costs or damages whatsoever.

DATED at Winnipeg, Manitoba this 10th day of August 2015.

**ERNST & YOUNG INC.**
**Acting in its capacity as Court-Appointed Receiver and Manager for Naber Specialty Grains Ltd. and Melfort Grain Terminal Ltd. and not in its personal or corporate capacity**

Attention: Mr. Joe Healey
2700 - 360 Main Street
Winnipeg, Manitoba R3C 4G9

# Form of tender

To: Mr. Marcus Matychuk
Ernst & Young Inc.
Court-appointed Receiver and Manager for Naber Specialty Grains Ltd. and Melfort Grain Terminal Ltd.
2700 - 360 Main Street
Winnipeg, Manitoba R3C 4G9

1. ______________________________
(Name of Tenderer)

2. ______________________________
(Address of Tenderer)

3. ______________________________
(Telephone Number)

4. ______________________________
(Fax Number)

5. ______________________________
(Email Address)

6. I/We hereby submit this tender for the purchase of the parcel indicated below.

| | |
|---|---|
| Parcel 1 | Receiver's right, title and interest in and to certain seed cleaning, grain terminal and related assets in Melfort, SK |

$______________________________ (Cdn.)

| | |
|---|---|
| Parcel 2 | Receiver's right, title and interest in and to land parcel 135772263 (400 Railway Ave) in the municipality of Star City, SK |

$______________________________ (Cdn.)

| | |
|---|---|
| Parcel 3 | This tender is an en bloc tender with respect to the following listed parcels (i.e., Receiver can accept all, but not less than all of the tenders for the following parcels |

Parcels: ______________________________

$______________________________ (Cdn.)

7. We/I agree, in the event that this tender is accepted, to be bound by the Conditions of Sale dated 10 August 2015, in connection with the above Company which shall form part of this tender. We/I agree that the Vendor is not obligated to accept the highest or any tender and may reject any or all tenders.

8. This tender and offer is irrevocable.

9. Enclosed is our/my bank draft payable to Ernst & Young Inc., Court-appointed Receiver of Naber Specialty Grains Ltd. and Melfort Grain Terminal Ltd. as a deposit in the amount of

$________________________________________ (Cdn.),

representing 15% of the total amount of our/my tender submitted herein.

DATED at __________________________ this _______ day of________________ 2015.

| | |
|---|---|
| ___________________________________ | ___________________________________ |
| Witness | Authorized Signing Officer |
| ___________________________________ | ___________________________________ |
| Name (please print) | Name (please print) |

# Appendix A - Detailed parcel listing

| | |
|---|---|
| Parcel 1 | Receiver's right, title and interest in and to certain seed cleaning, grain terminal and related assets in Melfort, SK |
| Parcel 2 | Receiver's right, title and interest in and to land parcel 135772263 (400 Railway Ave) in the municipality of Star City, SK |

# Parcel 1

## The Receiver's right, title and interest in and to certain seed cleaning, grain terminal and related assets in Melfort, SK

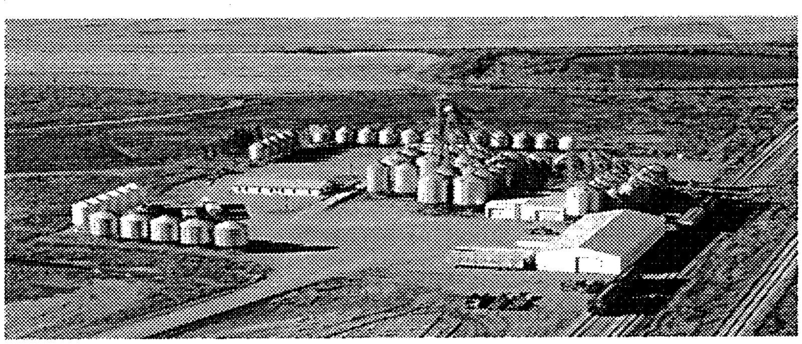
Parcel 1 is comprised of the Companies' right, title and interest in and to certain seed cleaning, grain terminal and related assets in Melfort, SK. The Companies' facilities are located at the intersection of Highway 3 and Highway 41A on the outskirts of Melfort, with two parallel rail spurs that can accommodate 35 hopper cars.

The Companies clean and handle wheat, barley, canola, flax and oats. In addition, it is equipped to precision clean lentils, peas, canary seed and it mills oats into high value end user products. It recently added storage and high capacity blending equipment for the bulk fertilizer business.

The Companies have shipped significant volumes of wheat to Canadian and US ports and had direct sales of oats to US food processors, barley to Chinese malt processors and processed oat products to US and Mexican end users.

Key Attributes

- Located on 110 acres (+ / -) of owned land, with expansion capacity for additional facilities and/or rail car loading.
- Four buildings, including a grain handling/processing facility, main shop facility, ancillary storage and office building.
- Two 45MT railway load out scales and one 100 foot, 100MT truck scale.
- 50 MT per hour precision cleaning capacity, and 100MT per hour commercial cleaning capacity, with five individual product processing lines.
- 38 corrugated steel and welded steel hopper bins (sizes range between 80MT and 410MT).
- Crops processed include canary seed, peas, lentils, wheat, canola, barley, flax, oats and oat grouts.



Land parcels
The owned property consists of a total of 110 acres on three parcels.

Parcel 135783557 is utilized for the main terminal and could support future expansion. The yard site is graveled with road access directly from Highway 41A. It is serviced with 600 volt power, municipal water and an underground septic.

Adjacent to the east of the terminal (across Highway 41A) is Parcel number 135783579. It is a vacant triangular shaped parcel with frontage on Highway 41A of approximately 700 feet with access from a grid road on the north and east side. Perpendicular depth from the Highway 41A is approximately 550' at the deepest point. Power service is underground to the site, water is supplied by municipal service and sewer is private underground septic.

Parcel number 135783591 is an approximately triangular-shaped parcel immediately north of the terminal site, across Highway 3 (to the north) with frontage of approximately 459'. The parcel comprises approximately 22 acres.

Buildings (all sizes approximate and not verified by the Receiver)
a. Main Workhouse Building
The main workhouse building was constructed in 1998 and is an 11,000 square foot steel frame straight walled processing building. The exterior walls and roof are finished in enameled steel and it has a concrete foundation and concrete floor. It is complete with a heated 1,600 square foot workshop and millwright station. It is finished and lined with enameled steel and equipped with washroom facilities, natural gas heating HID lamps, and a 320 square foot mezzanine. It also has 18' x 12' and 12' x 12' metal insulated over doors providing access to the building.

b. Office
The main office building was constructed in 1998 and is 2,240 square feet with a concrete foundation, 10' walls with a gable roof covered in enameled steel. The interior layout is a typical single tenant office with general reception area, private offices, board room and washrooms.

c. Warehouse
In 2014 an 8,500 square foot wood/metal cold storage warehouse was added that is capable of storing 1,000 pallets of 2.5 metric tonne bagged grain products. This building is complete with a loading ramp and three overhead doors for complete access and it is located along the track rail spur siding.

Grain Handling and Storage (all figures approximate and not verified by the Receiver)
The grain handling facility has 10,039 metric tonnes of storage capacity and consists of 38 corrugated steel and welded steel hopper bins ranging in size from 109-408 metric tonnes each. Bin capacities are set out in the table on the following pages. There are 25 ancillary, freestanding bins with 3,516 metric tonnes of additional storage capacity.

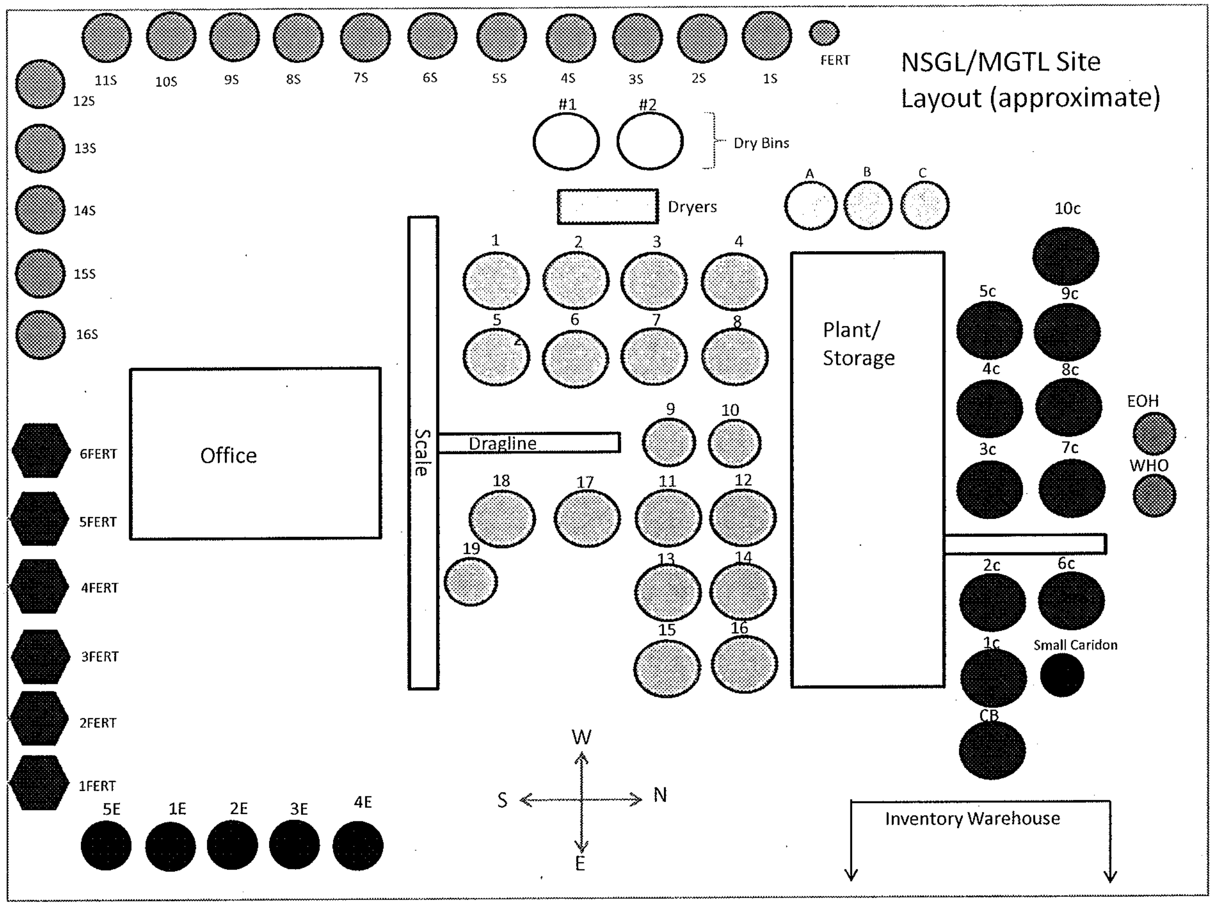
Unclean grain storage is located at the south side of the main workhouse and clean grain is located north of the workhouse along the railway spur tracks. To the west of the workhouse is a continuous grain dryer which is connected with legs and conveyors to the

main configuration. All 38 bins are connected to the main workhouse building which contains 5 separate processing cleaning lines.
Input and output from these 5 processing lines are facilitated with bucket elevators and belt and paddle drag conveyors. This is a complete handling system which permits material flow without manual handling from weigh scale to railcar.

All 5 processing lines can operate simultaneously with output to clean grain bins on the north side to permit weighing and loading of trucks, containers, bulk railcars or to the bagging and storage facility. The 5 processing lines are currently capable of precision or commercial grade processing of wheat, barley, canola, peas, lentils, canaryseed, oats, oat groats, flaxseed and grinding and mixing of feed.

| Bin | Type | Capacity (MT) |
|---|---|---|
| **South of main workhouse (connected via dragline / conveyor)** | | |
| 1 | Corrugated | 408 |
| 2 | Corrugated | 408 |
| 3 | Corrugated | 408 |
| 4 | Corrugated | 408 |
| 5 | Corrugated | 408 |
| 6 | Corrugated | 408 |
| 7 | Corrugated | 408 |
| 8 | Corrugated | 408 |
| 9 | Corrugated | 163 |
| 10 | Corrugated | 163 |
| 11 | Corrugated | 163 |
| 12 | Corrugated | 163 |
| 13 | Corrugated | 408 |
| 14 | Corrugated | 408 |
| 15 | Corrugated | 408 |
| 16 | Corrugated | 408 |
| 17 | Corrugated | 218 |
| 18 | Corrugated | 218 |
| 19 | Corrugated | 218 |
| **North of main workhouse (clean storage / connected)** | | |
| 1C | Corrugated | 204 |
| 2C | Corrugated | 204 |
| 3C | Corrugated | 204 |
| 4C | Corrugated | 204 |
| 5C | Corrugated | 204 |
| 6C | Corrugated | 204 |
| 7C | Corrugated | 204 |
| 8C | Corrugated | 204 |
| 9C | Corrugated | 204 |
| 10C | Corrugated | 204 |
| 11C | Corrugated | 109 |
| CB | Corrugated | 408 |
| EOH | Steel wall | 95 |
| WHO | Steel wall | 95 |

| Bin | Type | Capacity (MT) |
|---|---|---|
| **West of main workhouse (connected via dragline / conveyor)** | | |
| A | Corrugated | 218 |
| B | Corrugated | 218 |
| C | Corrugated | 218 |
| **Adjacent to Dryer (connected via dragline / conveyor)** | | |
| 1 | Corrugated | 218 |
| 2 | Corrugated | 218 |
| **Ancillary storage (freestanding / not connected)** | | |
| 1E | Corrugated | 218 |
| 2E | Corrugated | 218 |
| 3E | Corrugated | 218 |
| 4E | Corrugated | 218 |
| 5E | Corrugated | 218 |
| FERT | Steel wall | 82 |
| 1S | Corrugated | 109 |
| 2S | Corrugated | 109 |
| 3S | Corrugated | 109 |
| 4S | Corrugated | 109 |
| 5S | Corrugated | 109 |
| 6S | Corrugated | 109 |
| 7S | Corrugated | 109 |
| 8S | Corrugated | 109 |
| 9S | Corrugated | 109 |
| 10S | Corrugated | 109 |
| 11S | Corrugated | 109 |
| 12S | Corrugated | 109 |
| 13S | Corrugated | 109 |
| 14S | Corrugated | 109 |
| 15S | Corrugated | 109 |
| 16S | Corrugated | 109 |
| 1FERT | Steel wall | 100 |
| 2FERT | Steel wall | 100 |
| 3FERT | Steel wall | 100 |
| 4FERT | Steel wall | 100 |
| 5FERT | Steel wall | 100 |
| 6FERT | Steel wall | 100 |


NSGL/MGTL Site Layout (approximate)
11S
10S
9S
8S
7S
6S
5S
4S
3S
2S
1S
FERT
12S
13S
14S
15S
16S
#1
#2
Dry Bins
Dryers
A
B
C
10c
1
2
3
4
5
6
7
8
Plant/ Storage
5c
9c
4c
8c
EOH
Office
Scale
9
10
Dragline
18
17
11
12
3c
7c
WHO
19
13
14
2c
6c
15
16
1c
Small Caridon
CB
6FERT
5FERT
4FERT
3FERT
2FERT
1FERT
5E
1E
2E
3E
4E
W
S
N
E
Inventory Warehouse

Equipment listing

Equipment on site includes the following:

**Listing updated 13 Aug 2015**

| Quantity | Year | Make / Model | Description |
|---|---|---|---|
| **Main Plant - Processing Line #1** | | | |
| 1 | 1998 | Crippen / OMNI 788-3-RH | Separator (15,000 BU/hr) |
| 1 | 1983 | Clipper 248 | Screen; wind and screen; separator; aspirator; wood frame |
| **Main Plant - Processing Line #2** | | | |
| 3 | 1995 | California Pellet Mill | Oat hullers (60,000 each) |
| 1 | 1995 | Simon Day/Hart / Uniflow 32SG | 1-6 roll indent separator with 4,000 SCFM aspirator; Style PK1 |
| 1 | 1995 | LMC / 681 | Gravity separator |
| 1 | 1998 | Universal / D-3 | Elevator leg, 12"x75' with 2 way distributor |
| 1 | 1998 | Universal / C-6 | Elevator leg, 7"x65' with 2 way distributor |
| 4 | 1998 | Universal | Elevator leg, 4"x15' with 2 way distributor |
| **Main Plant - Processing Line #3** | | | |
| 1 | 1998 | Simon Day/Hart/Uniflow 33-9 | 9 roll indent separator with 4,000 CFM aspirator |
| 1 | 1990 | Clipper 5868 Super X | Screen Machine; Wood Frame |
| 1 | 2000 | LMC Marc 400 | Gravity Separator |
| **Main Plant - Processing Line #4** | | | |
| 1 | 1996 | Sprout-Bauer 38124-32 | Hammer mill-demo unit; 125 HP |
| 1 | 2000 | Westeel | Canola oil tank, electric heated, 1,000 gallon |
| 1 | 2000 | American Filter | Bay house with 8,000 CFM |
| **Main Plant - Processing Line #5** | | | |
| 1 | 1995 | Simon Day/Hart/Uniflow 35UN-15 | 15 roll indent separator with 4,000 CFM aspirator |
| 1 | 1998 | Clipper SX5868D | Screen cleaner machine, wood frame |
| 1 | 1990 | Carter Day E5657 | Separator, uniflow cyclinder |
| 1 | 1999 | Flexoveyor custome | Bag cable/belt conveyor, 50'x16", including 18" WX 20' belt conveyor |
| | 1995 | LMC 668-3-3- | Wind and screen machine |
| **Main Plant - General equipment** | | | |
| | | Dorcal | Dust collector system, 12,000 CFM x 3 |
| | | Clipper 29D | Screen machine |
| 2 | 1998 | Fabri-Pulse | Dust collection system |
| 1 | 1998 | | 2- new decorticators (de-hulling machine) |
| 4 | 1998 | | Conveyor, paddle drag, 10"x12"x32', 5 HP drive |
| 2 | 2001 | | Conveyor, paddle drag, 12"x12"x50', 5 HP drive |
| 10 | 2003 | | Conveyor, paddle drag, 10"x12"x105", 5 HP drive |

**Listing updated 13 Aug 2015**

| Quantity | Year | Make / Model | Description |
|---|---|---|---|
| 10 | 2004 | | Conveyor, paddle drag, 14"x12"x20", 5 HP drive |
| 1 | | Universal/minic | Elevator leg, 20"x130', with 24 way distributor |
| 1 | 1990 | Vertec VT5500R | Grain dryer, 11 tier, gas fired, 6,400,000 BTU, on concrete pad |
| | | LMC/Clipper/Crippen Screens | Huge selection of all screen sizes |
| 1 | 2000 | LMC mark 300 | Gravity separator |
| 1 | 2013 | Superbrix densometric SB105 | Densometric separator |
| 1 | 2014 | Walinga model 614 | Central vac system plumbed to every bin and plant area |
| 1 | 1981 | Chevrolet C-70 | Grain truck with box and hoist |
| 1 | 1979 | Ford F700 (offsite) | Grain truck with box and hoist |
| 1 | 2003 | New Holland bi-directional TV140 | Bi-directional yard tractor with forks, bucket loader |
| 1 | 2006 | Schutle SX-84 | Front mount snowblower |
| 1 | 2002 | Manac tri-axle | Container trailer |
| 1 | 2002 | Manac tri-axle | Container trailer |
| 1 | 2006 | Wheatheart 1370 | 70' 13 inch swing grain auger |
| 1 | 2012 | Meridian 1040 | 40' 10 inch unload auger with 25 hp 600 volt elec motor |
| 1 | 2011 | Sakundiak 1040 | 40' 10 inch unload auger with 25 hp 600 volt elec motor |
| | | Shop tools various | Selection of plasma cutter, saws, mig welders etc. |
| | | Grading screens/scales | Huge selection of hand screens, scales and grading tools |
| | 2003 | Fruehauf tri-axle trailer 53 feet | Walking floor trailer for oat hulls |
| | 2005 | Layco fertilizer blender | Complete with scale and 100' stainless steel belt conveyors |
| | 2014 | Doosan fork lift G30 | 5000 lbs capacity forklift |
| | 2007 | Daewoo G25E (offsite) | 5000 lbs triple mast forklift |

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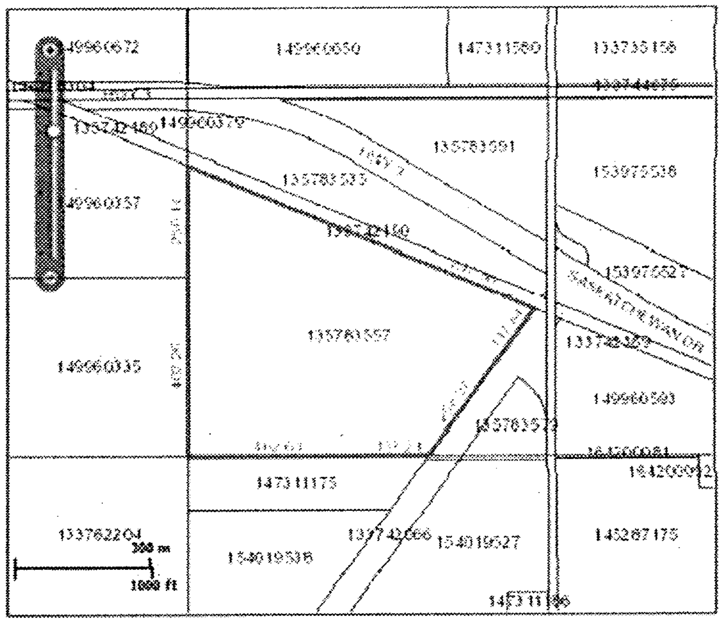
## Surface Parcel Number: 135783557

REQUEST DATE: Fri Aug 7 12 59 43 GMT-0600 2015




**Scale:** 1:18086

**Owner Name(s):** MELFORT GRAIN TERMINAL LTD.

**Municipality:** RM OF FLETT'S SPRINGS NO. 429

**Title Number(s):** 128199323

**Parcel Class:** Parcel (Generic)

**Land Description:** NE 11-45-19-2 Ext 135

**Source Quarter Section:** NE-11-45-19-2

**Commodity/Unit:** Not Applicable

**Area:** 34.249 hectares (84.63 acres)

**Converted Title Number:** 97PA06579

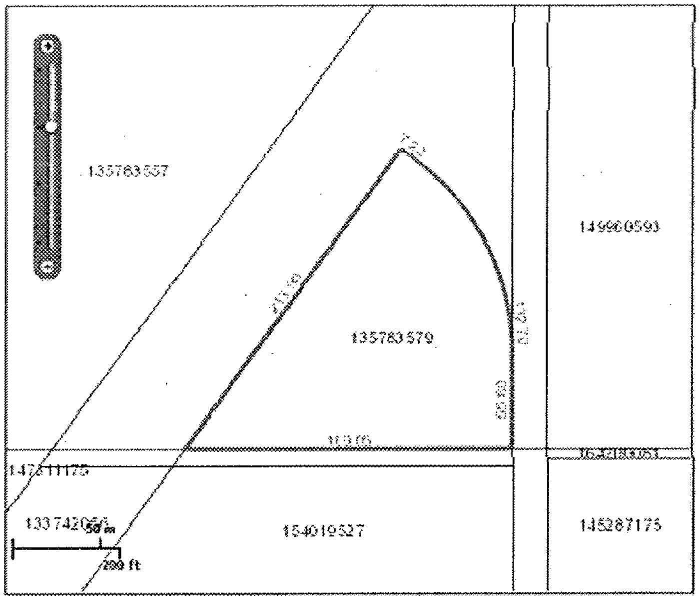
**Ownership Share:** 1:1

Information Services Corporation

Save PDF | Save PNG | Print

## Surface Parcel Number: 135783579

REQUEST DATE: Fri Aug 7 12.54.27 GMT-0600 2015




Scale: 1:4314

**Owner Name(s):** MELFORT GRAIN TERMINAL LTD.

**Municipality:** RM OF FLETT'S SPRINGS NO. 429

**Area:** 1.975 hectares (4.88 acres)

**Title Number(s):** 126199389

**Converted Title Number:** 97PA06579

**Parcel Class:** Parcel (Generic)

**Ownership Share:** 1:1

**Land Description:** NE 11-45-19-2 Ext 137

**Source Quarter Section:** NE-11-45-19-2

**Commodity/Unit:** Not Applicable

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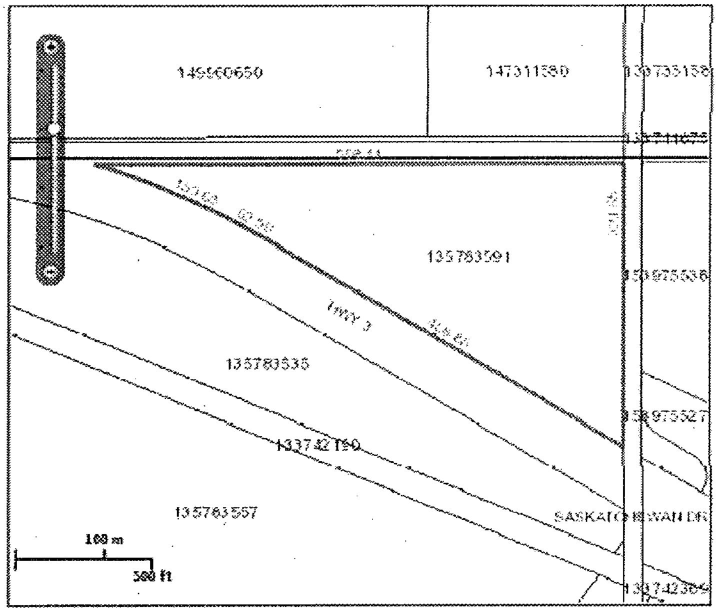
## Surface Parcel Number: 135783591

REQUEST DATE: Fri Aug 7 12:48:38 GMT-0600 2015




Scale: 1:9028

**Owner Name(s):** MELFORT GRAIN TERMINAL LTD.

**Municipality:** RM OF FLETT'S SPRINGS NO. 429

**Area:** 9.034 hectares (22.32 acres)

**Title Number(s):** 126199482

**Converted Title Number:** 97PA06679

**Parcel Class:** Parcel (Generic)

**Ownership Share:** 1:1

**Land Description:** NE 11-45-19-2 Ext 138

**Source Quarter Section:** NE-11-45-19-2

**Commodity/Unit:** Not Applicable

# Parcel 2

## The Receiver's right, title and interest in and to land parcel 135772263 (400 Railway Ave) in Star City, SK

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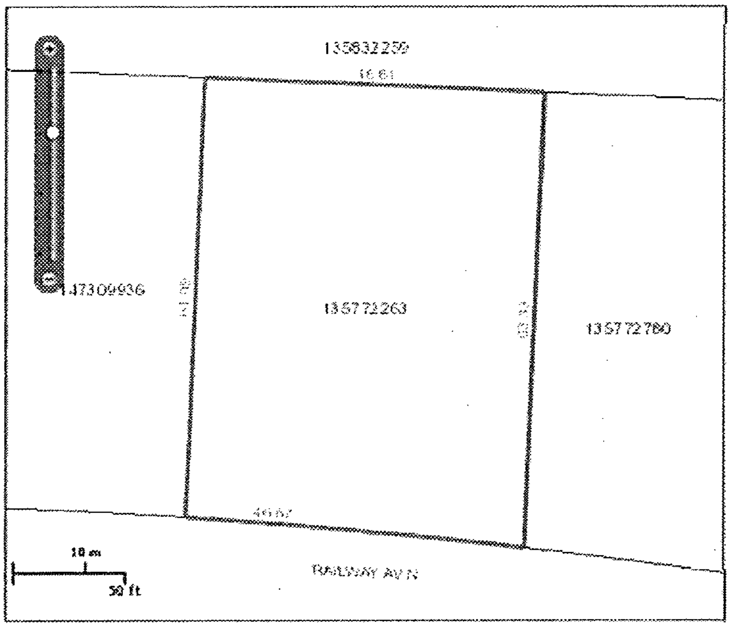
**Surface Parcel Number: 135772263**

REQUEST DATE: Fri Aug 7 12:58:36 GMT-0600 2015




**Scale:** 1:1128

**Owner Name(s):** MELFORT GRAIN TERMINAL LTD.

**Municipality:** TOWN OF STAR CITY

**Area:** 0.29 hectares (0.72 acres)

**Title Number(s):** 125192480

**Converted Title Number:** 00PA02311

**Parcel Class:** Parcel (Generic)

**Ownership Share:** 1:1

**Land Description:** Blk/Par T-Plan 101512954 Ext 44

**Source Quarter Section:** NE-12-45-17-2

**Commodity/Unit:** Not Applicable

# Appendix B - Non-disclosure agreement

**IN THE MATTER OF THE RECEIVERSHIP OF NABER SPECIALTY GRAINS LTD. AND MELFORT GRAIN TERMINAL LTD.**

**NON-DISCLOSURE AGREEMENT**

Confidentiality agreement dated August __, 2015 between Ernst & Young Inc. (the "Receiver"), in its capacity as Receiver of Naber Specialty Grains Ltd. and Melfort Grain Terminal Ltd. (the "Companies") and ____________________ (the "Counterparty") (collectively the "Parties" or individually a "Party"). Reference to a Party includes such Party's Representatives (as hereinafter defined) and "affiliates". For purposes of this Agreement, an entity is an "affiliate" of a Party if: (1) one of them is a subsidiary of the other; or (2) each of them is controlled by the same person.

The Counterparty is considering the acquisition of assets of the Companies or similar transaction (the "Transaction"). For purposes of evaluating the Transaction, the Counterparty has asked the Receiver to disclose information. This Agreement sets out the terms under which the Receiver is willing to disclose the information and the terms under which the Counterparty may receive and use the information.

**Section 1 - Non-Disclosure of Confidential Information**

1. The Counterparty and its directors, officers, employees, agents or advisors, including, accountants, counsel, lenders, consultants and financial advisors ("Representatives"), will keep confidential all information disclosed to the Counterparty relating to the Companies' business, operations, assets, liabilities, plans, prospects and affairs, regardless of whether such information is in oral, visual, electronic, written or other form and whether or not it is identified as "confidential", and including all notes, analyses, compilations, forecasts, data, studies, interpretations, or other documents prepared by, on behalf of or for the benefit of, the Counterparty that contain, reflect, summarize, analyze, discuss or review any of the foregoing ("Confidential Information"), will use the Confidential Information solely to evaluate the Transaction and not directly or indirectly for any other purpose and will not disclose such Confidential Information except as expressly permitted by this Agreement.
2. Confidential Information does not include any information that:
   a. is or becomes generally available to the public (other than as a result of disclosure directly or indirectly by the Counterparty);
   b. is or becomes available to the Counterparty on a non-confidential basis from a source other than the Receiver provided such source does not owe a duty of confidentiality to the Receiver or to any other person; or
   c. is or was independently acquired or developed by the Counterparty without use of any information disclosed by the Receiver.
3. The disclosure restrictions contained in this Agreement do not apply to any information that is required to be disclosed by law. However, prior to making such disclosure, the Counterparty must unless prohibited by law:
   a. immediately advise the Receiver of the requirement;

b. cooperate with the Receiver in limiting the extent of the disclosure; and
c. provide the Receiver with a reasonable opportunity to obtain a protective order or other remedy in order to preserve the confidentiality of the information required to be disclosed.

4. The Counterparty may disclose Confidential Information to its Representatives but only to the extent that such Representatives need to know the Confidential Information, have been informed of the confidential nature of the Confidential Information and agree to be bound by and act in accordance with the confidentiality provisions of this Agreement.
5. The Counterparty is responsible for any breach by its Representatives or affiliates of any of the provisions of this Agreement.
6. Each Party will immediately notify the other Party of any determination not to proceed with the Transaction. If such notice is given, or at any time upon the written request of the Receiver, the Counterparty will and will cause its Representatives to, immediately: (a) destroy or return to the Receiver all Confidential Information without retaining any copies; and (b) certify to the Receiver in writing that this 6 has been complied with. This Agreement will terminate three (3) years after the date upon which such notice is given.

**Section 2 - No Representation or Warranty**
The Receiver makes no representation or warranty, expressed or implied, as to the accuracy or completeness of the Confidential Information. The Receiver is not liable to the Counterparty or to any other person for any losses, liabilities, damages, claims, demands or expenses resulting from, connected with or arising out of the Counterparty's use of the Confidential Information. Nothing in this Agreement or in the disclosure of any Confidential Information confers any interest in the Confidential Information on the Counterparty.

**Section 3 - Remedies**
In the event of a breach of a Party's obligations under this Agreement, that Party must, immediately following discovery of the breach, give notice to the other Party of the nature of the breach. Any breach of this Agreement will give rise to irreparable injury to the Receiver inadequately compensable in damages. The Receiver may, in addition to any other remedy, enforce the performance of this Agreement by way of injunction or specific performance upon application to a court of competent jurisdiction without proof of actual damages (and without the requirement of posting a bond or other security) and the Counterparty agrees not to plead sufficiency of damages as a defence in any such proceeding. The rights and remedies provided in this Agreement are cumulative and are in addition to, and not in substitution for, any other rights and remedies available at law or equity.

**Section 4 - Other Covenants and Agreements**
1. The Parties share a common legal and commercial interest in all Confidential Information which is and remains subject to all applicable privileges, including solicitor-client privilege, anticipation of litigation privilege, work product privilege and privilege in respect of "without prejudice" communications. No waiver of any privilege is implied by the disclosure of Confidential Information to any person pursuant to the terms of this Agreement.

2. Unless otherwise agreed to by the Receiver in writing, all (i) communications regarding any possible Transaction, (ii) requests for additional information, (iii) requests for facility tours or management meetings, and (iv) discussions or questions regarding procedures, will be submitted or directed to Ernst & Young Inc. Accordingly, the Counterparty agrees not to directly or indirectly contact or communicate with any shareholder, director, officer (other than those members of senior management specifically designated), employee, customer, advertiser, supplier or creditor of the Companies or any of their affiliates, or any agent or representative of the foregoing, concerning the Transaction, or to seek any information in connection therewith from such person, with a prior request being made to the Receiver. Except as otherwise contemplated by this Agreement, the Counterparty also agrees not to discuss with or offer to any third party a right to participate in the Transaction or any other form of joint participation by the Counterparty and such third party without prior written consent similarly obtained from the Receiver.

**Section 5 - Miscellaneous**

1. Time is of the essence in this Agreement.
2. No waiver of any provision of this Agreement constitutes a waiver of any other provision.
3. This Agreement is binding on and enures to the benefit of the Parties and their respective successors and permitted assigns.
4. Neither this Agreement nor any of the rights or obligations under this Agreement, are assignable or transferable by a Party without the prior written consent of the other Party.
5. If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction from which no appeal exists or is taken, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.
6. This Agreement is governed by, interpreted and enforced in accordance with the laws of the Province of Saskatchewan and the federal laws of Canada applicable in the province.
7. It is understood and agreed that no failure or delay by the Receiver in exercising any right, power or privilege hereunder shall operate as a waiver hereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder.
8. Ernst & Young Inc. acts in its capacity as Receiver of the assets of Naber Specialty Grains Ltd. and Melfort Grain Terminal Ltd. as aforesaid and shall have no personal or corporate liability hereunder or from the Agreement contemplated hereby.
9. This Agreement may be executed in any number of counterparts (including by facsimile or .pdf) and all counterparts taken together constitute one and the same instrument.

[Remainder of page intentionally left blank]

**IN WITNESS WHEREOF** the Parties have executed this Agreement.

Ernst & Young Inc., Receiver of Naber Specialty Grains Ltd. and Melfort Grain Terminal Ltd.

By: ______________________________
Authorized Signing Officer

[NAME OF COUNTERPARTY]

By: ______________________________
Authorized Signing Officer

By: ______________________________
Authorized Signing Officer

Ernst & Young

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APPENDIX G

**IN THE MATTER OF THE RECEIVERSHIP OF NABER SPECIALTY GRAINS LTD.**

**STATEMENT OF RECEIPTS AND DISBURSEMENTS**

**For the period from June 18, 2015 to November 10, 2015**

| | CAD |
|---|---|
| **RECEIPTS** | |
| Sale of inventory | $ 216,904.79 |
| Pre-receivership bank account proceeds | 2,418.56 |
| GST refund | 54.62 |
| Miscellaneous other receipts | 3,081.50 |
| Refunds - miscellaneous | 165.00 |
| Interest earned | 67.15 |
| GST refund - pre-receivership | 2,562.35 |
| **Total receipts** | $ 225,253.97 |
| **DISBURSEMENTS** | |
| Filing fees | $ 70.00 |
| Insurance | 19,925.51 |
| Commissions payable on sale of inventory | 4,075.81 |
| Legal fees/disbursements | 4,871.46 |
| Advance to EYI, Receiver of Melfort Grain Terminal Ltd. | 500.00 |
| Bank charges | 30.00 |
| Payroll and related source deductions | 69,303.38 |
| Site operational expenses | 14,411.93 |
| **Total disbursements** | $ 113,188.09 |
| **Excess of receipts over disbursements before distributions** | **$ 112,065.88** |

**IN THE MATTER OF THE RECEIVERSHIP OF MELFORT GRAIN TERMINAL LTD.**

**STATEMENT OF RECEIPTS AND DISBURSEMENTS**

**For the period from June 18, 2015 to November 10, 2015**

| | | CAD |
|---|---|---|
| **RECEIPTS** | | |
| Advance from EYI, Receiver of Naber Specialty Grains Ltd. | $ | 500.00 |
| Interest earned | | 0.49 |
| Other | | - |
| **Total receipts** | $ | 500.49 |
| **DISBURSEMENTS** | | |
| Filing fees | $ | 70.00 |
| Other | | - |
| **Total disbursements** | $ | 70.00 |
| **Excess of receipts over disbursements before distributions** | **$** | **430.49** |