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JUDICIAL CENTRE OF CALGARY
FILED
Aug 8 2022
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by Email
CLERK OF THE COURT

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Aug 8 2022

COURT FILE NUMBER	2201-08920
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE OF	CALGARY
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, as amended
	AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NORTH AMERICAN LAMB COMPANY LTD., CANADA SHEEP AND LAMB FARMS LTD., CANADA SHEEP HOLDINGS LTD., LAMB CLUB MARKETING LIMITED, CANADA LAMB GROWERS LTD., CANADA LAMB PROCESSORS LTD. and CANINE FARE LTD.
DOCUMENT	**AFFIDAVIT**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT:	**MLT AIKINS LLP** Barristers and Solicitors 2100, 222 – 3rd Avenue S.W. Calgary, Alberta T2P 0B4 Telephone: 306.975.7136/403.693.5420 Fax No.: 403.508.4349 Attention: Jeffrey M. Lee, Q.C./Ryan Zahara File No.: 0055722.00014

AFFIDAVIT OF GARY ALEXANDER

Sworn on August 4, 2022

I, Gary Alexander, of the City of Gisborne, New Zealand, MAKE OATH AND SAY THAT:

1. I am a director of the Applicant, Fresh Canada Meats Ltd. ("**FCM**"), a creditor of North American Lamb Company Ltd. ("**NALCO**") and its subsidiaries, Canada Sheep and Lamb Farms Ltd., Canada Sheep Holdings Ltd., Lamb Club Marketing Limited, Canada Lamb Growers Ltd., Canada Lamb Processors Ltd. and Canine Fare Ltd. (collectively, the "**Subsidiaries**" and together with NALCO, the "**NALCO Group**"), such that I have personal knowledge of the facts and matters hereinafter deposed to, except where stated to be sworn based upon information and belief, and where so stated, I verily believe the same to be true.

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Purpose and Background

2. This Affidavit is sworn in support of an application by FCM for certain relief under the *Companies' Creditors Arrangement Act* (the "**CCAA**") in respect of the NALCO Group, including the granting of a stay of proceedings by this Honourable Court to facilitate the orderly restructuring and/or wind down of the NALCO Group in a manner that will preserve and enhance the value of its assets for the benefit of its stakeholders.

3. As ancillary relief, FCM will also be seeking, among other things, the appointment by this Honourable Court of Ernst & Young Inc. ("**EYI**") as monitor within the proposed CCAA proceedings in respect of the NALCO Group (the "**Monitor**"), an Order granting enhanced powers to the Monitor and an Order authorizing the establishment of a Key Employee Incentive Plan (the "**KEIP**") in regard to certain key senior employees of the NALCO Group.

4. As a result of the circumstances of the NALCO Group described below, FCM seeks the proposed relief under the CCAA in respect of the NALCO Group in order to provide the NALCO Group and its business with stability, cash flow relief and the opportunity to develop and implement plans to restructure and/or implement an orderly wind down of its business operations (in whole or in part), in order to enhance and maintain the value of its assets.

History and Corporate Organization

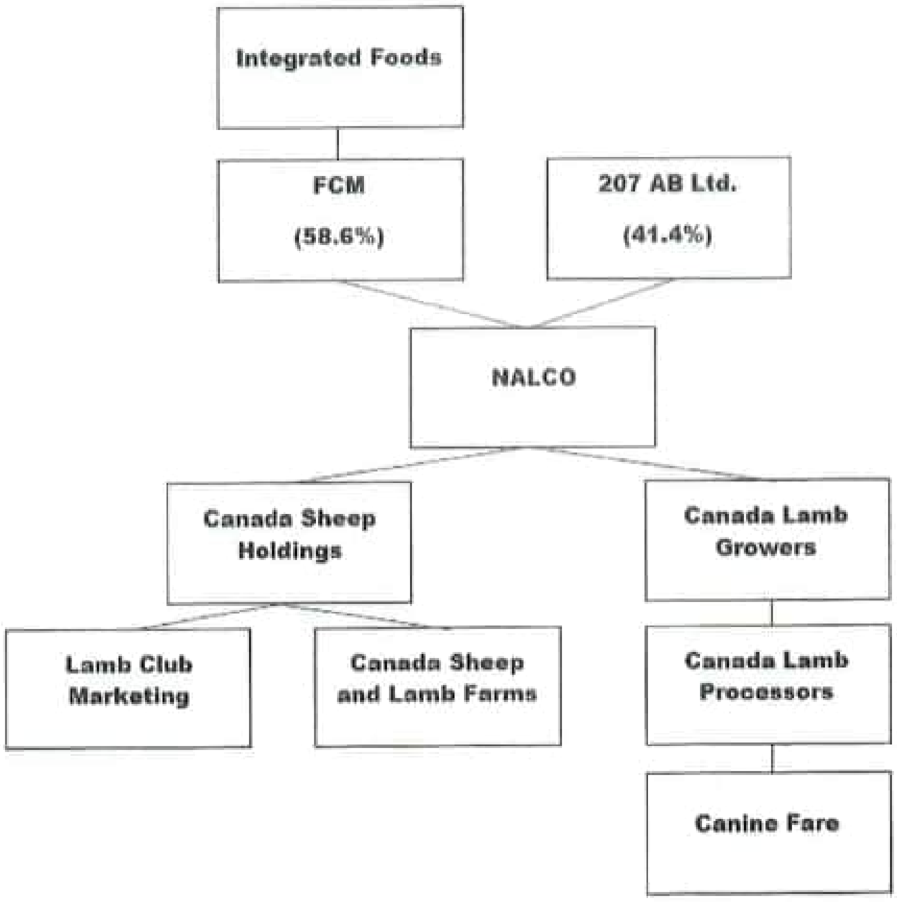
5. The NALCO Group was formed in the summer of 2018 as a result of a merger in which the shares in two established lamb production and marketing groups, Canada Sheep Holdings Ltd. ("**Canada Sheep Holdings**") and Canada Beef Gold Inc. ("**Canada Gold**"), were transferred to NALCO by NALCO's shareholders, FCM and 2079468 Alberta Ltd. ("**207 AB Ltd**"). Prior to the merger, Canada Sheep Holdings primarily operated as a lamb producer in Manitoba, while 207 AB Ltd. operated a lamb feedlot and a lamb processing facility in Alberta.

6. At the time of the merger, the sole shareholder of Canada Sheep Holdings was FCM. FCM is a wholly owned subsidiary of Integrated Foods Groups Ltd. ("**Integrated Foods**"),

a well-established lamb farming, processing and marketing company headquartered in New Zealand. Canada Sheep Holdings was operated through two subsidiary corporations: Lamb Club Marketing Limited (**"Lamb Club Marketing"**) and Canada Sheep and Lamb Farms Ltd. (**"Canada Sheep and Lamb Farms"**).

7. The sole shareholder of Canada Gold at the time of the merger was 207 AB Ltd. The shareholders of 207 AB Ltd. consist primarily of ranchers and feedlot operators in Southern Alberta. Canada Gold's lamb operation was previously operated through its subsidiary, Sungold Specialty Meats Ltd. (**"Sungold Specialty Meats"**), and Sungold Specialty Meats' subsidiary, Canine Fare Ltd. (**"Canine Fare"**). Following the merger, Canada Gold changed its name to Canada Lamb Growers Ltd. (**"Canada Lamb Growers"**) and Sungold Specialty Meats changed its name to Canada Lamb Processors Ltd. (**"Canada Lamb Processors"**).

8. FCM owns 58.6% of the shares in NALCO and 207 AB Ltd. owns 41.4% of the shares in NALCO. NALCO owns all of the shares in Canada Sheep Holdings, which in turn owns all of the shares in Lamb Club Marketing and 87.8% of the shares of Canada Sheep and Lamb Farms. NALCO owns all of the shares in Canada Lamb Growers, which in turn owns all of the shares in Canada Lamb Processors, which owns all of the shares in Canine Fare. Accordingly, the corporate structure of the NALCO Group is as follows:



9. Copies of Corporate Profile Reports for each of the seven corporations within the NALCO Group are attached and marked collectively as **Exhibit "A"** to this Affidavit.

<u>Business Operations Carried On By The NALCO Group In Alberta And Manitoba</u>

10. The NALCO Group carries on its business operations at six separate facilities in Alberta and Manitoba. The NALCO Group's operations are vertically integrated, including accelerated sheep breeding facilities, lamb growing facilities, a lamb feedlot, and a lamb processing plant. The sheep farming operation of the business of the NALCO Group is unique in that it operates on a year-round basis, producing lambs each week at

commercial scale in what is very much typically a seasonal, small scale industry.

11. The NALCO Group's four sheep breeding facilities are located at Lundar, Manitoba; Sarto, Manitoba; Rockwood, Manitoba and Iron Springs, Alberta. NALCO Group's sheep breeding facilities house approximately 25,000 breeding ewes, which have the capacity of lambing in excess of 70,000 lambs per year. The lambs are born and weaned at eight weeks of age at the four breeding facilities. Thereafter, the Manitoba produced lambs are transported to NALCO Group's feeding and lamb growing facility at Stony Mountain, Manitoba where they are grown for six weeks. The Alberta born lambs are weaned directly into the growing phase of the facility at Iron Springs.

12. After completion of the six-week growing phase, all Manitoba lambs not selected as replacement ewes are transported from the Stony Mountain lamb growing facility to the NALCO Group's feedlot located in Iron Springs, Alberta (the **"Iron Springs Finishing Unit"**). In the current configuration, the Iron Springs Finishing Unit has a capacity to finish to slaughter specification approximately 80,000 lambs annually. If required, the finishing unit has sourced external lambs from independent lamb producers throughout Western Canada. NALCO Group's Iron Springs facility also houses a sheep breeding facility (the **"Iron Springs Breeding Unit"**), one of the four breeding facilities in the NALCO Group business enterprise.

13. When the lambs at the Iron Springs Finishing Unit reach the critical weight and specification, they are transported to the NALCO Group's meat processing facility in Innisfall, Alberta (the "**Innisfall Plant**"). The lambs are slaughtered, cut and packaged for delivery to customers from the Innisfail Plant. The Innisfail Plant processes the lambs received from the Iron Springs Finishing Unit and from private producers throughout Western Canada, in particular committed producers who contract lambs they produce outside of the normal lamb production season. The Innisfail Plant is the largest federally inspected lamb processing facility in Canada and the only federal lamb processor west of Ontario. Federal certification allows the sale of lamb product to customers in any province as well as the ability to export products to customers outside of Canada.

Financial Statements And Cash Flow

14. The financial year for the NALCO Group runs from October 1 to September 30 of the following year.

15. Attached and marked collectively as **Exhibit "B"** to this Affidavit are true copies of the following financial statements for the NALCO Group prepared during the immediately preceding twelve months:

a) Consolidated financial statements of North American Lamb Company Ltd. for the fiscal year ended September 30, 2021;

b) Non-Consolidated financial statements of North American Lamb Company Ltd. for the fiscal year ended September 30, 2021;

c) Financial statements of Lamb Club Marketing Limited for the fiscal year ended September 30, 2021;

d) Financial statements of Canine Fare Ltd. for the fiscal year ended September 30, 2021;

e) Financial statements of Canada Sheep Holdings Ltd. for the fiscal year ended September 30, 2021;

f) Financial statements of Canada Sheep & Lamb Farms Ltd. for the fiscal year ended September 30, 2021;

g) Financial statements of Canada Lamb Processors Ltd. for the fiscal year ended September 30, 2021; and

h) Financial statements of Canada Lamb Growers Ltd. for the fiscal year ended September 30, 2021.

16. As is evident from a review of its Consolidated Financial Statements for its fiscal year ended September 30, 2021, during that fiscal year, the NALCO Group suffered a Net Loss of $8,532,131 (as compared to a Net Loss of $9,312,733 during its fiscal year ended September 30, 2020).

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17. The NALCO Group, by its interim manager, FCM, with the assistance of EYI as proposed monitor, has prepared two-week cashflow projections as required by the CCAA (the "**Cash Flow Forecast**"). EYI has reviewed the Cash Flow Forecast and a copy of the Cash Flow Forecast is attached and marked as **Exhibit "C"** to this Affidavit. The Cash Flow Forecast demonstrates that the NALCO Group has the resources required to continue day to day operations during the proposed initial ten-day stay period. However, the NALCO Group anticipates that it will require interim financing in the amount of up to $1,000,000 over the next two weeks in order to fund the payment of insurance premiums for its business operations, to provide sufficient liquidity to address contingencies and to fund the payment of professional fees associated with these proposed proceedings under the CCAA. Further information regarding the proposed terms of interim financing will be addressed in either a Supplementary Affidavit or the Pre-Filing Report of the Proposed Monitor.

18. FCM anticipates that EYI as Monitor will provide oversight and assistance and will report to the Court in respect of FCM's actual results relative to the Cash Flow Forecast during this proceeding. Further, given the resignation of the directors of the NALCO Group, FCM is requesting that the Monitor be granted enhanced powers by the Court and be authorized to exercise many of the powers that would traditionally be exercised by the board of directors of the NALCO Group.

Assets of The NALCO Group

19. The NALCO Group's assets primarily comprise its livestock inventory, land and buildings, machinery and equipment and accounts receivable.

20. As at July 16, 2022, the NALCO Group's livestock inventory comprised approximately 56,203 head located in Alberta and Manitoba, including:

  a) a breeding flock of approximately 41,396 animals (including 23,750 breeding ewes, 6,562 replacement ewe lambs, 10,282 trade lambs and 802 rams); and

  b) approximately 14,807 finishing lambs located at the Iron Springs Finishing Unit.

21. The land and buildings owned by the NALCO Group comprise the following seven facilities:

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a) Innisfail Plant - a meat processing plant located on 10.67 acres of land in Innisfail, Alberta bearing the civic address of 4312 – 51st Street, Innisfail, Alberta. The Innisfail Plant is Canada's largest federally inspected lamb processing plant. It is a HACCP-certified, Halal-certified, full-service lamb, mutton, and goat processing plant that has operated for approximately 45 years under a number of names, including the "SunGold Meats" brand;

b) Iron Springs Finishing Unit – a lamb feed lot on 110 acres of land located on SW 36-11- 20 W4 in the vicinity of Iron Springs, Alberta comprising a machine shop, livestock handling barn, office building, pump house and electrical house;

c) Iron Springs Breeding Unit – an integrated breeding unit built new in 2020 comprising a 31,440 square foot Lambing Barn, a 16,590 square foot Lactation 1 Barn, a 37,800 square foot Lactation 2 and Pre Lamb Barn, a Feeding Building, a Nursery and related buildings;

d) Sarto, Manitoba Farm – a lamb farm on 198 acres located on NW 21-6-E1 in the vicinity of Sarto, Manitoba comprising a 34,632 square foot Lambing Barn, a 20,000 square foot Feeder Barn, Feeding Corrals and additional barns, shop and related buildings;

e) Lundar, Manitoba Farm – a lamb farm on 230 acres located on NW 14-19-5 W1 in the vicinity of Lundar, Manitoba comprising a Lambing Barn, Feeder Barn and Feed Tanks;

f) Rosser, Manitoba (Stony Mountain) Farm – a lamb farm on 80 acres located on SW 27-12-2 E1 in the vicinity of Rosser, Manitoba comprising a Commodity Shed, 11 Feeder Buildings, an Insulated Sorting Barn, a Feeder Barn, Bins and Hoppers; and

g) Rockwood Farm – a lamb farm on 156 acres located on SE 5-13-3 E1 in the vicinity of Winnipeg, Manitoba comprising a Lambing Barn, Lactation 1 Barn, Two Nurseries, Pre-Lambing Barn and various electrical and ancillary buildings.

22. The NALCO Group's machinery and equipment comprises approximately 33 items of farm

equipment located at its facilities in Iron Springs, Alberta and Lundar, Sarto, Stony Mountain and Rockwood, Manitoba, including various trucks, loaders, skid steers, trailers, harrows, mixer wagons and bale processors.

23. As at September 30, 2021, the NALCO Group's accounts receivable amounted to $2,460,878. The NALCO Group's largest customers for its products are Sobeys, SaveOnFoods, Safeway, Co-op, Overwaitea Foods, Thrifty foods, Metro, Farm Boy, Foodland, Freson Bros. and Sunterra Market.

Secured Creditors of The NALCO Group

24. The primary secured creditors of the NALCO Group are The Bank of Nova Scotia ("**BNS**" or the "**Bank**"), its operating lender and Farm Credit Canada ("**FCC**"), its term debt lender.

25. As at July 22, 2022, the NALCO Group was indebted to BNS in the amount of $14,491,144.98 (the "**BNS Indebtedness**").

26. BNS holds security for the BNS Indebtedness in the form of the following 43 items (collectively, the "**BNS Security**"), namely:

i. Guarantee between the Bank and North American Lamb Company Ltd. dated October 5, 2018;

ii. General Security Agreement between the Bank and North American Lamb Company Ltd. dated October 5, 2018 (the "**NALCO GSA**");

iii. Demand Debenture between the Bank and North American Lamb Company Ltd. dated October 5, 2018;

iv. Debenture Pledge Agreement between the Bank and North American Lamb Company Ltd. dated October 5, 2018;

v. Security Agreement under Section 427 of the Bank Act between the Bank and North American Lamb Company Ltd. dated November 14, 2018;

vi. Guarantee between the Bank and Canada Sheep and Lamb Farms Ltd. dated October 5, 2018;

vii. General Security Agreement between the Bank and Canada Sheep and Lamb Farms Ltd. dated October 5, 2018 (the "**Canada Sheep and Lamb Farms GSA**");

viii. Demand Debenture between the Bank and Canada Sheep and Lamb Farms Ltd. dated October 5, 2018;

ix. Debenture Pledge Agreement between the Bank and Canada Sheep and Lamb Farms Ltd. dated October 5, 2018;

x. Security Agreement under Section 427 of the Bank Act between the Bank and Canada Sheep and Lamb Farms Ltd. dated November 14, 2018;

xi. Mortgage between the Bank and Canada Sheep and Lamb Farms Ltd. in the amount of $30,000,000 dated November 1, 2018;

xii. Mortgage between the Bank and Canada Sheep and Lamb Farms Ltd. in the amount of $30,000,000 dated November 1, 2018;

xiii. Guarantee between the Bank and SunGold Specialty Meats Ltd. dated October 5, 2018;

xiv. General Security Agreement between the Bank and SunGold Specialty Meats Ltd. dated October 5, 2018 (the "**SunGold Specialty Meats Ltd. GSA**");

xv. Demand Debenture between the Bank and SunGold Specialty Meats Ltd. dated October 5, 2018;

xvi. Debenture Pledge Agreement between the Bank and SunGold Specialty Meats Ltd. dated October 5, 2018;

xvii. Security Agreement under Section 427 of the Bank Act between the Bank and SunGold Specialty Meats Ltd. dated November 14, 2018;

xviii. Guarantee between the Bank and Canada Gold Beef Inc. dated October 5, 2018;

xix. General Security Agreement between the Bank and Canada Gold Beef Inc. dated October 5, 2018 (the "**Canada Gold Beef Inc. GSA**");

xx. Demand Debenture between the Bank and Canada Gold Beef Inc. dated October 5, 2018;

xxi. Debenture Pledge Agreement between the Bank and Canada Gold Beef Inc. dated October 5, 2018;

xxii. Security Agreement under Section 427 of the Bank Act between the Bank and Canada Gold Beef Inc. dated November 14, 2018;

xxiii. Mortgage between the Bank and Canada Gold Beef Inc. in the amount of $30,000,000 dated October 5, 2018;

xxiv. Guarantee between the Bank and 2079468 Alberta Ltd. dated October 5, 2018;

xxv. General Security Agreement between the Bank and 2079648 Alberta Ltd. dated October 5, 2018;

xxvi. Demand Debenture between the Bank and 2079468 Alberta Ltd. dated October 5, 2018;

xxvii. Debenture Pledge Agreement between the Bank and 2079468 Alberta Ltd. dated October 5, 2018;

xxviii. Security Agreement under Section 427 of the Bank Act between the Bank and 2079468 Alberta Ltd. dated November 14, 2018;

xxix. Guarantee between the Bank and Fresh Canada Meats Ltd. dated October 5, 2018;

xxx. General Security Agreement between the Bank and Fresh Canada Meats Ltd. dated October 5, 2018;

xxxi. Demand Debenture between the Bank and Fresh Canada Meats Ltd. dated October 5, 2018;

xxxii. Debenture Pledge Agreement between the Bank and Fresh Canada Meats Ltd. dated October 5, 2018;

xxxiii. Security Agreement under Section 427 of the Bank Act between the Bank and Fresh Canada Meats Ltd. dated November 14, 2018;

xxxiv. Guarantee between the Bank and Canada Sheep Holdings Ltd. dated October 5, 2018;

xxxv. General Security Agreement between the Bank and Canada Sheep Holdings Ltd. dated October 5, 2018 (the "**Canada Sheep Holdings GSA**");

xxxvi. Demand Debenture between the Bank and Canada Sheep Holdings Ltd. dated October 5, 2018;

xxxvii. Debenture Pledge Agreement between the Bank and Canada Sheep Holdings Ltd. dated October 5, 2018;

xxxviii. Security Agreement under Section 427 of the Bank Act between the Bank and Canada Sheep Holdings Ltd. dated November 14, 2018;

xxxix. Guarantee between the Bank and Lamb Club Marketing Limited dated October 5, 2018;

xl. General Security Agreement between the Bank and Lamb Club Marketing Limited dated October 5, 2018 (the "**Lamb Club Marketing GSA**");

xli. Demand Debenture between the Bank and Lamb Club Marketing Limited dated October 5, 2018;

xlii. Debenture Pledge Agreement between the Bank and Lamb Club Marketing Limited dated October 5, 2018; and xliii. Security Agreement under Section 427 of the Bank Act between the Bank and Lamb Club Marketing Limited dated November 14, 2018.

27. Now shown to me and marked collectively as **Exhibit "D"** to this Affidavit are true copies of the 43 items comprising the BNS Security. Due to the voluminous nature of the 43 items comprising the BNS Security, I have only attached to this Affidavit (as selected portions of Exhibit "D") true copies of the following six of the 43 items comprising the BNS Security, namely:

a) the NALCO GSA;

b) the Canada Sheep and Lamb Farms GSA;

c) the SunGold Specialty Meats Ltd. GSA;

d) the Canada Gold Beef Inc. GSA;

e) the Canada Sheep Holdings GSA; and

f) the Lamb Club Marketing GSA.

28. Owing to their voluminous nature, I have not attached to this Affidavit true copies of those additional 37 items comprising the BNS Security. However, those additional 37 items comprising the BNS Security are available for inspection and will be produced by me upon request to MLT Aikins LLP, counsel to FCM.

29. As at July 19, 2022, the NALCO Group was indebted to FCC in the amount of $24,103,728.22 (the "**FCC Indebtedness**").

30. FCC holds security for the FCC Indebtedness in the form of the following ten items (collectively, the "**FCC Security**"), namely:

a) Security Agreement dated November 1, 2018 granted in favour of FCC by Canada Sheep and Lamb Farms;

b) Security Agreement on Specific Personal Property dated October 5, 2018 granted in favour of FCC by SunGold Specialty Meats Ltd.;

c) Security Agreement dated October 5, 2018 granted in favour of FCC by NALCO;

d) Security Agreement dated October 5, 2018 granted in favour of FCC by Canada Sheep Holdings;

e) General Security Agreement dated July 9, 2018 granted in favour of FCC by SunGold Specialty Meats Ltd.;

f) General Security Agreement dated October 5, 2018 granted in favour of FCC by Canada Gold Beef Inc.;

g) Mortgage # 5016332;

h) Mortgage # 5017388;

i) Mortgage # 182 261 492; and

j) Mortgage # 181 225 030.

31. Attached and marked collectively as **Exhibit "E"** to this Affidavit are true copies of the ten items comprising the FCC Security.

32. Attached and marked collectively as **Exhibit "F"** to this Affidavit are true copies of Alberta Personal Property Registry Search Results for NALCO Group.

33. Attached and marked collectively as **Exhibit "G"** to this Affidavit are true copies of Manitoba Personal Property Registry Search Results for NALCO Group.

Unsecured Creditors of The NALCO Group

34. The NALCO Group owes an unsecured debt of $10,136,353.00 to FCM. FCM is the largest unsecured creditor of the NALCO Group.

35. Over the past eighteen months, FCM has made a series of unsecured advances to the NALCO Group totaling (in the aggregate) $10,136,353.00 in order to provide the NALCO

Group with the liquidity required to fund its operations and to enable the NALCO Group to maintain compliance with its solvency covenants with BNS.

36. The schedule of unsecured advances made by FCM to the NALCO Group has been as follows:

Date	Advances	Int & Others	Running Total
30-Sep-20		136,353	136,353
13-Jul-21	1,000,000		1,136,353
8-Sep-21	3,000,000		4,136,353
30-Sep-21		4,736	4,136,353
18-Oct-21	1,500,000		5,636,353
26-Nov-21	1,500,000		7,136,353
21-Dec-21	1,500,000		8,636,353
1-Apr-22	1,500,000		10,136,353
		Advance Balance	**10,136,353**

37. In addition to FCM, the NALCO Group has additional unsecured creditors to whom it owes accounts payable. As at September 30, 2021, the NALCO Group owed accounts payable totaling $4,972,627.

Economic Contributions of NALCO to the Economies of Alberta and Manitoba

38. The NALCO Group employs approximately 160 employees. The NALCO Group was originally projected to pay approximately $7,000,000.00 in salaries and wages in 2022.

39. The NALCO Group is the largest lamb producer and processor in Canada. As the largest lamb processor in Canada, a number of lamb producers throughout Western Canada are contracted to and rely on the NALCO Group to purchase their lambs. If the NALCO Group's operations immediately ceased, these lamb producers in Western Canada would be required to find an alternative processor for their lambs, which may be challenging. With a very limited number of options available to such lamb producers, widespread negative impact to the Canadian lamb market would very likely result.

40. The NALCO Group supplies a significant portion of Canadian lamb products to a number

of Canada's largest grocery retailers, including (among other grocery retailers) Sobeys, SaveOnFoods, Safeway, Co-op, and Metro. The NALCO Group also supplies lamb to a number of independent grocers. Given the size of the NALCO Group, it is likely that the grocery retailers supplied by the NALCO Group would face difficulties procuring Canadian lamb if the operations of the NALCO Group ceased abruptly.

Events of 2022 Leading To The Financial Difficulties of The NALCO Group

41. The NALCO Group has incurred ongoing operating losses since its establishment in 2018. Since inception, the NALCO Group has been financially supported by approved share capital raises and unsecured shareholder loans advanced to the NALCO Group primarily by FCM, other than a very minor contribution by 207 AB Ltd.

42. During the most recent fiscal year of the NALCO Group commencing October 1, 2021, the relationship between the two shareholders of the NALCO Group (FCM and 207 AB Ltd.) has become somewhat strained which has caused the governance and operation of the board of directors of the NALCO Group (of which I was a member) to become deadlocked and dysfunctional.

43. I served as a director and Chief Executive Officer of NALCO from 2018 to June 15, 2022. During most of this time, the board of directors of NALCO was chaired by me and was comprised of two representatives of FCM (of whom I was one) and two representatives of 207 AB Ltd. The situation in the past few months frequently resulted in a deadlocked board unable to make decisions or conduct business.

44. By May of 2022, the NALCO Group had run out of operating funds required to meet all of its ongoing obligations. It became necessary for the NALCO Group to delay making certain payments to non-essential creditors in order to conserve the cash required to ensure critical payments for payment of wages and purchase of feed for its livestock. By May of 2022, the NALCO group faced a severe liquidity challenge.

45. On May 26, 2022, as CEO of the NALCO Group, I sent a letter to BNS and FCC informing them of the severe liquidity challenge faced by the NALCO Group and seeking their input on potential solutions.

46. On June 6, 2022, BNS sent a Default and Continuance Letter (the "**Default Letter**") to the NALCO Group. The Default Letter informed the NALCO Group of particulars of its default on its obligations to BNS and required that the various Borrowers within the NALCO Group and various Guarantors (including FCM and 207 AB Ltd.) countersign and return the Default Letter to BNS.

47. On June 14, 2022, as Chair of the board of directors of NALCO, I prepared and circulated a resolution of the directors of NALCO which authorized a representative of NALCO to (among other things) consult with Craig McMahon of the law firm of North & Company, legal counsel to NALCO; countersign the Default Letter on behalf of NALCO and authorize NALCO's legal counsel to communicate with legal counsel to BNS and to negotiate a Consent Receivership Order (the "**NALCO Directors' Resolution**").

48. On June 15, 2022, Mr. McMahon (legal counsel to NALCO) communicated to MLT Aikins LLP (legal counsel to FCM):

a) that Mr. McMahon had received a copy of the NALCO Directors' Resolution from Bennett Jones LLP, legal counsel to 207 AB Ltd., which was signed by Dwayne Beaton and Glenn Mackey (directors of NALCO appointed by 207 AB Ltd.); and

b) that the NALCO Directors' Resolution signed by Messrs. Beaton and Mackey had been provided to Mr. McMahon by Bennett Jones under trust conditions that it not be released until Mr. McMahon had obtained my written resignation and the resignation of Alan Haronga (another NALCO director appointed by FCM) from all positions as director or officer of NALCO and all of its subsidiaries.

49. Upon learning of this development, I submitted my written resignation as director and officer of NALCO and all of its subsidiaries on June 15, 2022. Mr. Haronga did the same. As a result, Dwayne Beaton and Glen Mackey (nominees of 207 AB Ltd.) remained as the sole two directors of NALCO and its subsidiaries.

50. On June 24, 2022, with no advance notice to FCM, Bennett Jones (counsel to 207 AB Ltd.) sent e-mail correspondence indicating the intention of Messrs. Beaton and Mackey

(the sole remaining directors of NALCO) to resign, effective as of June 27, 2022.

51. These unexpected resignations of Messrs. Beaton and Mackey left NALCO without directors. The resulting void in NALCO management resulted in stakeholders of NALCO (including BNS and FCM) expressing their concerns that NALCO lacked executive leadership and was rudderless.

52. As a result, Alan Haronga agreed to be re-elected to the board of directors of NALCO. He was re-elected as the sole director of NALCO by means of a resolution of the shareholders of NALCO signed by each of FCM and 207 AB Ltd. effective as of the 30th day of June, 2022.

53. By means of an Interim Management Services Agreement between FCM and NALCO dated July 5, 2022 (the "**Interim Management Agreement**"), FCM agreed to provide management services to NALCO for the period of July 5 to July 19, 2022. The Interim Management Agreement was subsequently amended by agreement between FCM and NALCO to extend its term from July 19 to July 29, 2022. A further agreement between FCM and NALCO to extend its term from July 29 to August 9, 2022 or the date of a CCAA Initial Order (whichever shall first occur) has been proposed and is expected to be implemented shortly. Attached and marked collectively as **Exhibit "H"** to this Affidavit are true copies of the Interim Management Agreement and the first Amending Agreement described in this paragraph.

54. On or about July 22, 2022, BNS served NALCO, Canada Sheep and Lamb Farms, Canada Lamb Growers, and Canada Lamb Processors with demands for payment of the indebtedness owed by each of those corporations to BNS (the "**BNS Demands**"). Each of the BNS Demands included both a Notice of Intent by Secured Creditor under section 21 of the *Farm Debt Mediation Act*, SC 1997, c 21 ("**FDMA**") and a Notice of Intention to Enforce Security under section 244 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 ("**BIA**"). True copies of the BNS Demands are attached and marked collectively as **Exhibit "I"** to this Affidavit.

55. At the same time that BNS served the BNS Demands, BNS served Lamb Club Marketing and Canada Sheep Holdings with demands for payment of the indebtedness that Lamb Club Marketing and Canada Sheep Holdings guaranteed (the "**BNS Guarantee**

Demands"). The BNS Guarantee Demands included a Notice of Intent by Secured Creditor under section 21 of the FDMA and a Notice of Intention to Enforce Security under section 244 of the BIA. True copies of the BNS Guarantee Demands are attached and marked collectively as **Exhibit "J"** to this Affidavit.

56. On or about July 22, 2022, FCC served NALCO, Canada Lamb Processors, Canada Sheep and Lamb Farms, and Canada Lamb Growers with Demands for payment of the indebtedness owed by each of those corporations to FCC (the **"FCC Demands"**). Each of the FCC Demands included a Notice of Intent by Secured Creditor under section 21 of the FDMA and a Notice of Intention to Enforce Security under section 244 of the BIA. True copies of the FCC Demands are attached and marked collectively as **Exhibit "K"** to this Affidavit.

57. Given the liquidity challenges faced by the NALCO Group, feeding and maintaining the existing sheep flock of approximately 56,000 head currently owned by the NALCO Group beyond the remaining weeks of this summer would prove to be extremely difficult. A considerable amount of additional feed expenditure would be required once existing feed supplies on hand are utilized. As a result, the NALCO Group is considering all options to deal with the challenge of feeding the livestock, including a potential bulk sale of the flock.

58. The situation is time-sensitive and an early solution needs to be identified in order to avoid a situation developing in which the health and welfare of livestock is put at risk. The proposed Monitor, EYI, has received communications from a potential purchaser who may be interested in a bulk purchase of the NALCO Group flock. Because FCM may conceivably be interested in submitting offers to purchase certain of the assets of the NALCO Group within these CCAA proceedings, FCM (as interim manager of the NALCO Group) has referred communications from the potential purchaser to the proposed Monitor, EYI, and FCM has excluded itself from discussions or negotiations with the potential purchaser regarding a potential bulk sale of the NALCO Group flock.

Key Employee Incentive Plan

59. In consultation with the management of the NALCO Group, FCM has developed a proposed Key Employee Incentive Plan (the "**KEIP**") for retaining a group of employees and management personnel of the NALCO Group that have been identified as critical to

Ja.

the continued operation of the NALCO Group during its restructuring or orderly wind down (the "**Key Employees**").The continued retention of the Key Employees is necessary to ensure, among other things, that the ewes and lambs in possession of the NALCO Group are properly cared for during these proceedings and that the NALCO Group does not face animal welfare challenges. The Key Employees possess the knowledge, experience, and skill that is necessary in order to maintain the NALCO Group's operations and to maintain the health of the ewes and lambs during the restructuring.

60. The KEIP is designed to provide the Key Employees with incentives to maintain their employment with the NALCO Group during these CCAA proceedings. The proposed structure of the KEIP is as follows:

(a) The Key Employees will receive a retention payment in an aggregate amount of up to $500,000, which amount will include amounts which the Monitor will have the discretion to allocate for incentive or retention bonuses for employees that it determines are necessary for the NALCO Group's continued operation during the restructuring ("**Additional Key Employees**");

(b) The Monitor will have the discretion to substitute an employee for a Key Employee if a Key Employee resigns or is terminated prior to payments becoming due under the KEIP ("**Substitute Key Employees**");

(c) The proposed interim financing lender has been provided or will be provided with notice of each of the employees receiving a payment under the KEIP and will, in the case of Additional Key Employees and Substitute Key Employees, be required to consent to such payments prior to payment being made; and

(d) Payment will become due on the earlier of (i) the implementation of a Plan of Arrangement or Compromise, (ii) the conversion of the CCAA proceedings to a different restructuring process, (iii) the completion of any realization process through the CCAA for substantially all of the NALCO Group's business; or December 23, 2022 (whichever shall first occur).

61. A copy of the KEIP is marked as **Confidential Exhibit "A** to this Affidavit (which the

Applicant will seek to file with the Court under seal). The names of the Employees in Exhibit "L" are private and confidential, because disclosure of their names would be detrimental to the NALCO Group and its ability to successfully restructure, as well as to the interests of the Key Employees.

Need For Administrative Charge

62. In order for the NALCO Group to be able to develop and implement plans to restructure, to sell assets, to attract investment or to carry out an orderly wind down, it will be necessary for the NALCO Group to receive the benefit of professional services from legal counsel and a court-appointed monitor. In that regard, FCM has engaged the law firm of MLT Aikins LLP to prepare for and commence these proceedings on behalf of FCM for relief under the CCAA in respect of the NALCO Group. Further, FCM has engaged the firm of Ernst & Young Inc. ("**EYI**") to assist FCM in preparing the KEIP in regard to NALCO, to assist in in preparing the Cash Flow Forecast and to act as the Monitor in respect of these proceedings.

63. The professional services of MLT Aikins LLP and EYI described in the immediately preceding paragraph are for the benefit of the NALCO Group and are intended to be paid for by the NALCO Group. As is standard practice in matters of this nature, in order to be in a position to provide professional services to an insolvent business enterprise on credit, MLT Aikins LLP and EYI require the benefit of a court-ordered administrative charge in their favour on the assets of the NALCO Group in the amount of $700,000 (the "**Administrative Charge**") in order to secure the payment of their professional fees. Without the benefit of such an Administrative Charge in their favour, MLT Aikins and EYI will be unable to provide their professional services and the NALCO Group will be unable to proceed toward restructuring and/or implementing an orderly wind down of its business and financial affairs.

Need For CCAA Protection & Enhanced Monitor

64. The sole remaining director of the NALCO Group, Alan Haronga, has given notice of his intention to resign as director the day before the hearing of this application for relief under the CCAA. Accordingly, by the time that this application is heard, the NALCO Group will

be without any remaining directors.

65. In order to address the governance void created by the resignation of all of directors of the NALCO Group, and in order to provide the NALCO Group with the required oversight and guidance of its business and financial affairs and restructuring efforts, FCM will request that the Court grant enhanced powers to EYI, the proposed Monitor, in order to allow the Monitor to carry out many of the functions, duties and powers that would normally be carried out by the directors of NALCO (in the form of the Draft Initial Order filed in support of this application).

66. As the largest unsecured creditor of the NALCO Group, FCM seeks a stay of proceedings in respect of the NALCO Group under the CCAA in order to provide the NALCO Group with stability, cash flow relief and an opportunity to focus its attention on developing and implementing a plan to restructure and/or implement an orderly wind down of its business and financial affairs, in order to enhance and preserve the value of its assets for the benefit of all of its stakeholders.

Conclusion

67. I swear this affidavit in support of the application by FCM for relief in respect of the NALCO Group under the CCAA, all as more particularly described in the Originating Application of FCM dated August 1, 2022.

SWORN BEFORE ME at the City of Gisborne, New Zealand, this 4th day of August, 2022	)	
A Notary Public in and for the Province of Alberta **Christopher A. Nyberg** **Barrister & Solicitor**	)	**GARY ALEXANDER**

This affidavit was sworn using video technology as Gary Alexander was not physically present before the Notary Public, but was linked with the Notary Public utilizing video technology. The process for remote commissioning of affidavits was thoroughly followed as outlined in the Notice to the Profession and Public – Remote Commissioning 2020-02 by the Court of Queen's Bench on March 25, 2020.

Ja.

THIS IS EXHIBIT "A" TO THE AFFIDAVIT OF GARY ALEXANDER SWORN BEFORE ME AT GISBORNE, NEW ZEALAND This 4th day of August 2022

A Notary Public in and for the Province of Alberta

Christopher A. Nyberg
Barrister & Solicitor

Corporation/Non-Profit Search

Corporate Registration System

Government of Alberta

Date of Search: 2022/07/31
Time of Search: 12:29 PM

Service Request Number: 38038866
Customer Reference Number: P158_202147

Corporate Access Number: 2020849028
Business Number: 703319715
Legal Entity Name: NORTH AMERICAN LAMB COMPANY LTD.

Name History:

Previous Legal Entity Name	Date of Name Change (YYYY/MM/DD)
2084902 ALBERTA LTD.	2018/06/19

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2017/12/07 YYYY/MM/DD

Registered Office:
Street: #600, 220 - 4TH STREET SOUTH
City: LETHBRIDGE
Province: ALBERTA
Postal Code: T1J4J7

Records Address:
Street: #600, 220 - 4TH STREET SOUTH
City: LETHBRIDGE
Province: ALBERTA
Postal Code: T1J4J7

Mailing Address:
Post Office Box: P.O. BOX 219, STATION MAIN
City: LETHBRIDGE
Province: ALBERTA
Postal Code: T1J3Y5

Email Address: LETHBRIDGERETURNS@NORTH-CO.COM

Primary Agent for Service:

Last Name	First Name	Middle Name	Firm Name	Street	City	Province	Postal Code	Email

MCMAHON	CRAIG	A.	NORTH & COMPANY LLP	600, 4 ST S	LETHBRIDGE	ALBERTA	T1J4J7	CMCMAHON@NORTH-CO.COM

Directors:

Last Name: HARONGA
First Name: ALAN
Street/Box Number: 85 WILTON ROAD
City: WELLINGTON
Postal Code: 6012
Country: NEW ZEALAND

Voting Shareholders:

Legal Entity Name: 2079468 ALBERTA LTD.
Corporate Access Number: 2020794687
Street: BOX 1220
City: PICTURE BUTTE
Province: ALBERTA
Postal Code: T0K1V0
Percent Of Voting Shares: 50

Last Name: FRESH CANADA MEATS LTD.
Street: 1600-925 WEST GEORGIA STREET
City: VANCOUVER
Province: BRITISH COLUMBIA
Postal Code: V6C3L2
Percent Of Voting Shares: 50

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: SEE ATTACHED SCHEDULE OF AUTHORIZED SHARE CAPITAL
Share Transfers Restrictions: SEE ATTACHED SCHEDULE OF RESTRICTIONS ON SHARE TRANSFERS
Min Number Of Directors: 1
Max Number Of Directors: 10
Business Restricted To: NONE
Business Restricted From: NONE
Other Provisions: SEE ATTACHED SCHEDULE OF OTHER PROVISIONS

Holding Shares In:

Legal Entity Name

CANADA LAMB GROWERS LTD.

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2021	2022/01/11

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2017/12/07	Incorporate Alberta Corporation
2018/06/19	Name Change Alberta Corporation
2018/08/31	Name/Structure Change Alberta Corporation
2019/10/25	Change Address
2020/02/22	Update BN
2022/01/11	Enter Annual Returns for Alberta and Extra-Provincial Corp.
2022/07/06	Change Director / Shareholder
2022/07/07	Change Agent for Service

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2017/12/07
Other Rules or Provisions	ELECTRONIC	2017/12/07
Restrictions on Share Transfers	ELECTRONIC	2017/12/07
Shares in Series	ELECTRONIC	2018/08/31

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.

Corporations Canada
C. D. Howe Building
235 Queen Street
Ottawa, Ontario K1A 0H5

Corporations Canada
Édifice C.D. Howe
235, rue Queen
Ottawa (Ontario) K1A 0H5

Corporate Profile / Profil corporatif

Date and time of Corporate Profile (YYYY-MM-DD)	2022-07-31 2:25 PM	(AAAA-MM-JJ) **Date et heure du Profil corporatif**

CORPORATE INFORMATION / RENSEIGNEMENTS CORPORATIFS

Corporate name / **Dénomination**

Canada Sheep and Lamb Farms Ltd.

Corporation number	689124-1	**Numéro de société ou d'organisation**
Business number	828855015RC0001	**Numéro d'entreprise**

Governing legislation / **Régime législatif**

Canada Business Corporations Act (CBCA) - 2007-12-17

Loi canadienne sur les sociétés par actions (LCSA) - 2007-12-17

Status / **Statut**

Active

Active

REGISTERED OFFICE ADDRESS / ADRESSE DU SIÈGE

600-220 4 St S
Lethbridge AB T1Y 4J7
Canada

ANNUAL FILINGS / DÉPÔTS ANNUELS

Anniversary date (MM-DD)	12-17	(MM-JJ) **Date anniversaire**
Filing period (MM-DD)	12-17 to/au 02-15	(MM-JJ) **Période de dépôt**

Status of annual filings / **Statut des dépôts annuels**

Not due	2022	N'est pas dû
Filed	2021	Déposé
Filed	2020	Déposé

Date of last annual meeting (YYYY-MM-DD)	2020-12-17	(AAAA-MM-JJ) **Date de la dernière assemblée annuelle**

Type / **Type**

Non-distributing corporation with 50 or fewer shareholders

Société n'ayant pas fait appel au public et comptant 50 actionnaires ou moins

DIRECTORS		ADMINISTRATEURS
Minimum number	1	**Nombre minimal**
Maximum number	7	**Nombre maximal**
Current number	1	**Nombre actuel**
PATRICK N. SMITH	15 CASTLEROCK COVE, STEINBACH MB R5G 2B1, Canada	

CORPORATE HISTORY / HISTORIQUE CORPORATIF

Corporate name history (YYYY-MM-DD) / (AAAA-MM-JJ) **Historique de la dénomination**

2007-12-17 to / à 2014-06-06	6891241 CANADA LTD.
2014-06-06 to present / à maintenant	Canada Sheep and Lamb Farms Ltd.

Certificates issued (YYYY-MM-DD) / (AAAA-MM-JJ) **Certificats émis**

Certificate of Incorporation	2007-12-17	Certificat de constitution en société
Certificate of Amendment	2014-06-06	Certificat de modification
Amendment details:		Renseignements concernant les modifications aux statuts :
Corporate name		Dénomination sociale

Amendments details are only available for amendments effected after 2010-03-20. Some certificates issued prior to 2000 may not be listed.

Seuls les renseignements concernant les modifications effectuées après 2010-03-20 sont disponibles. Certains certificats émis avant 2000 pourraient ne pas être listés.

Documents filed (YYYY-MM-DD) / (AAAA-MM-JJ) **Documents déposés**

The Corporate Profile sets out the most recent information filed with and accepted by Corporations Canada as of the date and time set out on the Profile.

Le Profil corporatif fait état des renseignements fournis et acceptés par Corporations Canada à la date et à l'heure indiquées dans le profil.

BC Registry Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

BC Company Summary

For

CANADA SHEEP HOLDINGS LTD.

Date and Time of Search: **July 31, 2022 03:55 PM Pacific Time**

Currency Date: June 16, 2022

ACTIVE

Incorporation Number: BC0950263

Name of Company: CANADA SHEEP HOLDINGS LTD.

Business Number: 850531930 BC0001

Recognition Date and Time: Incorporated on September 14, 2012 03:50 PM Pacific Time

In Liquidation: No

Last Annual Report Filed: September 14, 2021

Receiver: No

COMPANY NAME INFORMATION

Previous Company Name	Date of Company Name Change
NORTH AMERICAN LAMB COMPANY LTD.	June 07, 2018

REGISTERED OFFICE INFORMATION

Mailing Address:
1600 - 925 WEST GEORGIA STREET
VANCOUVER BC V6C 3L2
CANADA

Delivery Address:
1600 - 925 WEST GEORGIA STREET
VANCOUVER BC V6C 3L2
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
1600 - 925 WEST GEORGIA STREET
VANCOUVER BC V6C 3L2
CANADA

Delivery Address:
1600 - 925 WEST GEORGIA STREET
VANCOUVER BC V6C 3L2
CANADA

DIRECTOR INFORMATION

No director information to display.

OFFICER INFORMATION AS AT September 14, 2021

Last Name, First Name, Middle Name:
Alexander, Gary Lee

Office(s) Held: (President)

Mailing Address:
77 WHAKATERE ROAD
GISBORNE 4072
NEW ZEALAND

Delivery Address:
77 WHAKATERE ROAD
GISBORNE 4072
NEW ZEALAND

Last Name, First Name, Middle Name:
Beaton, Dwayne

Office(s) Held: (Other Office(s))

Mailing Address:
6 BLUEFOX BAY N
LETHBRIDGE AB T1H 6E6
CANADA

Delivery Address:
6 BLUEFOX BAY N
LETHBRIDGE AB T1H 6E6
CANADA

Corporation/Non-Profit Search
Corporate Registration System

Government of Alberta

Date of Search: 2022/07/31
Time of Search: 12:49 PM

Service Request Number: 38038879
Customer Reference Number: P158_202151

Corporate Access Number: 2119179626
Business Number:
Legal Entity Name: LAMB CLUB MARKETING LIMITED

Legal Entity Status: Active
Extra-Provincial Type: Other Prov/Territory Corps
Registration Date: 2015/09/01 YYYY/MM/DD
Date Of Formation in Home Jurisdiction: 2015/08/13 YYYY/MM/DD
Home Jurisdiction: BRITISH COLUMBIA
Home Jurisdiction CAN: BC1045804

Head Office Address:
Street: 2600 - 1066 WEST HASTINGS STREET
City: VANCOUVER
Province: BRITISH COLUMBIA
Postal Code: V6E3X1
Country: CANADA
Email Address: VAN_CORPSUPPORT@MLTAIKINS.COM

Primary Agent for Service:

Last Name	First Name	Middle Name	Firm Name	Street	City	Province	Postal Code	Email
EXNER	SCOTT			2100 LIVINGSTON PLACE, 222 - 3 AVENUE SW	CALGARY	ALBERTA	T2P0B4	

Other Information:

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2015/09/01	Register Extra-Provincial Profit / Non-Profit Corporation
2019/04/15	Change Attorney
2019/07/31	Change Address
2021/03/28	Attorney for Service converted to Agent for Service

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.

Government of Alberta ■

Corporation/Non-Profit Search
Corporate Registration System

Date of Search: 2022/07/31
Time of Search: 12:51 PM

Service Request Number: 38038882
Customer Reference Number: P158_202153

Corporate Access Number: 2020075244
Business Number: 815665492
Legal Entity Name: CANADA LAMB GROWERS LTD.

Name History:

Previous Legal Entity Name	Date of Name Change (YYYY/MM/DD)
CANADA GOLD BEEF INC.	2020/02/12

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Method of Registration: Amalgamation
Registration Date: 2016/12/01 YYYY/MM/DD

Registered Office:
Street: 600, 220 - 4 STREET SOUTH
City: LETHBRIDGE
Province: ALBERTA
Postal Code: T1J4J7

Records Address:
Street: 600, 220 - 4 STREET SOUTH
City: LETHBRIDGE
Province: ALBERTA
Postal Code: T1J4J7

Mailing Address:
Post Office Box: P.O. BOX 219, STATION MAIN
City: LETHBRIDGE
Province: ALBERTA
Postal Code: T1J3Y5

Email Address: LETHBRIDGERETURNS@NORTH-CO.COM

Primary Agent for Service:

Last Name	First Name	Middle Name	Firm Name	Street	City	Province	Postal Code	Email

MCMAHON	CRAIG	A.	NORTH & COMPANY LLP	600, 4 ST S	LETHBRIDGE	ALBERTA	T1J4J7	CMCMAHON@NORTH-CO.COM

Voting Shareholders:

Legal Entity Name:	NORTH AMERICAN LAMB COMPANY LTD.
Corporate Access Number:	2020849028
Street:	1600, 520-3RD AVENUE S.W.
City:	CALGARY
Province:	ALBERTA
Postal Code:	T2P0R3
Percent Of Voting Shares:	100

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure:	SEE SCHEDULE A ATTACHMENT
Share Transfers Restrictions:	SEE SCHEDULE B ATTACHMENT
Min Number Of Directors:	1
Max Number Of Directors:	10
Business Restricted To:	NONE
Business Restricted From:	NONE
Other Provisions:	SEE SCHEDULE C ATTACHMENT

Holding Shares In:

Legal Entity Name
CANADA LAMB PROCESSORS LTD.

Associated Registrations under the Partnership Act:

Trade Partner Name	Registration Number
CANADA GOLD FEEDERS	TN14870877

Other Information:

Amalgamation Predecessors:

Corporate Access Number	Legal Entity Name
2014069427	CANADA GOLD BEEF INC.
2015336742	WESTERN QUALITY MEATS LTD.

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2021	2022/01/11

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2016/12/01	Amalgamate Alberta Corporation
2018/01/10	Change Address
2020/02/12	Name Change Alberta Corporation
2020/02/22	Update BN
2022/01/11	Enter Annual Returns for Alberta and Extra-Provincial Corp.
2022/06/28	Change Director / Shareholder
2022/07/07	Change Agent for Service

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2016/12/01
Restrictions on Share Transfers	ELECTRONIC	2016/12/01
Other Rules or Provisions	ELECTRONIC	2016/12/01
Statutory Declaration	10000607127109503	2016/12/01

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.

Corporation/Non-Profit Search

Corporate Registration System

Government of Alberta

Date of Search: 2022/07/31
Time of Search: 12:52 PM

Service Request Number: 38038883
Customer Reference Number: P158_202154

Corporate Access Number: 2014324798
Business Number: 803835453
Legal Entity Name: CANADA LAMB PROCESSORS LTD.

Name History:

Previous Legal Entity Name	Date of Name Change (YYYY/MM/DD)
1432479 ALBERTA INC.	2010/11/12
SUNGOLD SPECIALTY MEATS LTD.	2020/02/19

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2008/10/17 YYYY/MM/DD

Registered Office:
Street: #600, 220 - 4TH STREET SOUTH
City: LETHBRIDGE
Province: ALBERTA
Postal Code: T1J4J7

Records Address:
Street: #600, 220 - 4TH STREET SOUTH
City: LETHBRIDGE
Province: ALBERTA
Postal Code: T1J4J7

Mailing Address:
Post Office Box: P.O. BOX 219, STATION MAIN
City: LETHBRIDGE
Province: ALBERTA
Postal Code: T1J3Y5

Email Address: LETHBRIDGERETURNS@NORTH-CO.COM

Primary Agent for Service:

Last Name	First Name	Middle Name	Firm Name	Street	City	Province	Postal Code	Email

MCMAHON	CRAIG	A.	NORTH & COMPANY LLP	600, 4 ST S	LETHBRIDGE	ALBERTA	T1J4J7	CMCMAHON@NORTH-CO.COM

Voting Shareholders:

Legal Entity Name:	CANADA LAMB GROWERS LTD.
Corporate Access Number:	2020075244
Street:	P.O. BOX 237
City:	PICTURE BUTTE
Province:	ALBERTA
Postal Code:	T0K1V0
Percent Of Voting Shares:	100

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure:	SEE SHARE STRUCTURE SCHEDULE ATTACHED HERETO.
Share Transfers Restrictions:	NO SHARES IN THE CAPITAL STOCK OF THE CORPORATION SHALL BE TRANSFERRED TO ANY PERSON WITHOUT THE APPROVAL OF THE BOARD OF DIRECTORS.
Min Number Of Directors:	1
Max Number Of Directors:	15
Business Restricted To:	NO RESTRICTIONS.
Business Restricted From:	NO RESTRICTIONS.
Other Provisions:	NO SECURITIES OF THE CORPORATION, OTHER THAN NON-CONVERTIBLE DEBT SECURITIES, SHALL BE TRANSFERRED TO ANY PERSON WITHOUT THE APPROVAL OF THE BOARD OF DIRECTORS.

Holding Shares In:

Legal Entity Name
CANINE FARE LTD.

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2021	2021/12/06

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2008/10/17	Incorporate Alberta Corporation
2018/05/24	Change Address
2020/02/19	Name Change Alberta Corporation
2020/02/19	Update BN
2021/12/06	Enter Annual Returns for Alberta and Extra-Provincial Corp.
2022/06/28	Change Director / Shareholder
2022/07/07	Change Agent for Service

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2008/10/17

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.

Corporation/Non-Profit Search
Corporate Registration System

Government of Alberta

Date of Search: 2022/07/31
Time of Search: 12:53 PM
Service Request Number: 38038885
Customer Reference Number: P158_202157

Corporate Access Number: 2018010609
Business Number: 822291977
Legal Entity Name: CANINE FARE LTD.

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2014/02/06 YYYY/MM/DD

Registered Office:
Street: 600 - 220 4 STREET SOUTH
City: LETHBRIDGE
Province: ALBERTA
Postal Code: T1J4J7

Records Address:
Street: 600 - 220 4 STREET SOUTH
City: LETHBRIDGE
Province: ALBERTA
Postal Code: T1J4J7

Mailing Address:
Post Office Box: PO BOX 219, STATION MAIN
City: LETHBRIDGE
Province: ALBERTA
Postal Code: T1J3Y5

Email Address: LETHBRIDGERETURNS@NORTH-CO.COM

Primary Agent for Service:

Last Name	First Name	Middle Name	Firm Name	Street	City	Province	Postal Code	Email
MCMAHON	CRAIG	A.	NORTH & COMPANY LLP	600, 4 ST S	LETHBRIDGE	ALBERTA	T1J4J7	CMCMAHON@NORTH-CO.COM

Voting Shareholders:

Legal Entity Name:	CANADA LAMB PROCESSORS LTD.
Corporate Access Number:	2014324798
Street:	4312 - 51 STREET
City:	INNISFAIL
Province:	ALBERTA
Postal Code:	T4G1A3
Percent Of Voting Shares:	100

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure:	SEE SCHEDULE 'A' ATTACHMENT
Share Transfers Restrictions:	SEE SCHEDULE 'B' ATTACHMENT
Min Number Of Directors:	1
Max Number Of Directors:	7
Business Restricted To:	NONE
Business Restricted From:	NONE
Other Provisions:	SEE SCHEDULE 'C' ATTACHMENT

Associated Registrations under the Partnership Act:

Trade Partner Name	Registration Number
CANINE FARE	TN18104893

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2022	2022/03/29

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2014/02/06	Incorporate Alberta Corporation
2018/05/24	Change Address
2020/02/21	Update BN
2022/03/29	Enter Annual Returns for Alberta and Extra-Provincial Corp.
2022/06/28	Change Director / Shareholder
2022/07/07	Change Agent for Service

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2014/02/06
Restrictions on Share Transfers	ELECTRONIC	2014/02/06
Other Rules or Provisions	ELECTRONIC	2014/02/06

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.

THIS IS EXHIBIT "B" TO THE
AFFIDAVIT OF GARY ALEXANDER
SWORN BEFORE ME AT GISBORNE, NEW ZEALAND
This 4th day of August 2022

A Notary Public in and for the Province of Alberta

Christopher A. Nyberg
Barrister & Solicitor

NORTH AMERICAN LAMB COMPANY LTD.

Year Ended September 30, 2021

Consolidated financial statements of
North American Lamb Company Ltd.

September 30, 2021

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Independent Auditor's Report

To the Shareholders of North American Lamb Company Ltd.

Opinion

We have audited the consolidated financial statements of the North American Lamb Company Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheet as at September 30, 2021, and the consolidated statement of loss, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Accounting Standards for Private Enterprises.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Accounting Standards for Private Enterprises and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

BDO Canada LLP
Chartered Professional Accountants
Red Deer County

January 25, 2022

North American Lamb Company Ltd.
Consolidated balance sheet
As at September 30, 2021
(In Canadian dollars)

	2021	2020
	$	$
Assets		
Current assets		
Accounts receivable (note 3)	2,460,878	2,367,490
Inventories (note 4)	3,820,776	5,229,972
Livestock for sale (note 5)	4,500,419	3,147,146
Prepaid expenses and deposits	72,654	88,841
Future income taxes	-	1,037,537
	10,854,727	11,870,986
Biological assets (note 5)	14,332,450	12,793,875
Investments (note 6)	74,457	24,457
Property, plant and equipment – Net (note 7)	48,310,415	48,320,478
Intangible assets (note 8)	4,028,374	4,026,173
Future income taxes	4,107,031	2,765,099
	81,707,264	79,801,069
Liabilities		
Current liabilities		
Bank indebtedness (note 9)	13,279,598	10,659,058
Accounts payable and accrued liabilities	4,972,628	4,064,002
Advances from related parties (note 10 and 13)	4,155,177	152,762
Current portion of long-term debt (note 11)	1,529,790	1,410,552
Current portion of capital leases (note 12)	213,371	281,417
	24,150,564	16,567,791
Long-term debt (note 11)	22,245,262	21,201,556
Capital leases (note 12)	113,297	301,450
	46,509,123	38,070,797
Shareholders' equity		
Share capital (note 13)	58,623,414	56,623,414
Deficit	(23,477,761)	(15,986,550)
Non-controlling interest	52,488	1,093,408
	35,198,141	41,730,272
	81,707,264	79,801,069

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board

_______________________________, Director

_______________________________, Director

North American Lamb Company Ltd.

Consolidated statement of loss

Year ended September 30, 2021

(In Canadian dollars)

	2021	2020
	$	$
Revenue		
Sales	34,023,079	29,796,724
Increase in value of biological assets (note 5)	10,049,315	6,627,364
	44,072,394	36,424,088
Cost		
Direct cost	38,692,221	32,232,775
Gross profit	5,380,173	4,191,313
Expenses		
Salaries	3,896,725	3,835,957
Selling, general and administrative	3,211,630	3,256,065
Barn expenses	1,269,920	1,178,623
Amortization	1,939,866	1,631,636
Interest	1,542,295	1,284,333
Repairs and maintenance	925,524	876,530
Utilities	886,561	721,146
Insurance expenses	380,126	301,170
	14,052,647	13,085,460
Loss from operation	(8,672,474)	(8,894,147)
Other income		
Loss on disposal of property, plant and equipment	(88,327)	(100,110)
Foreign exchange loss	(75,535)	(11,667)
Loss before Income Tax	(8,836,336)	(9,005,924)
Future income tax benefit	304,205	(306,809)
Net Loss	(8,532,131)	(9,312,733)
Net loss attributable to:		
Parent company	(7,491,211)	(8,089,692)
Non-controlling interest	(1,040,920)	(1,223,041)
	(8,532,131)	(9,312,733)

The accompanying notes are an integral part of these financial statements.

North American Lamb Company Ltd.
Consolidated statement of changes in equity
Year ended September 30, 2021
(In Canadian dollars)

	2021	2020
	$	$
Share capital		
Balance, beginning of year	56,623,414	48,623,414
Issuance of capital	2,000,000	8,000,000
Balance, end of year	58,623,414	56,623,414
Non-controlling interest		
Balance, beginning of year	1,093,408	2,316,449
Net loss	(1,040,920)	(1,223,041)
Balance, end of year	52,488	1,093,408
Retained earnings (deficit)		
Balance, beginning of year	(15,986,550)	(7,896,858)
Net loss	(7,491,211)	(8,089,692)
Balance, end of year	(23,477,761)	(15,986,550)
Total equity	35,198,141	41,730,272

The accompanying notes are an integral part of these financial statements.

North American Lamb Company Ltd.
Consolidated statement of cash flow
Year ended September 30, 2021
(In Canadian dollars)

	2021	2020
	$	$
Operating activities		
Net loss	(8,532,131)	(9,312,733)
Items not affecting cash:		
Loss on disposal of property, plant and equipment	88,327	100,110
Future income taxes	(304,205)	306,809
Allowance for doubtful accounts	18,648	18,648
Depreciation	1,939,866	1,631,636
	(6,789,495)	(7,255,530)
Changes in working capital accounts		
Accounts receivable	(112,036)	(383,281)
Inventories	1,409,196	(1,360,114)
Prepaid expenses and deposits	16,187	78,629
Livestock and biological assets	(2,891,848)	956,691
Accounts payable and accrued liabilities	908,626	433,848
	(7,459,370)	(7,529,757)
Investing activities		
Purchase of investment	(50,000)	-
Purchase of property, plant and equipment	(2,358,302)	(10,092,670)
Proceeds from disposal of equipment	337,974	335,983
	(2,070,328)	(9,756,687)
Financing activities		
Increase in bank indebtedness	2,620,540	6,848,498
Proceeds from long-term debt	2,612,620	8,904,602
Repayment of long-term debt	(1,449,277)	(987,322)
Repayment of finance leases	(256,200)	(472,883)
Advances from related parties	4,002,015	(5,006,451)
Issuance of shares	2,000,000	8,000,000
	9,529,898	17,286,444
Cash and cash equivalents, end of year	-	-

The accompanying notes are an integral part of these financial statements.

1. Description of the business

North American Lamb Company Ltd. (the "Company"), was incorporated on December 7, 2017 under the Canadian Business Corporation Act and commenced operations on August 31, 2018. The Company operates in the sheep farming and breeding industry in the Alberta and Manitoba regions. As at October 2, 2018, the Company is a subsidiary of Fresh Canada Meats Ltd. whose ultimate parent is Mangatu Blocks Incorporation.

2. Accounting policies

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for private enterprises ("ASPE"), set out in Part II of the CPA Canada Handbook-Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Basis of consolidation

The Company has elected to consolidate all subsidiaries. These consolidated financial statements include the accounts of North American Lamb Company Ltd. and the Company's 100% owned subsidiaries Canada Lamb Growers Ltd., which owns 100% of Canada Lamb Processors Ltd., and Canada Sheep Holdings Ltd., which owns 100% of Lamb Club Marketing Ltd. and 87.8% (86.8% in 2020) of Canada Sheep and Lamb Farms Ltd. As such, assets, liabilities, revenues and expenses of all subsidiaries have been consolidated. All inter-company transactions and balances with subsidiaries have been eliminated.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, held by financial institutions in operating accounts, net of cheques issued in excess of cash.

Inventories

Processed meat product inventory is valued at the lower of cost and net realizable value. Cost is determined using the retail method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Feed inventory is recorded at the lower of cost and net realizable value. The cost of feed inventory consists of the invoiced cost of feed purchased. Internally grown feed is recorded at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Supplies and tags inventory is recorded at the lower cost and net realizable value. The cost of supplies and tags inventory consists of the invoiced cost of supplies purchased. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling costs.

Biological assets

Sheep and unharvested feedstock are characterized as biological assets. Accordingly, at each reporting date, the biological asset is valuated at its fair value less cost to sell unless the fair value cannot be determined reliably. In such case, biological assets are measured at their cost less any accumulated depreciation and any accumulated impairment losses. Any change in the fair value less cost to sell, including the impact of growth, is recognized in the statement of earnings (loss) for the year. Cost to sell include all costs that would be necessary to sell the assets.

2. Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are recorded at cost. Amortization is based on the estimated useful life of the item using the following methods and rate or terms:

Buildings and improvements	Declining balance	1-4%
Farm and plant equipment	Declining balance	4-20%
Automotive equipment	Declining balance	10-30%
Computer equipment	Declining balance	35-45%
Computer software	Declining balance	100%
Furniture and fixtures	Declining balance	20%

Property, plant and equipment acquired during the period but not placed into use and assets under construction are not amortized until they are available for use.

Parts and supplies are expensed in the year consumed.

Residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted respectively, if necessary.

Impairment of long-lived assets

Long-lived assets consist of property, plant and equipment, biological assets and intangible assets (other than indefinite-life intangible assets) are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from the use and eventual disposition of the item. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value at the date of impairment.

Leases

A lease that transfers substantially all the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payment and the property's fair market value. Assets under capital leases are amortized using the declining balance method, over their estimated useful lives. All other leases are accounted for as an operating leases and rental payments are expensed as incurred.

An arrangement contains a lease where the arrangement conveys a right to use the underlying tangible asset, and whereby its fulfillment is dependent on the use of the specific tangible asset. After the inception of the arrangement, a reassessment of whether the arrangement contains a lease is made only in the event that:

- there is a change in contractual terms;
- a renewal option is exercised, or an extension is agreed upon by the parties to the arrangement;
- there is a change in the determination of whether the fulfillment of the arrangement is dependent on the use of the specific tangible asset; or
- there is a substantial physical change to the specific tangible asset.

Income taxes

The Company accounts for income taxes using the future income taxes method. Under this method, future income tax assets and liabilities are recorded based on temporary differences between the carrying amount of balance sheet items and their corresponding tax bases. In addition, the future benefits of income tax assets, including unused tax losses, are recognized, subject to a valuation allowance, to the extent that it is more likely than not that such future benefits will ultimately be realized. Future income tax assets and liabilities are measured using substantively enacted tax rates and laws expected to apply when the tax liabilities or assets are to be either settled or realized.

2. Accounting policies (continued)

Intangible assets

Specified intangible assets are recognized and reported apart from goodwill.

An intangible asset recognized separately from goodwill and subject to amortization is recorded at cost and amortized over its estimated useful life. An intangible asset subject to amortization is tested for impairment as disclosed in the long-lived assets accounting policy note.

An intangible asset recognized separately from goodwill and not subject to amortization is recorded at cost, less any provision for impairment. Impairment is tested if events or changes in circumstances indicate that the asset may be impaired. The impairment test consists of a comparison of the carrying value of the Company's intangible asset with its fair value, and any excess is recorded as a charge to net loss. Fair value of the Company's intangible asset is determined through discounted cash flow analysis.

Revenue recognition

The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the price to the buyer is fixed or determinable and collection is reasonably assured.

Revenue from sale of processed products is recognized when title passes to customers, which is generally at the time goods are shipped.

Revenue from the sale of livestock is recognized when title passes to the customer, which generally coincides with the delivery and acceptance of the goods.

Livestock adjustment

Includes the recognition of net profit or loss arising from changes in livestock numbers, due to the birth, growth, death and sales of livestock. This value change arising from the change in livestock numbers and growth is calculated by assigning an internally assessed annual value for each livestock class.

Foreign currency translation

These consolidated financial statements have been presented in Canadian dollars, the principal currency of the Company's operations.

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the balance sheet date. Gains and losses on translation or settlement are included in the determination of the net loss for the current period.

Business combinations

Business combinations are accounted for using the acquisition method.

At the acquisition date, the Company recognizes, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interests in the subsidiary. Identifiable assets acquired and liabilities assumed are measured at their acquisition date fair values. Any non-controlling interests in a subsidiary is measured either at fair value or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets.

The consideration transferred for each acquisition is measured as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred, and equity instruments issued by the company to obtain control of the subsidiary.

Acquisition related costs are recognized in net loss as incurred with the exception of the costs to issue debt subsequently measured at amortized cost are included as an adjustment to fair value on the initial recognition and expenses incurred to issue equity securities are netted against share capital.

Where appropriate, the cost of an acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in fair value are

2. Accounting policies (continued)

adjusted against the cost of acquisition where they qualify as a measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as equity are not remeasured and any gain or loss on subsequent settlement is accounted for in equity.

Use of estimates

The preparation of financial statements in conformity with Canadian ASPE requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenue and expenses during the reporting period.

Key components of the financial statements requiring management to make estimates include the provision for doubtful accounts in respect of receivables, the cost and net realizable value of inventories, the useful life of long-lived assets, the potential impairment of indefinite-life intangible assets, the fair value of biological assets, income taxes, the fair value of certain financial instruments, and liabilities under legal contingencies. Actual results could differ from these estimates.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with section 3840 Related Party Transactions.

At initial recognition, the Company may irrevocably elect to subsequently measure any financial instrument at fair value. The Company has not made such election during the period. The Company subsequently measures all financial assets and liabilities at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition and issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in net loss. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial assets impairment

The Company assess impairment of all its financial assets measured at cost or amortized cost. The Company groups assets for impairment testing when available information is not sufficient to permit identification of each individual impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of significant adverse change in the expected timing or amount of future cash flows during the period. If so, the Company reduces the carrying amount of any impaired financial assets to the highest of: the present value of the cash flow expected be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Non-controlling interest

Non-controlling interests represent the portion of a subsidiary's net loss and net assets that is not held by the Company. Total income is attributed to the owners of the Company and to the non-controlling interest, even if this results in the non-controlling interest having a deficit balance.

(in Canadian dollars)

3. Accounts receivable

	2021	2020
	$	$
Trade	2,427,101	2,123,613
Allowance for doubtful accounts	(82,156)	(60,157)
	2,344,945	2,063,456
Goods and Services Tax recoverable	95,310	297,278
Others	20,623	6,756
	2,460,878	2,367,490

4. Inventories

	2021	2020
	$	$
Feedstock	2,112,301	2,996,426
Processed meat products	758,513	1,413,928
Unharvested feedstock	459,035	205,698
Packaging, dry goods and spices	222,290	264,003
Supplies and tags	262,898	234,703
Livestock in transit	-	103,545
Pelts	5,739	11,669
	3,820,776	5,229,972

During the year, inventories recognized as expenses within direct cost amount to $11,860,425 ($9,175,509 in 2020).

5. Biological assets

	2021	2020
	$	$
Beginning of the year	15,941,021	16,897,712
Purchases	1,848,311	1,605,308
Sales during the year	(9,005,778)	(9,189,373)
Livestock adjustment	10,049,315	6,627,374
Balance	18,832,869	15,941,021
Less current portion – Livestock for sale	(4,500,419)	(3,147,146)
	14,332,450	12,793,875

Biological assets are composed of breeding and non-breeding sheep in feedlots. Non-breeding sheep are confined to certain weight criteria and thereafter sold to customers usually after a period of about 8 to 9 months. At September 30, 2021, sheep comprise 35,651 breeding (33,127 in 2020) and 23,000 non-breeding stock (20,791 in 2020).

(in Canadian dollars)

6. Investments

Consist of holding a share account in Ste. Anne Cooperative Oil, Ltd, for an amount of $21,734, South Country Cooperative Ltd. for $2,723 and an advance payment to purchase the non-controlling interest shares in subsidiary for an amount of $50,000. Such investments are measured at cost.

7. Property, plant and equipment

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Land	4,965,310	-	4,965,310	4,805,628
Buildings and improvements	34,726,497	(2,073,547)	32,652,950	20,265,474
Farm and plant equipment	11,797,788	(2,843,470)	8,954,418	9,395,411
Automotive equipment	425,304	(78,301)	347,003	173,421
Computer equipment	259,959	(96,069)	163,890	144,708
Computer software	164,331	(137,432)	26,899	42,977
Furniture and fixtures	6,510	(2,096)	4,414	4,804
Construction in progress	-	-	-	12,220,178
	52,345,699	(5,230,915)	47,114,784	47,052,601
Assets under capital lease:				
Automotive equipment	1,503,961	(308,330)	1,195,631	1,267,877
	53,849,660	(5,539,245)	48,310,415	48,320,478

8. Intangible assets

	2021	2020
	$	$
Indefinite life - genetics technology	4,015,112	4,015,113
Limited life trademarks	13,262	11,062
	4,028,374	4,026,173

9. Bank indebtedness

	2021	2020
	$	$
Operating line of credit – Bank of Nova Scotia	13,200,697	10,590,566
Crop Loan - Farm Credit Canada	38,901	28,492
Emergency fund loan – Bank of Nova Scotia	40,000	40,000
	13,279,598	10,659,058

The operating line of credit has been authorized by the Bank of Nova Scotia (BNS) to a maximum of $15,000,000 and bears interest at the prime rate plus 1.25%. Prime rate at September 30, 2021 is 2.45%. Advances are repayable on demand. Security consists of a general security agreement covering all assets, a demand debenture of $30,000,000 in favour of BNS, an assignment under Section 427 of the Bank Act covering all livestock and feed, a general postponement agreement in favour of BNS for each shareholder that has made a loan to the Company, an assignment of insurance, an unlimited postponement agreement and a priority agreement between BNS and Farm Credit Canada giving BNS a priority interest over all accounts receivables and inventory and deficiency guarantees from shareholders with $50,000 or greater investment.

(in Canadian dollars)

The operating line of credit with BNS is subject to certain financial covenants with respect to certain financial ratios. As at September 30, 2021, the Company is in compliance with all such covenants. It is management's opinion that the Company is likely to remain in compliance with all long-term debt covenants throughout the next twelve months subsequent to September 30, 2021.

10. Advances from related parties

The advances are from related parties by virtue of common ownership, are due on demand, bear interest at 3.45%, except $4,000,000 advanced from Fresh Canada Meats Ltd. which is non-interest bearing, and have no fixed terms of repayment.

	2021	2020
	$	$
Integrated Food Limited	59,785	152,762
Fresh Canada Meats Ltd. (note 13)	4,095,392	-
	4,155,177	152,762

11. Long-term debt

Corporate loan with Farm Credit Canada (“FCC”) to the amount of $27,000,000.

	2021	2020
	$	$
Corporate Loan No.1 with FCC for up to $3,000,000 at variable interest rate (3.45%), calculated semi-annually and payable in monthly installments of $16,6667, maturing December 1st, 2023.	2,052,196	879,916
Corporate Loan No. 2 with FCC for up to $11,500,000 at variable interest rate (3.45%), calculated semi-annually and payable in monthly installments of $88,870, maturing December 1st, 2023.	10,505,241	10,266,065
Corporate Loan No. 3 with FCC for up to $12,500,000 at fixed rate of 4.99%, calculated semi-annually and payable in monthly installments of $98,433 maturing December 1st, 2023.	10,836,935	11,466,127
Term Loan with FCC for $380,765 at a fixed rate of 3.39%, calculated semi-annually and payable in monthly installments of $2,227 starting May 2, 2021, maturing October 1st, 2025.	380,680	-
	23,775,052	22,612,108
Current portion	(1,529,790)	(1,410,552)
	22,245,262	21,201,556

The scheduled cash repayments required in each of the next fours years and thereafter are, as follows:

	$
2022	1,529,790
2023	1,548,041
2024	20,352,388
2025	26,729
Thereafter	318,104
	23,775,052

(in Canadian dollars)

The FCC loans have security pledged consisting of a mortgage in the amount of $27,000,000, a security agreement covering all present and after acquired personal property subject to no prior registrations or encumbrances except the Company's operating line for $15,000,000, a postponement and assignment of shareholder's loan, and a priority agreement between the BNS and FCC giving FCC priority over fixed assets and BNS priority over accounts receivable and inventory.

Long-term debt is subject to certain financial covenants with respect to certain financial ratios. As at September 30, 2021, the Company is in compliance with all such covenants. It is management's opinion that the Company is likely to remain in compliance with all long-term debt covenants throughout the next twelve months subsequent to September 30, 2021.

12. Finance Leases

	2021	2020
	$	$
RBC, payable in monthly instalments of $6,331 including interest at 4.524%, due on February 22, 2024.	173,609	240,088
Ford finance, payable in monthly installments of $725, including interest at 3.490%, due on July 19, 2023.	16,612	24,217
CNH Industrial Capital Canada (“CNH”), payable in monthly instalments of $1,108 including interest at 6.24%, due on September 5, 2023.	25,010	36,362
CNH, payable in monthly instalments of $3,628 including interest at 7.076%, due on June 20, 2022.	88,209	124,095
CNH, payable in monthly instalments of $5,977, including interest at 6.506%, due on February 2, 2022.	23,588	90,508
CNH Industrial Capital Canada Inc. (“CNH”), payable in monthly instalments of $9,627, including interest at 4.990%, due on February 1, 2021.	-	64,132
RBC, payable in monthly instalments of $1,740, including interest at 4.135%, due on November 11, 2020.	-	3,465
	327,028	582,867
Current portion	(213,731)	(281,417)
	113,297	301,450

The leases are secured by specific equipment as disclosed in Note 7.

Future minimum lease payments related to the obligation under capital lease are as follows:

2021	$213,731
2023	98,178
2024	31,725
	343,634
Less: imputed interest	(16,606)
	327,028

(in Canadian dollars)

13. Shareholders' capital

Issued – Common shares

	2021	2020
	$	$
10,000,000 Class A Shares, voting	10,000,000	10,000,000
51,117,730 Class B, Series 1 Shares, non-voting, convertible to class A shares	48,623,414	46,623,414
	58,623,414	56,623,414

On December 31, 2020, the Company issued 3,166,060 Class B Shares at $0.6317 per share. All issued shares are fully paid.

Subsequent to year end, on October 2021, the Company submitted a Notice of Issuance of 8,706,665 Class B Additional Shares at $0.6317 per share. As at September 30 ,2021, Shareholders' have contributed in advance for this issuance $4,000,000, presented as Advances from related parties in the balance sheet (note 10).

13. Income Taxes

The Company has incurred non-capital losses in two of its subsidiaries, Lamb Club Marketing Ltd and Canada Sheep and Lamb Farms Ltd. for which no future income tax asset has been recognized as it is not more likely than not that these assets will be realized. The incurred non-capital losses are $2,268,131 and $21,477,705, respectively, which are available to reduce future taxable income of the subsidiaries. Such benefits will be recorded as an adjustment to the tax provision when it is more likely than not that they will be realized. The losses will expire in the fiscal years 2035 to 2041.

14. Financial Instruments

The Company, as part of its operations, carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest, currency, credit, liquidity, or other price risk arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interests rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may influence the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Company is exposed to interest rate cash flow risk with respect to its bank indebtedness, finance leases and long-term debt.

Liquidity risk

The Company's objective is to have sufficient liquidity to meet its liabilities when due. The Company monitors its cash balances and cash flows generated from operations to meet its requirements. As at September 30, 2021, the most significant financial liabilities are the bank indebtedness, accounts payable and accrued liabilities, and long-term debt. The Company is currently in an expansion phase and does not expect to achieve positive cash flows from operations until a certain critical volume of revenue is achieved. Therefore, the Company is dependent on the shareholders continuing to provide the existing and potentially additional debt and equity financing to manage the liquidity risk in the foreseeable future.

15. Impact of COVID 19

The COVID-19 pandemic had developed rapidly in 2020 and has continued during 2021, with a significant number of cases arising from COVID-19. Measures taken by various governments to contain the virus have affected economic activity. The Company has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people (such as social distancing and working from home) and securing the supply of materials that are essential to our production process.

At this stage, the impact on the Company's business and results has not been significant and based on the Company's experience to date, it is expected this to remain the case. The Company will continue to follow the various government policies and advice and, in parallel, the Company will do the utmost to continue operations in the best and safest way possible without jeopardising the health of the Company's people.

16. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.

Non-consolidated financial statements of
North American Lamb Company Ltd.

September 30, 2021
(Unaudited)

Tel: 403 342 2500
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www.bdo.ca

BDO Canada LLP
Suite 100 179D Leva Avenue
Red Deer County AB T4E 1B9
Canada

INDEPENDENT PRACTIONER'S REVIEW ENGAGEMENT REPORT

To the Directors of North American Lamb Company Ltd.

We have reviewed the accompanying non-consolidated financial statements of North American Lamb Company Ltd., that comprise the non-consolidated balance sheet as at September 30, 2021, and the non-consolidated statement of loss, changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the non-consolidated financial position of North American Lamb Company Ltd. as at September 30, 2021 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Red Deer County, Alberta

BDO Canada LLP

March 10, 2022

Chartered Professional Accountants

North American Lamb Company Ltd.

Non-consolidated balance sheet

As at September 30, 2021

(In Canadian dollars)

	2021	2020
	$	$
Assets		
Current assets - Cash	14,074	25,773
Advances to related parties (note 3)	52,593,784	43,486,215
Investment in subsidiaries (note 4)	48,523,414	48,523,414
	101,131,272	92,035,402
Liabilities		
Current liabilities		
Bank indebtedness (note 5)	15,204,552	12,863,277
Accounts payable	41,358	-
Advances from related parties (note 8)	4,167,624	149,048
Current portion of long-term debt (note 6)	1,541,165	1,410,552
	20,954,699	14,422,877
Long-term debt (note 6)	21,853,107	21,201,556
	42,807,806	35,624,433
Shareholders' equity		
Share capital (note 7)	58,623,414	56,623,414
Deficit	(299,948)	(212,445)
	58,323,466	56,410,969
	101,131,272	92,035,402

The accompanying notes are an integral part of these financial statements.

Approved by the Board

____, Director

____, Director

North American Lamb Company Ltd.
Non-consolidated statement of loss
Year ended September 30, 2021
(In Canadian dollars)

	2021	2020
	$	$
Revenue	-	-
Expenses		
Bank fees and interests	27,089	49,542
Board fees	27,220	35,497
Administrative expenses	33,194	1,036
Net Loss	(87,503)	(86,075)

The accompanying notes are an integral part of these financial statements.

North American Lamb Company Ltd.
Non-consolidated statement of changes in equity
Year ended September 30, 2021
(In Canadian dollars)

	2021	2020
	$	$
Share capital		
Balance, beginning of year	56,623,414	48,623,414
Issuance of capital (Note 7)	2,000,000	8,000,000
Balance, end of year	58,623,414	56,623,414
Retained earnings (deficit)		
Balance, beginning of year	(212,445)	(126,370)
Net loss	(87,503)	(86,075)
Balance, end of year	(299,948)	(212,445)
Total equity	58,323,466	56,410,969

The accompanying notes are an integral part of these financial statements.

North American Lamb Company Ltd.
Non-consolidated statement of cash flow
Year ended September 30, 2021
(In Canadian dollars)

	2021	2020
	$	$
Operating activities		
Net loss	(87,503)	(86,075)
Changes in working capital accounts		
Accounts payable	41,357	-
	(46,146)	(86,075)
Investing activities		
Advances to related parties	(9,107,567)	(20,134,550)
Financing activities		
Increase in bank indebtedness	2,341,275	6,806,422
Proceeds from long-term debt	782,163	7,917,280
Advances from related parties	4,018,576	(2,477,304)
Issuance of common shares	2,000,000	8,000,000
	9,142,014	20,246,398
Net increase in cash and cash equivalents	(11,699)	25,773
Cash and cash equivalents, beginning of year	25,773	-
Cash and cash equivalents, end of year	14,074	25,773

The accompanying notes are an integral part of these financial statements.

1. Description of the business

North American Lamb Company Ltd. (the "Company"), was incorporated on December 7, 2017 under the Canadian Business Corporation Act and commenced operations on August 31, 2018. The Company operates in the sheep farming and breeding industry in the Alberta and Manitoba regions. As of October 2, 2018, the Company is a subsidiary of Fresh Canada Meats Ltd. whose ultimate parent is Mangatu Blocks Incorporation.

2. Accounting policies

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for private enterprises ("ASPE"), set out in Part II of the CPA Canada Handbook-Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Investment in subsidiaries

The Company has elected to apply the cost method to account for its investments in subsidiaries. The investment in subsidiaries (those companies in which interests is greater than 50% are held) are recorded at cost, less any provisions for permanent impairment. Investment income is recognized when dividends/distributions are received.

Any contingent consideration for the acquisition of subsidiaries is measured at fair value at the date of acquisition and included in the carrying amount of the investment.

Acquisition - related cost are recognized in net cost as incurred, with the exception of cost to issue debt and equity securities. Financing fees and transaction costs to issue debt are reflected in its fair value and expenses relating to the issue of equity securities are shown separately in the statement of retained earnings.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, held by financial institutions in operating accounts, net of cheques issued in excess of cash.

Income taxes

The Company accounts for income taxes using the future income taxes method. Under this method, future income tax assets and liabilities are recorded based on temporary differences between the carrying amount of balance sheet items and their corresponding tax bases. In addition, the future benefits of income tax assets, including unused tax losses, are recognized, subject to a valuation allowance, to the extent that it is more likely than not that such future benefits will ultimately be realized. Future income tax assets and liabilities are measured using substantively enacted tax rates and laws expected to apply when the tax liabilities or assets are to be either settled or realized.

Foreign currency translation

These consolidated financial statements have been presented in Canadian dollars, the principal currency of the Company's operations.

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the balance sheet date. Gains and losses on translation or settlement are included in the determination of the net loss for the current period.

(in Canadian dollars)

2. Accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian ASPE requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenue and expenses during the reporting period.

Key components of the financial statements requiring management to make estimates include the provision for doubtful accounts in respect of receivables, the cost and net realizable value of inventories, the useful life of long-lived assets, the potential impairment of indefinite-life intangible assets, the fair value of biological assets, income taxes, the fair value of certain financial instruments, and liabilities under legal contingencies. Actual results could differ from these estimates.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with section 3840 Related Party Transactions.

At initial recognition, the Company may irrevocably elect to subsequently measure any financial instrument at fair value. The Company has not made such election during the period. The Company subsequently measures all financial assets and liabilities at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition and issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in net loss. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

3. Advances to related parties

Advances to related parties are to subsidiaries owned 100% by the Company and their subsidiaries. The advances bear no interest and have no fixed terms of repayment

	2021	2020
	$	$
Canada Sheep Holdings Ltd.	50,000	-
Canada Lamb Growers Ltd.	13,964,862	10,964,255
Canada Sheep and Lamb Farms Ltd.	34,124,736	27,064,773
Canada Lamb Processors Ltd.	4,454,186	5,457,187
	52,593,784	43,486,215

4. Investments in subsidiaries

	2021	2020
	$	$
Canada Lamb Growers Ltd. (Wholly owned subsidiary)	20,239,744	20,239,744
Canada Sheep Holdings Ltd. (Wholly owned subsidiary)	28,283,670	28,283,670
	48,523,414	48,523,414

(in Canadian dollars)

5. Bank indebtedness

	2021	2020
	$	$
Operating line of credit – Bank of Nova Scotia	15,204,552	12,863,277

The operating line of credit has been authorized by the Bank of Nova Scotia (BNS) to a maximum of $15,000,000 and bears interest at the prime rate plus 1.25%. Prime rate at September 30, 2021 is 2.45%. Advances are repayable on demand. Security consists of a general security agreement covering all assets, a demand debenture of $30,000,000 in favour of BNS, an assignment under Section 427 of the Bank Act covering all livestock and feed, a general postponement agreement in favour of BNS for each shareholder that has made a loan to the Company, an assignment of insurance, an unlimited postponement agreement and a priority agreement between BNS and Farm Credit Canada giving BNS a priority interest over all accounts receivables and inventory and deficiency guarantees from shareholders with $50,000 or greater investment.

The operating line of credit with BNS is subject to certain financial covenants with respect to certain financial ratios. As at September 30, 2021, the Company is in compliance with all such covenants. It is management's opinion that the Company is likely to remain in compliance with all long-term debt covenants throughout the next twelve months subsequent to September 30, 2021.

6. Long-term debt

Corporate loan with Farm Credit Canada (“FCC”) to the amount of $27,000,000.

	2021	2020
	$	$
Corporate Loan No.1 with FCC for up to $3,000,000 at variable interest rate (3.45%), calculated semi-annually and payable in monthly installments of $16,667, maturing December 1st, 2023.	2,052,096	879,916
Corporate Loan No. 2 with FCC for up to $11,500,000 at variable interest rate (3.45%), calculated semi-annually and payable in monthly installments of $88,870, maturing December 1st, 2023.	10,505,241	10,266,065
Corporate Loan No. 3 with FCC for up to $12,500,000 at fixed rate of 4.99%, calculated semi-annually and payable in monthly installments of $98,433, maturing December 1st, 2023.	10,836,935	11,466,127
	23,394,272	22,6125,108
Current portion	(1,541,165)	(1,410,552)
	21,853,107	21,201,556

Principal payments required in each of the next three years and thereafter are, as follows:

	$
2022	1,541,165
2023	1,533,762
Thereafter	20,319,345
	23,394,272

The FCC loans have security pledged consisting of a mortgage in the amount of $27,000,000, a security agreement covering all present and after acquired personal property subject to no prior registrations or encumbrances except the Company's operating line for $15,000,000, a postponement and assignment of shareholder's loan, and a priority agreement between the BNS and FCC giving FCC priority over fixed assets and BNS priority over accounts receivable and inventory.

(in Canadian dollars)

Long-term debt is subject to certain financial covenants with respect to certain financial ratios. As at September 30, 2021, the Company is in compliance with all such covenants. It is management's opinion that the Company is likely to remain in compliance with all long-term debt covenants throughout the next twelve months subsequent to September 30, 2021.

7. Shareholders' capital

Issued – Common shares

	2021	2020
	$	$
10,000,000 Class A Shares, voting	10,000,000	10,000,000
51,117,730 Class B, Series 1 Shares, non-voting, convertible to class A shares	48,623,414	46,623,414
	58,623,414	56,623,414

On December 31, 2020, the Company issued 3,166,060 Class B Shares at $0.6317 per share. All issued shares are fully paid.

Subsequent to year end, on October 2021 the Company submitted a Notice of Issuance of 8,706,665 Class B Shares at $0.6317 per share. As at September 30, 2021, Shareholders' have contributed in advance for this issuance $4,000,000, presented as Advances from related parties in the balance sheet (note 8).

8. Advances from related parties

The advances are from related parties by virtue of common ownership, are due on demand, bear interest at 3.45%, except $4,000,000 advanced from Fresh Canada Meats Ltd. which is non-interest bearing, %, and have no fixed terms of repayment.

	2021	2020
	$	$
Integrated Food Limited	28,369	149,048
Fresh Canada Meats Ltd	4,139,255	-
	4,167,624	149,048

9. Financial Instruments

The Company, as part of its operations, carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest, currency, credit, liquidity or other price risk arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interests rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may influence the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Company is exposed to interest rate cash flow risk with respect to its bank indebtedness, finance leases and long-term debt.

Liquidity risk

The Company's objective is to have sufficient liquidity to meet its liabilities when due. The Company monitors its cash balances and cash flows generated from operations to meet its requirements. As at September 30, 2021, the most significant financial liabilities are the bank indebtedness, accounts payable and accrued liabilities, and long-term debt.

10. Impact of COVID-19

The COVID-19 pandemic has continued through out the 2021 fiscal year and subsequent to year end, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. The Company has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for the Company's people (such as social distancing and working from home) and securing the supply of materials that are essential to the subsidiaries production process.

At this stage, the impact on the business and results have not been significant and based on the Company's experience to date, it is expected that this to remain the case. The Company will continue to follow the various government policies and advice and, in parallel, the Company will do the utmost to continue operations in the best and safest way possible without jeopardising the health of the Company's people.

LETTERS

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BDO Canada LLP
Suite 100 179D Leva Avenue
Red Deer County AB T4E 1B9
Canada

March 10, 2022

Mr. Gary Alexander
4312 - 51 Street
Innisfail, Alberta
T4G 1A3

Dear Mr. Alexander:

Re: North American Lamb Company Ltd.

We enclose the following:

1. One copy of the unaudited financial statements of North American Lamb Company Ltd. for the year ended Thursday, September 30, 2021.

2. The T2 Federal Corporation Income Tax Return and the AT1 Alberta Corporate Income Tax Return for the year ended Thursday, September 30, 2021.

   There are no income taxes payable on these income tax returns.

   We have filed the applicable return with the appropriate tax authority on your behalf.

   The "Client Copy" is for your records.

3. A copy of your letter of representation to our firm related to the preparation of the financial statements of North American Lamb Company Ltd. for the year ended Thursday, September 30, 2021.

4. A copy of the letter of engagement outlining our involvement in the preparation of the financial statements of North American Lamb Company Ltd. for the year ended Thursday, September 30, 2021.

5. Our statement of account for the above services.

If you have any further questions, please do not hesitate to call.

Yours truly,

BDO CANADA LLP CHARTERED PROFESSIONAL ACCOUNTANTS

Greg Sherwick, CPA, CA
Partner
BDO Canada LLP
Chartered Professional Accountants

Enc.

North American Lamb Company Ltd.
4312 - 51 Street
Innisfail, Alberta
T4G 1A3

March 10, 2022

BDO Canada LLP
Chartered Professional Accountants
100, 179D Leva Avenue
Red Deer County, AB
T4E 1B9

This representation letter is provided in connection with your review of the financial statements of North American Lamb Company Ltd. for the year ended September 30, 2021, for the purpose of you expressing a conclusion that, based on your review, nothing has come to your attention that causes you to believe that the financial statements do not present fairly, in all material respects, the financial position as at September 30, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

We confirm, to the best of our knowledge and belief, the following representations made to you during your review.

Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the engagement letter date January 28, 2022, for the preparation of the financial statements in accordance with Canadian accounting standards for private enterprises; in particular, the financial statements are fairly presented in accordance therewith.

- The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and/or disclosure that are reasonable in accordance with Canadian accounting standards for private enterprises.
- All events subsequent to the date of the financial statements and for which Canadian accounting standards for private enterprises require adjustment or disclosure have been adjusted or disclosed.
- The financial statements of the entity use appropriate accounting policies that have been properly disclosed and consistently applied.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.

Information Provided

- We have provided you with:
  - access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
  - additional information that you have requested from us for the purpose of the review; and
  - unrestricted access to persons within the entity from whom you determined it necessary to obtain evidence.

- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- We have disclosed to you significant facts relating to any frauds or suspected frauds known to us that may have affected the entity.
- We have disclosed to you all known actual or possible non-compliance with laws and regulations for which the effects of non-compliance affect the financial statements of the entity.
- We have disclosed to you all information relevant to the use of the going concern assumption in the financial statements.
- We have disclosed to you material commitments, contractual obligations or contingencies that have affected or may affect the entity's financial statements, including disclosures.
- We have disclosed to you material non-monetary transactions or transactions for no consideration undertaken by the entity in the financial reporting period under consideration.

General Representations

Where the value of any asset has been impaired, an appropriate provision has been made in the financial statements or has otherwise been disclosed to you.

We have provided you with significant assumptions that in our opinion are reasonable and appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity when relevant to the use of fair value measurements or disclosures in the financial statements.

We confirm that there are no derivatives or off-balance sheet financial instruments held at year end that have not been properly recorded or disclosed in the financial statements.

Except as disclosed in the financial statements, there have been no changes to title, control over assets, liens or assets pledged as security for liabilities or collateral.

The entity has complied with all provisions in its agreements related to debt and there were no defaults in principal or interest, or in the covenants and conditions contained in such agreements.

There have been no plans or intentions that may materially affect the recognition, measurement, presentation or disclosure of assets and liabilities (actual and contingent).

The nature of all material uncertainties have been appropriately measured and disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

Other Representations Where the Situation Exists

- We have informed you of all known actual or possible litigation and claims, whether or not they have been discussed with legal counsel. When applicable, these litigation and claims have been accounted for and disclosed in the financial statements.

- No written or oral arrangement exists that gives the holder of retractable or mandatorily redeemable shares issued by us in a tax planning arrangement the contractual right to require us to redeem the shares on a fixed or determinable date or within a fixed or determinable period.

- Disclosures included in the financial statements regarding the relevant significant business, financial, and reporting impacts of the COVID-19 outbreak accurately reflect management's full consideration of such impacts.

Yours truly,

______________________	______________________
Signature	Position
______________________	______________________
Signature	Position

North American Lamb Company Ltd.

Summary of Unadjusted Misstatements

Year ended September 30, 2021

				Pre-Tax Proposed Adjustments			
Description of the Misstatement	**Identified Misstatement**	**Projected Misstatement**	**Estimates**	**Assets Dr(Cr)**	**Liabilities Dr(Cr)**	**Opening R/E Dr(Cr)**	**Income Dr(Cr)**
To adjust long term debt to actual and record accrued interest.	78,146				(78,146)		78,146
To record current year future income tax provision.	69,023			68,982			(68,982)
Likely Aggregate Misstatements Before Effect of Previous Year's Errors and Estimates	147,169	-	-	68,982	(78,146)	-	9,164
Effect of Previous Year's Errors, Net of Tax Effects						17,588	(17,588)
Tax Effect				17,974			(17,974)
Likely Aggregate Misstatements				86,956	(78,146)	17,588	(26,398)

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BDO Canada LLP
179D Leva Avenue
Suite 100
Red Deer, Alberta
T4E 1B9

January 28, 2022

North American Lamb Company Ltd.
4312 - 51 Street
Innisfail, Alberta
T4G 1A3

Dear Sirs/Mesdames,

We understand that you wish to engage us as the practitioners to review North American Lamb Company Ltd.'s financial statements for its fiscal year ended September 30, 2021 and subsequent years.

We are pleased to perform the engagement subject to the terms and conditions of this Agreement, to which the attached Standard Terms and Conditions form an integral part. The definitions set out in the Standard Terms and Conditions are applicable throughout this Agreement. This Agreement will remain in place and fully effective for future years until varied or replaced by another relevant written agreement.

Greg Sherwick, CPA, CA will be the Engagement Partner for the review work we perform for you. The Engagement Partner will call upon other individuals with specialized knowledge to assist in the performance of services.

Our Role as Practitioners

We will conduct our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. We will perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. We will also perform additional procedures if we become aware of matters that cause us to believe the financial statements as a whole may be materially misstated. These procedures are performed to enable us to express our conclusion on the financial statements in accordance with Canadian generally accepted standards for review engagements. The procedures selected will depend on what we consider necessary applying our professional judgment, based on our understanding of North American Lamb Company Ltd. and its environment, and our understanding of Canadian accounting standards for private enterprises and its application in the industry context.

A review is not an audit of the financial statements, therefore:

(a) There is a commensurate higher risk than there would be in an audit, that any material misstatements that exist in the financial statements reviewed may not be revealed by the review, even though the review is properly performed in accordance with Canadian generally accepted standards for review engagements.

(b) In expressing our conclusion from the review of the financial statements, our report on the financial statements will expressly disclaim any audit opinion on the financial statements.

We will communicate matters required by professional standards, to the extent that such matters come to our attention, to you, those charged with governance and/or the board of directors. Since the scope and objectives of a review are different from those of an audit, there is less likelihood that we will become aware of all matters to communicate to those charged with governance. We use professional judgement in determining with whom to communicate, and the guidance required by Canadian generally accepted standards for review engagements in determining the substance of the communications.

It is possible that we may determine that we cannot render a report or complete the engagement. If, in our professional judgment, the circumstances require, we will notify you of our resignation from this Agreement which shall conform to all applicable laws.

Reporting

Our independent practitioner's review engagement report will be substantially in the form set out in Canadian Standard on Review Engagements (CSRE) 2400. The form and content of our report may need to be amended in light of our findings. If we are unable to issue or decline to issue a report, we will discuss the reasons with you and seek to resolve any differences of view that may exist.

Role of Management

You are responsible for:

(a) the preparation and fair presentation of North American Lamb Company Ltd.'s financial statements in accordance with Canadian accounting standards for private enterprises. The review of the financial statements does not relieve you of your responsibilities;

(b) such internal controls as you determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and

(c) in providing us with:

- access, in a timely manner, to all information of which you are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- information relating to any known or probable instances of non-compliance with legislative or regulatory requirements, including financial reporting requirements;
- information relating to any illegal or possibly illegal acts, and all facts related thereto;
- information regarding all related parties and related party transactions;
- additional information that we may request for the purpose of our review;
- unrestricted access to persons within the entity from whom we determine it is necessary to obtain evidence; and
- written confirmation concerning representations made to us in connection with our review. If appropriate and adequate written representations are not provided to us, professional standards require that we disclaim a conclusion in our independent practitioner's review engagement report.

Financial Statement Services

We will obtain your approval, if during the course of our engagement we:

(a) prepare or change a journal entry; or

(b) prepare or change an account code or a classification for a transaction.

As agreed, we will provide assistance in the preparation of the financial statements.

These services create a threat to our independence. We, therefore, require that the following safeguards be put into place:

(a) that you create the source data for all accounting entries;

(b) that you develop any underlying assumptions for the accounting treatment and measurement entries; and

(c) that you review and approve the draft financial statements, including the notes to the financial statements.

Tax Services

In addition to the assurance services discussed above, we may be requested by you to prepare corporate tax returns. The returns will be prepared based upon the information supplied by you. We will not review or otherwise attempt to verify the accuracy or completeness of such information. We will utilize the information you have already provided to our engagement personnel to the extent that the material is available and relevant to the preparation of the returns. It may be necessary for us to request further information. You should review all tax returns carefully before filing to confirm that they are true, correct and complete. The responsibility for the prevention and detection of fraud, error or other similar irregularities must remain with you.

Your returns are subject to review by the taxation authorities who may not agree with your tax positions. You are responsible for retaining adequate documentation that form the basis of your tax return. If an examination occurs, documentation may be requested to support items and positions reported on the tax returns. Penalties may apply for failure to maintain adequate documentation. Any items reassessed against you by the taxation authorities are subject to certain rights of appeal. In the event of any tax audit, we will be available to represent you for a mutually agreed upon fee.

Regardless of any tax return preparation services we provide to you, you will remain responsible for filing your tax returns and any additional reporting (if applicable) with the appropriate authorities on a timely basis, unless we undertake, in writing, to do so on your behalf. Notwithstanding the foregoing, in the event that we agree to file tax returns on your behalf, you acknowledge and agree that you remain solely responsible for providing us with the documents and information required to make a timely filing, which includes written authorization to file the return on your behalf. We assume no responsibility or liability for any fees or penalties associated with a late filing where you have failed to fulfil your responsibilities.

Our fee as indicated below is based on the assumption that all information required to prepare any required tax returns is provided on a timely basis. Our fee may need to be adjusted if there is a delay in providing this information to us. To the extent that there are unanticipated tax issues that require additional research to complete the tax return or should additional work be required on BDO's part to accumulate any schedules, information, calculations, etc., necessary to support the information required to be disclosed in the tax returns, additional fees shall be charged at our standard hourly rates based upon the increased time and expenses incurred by BDO personnel. In addition, the fee quoted does not include services related to responding to notices or inquiries from taxing authorities.

We will discuss with you any filing positions which, if taken, have the potential to give rise to a material adverse assessment or reassessment by the taxing authorities. If such an assessment or reassessment occurs, any additional tax that arises will be your responsibility. In addition, we cannot be responsible for interest and penalties assessed against you in connection with your tax affairs. Therefore, should any interest or penalty be assessed, they shall be your responsibility.

Our review of the financial statements is a limited assurance engagement. The review process is not designed to provide us with a full understanding of your tax situation and in particular, to allow us to determine whether the entity has specific tax compliance issues. We will, however, provide advice on an ongoing basis on general tax matters as requested by you. To the extent that tax services requested by you are not covered by a separate engagement letter, the terms of this Agreement shall apply to the tax services.

Additional Services

We are available to provide a wide range of services beyond those outlined in this Agreement. To the extent that any additional services that we provide to you that are not provided under a separate written engagement agreement, the provisions of this Agreement will apply to the services.

Fee Estimation

The estimated fee for this engagement is as follows:

- Review services: $10,000

For each future year we will issue a Summary of Services providing details of our Services and fees.

Our estimated fee is based on an assumed level of quality of your accounting records, the agreed upon level of preparation and assistance from your personnel and adherence to the agreed-upon timetable. Our estimated fee also assumes that your financial statements are in accordance with Canadian accounting standards for private enterprises and that there are no significant new or changed accounting policies or issues or internal control or other reporting issues. We will inform you on a timely basis if these factors are not in place. Should our assumptions with respect to the quality of your accounting records be incorrect or should the conditions of the records, degree of cooperation, results of review procedures, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates.

Our professional fees will be based on our billing rates which depend on the means by which and by whom our Services are provided. Our billing rates may be subject to change from time to time at our discretion with or without notice to you.

We will also bill you for our out-of-pocket expenses, our administrative and technology charge, and applicable Goods and Services Sales Tax, Harmonized Sales Tax, Quebec Sales Tax and Provincial Sales Tax. Our administrative and technology charge is calculated as 7% of our professional fee and represents an allocation of estimated costs associated with our technology infrastructure and support staff time costs.

Our fees will be invoiced and payable as follows:

- $5,000 prior to commencing annual assurance engagement;
- $5,000 prior to issuance of assurance report

Our accounts are due when rendered and invoiced amounts are deemed to be earned when paid. BDO may suspend the performance of Services in the event that you fail to pay an invoice when it is due. Fees that are not paid within 30 days of an invoice or by a specified payment deadline will be considered delinquent. Interest may be charged at the rate of 12% per annum on all accounts outstanding for more than 30 days.

Standard Terms and Conditions

A copy of our Standard Terms and Conditions is attached as Appendix 1. You should ensure that you read and understand them. **The Standard Terms and Conditions include clauses that limit our professional liability.**

Please sign and return the attached copy of this Agreement to indicate your agreement with it. If you have any questions concerning this Agreement, please contact us before signing it.

It is a pleasure for us to be of service and we look forward to many future years of association with you.

Yours truly,

BDO Canada LLP

Chartered Professional Accountants

Agreement of all the terms and conditions in this Agreement is hereby acknowledged by:

Signature Date

Name (please print) Position

Please carefully review this Agreement, which includes the attached Standard Terms and Conditions, prior to signing it.
A complete copy of the signed engagement letter should be returned to us.

Appendix 1 - Standard Terms and Conditions

1 Overview and Interpretation

1.1 This Agreement sets forth the entire agreement between the parties in relation to Services and it supersedes all prior agreements, negotiations or understandings, whether oral or written, with respect to Services. To the extent that any of the provisions of the accompanying letter conflict with these Standard Terms and Conditions, these Standard Terms and Conditions shall prevail. This Agreement may not be changed, modified or waived in whole or part except by an instrument in writing signed by both parties.

1.2 In this Agreement, the following words and expressions have the meanings set out below:

This Agreement – these Standard Terms and Conditions, the letter to which they are attached, any supporting schedules or other appendices to the letter, and any Summary of Services letters issued in future years

Services – the services provided or to be provided under this Agreement

We, us, our, BDO – refer to BDO Canada LLP, a Canadian limited liability partnership organized under the laws of the Province of Ontario

You, your – the party or parties contracting with BDO under this Agreement, including the party's or parties' management and those charged with corporate governance. You and your does not include BDO, its affiliates or BDO Member Firms

BDO Member Firm or Firms – any firm or firms that form part of the international network of independent firms that are members of BDO International Limited

Confidential Information - information that contains identifying features that can be attributed to you or individual personnel

2 BDO Network and Sole Recourse

2.1 BDO is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international network of independent member firms (i.e. BDO Member Firms), each of which is a separate legal entity.

2.2 We may use other BDO Member Firms or subcontractors to provide Services; however, we remain solely responsible for Services. You agree not to bring any claim or action against another BDO Member Firm (or their partners, members, directors, employees or subcontractors) or our subcontractors in respect of any liability relating to the provision of Services.

2.3 You agree that any of our affiliates, subcontractors, and other BDO Member Firms and any subcontractors thereof whom we directly or indirectly involve in providing Services have the right to rely on and enforce Section 2.2 above as if they were a party to this Agreement.

3 Respective Responsibilities

3.1 We will use reasonable efforts to complete, within any agreed-upon time frame, the performance of Services.

3.2 You shall be responsible for your personnel's compliance with your obligations under this Agreement. We will not be responsible for any delays or other consequences arising from you not fulfilling your obligations.

4 Working Papers and Deliverables

4.1 **Ownership** – Any documents prepared by us, or for us, in connection with Services belong solely to us.

4.2 **Oral advice and draft deliverables** – You should not rely upon any draft deliverables or oral advice provided by us. Should you wish to rely upon something we have said to you, please let us know and, if possible, we will provide the information that you require in writing.

4.3 **Translated documents** - If you engage us to translate any documents, advice, opinions, reports or other work product of BDO from one language to another, you are responsible for the accuracy of the translation work.

4.4 **Reliance by Third Parties** – Our Services will not be planned or conducted in contemplation of or for the purpose of reliance by any party other than you. Items of possible interest to a third party will not be addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.

4.5 **Consent to use the Report** - Nothing in this Agreement shall be construed as consent to the use of our report in connection with a continuous disclosure document, a public or private offering document, an annual report or any other document and we expressly do not provide such consent. If you request consent for the use of our report, we will consider, at the relevant time, providing consent and any conditions that we may attach to such consent. Our consent must be in writing.

4.6 **Consent requests** - In order to provide consent, professional standards require that we read the other information in the related document and consider whether such information is materially inconsistent with the related financial statements. Any consent request must be made on a sufficiently timely basis to allow us to consider your identification and resolution of events occurring in the period since the date of our report, and to obtain updated written representation letters. Such procedures will be performed at your cost and will be documented in a separate engagement letter.

5 Confidentiality

5.1 We agree to use Confidential Information provided by you only in relation to the Services in connection with which the information is provided and we will not disclose the information, except where required by law, regulation or professional obligation. We may however, give Confidential Information to other BDO Member Firms or other subcontractors assisting us in providing Services. Any party to whom we subcontract work will be required to keep Confidential Information confidential either by professional obligation or contract with us. Any BDO Member Firms or other subcontractors we use will be bound by the same confidentiality obligations.

5.2 BDO shall be entitled to include a description of the work we render to or for you in marketing and research materials and disclose such information to third parties, provided that all such information will be made anonymous and not associated with you. Additionally, we may analyze information on an industry or sector basis for internal purposes or to provide industry/sector wide information to our clients or potential clients.

You consent to our using information obtained from you in this way provided that the outputs therefrom will not contain any identifying features that can be attributed to you.

6 Independence

6.1 Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to our clients in the performance of our Services. We will communicate to you any relationships between BDO (including its related entities) and you that, in our professional judgment, may reasonably be thought to bear on our independence.

7 Offers of Employment

7.1 Any discussions that you, or any party acting on your behalf, have with professional personnel of our Firm regarding employment could pose a threat to our independence. Your recruitment of an engagement team member from the current or prior year's engagement may compromise our independence and our ability to render agreed Services to you. Engagement team members may include current and former partners and staff of BDO, other BDO Member Firms and other firms who work under our direction. Therefore, you agree to inform us prior to any such discussions so that you and we can implement appropriate safeguards to maintain our independence.

8 Professional and Regulatory Oversight

8.1 As required by legal, regulatory, or professional authorities (both in Canada and abroad) and by BDO policy, our client files must periodically be reviewed by practice inspectors to ensure that we are adhering to professional and BDO standards. It is understood that by entering into this Agreement, you provide your consent to us providing our files relating to your engagement to the practice inspectors for the sole purpose of their inspection.

8.2 Certain regulatory bodies may also have the right to conduct investigations of you, including the Services provided by us. To the extent practicable and permitted by law, we will advise you of any such investigation request or order prior to providing our working papers.

8.3 You agree to reimburse us for our time and expenses, including reasonable legal fees, incurred in responding to any investigation that is requested or authorized by you or investigations of you undertaken under government regulation or authority, court order or other legal process.

9 Privacy and Consents

9.1 You agree we will have access to all personal information in your custody that we require to complete our engagement. We may collect, use, transfer, store, or process such information disclosed by you of a personal nature (personal information). Our Services are provided on the understanding that:

(a) you have obtained any consents for collection, use and disclosure to us of personal information required under all applicable privacy legislation; and

(b) we will hold all personal information in compliance with our Privacy Statement.

10 Electronic Communications

10.1 Both parties recognize and accept the security risks associated with email communications, including but not limited to the lack of security, unreliability of delivery and possible loss of confidentiality and privilege. Unless you request in writing that we do not communicate by internet email, you assume all responsibility and liability in respect of risk associated with its use.

10.2 By signing this Agreement, you provide BDO with express consent to communicate with you and your employees, as applicable, electronically, including sending BDO newsletters, publications, announcements, invitations and other news and alerts that may be of interest to you. You and your employees may withdraw such consent at any time by contacting BDO at www.bdo.ca/unsubscribe.

11 Limitation of Liability

11.1 In any dispute, action, claim, demand for losses or damages arising out of the Services performed by BDO pursuant to this Agreement, BDO shall only be liable for its proportionate share of the total liability based on degree of fault as determined by a court of competent jurisdiction or by an independent arbitrator as a result of the dispute resolution procedures, notwithstanding the provisions of any statute or rule of common law which create, or purport to create, joint and several liability.

11.2 Our liability shall be restricted to damages of a direct and compensatory nature and shall not include indirect, consequential, aggravated or punitive damages, or damages for loss of profits or expected tax savings, whether or not the likelihood of such loss or damage was contemplated.

11.3 You agree that BDO shall in no event be liable to you for any actions, damages, claims, liabilities, costs, expenses, or losses in any way arising out of or relating to the Services performed hereunder for an aggregate amount of more than the higher of:

(a) three times the fees paid to BDO by you, in a twelve consecutive month period, for the Services provided pursuant to this Agreement giving rise to the claim; and

(b) $25,000.

11.4 No exclusion or limitation on the liability of other responsible persons imposed or agreed at any time shall affect any assessment of our proportionate liability hereunder, nor shall settlement of or difficulty enforcing any claim, or the death, dissolution or insolvency of any such other responsible persons or their ceasing to be liable for the loss or damage or any portion thereof, affect any such assessment.

11.5 You agree claims or actions relating to the delivery of Services shall be brought against us alone, and not against any individual. Where our individuals are described as partners, they are acting as one of our members.

12 Indemnity

12.1 To the fullest extent permitted by applicable law and professional regulations, you agree to indemnify and hold harmless BDO from and against all losses, costs (including solicitors' fees), damages, expenses, claims, demands or liabilities arising out of or in consequence of:

(a) a misrepresentation by a member of your management or board of directors, regardless of whether such person was acting in your interest;

(b) the Services performed by BDO pursuant to this Agreement, unless, and to the extent that, such losses, costs, damages and expenses are found by a court of competent jurisdiction to have been due to the gross negligence of BDO. In the event that the matter is settled out of court, we will mutually agree on the extent of the indemnification to be provided by you, failing which, the matter may be referred to dispute resolution in accordance with the terms of this Agreement.

13 Alternative Dispute Resolution

13.1 Both parties agree that they will first attempt to settle any dispute arising out of or relating to this Agreement or the Services provided hereunder through good faith negotiations.

13.2 In the event that the parties are unable to settle or resolve their dispute through negotiation, such dispute shall be subject to mediation pursuant to the National Mediation rules of the ADR Institute of Canada Inc. All disputes remaining unsettled for more than 60 days following the parties first meeting with a mediator or such longer period as the parties mutually agree upon shall be subject to arbitration pursuant to the National Arbitration Rules of the ADR Institute of Canada Inc. Such arbitration shall be final, conclusive and binding upon the parties, and the parties shall have no right of appeal or judicial review of the decision. The parties hereby waive any such right of appeal which may otherwise be provided for in any provincial arbitration statute made applicable under the National Arbitration Rules.

14 Limitation Period

14.1 You shall make any claim relating to Services or otherwise under this Agreement no later than one year after you became aware or ought reasonably to have become aware of the facts giving rise to any such claim.

14.2 You shall in no event make any claim relating to the Services or otherwise under this Agreement later than four years after the completion of the Services under this Agreement.

14.3 To the extent permitted by law, the parties to this Agreement agree that the limitation periods established in this Agreement replace any limitation periods under any limitations act and/or any other applicable legislation and any limitation periods under any limitations act and/or any other applicable legislation shall not alter the limitation periods specified in this Agreement.

15 Québec Personnel

15.1 We may sometimes have individual partners and employees performing Services within the Province of Québec who are members of the Ordre des comptables professionnels agréés du Québec. Any such members performing professional services hereunder assumes full personal civil liability arising from the practice of their profession, regardless of their status within our partnership. They may not invoke the liability of our partnership as grounds for excluding or limiting their own liability. Any limitation of liability clauses in this Agreement shall therefore not apply to limit the personal civil liability of partners and employees who are members of the Ordre des comptables professionnels agréés du Québec.

16 Termination

16.1 This Agreement applies to Services whenever performed (including before the date of this Agreement).

16.2 You or we may terminate this Agreement at any time upon written notice of such termination to the other party. We will not be liable for any loss, cost or expense arising from such termination. You agree to pay us for all Services performed up to the date of termination, including Services performed, work-in-progress and expenses incurred by us up to and including the effective date of the termination of this Agreement.

17 Governing Laws

17.1 The terms of our engagement shall remain operative until amended, terminated, or superseded in writing. They shall be interpreted according to the laws of Alberta in which BDO's principal Canadian office performing the engagement is located, without regard to such province/territory's rules on conflicts of law.

18 Survival

18.1 The provisions of this Agreement that give either of us rights or obligations beyond its termination shall continue indefinitely following the termination of this Agreement. Any clause that is meant to continue to apply after termination of this Agreement will do so.

19 Force Majeure

19.1 We will not be liable for any delays or failures in performance or breach of contract due to events or circumstances beyond our reasonable control, including acts of God, war, acts by governments and regulators, acts of terrorism, accident, fire, flood or storm or civil disturbance.

20 Assignment

20.1 No party may assign, transfer or delegate any of the rights or obligations hereunder without the written consent of the other party or parties. BDO may engage independent contractors and BDO Member Firms to assist us in performing the Services in this Agreement without your consent.

21 Severability

21.1 If a court or regulator with proper jurisdiction determines that a provision of this Agreement is invalid, then the provision will be interpreted in a way that is valid under applicable law or regulation. If any provision is invalid, the rest of this Agreement will remain effective.

Version: v2 202112

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Fax: 403 343 3070
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BDO Canada LLP
Suite 100 179D Leva Avenue
Red Deer County AB T4E 1B9
Canada

NORTH AMERICAN LAMB COMPANY LTD.

REPORT TO THE BOARD OF DIRECTORS

FOR THE YEAR ENDING September 30, 2021

March 10, 2022

Dear Board of Directors Members:

Our report is designed to highlight and explain key issues which we believe to be relevant to the review engagement. This report forms a significant part of our overall communication strategy with the Board of Directors and is designed to promote effective two-way communication throughout the review engagement process so that we may both share timely information. We will communicate only those matters of governance interest that come to our attention as a result of the performance of the review engagement. We are not required to design review engagement procedures for the specific purpose of identifying matters of governance interest.

Our review engagement and therefore this report will not necessarily identify all matters that may be of interest to the Board of Directors in fulfilling its responsibilities.

This report has been prepared solely for the use of the Board of Directors and should not be distributed without our prior consent. Consequently, we accept no responsibility to a third party that uses this communication.

Terms of Reference

Our overall responsibility is to express a conclusion on the non-consolidated financial statements based on our review engagement procedures. The non-consolidated financial statements are prepared by management, with oversight by those charged with governance. The review of the non-consolidated financial statements does not relieve management or those charged with governance of their responsibilities. The scope of our work and the role of management and those charged with governance are confirmed in our engagement letter.

Materiality

We have determined that materiality for the current year review engagement was based on total assets. Materiality was $1,000,000 for the year ended September 30, 2021.

Management Representations

During the course of our review, management made certain representations to us. These representations were verbal or written and therefore explicit, or they were implied through the non-consolidated financial statements. Management provided representations in response to specific queries from us, as well as unsolicited representations. Such representations were part of the evidence gathered by us to be able to draw conclusions on which to base our review engagement conclusion. These representations were documented by inclusion in the review engagement working papers memoranda of discussions with management and written representations received from management.

If requested, we can provide you with a copy of the management representation letter, which summarizes the representations we have requested from management.

Independence

Our annual communication confirming our independence is included as an Appendix. Except as noted in the Appendix, we are not aware of any relationships between the entity and us that, in our professional judgment, may reasonably be thought to bear on our independence to date.

Adjusted and Unadjusted Differences

We have disclosed all significant adjusted and unadjusted differences and disclosure omissions identified through the course of our review engagement. Each of these items has been discussed with management.

Management has determined that the unadjusted differences, if any, are immaterial both individually and in aggregate to the non-consolidated financial statements taken as a whole. These unadjusted differences have been attached to the management representation letter and amounted to $86,956. Should the Board of Directors agree with this assessment, we do not propose further adjustments.

Significant Findings, Accounting Policies, Estimates and Judgments

Management is responsible for determining the significant accounting policies. The choice of different accounting policy alternatives can have a significant effect on the financial position and results of operations of the entity. The application of those policies often involves significant estimates and judgments by management.

We are of the view that nothing has come to our attention that indicates that the significant accounting policies, estimates and judgments made by management are not plausible in the context of the non-consolidated financial statements taken as a whole. We did not encounter any significant difficulties, significant deficiencies in internal controls nor did we have any significant findings to report from the results of performing our procedures.

Yours truly,

Greg Sherwick

Greg Sherwick, CPA, CA
Partner
BDO Canada LLP
Chartered Professional Accountants

APPENDIX: INDEPENDENCE

Tel: 403 342 2500
Fax: 403 343 3070
www.bdo.ca

BDO Canada LLP
Suite 100 179D Leva Avenue
Red Deer County AB T4E 1B9
Canada

March 10, 2022

Dear Board of Directors Members:

At the core of the provision of external review engagement services is the concept of independence. We are communicating all relationships between BDO Canada LLP and its related entities and North American Lamb Company Ltd. and its related entities that, in our professional judgment, may reasonably be thought to have influenced our independence during the review engagement.

In determining which relationships to report, we have considered the applicable legislation and relevant rules of professional conduct and related interpretations prescribed by the appropriate provincial institute/order covering such matters as the following:

- Holding a financial interest, either directly or indirectly in a client;
- Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant Influence over the financial or accounting policies of a client;
- Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- Economic dependence on a client; and
- Provision of services in addition to the review engagement.

We have prepared the following comments to facilitate our discussion with you regarding independence matters.

We are not aware of any relationships between the entity and us that, in our professional judgment, may reasonably be thought to bear on our independence to date.

We hereby confirm that we are independent with respect to the entity within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta as of March 10, 2022.

This communication is intended solely for the use of the Board of Directors, management and others within the entity and should not be used for any other purposes.

Yours truly,

BDO Canada LLP

Chartered Professional Accountants

TAX INFORMATION

Corporate Taxpayer Summary

Corporate information

Corporation's name . . . . North American Lamb Company Ltd.

Taxation Year . . . . 2020-10-01 to 2021-09-30

Jurisdiction . . . . Alberta

BC	AB	SK	MB	ON	QC	NB	NS	NO	PE	NL	XO	YT	NT	NU	OC
	X														

Corporation is associated . . . . Y

Corporation is related . . . . Y

Number of associated corporations . . 7

Type of corporation . . . . Canadian-Controlled Private Corporation

Total amount due (refund) federal and provincial* . . . .

* The amounts displayed on lines "Total amount due (refund) federal and provincial" are all listed in the help. Press F1 to consult the context-sensative help.

Summary of federal information

Net income		-78,922
Taxable income		
Donations		
Calculation of income from an active business carried on in Canada		
Dividends paid		
Dividends paid – Regular		
Dividends paid – Eligible		
Balance of the low rate income pool at the end of the previous year		
Balance of the low rate income pool at the end of the year		
Balance of the general rate income pool at the end of the previous year		
Balance of the general rate income pool at the end of the year		
Part I tax (base amount)		

Summary of federal carryforward/carryback information

Carryforward balances

Non-capital losses 299,921

097

Summary of provincial information – provincial income tax payable

	Ontario	Québec (CO-17)	Alberta (AT1)
Net income			-78,922
Taxable income			
% Allocation			100.00
Attributed taxable income			
Tax payable before deduction*			
Deductions and credits			
Net tax payable			
Attributed taxable capital	N/A		N/A
Capital tax payable**	N/A		N/A
Total tax payable***			
Instalments and refundable credits			
Balance due/Refund (-)			
Logging tax payable (COZ-1179)			
Tax payable	N/A		N/A

* For Québec, this includes special taxes.

** For Québec, this includes compensation tax and registration fee.

*** For Ontario, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations. The Balance due/Refund is included in the federal Balance due/refund.

Summary of provincial carryforward amounts

	Québec	Alberta
Non-capital losses		299,921

Summary – taxable capital

Federal

Corporate name	Taxable capital used to calculate the business limit reduction (T2, line 415)	Taxable capital used to calculate the SR&ED expenditure limit for a CCPC (Schedules 31 and 49)	Taxable capital used to calculate line 233 of the T2 return	Taxable capital used to calculate line 234 of the T2 return
North American Lamb Company Ltd.	16,779	16,779		
Canada Sheep and Lamb Farms Ltd.	37,011,697	37,011,697	38,312,403	38,312,403
Canada Sheep Holdings Ltd.				
Lamb Club Marketing Limited	48,928	48,928	43,614	43,614
2079468 Alberta Ltd				
Canada Lamb Growers Ltd.	13,784,763	13,784,763	14,453,966	14,453,966
Canada Lamb Processors Ltd.	14,624,795	14,624,795	13,967,990	13,967,990
Canine Fare Ltd.	1,191	1,191	1,191	1,191
Fresh Canada Meats Ltd.				
Total	65,488,153	65,488,153	66,779,164	66,779,164

Québec

Corporate name	Paid-up capital used to calculate the Québec business limit reduction (CO-771) and to calculate the additional deduction for transportation costs of remote manufacturing SMEs (CO-156.TR)	Paid-up capital used to calculate the tax credit for investment (CO-1029.8.36.IN) and to determine the applicability of Forms CO-1029.8.33.CS and CO-1029.8.33.TE	Paid-up capital used to calculate the $1 million deduction (CO-1137.A and CO-1137.E)	Paid-up capital used to determine the applicability of Form CO-737.SI
Total				

Ontario

Corporate name	Specified capital used to calculate the expenditure limit – Ontario innovation tax credit (Schedule 566)
Total	

Alberta

Corporate name	Taxable capital used to calculate the Alberta innovation employment grant (Schedule A29)
Total	

Other provinces

Corporate name	Capital used to calculate the Newfoundland and Labrador capital deduction on financial institutions (Schedule 306)
Total	

Five-Year Comparative Summary

Federal information (T2)

	Current year	1st prior year	2nd prior year	3rd prior year	4th prior year
Taxation year end	**2021-09-30**	**2020-09-30**	**2019-09-30**	**2018-09-30**	**2017-09-30**
Net income	-78,922	-94,629			
Taxable income					
Active business income					
Dividends paid					
Dividends paid – Regular					
Dividends paid – Eligible					
LRIP – end of the previous year					
LRIP – end of the year					
GRIP – end of the previous year					
GRIP – end of the year					
Donations					
Balance due/refund (-)					
Line 996 – Amended tax return	☐	☐	☐	☐	☐

Loss carrybacks requested in prior years to reduce taxable income

Taxation year end	**2021-09-30**	**2020-09-30**	**2019-09-30**	**2018-09-30**	**2017-09-30**
Taxable income before loss carrybacks	N/A	N/A			
Non-capital losses	N/A	N/A			
Net capital losses (50%)	N/A	N/A			
Restricted farm losses	N/A	N/A			
Farm losses	N/A	N/A			
Listed personal property losses (50%)	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			
Adjusted taxable income after loss carrybacks	N/A	N/A			

Losses in the current year carried back to previous years to reduce taxable income (according to Schedule 4)

Taxation year end	**2021-09-30**	**2020-09-30**	**2019-09-30**	**2018-09-30**	**2017-09-30**
Adjusted taxable income before current year loss carrybacks*	N/A				N/A
Non-capital losses	N/A				N/A
Net capital losses (50%)	N/A				N/A
Restricted farm losses	N/A				N/A
Farm losses	N/A				N/A
Listed personal property losses (50%)	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted taxable income after loss carrybacks	N/A				N/A

* The adjusted taxable income before current year loss carryback takes into account loss carrybacks that were made in prior taxation years.

Loss carrybacks requested in prior years to reduce taxable dividends subject to Part IV tax

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Adjusted Part IV tax multiplied by the multiplication factor**, before loss carrybacks	N/A	N/A			
Non-capital losses	N/A	N/A			
Farm losses	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			
Adjusted Part IV tax multiplied by the multiplication factor**, after loss carrybacks	N/A	N/A			

Losses in the current year carried back to previous years to reduce taxable dividends subject to Part IV tax (according to Schedule 4)

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Adjusted Part IV tax multiplied by the multiplication factor**, before current-year loss carrybacks***	N/A				N/A
Non-capital losses	N/A				N/A
Farm losses	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted Part IV tax multiplied by the multiplication factor**, after loss carrybacks	N/A				N/A

** The multiplication factor is 3 for dividends received before January 1, 2016, and 100 / 38 1/3 for dividends received after December 31, 2015.

*** The adjusted Part IV tax multiplied by the multiplication factor before current-year loss carrybacks takes into account loss carrybacks that were made in prior taxation years. This amount is multiplied by the multiplication factor to help you determine the loss amount that must be used to reduce Part IV tax payable to zero.

Federal taxes

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Part I					
Part IV					
Part III.1					
Other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Credits against Part I tax

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Small business deduction					
M&P deduction					
Foreign tax credit					
Investment tax credit					
Abatement/other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Refunds/credits

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
ITC refund					
Dividend refund					
– Eligible dividends					
– Non-eligible dividends					
Instalments					
Other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Alberta (AT1)

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Net income	-78,922	-94,629			
Taxable income					
% Allocation	100.00	100.00			
Attributed taxable income					
Tax payable before deduction					
Deductions/credits					
Net tax payable					
Instalments and refundable credits					
Balance due/refund					

Loss carrybacks requested in prior years

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Taxable income before loss carrybacks	N/A	N/A			
Non-capital losses	N/A	N/A			
Net-capital losses (50%)	N/A	N/A			
Restricted farm losses	N/A	N/A			
Farm losses	N/A	N/A			
Listed personal property losses (50%)	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			
Adjusted taxable income after loss carrybacks	N/A	N/A			

Losses in the current year carried back to previous years (according to the AT1 Schedule 10)

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Adjusted taxable income before current year loss carrybacks*	N/A				N/A
Non-capital losses	N/A				N/A
Net-capital losses (50%)	N/A				N/A
Restricted farm losses	N/A				N/A
Farm losses	N/A				N/A
Listed personal property losses (50%)	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted taxable income after loss carrybacks	N/A				N/A

* The adjusted taxable income before current year loss carrybacks takes into account loss carrybacks that were made in prior taxation years.

Canada Revenue Agency / Agence du revenu du Canada

Net Income (Loss) for Income Tax Purposes

Schedule 1

Corporation's name	Business number	Tax year-end Year Month Day
North American Lamb Company Ltd.	70331 9715 RC0001	2021-09-30

- Use this schedule to reconcile the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes. For more information, see the T2 Corporation – Income Tax Guide.
- All legislative references are to the Income Tax Act.

Net income (loss) after taxes and extraordinary items from line 9999 of Schedule 125 . . . . . -87,503 A

Add:

Subtotal of additions 0 ▶ 0

Add:

Other additions:

	1 Description 605	2 Amount 295
1	PY net income variance	8,581
	Total of column 2	8,581

▶ 296 8,581

Subtotal of other additions 199 8,581 ▶ 8,581 D

Total additions 500 8,581 ▶ 8,581

Amount A **plus** line 500 . . . . . -78,922 B

Deduct:

Subtotal of deductions ▶

Deduct:

Other deductions:

1 Description 705	2 Amount 395
Total of column 2	

▶ 396

Subtotal of other deductions 499 0 ▶ 0 E

Total deductions 510 0 ▶ 0

Net income (loss) for income tax purposes (amount B **minus** line 510) . . . . . -78,922 C

Enter amount C on line 300 of the T2 return.

T2 SCH 1 E (19)

Canada

FINANCIAL INFORMATION

North American Lamb Company Ltd.

H80A

Year End: September 30, 2021
Leadsheet Summary

Prepared by	Detail Review	General Review
MQL 02/16/2022	RSW 02/22/2022	GRS 02/22/2022
Concur Rev	4th Level Rev	Tax Rev

Account	Prelim	Adj's	Reclass	Rep	Rep 09/20	%Chg
9500 Scotia USD	38,477.19	0.00	**0.00**	**38,477.19**	19,321.21	**99**
9550 Scotia USD cancellation	-19,261.93	0.00	**0.00**	**-19,261.93**	0.00	**0**
80300 foreign Exchange	38.08	0.00	**0.00**	**38.08**	-251.07	**-115**
95101 Scotia USD Exchange	6,360.57	0.00	**0.00**	**6,360.57**	6,451.35	**-1**
96505 Bank Scotia USD	15,176.30	0.00	**0.00**	**15,176.30**	0.00	**0**
98206 FCC Loan Crop	-20,000.00	0.00	**0.00**	**-20,000.00**	-20,000.00	**0**
A Cash and Bank	**20,790.21**	**0.00**	**0.00**	**20,790.21**	**5,521.49**	**277**
95000 Company Shares	48,523,414.00	0.00	**0.00**	**48,523,414.00**	48,523,414.00	**0**
M Long Term Investments	**48,523,414.00**	**0.00**	**0.00**	**48,523,414.00**	**48,523,414.00**	**0**
96100 Operating Line Scotia	-15,204,551.98	0.00	**0.00**	**-15,204,551.98**	-12,836,598.81	**18**
AA Bank Indebtedness	**-15,204,551.98**	**0.00**	**0.00**	**-15,204,551.98**	**-12,836,598.81**	**18**
820 Sales Tax	1,625.92	0.00	**0.00**	**1,625.92**	0.00	**0**
96702 Accounts Payable - BDO Reclass	0.00	0.00	**-48,787.72**	**-48,787.72**	0.00	**0**
97900 GST on purchases	59.72	0.00	**0.00**	**59.72**	0.00	**0**
CC Accounts Payable & Accrued Lia	**1,685.64**	**0.00**	**-48,787.72**	**-47,102.08**	**0.00**	**0**
98203 FCC Loan #1	-2,050,746.10	0.00	**0.00**	**-2,050,746.10**	-879,915.28	**133**
98204 FCC Loan #3	-10,836,934.43	0.00	**0.00**	**-10,836,934.43**	-11,466,127.32	**-5**
98205 FCC Loan #2	-10,505,240.63	0.00	**0.00**	**-10,505,240.63**	-10,254,891.40	**2**
NN Debt	**-23,392,921.16**	**0.00**	**0.00**	**-23,392,921.16**	**-22,600,934.00**	**4**
91100 Accounts Receivable	2,572,749.27	0.00	**0.00**	**2,572,749.27**	489,793.93	**425**
91200 Sundry Debtors	-1,288.23	0.00	**0.00**	**-1,288.23**	-1,288.23	**0**
93401 Canada Gold Beef	2,499,000.00	0.00	**0.00**	**2,499,000.00**	2,499,000.00	**0**
96110 CLG - Operating Line of Credit	3,370,000.00	0.00	**0.00**	**3,370,000.00**	800,000.00	**321**
96111 CLP - Operating Line of Credit	0.00	0.00	**0.00**	**0.00**	737,935.00	**-100**
96112 CSLF Operating Line of Credit	20,834,386.78	0.00	**0.00**	**20,834,386.78**	16,364,692.86	**27**
96120 FCC Loan CLG	7,620,238.10	0.00	**0.00**	**7,620,238.10**	7,621,824.66	**0**
96121 FCC Loan CLP	4,459,909.09	0.00	**0.00**	**4,459,909.09**	4,725,698.97	**-6**
96122 FCC Loan CSLF	11,212,643.29	0.00	**0.00**	**11,212,643.29**	10,247,269.55	**9**
96700 Accounts Payable	-102,770.34	0.00	**48,787.72**	**-53,982.62**	0.00	**0**
96701 Payables Control Intercompany	48,181.37	0.00	**0.00**	**48,181.37**	0.00	**0**
96800 Sundry Creditors	-10,620.82	0.00	**0.00**	**-10,620.82**	-10,620.82	**0**
97000 Wages Control	18,374.07	0.00	**0.00**	**18,374.07**	-780.42	**-2454**
98207 Scotia LOC USD Exchange	-6,678.00	0.00	**0.00**	**-6,678.00**	-6,678.00	**0**
QQ Related Party Transactions	**52,514,124.58**	**0.00**	**48,787.72**	**52,562,912.30**	**43,466,847.50**	**21**
93200 Fresh Canada Meats Ltd	-4,139,255.54	0.00	**0.00**	**-4,139,255.54**	-156,274.43	**2549**
QQ. A Shareholder Loans	**-4,139,255.54**	**0.00**	**0.00**	**-4,139,255.54**	**-156,274.43**	**2549**
99000 Capital - A Shares	-10,000,000.00	0.00	**0.00**	**-10,000,000.00**	-10,000,000.00	**0**
99010 Capital - B Shares	-48,623,414.11	0.00	**0.00**	**-48,623,414.11**	-46,623,414.16	**4**

North American Lamb Company Ltd.

H80A-1

Year End: September 30, 2021
Leadsheet Summary

Prepared by	Detail Review	General Review
MQL 02/16/2022	RSW 02/22/2022	GRS 02/22/2022
Concur Rev	4th Level Rev	Tax Rev

Account	Prelim	Adj's	Reclass	Rep	Rep 09/20	%Chg
RR Common Shares	**-58,623,414.11**	**0.00**	**0.00**	**-58,623,414.11**	**-56,623,414.16**	**4**
99300 Retained Earnings	212,444.95	0.00	**0.00**	**212,444.95**	126,782.83	**68**
NETINC	87,683.41	0.00	**0.00**	**87,683.41**	94,655.58	**-7**
SS Equity	**300,128.36**	**0.00**	**0.00**	**300,128.36**	**221,438.41**	**36**
70100 Board Fees	27,219.58	0.00	**0.00**	**27,219.58**	35,497.05	**-23**
520 Expenses	**27,219.58**	**0.00**	**0.00**	**27,219.58**	**35,497.05**	**-23**
22200 Legal Expense	3,474.52	0.00	**0.00**	**3,474.52**	0.00	**0**
23000 Stationary	105.21	0.00	**0.00**	**105.21**	0.00	**0**
23200 Audit Fees	43,857.50	0.00	**0.00**	**43,857.50**	0.00	**0**
24000 General Expenses	702.53	0.00	**0.00**	**702.53**	0.00	**0**
30000 Salaries & Wages	-82,287.59	0.00	**0.00**	**-82,287.59**	0.00	**0**
30510 Canada Pension & Insurance	2,992.00	0.00	**0.00**	**2,992.00**	0.00	**0**
54000 Computer	167.62	0.00	**0.00**	**167.62**	0.00	**0**
60500 Administration	48,198.84	0.00	**0.00**	**48,198.84**	0.00	**0**
61000 Insurance	15,988.22	0.00	**0.00**	**15,988.22**	0.00	**0**
520. 2 Administration Fees	**33,198.85**	**0.00**	**0.00**	**33,198.85**	**0.00**	**0**
497 Bank Revaluations	-42.89	0.00	**0.00**	**-42.89**	-32.97	**30**
860 Rounding	218.95	0.00	**0.00**	**218.95**	-5.33	**-4208**
19640 Intercompany Interest Received	-1,503,698.93	0.00	**0.00**	**-1,503,698.93**	-1,168,788.74	**29**
80000 Bank Fees	14,434.04	0.00	**0.00**	**14,434.04**	10,779.86	**34**
80200 Interest - Bank	0.00	0.00	**0.00**	**0.00**	880.04	**-100**
80201 CRA - Penalties and interest	0.00	0.00	**0.00**	**0.00**	27.00	**-100**
80202 Interest LoC	518,929.57	0.00	**0.00**	**518,929.57**	393,568.19	**32**
80203 Interest Long Term Loan	992,687.86	0.00	**0.00**	**992,687.86**	817,382.30	**21**
80400 Inter company Interest	4,736.38	0.00	**0.00**	**4,736.38**	5,348.18	**-11**
520.45 Interest and Bank Charges	**27,264.98**	**0.00**	**0.00**	**27,264.98**	**59,158.53**	**-54**
	87,683.41	**0.00**	**0.00**	**87,683.41**	**94,655.58**	**-7**

CANINE FARE LTD.

Year Ended September 30, 2021

LETTERS

Tel: 403 342 2500
Fax: 403 343 3070
www.bdo.ca

BDO Canada LLP
Suite 100 179D Leva Avenue
Red Deer County AB T4E 1B9
Canada

February 11, 2022

Mr. Gary Alexander
Box 237
Picture Butte, AB
T0K 1V0

Dear Mr. Alexander:

Re: Canine Fare Ltd.

We enclose the following:

1. The T2 Federal Corporation Income Tax Return and the AT1 Alberta Corporate Income Tax Return for the year ended Thursday, September 30, 2021.

   There are no income taxes payable on these income tax returns.

   We have filed the applicable return with the appropriate tax authority on your behalf.

   The "Client Copy" is for your records.

2. A copy of the letter of engagement outlining our involvement in the preparation of the financial statements of Canine Fare Ltd. for the year ended Thursday, September 30, 2021.

3. Our statement of account for the above services.

If you have any further questions, please do not hesitate to call.

Yours truly,

BDO CANADA LLP CHARTERED PROFESSIONAL ACCOUNTANTS

Greg Sherwick

Greg Sherwick, CPA, CA
Partner
BDO Canada LLP
Chartered Professional Accountants

Enc.

Tel: 403 342 2500
Fax: 403 343 3070
www.bdo.ca

BDO Canada LLP
Suite 100 179D Leva Avenue
Red Deer County AB T4E 1B9
Canada

January 20, 2022

Canine Fare Ltd.
4312 - 51 Street
Innisfail, AB
T4G 1A3

Dear Sir/Madam,

We are pleased to continue to serve Canine Fare Ltd. by preparing its corporate tax returns for the year ending September 30, 2021 and subsequent years, subject to the terms and conditions of this Agreement. The attached Standard Terms and Conditions form an integral part of this Agreement and the definitions set out in the Standard Terms and Conditions are applicable throughout this Agreement.

The returns will be prepared based upon the information supplied by you. We will not audit, review or otherwise attempt to verify the accuracy of the information; nor will we be responsible for assessing its completeness irrespective of any requests that we may make to you for additional information.

Regardless of any tax return preparation services we provide to you, you will remain responsible for filing your tax returns with the appropriate authorities on a timely basis.

Your returns are, of course, subject to review by the taxation authorities. Any items reassessed by the taxation authorities are subject to certain rights of appeal. In the event of any tax audit, we will be available to represent you for a mutually agreed upon fee.

We will discuss with you any filing positions which we believe, if taken, may give rise to a material adverse assessment or reassessment by the taxation authorities. If an assessment or reassessment occurs, any additional tax that arises will be your responsibility. In addition, we cannot be responsible for interest and penalties assessed against you in connection with your income tax affairs. Therefore, any interest or penalty assessed shall be your responsibility.

This engagement is not designed to provide us with a full understanding of your tax situation and, in particular, to allow us to determine whether you have specific tax compliance issues. We will, however, provide advice on an ongoing basis on general income tax matters as requested by you. A separate engagement letter may be issued for significant tax projects. To the extent that tax services requested by you are not covered by a separate engagement letter, the terms of this Agreement shall apply to those tax services.

Additional Services

In addition to the services discussed above we will assist in:

- such bookkeeping as we find necessary to prepare the tax return

We are available to provide a wide range of services beyond those outlined in this Agreement. To the extent that any additional services that we provide to you that are not provided under a separate written engagement agreement, the provisions of this Agreement will apply to the services.

Standard Terms and Conditions

A copy of our Standard Terms and Conditions is attached as Appendix 1. You should ensure that you read and understand them. The Standard Terms and Conditions include clauses that limit our professional liability.

Acknowledgement and Agreement

Provided that this Agreement is satisfactory to you, please sign and return the attached copy to indicate your acceptance of it. This Agreement will remain in place and fully effective until varied or replaced by another relevant written agreement. If you have any questions concerning the Agreement, please contact us before signing it.

It is a pleasure for us to be of service and we look forward to many future years of association with you.

Yours truly,

BDO Canada LLP

Chartered Professional Accountants

Agreement of all the terms and conditions in this Agreement is hereby acknowledged by:

Signature	Position
Name (please print)	Date

Appendix 1 - Standard Terms and Conditions

1. Overview and Interpretation

1.1 This Agreement sets forth the entire agreement between the parties in relation to Services and it supersedes all prior agreements, negotiations or understandings, whether oral or written, with respect to Services. To the extent that any of the provisions of the accompanying letter conflict with these Standard Terms and Conditions, these Standard Terms and Conditions shall prevail. This Agreement may not be changed, modified or waived in whole or part except by an instrument in writing signed by both parties.

1.2 In this agreement, the following words and expressions have the meanings set out below:

This Agreement – these Standard Terms and Conditions, the letter to which they are attached, and any supporting schedules or other appendices to the letter

Services – the services provided or to be provided under this Agreement

We, us, our, BDO – refer to BDO Canada LLP, a Canadian limited liability partnership organized under the laws of the Province of Ontario

You, your – the party or parties contracting with BDO under this agreement, including the party's or parties' management and those charged with corporate governance. You and your does not include BDO, its affiliates or BDO Member Firms

BDO Member Firm or Firms – any firm or firms that form part of the international network of independent firms that are members of BDO International Limited

Confidential Information - information that contains identifying features that can be attributed to you or individual personnel

2. BDO Network and Sole Recourse

2.1 BDO is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international network of independent member firms (i.e. BDO Member Firms), each of which is a separate legal entity.

2.2 We may use other BDO Member Firms or subcontractors to perform work in connection with this Agreement; however, we remain solely responsible for the work. You agree not to bring any claim or action against another BDO Member Firm (or their partners, members, directors, employees or subcontractors) or our subcontractors in respect of any liability relating to the provision of Services.

2.3 You agree that any of our affiliates, subcontractors, and other BDO Member Firms and any subcontractors thereof whom we directly or indirectly involve in providing work in connection with this Agreement have the right to rely on and enforce Section 2.2 above as if they were a party to this agreement.

3. Respective Responsibilities

3.1 We will use reasonable efforts to complete, within any agreed-upon time frame, the performance of the work under this Agreement.

3.2 You shall be responsible for your personnel's compliance with your obligations under this Agreement. We will not be responsible for any delays or other consequences arising from you not fulfilling your obligations.

4. Working Papers and Deliverables

4.1 **Ownership** – Any documents prepared by us or for us in connection with this Agreement belong solely to us.

4.2 **Oral advice and draft deliverables** – You should not rely upon any draft deliverables or oral advice provided by us. Should you wish to rely upon something we have said to you, please let us know and, if possible, we will provide the information that you require in writing.

4.3 **Translated documents** - If you engage us to translate any documents, advice, opinions, reports or other work product of BDO from one language to another, you are responsible for the accuracy of the translation work.

4.4 **Reliance by Third Parties** – Our Services will not be planned or conducted in contemplation of or for the purpose of reliance by any third party other than you and any party to whom the report is addressed

5. Confidentiality

5.1 We agree to use Confidential Information provided by you only in relation to the services in connection with which the information is provided and we will not disclose the information, except where required by law, regulation or professional obligation. We may, however, give Confidential Information to other BDO Member Firms or other subcontractors assisting us in providing Services. Any party to whom we subcontract work will be required to keep Confidential Information confidential either by professional obligation or contract with us. Any BDO Member Firms or other subcontractors we use will be bound by the same confidentiality obligations.

5.2 BDO shall be entitled to include a description of services we render to or for you in marketing and research materials and disclose such information to third parties, provided that all such information will be made anonymous and not associated with you. Additionally, we may analyze information on an industry or sector basis for internal purposes or to provide industry/sector wide information to our clients or potential clients. You consent to our using information obtained from you in this way provided that the outputs therefrom will not contain any identifying features that can be attributed to you.

6. Professional and Regulatory Oversight

6.1 As required by legal, regulatory, or professional authorities (both in Canada and abroad) and by BDO policy, our client files must periodically be reviewed by practice inspectors to ensure that we are adhering to professional and BDO standards. It is understood that by entering into this agreement, you provide your consent to us providing our files relating to your engagement to the practice inspectors for the sole purpose of their inspection.

6.2 Certain regulatory bodies may also have the right to conduct investigations of you, including the Services provided by us. To the extent practicable and permitted by law, we will advise you of any such investigation request or order prior to providing our working papers.

6.3 You agree to reimburse us for our time and expenses, including reasonable legal fees, incurred in responding to any investigation that is requested or authorized by you or investigations of you undertaken under government regulation or authority, court order or other legal process.

7. Privacy and Consents

7.1 You agree we will have access to all personal information in your custody that we require to complete our engagement. We may collect, use, transfer, store, or process such information disclosed by you of a personal nature (personal information). Our Services are provided on the understanding that:

(a) you have obtained any consents for collection, use and disclosure to us of personal information required under all applicable privacy legislation; and

(b) we will hold all personal information in compliance with our Privacy Statement.

8. Electronic Communications

8.1 Both parties recognize and accept the security risks associated with email communications, including but not limited to the lack of security, unreliability of delivery and possible loss of confidentiality and privilege. Unless you request in writing that we do not communicate by internet email, you assume all responsibility and liability in respect of risk associated with its use.

8.2 By signing this agreement, you provide BDO with express consent to communicate with you and your employees, as applicable, electronically, including sending BDO newsletters, publications, announcements, invitations and other news and alerts that may be of interest to you. You and your employees may withdraw such consent at any time by contacting BDO at www.bdo.ca/unsubscribe.

9. Limitation of Liability

9.1 In any dispute, action, claim, demand for losses or damages arising out of the Services performed by BDO pursuant to this Agreement, BDO shall only be liable for its proportionate share of the total liability based on degree of fault as determined by a court of competent jurisdiction or by an independent arbitrator as a result of the dispute resolution procedures, notwithstanding the provisions of any statute or rule of common law which create, or purport to create, joint and several liability.

9.2 Our liability shall be restricted to damages of a direct and compensatory nature and shall not include indirect, consequential, aggravated or punitive damages, or damages for loss of profits or expected tax savings, whether or not the likelihood of such loss or damage was contemplated.

9.3 You agree that BDO shall in no event be liable to you for any actions, damages, claims, liabilities, costs, expenses, or losses in any way arising out of or relating to the Services performed hereunder for an aggregate amount of more than the higher of:

(a) the fees paid by you to BDO in the twelve months preceding the incident giving rise to the claim; and

(b) $10,000.

9.4 No exclusion or limitation on the liability of other responsible persons imposed or agreed at any time shall affect any assessment of our proportionate liability hereunder, nor shall settlement of or difficulty enforcing any claim, or the death, dissolution or insolvency of any such other responsible persons or their ceasing to be liable for the loss or damage or any portion thereof, affect any such assessment.

9.5 You agree claims or actions relating to the delivery of Services shall be brought against us alone, and not against any individual. Where our individuals are described as partners, they are acting as one of our members.

10. Indemnity

10.1 To the fullest extent permitted by applicable law and professional regulations, you agree to indemnify and hold harmless BDO from and against all losses, costs (including solicitors' fees), damages, expenses, claims, demands or liabilities arising out of or in consequence of:

(a) a misrepresentation by a member of your management or board of directors, regardless of whether such person was acting in your interest;

(b) the services performed by BDO pursuant to this Agreement, unless, and to the extent that, such losses, costs, damages and expenses are found by a court of competent jurisdiction to have been due to the gross negligence of BDO. In the event that the matter is settled out of court, we will mutually agree on the extent of the indemnification to be provided by you, failing which, the matter may be referred to dispute resolution in accordance with the terms of this letter.

11. Alternative Dispute Resolution

11.1 Both parties agree that they will first attempt to settle any dispute arising out of or relating to this agreement or the Services provided hereunder through good faith negotiations.

11.2 In the event that the parties are unable to settle or resolve their dispute through negotiation, such dispute shall be subject to mediation pursuant to the National Mediation rules of the ADR Institute of Canada Inc. All disputes remaining unsettled for more than 60 days following the parties first meeting with a mediator or such longer period as the parties mutually agree upon shall be subject to arbitration pursuant to the National Arbitration Rules of the ADR Institute of Canada Inc. Such arbitration shall be final, conclusive and binding upon the parties, and the parties shall have no right of appeal or judicial review of the decision. The parties hereby waive any such right of appeal which may otherwise be provided for in any provincial arbitration statute made applicable under the National Arbitration Rules.

12. Limitation Period

12.1 You shall make any claim relating to the Services or otherwise under this Agreement no later than one year after you became aware or ought reasonably to have become aware of the facts giving rise to any such claim.

12.2 You shall in no event make any claim relating to the Services or otherwise under this Agreement later than four years after the completion of the Services under this Agreement.

12.3 To the extent permitted by law, the parties to this Agreement agree that the limitation periods established in this Agreement replace any limitation periods under any limitations act and/or any other applicable legislation and any limitation periods under any limitations act and/or any other applicable legislation shall not alter the limitation periods specified in this Agreement).

13. Québec Personnel

13.1 We may sometimes have individual partners and employees performing Services within the province of Quebec who are members of the Ordre des comptables professionnels agréés du Québec. Any such members performing professional services hereuder assumes full personal civil liability arising from the practice of their profession, regardless of their status within our partnership. They may not invoke the liability of our partnership as grounds for excluding or limiting their own liability. The provisions in Sections 9 (Limitation of Liability) and 12 (Limitation Period) shall therefore not apply to limit the personal civil liability of partners and employees who are members of the Ordre des comptables professionnels agréés du Québec.

14. Termination

14.1 This Agreement applies to the requested Services whenever performed (including before the date of this Agreement).

14.2 You or we may terminate this Agreement at any time upon written notice of such termination to the other party. We will not be liable for any loss, cost or expense arising from such termination. You agree to pay us for all Services performed up to the date of termination, including Services performed, work-in-progress and expenses incurred by us up to and including the effective date of the termination of this Agreement.

15. Fees and Billings

15.1 Our professional fees will be based on our billing rates which depend on the means by which and by whom our Services are provided. We also will bill you for our out-of-pocket expenses, our internal administrative charges for certain support activities (described below), and applicable Goods and Services Tax, Harmonized Sales Tax, Quebec Sales Tax and Provincial Sales Tax.

15.2 Our administrative charge is calculated as a percentage of our professional fee and represents an allocation of estimated costs associated with our technology infrastructure, telephone charges, photocopying and some support staff time costs.

15.3 Our accounts are due when rendered. BDO may suspend the performance of Services in the event that you fail to pay an invoice when it is due. Interest may be charged at the rate of 12% per annum on all accounts outstanding for more than 30 days.

16. Governing Laws

16.1 The terms of our engagement shall remain operative until amended, terminated, or superseded in writing. They shall be interpreted according to the laws of the province or territory in which BDO’s principal Canadian office performing the engagement is located, without regard to such province/territory’s rules on conflicts of law.

17. Entire Agreement and Survival

17.1 This Agreement sets forth the entire agreement between the parties with respect to the subject matter herein, superseding all prior agreements, negotiations or understandings, whether oral or written, with respect to such subject matter. It is understood that this Agreement will not be superseded by any contract with us for other specific services that are not of the same scope as the Services contemplated in this Agreement, unless the other contract explicitly references this Agreement and an intent to supersede it.

17.2 The provisions of this Agreement that give either of us rights or obligations beyond its termination shall continue indefinitely following the termination of this Agreement. Any clause that is meant to continue to apply after termination of this Agreement will do so.

18. Force Majeure

18.1 We will not be liable for any delays or failures in performance or breach of contract due to events or circumstances beyond our reasonable control, including acts of God, war, acts by governments and regulators, acts of terrorism, accident, fire, flood or storm or civil disturbance.

19. Assignment

19.1 No party may assign, transfer or delegate any of the rights or obligations hereunder without the written consent of the other party or parties. BDO may engage independent contractors and BDO Member Firms to assist us in performing the Services in this Agreement without your consent.

20. Severability

20.1 If a court or regulator with proper jurisdiction determines that a provision of this Agreement is invalid, then the provision will be interpreted in a way that is valid under applicable law or regulation. If any provision is invalid, the rest of this Agreement will remain effective.

Version : 201809

TAX INFORMATION

Corporate Taxpayer Summary

Corporate information

Corporation's name . . . . Canine Fare Ltd.

Taxation Year . . . . 2020-10-01 to 2021-09-30

Jurisdiction . . . . Alberta

BC	AB	SK	MB	ON	QC	NB	NS	NO	PE	NL	XO	YT	NT	NU	OC
☐	X	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Corporation is associated . . . . Y

Corporation is related . . . . Y

Number of associated corporations . . 7

Type of corporation . . . . Canadian-Controlled Private Corporation

Total amount due (refund) federal and provincial* . . . .

* The amounts displayed on lines "Total amount due (refund) federal and provincial" are all listed in the help. Press F1 to consult the context-sensative help.

Summary of provincial information – provincial income tax payable

	Ontario	Québec (CO-17)	Alberta (AT1)
Net income			
Taxable income			
% Allocation			100.00
Attributed taxable income			
Tax payable before deduction*			
Deductions and credits			
Net tax payable			
Attributed taxable capital	N/A		N/A
Capital tax payable**	N/A		N/A
Total tax payable***			
Instalments and refundable credits			
Balance due/Refund (-)			
Logging tax payable (COZ-1179)			
Tax payable	N/A		N/A

* For Québec, this includes special taxes.

** For Québec, this includes compensation tax and registration fee.

*** For Ontario, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations. The Balance due/Refund is included in the federal Balance due/refund.

Summary – taxable capital

Federal

Corporate name	Taxable capital used to calculate the business limit reduction (T2, line 415)	Taxable capital used to calculate the SR&ED expenditure limit for a CCPC (Schedules 31 and 49)	Taxable capital used to calculate line 233 of the T2 return	Taxable capital used to calculate line 234 of the T2 return
Canine Fare Ltd.	1,191	1,191	1,191	1,191
Canada Lamb Processors Ltd.	14,624,795	14,624,795	13,967,991	13,967,991
Canada Lamb Growers Ltd.	13,784,763	13,784,763	14,644,636	14,644,636
North American Lamb Company Ltd.	16,779	16,779	58,323,286	58,323,286
Lamb Club Marketing Limited	48,928	48,928	43,614	43,614
Canada Sheep and Lamb Farms Ltd.	37,011,697	37,011,697	3,086,996	3,086,996

Federal

Corporate name	Taxable capital used to calculate the business limit reduction (T2, line 415)	Taxable capital used to calculate the SR&ED expenditure limit for a CCPC (Schedules 31 and 49)	Taxable capital used to calculate line 233 of the T2 return	Taxable capital used to calculate line 234 of the T2 return
Canada Sheep Holdings Ltd.				
Fresh Canada Meats Ltd.				
2079468 Alberta Ltd				
Total	65,488,153	65,488,153	90,067,714	90,067,714

Québec

Corporate name	Paid-up capital used to calculate the Québec business limit reduction (CO-771) and to calculate the additional deduction for transportation costs of remote manufacturing SMEs (CO-156.TR)	Paid-up capital used to calculate the tax credit for investment (CO-1029.8.36.IN) and to determine the applicability of Forms CO-1029.8.33.CS and CO-1029.8.33.TE	Paid-up capital used to calculate the $1 million deduction (CO-1137.A and CO-1137.E)	Paid-up capital used to determine the applicability of Form CO-737.SI
Total				

Ontario

Corporate name	Specified capital used to calculate the expenditure limit – Ontario innovation tax credit (Schedule 566)
Total	

Alberta

Corporate name	Taxable capital used to calculate the Alberta innovation employment grant (Schedule A29)
Total	

Other provinces

Corporate name	Capital used to calculate the Newfoundland and Labrador capital deduction on financial institutions (Schedule 306)
Total	

CANADA SHEEP HOLDINGS LTD.

Year Ended September 30, 2021

Financial Statements of
Canada Sheep Holdings Ltd.

September 30, 2021

Tel: 403 342 2500
Fax: 403 343 3070
www.bdo.ca

BDO Canada LLP
Suite 100 179D Leva Avenue
Red Deer County AB T4E 1B9
Canada

NOTICE TO READER

On the basis of information provided by management, we have compiled the balance sheet of Canada Sheep Holdings Ltd. as at September 30, 2021 and the statement of operations and deficit for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Red Deer County, Alberta

BDO Canada LLP

February 22, 2022

Chartered Professional Accountants

Canada Sheep Holdings Ltd.

Balance sheet

As at September 30, 2021

(In Canadian dollars)

	September 30, 2021	September 30, 2020
	$	$
Assets		
Current assets		
Cash	520	6,388
Investment in related parties	28,184,596	28,184,596
	28,185,116	28,190,984
Advances to related parties	30,624	30,136
	28,215,740	28,221,120
Liabilities		
Current liabilities		
Accounts payable and accruals	79,787	83,086
Advances from related parties	53,746	53,746
	133,533	136,832
Shareholders' equity		
Share capital	29,425,920	29,425,920
Deficit	(1,343,713)	(1,341,632)
	28,082,207	28,084,288
	28,215,740	28,221,120

Canada Sheep Holdings Ltd.

Statement of operations and deficit

For the years ended September 30, 2021
(In Canadian dollars)

	September 30, 2021	September 30, 2020
	$	$
Revenue		
Revenue	-	-
Expenses		
Interests and bank charges	(536)	2,276
Professional fees	2617	(1,312)
	2,081	964
Net loss	(2,081)	(964)
Deficit, beginning of year	(1,341,632)	(1,340,668)
Deficit, end of year	(1,343,713)	(1,341,632)

LETTERS

Tel: 403 342 2500
Fax: 403 343 3070
www.bdo.ca

BDO Canada LLP
Suite 100 179D Leva Avenue
Red Deer County AB T4E 1B9
Canada

February 22, 2022

Mr. Gary Alexander
1600, 925 West Georgia Street
Vancouver, AB
V6C 3L2

Dear Mr. Alexander:

Re: Canada Sheep Holdings Ltd.

We enclose the following:

1. One copy of the unaudited financial statements of Canada Sheep Holdings Ltd. for the year ended Thursday, September 30, 2021.

2. The T2 Federal Corporation Income Tax Return and the AT1 Alberta Corporate Income Tax Return for the year ended Thursday, September 30, 2021.

   There are no income taxes payable on these income tax returns.

   We have filed the applicable return with the appropriate tax authority on your behalf.

   The "Client Copy" is for your records.

3. A copy of the letter of engagement outlining our involvement in the preparation of the financial statements of Canada Sheep Holdings Ltd. for the year ended Thursday, September 30, 2021.

4. Our statement of account for the above services.

If you have any further questions, please do not hesitate to call.

Yours truly,

BDO CANADA LLP CHARTERED PROFESSIONAL ACCOUNTANTS

Greg Sherwick, CPA, CA
Partner
BDO Canada LLP
Chartered Professional Accountants

Enc.

Tel: 403 342 2500
Fax: 403 343 3070
www.bdo.ca

BDO Canada LLP
Suite 100 179D Leva Avenue
Red Deer County AB T4E 1B9
Canada

January 18, 2022

Canada Sheep Holdings Ltd.
1600, 925 West Georgia Street
Vancouver, BC
V6C 3L2

Dear Sirs/Mesdames:

We are pleased to continue our appointment as accountants to compile Canada Sheep Holdings Ltd.'s financial statements for the year ending September 30, 2021 and subsequent years subject to the terms and conditions of this Agreement. The attached Standard Terms and Conditions form an integral part of this Agreement and the definitions set out in the Standard Terms and Conditions are applicable throughout this Agreement.

We will compile the financial statements, in accordance with the standards applicable to compilation engagements, from information provided by you. We will not perform an audit or review engagement on such information or otherwise attempt to verify the accuracy or completeness of the information.

A Notice to Reader communication will be attached to the statements compiled by us. Unless unanticipated difficulties are encountered, our communication will be substantially in the form set out in CPA Canada Standards and Guidance 9200. Our communication will caution readers that the financial statements may not be appropriate for their purposes.

Since we are not accepting this engagement as auditors, we request that you do not record this engagement as an audit engagement in any shareholder meeting minutes. Our Services will not result in the expression of an audit opinion or any other form of assurance on the financial statements nor the fulfilling of any statutory or other audit requirement. You may wish to obtain legal advice concerning statutory (or contractual) audit requirements.

It is understood and agreed that:

(a) this engagement cannot be relied upon to prevent or detect error, fraud, illegal acts or other irregularities. We wish to emphasize that responsibility for the prevention and detection of error, fraud, illegal acts and other irregularities must remain with management;

(b) the financial statements may lack disclosures required by, or otherwise not be in accordance with, Canadian generally accepted accounting principles, and may not be appropriate for general purpose use;

(c) uninformed readers could be misled unless they are aware of the possible limitations of the statements and our very limited involvement in their preparation; and

(d) if reproduction or publication of our communication is planned in an annual report or other document, including electronic filings or posting of the report on a web site, a copy of the entire document should be submitted to us in sufficient time for our review before the publication or posting process begins.

Responsibilities of Management

It is also understood and agreed in regard to our financial statement compilation work that:

(a) the responsibility for the accuracy and completeness of the representations in the financial statements remains with you;

(b) you will provide us with accurate and complete information necessary to compile the financial statements;

(c) you will review and approve any year-end journal entries that may be necessary; and

(d) each page of the financial statements will be conspicuously marked as being "Unaudited - see Notice to Reader" and you will attach our Notice to Reader if distributing the financial statements to third parties.

Tax Services

In addition to the accounting services discussed above, we may be requested by you to prepare corporate tax returns. The returns will be prepared based upon the information supplied by you. We will not review or otherwise attempt to verify the accuracy or completeness of such information. We will utilize the information you have already provided to our compilation engagement personnel to the extent that the material is available and relevant to the preparation of the returns. It may be necessary for us to request further information.

Our fee as indicated below is based on the assumption that all information required to prepare any required tax returns is provided on a timely basis. Our fee may need to be adjusted if there is a delay in providing this information to us. To the extent that there are unanticipated tax issues that require additional research to complete the tax return or should additional work be required on BDO's part to accumulate any schedules, information, calculations, etc., necessary to support the information required to be disclosed in the tax returns, additional fees shall be charged at our standard hourly rates based upon the increased time and expenses incurred by BDO personnel. In addition, the fee quoted does not include services related to responding to notices or inquiries from taxing authorities.

Regardless of any tax return preparation services we provide to you, you will remain responsible for filing your tax returns with the appropriate authorities on a timely basis.

Your returns are, of course, subject to review by the taxation authorities. Any items reassessed against you by the taxation authorities are subject to certain rights of appeal. In the event of any tax audit, we will be available to represent you for a mutually agreed upon fee.

We will discuss with you any filing positions which, if taken, have the potential to give rise to a material adverse assessment or reassessment by the taxing authorities. If such an assessment or reassessment occurs, any additional tax that arises will be your responsibility. In addition, we cannot be responsible for interest and penalties assessed against you in connection with your tax affairs. Therefore, should any interest or penalty be assessed, they shall be your responsibility.

The compilation of financial statements does not result in us obtaining a full understanding of your tax situation and does not include an effort to determine whether the entity has specific tax compliance issues. We will, however, provide advice on an ongoing basis on general tax matters as requested by you. To the extent that tax services requested by you are not covered by a separate engagement letter, the terms of this Agreement shall apply to those tax services.

Additional Services

In addition to the services discussed above we will assist in:

- such bookkeeping as we find necessary prior to the compilation of the financial statements

We are available to provide a wide range of services beyond those outlined in this Agreement. To the extent that any additional services that we provide to you that are not provided under a separate written engagement agreement, the provisions of this Agreement will apply to the services.

Fee Estimation

The estimated fee for this engagement is as follows:

Accounting services: $2,000

For each future year we will issue a Summary of Services providing details of our Services and fees.

We will notify you on a timely basis if there are any circumstances we encounter which could significantly affect our initial estimate of professional fees. Our fees will be invoiced and payable as follows:

- **$1,000** prior to commencing engagement;
- **$1,000** prior to issuance of deliverable

We reserve the right to suspend our Services if any of our invoices become delinquent. Fees that are not paid within 30 days of an invoice or by a specified payment deadline will be considered delinquent.

Additional information relating to our fees is provided in the Standard Terms and Conditions.

Standard Terms and Conditions

A copy of our Standard Terms and Conditions is attached as Appendix 1. You should ensure that you read and understand them. **<u>The Standard Terms and Conditions include clauses that limit our professional liability.</u>**

Please sign and return the attached copy of this Agreement to indicate your agreement with it. If you have any questions concerning this Agreement, please contact us before signing it.

It is a pleasure for us to be of service and we look forward to many future years of association with you.

Yours truly,

BDO Canada LLP

Chartered Professional Accountants

Agreement of all the terms and conditions in this Agreement is hereby acknowledged by:

Signature Date

Name (please print) Position

Please carefully review this Agreement, which includes the attached Standard Terms and Conditions, prior to signing it.
A complete copy of the signed engagement letter should be returned to us.

Appendix 1 - Standard Terms and Conditions

1. Overview and Interpretation

1.1 This Agreement sets forth the entire agreement between the parties in relation to Services and it supersedes all prior agreements, negotiations or understandings, whether oral or written, with respect to Services. To the extent that any of the provisions of the accompanying letter conflict with these Standard Terms and Conditions, these Standard Terms and Conditions shall prevail. This Agreement may not be changed, modified or waived in whole or part except by an instrument in writing signed by both parties.

1.2 In this Agreement, the following words and expressions have the meanings set out below:

This Agreement – these Standard Terms and Conditions, the letter to which they are attached, and any supporting schedules or other appendices to the letter, and any Summary of Services letters issued in future years

Services – the services provided or to be provided under this Agreement

We, us, our, BDO – refer to BDO Canada LLP, a Canadian limited liability partnership organized under the laws of the Province of Ontario

You, your – the party or parties contracting with BDO under this Agreement, including the party's or parties' management and those charged with corporate governance. You and your does not include BDO, its affiliates or BDO Member Firms

BDO Member Firm or Firms – any firm or firms that form part of the international network of independent firms that are members of BDO International Limited

Confidential Information - information that contains identifying features that can be attributed to you or individual personnel

2. BDO Network and Sole Recourse

2.1 BDO is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international network of independent member firms (i.e. BDO Member Firms), each of which is a separate legal entity.

2.2 We may use other BDO Member Firms or subcontractors to provide Services; however, we remain solely responsible for Services. You agree not to bring any claim or action against another BDO Member Firm (or their partners, members, directors, employees or subcontractors) or our subcontractors in respect of any liability relating to the provision of Services.

2.3 You agree that any of our affiliates, subcontractors, and other BDO Member Firms and any subcontractors thereof whom we directly or indirectly involve in providing Services have the right to rely on and enforce Section 2.2 above as if they were a party to this Agreement.

3. Respective Responsibilities

3.1 We will use reasonable efforts to complete, within any agreed-upon time frame, the performance of Services.

3.2 You shall be responsible for your personnel's compliance with your obligations under this Agreement. We will not be responsible for any delays or other consequences arising from you not fulfilling your obligations.

4. Working Papers and Deliverables

4.1 **Ownership** – Any documents prepared by us, or for us, in connection with Services belong solely to us.

4.2 **Oral advice and draft deliverables** – You should not rely upon any draft deliverables or oral advice provided by us. Should you wish to rely upon something we have said to you, please let us know and, if possible, we will provide the information that you require in writing.

4.3 **Translated documents** - If you engage us to translate any documents, advice, opinions, reports or other work product of BDO from one language to another, you are responsible for the accuracy of the translation work.

4.4 **Reliance by Third Parties** – Our Services will not be planned or conducted in contemplation of or for the purpose of reliance by any party other than you.

5. Confidentiality

5.1 We agree to use Confidential Information provided by you only in relation to the Services in connection with which the information is provided and we will not disclose the information, except where required by law, regulation or professional obligation. We may, however, give Confidential Information to other BDO Member Firms or other subcontractors assisting us in providing Services. Any party to whom we subcontract work will be required to keep Confidential Information confidential either by professional obligation or contract with us. Any BDO Member Firms or other subcontractors we use will be bound by the same confidentiality obligations.

5.2 BDO shall be entitled to include a description of the work we render to or for you in marketing and research materials and disclose such information to third parties, provided that all such information will be made anonymous and not associated with you. Additionally, we may analyze information on an industry or sector basis for internal purposes or to provide industry/sector wide information to our clients or potential clients. You consent to our using information obtained from you in this way provided that the outputs therefrom will not contain any identifying features that can be attributed to you.

6. Independence

6.1 The Code of Professional Conduct does not require us to be independent when conducting this engagement. However, in situations where we are not independent we need to disclose in the Notice of Reader report the nature and extent of the relationships between you and BDO that, in our professional judgement, may reasonably be thought to impair our professional judgement or objectivity.

7. Professional and Regulatory Oversight

7.1 As required by legal, regulatory, or professional authorities (both in Canada and abroad) and by BDO policy, our client files must periodically be reviewed by practice inspectors to ensure that we are adhering to professional and BDO standards. It is understood that by

entering into this Agreement, you provide your consent to us providing our files relating to your engagement to the practice inspectors for the sole purpose of their inspection.

7.2 Certain regulatory bodies may also have the right to conduct investigations of you, including the Services provided by us. To the extent practicable and permitted by law, we will advise you of any such investigation request or order prior to providing our working papers.

7.3 You agree to reimburse us for our time and expenses, including reasonable legal fees, incurred in responding to any investigation that is requested or authorized by you or investigations of you undertaken under government regulation or authority, court order or other legal process.

8. Privacy and Consents

8.1 You agree we will have access to all personal information in your custody that we require to complete our engagement. We may collect, use, transfer, store, or process such information disclosed by you of a personal nature (personal information). Our Services are provided on the understanding that:

(a) you have obtained any consents for collection, use and disclosure to us of personal information required under all applicable privacy legislation; and

(b) we will hold all personal information in compliance with our Privacy Statement.

9. Electronic Communications

9.1 Both parties recognize and accept the security risks associated with email communications, including but not limited to the lack of security, unreliability of delivery and possible loss of confidentiality and privilege. Unless you request in writing that we do not communicate by internet email, you assume all responsibility and liability in respect of risk associated with its use.

9.2 By signing this Agreement, you provide BDO with express consent to communicate with you and your employees, as applicable, electronically, including sending BDO newsletters, publications, announcements, invitations and other news and alerts that may be of interest to you. You and your employees may withdraw such consent at any time by contacting BDO at www.bdo.ca/unsubscribe.

10. Limitation of Liability

10.1 In any dispute, action, claim, demand for losses or damages arising out of the Services performed by BDO pursuant to this Agreement, BDO shall only be liable for its proportionate share of the total liability based on degree of fault as determined by a court of competent jurisdiction or by an independent arbitrator as a result of the dispute resolution procedures, notwithstanding the provisions of any statute or rule of common law which create, or purport to create, joint and several liability.

10.2 Our liability shall be restricted to damages of a direct and compensatory nature and shall not include indirect, consequential, aggravated or punitive damages, or damages for loss of profits or expected tax savings, whether or not the likelihood of such loss or damage was contemplated.

10.3 You agree that BDO shall in no event be liable to you for any actions, damages, claims, liabilities, costs, expenses, or losses in any way arising out of or relating to the Services performed hereunder for an aggregate amount of more than the higher of:

(a) three times the fees paid to BDO by you, in a twelve consecutive month period, for the Services provided pursuant to this Agreement giving rise to the claim; and

(b) $10,000.

10.4 No exclusion or limitation on the liability of other responsible persons imposed or agreed at any time shall affect any assessment of our proportionate liability hereunder, nor shall settlement of or difficulty enforcing any claim, or the death, dissolution or insolvency of any such other responsible persons or their ceasing to be liable for the loss or damage or any portion thereof, affect any such assessment.

10.5 You agree claims or actions relating to the delivery of Services shall be brought against us alone, and not against any individual. Where our individuals are described as partners, they are acting as one of our members.

11. Indemnity

11.1 To the fullest extent permitted by applicable law and professional regulations, you agree to indemnify and hold harmless BDO from and against all losses, costs (including solicitors' fees), damages, expenses, claims, demands or liabilities arising out of or in consequence of:

(a) a misrepresentation by a member of your management or board of directors, regardless of whether such person was acting in your interest;

(b) the Services performed by BDO pursuant to this Agreement, unless, and to the extent that, such losses, costs, damages and expenses are found by a court of competent jurisdiction to have been due to the gross negligence of BDO. In the event that the matter is settled out of court, we will mutually agree on the extent of the indemnification to be provided by you, failing which, the matter may be referred to dispute resolution in accordance with the terms of this Agreement.

12. Alternative Dispute Resolution

12.1 Both parties agree that they will first attempt to settle any dispute arising out of or relating to this Agreement or the Services provided hereunder through good faith negotiations.

12.2 In the event that the parties are unable to settle or resolve their dispute through negotiation, such dispute shall be subject to mediation pursuant to the National Mediation rules of the ADR Institute of Canada Inc. All disputes remaining unsettled for more than 60 days following the parties first meeting with a mediator or such longer period as the parties mutually agree upon shall be subject to arbitration pursuant to the National Arbitration Rules of the ADR Institute of Canada Inc. Such arbitration shall be final, conclusive and binding upon the parties, and the parties shall have no right of appeal or judicial review of the decision. The parties hereby waive any such right of appeal which may otherwise be provided for in any provincial arbitration statute made applicable under the National Arbitration Rules.

13. Limitation Period

13.1 You shall make any claim relating to Services or otherwise under this Agreement no later than one year after you became aware or ought reasonably to have become aware of the facts giving rise to any such claim.

13.2 You shall in no event make any claim relating to the Services or otherwise under this Agreement later than four years after the completion of the Services under this Agreement.

13.3 To the extent permitted by law, the parties to this Agreement agree that the limitation periods established in this Agreement replace any limitation periods under any limitations act and/or any other applicable legislation and any limitation periods under any limitations act and/or any other applicable legislation shall not alter the limitation periods specified in this Agreement.

14. Québec Personnel

14.1 We may sometimes have individual partners and employees performing Services within the Province of Québec who are members of the Ordre des comptables professionnels agréés du Québec. Any such members performing professional services hereunder assumes full personal civil liability arising from the practice of their profession, regardless of their status within our partnership. They may not invoke the liability of our partnership as grounds for excluding or limiting their own liability. The provisions in Sections 10 (Limitation of Liability) and 13 (Limitation Period) shall therefore not apply to limit the personal civil liability of partners and employees who are members of the Ordre des comptables professionnels agréés du Québec.

15. Termination

15.1 This Agreement applies to Services whenever performed (including before the date of this Agreement).

15.2 You or we may terminate this Agreement at any time upon written notice of such termination to the other party. We will not be liable for any loss, cost or expense arising from such termination. You agree to pay us for all Services performed up to the date of termination, including Services performed, work-in-progress and expenses incurred by us up to and including the effective date of the termination of this Agreement.

16. Fees and Billings

16.1 We will notify you immediately of any circumstances we encounter which could significantly affect our initial fee estimate and planned completion date.

Delays in providing the complete list of agreed upon working papers/schedules to BDO will result in additional fees as follows:

- 1 week delay – additional 10% of estimated fees
- 1 month delay – additional 20% of estimated fees

Should a delay occur, we cannot guarantee completion of our work by your deadline.

16.2 Our professional fees will be based on our billing rates which depend on the means by which and by whom our Services are provided. We also will bill you for our out-of-pocket

expenses, our administrative charge (described below), and applicable Goods and Services Tax, harmonized Sales Tax, Quebec Sales Tax and Provincial Sales Tax.

16.3 Our administrative charge is calculated as a percentage of our professional fee and represents an allocation of estimated costs associated with our technology infrastructure, telephone charges, photocopying and some support staff time costs.

16.4 Our accounts are due when rendered and invoiced amounts are deemed to be earned when paid. BDO may suspend the performance of Services in the event that you fail to pay an invoice when it is due. Interest may be charged at the rate of 12% per annum on all accounts outstanding for more than 30 days.

17. Governing Laws

17.1 The terms of our engagement shall remain operative until amended, terminated, or superseded in writing. They shall be interpreted according to the laws of the province or territory in which BDO's principal Canadian office performing the engagement is located, without regard to such province/territory's rules on conflicts of law.

18. Survival

18.1 The provisions of this Agreement that give either of us rights or obligations beyond its termination shall continue indefinitely following the termination of this Agreement. Any clause that is meant to continue to apply after termination of this Agreement will do so.

19. Force Majeure

19.1 We will not be liable for any delays or failures in performance or breach of contract due to events or circumstances beyond our reasonable control, including acts of God, war, acts by governments and regulators, acts of terrorism, accident, fire, flood or storm or civil disturbance.

20. Assignment

20.1 No party may assign, transfer or delegate any of the rights or obligations hereunder without the written consent of the other party or parties. BDO may engage independent contractors and BDO Member Firms to assist us in performing the Services in this Agreement without your consent.

21. Severability

21.1 If a court or regulator with proper jurisdiction determines that a provision of this Agreement is invalid, then the provision will be interpreted in a way that is valid under applicable law or regulation. If any provision is invalid, the rest of this Agreement will remain effective.

Version: 202006

TAX INFORMATION

Corporate Taxpayer Summary

Corporate information

Corporation's name . . . . Canada Sheep Holdings Ltd.

Taxation Year . . . . 2020-10-01 to 2021-09-30

Jurisdiction . . . . British Columbia

BC	AB	SK	MB	ON	QC	NB	NS	NO	PE	NL	XO	YT	NT	NU	OC
X															

Corporation is associated . . . . Y

Corporation is related . . . . Y

Number of associated corporations . . 7

Type of corporation . . . . Canadian-Controlled Private Corporation

Total amount due (refund) federal and provincial* . . . .

* The amounts displayed on lines "Total amount due (refund) federal and provincial" are all listed in the help. Press F1 to consult the context-sensative help.

Summary of federal information

Net income		-2,082
Taxable income		
Donations		
Calculation of income from an active business carried on in Canada		
Dividends paid		
Dividends paid – Regular		
Dividends paid – Eligible		
Balance of the low rate income pool at the end of the previous year		
Balance of the low rate income pool at the end of the year		
Balance of the general rate income pool at the end of the previous year		
Balance of the general rate income pool at the end of the year		
Part I tax (base amount)		

Summary of federal carryforward/carryback information

Carryforward balances

Non-capital losses	1,343,008

Summary of provincial information – provincial income tax payable

	British Columbia	Saskatchewan	Manitoba
% Allocation	100.00		
Attributed taxable income			
Tax payable before deduction			
Deductions and credits			
Tax payable or refundable credit			
Attributed taxable capital	N/A		
Capital tax payable*	N/A		
Instalments and refundable credits	N/A		
Balance due/Refund (-)	N/A		
Credit unions and caisses populaires profits tax (MB-Credit Unions)			
Tax payable	N/A	N/A	
Logging tax payable (FIN542)			
Tax payable		N/A	N/A

* For Manitoba, this includes the Outstanding Balance Excluding Instalments.

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Summary – taxable capital

Federal

Corporate name	Taxable capital used to calculate the business limit reduction (T2, line 415)	Taxable capital used to calculate the SR&ED expenditure limit for a CCPC (Schedules 31 and 49)	Taxable capital used to calculate line 233 of the T2 return	Taxable capital used to calculate line 234 of the T2 return
Canada Sheep Holdings Ltd.				
Canada Sheep and Lamb Farms Ltd.	37,011,697	37,011,697	3,086,996	3,086,996
Lamb Club Marketing Limited	48,928	48,928	43,614	43,614
North American Lamb Company Ltd.	16,779	16,779	58,323,286	58,323,286
Canada Lamb Growers Ltd.	13,784,763	13,784,763	14,644,636	14,644,636
Canada Lamb Processors Ltd.	14,624,795	14,624,795	13,967,991	13,967,991
Canine Fare Ltd.	1,191	1,191	1,191	1,191
Fresh Canada Mears Ltd.				
2079468 Alberta Ltd.				
Total	65,488,153	65,488,153	90,067,714	90,067,714

Québec

Corporate name	Paid-up capital used to calculate the Québec business limit reduction (CO-771) and to calculate the additional deduction for transportation costs of remote manufacturing SMEs (CO-156.TR)	Paid-up capital used to calculate the tax credit for investment (CO-1029.8.36.IN) and to determine the applicability of Forms CO-1029.8.33.CS and CO-1029.8.33.TE	Paid-up capital used to calculate the $1 million deduction (CO-1137.A and CO-1137.E)	Paid-up capital used to determine the applicability of Form CO-737.SI
Total				

Ontario

Corporate name	Specified capital used to calculate the expenditure limit – Ontario innovation tax credit (Schedule 566)
Total	

Alberta

Corporate name	Taxable capital used to calculate the Alberta innovation employment grant (Schedule A29)
Total	

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Other provinces

Corporate name	Capital used to calculate the Newfoundland and Labrador capital deduction on financial institutions (Schedule 306)
Total	

Five-Year Comparative Summary

Federal information (T2)

	Current year	1st prior year	2nd prior year	3rd prior year	4th prior year
Taxation year end	**2021-09-30**	**2020-09-30**	**2019-09-30**	**2018-09-30**	**2017-09-30**
Net income	-2,082	-964			
Taxable income					
Active business income					
Dividends paid					
Dividends paid – Regular					
Dividends paid – Eligible					
LRIP – end of the previous year					
LRIP – end of the year					
GRIP – end of the previous year					
GRIP – end of the year					
Donations					
Balance due/refund (-)					
Line 996 – Amended tax return	☐	☐	☐	☐	☐

Loss carrybacks requested in prior years to reduce taxable income

Taxation year end	**2021-09-30**	**2020-09-30**	**2019-09-30**	**2018-09-30**	**2017-09-30**
Taxable income before loss carrybacks	N/A	N/A			
Non-capital losses	N/A	N/A			
Net capital losses (50%)	N/A	N/A			
Restricted farm losses	N/A	N/A			
Farm losses	N/A	N/A			
Listed personal property losses (50%)	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			
Adjusted taxable income after loss carrybacks	N/A	N/A			

Losses in the current year carried back to previous years to reduce taxable income (according to Schedule 4)

Taxation year end	**2021-09-30**	**2020-09-30**	**2019-09-30**	**2018-09-30**	**2017-09-30**
Adjusted taxable income before current year loss carrybacks*	N/A				N/A
Non-capital losses	N/A				N/A
Net capital losses (50%)	N/A				N/A
Restricted farm losses	N/A				N/A
Farm losses	N/A				N/A
Listed personal property losses (50%)	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted taxable income after loss carrybacks	N/A				N/A

* The adjusted taxable income before current year loss carryback takes into account loss carrybacks that were made in prior taxation years.

Loss carrybacks requested in prior years to reduce taxable dividends subject to Part IV tax

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Adjusted Part IV tax multiplied by the multiplication factor**, before loss carrybacks	N/A	N/A			
Non-capital losses	N/A	N/A			
Farm losses	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			
Adjusted Part IV tax multiplied by the multiplication factor**, after loss carrybacks	N/A	N/A			

Losses in the current year carried back to previous years to reduce taxable dividends subject to Part IV tax (according to Schedule 4)

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Adjusted Part IV tax multiplied by the multiplication factor**, before current-year loss carrybacks***	N/A				N/A
Non-capital losses	N/A				N/A
Farm losses	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted Part IV tax multiplied by the multiplication factor**, after loss carrybacks	N/A				N/A

** The multiplication factor is 3 for dividends received before January 1, 2016, and 100 / 38 1/3 for dividends received after December 31, 2015.

*** The adjusted Part IV tax multiplied by the multiplication factor before current-year loss carrybacks takes into account loss carrybacks that were made in prior taxation years. This amount is multiplied by the multiplication factor to help you determine the loss amount that must be used to reduce Part IV tax payable to zero.

Federal taxes

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Part I					
Part IV					
Part III.1					
Other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Credits against Part I tax

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Small business deduction					
M&P deduction					
Foreign tax credit					
Investment tax credit					
Abatement/other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Refunds/credits

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
ITC refund					
Dividend refund					
– Eligible dividends					
– Non-eligible dividends					
Instalments					
Other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

British Columbia

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
% Allocation	100.00	100.00			
Attributed taxable income					
Income tax payable before deduction					
Income tax deductions /credits					
Net income tax payable					
Logging tax payable (FIN542)					
Tax payable					
B.C. general					
Taxable capital					
Capital tax payable					
Instalments and refundable credits					
Capital tax balance due/refund					

CANADA SHEEP AND LAMB FARMS LTD.

Year Ended September 30, 2021

Financial statements of
Canada Sheep & Lamb Farms Ltd.
(Unaudited – See Notice to Readers)

September 30, 2021

Tel: 403 342 2500
Fax: 403 343 3070
www.bdo.ca

BDO Canada LLP
Suite 100 179D Leva Avenue
Red Deer County AB T4E 1B9
Canada

NOTICE TO READER

On the basis of information provided by management, we have compiled the balance sheet of Canada Sheep and Lamb Farms Ltd. as at September 30, 2021 and the statements of loss and deficit and cash flow for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Red Deer County, Alberta

BDO Canada LLP

February 22, 2022

Chartered Professional Accountants

Canada Sheep & Lamb Farms Ltd.

Balance sheet (Unaudited – See Notice to Readers)

As at September 30, 2021

(In Canadian dollars)

	2021	2020
	$	$
Assets		
Current assets		
Cash	281,322	815,419
Accounts receivable (note 1)	1,006,133	369,694
Inventories (note 2)	1,833,498	2,951,033
Livestock (note 3)	900,830	787,820
Prepaid expenses	15,050	-
	4,036,833	4,923,966
Investment (note 4)	21,734	21,734
Biological assets (note 2)	14,332,450	12,793,875
Property and equipment – Net (note 5)	23,413,755	22,545,925
	41,804,772	40,285,500
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	3,143,605	2,668,354
Current portion of capital leases (note 7)	213,731	281,417
	3,357,336	2,949,771
Advance from related party (note 6)	35,247,139	26,634,245
Capital leases (note 7)	113,297	301,450
	38,717,772	29,885,466
Shareholders' equity		
Shareholders' capital (note 8)	30,099,994	30,099,994
Deficit	(27,012,994)	(19,699,960)
	3,087,000	10,400,034
	41,804,772	40,285,500

The accompanying notes are an integral part of these financial statements.

Approved by the Board

______________________________, Director

______________________________, Director

Canada Sheep & Lamb Farms Ltd.

Statement of Loss and deficit (Unaudited – See Notice to Readers)

Year ended September 30, 2021

(In Canadian dollars)

	2020	2019
	$	$
Sales	7,122,561	4,006,287
Cost		
Direct cost	8,029,273	6,943,249
Gross loss	(906,712)	(2,936,962)
Expenses		
Salaries	2,800,187	1,742,598
Interests	963,135	772,199
Repairs and maintenance	885,553	585,095
Amortization of property and equipment	660,071	525,705
Professional fees and admin expenses	216,262	314,905
Management fees	15,608	154,377
Manure	150,644	141,734
Farm expenses	148,808	88,111
Insurance	180,838	148,015
Utilities	199,885	133,078
Rent	73,909	139,019
Telephone	15,383	18,415
Travel	7,714	9,959
Advertising and promotion	-	233
	6,317,997	4,773,443
	(7,224,709)	(7,710,405)
Other expenses		
Loss on disposal of equipment	(88,325)	(102,520)
Net loss	(7,313,034)	(7,812,925)
Balance, beginning of year	(19,699,960)	(11,887,035)
Balance, end of year	(27,012,994)	(19,699,960)

Canada Sheep & Lamb Farms Ltd.

Statement of cash flows (Unaudited – see Notice to Readers)

Year ended September 30, 2021

(In Canadian dollars)

	2021	2020
	$	$
Operating activities		
Net loss	(7,313,034)	(7,812,925)
Items not affecting cash:		
Loss on sale of equipment	88,325	102,520
Unrealized fair value adjustment of biological assets	(1,651,585)	1,051,800
Amortization of property and equipment	660,071	525,705
	(8,216,223)	(6,132,900)
Changes in non-cash operating working capital items	941,296	(932,192)
	(7,274,927)	(7,065,092)
Investing activities		
Purchase of property, plant and equipment	(1,979,219)	(5,465,626)
Proceeds from sale of property, plant and equipment	362,993	325,072
	(1,616,226)	(5,140,554)
Financing activities		
Repayment of finance leases	(255,839)	(472,883)
Advances from related parties	8,612,895	10,331,225
Issuance of common shares	-	2,311,857
	8,357,056	12,170,199
Net decrease in cash and cash equivalents	(534,097)	(35,447)
Cash and cash equivalents, beginning of year	815,419	850,866
Cash and cash equivalents, end of year	281,322	815,419

The accompanying notes are an integral part of these financial statements.

(In Canadian dollars)

1. Accounts receivable

	2021	2020
	$	$
Trade	923,740	83,804
GST and Sales Tax	76,418	279,915
Others	5,975	5,975
	1,006,133	369,694

2. Inventories

	2021	2020
	$	$
Feedstock	1,190,415	2,586,706
Unharvested feedstock	459,035	205,698
Tags and supplies	184,048	158,629
	1,833,498	2,951,033

3. Biological assets

	2021	2020
	$	$
Beginning of the year	12,793,875	14,194,925
Sales during the year	(1,202,380)	(3,551,169)
Fair market value adjustment	3,641,785	2,937,939
Balance	15,233,280	13,581,695
Less current portion	(900,830)	(787,820)
	14,332,450	12,793,875

Biological assets are composed of breeding and nonbreeding sheep in feedlots. Non-breeding sheep are confined to certain weight criteria and thereafter sold to customers usually after a period of about 8 to 9 months.

At September 30, 2021, sheep comprise 35,651 breeding (33,127 in 2020) and 7,001 non-breeding stock (7,163 in 2020).

4. Investments

Consist of holding a share account in Ste. Anne Cooperative Oil, Ltd, for an amount of $21,734. Such investment is measured at cost.

(in Canadian dollars)

5. Property, plant and equipment

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Land	3,559,940	-	3,559,940	3,400,258
Buildings & improvements	19,834,235	1,360,962	18,473,273	11,006,294
Farm equipment	1,745,847	887,404	858,443	890,598
Automotive equipment	1,022,572	504,098	518,474	625,314
Computer equipment	16,259	12,634	3,625	3,011
	26,178,853	2,765,098	23,413,755	22,545,925

6. Advances from related parties

The advances are from related parties by virtue of common ownership, are due on demand, bear interest at 4.70%, and have no fixed terms of repayment.

7. Capital leases

	2021	2020
	$	$
RBC, payable in monthly instalments of $6,331 including interests at 4.524%, due on February 22, 2024.	173,609	240,086
CNH, payable in monthly instalments of $5,977, including interests at 6.506%, due on February 2, 2022.	23,588	90,508
Ford finance, payable in monthly installments of $725, including interests at 3.490%, due on July 19, 2023	16,612	24,217
CNH, payable in monthly instalments of $3,628 including interests at 7.076%, due on June 20, 2022	88,209	124,096
CNH Industrial Capital Canada Inc. (“CNH”), payable in monthly instalments of $9,627, including interests at 4.990%, due on February 1, 2021	-	64,134
CNH Industrial Capital Canada Inc. (“CNH” payable in monthly installments of $1,108 including interest at 6.24%, due on September 5, 2023	25,010	36,362

(in Canadian dollars)

7. Capital leases (continued)

RBC, payable in monthly instalments of $1,740, including interests at 4.135%, due on November 11, 2020	-	3,464
	327,028	582,867
Current portion	213,731	281,417
	113,297	301,450

Principal payments required are as follows:

	$
2022	213,731
2023	98,178
2024	31,725
	343,634
Less: imputed interest	(16,606)
	327,028

8. Shareholders' capital

Authorized, unlimited number

Class A preferred shares, with a par value of $1 each, carrying one vote per share and a right to dividends. The Company has authorized an unlimited number of preferred shares, which have a par value of $1, are non-voting, non-cumulative, non-participant and are redeemable and retractable at $1 per share.

Issued – Common shares

	2021	2020
	Shares	Shares
Balance beginning of year	27,788,137	27,788,137
Issuance for cash	2,311,857	2,311,857
	30,099,994	30,099,994

9. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.

LETTERS

Tel: 403 342 2500
Fax: 403 343 3070
www.bdo.ca

BDO Canada LLP
Suite 100 179D Leva Avenue
Red Deer County AB T4E 1B9
Canada

February 22, 2022

Mr. Gary Alexander
1600, 520 3rd Avenue S.W
Calgary, AB
T2P 3G4

Dear Mr. Alexander:

Re: **Canada Sheep and Lamb Farms Ltd.**

We enclose the following:

1. One copy of the unaudited financial statements of Canada Sheep and Lamb Farms Ltd. for the year ended Thursday, September 30, 2021.

2. The T2 Federal Corporation Income Tax Return and the AT1 Alberta Corporate Income Tax Return for the year ended Thursday, September 30, 2021.

   There are no income taxes payable on these income tax returns.

   We have filed the applicable return with the appropriate tax authority on your behalf.

   The "Client Copy" is for your records.

3. A copy of the letter of engagement outlining our involvement in the preparation of the financial statements of Canada Sheep and Lamb Farms Ltd. for the year ended Thursday, September 30, 2021.

4. Our statement of account for the above services.

If you have any further questions, please do not hesitate to call.

Yours truly,

BDO CANADA LLP CHARTERED PROFESSIONAL ACCOUNTANTS

Greg Sherwick, CPA, CA
Partner
BDO Canada LLP
Chartered Professional Accountants

Enc.

Tel: 403 342 2500
Fax: 403 343 3070
www.bdo.ca

BDO Canada LLP
Suite 100 179D Leva Avenue
Red Deer County AB T4E 1B9
Canada

January 18, 2022

Canada Sheep & Lamb Farms Ltd.
1600, 520 3rd Avenue S.W
Calgary, AB
T2P 3G4

Attention: Gary Alexander

Dear Sir/Madam:

We are pleased to accept appointment as accountants to compile Canada Sheep & Lamb Farms Ltd.'s financial statements commencing with the year ending September 30, 2021 subject to the terms and conditions of this Agreement. The attached Standard Terms and Conditions form an integral part of this Agreement and the definitions set out in the Standard Terms and Conditions are applicable throughout this Agreement.

We will compile the financial statements, in accordance with the standards applicable to compilation engagements, from information provided by you. We will not perform an audit or review engagement on such information or otherwise attempt to verify the accuracy or completeness of the information.

A Notice to Reader communication will be attached to the statements compiled by us. Unless unanticipated difficulties are encountered, our communication will be substantially in the form set out in CPA Canada Standards and Guidance 9200. Our communication will caution readers that the financial statements may not be appropriate for their purposes.

Since we are not accepting this engagement as auditors, we request that you do not record this engagement as an audit engagement in any shareholder meeting minutes. Our Services will not result in the expression of an audit opinion or any other form of assurance on the financial statements nor the fulfilling of any statutory or other audit requirement. You may wish to obtain legal advice concerning statutory (or contractual) audit requirements.

It is understood and agreed that:

(a) this engagement cannot be relied upon to prevent or detect error, fraud, illegal acts or other irregularities. We wish to emphasize that responsibility for the prevention and detection of error, fraud, illegal acts and other irregularities must remain with management;

(b) the financial statements may lack disclosures required by, or otherwise not be in accordance with, Canadian generally accepted accounting principles, and may not be appropriate for general purpose use;

(c) uninformed readers could be misled unless they are aware of the possible limitations of the statements and our very limited involvement in their preparation; and

(d) if reproduction or publication of our communication is planned in an annual report or other document, including electronic filings or posting of the report on a web site, a copy of the entire document should be submitted to us in sufficient time for our review before the publication or posting process begins.

Responsibilities of Management

It is also understood and agreed in regard to our financial statement compilation work that:

(a) the responsibility for the accuracy and completeness of the representations in the financial statements remains with you;

(b) you will provide us with accurate and complete information necessary to compile the financial statements;

(c) you will review and approve any year-end journal entries that may be necessary; and

(d) each page of the financial statements will be conspicuously marked as being "Unaudited - see Notice to Reader" and you will attach our Notice to Reader if distributing the financial statements to third parties.

Tax Services

In addition to the accounting services discussed above, we may be requested by you to prepare corporate tax returns. The returns will be prepared based upon the information supplied by you. We will not review or otherwise attempt to verify the accuracy or completeness of such information. We will utilize the information you have already provided to our compilation engagement personnel to the extent that the material is available and relevant to the preparation of the returns. It may be necessary for us to request further information.

Our fee as indicated below is based on the assumption that all information required to prepare any required tax returns is provided on a timely basis. Our fee may need to be adjusted if there is a delay in providing this information to us. To the extent that there are unanticipated tax issues that require additional research to complete the tax return or should additional work be required on BDO's part to accumulate any schedules, information, calculations, etc., necessary to support the information required to be disclosed in the tax returns, additional fees shall be charged at our standard hourly rates based upon the increased time and expenses incurred by BDO personnel. In addition, the fee quoted does not include services related to responding to notices or inquiries from taxing authorities.

Regardless of any tax return preparation services we provide to you, you will remain responsible for filing your tax returns with the appropriate authorities on a timely basis.

Your returns are, of course, subject to review by the taxation authorities. Any items reassessed against you by the taxation authorities are subject to certain rights of appeal. In the event of any tax audit, we will be available to represent you for a mutually agreed upon fee.

We will discuss with you any filing positions which, if taken, have the potential to give rise to a material adverse assessment or reassessment by the taxing authorities. If such an assessment or reassessment occurs, any additional tax that arises will be your responsibility. In addition, we cannot be responsible for interest and penalties assessed against you in connection with your tax affairs. Therefore, should any interest or penalty be assessed, they shall be your responsibility.

The compilation of financial statements does not result in us obtaining a full understanding of your tax situation and does not include an effort to determine whether the entity has specific tax compliance issues. We will, however, provide advice on an ongoing basis on general tax matters as requested by you. To the extent that tax services requested by you are not covered by a separate engagement letter, the terms of this Agreement shall apply to those tax services.

Additional Services

In addition to the services discussed above we will assist in:

- such bookkeeping as we find necessary prior to the compilation of the financial statements

We are available to provide a wide range of services beyond those outlined in this Agreement. To the extent that any additional services that we provide to you that are not provided under a separate written engagement agreement, the provisions of this Agreement will apply to the services.

Fee Estimation

The estimated fee for this engagement is as follows:

Accounting services: $2,000

For each future year we will issue a Summary of Services providing details of our Services and fees.

We will notify you on a timely basis if there are any circumstances we encounter which could significantly affect our initial estimate of professional fees. Our fees will be invoiced and payable as follows:

- **$1,000** prior to commencing engagement;
- **$1,000** prior to issuance of deliverable

We reserve the right to suspend our Services if any of our invoices become delinquent. Fees that are not paid within 30 days of an invoice or by a specified payment deadline will be considered delinquent.

Additional information relating to our fees is provided in the Standard Terms and Conditions.

Standard Terms and Conditions

A copy of our Standard Terms and Conditions is attached as Appendix 1. You should ensure that you read and understand them. **The Standard Terms and Conditions include clauses that limit our professional liability.**

Please sign and return the attached copy of this Agreement to indicate your agreement with it. If you have any questions concerning this Agreement, please contact us before signing it.

It is a pleasure for us to be of service and we look forward to many future years of association with you.

Yours truly,

BDO Canada LLP

Chartered Professional Accountants

Agreement of all the terms and conditions in this Agreement is hereby acknowledged by:

____

Signature Date

____

Name (please print) Position

Please carefully review this Agreement, which includes the attached Standard Terms and Conditions, prior to signing it. A complete copy of the signed engagement letter should be returned to us.

Appendix 1 - Standard Terms and Conditions

1. Overview and Interpretation

1.1 This Agreement sets forth the entire agreement between the parties in relation to Services and it supersedes all prior agreements, negotiations or understandings, whether oral or written, with respect to Services. To the extent that any of the provisions of the accompanying letter conflict with these Standard Terms and Conditions, these Standard Terms and Conditions shall prevail. This Agreement may not be changed, modified or waived in whole or part except by an instrument in writing signed by both parties.

1.2 In this Agreement, the following words and expressions have the meanings set out below:

This Agreement – these Standard Terms and Conditions, the letter to which they are attached, and any supporting schedules or other appendices to the letter, and any Summary of Services letters issued in future years

Services – the services provided or to be provided under this Agreement

We, us, our, BDO – refer to BDO Canada LLP, a Canadian limited liability partnership organized under the laws of the Province of Ontario

You, your – the party or parties contracting with BDO under this Agreement, including the party's or parties' management and those charged with corporate governance. You and your does not include BDO, its affiliates or BDO Member Firms

BDO Member Firm or Firms – any firm or firms that form part of the international network of independent firms that are members of BDO International Limited

Confidential Information - information that contains identifying features that can be attributed to you or individual personnel

2. BDO Network and Sole Recourse

2.1 BDO is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international network of independent member firms (i.e. BDO Member Firms), each of which is a separate legal entity.

2.2 We may use other BDO Member Firms or subcontractors to provide Services; however, we remain solely responsible for Services. You agree not to bring any claim or action against another BDO Member Firm (or their partners, members, directors, employees or subcontractors) or our subcontractors in respect of any liability relating to the provision of Services.

2.3 You agree that any of our affiliates, subcontractors, and other BDO Member Firms and any subcontractors thereof whom we directly or indirectly involve in providing Services have the right to rely on and enforce Section 2.2 above as if they were a party to this Agreement.

3. Respective Responsibilities

3.1 We will use reasonable efforts to complete, within any agreed-upon time frame, the performance of Services.

3.2 You shall be responsible for your personnel's compliance with your obligations under this Agreement. We will not be responsible for any delays or other consequences arising from you not fulfilling your obligations.

4. Working Papers and Deliverables

4.1 **Ownership** – Any documents prepared by us, or for us, in connection with Services belong solely to us.

4.2 **Oral advice and draft deliverables** – You should not rely upon any draft deliverables or oral advice provided by us. Should you wish to rely upon something we have said to you, please let us know and, if possible, we will provide the information that you require in writing.

4.3 **Translated documents** - If you engage us to translate any documents, advice, opinions, reports or other work product of BDO from one language to another, you are responsible for the accuracy of the translation work.

4.4 **Reliance by Third Parties** – Our Services will not be planned or conducted in contemplation of or for the purpose of reliance by any party other than you.

5. Confidentiality

5.1 We agree to use Confidential Information provided by you only in relation to the Services in connection with which the information is provided and we will not disclose the information, except where required by law, regulation or professional obligation. We may, however, give Confidential Information to other BDO Member Firms or other subcontractors assisting us in providing Services. Any party to whom we subcontract work will be required to keep Confidential Information confidential either by professional obligation or contract with us. Any BDO Member Firms or other subcontractors we use will be bound by the same confidentiality obligations.

5.2 BDO shall be entitled to include a description of the work we render to or for you in marketing and research materials and disclose such information to third parties, provided that all such information will be made anonymous and not associated with you. Additionally, we may analyze information on an industry or sector basis for internal purposes or to provide industry/sector wide information to our clients or potential clients. You consent to our using information obtained from you in this way provided that the outputs therefrom will not contain any identifying features that can be attributed to you.

6. Independence

6.1 The Code of Professional Conduct does not require us to be independent when conducting this engagement. However, in situations where we are not independent we need to disclose in the Notice of Reader report the nature and extent of the relationships between you and BDO that, in our professional judgement, may reasonably be thought to impair our professional judgement or objectivity.

7. Professional and Regulatory Oversight

7.1 As required by legal, regulatory, or professional authorities (both in Canada and abroad) and by BDO policy, our client files must periodically be reviewed by practice inspectors to ensure that we are adhering to professional and BDO standards. It is understood that by

entering into this Agreement, you provide your consent to us providing our files relating to your engagement to the practice inspectors for the sole purpose of their inspection.

7.2 Certain regulatory bodies may also have the right to conduct investigations of you, including the Services provided by us. To the extent practicable and permitted by law, we will advise you of any such investigation request or order prior to providing our working papers.

7.3 You agree to reimburse us for our time and expenses, including reasonable legal fees, incurred in responding to any investigation that is requested or authorized by you or investigations of you undertaken under government regulation or authority, court order or other legal process.

8. Privacy and Consents

8.1 You agree we will have access to all personal information in your custody that we require to complete our engagement. We may collect, use, transfer, store, or process such information disclosed by you of a personal nature (personal information). Our Services are provided on the understanding that:

(a) you have obtained any consents for collection, use and disclosure to us of personal information required under all applicable privacy legislation; and

(b) we will hold all personal information in compliance with our Privacy Statement.

9. Electronic Communications

9.1 Both parties recognize and accept the security risks associated with email communications, including but not limited to the lack of security, unreliability of delivery and possible loss of confidentiality and privilege. Unless you request in writing that we do not communicate by internet email, you assume all responsibility and liability in respect of risk associated with its use.

9.2 By signing this Agreement, you provide BDO with express consent to communicate with you and your employees, as applicable, electronically, including sending BDO newsletters, publications, announcements, invitations and other news and alerts that may be of interest to you. You and your employees may withdraw such consent at any time by contacting BDO at www.bdo.ca/unsubscribe.

10. Limitation of Liability

10.1 In any dispute, action, claim, demand for losses or damages arising out of the Services performed by BDO pursuant to this Agreement, BDO shall only be liable for its proportionate share of the total liability based on degree of fault as determined by a court of competent jurisdiction or by an independent arbitrator as a result of the dispute resolution procedures, notwithstanding the provisions of any statute or rule of common law which create, or purport to create, joint and several liability.

10.2 Our liability shall be restricted to damages of a direct and compensatory nature and shall not include indirect, consequential, aggravated or punitive damages, or damages for loss of profits or expected tax savings, whether or not the likelihood of such loss or damage was contemplated.

10.3 You agree that BDO shall in no event be liable to you for any actions, damages, claims, liabilities, costs, expenses, or losses in any way arising out of or relating to the Services performed hereunder for an aggregate amount of more than the higher of:

(a) three times the fees paid to BDO by you, in a twelve consecutive month period, for the Services provided pursuant to this Agreement giving rise to the claim; and

(b) $10,000.

10.4 No exclusion or limitation on the liability of other responsible persons imposed or agreed at any time shall affect any assessment of our proportionate liability hereunder, nor shall settlement of or difficulty enforcing any claim, or the death, dissolution or insolvency of any such other responsible persons or their ceasing to be liable for the loss or damage or any portion thereof, affect any such assessment.

10.5 You agree claims or actions relating to the delivery of Services shall be brought against us alone, and not against any individual. Where our individuals are described as partners, they are acting as one of our members.

11. Indemnity

11.1 To the fullest extent permitted by applicable law and professional regulations, you agree to indemnify and hold harmless BDO from and against all losses, costs (including solicitors' fees), damages, expenses, claims, demands or liabilities arising out of or in consequence of:

(a) a misrepresentation by a member of your management or board of directors, regardless of whether such person was acting in your interest;

(b) the Services performed by BDO pursuant to this Agreement, unless, and to the extent that, such losses, costs, damages and expenses are found by a court of competent jurisdiction to have been due to the gross negligence of BDO. In the event that the matter is settled out of court, we will mutually agree on the extent of the indemnification to be provided by you, failing which, the matter may be referred to dispute resolution in accordance with the terms of this Agreement.

12. Alternative Dispute Resolution

12.1 Both parties agree that they will first attempt to settle any dispute arising out of or relating to this Agreement or the Services provided hereunder through good faith negotiations.

12.2 In the event that the parties are unable to settle or resolve their dispute through negotiation, such dispute shall be subject to mediation pursuant to the National Mediation rules of the ADR Institute of Canada Inc. All disputes remaining unsettled for more than 60 days following the parties first meeting with a mediator or such longer period as the parties mutually agree upon shall be subject to arbitration pursuant to the National Arbitration Rules of the ADR Institute of Canada Inc. Such arbitration shall be final, conclusive and binding upon the parties, and the parties shall have no right of appeal or judicial review of the decision. The parties hereby waive any such right of appeal which may otherwise be provided for in any provincial arbitration statute made applicable under the National Arbitration Rules.

13. Limitation Period

13.1 You shall make any claim relating to Services or otherwise under this Agreement no later than one year after you became aware or ought reasonably to have become aware of the facts giving rise to any such claim.

13.2 You shall in no event make any claim relating to the Services or otherwise under this Agreement later than four years after the completion of the Services under this Agreement.

13.3 To the extent permitted by law, the parties to this Agreement agree that the limitation periods established in this Agreement replace any limitation periods under any limitations act and/or any other applicable legislation and any limitation periods under any limitations act and/or any other applicable legislation shall not alter the limitation periods specified in this Agreement.

14. Québec Personnel

14.1 We may sometimes have individual partners and employees performing Services within the Province of Québec who are members of the Ordre des comptables professionnels agréés du Québec. Any such members performing professional services hereunder assumes full personal civil liability arising from the practice of their profession, regardless of their status within our partnership. They may not invoke the liability of our partnership as grounds for excluding or limiting their own liability. The provisions in Sections 10 (Limitation of Liability) and 13 (Limitation Period) shall therefore not apply to limit the personal civil liability of partners and employees who are members of the Ordre des comptables professionnels agréés du Québec.

15. Termination

15.1 This Agreement applies to Services whenever performed (including before the date of this Agreement).

15.2 You or we may terminate this Agreement at any time upon written notice of such termination to the other party. We will not be liable for any loss, cost or expense arising from such termination. You agree to pay us for all Services performed up to the date of termination, including Services performed, work-in-progress and expenses incurred by us up to and including the effective date of the termination of this Agreement.

16. Fees and Billings

16.1 We will notify you immediately of any circumstances we encounter which could significantly affect our initial fee estimate and planned completion date.

Delays in providing the complete list of agreed upon working papers/schedules to BDO will result in additional fees as follows:

- 1 week delay – additional 10% of estimated fees
- 1 month delay – additional 20% of estimated fees

Should a delay occur, we cannot guarantee completion of our work by your deadline.

16.2 Our professional fees will be based on our billing rates which depend on the means by which and by whom our Services are provided. We also will bill you for our out-of-pocket

expenses, our administrative charge (described below), and applicable Goods and Services Tax, harmonized Sales Tax, Quebec Sales Tax and Provincial Sales Tax.

16.3 Our administrative charge is calculated as a percentage of our professional fee and represents an allocation of estimated costs associated with our technology infrastructure, telephone charges, photocopying and some support staff time costs.

16.4 Our accounts are due when rendered and invoiced amounts are deemed to be earned when paid. BDO may suspend the performance of Services in the event that you fail to pay an invoice when it is due. Interest may be charged at the rate of 12% per annum on all accounts outstanding for more than 30 days.

17. Governing Laws

17.1 The terms of our engagement shall remain operative until amended, terminated, or superseded in writing. They shall be interpreted according to the laws of the province or territory in which BDO's principal Canadian office performing the engagement is located, without regard to such province/territory's rules on conflicts of law.

18. Survival

18.1 The provisions of this Agreement that give either of us rights or obligations beyond its termination shall continue indefinitely following the termination of this Agreement. Any clause that is meant to continue to apply after termination of this Agreement will do so.

19. Force Majeure

19.1 We will not be liable for any delays or failures in performance or breach of contract due to events or circumstances beyond our reasonable control, including acts of God, war, acts by governments and regulators, acts of terrorism, accident, fire, flood or storm or civil disturbance.

20. Assignment

20.1 No party may assign, transfer or delegate any of the rights or obligations hereunder without the written consent of the other party or parties. BDO may engage independent contractors and BDO Member Firms to assist us in performing the Services in this Agreement without your consent.

21. Severability

21.1 If a court or regulator with proper jurisdiction determines that a provision of this Agreement is invalid, then the provision will be interpreted in a way that is valid under applicable law or regulation. If any provision is invalid, the rest of this Agreement will remain effective.

Version: 202006

ITEMS NEEDING ATTENTION

Canada Sheep and Lamb Farms Ltd.

Year End: September 30, 2021
Adjusting Journal Entries
Date: 10/01/2020 To 09/30/2021

Preparer	Detail Rev	Gen Rev
MQL 02/03/2022	RSW 02/03/2022	GRS 02/04/2022
Reviewed by	**4th Level Rev**	**Tax Rev**

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
1	09/30/2021	Depreciation	67500	1. 5		63,598.00		
1	09/30/2021	Interest	80150	1. 5	36,665.00			
1	09/30/2021	Fixed Assets - WIP	94500	1. 5	63,598.00			
1	09/30/2021	Interests Payables - Intercompany	96701	1. 5		99,574.00		
1	09/30/2021	FCC Loan #1	98203	1. 5	10,748.00			
1	09/30/2021	FCC Loan #3	98204	1. 5	20,883.00			
1	09/30/2021	FCC Loan #2	98205	1. 5	31,278.00			
		To post adjusting entry per client.						
					163,172.00	**163,172.00**		

Net Income (Loss) **-7,312,187.87**

TAX INFORMATION

Corporate Taxpayer Summary

Corporate information

Corporation's name . . . . Canada Sheep and Lamb Farms Ltd.

Taxation Year . . . . 2020-10-01 to 2021-09-30

Jurisdiction . . . . Manitoba

BC	AB	SK	MB	ON	QC	NB	NS	NO	PE	NL	XO	YT	NT	NU	OC
			X												

Corporation is associated . . . . Y

Corporation is related . . . . Y

Number of associated corporations . . 7

Type of corporation . . . . Canadian-Controlled Private Corporation

Total amount due (refund) federal and provincial* . . . .

* The amounts displayed on lines "Total amount due (refund) federal and provincial" are all listed in the help. Press F1 to consult the context-sensative help.

Summary of federal information

Net income		-8,886,105
Taxable income		
Donations		
Calculation of income from an active business carried on in Canada		
Dividends paid		
Dividends paid – Regular		
Dividends paid – Eligible		
Balance of the low rate income pool at the end of the previous year		
Balance of the low rate income pool at the end of the year		
Balance of the general rate income pool at the end of the previous year		
Balance of the general rate income pool at the end of the year		
Part I tax (base amount)		

Summary of federal carryforward/carryback information

Carryforward balances

Non-capital losses	262,308
Capital losses/L.P.P.	121,369
Farm losses	29,898,782

171

Summary of provincial information – provincial income tax payable

	British Columbia	Saskatchewan	Manitoba
% Allocation			100.00
Attributed taxable income			
Tax payable before deduction			
Deductions and credits			
Tax payable or refundable credit			
Attributed taxable capital	N/A		
Capital tax payable*	N/A		
Instalments and refundable credits	N/A		
Balance due/Refund (-)	N/A		
Credit unions and caisses populaires profits tax (MB-Credit Unions)			
Tax payable	N/A	N/A	
Logging tax payable (FIN542)			
Tax payable		N/A	N/A

* For Manitoba, this includes the Outstanding Balance Excluding Instalments.

Summary – taxable capital

Federal

Corporate name	Taxable capital used to calculate the business limit reduction (T2, line 415)	Taxable capital used to calculate the SR&ED expenditure limit for a CCPC (Schedules 31 and 49)	Taxable capital used to calculate line 233 of the T2 return	Taxable capital used to calculate line 234 of the T2 return
Canada Sheep and Lamb Farms Ltd.	37,011,697	37,011,697	38,312,403	38,312,403
Canada Sheep Holdings Ltd.				
Lamb Club Marketing Limited	48,928	48,928	43,614	43,614
North American Lamb Company Ltd.	16,779	16,779	58,323,286	58,323,286
2079468 Alberta Ltd.				
Canada Lamb Growers Ltd.	13,784,763	13,784,763	14,644,636	14,644,636
Canada Lamb Processors Ltd.	14,624,795	14,624,795	13,967,991	13,967,991
Canine Fare Ltd.	1,191	1,191	1,191	1,191
Fresh Canada Meats Ltd.				
Total	65,488,153	65,488,153	125,293,121	125,293,121

Québec

Corporate name	Paid-up capital used to calculate the Québec business limit reduction (CO-771) and to calculate the additional deduction for transportation costs of remote manufacturing SMEs (CO-156.TR)	Paid-up capital used to calculate the tax credit for investment (CO-1029.8.36.IN) and to determine the applicability of Forms CO-1029.8.33.CS and CO-1029.8.33.TE	Paid-up capital used to calculate the $1 million deduction (CO-1137.A and CO-1137.E)	Paid-up capital used to determine the applicability of Form CO-737.SI
Total				

Ontario

Corporate name	Specified capital used to calculate the expenditure limit – Ontario innovation tax credit (Schedule 566)
Total	

Alberta

Corporate name	Taxable capital used to calculate the Alberta innovation employment grant (Schedule A29)
Total	

Other provinces

Corporate name	Capital used to calculate the Newfoundland and Labrador capital deduction on financial institutions (Schedule 306)
Total	

Five-Year Comparative Summary

Federal information (T2)

	Current year	1st prior year	2nd prior year	3rd prior year	4th prior year
Taxation year end	**2021-09-30**	**2020-09-30**	**2019-09-30**	**2018-09-30**	**2017-09-30**
Net income	-8,886,105	-8,985,826			
Taxable income					
Active business income					
Dividends paid					
Dividends paid – Regular					
Dividends paid – Eligible					
LRIP – end of the previous year					
LRIP – end of the year					
GRIP – end of the previous year					
GRIP – end of the year					
Donations					
Balance due/refund (-)					
Line 996 – Amended tax return	☐	☐	☐	☐	☐

Loss carrybacks requested in prior years to reduce taxable income

Taxation year end	**2021-09-30**	**2020-09-30**	**2019-09-30**	**2018-09-30**	**2017-09-30**
Taxable income before loss carrybacks	N/A	N/A			
Non-capital losses	N/A	N/A			
Net capital losses (50%)	N/A	N/A			
Restricted farm losses	N/A	N/A			
Farm losses	N/A	N/A			
Listed personal property losses (50%)	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			
Adjusted taxable income after loss carrybacks	N/A	N/A			

Losses in the current year carried back to previous years to reduce taxable income (according to Schedule 4)

Taxation year end	**2021-09-30**	**2020-09-30**	**2019-09-30**	**2018-09-30**	**2017-09-30**
Adjusted taxable income before current year loss carrybacks*	N/A				N/A
Non-capital losses	N/A				N/A
Net capital losses (50%)	N/A				N/A
Restricted farm losses	N/A				N/A
Farm losses	N/A				N/A
Listed personal property losses (50%)	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted taxable income after loss carrybacks	N/A				N/A

* The adjusted taxable income before current year loss carryback takes into account loss carrybacks that were made in prior taxation years.

Loss carrybacks requested in prior years to reduce taxable dividends subject to Part IV tax

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Adjusted Part IV tax multiplied by the multiplication factor**, before loss carrybacks	N/A	N/A			
Non-capital losses	N/A	N/A			
Farm losses	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			
Adjusted Part IV tax multiplied by the multiplication factor**, after loss carrybacks	N/A	N/A			

Losses in the current year carried back to previous years to reduce taxable dividends subject to Part IV tax (according to Schedule 4)

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Adjusted Part IV tax multiplied by the multiplication factor**, before current-year loss carrybacks***	N/A				N/A
Non-capital losses	N/A				N/A
Farm losses	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted Part IV tax multiplied by the multiplication factor**, after loss carrybacks	N/A				N/A

** The multiplication factor is 3 for dividends received before January 1, 2016, and 100 / 38 1/3 for dividends received after December 31, 2015.

*** The adjusted Part IV tax multiplied by the multiplication factor before current-year loss carrybacks takes into account loss carrybacks that were made in prior taxation years. This amount is multiplied by the multiplication factor to help you determine the loss amount that must be used to reduce Part IV tax payable to zero.

Federal taxes

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Part I					
Part IV					
Part III.1					
Other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Credits against Part I tax

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Small business deduction					
M&P deduction					
Foreign tax credit					
Investment tax credit					
Abatement/other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Refunds/credits

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
ITC refund					
Dividend refund					
– Eligible dividends					
– Non-eligible dividends					
Instalments					
Other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Manitoba

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
% Allocation	100.00	100.00			
Attributed taxable income					
Income tax payable before deduction					
Income tax deductions /credits					
Net income tax payable					
Credit unions and caisses populaires profits tax (MB-Credit Unions)					
Tax payable					
MCT1					
Taxable capital					
Capital tax payable					
Instalments and refundable credits					
Capital tax balance due/refund					

Canada Revenue Agency / Agence du revenu du Canada

Net Income (Loss) for Income Tax Purposes

Schedule 1

Corporation's name	Business number	Tax year-end Year Month Day
Canada Sheep and Lamb Farms Ltd.	82885 5015 RC0001	2021-09-30

- Use this schedule to reconcile the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes. For more information, see the T2 Corporation – Income Tax Guide.
- All legislative references are to the Income Tax Act.

Net income (loss) after taxes and extraordinary items from line 9999 of Schedule 125			-7,312,188	A
Add:				
Amortization of tangible assets	104	660,071		
Loss on disposal of assets	111	88,325		
Subtotal of additions		748,396	748,396	
Add:				
Accounts payable and accruals for cash basis – closing	201	2,727,639		
Accounts receivable and prepaid for cash basis – opening	202	87,605		
Accrual inventory – opening	203	16,532,728		
Mandatory inventory adjustment – included in current year	224	17,066,778		

Other additions:

1 Description 605	2 Amount 295
Total of column 2	

Total of column 2	296			
Subtotal of other additions	199	36,414,750	36,414,750	D
Total additions	500	37,163,146	37,163,146	
Amount A **plus** line 500			29,850,958	B
Deduct:				
Capital cost allowance from Schedule 8	403	1,931,624		
Subtotal of deductions		1,931,624	1,931,624	
Deduct:				
Accounts payable and accruals for cash basis – opening	300	2,024,371		
Accounts receivable and prepaid for cash basis – closing	301	929,714		
Accrual inventory – closing	302	17,066,778		
Mandatory inventory adjustment – included in prior year	309	16,532,728		

Other deductions:

	1 Description 705	2 Amount 395
1	Capital Lease Payments	251,848
	Total of column 2	251,848

Total of column 2	396	251,848		
Subtotal of other deductions	499	36,805,439	36,805,439	E
Total deductions	510	38,737,063	38,737,063	
Net income (loss) for income tax purposes (amount B **minus** line 510)			-8,886,105	C

Enter amount C on line 300 of the T2 return.

Farm income included in above (enter negative amount if a farm loss)	-8,886,105

T2 SCH 1 E (19)

Canada

LAMB CLUB MARKETING LIMITED

Year Ended September 30, 2021

Financial Statements of
Lamb Club Marketing Limited

September 30, 2021

Tel: 403 342 2500
Fax: 403 343 3070
www.bdo.ca

BDO Canada LLP
Suite 100 179D Leva Avenue
Red Deer County AB T4E 1B9
Canada

NOTICE TO READER

On the basis of information provided by management, we have compiled the balance sheet of Lamb Club Marketing Limited as at September 30, 2021 and the statement of loss and deficit for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Red Deer County, Alberta

BDO Canada LLP

February 22, 2022

Chartered Professional Accountants

Lamb Club Marketing Limited
Balance sheet
As at September 30, 2021
(In Canadian dollars)

	September 30, 2021	September 30, 2020
	$	$
Assets		
Current assets		
Cash	30,793	36,422
Accounts receivable	12,820	12,507
	43,613	48,929
Liabilities		
Current liabilities		
Accounts payable and accruals	-	
Advances from related parties	261,496	261,116
	261,496	261,116
Shareholders' equity		
Share capital - Common shares	2,132,739	2,132,739
Deficit	(2,350,622)	(2,344,926)
	(217,883)	(212,187)
	43,613	48,929

Lamb Club Marketing Limited

Statement of loss and deficit

For the year ended September 30, 2021
(In Canadian dollars)

	September 30, 2021	September 30, 2020
	$	$
Revenue		
Sales	-	-
Expenses		
Other operating expenses	4,642	13,232
Bank facility fees	1,054	1,096
Net loss	(5,696)	(14,328)
Deficit, beginning of year	(2,344,926)	(2,330,598)
Deficit, end of year	(2,350,622)	(2,344,926)

LETTERS

Tel: 403 342 2500
Fax: 403 343 3070
www.bdo.ca

BDO Canada LLP
Suite 100 179D Leva Avenue
Red Deer County AB T4E 1B9
Canada

February 22, 2022

Mr. Gary Alexander
1600, 925 West Georgia Street
Vancouver, BC
V6C 3L2

Dear Mr. Alexander:

Re: **Lamb Club Marketing Limited**

We enclose the following:

1. One copy of the unaudited financial statements of Lamb Club Marketing Limited for the year ended Thursday, September 30, 2021.

2. The T2 Federal Corporation Income Tax Return and the AT1 Alberta Corporate Income Tax Return for the year ended Thursday, September 30, 2021.

   There are no income taxes payable on these income tax returns.

   We have filed the applicable return with the appropriate tax authority on your behalf.

   The "Client Copy" is for your records.

3. A copy of the letter of engagement outlining our involvement in the preparation of the financial statements of Lamb Club Marketing Limited for the year ended Thursday, September 30, 2021.

4. Our statement of account for the above services.

If you have any further questions, please do not hesitate to call.

Yours truly,

BDO CANADA LLP CHARTERED PROFESSIONAL ACCOUNTANTS

Greg Sherwick, CPA, CA
Partner
BDO Canada LLP
Chartered Professional Accountants

Enc.

BDO

Tel: 403 342 2500
Fax: 403 343 3070
www.bdo.ca

BDO Canada LLP
Suite 100 179D Leva Avenue
Red Deer County AB T4E 1B9
Canada

January 20, 2022

Lamb Club Marketing Ltd.
1600, 925 West Georgia Street
Vancouver, BC
V6C 3L2

Attention: Gary Alexander

Dear Sirs/Mesdames:

We are pleased to continue our appointment as accountants to compile Lamb Club Marketing Ltd.'s financial statements for the year ending September 30, 2021 and subsequent years subject to the terms and conditions of this Agreement. The attached Standard Terms and Conditions form an integral part of this Agreement and the definitions set out in the Standard Terms and Conditions are applicable throughout this Agreement.

We will compile the financial statements, in accordance with the standards applicable to compilation engagements, from information provided by you. We will not perform an audit or review engagement on such information or otherwise attempt to verify the accuracy or completeness of the information.

A Notice to Reader communication will be attached to the statements compiled by us. Unless unanticipated difficulties are encountered, our communication will be substantially in the form set out in CPA Canada Standards and Guidance 9200. Our communication will caution readers that the financial statements may not be appropriate for their purposes.

Since we are not accepting this engagement as auditors, we request that you do not record this engagement as an audit engagement in any shareholder meeting minutes. Our Services will not result in the expression of an audit opinion or any other form of assurance on the financial statements nor the fulfilling of any statutory or other audit requirement. You may wish to obtain legal advice concerning statutory (or contractual) audit requirements.

It is understood and agreed that:

(a) this engagement cannot be relied upon to prevent or detect error, fraud, illegal acts or other irregularities. We wish to emphasize that responsibility for the prevention and detection of error, fraud, illegal acts and other irregularities must remain with management;

(b) the financial statements may lack disclosures required by, or otherwise not be in accordance with, Canadian generally accepted accounting principles, and may not be appropriate for general purpose use;

(c) uninformed readers could be misled unless they are aware of the possible limitations of the statements and our very limited involvement in their preparation; and

(d) if reproduction or publication of our communication is planned in an annual report or other document, including electronic filings or posting of the report on a web site, a copy of the entire document should be submitted to us in sufficient time for our review before the publication or posting process begins.

Responsibilities of Management

It is also understood and agreed in regard to our financial statement compilation work that:

(a) the responsibility for the accuracy and completeness of the representations in the financial statements remains with you;

(b) you will provide us with accurate and complete information necessary to compile the financial statements;

(c) you will review and approve any year-end journal entries that may be necessary; and

(d) each page of the financial statements will be conspicuously marked as being "Unaudited - see Notice to Reader" and you will attach our Notice to Reader if distributing the financial statements to third parties.

Tax Services

In addition to the accounting services discussed above, we may be requested by you to prepare corporate tax returns. The returns will be prepared based upon the information supplied by you. We will not review or otherwise attempt to verify the accuracy or completeness of such information. We will utilize the information you have already provided to our compilation engagement personnel to the extent that the material is available and relevant to the preparation of the returns. It may be necessary for us to request further information.

Our fee as indicated below is based on the assumption that all information required to prepare any required tax returns is provided on a timely basis. Our fee may need to be adjusted if there is a delay in providing this information to us. To the extent that there are unanticipated tax issues that require additional research to complete the tax return or should additional work be required on BDO's part to accumulate any schedules, information, calculations, etc., necessary to support the information required to be disclosed in the tax returns, additional fees shall be charged at our standard hourly rates based upon the increased time and expenses incurred by BDO personnel. In addition, the fee quoted does not include services related to responding to notices or inquiries from taxing authorities.

Regardless of any tax return preparation services we provide to you, you will remain responsible for filing your tax returns with the appropriate authorities on a timely basis.

Your returns are, of course, subject to review by the taxation authorities. Any items reassessed against you by the taxation authorities are subject to certain rights of appeal. In the event of any tax audit, we will be available to represent you for a mutually agreed upon fee.

We will discuss with you any filing positions which, if taken, have the potential to give rise to a material adverse assessment or reassessment by the taxing authorities. If such an assessment or reassessment occurs, any additional tax that arises will be your responsibility. In addition, we cannot be responsible for interest and penalties assessed against you in connection with your tax affairs. Therefore, should any interest or penalty be assessed, they shall be your responsibility.

The compilation of financial statements does not result in us obtaining a full understanding of your tax situation and does not include an effort to determine whether the entity has specific tax compliance issues. We will, however, provide advice on an ongoing basis on general tax matters as requested by you. To the extent that tax services requested by you are not covered by a separate engagement letter, the terms of this Agreement shall apply to those tax services.

Additional Services

In addition to the services discussed above we will assist in:

- such bookkeeping as we find necessary prior to the compilation of the financial statements

We are available to provide a wide range of services beyond those outlined in this Agreement. To the extent that any additional services that we provide to you that are not provided under a separate written engagement agreement, the provisions of this Agreement will apply to the services.

Fee Estimation

The estimated fee for this engagement is as follows:

Accounting services: $2,000

For each future year we will issue a Summary of Services providing details of our Services and fees.

We will notify you on a timely basis if there are any circumstances we encounter which could significantly affect our initial estimate of professional fees. Our fees will be invoiced and payable as follows:

- **$1,000** prior to commencing engagement;
- **$1,000** prior to issuance of deliverable

We reserve the right to suspend our Services if any of our invoices become delinquent. Fees that are not paid within 30 days of an invoice or by a specified payment deadline will be considered delinquent.

Additional information relating to our fees is provided in the Standard Terms and Conditions.

Standard Terms and Conditions

A copy of our Standard Terms and Conditions is attached as Appendix 1. You should ensure that you read and understand them. **The Standard Terms and Conditions include clauses that limit our professional liability.**

Please sign and return the attached copy of this Agreement to indicate your agreement with it. If you have any questions concerning this Agreement, please contact us before signing it.

It is a pleasure for us to be of service and we look forward to many future years of association with you.

Yours truly,

BDO Canada LLP

Chartered Professional Accountants

Agreement of all the terms and conditions in this Agreement is hereby acknowledged by:

Signature Date

Name (please print) Position

Please carefully review this Agreement, which includes the attached Standard Terms and Conditions, prior to signing it. A complete copy of the signed engagement letter should be returned to us.

Appendix 1 - Standard Terms and Conditions

1. Overview and Interpretation

1.1 This Agreement sets forth the entire agreement between the parties in relation to Services and it supersedes all prior agreements, negotiations or understandings, whether oral or written, with respect to Services. To the extent that any of the provisions of the accompanying letter conflict with these Standard Terms and Conditions, these Standard Terms and Conditions shall prevail. This Agreement may not be changed, modified or waived in whole or part except by an instrument in writing signed by both parties.

1.2 In this Agreement, the following words and expressions have the meanings set out below:

This Agreement – these Standard Terms and Conditions, the letter to which they are attached, and any supporting schedules or other appendices to the letter, and any Summary of Services letters issued in future years

Services – the services provided or to be provided under this Agreement

We, us, our, BDO – refer to BDO Canada LLP, a Canadian limited liability partnership organized under the laws of the Province of Ontario

You, your – the party or parties contracting with BDO under this Agreement, including the party's or parties' management and those charged with corporate governance. You and your does not include BDO, its affiliates or BDO Member Firms

BDO Member Firm or Firms – any firm or firms that form part of the international network of independent firms that are members of BDO International Limited

Confidential Information - information that contains identifying features that can be attributed to you or individual personnel

2. BDO Network and Sole Recourse

2.1 BDO is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international network of independent member firms (i.e. BDO Member Firms), each of which is a separate legal entity.

2.2 We may use other BDO Member Firms or subcontractors to provide Services; however, we remain solely responsible for Services. You agree not to bring any claim or action against another BDO Member Firm (or their partners, members, directors, employees or subcontractors) or our subcontractors in respect of any liability relating to the provision of Services.

2.3 You agree that any of our affiliates, subcontractors, and other BDO Member Firms and any subcontractors thereof whom we directly or indirectly involve in providing Services have the right to rely on and enforce Section 2.2 above as if they were a party to this Agreement.

3. Respective Responsibilities

3.1 We will use reasonable efforts to complete, within any agreed-upon time frame, the performance of Services.

3.2 You shall be responsible for your personnel's compliance with your obligations under this Agreement. We will not be responsible for any delays or other consequences arising from you not fulfilling your obligations.

4. Working Papers and Deliverables

4.1 **Ownership** – Any documents prepared by us, or for us, in connection with Services belong solely to us.

4.2 **Oral advice and draft deliverables** – You should not rely upon any draft deliverables or oral advice provided by us. Should you wish to rely upon something we have said to you, please let us know and, if possible, we will provide the information that you require in writing.

4.3 **Translated documents** - If you engage us to translate any documents, advice, opinions, reports or other work product of BDO from one language to another, you are responsible for the accuracy of the translation work.

4.4 **Reliance by Third Parties** – Our Services will not be planned or conducted in contemplation of or for the purpose of reliance by any party other than you.

5. Confidentiality

5.1 We agree to use Confidential Information provided by you only in relation to the Services in connection with which the information is provided and we will not disclose the information, except where required by law, regulation or professional obligation. We may, however, give Confidential Information to other BDO Member Firms or other subcontractors assisting us in providing Services. Any party to whom we subcontract work will be required to keep Confidential Information confidential either by professional obligation or contract with us. Any BDO Member Firms or other subcontractors we use will be bound by the same confidentiality obligations.

5.2 BDO shall be entitled to include a description of the work we render to or for you in marketing and research materials and disclose such information to third parties, provided that all such information will be made anonymous and not associated with you. Additionally, we may analyze information on an industry or sector basis for internal purposes or to provide industry/sector wide information to our clients or potential clients. You consent to our using information obtained from you in this way provided that the outputs therefrom will not contain any identifying features that can be attributed to you.

6. Independence

6.1 The Code of Professional Conduct does not require us to be independent when conducting this engagement. However, in situations where we are not independent we need to disclose in the Notice of Reader report the nature and extent of the relationships between you and BDO that, in our professional judgement, may reasonably be thought to impair our professional judgement or objectivity.

7. Professional and Regulatory Oversight

7.1 As required by legal, regulatory, or professional authorities (both in Canada and abroad) and by BDO policy, our client files must periodically be reviewed by practice inspectors to ensure that we are adhering to professional and BDO standards. It is understood that by

entering into this Agreement, you provide your consent to us providing our files relating to your engagement to the practice inspectors for the sole purpose of their inspection.

7.2 Certain regulatory bodies may also have the right to conduct investigations of you, including the Services provided by us. To the extent practicable and permitted by law, we will advise you of any such investigation request or order prior to providing our working papers.

7.3 You agree to reimburse us for our time and expenses, including reasonable legal fees, incurred in responding to any investigation that is requested or authorized by you or investigations of you undertaken under government regulation or authority, court order or other legal process.

8. Privacy and Consents

8.1 You agree we will have access to all personal information in your custody that we require to complete our engagement. We may collect, use, transfer, store, or process such information disclosed by you of a personal nature (personal information). Our Services are provided on the understanding that:

(a) you have obtained any consents for collection, use and disclosure to us of personal information required under all applicable privacy legislation; and

(b) we will hold all personal information in compliance with our Privacy Statement.

9. Electronic Communications

9.1 Both parties recognize and accept the security risks associated with email communications, including but not limited to the lack of security, unreliability of delivery and possible loss of confidentiality and privilege. Unless you request in writing that we do not communicate by internet email, you assume all responsibility and liability in respect of risk associated with its use.

9.2 By signing this Agreement, you provide BDO with express consent to communicate with you and your employees, as applicable, electronically, including sending BDO newsletters, publications, announcements, invitations and other news and alerts that may be of interest to you. You and your employees may withdraw such consent at any time by contacting BDO at www.bdo.ca/unsubscribe.

10. Limitation of Liability

10.1 In any dispute, action, claim, demand for losses or damages arising out of the Services performed by BDO pursuant to this Agreement, BDO shall only be liable for its proportionate share of the total liability based on degree of fault as determined by a court of competent jurisdiction or by an independent arbitrator as a result of the dispute resolution procedures, notwithstanding the provisions of any statute or rule of common law which create, or purport to create, joint and several liability.

10.2 Our liability shall be restricted to damages of a direct and compensatory nature and shall not include indirect, consequential, aggravated or punitive damages, or damages for loss of profits or expected tax savings, whether or not the likelihood of such loss or damage was contemplated.

10.3 You agree that BDO shall in no event be liable to you for any actions, damages, claims, liabilities, costs, expenses, or losses in any way arising out of or relating to the Services performed hereunder for an aggregate amount of more than the higher of:

(a) three times the fees paid to BDO by you, in a twelve consecutive month period, for the Services provided pursuant to this Agreement giving rise to the claim; and

(b) $10,000.

10.4 No exclusion or limitation on the liability of other responsible persons imposed or agreed at any time shall affect any assessment of our proportionate liability hereunder, nor shall settlement of or difficulty enforcing any claim, or the death, dissolution or insolvency of any such other responsible persons or their ceasing to be liable for the loss or damage or any portion thereof, affect any such assessment.

10.5 You agree claims or actions relating to the delivery of Services shall be brought against us alone, and not against any individual. Where our individuals are described as partners, they are acting as one of our members.

11. Indemnity

11.1 To the fullest extent permitted by applicable law and professional regulations, you agree to indemnify and hold harmless BDO from and against all losses, costs (including solicitors' fees), damages, expenses, claims, demands or liabilities arising out of or in consequence of:

(a) a misrepresentation by a member of your management or board of directors, regardless of whether such person was acting in your interest;

(b) the Services performed by BDO pursuant to this Agreement, unless, and to the extent that, such losses, costs, damages and expenses are found by a court of competent jurisdiction to have been due to the gross negligence of BDO. In the event that the matter is settled out of court, we will mutually agree on the extent of the indemnification to be provided by you, failing which, the matter may be referred to dispute resolution in accordance with the terms of this Agreement.

12. Alternative Dispute Resolution

12.1 Both parties agree that they will first attempt to settle any dispute arising out of or relating to this Agreement or the Services provided hereunder through good faith negotiations.

12.2 In the event that the parties are unable to settle or resolve their dispute through negotiation, such dispute shall be subject to mediation pursuant to the National Mediation rules of the ADR Institute of Canada Inc. All disputes remaining unsettled for more than 60 days following the parties first meeting with a mediator or such longer period as the parties mutually agree upon shall be subject to arbitration pursuant to the National Arbitration Rules of the ADR Institute of Canada Inc. Such arbitration shall be final, conclusive and binding upon the parties, and the parties shall have no right of appeal or judicial review of the decision. The parties hereby waive any such right of appeal which may otherwise be provided for in any provincial arbitration statute made applicable under the National Arbitration Rules.

13. Limitation Period

13.1 You shall make any claim relating to Services or otherwise under this Agreement no later than one year after you became aware or ought reasonably to have become aware of the facts giving rise to any such claim.

13.2 You shall in no event make any claim relating to the Services or otherwise under this Agreement later than four years after the completion of the Services under this Agreement.

13.3 To the extent permitted by law, the parties to this Agreement agree that the limitation periods established in this Agreement replace any limitation periods under any limitations act and/or any other applicable legislation and any limitation periods under any limitations act and/or any other applicable legislation shall not alter the limitation periods specified in this Agreement.

14. Québec Personnel

14.1 We may sometimes have individual partners and employees performing Services within the Province of Québec who are members of the Ordre des comptables professionnels agréés du Québec. Any such members performing professional services hereunder assumes full personal civil liability arising from the practice of their profession, regardless of their status within our partnership. They may not invoke the liability of our partnership as grounds for excluding or limiting their own liability. The provisions in Sections 10 (Limitation of Liability) and 13 (Limitation Period) shall therefore not apply to limit the personal civil liability of partners and employees who are members of the Ordre des comptables professionnels agréés du Québec.

15. Termination

15.1 This Agreement applies to Services whenever performed (including before the date of this Agreement).

15.2 You or we may terminate this Agreement at any time upon written notice of such termination to the other party. We will not be liable for any loss, cost or expense arising from such termination. You agree to pay us for all Services performed up to the date of termination, including Services performed, work-in-progress and expenses incurred by us up to and including the effective date of the termination of this Agreement.

16. Fees and Billings

16.1 We will notify you immediately of any circumstances we encounter which could significantly affect our initial fee estimate and planned completion date.

Delays in providing the complete list of agreed upon working papers/schedules to BDO will result in additional fees as follows:

- 1 week delay – additional 10% of estimated fees
- 1 month delay – additional 20% of estimated fees

Should a delay occur, we cannot guarantee completion of our work by your deadline.

16.2 Our professional fees will be based on our billing rates which depend on the means by which and by whom our Services are provided. We also will bill you for our out-of-pocket

expenses, our administrative charge (described below), and applicable Goods and Services Tax, harmonized Sales Tax, Quebec Sales Tax and Provincial Sales Tax.

16.3 Our administrative charge is calculated as a percentage of our professional fee and represents an allocation of estimated costs associated with our technology infrastructure, telephone charges, photocopying and some support staff time costs.

16.4 Our accounts are due when rendered and invoiced amounts are deemed to be earned when paid. BDO may suspend the performance of Services in the event that you fail to pay an invoice when it is due. Interest may be charged at the rate of 12% per annum on all accounts outstanding for more than 30 days.

17. Governing Laws

17.1 The terms of our engagement shall remain operative until amended, terminated, or superseded in writing. They shall be interpreted according to the laws of the province or territory in which BDO's principal Canadian office performing the engagement is located, without regard to such province/territory's rules on conflicts of law.

18. Survival

18.1 The provisions of this Agreement that give either of us rights or obligations beyond its termination shall continue indefinitely following the termination of this Agreement. Any clause that is meant to continue to apply after termination of this Agreement will do so.

19. Force Majeure

19.1 We will not be liable for any delays or failures in performance or breach of contract due to events or circumstances beyond our reasonable control, including acts of God, war, acts by governments and regulators, acts of terrorism, accident, fire, flood or storm or civil disturbance.

20. Assignment

20.1 No party may assign, transfer or delegate any of the rights or obligations hereunder without the written consent of the other party or parties. BDO may engage independent contractors and BDO Member Firms to assist us in performing the Services in this Agreement without your consent.

21. Severability

21.1 If a court or regulator with proper jurisdiction determines that a provision of this Agreement is invalid, then the provision will be interpreted in a way that is valid under applicable law or regulation. If any provision is invalid, the rest of this Agreement will remain effective.

Version: 202006

TAX INFORMATION

Corporate Taxpayer Summary

Corporate information

Corporation's name . . . . Lamb Club Marketing Limited

Taxation Year . . . . 2020-10-01 to 2021-09-30

Jurisdiction . . . . British Columbia

BC	AB	SK	MB	ON	QC	NB	NS	NO	PE	NL	XO	YT	NT	NU	OC
X															

Corporation is associated . . . . Y

Corporation is related . . . . Y

Number of associated corporations . . 7

Type of corporation . . . . Canadian-Controlled Private Corporation

Total amount due (refund) federal and provincial* . . . .

* The amounts displayed on lines "Total amount due (refund) federal and provincial" are all listed in the help. Press F1 to consult the context-sensative help.

Summary of federal information

Net income		-7,628
Taxable income		
Donations		
Calculation of income from an active business carried on in Canada		
Dividends paid		
Dividends paid – Regular		
Dividends paid – Eligible		
Balance of the low rate income pool at the end of the previous year		
Balance of the low rate income pool at the end of the year		
Balance of the general rate income pool at the end of the previous year		
Balance of the general rate income pool at the end of the year		
Part I tax (base amount)		

Summary of federal carryforward/carryback information

Carryforward balances

Non-capital losses 2,270,063

Summary of provincial information – provincial income tax payable

	British Columbia	Saskatchewan	Manitoba
% Allocation	100.00		
Attributed taxable income			
Tax payable before deduction			
Deductions and credits			
Tax payable or refundable credit			
Attributed taxable capital	N/A		
Capital tax payable*	N/A		
Instalments and refundable credits	N/A		
Balance due/Refund (-)	N/A		
Credit unions and caisses populaires profits tax (MB-Credit Unions)			
Tax payable	N/A	N/A	
Logging tax payable (FIN542)			
Tax payable		N/A	N/A

* For Manitoba, this includes the Outstanding Balance Excluding Instalments.

Summary – taxable capital

Federal

Corporate name	Taxable capital used to calculate the business limit reduction (T2, line 415)	Taxable capital used to calculate the SR&ED expenditure limit for a CCPC (Schedules 31 and 49)	Taxable capital used to calculate line 233 of the T2 return	Taxable capital used to calculate line 234 of the T2 return
Lamb Club Marketing Limited	48,928	48,928	43,614	43,614
Canada Sheep and Lamb Farms Ltd.	37,011,697	37,011,697	3,086,996	3,086,996
Canada Sheep Holdings Ltd.				
North American Lamb Company Ltd.	16,779	16,779	58,323,286	58,323,286
2079468 Alberta Ltd.				
Canada Lamb Growers Ltd.	13,784,763	13,784,763	14,644,636	14,644,636
Canada Lamb Processors Ltd.	14,624,795	14,624,795	13,967,991	13,967,991
Canine Fare Ltd.	1,191	1,191	1,191	1,191
Fresh Canada Meats Ltd.				
Total	65,488,153	65,488,153	90,067,714	90,067,714

Québec

Corporate name	Paid-up capital used to calculate the Québec business limit reduction (CO-771) and to calculate the additional deduction for transportation costs of remote manufacturing SMEs (CO-156.TR)	Paid-up capital used to calculate the tax credit for investment (CO-1029.8.36.IN) and to determine the applicability of Forms CO-1029.8.33.CS and CO-1029.8.33.TE	Paid-up capital used to calculate the $1 million deduction (CO-1137.A and CO-1137.E)	Paid-up capital used to determine the applicability of Form CO-737.SI
Total				

Ontario

Corporate name	Specified capital used to calculate the expenditure limit – Ontario innovation tax credit (Schedule 566)
Total	

Alberta

Corporate name	Taxable capital used to calculate the Alberta innovation employment grant (Schedule A29)
Total	

Other provinces

Corporate name	Capital used to calculate the Newfoundland and Labrador capital deduction on financial institutions (Schedule 306)
Total	

Five-Year Comparative Summary

Federal information (T2)

	Current year	1st prior year	2nd prior year	3rd prior year	4th prior year
Taxation year end	**2021-09-30**	**2020-09-30**	**2019-09-30**	**2018-09-30**	**2017-09-30**
Net income	-7,628	-16,106			
Taxable income					
Active business income					
Dividends paid					
Dividends paid – Regular					
Dividends paid – Eligible					
LRIP – end of the previous year					
LRIP – end of the year					
GRIP – end of the previous year					
GRIP – end of the year					
Donations					
Balance due/refund (-)					
Line 996 – Amended tax return	☐	☐	☐	☐	☐

Loss carrybacks requested in prior years to reduce taxable income

Taxation year end	**2021-09-30**	**2020-09-30**	**2019-09-30**	**2018-09-30**	**2017-09-30**
Taxable income before loss carrybacks	N/A	N/A			
Non-capital losses	N/A	N/A			
Net capital losses (50%)	N/A	N/A			
Restricted farm losses	N/A	N/A			
Farm losses	N/A	N/A			
Listed personal property losses (50%)	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			
Adjusted taxable income after loss carrybacks	N/A	N/A			

Losses in the current year carried back to previous years to reduce taxable income (according to Schedule 4)

Taxation year end	**2021-09-30**	**2020-09-30**	**2019-09-30**	**2018-09-30**	**2017-09-30**
Adjusted taxable income before current year loss carrybacks*	N/A				N/A
Non-capital losses	N/A				N/A
Net capital losses (50%)	N/A				N/A
Restricted farm losses	N/A				N/A
Farm losses	N/A				N/A
Listed personal property losses (50%)	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted taxable income after loss carrybacks	N/A				N/A

* The adjusted taxable income before current year loss carryback takes into account loss carrybacks that were made in prior taxation years.

Loss carrybacks requested in prior years to reduce taxable dividends subject to Part IV tax

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Adjusted Part IV tax multiplied by the multiplication factor**, before loss carrybacks	N/A	N/A			
Non-capital losses	N/A	N/A			
Farm losses	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			
Adjusted Part IV tax multiplied by the multiplication factor**, after loss carrybacks	N/A	N/A			

Losses in the current year carried back to previous years to reduce taxable dividends subject to Part IV tax (according to Schedule 4)

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Adjusted Part IV tax multiplied by the multiplication factor**, before current-year loss carrybacks***	N/A				N/A
Non-capital losses	N/A				N/A
Farm losses	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted Part IV tax multiplied by the multiplication factor**, after loss carrybacks	N/A				N/A

** The multiplication factor is 3 for dividends received before January 1, 2016, and 100 / 38 1/3 for dividends received after December 31, 2015.

*** The adjusted Part IV tax multiplied by the multiplication factor before current-year loss carrybacks takes into account loss carrybacks that were made in prior taxation years. This amount is multiplied by the multiplication factor to help you determine the loss amount that must be used to reduce Part IV tax payable to zero.

Federal taxes

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Part I					
Part IV					
Part III.1					
Other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Credits against Part I tax

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Small business deduction					
M&P deduction					
Foreign tax credit					
Investment tax credit					
Abatement/other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Refunds/credits

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
ITC refund					
Dividend refund					
– Eligible dividends					
– Non-eligible dividends					
Instalments					
Other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

British Columbia

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
% Allocation	100.00	100.00			
Attributed taxable income					
Income tax payable before deduction					
Income tax deductions /credits					
Net income tax payable					
Logging tax payable (FIN542)					
Tax payable					
B.C. general					
Taxable capital					
Capital tax payable					
Instalments and refundable credits					
Capital tax balance due/refund					

Canada Revenue Agency | Agence du revenu du Canada

Net Income (Loss) for Income Tax Purposes

Schedule 1

Corporation's name	Business number	Tax year-end Year Month Day
Lamb Club Marketing Limited	80858 4965 RC0001	2021-09-30

- Use this schedule to reconcile the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes. For more information, see the T2 Corporation – Income Tax Guide.
- All legislative references are to the Income Tax Act.

Net income (loss) after taxes and extraordinary items from line 9999 of Schedule 125			-5,695	A
Add:				
Subtotal of additions		0	0	

Add:

Other additions:

1 Description 605	2 Amount 295
Total of column 2	

Total of column 2	296			
Subtotal of other additions	199	0	0	D
Total additions	500	0	0	
Amount A **plus** line 500			-5,695	B
Deduct:				
Capital cost allowance from Schedule 8	403	1,933		
Subtotal of deductions		1,933	1,933	

Deduct:

Other deductions:

1 Description 705	2 Amount 395
Total of column 2	

Total of column 2	396			
Subtotal of other deductions	499	0	0	E
Total deductions	510	1,933	1,933	
Net income (loss) for income tax purposes (amount B **minus** line 510)			-7,628	C

Enter amount C on line 300 of the T2 return.

T2 SCH 1 E (19)

Canada

FINANCIAL INFORMATION

Lamb Club Marketing Limited **H80A**

Year End: September 30, 2021

Leadsheet Summary

Preparer	Detail Rev	Gen Rev
MQL 01/20/2022	RSW 02/03/2022	GRS 02/03/2022
Reviewed by	**4th Level Rev**	**Tax Rev**

Account	Prelim	Adj's	Reclass	Rep	Rep 09/20	%Chg
96100 Lamb Club Marketing	30,793.56	0.00	**0.00**	**30,793.56**	36,421.65	**-15**
A Cash and Bank	**30,793.56**	**0.00**	**0.00**	**30,793.56**	**36,421.65**	**-15**
820 GST	344.17	0.00	**0.00**	**344.17**	30.86	**1015**
91100 Accounts Receivable	12,458.85	0.00	**0.00**	**12,458.85**	12,458.85	**0**
97901 HST Purchaes	17.01	0.00	**0.00**	**17.01**	17.01	**0**
C Accounts Receivable	**12,820.03**	**0.00**	**0.00**	**12,820.03**	**12,506.72**	**3**
96700 Payables Control	-266,489.17	0.00	**0.00**	**-266,489.17**	-266,108.20	**0**
96702 Intercompany Exchange Variance	4,992.82	0.00	**0.00**	**4,992.82**	4,992.82	**0**
CC Accounts Payable & Accrued Lia	**-261,496.35**	**0.00**	**0.00**	**-261,496.35**	**-261,115.38**	**0**
99000 Capital	-2,132,739.00	0.00	**0.00**	**-2,132,739.00**	-2,132,739.00	**0**
RR Share capital	**-2,132,739.00**	**0.00**	**0.00**	**-2,132,739.00**	**-2,132,739.00**	**0**
99300 Retained Earnings	2,344,926.01	0.00	**0.00**	**2,344,926.01**	2,330,598.05	**1**
NETINC Net Income (Loss)	5,695.75	0.00	**0.00**	**5,695.75**	14,327.96	**-60**
SS Equity	**2,350,621.76**	**0.00**	**0.00**	**2,350,621.76**	**2,344,926.01**	**0**
23200 Audit fees	4,641.38	0.00	**0.00**	**4,641.38**	3,652.86	**27**
80000 Bank Fees	1,054.37	0.00	**0.00**	**1,054.37**	1,096.48	**-4**
80300 Exchange Variance	0.00	0.00	**0.00**	**0.00**	9,321.88	**-100**
520 Expenses	**5,695.75**	**0.00**	**0.00**	**5,695.75**	**14,071.22**	**-60**
67501 Fixed Assets - Profit / Loss on sa	0.00	0.00	**0.00**	**0.00**	256.74	**-100**
530 Other income or expenses	**0.00**	**0.00**	**0.00**	**0.00**	**256.74**	**-100**
	5,695.75	**0.00**	**0.00**	**5,695.75**	**14,327.96**	**-60**

CANADA LAMB PROCESSORS LTD.

Year Ended September 30, 2021

Financial statements of

Canada Lamb Processors Ltd.

(Unaudited – Notice to Readers)

September 30, 2021

Tel: 403 342 2500
Fax: 403 343 3070
www.bdo.ca

BDO Canada LLP
Suite 100 179D Leva Avenue
Red Deer County AB T4E 1B9
Canada

NOTICE TO READER

On the basis of information provided by management, we have compiled the balance sheet of Canada Lamb Processors Ltd. as at September 30, 2021 and the statements of operations and deficit and cash flow for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Red Deer County, Alberta

BDO Canada LLP

February 22, 2022

Chartered Professional Accountants

Canada Lamb Processors Ltd.

Balance Sheet (Unaudited – See Notice to Readers)

As at September 30, 2021

(In Canadian dollars)

	2021	2020
	$	$
Assets		
Current		
Cash	1,585,989	1,243,755
Accounts receivable (note 1)	2,379,393	1,967,974
Goods and services tax receivable	36,956	13,981
Inventory (note 2)	1,029,825	1,835,938
Prepaid expenses	57,603	93,423
	5,089,766	5,155,071
Property, plant and equipment (note 3)	10,111,318	10,786,749
Trademark	13,262	11,062
Future income taxes	1,275,745	1,440,356
Investment in a subsidiary (note 4)	1,191	1,191
	16,491,282	17,394,430
Liabilities		
Current		
Accounts payable and accrued liabilities	1,176,399	986,020
Wages payable	69,959	342,070
	1,246,358	1,328,090
Advances from North American Lamb Company (note 5)	4,163,970	5,463,621
Advances from shareholder	16,130,627	16,130,626
	21,540,955	22,922,337
Shareholders' Deficit		
Share capital	980	980
Deficit	(5,050,653)	(5,528,887)
	(5,049,673)	(5,527,907)
	16,491,282	17,394,430

The accompanying notes are an integral part of financial statements.

Approved on behalf of the Board

______________________________ , Director

______________________________ , Director

Canada Lamb Processors Ltd.

Statement of Operations and Deficit (Unaudited – See Notice to Readers)

Year ended September 30, 2021

(In Canadian dollars)

	2021	2020
	$	$
Sales	33,724,701	30,422,628
Cost of sales	28,247,219	25,096,466
Gross profit	5,477,482	5,326,161
Expenses		
Salaries, wages and benefits	1,694,561	2,008,753
Amortization	760,059	833,264
Utilities	584,262	827,184
Interest on long-term debt	231,389	245,196
Repairs and maintenance	618,874	313,128
Protection equipment and other supplies	236,478	247,488
Interest and bank charges	174,774	154,955
Insurance	105,859	102,556
Lab testing	33,892	53,961
Fees and licensing	75,037	73,347
Computer	57,654	45,360
Property taxes	57,496	56,472
Travel	5,257	29,292
Product development and research	5,583	28,706
Advertising and promotion	9,133	35,659
Telephone	22,711	30,901
Bad debts	24,000	24,000
Professional fees	23,603	32,806
Market and product development	37,235	31,400
Training and education	391	11,684
Meals and entertainment	1,179	4,852
Foreign exchange gain (loss)	75,210	2,174
	4,834,637	5,193,137
Income from operations	642,845	133,024
Other (expense) income		2,667
Income before income taxes	642,845	135,691
Provision for future income taxes	(164,611)	(289.570)
Net (loss) Income	478,234	(153,879)
Deficit, beginning of period	(5,528,887)	(5,375,008)
Deficit, end of period	(5,050,653)	(5,528,887)

The accompanying notes are an integral part of the non-consolidated financial statements.

Canada Lamb Processors Ltd.

Statement of cash flows (Unaudited – Notice to Readers)

Year ended September 30, 2021

(In Canadian dollars)

	2021	2020
	$	$
Cash provided by the following activities		
Operating activities		
Net income (loss)	478,234	(153,879)
Items not affecting cash:		
Amortization	760,059	833,264
Future income taxes	164,611	289,570
	1,402,904	968,955
Changes in working capital accounts		
Accounts receivable	(411,418)	(272,218)
Goods and services tax receivable	(22,974)	4,247
Inventory	806,114	(417,120)
Prepaid expenses and deposits	35,819	87,038
Accounts payable and accrued liabilities	190,379	224,170
Wages payable	(272,111)	142,813
	1,728,713	737,885
Investing activities		
Purchase of equipment	(86,829)	(158,093)
Financing activities		
Decrease in bank indebtedness	-	(26,486)
Repayment (proceeds) from parent company	(1,299,650)	(253,953)
	(1,299,650)	(280,439)
Net Increase in cash and cash equivalents	342,234	299,353
Cash deficiency, beginning of year	1,243,755	944,402
Cash and cash equivalents, end of year	1,585,989	1,243,755

The accompanying notes are an integral part of the financial statements.

(In Canadian dollars)

1. Accounts receivable

	2021	2020
	$	$
Trade	2,461,550	2,026,131
Allowance for doubtful accounts	(82,157)	(58,157)
	2,379,393	1,967,974

2. Inventories

	2021	2020
	$	$
Processed meat products	758,513	1,517,474
Packaging, dry goods and spices	222,290	264,003
Supplies	43,284	42,794
Pelts	5,738	11,667
	1,029,825	1,835,938

3. Investments

Consist of holding a share account in Canine Fare Ltd. (Wholly owned subsidiary) for an amount of $1,191. Such investment is measured at cost.

4. Property, plant and equipment

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Land	700,000	-	700,000	700,000
Buildings and improvements	4,636,457	(1,522,537)	3,113,920	3,238,712
Farm and plant equipment	12,835,490	(6,587,202)	6,248,288	6,820,160
Automotive equipment	2,300	(2,120)	180	240
Computer equipment	179,618	(130,688)	48,930	27,637
	18,353,865	(8,242,547)	10,111,318	10,786,749

5. Advances from North American Lamb Company Ltd

The advances from the parent company, are due on demand, bear interest at 4.70%, and have no fixed terms of repayment.

LETTERS

Tel: 403 342 2500
Fax: 403 343 3070
www.bdo.ca

BDO Canada LLP
Suite 100 179D Leva Avenue
Red Deer County AB T4E 1B9
Canada

February 22, 2022

Mr. Gary Alexander
4312 - 51 Street
Innisfail, AB
T4G 1A3

Dear Mr. Alexander:

Re: <u>Canada Lamb Processors Ltd.</u>

We enclose the following:

1. One copy of the unaudited financial statements of Canada Lamb Processors Ltd. for the year ended Thursday, September 30, 2021.

2. The T2 Federal Corporation Income Tax Return and the AT1 Alberta Corporate Income Tax Return for the year ended Thursday, September 30, 2021.

   There are no income taxes payable on these income tax returns.

   We have filed the applicable return with the appropriate tax authority on your behalf.

   The "Client Copy" is for your records.

3. A copy of the letter of engagement outlining our involvement in the preparation of the financial statements of Canada Lamb Processors Ltd. for the year ended Thursday, September 30, 2021.

4. Our statement of account for the above services.

If you have any further questions, please do not hesitate to call.

Yours truly,

BDO CANADA LLP CHARTERED PROFESSIONAL ACCOUNTANTS

Greg Sherwick, CPA, CA
Partner
BDO Canada LLP
Chartered Professional Accountants

Enc.

Tel: 403 342 2500
Fax: 403 343 3070
www.bdo.ca

BDO Canada LLP
Suite 100 179D Leva Avenue
Red Deer County AB T4E 1B9
Canada

January 19, 2022

Canada Lamb Processors Ltd.
4312 - 51 Street
Innisfail, Alberta
T4G 1A3

Dear Sirs/Mesdames:

We are pleased to continue our appointment as accountants to compile Canada Lamb Processors Ltd.'s financial statements for the year ending September 30, 2021 and subsequent years subject to the terms and conditions of this Agreement. The attached Standard Terms and Conditions form an integral part of this Agreement and the definitions set out in the Standard Terms and Conditions are applicable throughout this Agreement.

We will compile the financial statements, in accordance with the standards applicable to compilation engagements, from information provided by you. We will not perform an audit or review engagement on such information or otherwise attempt to verify the accuracy or completeness of the information.

A Notice to Reader communication will be attached to the statements compiled by us. Unless unanticipated difficulties are encountered, our communication will be substantially in the form set out in CPA Canada Standards and Guidance 9200. Our communication will caution readers that the financial statements may not be appropriate for their purposes.

Since we are not accepting this engagement as auditors, we request that you do not record this engagement as an audit engagement in any shareholder meeting minutes. Our Services will not result in the expression of an audit opinion or any other form of assurance on the financial statements nor the fulfilling of any statutory or other audit requirement. You may wish to obtain legal advice concerning statutory (or contractual) audit requirements.

It is understood and agreed that:

(a) this engagement cannot be relied upon to prevent or detect error, fraud, illegal acts or other irregularities. We wish to emphasize that responsibility for the prevention and detection of error, fraud, illegal acts and other irregularities must remain with management;

(b) the financial statements may lack disclosures required by, or otherwise not be in accordance with, Canadian generally accepted accounting principles, and may not be appropriate for general purpose use;

(c) uninformed readers could be misled unless they are aware of the possible limitations of the statements and our very limited involvement in their preparation; and

(d) if reproduction or publication of our communication is planned in an annual report or other document, including electronic filings or posting of the report on a web site, a copy of the entire document should be submitted to us in sufficient time for our review before the publication or posting process begins.

Responsibilities of Management

It is also understood and agreed in regard to our financial statement compilation work that:

(a) the responsibility for the accuracy and completeness of the representations in the financial statements remains with you;

(b) you will provide us with accurate and complete information necessary to compile the financial statements;

(c) you will review and approve any year-end journal entries that may be necessary; and

(d) each page of the financial statements will be conspicuously marked as being "Unaudited - see Notice to Reader" and you will attach our Notice to Reader if distributing the financial statements to third parties.

Tax Services

In addition to the accounting services discussed above, we may be requested by you to prepare corporate tax returns. The returns will be prepared based upon the information supplied by you. We will not review or otherwise attempt to verify the accuracy or completeness of such information. We will utilize the information you have already provided to our compilation engagement personnel to the extent that the material is available and relevant to the preparation of the returns. It may be necessary for us to request further information.

Our fee as indicated below is based on the assumption that all information required to prepare any required tax returns is provided on a timely basis. Our fee may need to be adjusted if there is a delay in providing this information to us. To the extent that there are unanticipated tax issues that require additional research to complete the tax return or should additional work be required on BDO's part to accumulate any schedules, information, calculations, etc., necessary to support the information required to be disclosed in the tax returns, additional fees shall be charged at our standard hourly rates based upon the increased time and expenses incurred by BDO personnel. In addition, the fee quoted does not include services related to responding to notices or inquiries from taxing authorities.

Regardless of any tax return preparation services we provide to you, you will remain responsible for filing your tax returns with the appropriate authorities on a timely basis.

Your returns are, of course, subject to review by the taxation authorities. Any items reassessed against you by the taxation authorities are subject to certain rights of appeal. In the event of any tax audit, we will be available to represent you for a mutually agreed upon fee.

We will discuss with you any filing positions which, if taken, have the potential to give rise to a material adverse assessment or reassessment by the taxing authorities. If such an assessment or reassessment occurs, any additional tax that arises will be your responsibility. In addition, we cannot be responsible for interest and penalties assessed against you in connection with your tax affairs. Therefore, should any interest or penalty be assessed, they shall be your responsibility.

The compilation of financial statements does not result in us obtaining a full understanding of your tax situation and does not include an effort to determine whether the entity has specific tax compliance issues. We will, however, provide advice on an ongoing basis on general tax matters as requested by you. To the extent that tax services requested by you are not covered by a separate engagement letter, the terms of this Agreement shall apply to those tax services.

Additional Services

In addition to the services discussed above we will assist in:

- such bookkeeping as we find necessary prior to the compilation of the financial statements

We are available to provide a wide range of services beyond those outlined in this Agreement. To the extent that any additional services that we provide to you that are not provided under a separate written engagement agreement, the provisions of this Agreement will apply to the services.

Fee Estimation

The estimated fee for this engagement is as follows:

Accounting services: $2,000

For each future year we will issue a Summary of Services providing details of our Services and fees.

We will notify you on a timely basis if there are any circumstances we encounter which could significantly affect our initial estimate of professional fees. Our fees will be invoiced and payable as follows:

- **$1,000** prior to commencing engagement;
- **$1,000** prior to issuance of deliverable

We reserve the right to suspend our Services if any of our invoices become delinquent. Fees that are not paid within 30 days of an invoice or by a specified payment deadline will be considered delinquent.

Additional information relating to our fees is provided in the Standard Terms and Conditions.

Standard Terms and Conditions

A copy of our Standard Terms and Conditions is attached as Appendix 1. You should ensure that you read and understand them. **The Standard Terms and Conditions include clauses that limit our professional liability.**

Please sign and return the attached copy of this Agreement to indicate your agreement with it. If you have any questions concerning this Agreement, please contact us before signing it.

It is a pleasure for us to be of service and we look forward to many future years of association with you.

Yours truly,

BDO Canada LLP

Chartered Professional Accountants

Agreement of all the terms and conditions in this Agreement is hereby acknowledged by:

Signature Date

Name (please print) Position

Please carefully review this Agreement, which includes the attached Standard Terms and Conditions, prior to signing it.
A complete copy of the signed engagement letter should be returned to us.

Appendix 1 - Standard Terms and Conditions

1. Overview and Interpretation

1.1 This Agreement sets forth the entire agreement between the parties in relation to Services and it supersedes all prior agreements, negotiations or understandings, whether oral or written, with respect to Services. To the extent that any of the provisions of the accompanying letter conflict with these Standard Terms and Conditions, these Standard Terms and Conditions shall prevail. This Agreement may not be changed, modified or waived in whole or part except by an instrument in writing signed by both parties.

1.2 In this Agreement, the following words and expressions have the meanings set out below:

This Agreement – these Standard Terms and Conditions, the letter to which they are attached, and any supporting schedules or other appendices to the letter, and any Summary of Services letters issued in future years

Services – the services provided or to be provided under this Agreement

We, us, our, BDO – refer to BDO Canada LLP, a Canadian limited liability partnership organized under the laws of the Province of Ontario

You, your – the party or parties contracting with BDO under this Agreement, including the party's or parties' management and those charged with corporate governance. You and your does not include BDO, its affiliates or BDO Member Firms

BDO Member Firm or Firms – any firm or firms that form part of the international network of independent firms that are members of BDO International Limited

Confidential Information - information that contains identifying features that can be attributed to you or individual personnel

2. BDO Network and Sole Recourse

2.1 BDO is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international network of independent member firms (i.e. BDO Member Firms), each of which is a separate legal entity.

2.2 We may use other BDO Member Firms or subcontractors to provide Services; however, we remain solely responsible for Services. You agree not to bring any claim or action against another BDO Member Firm (or their partners, members, directors, employees or subcontractors) or our subcontractors in respect of any liability relating to the provision of Services.

2.3 You agree that any of our affiliates, subcontractors, and other BDO Member Firms and any subcontractors thereof whom we directly or indirectly involve in providing Services have the right to rely on and enforce Section 2.2 above as if they were a party to this Agreement.

3. Respective Responsibilities

3.1 We will use reasonable efforts to complete, within any agreed-upon time frame, the performance of Services.

3.2 You shall be responsible for your personnel's compliance with your obligations under this Agreement. We will not be responsible for any delays or other consequences arising from you not fulfilling your obligations.

4. Working Papers and Deliverables

4.1 **Ownership** – Any documents prepared by us, or for us, in connection with Services belong solely to us.

4.2 **Oral advice and draft deliverables** – You should not rely upon any draft deliverables or oral advice provided by us. Should you wish to rely upon something we have said to you, please let us know and, if possible, we will provide the information that you require in writing.

4.3 **Translated documents** - If you engage us to translate any documents, advice, opinions, reports or other work product of BDO from one language to another, you are responsible for the accuracy of the translation work.

4.4 **Reliance by Third Parties** – Our Services will not be planned or conducted in contemplation of or for the purpose of reliance by any party other than you.

5. Confidentiality

5.1 We agree to use Confidential Information provided by you only in relation to the Services in connection with which the information is provided and we will not disclose the information, except where required by law, regulation or professional obligation. We may, however, give Confidential Information to other BDO Member Firms or other subcontractors assisting us in providing Services. Any party to whom we subcontract work will be required to keep Confidential Information confidential either by professional obligation or contract with us. Any BDO Member Firms or other subcontractors we use will be bound by the same confidentiality obligations.

5.2 BDO shall be entitled to include a description of the work we render to or for you in marketing and research materials and disclose such information to third parties, provided that all such information will be made anonymous and not associated with you. Additionally, we may analyze information on an industry or sector basis for internal purposes or to provide industry/sector wide information to our clients or potential clients. You consent to our using information obtained from you in this way provided that the outputs therefrom will not contain any identifying features that can be attributed to you.

6. Independence

6.1 The Code of Professional Conduct does not require us to be independent when conducting this engagement. However, in situations where we are not independent we need to disclose in the Notice of Reader report the nature and extent of the relationships between you and BDO that, in our professional judgement, may reasonably be thought to impair our professional judgement or objectivity.

7. Professional and Regulatory Oversight

7.1 As required by legal, regulatory, or professional authorities (both in Canada and abroad) and by BDO policy, our client files must periodically be reviewed by practice inspectors to ensure that we are adhering to professional and BDO standards. It is understood that by

entering into this Agreement, you provide your consent to us providing our files relating to your engagement to the practice inspectors for the sole purpose of their inspection.

7.2 Certain regulatory bodies may also have the right to conduct investigations of you, including the Services provided by us. To the extent practicable and permitted by law, we will advise you of any such investigation request or order prior to providing our working papers.

7.3 You agree to reimburse us for our time and expenses, including reasonable legal fees, incurred in responding to any investigation that is requested or authorized by you or investigations of you undertaken under government regulation or authority, court order or other legal process.

8. Privacy and Consents

8.1 You agree we will have access to all personal information in your custody that we require to complete our engagement. We may collect, use, transfer, store, or process such information disclosed by you of a personal nature (personal information). Our Services are provided on the understanding that:

(a) you have obtained any consents for collection, use and disclosure to us of personal information required under all applicable privacy legislation; and

(b) we will hold all personal information in compliance with our Privacy Statement.

9. Electronic Communications

9.1 Both parties recognize and accept the security risks associated with email communications, including but not limited to the lack of security, unreliability of delivery and possible loss of confidentiality and privilege. Unless you request in writing that we do not communicate by internet email, you assume all responsibility and liability in respect of risk associated with its use.

9.2 By signing this Agreement, you provide BDO with express consent to communicate with you and your employees, as applicable, electronically, including sending BDO newsletters, publications, announcements, invitations and other news and alerts that may be of interest to you. You and your employees may withdraw such consent at any time by contacting BDO at www.bdo.ca/unsubscribe.

10. Limitation of Liability

10.1 In any dispute, action, claim, demand for losses or damages arising out of the Services performed by BDO pursuant to this Agreement, BDO shall only be liable for its proportionate share of the total liability based on degree of fault as determined by a court of competent jurisdiction or by an independent arbitrator as a result of the dispute resolution procedures, notwithstanding the provisions of any statute or rule of common law which create, or purport to create, joint and several liability.

10.2 Our liability shall be restricted to damages of a direct and compensatory nature and shall not include indirect, consequential, aggravated or punitive damages, or damages for loss of profits or expected tax savings, whether or not the likelihood of such loss or damage was contemplated.

10.3 You agree that BDO shall in no event be liable to you for any actions, damages, claims, liabilities, costs, expenses, or losses in any way arising out of or relating to the Services performed hereunder for an aggregate amount of more than the higher of:

(a) three times the fees paid to BDO by you, in a twelve consecutive month period, for the Services provided pursuant to this Agreement giving rise to the claim; and

(b) $10,000.

10.4 No exclusion or limitation on the liability of other responsible persons imposed or agreed at any time shall affect any assessment of our proportionate liability hereunder, nor shall settlement of or difficulty enforcing any claim, or the death, dissolution or insolvency of any such other responsible persons or their ceasing to be liable for the loss or damage or any portion thereof, affect any such assessment.

10.5 You agree claims or actions relating to the delivery of Services shall be brought against us alone, and not against any individual. Where our individuals are described as partners, they are acting as one of our members.

11. Indemnity

11.1 To the fullest extent permitted by applicable law and professional regulations, you agree to indemnify and hold harmless BDO from and against all losses, costs (including solicitors' fees), damages, expenses, claims, demands or liabilities arising out of or in consequence of:

(a) a misrepresentation by a member of your management or board of directors, regardless of whether such person was acting in your interest;

(b) the Services performed by BDO pursuant to this Agreement, unless, and to the extent that, such losses, costs, damages and expenses are found by a court of competent jurisdiction to have been due to the gross negligence of BDO. In the event that the matter is settled out of court, we will mutually agree on the extent of the indemnification to be provided by you, failing which, the matter may be referred to dispute resolution in accordance with the terms of this Agreement.

12. Alternative Dispute Resolution

12.1 Both parties agree that they will first attempt to settle any dispute arising out of or relating to this Agreement or the Services provided hereunder through good faith negotiations.

12.2 In the event that the parties are unable to settle or resolve their dispute through negotiation, such dispute shall be subject to mediation pursuant to the National Mediation rules of the ADR Institute of Canada Inc. All disputes remaining unsettled for more than 60 days following the parties first meeting with a mediator or such longer period as the parties mutually agree upon shall be subject to arbitration pursuant to the National Arbitration Rules of the ADR Institute of Canada Inc. Such arbitration shall be final, conclusive and binding upon the parties, and the parties shall have no right of appeal or judicial review of the decision. The parties hereby waive any such right of appeal which may otherwise be provided for in any provincial arbitration statute made applicable under the National Arbitration Rules.

13. Limitation Period

13.1 You shall make any claim relating to Services or otherwise under this Agreement no later than one year after you became aware or ought reasonably to have become aware of the facts giving rise to any such claim.

13.2 You shall in no event make any claim relating to the Services or otherwise under this Agreement later than four years after the completion of the Services under this Agreement.

13.3 To the extent permitted by law, the parties to this Agreement agree that the limitation periods established in this Agreement replace any limitation periods under any limitations act and/or any other applicable legislation and any limitation periods under any limitations act and/or any other applicable legislation shall not alter the limitation periods specified in this Agreement.

14. Québec Personnel

14.1 We may sometimes have individual partners and employees performing Services within the Province of Québec who are members of the Ordre des comptables professionnels agréés du Québec. Any such members performing professional services hereunder assumes full personal civil liability arising from the practice of their profession, regardless of their status within our partnership. They may not invoke the liability of our partnership as grounds for excluding or limiting their own liability. The provisions in Sections 10 (Limitation of Liability) and 13 (Limitation Period) shall therefore not apply to limit the personal civil liability of partners and employees who are members of the Ordre des comptables professionnels agréés du Québec.

15. Termination

15.1 This Agreement applies to Services whenever performed (including before the date of this Agreement).

15.2 You or we may terminate this Agreement at any time upon written notice of such termination to the other party. We will not be liable for any loss, cost or expense arising from such termination. You agree to pay us for all Services performed up to the date of termination, including Services performed, work-in-progress and expenses incurred by us up to and including the effective date of the termination of this Agreement.

16. Fees and Billings

16.1 We will notify you immediately of any circumstances we encounter which could significantly affect our initial fee estimate and planned completion date.

Delays in providing the complete list of agreed upon working papers/schedules to BDO will result in additional fees as follows:

- 1 week delay – additional 10% of estimated fees
- 1 month delay – additional 20% of estimated fees

Should a delay occur, we cannot guarantee completion of our work by your deadline.

16.2 Our professional fees will be based on our billing rates which depend on the means by which and by whom our Services are provided. We also will bill you for our out-of-pocket

expenses, our administrative charge (described below), and applicable Goods and Services Tax, harmonized Sales Tax, Quebec Sales Tax and Provincial Sales Tax.

16.3 Our administrative charge is calculated as a percentage of our professional fee and represents an allocation of estimated costs associated with our technology infrastructure, telephone charges, photocopying and some support staff time costs.

16.4 Our accounts are due when rendered and invoiced amounts are deemed to be earned when paid. BDO may suspend the performance of Services in the event that you fail to pay an invoice when it is due. Interest may be charged at the rate of 12% per annum on all accounts outstanding for more than 30 days.

17. Governing Laws

17.1 The terms of our engagement shall remain operative until amended, terminated, or superseded in writing. They shall be interpreted according to the laws of the province or territory in which BDO's principal Canadian office performing the engagement is located, without regard to such province/territory's rules on conflicts of law.

18. Survival

18.1 The provisions of this Agreement that give either of us rights or obligations beyond its termination shall continue indefinitely following the termination of this Agreement. Any clause that is meant to continue to apply after termination of this Agreement will do so.

19. Force Majeure

19.1 We will not be liable for any delays or failures in performance or breach of contract due to events or circumstances beyond our reasonable control, including acts of God, war, acts by governments and regulators, acts of terrorism, accident, fire, flood or storm or civil disturbance.

20. Assignment

20.1 No party may assign, transfer or delegate any of the rights or obligations hereunder without the written consent of the other party or parties. BDO may engage independent contractors and BDO Member Firms to assist us in performing the Services in this Agreement without your consent.

21. Severability

21.1 If a court or regulator with proper jurisdiction determines that a provision of this Agreement is invalid, then the provision will be interpreted in a way that is valid under applicable law or regulation. If any provision is invalid, the rest of this Agreement will remain effective.

Version: 202006

TAX INFORMATION

Corporate Taxpayer Summary

Corporate information

Corporation's name . . . . Canada Lamb Processors Ltd.

Taxation Year . . . . 2020-10-01 to 2021-09-30

Jurisdiction . . . . Alberta

BC	AB	SK	MB	ON	QC	NB	NS	NO	PE	NL	XO	YT	NT	NU	OC
☐	☒	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Corporation is associated . . . . Y

Corporation is related . . . . Y

Number of associated corporations . . 7

Type of corporation . . . . Canadian-Controlled Private Corporation

Total amount due (refund) federal and provincial* . . . .

* The amounts displayed on lines "Total amount due (refund) federal and provincial" are all listed in the help. Press F1 to consult the context-sensative help.

Summary of federal information

Net income		-142,026
Taxable income		
Donations		
Calculation of income from an active business carried on in Canada		
Dividends paid		
Dividends paid – Regular		
Dividends paid – Eligible		
Balance of the low rate income pool at the end of the previous year		
Balance of the low rate income pool at the end of the year		
Balance of the general rate income pool at the end of the previous year		
Balance of the general rate income pool at the end of the year		
Part I tax (base amount)		

Summary of federal carryforward/carryback information

Carryforward balances

Non-capital losses 7,798,417

Summary of provincial information – provincial income tax payable

	Ontario	Québec (CO-17)	Alberta (AT1)
Net income			-142,026
Taxable income			
% Allocation			100.00
Attributed taxable income			
Tax payable before deduction*			
Deductions and credits			
Net tax payable			
Attributed taxable capital	N/A		N/A
Capital tax payable**	N/A		N/A
Total tax payable***			
Instalments and refundable credits			
Balance due/Refund (-)			
Logging tax payable (COZ-1179)			
Tax payable	N/A		N/A

* For Québec, this includes special taxes.

** For Québec, this includes compensation tax and registration fee.

*** For Ontario, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations. The Balance due/Refund is included in the federal Balance due/refund.

Summary of provincial carryforward amounts

	Québec	Alberta
Non-capital losses		7,798,417

Summary – taxable capital

Federal

Corporate name	Taxable capital used to calculate the business limit reduction (T2, line 415)	Taxable capital used to calculate the SR&ED expenditure limit for a CCPC (Schedules 31 and 49)	Taxable capital used to calculate line 233 of the T2 return	Taxable capital used to calculate line 234 of the T2 return
Canada Lamb Processors Ltd.	14,624,795	14,624,795	13,967,990	13,967,990
Canada Lamb Growers Ltd.	13,784,763	13,784,763	14,644,636	14,644,636
Canine Fare Ltd.	1,191	1,191	1,191	1,191
Canada Sheep and Lamb Farms Ltd.	37,011,697	37,011,697	3,086,996	3,086,996
Lamb Club Marketing Limited	48,928	48,928	43,614	43,614
North American Lamb Company Ltd.	16,779	16,779	58,323,286	58,323,286
Canada Sheep Holdings Ltd.				
2079468 Alberta Ltd				
Fresh Canada Meats Ltd.				
Total	65,488,153	65,488,153	90,067,713	90,067,713

Québec

Corporate name	Paid-up capital used to calculate the Québec business limit reduction (CO-771) and to calculate the additional deduction for transportation costs of remote manufacturing SMEs (CO-156.TR)	Paid-up capital used to calculate the tax credit for investment (CO-1029.8.36.IN) and to determine the applicability of Forms CO-1029.8.33.CS and CO-1029.8.33.TE	Paid-up capital used to calculate the $1 million deduction (CO-1137.A and CO-1137.E)	Paid-up capital used to determine the applicability of Form CO-737.SI
Total				

Ontario

Corporate name	Specified capital used to calculate the expenditure limit – Ontario innovation tax credit (Schedule 566)
Total	

Alberta

Corporate name	Taxable capital used to calculate the Alberta innovation employment grant (Schedule A29)
Total	

Other provinces

Corporate name	Capital used to calculate the Newfoundland and Labrador capital deduction on financial institutions (Schedule 306)
Total	

Five-Year Comparative Summary

Federal information (T2)

	Current year	1st prior year	2nd prior year	3rd prior year	4th prior year
Taxation year end	**2021-09-30**	**2020-09-30**	**2019-09-30**	**2018-09-30**	**2017-09-30**
Net income	-142,026	-890,234			
Taxable income					
Active business income					
Dividends paid					
Dividends paid – Regular					
Dividends paid – Eligible					
LRIP – end of the previous year					
LRIP – end of the year					
GRIP – end of the previous year					
GRIP – end of the year					
Donations					
Balance due/refund (-)					
Line 996 – Amended tax return	☐	☐	☐	☐	☐

Loss carrybacks requested in prior years to reduce taxable income

Taxation year end	**2021-09-30**	**2020-09-30**	**2019-09-30**	**2018-09-30**	**2017-09-30**
Taxable income before loss carrybacks	N/A	N/A			
Non-capital losses	N/A	N/A			
Net capital losses (50%)	N/A	N/A			
Restricted farm losses	N/A	N/A			
Farm losses	N/A	N/A			
Listed personal property losses (50%)	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			
Adjusted taxable income after loss carrybacks	N/A	N/A			

Losses in the current year carried back to previous years to reduce taxable income (according to Schedule 4)

Taxation year end	**2021-09-30**	**2020-09-30**	**2019-09-30**	**2018-09-30**	**2017-09-30**
Adjusted taxable income before current year loss carrybacks*	N/A				N/A
Non-capital losses	N/A				N/A
Net capital losses (50%)	N/A				N/A
Restricted farm losses	N/A				N/A
Farm losses	N/A				N/A
Listed personal property losses (50%)	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted taxable income after loss carrybacks	N/A				N/A

* The adjusted taxable income before current year loss carryback takes into account loss carrybacks that were made in prior taxation years.

Loss carrybacks requested in prior years to reduce taxable dividends subject to Part IV tax

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Adjusted Part IV tax multiplied by the multiplication factor**, before loss carrybacks	N/A	N/A			
Non-capital losses	N/A	N/A			
Farm losses	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			
Adjusted Part IV tax multiplied by the multiplication factor**, after loss carrybacks	N/A	N/A			

Losses in the current year carried back to previous years to reduce taxable dividends subject to Part IV tax (according to Schedule 4)

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Adjusted Part IV tax multiplied by the multiplication factor**, before current-year loss carrybacks***	N/A				N/A
Non-capital losses	N/A				N/A
Farm losses	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted Part IV tax multiplied by the multiplication factor**, after loss carrybacks	N/A				N/A

** The multiplication factor is 3 for dividends received before January 1, 2016, and 100 / 38 1/3 for dividends received after December 31, 2015.

*** The adjusted Part IV tax multiplied by the multiplication factor before current-year loss carrybacks takes into account loss carrybacks that were made in prior taxation years. This amount is multiplied by the multiplication factor to help you determine the loss amount that must be used to reduce Part IV tax payable to zero.

Federal taxes

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Part I					
Part IV					
Part III.1					
Other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Credits against Part I tax

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Small business deduction					
M&P deduction					
Foreign tax credit					
Investment tax credit					
Abatement/other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Refunds/credits

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
ITC refund					
Dividend refund					
– Eligible dividends					
– Non-eligible dividends					
Instalments					
Other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Alberta (AT1)

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Net income	-142,026	-890,234			
Taxable income					
% Allocation	100.00	100.00			
Attributed taxable income					
Tax payable before deduction					
Deductions/credits					
Net tax payable					
Instalments and refundable credits					
Balance due/refund					

Loss carrybacks requested in prior years

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Taxable income before loss carrybacks	N/A	N/A			
Non-capital losses	N/A	N/A			
Net-capital losses (50%)	N/A	N/A			
Restricted farm losses	N/A	N/A			
Farm losses	N/A	N/A			
Listed personal property losses (50%)	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			
Adjusted taxable income after loss carrybacks	N/A	N/A			

Losses in the current year carried back to previous years (according to the AT1 Schedule 10)

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Adjusted taxable income before current year loss carrybacks*	N/A				N/A
Non-capital losses	N/A				N/A
Net-capital losses (50%)	N/A				N/A
Restricted farm losses	N/A				N/A
Farm losses	N/A				N/A
Listed personal property losses (50%)	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted taxable income after loss carrybacks	N/A				N/A

* The adjusted taxable income before current year loss carrybacks takes into account loss carrybacks that were made in prior taxation years.

Canada Revenue Agency | Agence du revenu du Canada

Net Income (Loss) for Income Tax Purposes

Schedule 1

Corporation's name	Business number	Tax year-end Year Month Day
Canada Lamb Processors Ltd.	80383 5453 RC0001	2021-09-30

- Use this schedule to reconcile the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes. For more information, see the T2 Corporation – Income Tax Guide.
- All legislative references are to the Income Tax Act.

Net income (loss) after taxes and extraordinary items from line 9999 of Schedule 125			478,234	A
Add:				
Provision for income taxes – deferred	102	164,611		
Amortization of tangible assets	104	760,059		
Non-deductible meals and entertainment expenses	121	590		
Subtotal of additions		925,260	925,260	

Add:

Other additions:

1 Description 605	2 Amount 295
Total of column 2	

►	296			
Subtotal of other additions	199	0	0	D
Total additions	500	925,260	925,260	
Amount A **plus** line 500			1,403,494	B
Deduct:				
Capital cost allowance from Schedule 8	403	1,545,520		
Subtotal of deductions		1,545,520	1,545,520	

Deduct:

Other deductions:

1 Description 705	2 Amount 395
Total of column 2	

►	396			
Subtotal of other deductions	499	0	0	E
Total deductions	510	1,545,520	1,545,520	
Net income (loss) for income tax purposes (amount B **minus** line 510)			-142,026	C

Enter amount C on line 300 of the T2 return.

T2 SCH 1 E (19) Canada

CANADA LAMB GROWERS LTD.

Year Ended September 30, 2021

Financial statements of

Canada Lamb Growers Ltd.

(Unaudited – See Notice to Readers)

September 30, 2021

Tel: 403 342 2500
Fax: 403 343 3070
www.bdo.ca

BDO Canada LLP
Suite 100 179D Leva Avenue
Red Deer County AB T4E 1B9
Canada

NOTICE TO READER

On the basis of information provided by management, we have compiled the balance sheet of Canada Lamb Growers Ltd. as at September 30, 2021 and the statements of loss and deficit and cash flow for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Red Deer, Alberta

February 22, 2022

BDO Canada LLP

Chartered Professional Accountants

Canada Lamb Growers Ltd.

Balance sheet (Unaudited – See Notice to Readers)

As at September 30, 2021

(In Canadian dollars)

	2021	2020
	$	$
Assets		
Current		
Cash	91,745	144,948
Trade and other receivables (note 1)	1,375,929	521,346
Goods and services tax receivable	11,876	3,382
Income taxes recoverable	-	159
Livestock (note 2)	3,599,588	2,359,326
Inventory of feed and supplies	957,454	443,000
Prepaid expenses and deposits	-	376
	6,036,592	3,472,537
Investment in and advances to related parties (note 3)	11,080,466	10,602,231
Property, plant and equipment (note 4)	10,923,055	11,120,563
Patronage equity	2,723	2,723
Intangible assets	2,735	2,735
Future income taxes receivable	2,831,095	2,362,279
	30,876,666	27,563,068
Liabilities		
Current		
Bank Indebtedness	40 000	40 000
Trade and other payables	2,508,406	811,058
Advances from North American Lamb Co. (note 5)	13,572,716	10,831,772
	16,121,122	11,682,830
Shareholders' equity		
Share capital	30,696,820	30,696,820
Deficit	(15,941,276)	(14,816,582)
	14,755,544	15,880,238
`	30,876,666	27,563,068

The accompanying notes are an integral part of the financial statements.

Approved by the Board

______________________________, Director

______________________________, Director

Canada Lamb Growers Ltd.

Statement of loss and deficit (Unaudited – See Notice to Readers)

For the year ended September 30, 2021

(In Canadian dollars)

	2021	2020
	$	$
Sales		
Livestock sales	11,366,152	7,667,106
Custom feeding revenue	3,415,387	2,161,949
Custom and other services	4,591	7,028
	14,786,130	9,836,083
Cost of sales	13,287,625	8,713,542
Gross margin	1,498,505	1,122,540
Expenses		
Salaries, wages and benefits	1,755,317	1,011,894
Amortization	519,736	272,667
Repairs and maintenance	161,082	192,082
Interest on term loan due on demand	299,366	251,846
Utilities	138,415	120,293
Rent	128,455	110,042
Fuel	64,641	54,811
Farm expenses	66,371	-
Office and administration	203,441	143,653
Contract work	5,754	25,752
Insurance	77,441	50,600
Professional fees	22,438	23,742
Small tools	17,963	45,031
Interest and bank charges	66,969	8,612
Property taxes	22,027	18,214
Telephone, fax and internet	4,461	5,564
Meals and entertainment	5,380	2,577
Travel and vehicles	21,461	23,705
	3,580,718	2,361,084
Loss from operations	(2,082,213)	(1,238,543)
Other income (expense)		
Rental income	10,800	10,800
Foreign exchange gain	(331)	8
Gain (loss) from subsidiary (note 3)	478,234	(153,880)
	488,703	(143,072)
Loss before income taxes	(1,593,510)	(1,381,615)
Recovery of (provision for) future income taxes	468,816	(17,239)
Net loss	(1,124,694)	(1,398,855)
Deficit, beginning of period	(14,816,582)	(13,417,728)
Deficit, end of period	(15,941,276)	(14,816,582)

Canada Lamb Growers Ltd.

Statement of cash flows (Unaudited – See Notice to Readers)

Year ended September 30, 2021

(In Canadian dollars)

	2021	2020
	$	$
Cash provided by (used for) the following activities		
Operating activities		
Net loss	(1,124,694)	(1,398,855)
Amortization	519,736	272,667
(Gain) loss from subsidiary	(478,234)	153,880
Future income taxes	(468,816)	17,239
	(1,552,008)	(955,069)
Changes in working capital accounts		
Accounts receivable	(854,583)	(223,102)
Goods and services tax receivable	(8,335)	62,852
Inventory	(1,754,716)	(92,073)
Prepaid expenses and deposits	376	5,020
Accounts payable and accrued liabilities	1,697,348	538,059
	(2,471,918)	(664,313)
Investing activities		
Purchase of property, plant and equipment	(322,228)	(4,493,924)
Financing activities		
Advances from related parties	2,740,944	4,879,049
Decrease in cash	(53,202)	(279,188)
Cash, beginning of year	144,948	424,136
Cash, end of year	91,746	144,948

The accompanying notes are an integral part of the financial statements.

(In Canadian dollars)

1. Accounts receivable

	2021	2020
	$	$
Trade	1,377,929	523,346
Allowance for doubtful accounts	(2,000)	(2,000)
	1,375,929	521,346

2. Livestock

	2021	2020
	$	$
Beginning of the year	2,359,326	2,264,217
Purchases	8,915,828	5,689,410
Sales during the year	(9,923,151)	(5,862,123)
Fair market value adjustment	2,247,585	267,822
Balance	3,599,588	2,359,326

3. Investment in subsidiary

Investment in Canada lamb Processors Ltd., a wholly owned subsidiary. In 2021 the equity method income amounted to $478,234 (loss of $153,880 in 2020), while its carrying amount was $11,080,466 ($10,602,231 in 2020).

4. Property, plant and equipment

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Land	705,372	-	705,372	705,372
Buildings and improvements	11,325,596	(1,603,412)	9,722,185	4,671,940
Farm equipment	595,240	(167,351)	427,889	36,818
Automotive equipment	242,903	(196,466)	46,436	66,338
Computer equipment	90,095	(83,918)	6,177	8,903
Computer software	184,196	(170,761)	13,435	29,513
Furniture and fixtures	10,720	(9,159)	1,561	1,950
Construction in progress				5,599,729
	13,154,122	(2,231,067)	10,923,055	11,120,563

5. Advances from related parties

The advances are from related parties by virtue of common ownership, are due on demand, bear interest at 4.70%, and have no fixed terms of repayment.

6. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.

LETTERS

Tel: 403 342 2500
Fax: 403 343 3070
www.bdo.ca

BDO Canada LLP
Suite 100 179D Leva Avenue
Red Deer County AB T4E 1B9
Canada

February 22, 2022

Mr. Gary Alexander
P.O. Box 237
Picture Butte, AB
T0K 1V0

Dear Mr. Alexander:

Re: Canada Lamb Growers Ltd.

We enclose the following:

1. One copy of the unaudited financial statements of Canada Lamb Growers Ltd. for the year ended Thursday, September 30, 2021.

2. The T2 Federal Corporation Income Tax Return and the AT1 Alberta Corporate Income Tax Return for the year ended Thursday, September 30, 2021.

   There are no income taxes payable on these income tax returns.

   We have filed the applicable return with the appropriate tax authority on your behalf.

   The "Client Copy" is for your records.

3. A copy of the letter of engagement outlining our involvement in the preparation of the financial statements of Canada Lamb Growers Ltd. for the year ended Thursday, September 30, 2021.

4. Our statement of account for the above services.

If you have any further questions, please do not hesitate to call.

Yours truly,

BDO CANADA LLP CHARTERED PROFESSIONAL ACCOUNTANTS

Greg Sherwick, CPA, CA
Partner
BDO Canada LLP
Chartered Professional Accountants

Enc.

Tel: 403 342 2500
Fax: 403 343 3070
www.bdo.ca

BDO Canada LLP
Suite 100 179D Leva Avenue
Red Deer County AB T4E 1B9
Canada

January 18, 2022

Canada Lamb Growers Ltd.
Box 237
Picture Butte, AB
T0K 1V0

Dear Sirs/Mesdames:

We are pleased to continue our appointment as accountants to compile Canada Lamb Growers Ltd.'s financial statements for the year ending September 30, 2021 and subsequent years subject to the terms and conditions of this Agreement. The attached Standard Terms and Conditions form an integral part of this Agreement and the definitions set out in the Standard Terms and Conditions are applicable throughout this Agreement.

We will compile the financial statements, in accordance with the standards applicable to compilation engagements, from information provided by you. We will not perform an audit or review engagement on such information or otherwise attempt to verify the accuracy or completeness of the information.

A Notice to Reader communication will be attached to the statements compiled by us. Unless unanticipated difficulties are encountered, our communication will be substantially in the form set out in CPA Canada Standards and Guidance 9200. Our communication will caution readers that the financial statements may not be appropriate for their purposes.

Since we are not accepting this engagement as auditors, we request that you do not record this engagement as an audit engagement in any shareholder meeting minutes. Our Services will not result in the expression of an audit opinion or any other form of assurance on the financial statements nor the fulfilling of any statutory or other audit requirement. You may wish to obtain legal advice concerning statutory (or contractual) audit requirements.

It is understood and agreed that:

(a) this engagement cannot be relied upon to prevent or detect error, fraud, illegal acts or other irregularities. We wish to emphasize that responsibility for the prevention and detection of error, fraud, illegal acts and other irregularities must remain with management;

(b) the financial statements may lack disclosures required by, or otherwise not be in accordance with, Canadian generally accepted accounting principles, and may not be appropriate for general purpose use;

(c) uninformed readers could be misled unless they are aware of the possible limitations of the statements and our very limited involvement in their preparation; and

(d) if reproduction or publication of our communication is planned in an annual report or other document, including electronic filings or posting of the report on a web site, a copy of the entire document should be submitted to us in sufficient time for our review before the publication or posting process begins.

Responsibilities of Management

It is also understood and agreed in regard to our financial statement compilation work that:

(a) the responsibility for the accuracy and completeness of the representations in the financial statements remains with you;

(b) you will provide us with accurate and complete information necessary to compile the financial statements;

(c) you will review and approve any year-end journal entries that may be necessary; and

(d) each page of the financial statements will be conspicuously marked as being "Unaudited - see Notice to Reader" and you will attach our Notice to Reader if distributing the financial statements to third parties.

Tax Services

In addition to the accounting services discussed above, we may be requested by you to prepare corporate tax returns. The returns will be prepared based upon the information supplied by you. We will not review or otherwise attempt to verify the accuracy or completeness of such information. We will utilize the information you have already provided to our compilation engagement personnel to the extent that the material is available and relevant to the preparation of the returns. It may be necessary for us to request further information.

Our fee as indicated below is based on the assumption that all information required to prepare any required tax returns is provided on a timely basis. Our fee may need to be adjusted if there is a delay in providing this information to us. To the extent that there are unanticipated tax issues that require additional research to complete the tax return or should additional work be required on BDO's part to accumulate any schedules, information, calculations, etc., necessary to support the information required to be disclosed in the tax returns, additional fees shall be charged at our standard hourly rates based upon the increased time and expenses incurred by BDO personnel. In addition, the fee quoted does not include services related to responding to notices or inquiries from taxing authorities.

Regardless of any tax return preparation services we provide to you, you will remain responsible for filing your tax returns with the appropriate authorities on a timely basis.

Your returns are, of course, subject to review by the taxation authorities. Any items reassessed against you by the taxation authorities are subject to certain rights of appeal. In the event of any tax audit, we will be available to represent you for a mutually agreed upon fee.

We will discuss with you any filing positions which, if taken, have the potential to give rise to a material adverse assessment or reassessment by the taxing authorities. If such an assessment or reassessment occurs, any additional tax that arises will be your responsibility. In addition, we cannot be responsible for interest and penalties assessed against you in connection with your tax affairs. Therefore, should any interest or penalty be assessed, they shall be your responsibility.

The compilation of financial statements does not result in us obtaining a full understanding of your tax situation and does not include an effort to determine whether the entity has specific tax compliance issues. We will, however, provide advice on an ongoing basis on general tax matters as requested by you. To the extent that tax services requested by you are not covered by a separate engagement letter, the terms of this Agreement shall apply to those tax services.

Additional Services

In addition to the services discussed above we will assist in:

- such bookkeeping as we find necessary prior to the compilation of the financial statements

We are available to provide a wide range of services beyond those outlined in this Agreement. To the extent that any additional services that we provide to you that are not provided under a separate written engagement agreement, the provisions of this Agreement will apply to the services.

Fee Estimation

The estimated fee for this engagement is as follows:

Accounting services: $2,000

For each future year we will issue a Summary of Services providing details of our Services and fees.

We will notify you on a timely basis if there are any circumstances we encounter which could significantly affect our initial estimate of professional fees. Our fees will be invoiced and payable as follows:

- **$1,000** prior to commencing engagement;
- **$1,000** prior to issuance of deliverable

We reserve the right to suspend our Services if any of our invoices become delinquent. Fees that are not paid within 30 days of an invoice or by a specified payment deadline will be considered delinquent.

Additional information relating to our fees is provided in the Standard Terms and Conditions.

Standard Terms and Conditions

A copy of our Standard Terms and Conditions is attached as Appendix 1. You should ensure that you read and understand them. **The Standard Terms and Conditions include clauses that limit our professional liability.**

Please sign and return the attached copy of this Agreement to indicate your agreement with it. If you have any questions concerning this Agreement, please contact us before signing it.

It is a pleasure for us to be of service and we look forward to many future years of association with you.

Yours truly,

BDO Canada LLP

Chartered Professional Accountants

Agreement of all the terms and conditions in this Agreement is hereby acknowledged by:

Signature	Date
Name (please print)	Position

Please carefully review this Agreement, which includes the attached Standard Terms and Conditions, prior to signing it. A complete copy of the signed engagement letter should be returned to us.

Appendix 1 - Standard Terms and Conditions

1. Overview and Interpretation

1.1 This Agreement sets forth the entire agreement between the parties in relation to Services and it supersedes all prior agreements, negotiations or understandings, whether oral or written, with respect to Services. To the extent that any of the provisions of the accompanying letter conflict with these Standard Terms and Conditions, these Standard Terms and Conditions shall prevail. This Agreement may not be changed, modified or waived in whole or part except by an instrument in writing signed by both parties.

1.2 In this Agreement, the following words and expressions have the meanings set out below:

This Agreement – these Standard Terms and Conditions, the letter to which they are attached, and any supporting schedules or other appendices to the letter, and any Summary of Services letters issued in future years

Services – the services provided or to be provided under this Agreement

We, us, our, BDO – refer to BDO Canada LLP, a Canadian limited liability partnership organized under the laws of the Province of Ontario

You, your – the party or parties contracting with BDO under this Agreement, including the party's or parties' management and those charged with corporate governance. You and your does not include BDO, its affiliates or BDO Member Firms

BDO Member Firm or Firms – any firm or firms that form part of the international network of independent firms that are members of BDO International Limited

Confidential Information - information that contains identifying features that can be attributed to you or individual personnel

2. BDO Network and Sole Recourse

2.1 BDO is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international network of independent member firms (i.e. BDO Member Firms), each of which is a separate legal entity.

2.2 We may use other BDO Member Firms or subcontractors to provide Services; however, we remain solely responsible for Services. You agree not to bring any claim or action against another BDO Member Firm (or their partners, members, directors, employees or subcontractors) or our subcontractors in respect of any liability relating to the provision of Services.

2.3 You agree that any of our affiliates, subcontractors, and other BDO Member Firms and any subcontractors thereof whom we directly or indirectly involve in providing Services have the right to rely on and enforce Section 2.2 above as if they were a party to this Agreement.

3. Respective Responsibilities

3.1 We will use reasonable efforts to complete, within any agreed-upon time frame, the performance of Services.

3.2 You shall be responsible for your personnel's compliance with your obligations under this Agreement. We will not be responsible for any delays or other consequences arising from you not fulfilling your obligations.

4. Working Papers and Deliverables

4.1 **Ownership** – Any documents prepared by us, or for us, in connection with Services belong solely to us.

4.2 **Oral advice and draft deliverables** – You should not rely upon any draft deliverables or oral advice provided by us. Should you wish to rely upon something we have said to you, please let us know and, if possible, we will provide the information that you require in writing.

4.3 **Translated documents** - If you engage us to translate any documents, advice, opinions, reports or other work product of BDO from one language to another, you are responsible for the accuracy of the translation work.

4.4 **Reliance by Third Parties** – Our Services will not be planned or conducted in contemplation of or for the purpose of reliance by any party other than you.

5. Confidentiality

5.1 We agree to use Confidential Information provided by you only in relation to the Services in connection with which the information is provided and we will not disclose the information, except where required by law, regulation or professional obligation. We may, however, give Confidential Information to other BDO Member Firms or other subcontractors assisting us in providing Services. Any party to whom we subcontract work will be required to keep Confidential Information confidential either by professional obligation or contract with us. Any BDO Member Firms or other subcontractors we use will be bound by the same confidentiality obligations.

5.2 BDO shall be entitled to include a description of the work we render to or for you in marketing and research materials and disclose such information to third parties, provided that all such information will be made anonymous and not associated with you. Additionally, we may analyze information on an industry or sector basis for internal purposes or to provide industry/sector wide information to our clients or potential clients. You consent to our using information obtained from you in this way provided that the outputs therefrom will not contain any identifying features that can be attributed to you.

6. Independence

6.1 The Code of Professional Conduct does not require us to be independent when conducting this engagement. However, in situations where we are not independent we need to disclose in the Notice of Reader report the nature and extent of the relationships between you and BDO that, in our professional judgement, may reasonably be thought to impair our professional judgement or objectivity.

7. Professional and Regulatory Oversight

7.1 As required by legal, regulatory, or professional authorities (both in Canada and abroad) and by BDO policy, our client files must periodically be reviewed by practice inspectors to ensure that we are adhering to professional and BDO standards. It is understood that by

entering into this Agreement, you provide your consent to us providing our files relating to your engagement to the practice inspectors for the sole purpose of their inspection.

7.2 Certain regulatory bodies may also have the right to conduct investigations of you, including the Services provided by us. To the extent practicable and permitted by law, we will advise you of any such investigation request or order prior to providing our working papers.

7.3 You agree to reimburse us for our time and expenses, including reasonable legal fees, incurred in responding to any investigation that is requested or authorized by you or investigations of you undertaken under government regulation or authority, court order or other legal process.

8. Privacy and Consents

8.1 You agree we will have access to all personal information in your custody that we require to complete our engagement. We may collect, use, transfer, store, or process such information disclosed by you of a personal nature (personal information). Our Services are provided on the understanding that:

(a) you have obtained any consents for collection, use and disclosure to us of personal information required under all applicable privacy legislation; and

(b) we will hold all personal information in compliance with our Privacy Statement.

9. Electronic Communications

9.1 Both parties recognize and accept the security risks associated with email communications, including but not limited to the lack of security, unreliability of delivery and possible loss of confidentiality and privilege. Unless you request in writing that we do not communicate by internet email, you assume all responsibility and liability in respect of risk associated with its use.

9.2 By signing this Agreement, you provide BDO with express consent to communicate with you and your employees, as applicable, electronically, including sending BDO newsletters, publications, announcements, invitations and other news and alerts that may be of interest to you. You and your employees may withdraw such consent at any time by contacting BDO at www.bdo.ca/unsubscribe.

10. Limitation of Liability

10.1 In any dispute, action, claim, demand for losses or damages arising out of the Services performed by BDO pursuant to this Agreement, BDO shall only be liable for its proportionate share of the total liability based on degree of fault as determined by a court of competent jurisdiction or by an independent arbitrator as a result of the dispute resolution procedures, notwithstanding the provisions of any statute or rule of common law which create, or purport to create, joint and several liability.

10.2 Our liability shall be restricted to damages of a direct and compensatory nature and shall not include indirect, consequential, aggravated or punitive damages, or damages for loss of profits or expected tax savings, whether or not the likelihood of such loss or damage was contemplated.

10.3 You agree that BDO shall in no event be liable to you for any actions, damages, claims, liabilities, costs, expenses, or losses in any way arising out of or relating to the Services performed hereunder for an aggregate amount of more than the higher of:

(a) three times the fees paid to BDO by you, in a twelve consecutive month period, for the Services provided pursuant to this Agreement giving rise to the claim; and

(b) $10,000.

10.4 No exclusion or limitation on the liability of other responsible persons imposed or agreed at any time shall affect any assessment of our proportionate liability hereunder, nor shall settlement of or difficulty enforcing any claim, or the death, dissolution or insolvency of any such other responsible persons or their ceasing to be liable for the loss or damage or any portion thereof, affect any such assessment.

10.5 You agree claims or actions relating to the delivery of Services shall be brought against us alone, and not against any individual. Where our individuals are described as partners, they are acting as one of our members.

11. Indemnity

11.1 To the fullest extent permitted by applicable law and professional regulations, you agree to indemnify and hold harmless BDO from and against all losses, costs (including solicitors' fees), damages, expenses, claims, demands or liabilities arising out of or in consequence of:

(a) a misrepresentation by a member of your management or board of directors, regardless of whether such person was acting in your interest;

(b) the Services performed by BDO pursuant to this Agreement, unless, and to the extent that, such losses, costs, damages and expenses are found by a court of competent jurisdiction to have been due to the gross negligence of BDO. In the event that the matter is settled out of court, we will mutually agree on the extent of the indemnification to be provided by you, failing which, the matter may be referred to dispute resolution in accordance with the terms of this Agreement.

12. Alternative Dispute Resolution

12.1 Both parties agree that they will first attempt to settle any dispute arising out of or relating to this Agreement or the Services provided hereunder through good faith negotiations.

12.2 In the event that the parties are unable to settle or resolve their dispute through negotiation, such dispute shall be subject to mediation pursuant to the National Mediation rules of the ADR Institute of Canada Inc. All disputes remaining unsettled for more than 60 days following the parties first meeting with a mediator or such longer period as the parties mutually agree upon shall be subject to arbitration pursuant to the National Arbitration Rules of the ADR Institute of Canada Inc. Such arbitration shall be final, conclusive and binding upon the parties, and the parties shall have no right of appeal or judicial review of the decision. The parties hereby waive any such right of appeal which may otherwise be provided for in any provincial arbitration statute made applicable under the National Arbitration Rules.

13. Limitation Period

13.1 You shall make any claim relating to Services or otherwise under this Agreement no later than one year after you became aware or ought reasonably to have become aware of the facts giving rise to any such claim.

13.2 You shall in no event make any claim relating to the Services or otherwise under this Agreement later than four years after the completion of the Services under this Agreement.

13.3 To the extent permitted by law, the parties to this Agreement agree that the limitation periods established in this Agreement replace any limitation periods under any limitations act and/or any other applicable legislation and any limitation periods under any limitations act and/or any other applicable legislation shall not alter the limitation periods specified in this Agreement.

14. Québec Personnel

14.1 We may sometimes have individual partners and employees performing Services within the Province of Québec who are members of the Ordre des comptables professionnels agréés du Québec. Any such members performing professional services hereunder assumes full personal civil liability arising from the practice of their profession, regardless of their status within our partnership. They may not invoke the liability of our partnership as grounds for excluding or limiting their own liability. The provisions in Sections 10 (Limitation of Liability) and 13 (Limitation Period) shall therefore not apply to limit the personal civil liability of partners and employees who are members of the Ordre des comptables professionnels agréés du Québec.

15. Termination

15.1 This Agreement applies to Services whenever performed (including before the date of this Agreement).

15.2 You or we may terminate this Agreement at any time upon written notice of such termination to the other party. We will not be liable for any loss, cost or expense arising from such termination. You agree to pay us for all Services performed up to the date of termination, including Services performed, work-in-progress and expenses incurred by us up to and including the effective date of the termination of this Agreement.

16. Fees and Billings

16.1 We will notify you immediately of any circumstances we encounter which could significantly affect our initial fee estimate and planned completion date.

Delays in providing the complete list of agreed upon working papers/schedules to BDO will result in additional fees as follows:

- 1 week delay – additional 10% of estimated fees
- 1 month delay – additional 20% of estimated fees

Should a delay occur, we cannot guarantee completion of our work by your deadline.

16.2 Our professional fees will be based on our billing rates which depend on the means by which and by whom our Services are provided. We also will bill you for our out-of-pocket

expenses, our administrative charge (described below), and applicable Goods and Services Tax, harmonized Sales Tax, Quebec Sales Tax and Provincial Sales Tax.

16.3 Our administrative charge is calculated as a percentage of our professional fee and represents an allocation of estimated costs associated with our technology infrastructure, telephone charges, photocopying and some support staff time costs.

16.4 Our accounts are due when rendered and invoiced amounts are deemed to be earned when paid. BDO may suspend the performance of Services in the event that you fail to pay an invoice when it is due. Interest may be charged at the rate of 12% per annum on all accounts outstanding for more than 30 days.

17. Governing Laws

17.1 The terms of our engagement shall remain operative until amended, terminated, or superseded in writing. They shall be interpreted according to the laws of the province or territory in which BDO's principal Canadian office performing the engagement is located, without regard to such province/territory's rules on conflicts of law.

18. Survival

18.1 The provisions of this Agreement that give either of us rights or obligations beyond its termination shall continue indefinitely following the termination of this Agreement. Any clause that is meant to continue to apply after termination of this Agreement will do so.

19. Force Majeure

19.1 We will not be liable for any delays or failures in performance or breach of contract due to events or circumstances beyond our reasonable control, including acts of God, war, acts by governments and regulators, acts of terrorism, accident, fire, flood or storm or civil disturbance.

20. Assignment

20.1 No party may assign, transfer or delegate any of the rights or obligations hereunder without the written consent of the other party or parties. BDO may engage independent contractors and BDO Member Firms to assist us in performing the Services in this Agreement without your consent.

21. Severability

21.1 If a court or regulator with proper jurisdiction determines that a provision of this Agreement is invalid, then the provision will be interpreted in a way that is valid under applicable law or regulation. If any provision is invalid, the rest of this Agreement will remain effective.

Version: 202006

TAX INFORMATION

Corporate Taxpayer Summary

Corporate information

Corporation's name	Canada Lamb Growers Ltd.
Taxation Year	2020-10-01 to 2021-09-30
Jurisdiction	Alberta

BC	AB	SK	MB	ON	QC	NB	NS	NO	PE	NL	XO	YT	NT	NU	OC
	X														

Corporation is associated	Y
Corporation is related	Y
Number of associated corporations	7
Type of corporation	Canadian-Controlled Private Corporation
Total amount due (refund) federal and provincial*	

* The amounts displayed on lines "Total amount due (refund) federal and provincial" are all listed in the help. Press F1 to consult the context-sensative help.

Summary of federal information

Net income		-2,136,258
Taxable income		
Donations		
Calculation of income from an active business carried on in Canada		
Dividends paid		
Dividends paid – Regular		
Dividends paid – Eligible		
Balance of the low rate income pool at the end of the previous year		
Balance of the low rate income pool at the end of the year		
Balance of the general rate income pool at the end of the previous year		
Balance of the general rate income pool at the end of the year		
Part I tax (base amount)		

Summary of federal carryforward/carryback information

Carryforward balances

Non-capital losses	873,041
Capital losses/L.P.P.	4,062,979
Farm losses	9,713,651

257

Summary of provincial information – provincial income tax payable

	Ontario	Québec (CO-17)	Alberta (AT1)
Net income			-2,136,258
Taxable income			
% Allocation			100.00
Attributed taxable income			
Tax payable before deduction*			
Deductions and credits			
Net tax payable			
Attributed taxable capital	N/A		N/A
Capital tax payable**	N/A		N/A
Total tax payable***			
Instalments and refundable credits			
Balance due/Refund (-)			
Logging tax payable (COZ-1179)			
Tax payable	N/A		N/A

* For Québec, this includes special taxes.

** For Québec, this includes compensation tax and registration fee.

*** For Ontario, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations. The Balance due/Refund is included in the federal Balance due/refund.

Summary of provincial carryforward amounts

	Québec	Alberta
Non-capital losses		873,041
Net capital losses/Listed personal property losses		4,062,979
Farm losses		9,713,651

Summary – taxable capital

Federal

Corporate name	Taxable capital used to calculate the business limit reduction (T2, line 415)	Taxable capital used to calculate the SR&ED expenditure limit for a CCPC (Schedules 31 and 49)	Taxable capital used to calculate line 233 of the T2 return	Taxable capital used to calculate line 234 of the T2 return
Canada Lamb Growers Ltd.	13,784,763	13,784,763	14,453,966	14,453,966
Canada Lamb Processors Ltd.	14,624,795	14,624,795	13,967,991	13,967,991
Canine Fare Ltd.	1,191	1,191	1,191	1,191
North American Lamb Company Ltd.	16,779	16,779	58,323,286	58,323,286
Lamb Club Marketing Limited	48,928	48,928	43,614	43,614
Canada Sheep and Lamb Farms Ltd.	37,011,697	37,011,697	3,086,996	3,086,996
Canada Sheep Holdings Ltd.				
2079468 Alberta Ltd				
Fresh Canada Meats Ltd.				
Total	65,488,153	65,488,153	89,877,044	89,877,044

Québec

Corporate name	Paid-up capital used to calculate the Québec business limit reduction (CO-771) and to calculate the additional deduction for transportation costs of remote manufacturing SMEs (CO-156.TR)	Paid-up capital used to calculate the tax credit for investment (CO-1029.8.36.IN) and to determine the applicability of Forms CO-1029.8.33.CS and CO-1029.8.33.TE	Paid-up capital used to calculate the $1 million deduction (CO-1137.A and CO-1137.E)	Paid-up capital used to determine the applicability of Form CO-737.SI
Total				

Ontario

Corporate name	Specified capital used to calculate the expenditure limit – Ontario innovation tax credit (Schedule 566)
Total	

Alberta

Corporate name	Taxable capital used to calculate the Alberta innovation employment grant (Schedule A29)
Total	

Other provinces

Corporate name	Capital used to calculate the Newfoundland and Labrador capital deduction on financial institutions (Schedule 306)
Total	

Five-Year Comparative Summary

Federal information (T2)

	Current year	1st prior year	2nd prior year	3rd prior year	4th prior year
Taxation year end	**2021-09-30**	**2020-09-30**	**2019-09-30**	**2018-09-30**	**2017-09-30**
Net income	-2,136,258	-1,113,315			
Taxable income					
Active business income					
Dividends paid					
Dividends paid – Regular					
Dividends paid – Eligible					
LRIP – end of the previous year					
LRIP – end of the year					
GRIP – end of the previous year					
GRIP – end of the year					
Donations					
Balance due/refund (-)		-159			
Line 996 – Amended tax return	☐	☐	☐	☐	☐

Loss carrybacks requested in prior years to reduce taxable income

Taxation year end	**2021-09-30**	**2020-09-30**	**2019-09-30**	**2018-09-30**	**2017-09-30**
Taxable income before loss carrybacks	N/A	N/A			
Non-capital losses	N/A	N/A			
Net capital losses (50%)	N/A	N/A			
Restricted farm losses	N/A	N/A			
Farm losses	N/A	N/A			
Listed personal property losses (50%)	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			
Adjusted taxable income after loss carrybacks	N/A	N/A			

Losses in the current year carried back to previous years to reduce taxable income (according to Schedule 4)

Taxation year end	**2021-09-30**	**2020-09-30**	**2019-09-30**	**2018-09-30**	**2017-09-30**
Adjusted taxable income before current year loss carrybacks*	N/A				N/A
Non-capital losses	N/A				N/A
Net capital losses (50%)	N/A				N/A
Restricted farm losses	N/A				N/A
Farm losses	N/A				N/A
Listed personal property losses (50%)	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted taxable income after loss carrybacks	N/A				N/A

* The adjusted taxable income before current year loss carryback takes into account loss carrybacks that were made in prior taxation years.

Loss carrybacks requested in prior years to reduce taxable dividends subject to Part IV tax

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Adjusted Part IV tax multiplied by the multiplication factor**, before loss carrybacks	N/A	N/A			
Non-capital losses	N/A	N/A			
Farm losses	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			
Adjusted Part IV tax multiplied by the multiplication factor**, after loss carrybacks	N/A	N/A			

Losses in the current year carried back to previous years to reduce taxable dividends subject to Part IV tax (according to Schedule 4)

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Adjusted Part IV tax multiplied by the multiplication factor**, before current-year loss carrybacks***	N/A				N/A
Non-capital losses	N/A				N/A
Farm losses	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted Part IV tax multiplied by the multiplication factor**, after loss carrybacks	N/A				N/A

** The multiplication factor is 3 for dividends received before January 1, 2016, and 100 / 38 1/3 for dividends received after December 31, 2015.

*** The adjusted Part IV tax multiplied by the multiplication factor before current-year loss carrybacks takes into account loss carrybacks that were made in prior taxation years. This amount is multiplied by the multiplication factor to help you determine the loss amount that must be used to reduce Part IV tax payable to zero.

Federal taxes

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Part I					
Part IV					
Part III.1					
Other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Credits against Part I tax

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Small business deduction					
M&P deduction					
Foreign tax credit					
Investment tax credit					
Abatement/other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Refunds/credits

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
ITC refund					
Dividend refund					
– Eligible dividends					
– Non-eligible dividends					
Instalments					
Other*		159			

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Alberta (AT1)

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Net income	-2,136,258	-1,113,315			
Taxable income					
% Allocation	100.00	100.00			
Attributed taxable income					
Tax payable before deduction					
Deductions/credits					
Net tax payable					
Instalments and refundable credits					
Balance due/refund					

Loss carrybacks requested in prior years

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Taxable income before loss carrybacks	N/A	N/A			
Non-capital losses	N/A	N/A			
Net-capital losses (50%)	N/A	N/A			
Restricted farm losses	N/A	N/A			
Farm losses	N/A	N/A			
Listed personal property losses (50%)	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			
Adjusted taxable income after loss carrybacks	N/A	N/A			

Losses in the current year carried back to previous years (according to the AT1 Schedule 10)

Taxation year end	2021-09-30	2020-09-30	2019-09-30	2018-09-30	2017-09-30
Adjusted taxable income before current year loss carrybacks*	N/A				N/A
Non-capital losses	N/A				N/A
Net-capital losses (50%)	N/A				N/A
Restricted farm losses	N/A				N/A
Farm losses	N/A				N/A
Listed personal property losses (50%)	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted taxable income after loss carrybacks	N/A				N/A

* The adjusted taxable income before current year loss carrybacks takes into account loss carrybacks that were made in prior taxation years.

Canada Revenue Agency / Agence du revenu du Canada

Net Income (Loss) for Income Tax Purposes

Schedule 1

Corporation's name	Business number	Tax year-end Year Month Day
Canada Lamb Growers Ltd.	81566 5492 RC0002	2021-09-30

- Use this schedule to reconcile the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes. For more information, see the T2 Corporation – Income Tax Guide.
- All legislative references are to the Income Tax Act.

Net income (loss) after taxes and extraordinary items from line 9999 of Schedule 125			-1,124,691	A
Add:				
Provision for income taxes – deferred	102	-468,816		
Amortization of tangible assets	104	519,736		
Non-deductible club dues and fees	120	589		
Non-deductible meals and entertainment expenses	121	1,886		
Subtotal of additions		53,395	53,395	
Add:				
Accounts payable and accruals for cash basis – closing	201	2,492,294		
Accounts receivable and prepaid for cash basis – opening	202	521,722		
Accrual inventory – opening	203	2,802,326		
Mandatory inventory adjustment – included in current year	224	4,557,043		

Other additions:

1 Description 605	2 Amount 295
Total of column 2	

Total of column 2	296			
Subtotal of other additions	199	10,373,385	10,373,385	D
Total additions	500	10,426,780	10,426,780	
Amount A **plus** line 500			9,302,089	B
Deduct:				
Capital cost allowance from Schedule 8	403	1,413,756		
Subtotal of deductions		1,413,756	1,413,756	
Deduct:				
Accounts payable and accruals for cash basis – opening	300	811,059		
Accounts receivable and prepaid for cash basis – closing	301	1,375,929		
Accrual inventory – closing	302	4,557,043		
Equity in income from subsidiaries or affiliates	306	478,234		
Mandatory inventory adjustment – included in prior year	309	2,802,326		

Other deductions:

1 Description 705	2 Amount 395
Total of column 2	

Total of column 2	396			
Subtotal of other deductions	499	10,024,591	10,024,591	E
Total deductions	510	11,438,347	11,438,347	
Net income (loss) for income tax purposes (amount B **minus** line 510)			-2,136,258	C

Enter amount C on line 300 of the T2 return.

Farm income included in above (enter negative amount if a farm loss) . . . -2,136,258

THIS IS EXHIBIT "C" TO THE
AFFIDAVIT OF GARY ALEXANDER
SWORN BEFORE ME AT GISBORNE, NEW ZEALAND
This 4th day of August 2022

A Notary Public in and for the Province of Alberta

Christopher A. Nyberg
Barrister & Solicitor

The NALCO Group

Consolidated Cash Flow Statement #1

For the period of August 7, 2022 to August 20, 2022 (the "Forecast Period")

$000's		**Week 1**	**Week 2**	**2-week total**
Week ending:	***Notes***	Aug/13	Aug/20	
Operating receipts				
Processing sales	**A**	750	750	1,500
Net operating receipts		**750**	**750**	**1,500**
Operating disbursements				
Feed	**B**	(288)	(242)	(530)
Labour	**C**	(493)	-	(493)
Insurance	**D**	(350)	-	(350)
Restructuring/professional fees	**E**	(75)	(75)	(150)
Contingency	**F**	(75)	(75)	(150)
Miscellaneous disbursements	**G**	(56)	(93)	(149)
Freight and storage		(64)	(74)	(138)
Packaging and supplies		(55)	(55)	(109)
Vet services and vet supplies	**H**	(39)	(39)	(78)
Consulting fees	**I**	(15)	(15)	(30)
Total operating disbursements		**(1,509)**	**(668)**	**(2,177)**
Net change in cash from operations		**(759)**	**82**	**(677)**
Financing				
Interim Financing - Principal Draw / (Repayment)	**J**	759	(82)	677
Interim Financing - Interest / Fees		-	-	-
Net change in cash from financing		**759**	**(82)**	**677**
Net Change in Cash				
Net change in cash from operations		**(759)**	**82**	**(677)**
Net change in cash from financing		**759**	**(82)**	**677**
Ending Cash		**-**	**-**	**-**
Interim Financing Balance				
Available balance - Opening	**J**	1,000	241	1,000
Interim Financing - Principal Draw / (Repayment)		(759)	82	(677)
Available balance - Closing		**241**	**323**	**323**

Fresh Canada Meats Ltd. on behalf of the NALCO Group

4/Aug/22

Per: Gary Alexander, Director, Fresh Canada Meats Ltd.

The NALCO Group
Notes to the Consolidated Cash Flow Statement #1
For the period of August 7, 2022 to August 20, 2022

Notes

A. The NALCO Group will continue to sell meat generated from livestock processed during the initial stay period and throughout the course of the CCAA Proceedings.

B. Animal feed is required to sustain operations and maintain the health and welfare of livestock on hand. Feed expenses assume operations continue as a going concern.

C. Labour costs will continue in the ordinary cost and include all NALCO Group salaries and wages, including insurance and benefits.

D. Insurance disbursements relate to a contractually obligated annual payment for insurance.

E. Restructuring/professional fees are estimates of the cost of the Proposed Monitor and the Proposed Monitor's Counsel.

F. CFS#1 incorporates a 10% contingency calculated on net operating receipts to account for unascertained expenditures or lower revenues during the two-week forecast period.

G. Miscellaneous disbursements are based on ordinary course payments and includes disbursements related to internet services, fuel, repairs and maintenance, utilities, equipment rentals, rendering, external livestock purchases, and CFIA inspector fees.

H. Vet services and supplies relate to the cost of veterinarians to ensure animal welfare and are assumed to continue in the ordinary course.

I. Consulting fees are payable to Fresh Canada Meats Ltd. ("FCM") under an Interim Management Agreement.

J. The draft Initial Order contemplates a $1,000,000 interim lender charge to support a $1,000,000 interim lending facility. It has been assumed that this facility will be in place and will only be drawn upon as required to address the cash obligations of the Company.

K. FCM developed the Consolidated Cash Flow Statement in consultation with Management of the NALCO Group.

THIS IS EXHIBIT "D" TO THE
AFFIDAVIT OF GARY ALEXANDER
SWORN BEFORE ME AT GISBORNE, NEW ZEALAND
This 4th day of August 2022

A Notary Public in and for the Province of Alberta

Christopher A. Nyberg
Barrister & Solicitor

GENERAL SECURITY AGREEMENT
(North American Lamb Company Ltd.)

THIS AGREEMENT made as of October 5, 2018

BETWEEN:

North American Lamb Company Ltd., a corporation subsisting under the laws of the Province of Alberta (hereinafter referred to as the "**Debtor**")

- and -

THE BANK OF NOVA SCOTIA
(hereinafter referred to as the "**Secured Party**").

WHEREAS the Debtor has agreed to grant, as general and continuing security for the payment and performance of the Obligations (as hereinafter defined), the security interest and assignment, mortgage and charge granted herein;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants and agreements herein contained the parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals hereto, this Section and any schedules or attachments hereto, unless something in the subject matter or context is inconsistent therewith:

"**Account Control Agreement**" means, with respect to a securities account, a securities account control agreement between the Debtor, the Secured Party and the securities intermediary which maintains such securities account on behalf of the Debtor, as the same may be amended, modified, supplemented or restated from time to time.

"**Agreement**" means this agreement, as amended, modified, supplemented or restated from time to time in accordance with the provisions hereof.

"**Beneficiaries**" means, collectively, the Secured Party and each if its affiliates who is owed any Obligations from time to time, and "**Beneficiary**" means any of them.

"**Charge**" means the Security Interests created hereunder.

"**Collateral**" has the meaning set out in Section 2.1.

"**Commitment Letter**" means the commitment letter (including the term sheet attached thereto and all schedules and exhibits thereto) of the Secured Party dated June 21, 2018 and acknowledged and accepted by the Debtor and certain of its affiliates on June 22, 2018 relating to the establishment of certain credit facilities in favour of Canada Sheep and Lamb Farms Ltd., Canada Gold Beef Inc. and SunGold Specialty meats Inc., as the same may be amended, modified, supplemented or restated from time to time in accordance with the provisions thereof.

"**Delivery**" and the corresponding term "**Delivered**" when used with respect to Collateral means:

(a) in the case of Collateral constituting certificated securities, transfer thereof to the Secured Party or its nominee by physical delivery of the security certificates to the Secured Party or its nominee, such Collateral to be endorsed for transfer or accompanied by Transfer Documents, all in form and content satisfactory to the Secured Party;

(b) in the case of Collateral constituting uncertificated securities, (i) registration thereof on the books and records of the issuer thereof in the name of the Secured Party or its nominee or (ii) the execution and delivery by the issuer thereof of an effective agreement (each, an "**Issuer Control Agreement**"), pursuant to which such issuer agrees that it will comply with instructions originated by the Secured Party or its nominee without further consent of the Debtor or any other person;

(c) in the case of Collateral constituting security entitlements in respect of financial assets deposited in or credited to a securities account, (i) completion of all actions necessary to constitute the Secured Party or its nominee the entitlement holder with respect to each such security entitlement or (ii) the execution and delivery by the relevant securities intermediary of an effective Account Control Agreement pursuant to which such securities intermediary agrees to comply with entitlement orders originated by the Secured Party or its nominee without further consent of the Debtor or any other person; and

(d) in each case such additional or alternative procedures as may hereafter become reasonably appropriate to grant control of, or otherwise perfect a Security Interest in, any Collateral in favour of the Secured Party or its nominee.

"**Event of Default**" means the occurrence of any one or more of: (a) an Event of Default under and as defined in the Commitment Letter, (b) a Demand for Payment being made, or (c) any Obligor becoming Insolvent.

"**Guarantee**" means the guarantee granted by the Debtor to the Secured Party and dated as of the date hereof, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"**Issuer Control Agreement**" has the meaning set out in paragraph (b) of the definition of "Delivery".

"**Obligations**" means, collectively and at any time and from time to time, (a) all present and future obligations, liabilities and indebtedness (absolute or contingent, matured or otherwise) of the Debtor to the Secured Party and the other Beneficiaries under, pursuant or relating to the Commitment Letter, the Guarantee and the other documents, agreements and instruments related thereto and including, without limitation, the principal of, and all interest, fees, legal and other costs, charges and expenses owing or payable on or in respect of, any and all Cdn.$ Direct Advances, US$ Direct Advances and other loans, advances and availments of credit, (b) all present and future hedge and swap obligations of the Debtor to any Beneficiary, and (c) all present and future bank product and cash management obligations of the Debtor to any Beneficiary including, without limitation, all treasury, depository, overdraft, credit or debit card, purchase card, electronic funds transfer, cash pooling and other cash management arrangements and commercial credit card and merchant card services and obligations, in each case whether the same are absolute or contingent, matured or not, or from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again.

"**Pledged Shares**" has the meaning set out in paragraph (a) of the definition of "Stock".

"**Security Interest**" means mortgages, charges, pledges, hypothecs, assignments by way of security, conditional sales or other title retention arrangements, security created under the Bank Act (Canada), liens, encumbrances, security interests or other interests in property, howsoever created or arising, whether fixed or floating, perfected or not, which secure payment or performance of an obligation and, including, in any event:

(a) deposits or transfers of cash, marketable securities or other financial assets under any agreement or arrangement whereby such cash, securities or assets may be withdrawn, returned or transferred only upon fulfilment of any condition as to the discharge of any other indebtedness or other obligation to any creditor;

(b) (i) rights of set-off or (ii) any other right of or arrangement of any kind with any creditor, which in any case are made, created or entered into, as the case may be, for the purpose of or having the effect (directly or indirectly) of (A) securing debt, (B) preferring some holders of debt over other holders of debt or (C) having the claims of any creditor be satisfied prior to the claims of other creditors with or from the proceeds of any properties, assets or revenues of any kind now owned or later acquired (other than, with respect to (C) only, rights of set-off granted or arising in the ordinary course of business);

(c) the rights of lessors under capital or financing leases and any other lease financing; and

(d) absolute assignments of accounts receivable.

"**Stock**" means:

(a) all securities (collectively, the "**Pledged Shares**") owned by the Debtor, all security certificates, if any, and other instruments and documents evidencing or representing such Pledged Shares, and all dividends, interest, distributions, cash, instruments and other property, income, profits and proceeds from time to time received or receivable upon or otherwise distributed or distributable in respect of or in exchange for any and all of the Pledged Shares;

(b) all additional or substitute shares of capital stock, partnership interests or other equity interests of any class of any issuer from time to time issued to or otherwise acquired by the Debtor in any manner in respect of Pledged Shares, the security certificates, if any, and other instruments representing such additional or substitute shares, and all dividends, interests, distributions, cash, instruments and other property, income, profits and proceeds from time to time received or receivable upon or otherwise distributed or distributable in respect of or in exchange for any or all of such additional or substitute shares; and

(c) to the extent not otherwise included in the foregoing, all proceeds thereof.

"**Transfer Documents**" means, with respect to the transfer of Pledged Shares or other Stock, stock transfers, powers of attorney or other instruments of transfer, in each case, executed in blank and in form and substance as may be required (from time to time) by the Secured Party, acting reasonably.

1.2 Definitions used in the Commitment Letter

Capitalized terms used herein without express definition shall, unless something in the subject matter or context is inconsistent therewith, have the same meanings as are ascribed to such terms in the Commitment Letter.

1.3 *Personal Property Security Act* Definitions

The terms "accessions", "accounts", "certificated security", "chattel paper", "documents of title", "financial asset", "goods", "instruments", "intangibles", "inventory", "investment property", "money", "proceeds", "securities account", "securities intermediary", "security", "security certificate", "security entitlement" and "uncertificated security", whenever used herein shall have the meanings given to those terms in the *Personal Property Security Act* (Alberta) (the "**PPSA**"), including the regulations thereunder, as now enacted or as the same may from time to time be amended, re-enacted or replaced.

1.4 Headings and References

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, reference herein to Articles and Sections are to Articles and Sections of this Agreement.

1.5 Included Words

In this Agreement words importing the singular number only shall include the plural and vice versa, words importing any gender shall include all genders, words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and words and terms denoting inclusiveness (such as "include" or "includes" or "including"), whether or not so stated, are not limited by their context or by the words or phrases which precede or succeed them.

1.6 References to Statutes and Documents; Successors

In this Agreement:

(a) any reference to a statute will include and will be deemed to be a reference to the regulations made pursuant to it, and to all amendments made to the statute and regulations in force from time to time, and to any statute or regulation that may be passed which has the effect of supplementing or superseding the statute referred to or the relevant regulation;

(b) references herein to any document, instrument or agreement means such document, instrument or agreement as originally executed, as modified, amended, supplemented or restated from time to time; and

(c) any reference to a person will include and will be deemed to be a reference to any person that is a successor to that person.

1.7 Calculation of Interest

Whenever a rate of interest hereunder is calculated on the basis of a year (the "deemed year") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for the purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

1.8 Schedules

Any schedule to this Agreement is incorporated by reference and shall be deemed to be part of this Agreement.

ARTICLE 2 – GRANT OF SECURITY

2.1 Security

As general and continuing security for the payment and performance of the Obligations, the Debtor hereby pledges, hypothecates, assigns, charges, conveys, sets over and transfers unto the Secured Party for the benefit of the Beneficiaries and does hereby grant to the Secured Party for the benefit of the Beneficiaries a continuing security interest in and to all of the present and future undertaking, assets and property of the Debtor, both real and personal, including, without limitation, all present and after-acquired personal property of the Debtor (collectively, the "**Collateral**"), and as further general and continuing security for the payment and performance of the Obligations, the Debtor hereby assigns the Collateral to the Secured Party and mortgages and charges the Collateral to the Secured Party (with respect to real property, as and by way of a floating charge). Without limiting the generality of the foregoing, the Collateral shall include all right, title and interest that the Debtor now has, may be possessed of, entitled to, or acquire, by way of amalgamation or otherwise, now or hereafter or may hereafter have in all property of the following kinds:

(a) Accounts Receivable: all debts, accounts, accounts receivables, claims and choses in action which are now or which may hereafter become due, owing or accruing due to the Debtor (collectively, the "**Receivables**");

(b) Inventory: all inventory of whatever kind and wherever situated including, without limiting the generality of the foregoing, all goods held for sale or lease, or furnished or to be furnished under contracts for service, or that are work in progress, or that are raw materials used or consumed in the business of the Debtor (collectively, the "**Inventory**");

(c) Equipment: all goods, machinery, equipment, fixtures, furniture, plant, vehicles and other tangible personal property which are not Inventory, including, without limiting the generality of the foregoing, the tangible personal property described in any schedule hereto executed by both the Debtor and the Secured Party;

(d) Chattel Paper: all chattel paper;

(e) Documents of Title: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;

(f) Investment Property and Instruments: all of the following (being collectively referred to herein as the "**Investment Property Collateral**"):

(i) all securities accounts in the name of the Debtor, including any and all assets of whatever type or kind deposited in or credited to such securities accounts, including all financial assets, all security entitlements related to such financial assets, and all security certificates and other certificates and instruments from time to time representing or evidencing the same, and all dividends, whether in shares, money or property, interest, distributions, cash and other property from time to time received or receivable upon or paid or payable on account of any return on, or repayment of, capital or otherwise distributed or distributable in respect of or in exchange for any or all of the foregoing;

(ii) all Stock;

(iii) all financial assets;

(iv) all security entitlements;

(v) all other property that may at any time be received or receivable or otherwise distributed or distributable to or for the account of the Debtor in respect of, in substitution for, in addition to or in exchange for, any of the foregoing; and

(vi) all proceeds in respect of the foregoing described in this subparagraph (f) and all rights and interest of the Debtor in respect thereof or evidenced thereby including all money received or receivable from time to time by the Debtor in connection with the sale of any of the foregoing (including all proceeds received or receivable in connection with the redemption or purchase for cancellation of any of the Pledged Shares);

(g) Intangibles: all intangibles not described in Section 2.1(a) including, without limiting the generality of the foregoing, all goodwill, patents, trademarks, copyrights and other intellectual property;

(h) Money: all coins or bills or other medium of exchange adopted for use as part of the currency of Canada or of any foreign government;

(i) Books, Records, Etc.: all books, papers, accounts, invoices, documents and other records in any form evidencing or relating to any of the property described in Sections 2.1(a) to (h) inclusive, and all contracts, securities, instruments and other rights and benefits in respect thereof;

(j) Substitutions, Etc.: all replacements of, substitutions for and increases, additions and accessions to any of the property described in Sections 2.1(a) to (i) inclusive; and

(k) Proceeds: all proceeds of the property described in Sections 2.1(a) to (j) inclusive including, without limiting the generality of the foregoing, all personal property in any form or fixtures derived directly or indirectly from any dealing with such property or that indemnifies or compensates for the loss of or damage to such property,

provided that the Charge shall not: (i) extend, include or apply to the last day of the term of any lease now held or hereafter acquired by the Debtor, but should the Secured Party enforce the said Charge, the Debtor shall thereafter stand possessed of such last day and shall hold it in trust to assign the same to any person acquiring such term in the course of the enforcement of the said Charge, (ii) render the Secured Party or any other Beneficiary liable to observe or perform any term, covenant or condition of any agreement, document or instrument to which the Debtor is a party or by which it is bound, or (iii) extend to, and the Collateral shall not include any agreement, right, franchise, licence or permit (the "**Contractual Rights**") to which the Debtor is a party or of which the Debtor has benefit, to the extent that the creation of the Charge herein would constitute a breach of the terms of, or permit any person to terminate, the Contractual Rights, but the Debtor shall hold its interest therein in trust for the Secured Party and shall assign such Contractual Rights to the Secured Party forthwith upon obtaining the consent of all other parties thereto. The Debtor agrees that it shall, upon the request of the Secured Party, use all commercially reasonable efforts to obtain any consent required to permit any Contractual Rights to be subjected to the Charge herein.

2.2 Security Interest Absolute

The Charge granted hereby and all rights of the Secured Party hereunder and all obligations of the Debtor hereunder are unconditional and absolute and independent and separate from any other security for the Obligations, whether executed by the Debtor or any other person.

2.3 Continuing Liability of Debtor

This Agreement and the Charge granted hereby is granted as collateral security only and will not subject the Secured Party or the other Beneficiaries to, or transfer or in any way affect or modify, any obligation or liability of the Debtor with respect to any of the Collateral or any transaction in connection therewith.

2.4 Delivery of Investment Property Collateral; Registration in Name of Secured Party

Subject to Section 2.5, all Investment Property Collateral must be Delivered immediately upon request of the Secured Party to the Secured Party or its nominee, including, without limitation, delivery to the Secured Party of all security certificates, instruments or other documents representing or evidencing the Investment Property Collateral, which shall be endorsed for transfer in blank by the Debtor and accompanied by Transfer Documents, all as satisfactory to the Secured Party, acting reasonably. The Secured Party may, at its option, cause all or any of the Investment Property Collateral to be registered in the name of the Secured Party or its nominee upon the occurrence of an Event of Default.

2.5 Subsequently Acquired Investment Property Collateral

To the extent the Debtor has or acquires, by way of amalgamation or otherwise, any additional Investment Property Collateral at any time or from time to time after the date hereof, such Investment Property Collateral will automatically (and without any further action being required to be taken by the Secured Party) be subject to the Charge created hereby. The Debtor will take, or cause to be taken, to the extent it has previously received a request of the Secured Party to have Investment Property Collateral Delivered to it pursuant to Section 2.4, as promptly as practicable and, in any event within 10 days after it obtains such additional Investment Property Collateral, in each case, all steps and actions as the Secured Party deems necessary to ensure that the additional Investment Property Collateral is Delivered to the Secured Party, including, without limitation, delivery to the Secured Party of any security certificates comprising such additional Investment Property Collateral, accompanied by Transfer Documents.

2.6 Attachment of Security Interest

The Debtor acknowledges that the Charge hereby created attaches upon the execution of this Agreement (or in the case of any future property, upon the date the Debtor has any rights therein), that value has been given by the Beneficiaries and that Debtor has, or in the case of future property will have, rights in the Collateral or the power to transfer rights in the Collateral to the Secured Party.

ARTICLE 3 - REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE DEBTOR

3.1 Representations and Warranties

The Debtor hereby represents and warrants to the Secured Party and the Beneficiaries that (and acknowledges that the Secured Party and the Beneficiaries are relying on the same):

(a) the Debtor's chief executive office (as such term is utilized in the PPSA) is located in the Province of Alberta;

(b) as at the date hereof, all of the real property and tangible personal property and assets of the Debtor are located in the Province of Alberta; and

(c) no Investment Property Collateral is in the possession or control of any person asserting a claim thereto or Security Interest or other lien therein, except that the

Secured Party or its nominee or a securities intermediary acting on its behalf may have possession or control of the Investment Property Collateral.

3.2 Survival of Representations and Warranties

The representations and warranties set out in this Agreement shall survive the execution and delivery of this Agreement notwithstanding any investigations or examinations which may be made by any of the Beneficiaries or their legal counsel and other representatives. Such representations and warranties shall survive until this Agreement has been terminated and discharged in accordance with Section 7.8 hereof.

3.3 Covenants

The Debtor covenants with the Secured Party that the Debtor shall:

(a) not (i) change its name or its chief executive office, the province or provinces in which any of its tangible property and assets, real or personal, are located (except to locations where all registrations, filings and recordings necessary or desirable (as determined by the Secured Party, acting responsibly) to preserve, protect and perfect the Security of the Debtor have previously been made and completed) or its jurisdiction of incorporation or (ii) continue or amalgamate into, or otherwise be organized under, another jurisdiction, in each case, without giving 15 days' prior written notice thereof to the Secured Party;

(b) from time to time forthwith at the request of the Secured Party execute and deliver all such financing statements, schedules, assignments and documents, and do all such further acts and things as may be reasonably required by the Secured Party to effectively carry out the full intent and meaning of this Agreement, including, without limitation, to enforce the Charge and remedies provided hereunder, or to better evidence and perfect the Charge, and, upon the occurrence of an Event of Default, the Debtor hereby irrevocably constitutes and appoints the Secured Party, or any receiver or receiver and manager appointed by the court or the Secured Party, the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever the Secured Party or any such Receiver may consider it to be necessary or expedient, and such appointment of the Secured Party as the Debtor's attorney is coupled with an interest and is irrevocable;

(c) pay to the Secured Party forthwith upon demand all reasonable costs and expenses (including, without limiting the generality of the foregoing, all reasonable legal, Receiver's and accounting fees and expenses) incurred by or on behalf of the Secured Party in connection with the preparation, execution and perfection of this Agreement and the carrying out of any of the provisions of this Agreement including, without limiting the generality of the foregoing, protecting and preserving the Charge and enforcing by legal process or otherwise the remedies provided herein; and all such costs and expenses shall be added to and form part of the Obligations secured hereunder; and

(d) provide to the Secured Party, promptly upon request, all information and evidence the Secured Party may reasonably request concerning the Collateral to enable the Secured Party to enforce the provisions hereof.

ARTICLE 4 - ACCOUNT DEBTORS

4.1 Notification of Account Debtors

If an Event of Default has occurred, the Secured Party may give notice of this Agreement and the Charge granted hereby to any account debtors of the Debtor or to any other person liable to the Debtor and may give notice to any such account debtors or other person to make all further payments to the Secured Party, and, after the occurrence of an Event of Default, any payment or other proceeds of Collateral received by the Debtor from account debtors or from any other person liable to the Debtor whether before or after any notice is given by the Secured Party shall be held by the Debtor in trust for the Secured Party and forthwith paid over to the Secured Party on request.

ARTICLE 5 – DEALINGS WITH INVESTMENT PROPERTY COLLATERAL

5.1 Rights and Duties of Secured Party

(1) The Secured Party may perform any of its rights and duties hereunder by or through agents and is entitled to retain counsel and to act in reliance upon the advice of such counsel concerning all matters pertaining to its rights and duties hereunder.

(2) In the holding of the Investment Property Collateral, the Secured Party and any nominee on its behalf is only bound to exercise the same degree of care as it would exercise with respect to similar property of its own of similar value held in the same place. The Secured Party and any nominee on its behalf will be deemed to have exercised reasonable care with respect to the custody and preservation of the Investment Property Collateral if it takes such action for that purpose as the Debtor reasonably requests in writing, but failure of the Secured Party or its nominee to comply with any such request will not of itself be deemed a failure to exercise reasonable care.

(3) The powers conferred on the Secured Party hereunder with respect to Investment Property Collateral are solely to protect its interest in the Investment Property Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Investment Property Collateral in its or its nominees' possession and the accounting for moneys actually received by it or its nominees thereunder, the Secured Party shall have no duty as to any Investment Property Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Investment Property Collateral and no such duties shall be implied as arising hereunder.

5.2 Voting and Other Rights

(1) Unless an Event of Default has occurred, the Debtor is entitled to exercise, either directly or, if the Investment Property Collateral is registered in the name of the Secured Party or its nominee, by power of attorney or proxy, all the rights and powers of a holder of such Investment Property Collateral including the voting rights from time to time exercisable in

respect of the Investment Property Collateral and to give proxies, consents, ratifications and waivers in respect thereof. (If the Investment Property Collateral has been registered in the name of the Secured Party or its nominee, the Secured Party will execute and deliver (or cause to be executed and delivered) to the Debtor such proxies, directions and other instruments as the Debtor may request for the purpose of giving effect to the foregoing.) No such action may be taken by the Debtor if it would be prejudicial to the interests of any of the Beneficiaries or would violate or be inconsistent with this Agreement or the Commitment Letter or would have the effect of reducing the value of the Investment Property Collateral as security for the Obligations or would have the effect of imposing any restriction on the transferability of any of the Investment Property Collateral.

(2) Upon the occurrence of an Event of Default, the Secured Party may give the Debtor a notice prohibiting the Debtor from exercising the rights and powers of a holder of the Investment Property Collateral, including the voting rights in respect of the Investment Property Collateral, at which time all such rights of the Debtor will cease immediately and the Secured Party will have the right to exercise the rights and powers related to such Investment Property Collateral, including the right to vote.

5.3 Distributions

(1) Unless an Event of Default has occurred:

(a) the Debtor is entitled to receive all dividends, distributions, interest payments or other payments in respect of the Investment Property Collateral; and

(b) if the Investment Property Collateral has been registered in the name of the Secured Party or its nominee, the Secured Party will execute and deliver (or cause to be executed and delivered) to the Debtor all directions and other instruments as the Debtor may request for the purpose of enabling the Debtor to receive the dividends, distributions, interest payments or other payments that the Debtor is authorized to receive pursuant to Section 5.3(1)(a) above.

(2) Upon the occurrence of an Event of Default, all rights of the Debtor pursuant to Section 5.3(1) will cease and the Secured Party will have the sole and exclusive right and authority to receive and retain all payments that the Debtor would otherwise be authorized to retain pursuant to Section 5.3(1). All money and other property received by the Secured Party pursuant to the provisions of this Section 5.3(2) may be applied on account of the Obligations or may be retained by the Secured Party as additional Collateral hereunder and be applied in accordance with the provisions of this Agreement. All payments which are received by the Debtor contrary to the provisions of this Section 5.3(2) will be held by the Debtor in trust for the exclusive benefit of the Secured Party and the other Beneficiaries, will be segregated from other property or funds of the Debtor and will be forthwith paid or Delivered, as applicable, to the Secured Party or its nominee to be applied on account of the Obligations or to hold as Collateral, as the Secured Party may see fit.

ARTICLE 6 - REMEDIES

6.1 Remedies

(a) Upon the occurrence of any Event of Default, any or all security granted hereby shall, at the option of the Secured Party, become immediately enforceable and, in addition to any right or remedy provided by law, the Secured Party will have the rights and remedies set out below, all of which rights and remedies will be enforceable successively, concurrently, or both, and are in addition to and not in substitution for any other rights or remedies the Secured Party may have:

(i) the Secured Party may by appointment in writing appoint an interim-receiver, receiver or receiver and manager (each herein referred to as the "**Receiver**") of the Collateral (which term when used in this Section 6.1 shall include the whole or any part of the Collateral) and may remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Collateral; and the term "Secured Party" when used in this Section 6.1 shall include any Receiver so appointed and the agents, officers and employees of such Receiver; and the Secured Party shall not be in any way responsible for any misconduct or negligence of any such Receiver;

(ii) the Secured Party may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to the Secured Party at such place or places as may be specified by the Secured Party;

(iii) the Secured Party may transfer any part of the Investment Property Collateral into the name of the Secured Party or its nominee if it has not already done so in accordance with Section 2.4;

(iv) the Secured Party may exercise any voting rights attaching to any of the Investment Property Collateral (whether or not registered in the name of the Secured Party or its nominee) and give or withhold all consents, waivers and ratifications in respect thereof;

(v) the Secured Party may exercise all rights of conversion, exchange or subscription, or any other rights, privileges or options pertaining to any of the Investment Property Collateral, including the right to exchange at its discretion any of the Investment Property Collateral upon the amalgamation, arrangement, merger, consolidation or other reorganization of the issuer of the Investment Property Collateral, all without liability except to account for property actually received by the Secured Party;

(vi) the Secured Party may take such steps as it considers desirable to maintain, preserve or protect the Collateral;

(vii) the Secured Party may carry on or concur in the carrying on of all or any part of the business of the Debtor;

(viii) the Secured Party may enforce any rights of the Debtor in respect of the Collateral by any manner permitted by law;

(ix) the Secured Party may realize upon, collect, sell, transfer, assign, give options to purchase, lease or otherwise dispose of any of the Collateral in such manner as may seem advisable to the Secured Party, including, without limitation, at public auction, by private tender, by private sale or otherwise either for cash or upon credit upon such terms and conditions as the Secured Party may determine and without notice to the Debtor unless required by law and may execute and deliver to the purchaser or purchasers of the Collateral or any part thereof a good and sufficient deed or conveyance or deeds or conveyances for the same, any officer or duly authorized representative of the Secured Party being hereby constituted the irrevocable attorney of the Debtor for the purpose of making such sale and executing such deeds or conveyances, and any such sale made as aforesaid shall be a perpetual bar both in law and in equity against the Debtor and all other persons claiming all or any part of the Collateral by, from, through or under the Debtor. For such purposes, each requirement relating thereto and prescribed by applicable laws or otherwise is hereby waived by the Debtor to the extent permitted by applicable laws and in any offer or sale of any of the Collateral by the Secured Party is authorized to comply with any limitation or restriction in connection with such offer or sale as the Secured Party may be advised by counsel is necessary in order to avoid any violation of applicable laws, or in order to obtain any required approval of the sale or of the purchase by any Governmental Authority. Such compliance will not result in such sale being considered or deemed not to have been made in a commercially reasonable manner nor will the Secured Party be liable or accountable to the Debtor for any discount allowed by reason of the fact that such Collateral is sold in compliance with any such limitation or restriction;

(x) subject to requirements of applicable laws, the Secured Party may purchase any of the Collateral, whether in connection with a sale made under the power of sale herein contained or pursuant to judicial proceedings or otherwise;

(xi) subject to requirements of applicable laws, the Secured Party may accept the Collateral in satisfaction or partial satisfaction of the Obligations upon notice to the Debtor of its intention to do so in the manner required by law;

(xii) the Secured Party may borrow money on the security of the Collateral for the purpose of the carrying on of the business of the Debtor or for the maintenance, preservation, protection or realization of the Collateral in priority to the Charge;

(xiii) the Secured Party may enter upon, occupy and use all or any of the Collateral occupied by the Debtor and use all or any of the Collateral for such time as the Secured Party requires to facilitate the realization of the Collateral, free of charge, and the Secured Party and the Beneficiaries will not be liable to the Debtor for any neglect in so doing (other than gross negligence or wilful misconduct on the part thereof) or in respect of any rent, charges, depreciation or damages in connection with such actions;

(xiv) the Secured Party may charge on its own behalf and pay to others all amounts for expenses incurred and for services rendered in connection with the exercise of the rights and remedies of the Beneficiaries hereunder, including, without limiting the generality of the foregoing, reasonable legal, Receiver and accounting fees and expenses, and in every such case the amounts so paid together with all costs, charges and expenses incurred in connection therewith, including interest thereon at a rate per annum equal to the rate of interest per annum then payable on Cdn.$ Direct Advances plus 2.0% per annum, shall be added to and form part of the Obligations hereby secured; and

(xv) the Secured Party may discharge any claim, Security Interest, encumbrance or any rights of others that may exist or be threatened against the Collateral, and in every such case the amounts so paid together with all reasonable costs, charges and expenses incurred in connection therewith shall be added to the Obligations hereby secured.

(b) The Secured Party and the Beneficiaries may:

(i) grant extensions of time,

(ii) take and perfect or abstain from taking and perfecting security,

(iii) give up securities,

(iv) accept compositions or compromises,

(v) grant releases and discharges, and

(vi) release any part of the Collateral or otherwise deal with the Debtor, debtors and creditors of the Debtor, sureties and others and with the Collateral and other security as the Secured Party sees fit,

without prejudice to the liability of the Debtor to the Secured Party and the Beneficiaries or the Beneficiaries' rights hereunder.

(c) The Beneficiaries shall not be liable or responsible for any failure to seize, collect, realize, or obtain payment with respect to the Collateral and shall not be bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Secured Party, the Debtor or any other person, in respect of the Collateral.

(d) The Secured Party shall apply any proceeds of realization of the Collateral to payment of reasonable expenses in connection with the preservation and realization of the Collateral as above described and the Secured Party shall apply any balance of such proceeds to payment of the Obligations in accordance with the Commitment Letter. If the disposition of the Collateral fails to satisfy the Obligations secured by this Agreement and the aforesaid expenses, the Debtor will be liable to pay any deficiency to the Secured Party and the Beneficiaries forthwith on demand. Subject to the requirements of applicable law, any surplus realized in excess of the Obligations shall be paid over to the Debtor.

(e) Any Receiver shall be entitled to exercise all rights and powers of the Secured Party hereunder. To the extent permitted by law, any Receiver shall for all purposes be deemed to be the agent of the Debtor and not of the Secured Party and the Debtor shall be solely responsible for the Receiver's acts or defaults and remuneration.

6.2 Power of Attorney

The Debtor hereby appoints the Secured Party as attorney of the Debtor, with full authority in the place and stead of the Debtor and in the name of the Debtor or otherwise, from time to time in the Secured Party's discretion at any time after the occurrence of an Event of Default, to take any and all actions authorized or permitted to be taken by the Secured Party under this Agreement or by applicable laws and to: (a) execute and deliver all instruments and other documents and do all such further acts and things as may be reasonably required by the Secured Party to enforce the Charge and remedies provided hereunder or to better evidence and perfect the Charge; and (b) take any action and execute any instrument which the Secured Party, acting reasonably, may deem necessary or advisable to accomplish the purposes of this Agreement, including, to ask for, demand, collect, sue for, recover, compound, receive and give acquittances and receipts for moneys due and to become due under or in connection with the Collateral, to receive, endorse, and collect any drafts or other instruments, documents and chattel paper in connection therewith, and to file any claims or take any action or institute any proceedings which the Secured Party may deem to be necessary or desirable for the collection thereof. Such appointment of the Secured Party as the Debtor's attorney is coupled with an interest and is irrevocable.

ARTICLE 7 - GENERAL

7.1 Benefit of the Agreement

This Agreement shall be binding upon the successors and permitted assigns of the Debtor and shall benefit the successors and permitted assigns of the Secured Party and other Beneficiaries.

7.2 Conflict of Terms; Entire Agreement

This Agreement has been entered into as collateral security for the Obligations and is subject to all the terms and conditions of the Commitment Letter and, if there is any conflict or inconsistency between the provisions of this Agreement and the provisions of the Commitment Letter, the rights and obligations of the Debtor, the Secured Party and the other Beneficiaries shall be governed by the provisions of the Commitment Letter. This Agreement together with the Commitment Letter and all other agreements related thereto constitute the entire agreement between the Debtor and the Secured Party with respect to the subject matter hereof. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Beneficiaries and the Debtor except as expressly set forth therein and herein.

7.3 No Waiver

No delay or failure by the Beneficiaries in the exercise of any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude the other or further exercise thereof or the exercise of any other right.

7.4 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect. To the extent permitted by applicable law the parties hereby waive any provision of law that renders any provision hereof prohibited or unenforceable in any respect.

7.5 Notices

Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and may be given by personal delivery, facsimile or other electronic means, addressed to the recipient as follows:

To the Debtor:

North American Lamb Company Ltd.
4312 - 51 Street
Innisfail, AB
Canada, T4G 1A3

Attention: Gary Alexander
Email: g.alexander@iflgroup.co

To the Secured Party:

The Bank of Nova Scotia, as Secured Party
#2 - 83 Carry Drive SE
Medicine Hat, AB
Canada, T1B 3M5

Attention: Agriculture Banking
Facsimile: 403-528-8370

or such other address, electronic communication number, or to the attention of such other individual as may be designated by notice by any party to the other. Any demand, notice or communication made or given by personal delivery or by facsimile or other electronic means of communication during normal business hours at the place of receipt on a business day shall be conclusively deemed to have been made or given at the time of actual delivery or transmittal, as the case may be, on such business day. Any demand, notice or communication made or given by personal delivery or by facsimile or other electronic means of communication after normal business hours at the place of receipt or otherwise than on a business day shall be conclusively deemed to have been made or given at 10:00 a.m. (Calgary time) on the first business day following actual delivery or transmittal, as the case may be.

7.6 Modification; Waivers; Assignment

This Agreement may not be amended or modified in any respect except by written instrument signed by the Debtor and the Secured Party. No waiver of any provision of this Agreement by the Secured Party shall be effective unless the same is in writing and signed by the Secured Party, and then such waiver shall be effective only in the specific instance and for the specific purpose for which it is given. The rights of the Secured Party (including those of any Beneficiary) under this Agreement may only be assigned in accordance with the requirements of the Commitment Letter. The Debtor may not assign its obligations under this Agreement without the prior written consent of the Secured Party (which consent may be withheld in its sole discretion). Any assignee of a Beneficiary shall be bound hereby, *mutatis mutandis*.

7.7 Additional Continuing Security

This Agreement and the Charge granted hereby are in addition to and not in substitution for any other security now or hereafter held by the Secured Party or the other Beneficiaries and this Agreement is a continuing agreement and security that shall remain in full force and effect until discharged by the Secured Party.

7.8 Discharge

The Debtor and the Collateral shall not be discharged from the Charge or from this Agreement except by a release or discharge in writing signed by the Secured Party.

7.9 No Release

The loss, injury or destruction of the Collateral shall not operate in any manner to release or discharge the Debtor from any of its liabilities to the Beneficiaries.

7.10 No Obligation to Act

Notwithstanding any provision of this Agreement, the Commitment Letter or any other document related thereto or hereto or the operation, application or effect hereof, the Secured Party, the other Beneficiaries or any Receiver, or any representative or agent acting for or on behalf of the foregoing, shall not have any obligation whatsoever to exercise or refrain from exercising any right, power, privilege or interest hereunder or to receive or claim any benefit hereunder.

7.11 Admit to Benefit

Subject to Section 7.6, no person other than the Debtor and the Beneficiaries shall have any rights or benefits under this Agreement, nor is it intended that any such person gain any benefit or advantage as a result of this Agreement nor shall this Agreement constitute a subordination of any security in favour of such person.

7.12 Time of the Essence

Time shall be of the essence with regard to this Agreement.

7.13 Waiver of Financing Statement, etc.

The Debtor hereby waives the right to receive from the Secured Party or the other Beneficiaries a copy of any financing statement, financing change statement or other statement or document filed or registered at any time in respect of this Agreement or any verification statement or other statement or document issued by any registry that confirms or evidences registration of or relates to this Agreement.

7.14 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

7.15 Attornment

The Debtor and each of the Beneficiaries each hereby attorn and submit to the jurisdiction of the courts of the Province of Alberta. For the purpose of all legal proceedings, this Agreement shall be deemed to have been performed in the Province of Alberta and the courts of the Province of Alberta shall have jurisdiction to entertain any action or proceeding arising under this Agreement. Notwithstanding the foregoing, nothing herein shall be construed nor operate to limit the right of the Debtor or any Beneficiary to commence any action or proceeding relating hereto in any other jurisdiction, nor to limit the right of the courts of any other jurisdiction to take jurisdiction over any action, proceeding or matter relating hereto.

7.16 Executed Copy

The Debtor hereby acknowledges receipt of a fully executed copy of this Agreement.

7.17 Counterparts; Electronic Execution

This Agreement may be executed electronically and in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

NORTH AMERICAN LAMB COMPANY LTD.

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

THE BANK OF NOVA SCOTIA,
as Secured Party

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

NORTH AMERICAN LAMB COMPANY LTD.

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

THE BANK OF NOVA SCOTIA,
as Secured Party

Per: ______________________________
Name: **Allison Henning**
Title: Director, Credit Solutions Group

Per: ______________________________
Name:
Title:

GENERAL SECURITY AGREEMENT
(Canada Sheep and Lamb Farms Ltd.)

THIS AGREEMENT made as of October 5, 2018

BETWEEN:

Canada Sheep and Lamb Farms Ltd., a corporation subsisting under the laws of the Province of Manitoba (hereinafter referred to as the "**Debtor**")

- and -

THE BANK OF NOVA SCOTIA
(hereinafter referred to as the "**Secured Party**").

WHEREAS the Debtor has agreed to grant, as general and continuing security for the payment and performance of the Obligations (as hereinafter defined), the security interest and assignment, mortgage and charge granted herein;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants and agreements herein contained the parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals hereto, this Section and any schedules or attachments hereto, unless something in the subject matter or context is inconsistent therewith:

"**Account Control Agreement**" means, with respect to a securities account, a securities account control agreement between the Debtor, the Secured Party and the securities intermediary which maintains such securities account on behalf of the Debtor, as the same may be amended, modified, supplemented or restated from time to time.

"**Agreement**" means this agreement, as amended, modified, supplemented or restated from time to time in accordance with the provisions hereof.

"**Beneficiaries**" means, collectively, the Secured Party and each if its affiliates who is owed any Obligations from time to time, and "**Beneficiary**" means any of them.

"**Charge**" means the Security Interests created hereunder.

"**Collateral**" has the meaning set out in Section 2.1.

"**Commitment Letter**" means the commitment letter (including the term sheet attached thereto and all schedules and exhibits thereto) of the Secured Party dated June 21, 2018 and acknowledged and accepted by the Debtor and certain of its affiliates on June 22, 2018 relating to the establishment of certain credit facilities in favour of Canada Sheep and Lamb Farms Ltd., Canada Gold Beef Inc. and SunGold Specialty meats Inc., as the same may be amended, modified, supplemented or restated from time to time in accordance with the provisions thereof.

"**Delivery**" and the corresponding term "**Delivered**" when used with respect to Collateral means:

(a) in the case of Collateral constituting certificated securities, transfer thereof to the Secured Party or its nominee by physical delivery of the security certificates to the Secured Party or its nominee, such Collateral to be endorsed for transfer or accompanied by Transfer Documents, all in form and content satisfactory to the Secured Party;

(b) in the case of Collateral constituting uncertificated securities, (i) registration thereof on the books and records of the issuer thereof in the name of the Secured Party or its nominee or (ii) the execution and delivery by the issuer thereof of an effective agreement (each, an "**Issuer Control Agreement**"), pursuant to which such issuer agrees that it will comply with instructions originated by the Secured Party or its nominee without further consent of the Debtor or any other person;

(c) in the case of Collateral constituting security entitlements in respect of financial assets deposited in or credited to a securities account, (i) completion of all actions necessary to constitute the Secured Party or its nominee the entitlement holder with respect to each such security entitlement or (ii) the execution and delivery by the relevant securities intermediary of an effective Account Control Agreement pursuant to which such securities intermediary agrees to comply with entitlement orders originated by the Secured Party or its nominee without further consent of the Debtor or any other person; and

(d) in each case such additional or alternative procedures as may hereafter become reasonably appropriate to grant control of, or otherwise perfect a Security Interest in, any Collateral in favour of the Secured Party or its nominee.

"**Event of Default**" means the occurrence of any one or more of: (a) an Event of Default under and as defined in the Commitment Letter, (b) a Demand for Payment being made, or (c) any Obligor becoming Insolvent.

"**Guarantee**" means the guarantee granted by the Debtor to the Secured Party and dated as of the date hereof, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"**Issuer Control Agreement**" has the meaning set out in paragraph (b) of the definition of "Delivery".

"**Obligations**" means, collectively and at any time and from time to time, (a) all present and future obligations, liabilities and indebtedness (absolute or contingent, matured or otherwise) of the Debtor to the Secured Party and the other Beneficiaries under, pursuant or relating to the Commitment Letter, the Guarantee and the other documents, agreements and instruments related thereto and including, without limitation, the principal of, and all interest, fees, legal and other costs, charges and expenses owing or payable on or in respect of, any and all Cdn.$ Direct Advances, US$ Direct Advances and other loans, advances and availments of credit, (b) all present and future hedge and swap obligations of the Debtor to any Beneficiary, and (c) all present and future bank product and cash management obligations of the Debtor to any Beneficiary including, without limitation, all treasury, depository, overdraft, credit or debit card, purchase card, electronic funds transfer, cash pooling and other cash management arrangements and commercial credit card and merchant card services and obligations, in each case whether the same are absolute or contingent, matured or not, or from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again.

"**Pledged Shares**" has the meaning set out in paragraph (a) of the definition of "Stock".

"**Security Interest**" means mortgages, charges, pledges, hypothecs, assignments by way of security, conditional sales or other title retention arrangements, security created under the Bank Act (Canada), liens, encumbrances, security interests or other interests in property, howsoever created or arising, whether fixed or floating, perfected or not, which secure payment or performance of an obligation and, including, in any event:

(a) deposits or transfers of cash, marketable securities or other financial assets under any agreement or arrangement whereby such cash, securities or assets may be withdrawn, returned or transferred only upon fulfilment of any condition as to the discharge of any other indebtedness or other obligation to any creditor;

(b) (i) rights of set-off or (ii) any other right of or arrangement of any kind with any creditor, which in any case are made, created or entered into, as the case may be, for the purpose of or having the effect (directly or indirectly) of (A) securing debt, (B) preferring some holders of debt over other holders of debt or (C) having the claims of any creditor be satisfied prior to the claims of other creditors with or from the proceeds of any properties, assets or revenues of any kind now owned or later acquired (other than, with respect to (C) only, rights of set-off granted or arising in the ordinary course of business);

(c) the rights of lessors under capital or financing leases and any other lease financing; and

(d) absolute assignments of accounts receivable.

"**Stock**" means:

(a) all securities (collectively, the "**Pledged Shares**") owned by the Debtor, all security certificates, if any, and other instruments and documents evidencing or representing such Pledged Shares, and all dividends, interest, distributions, cash, instruments and other property, income, profits and proceeds from time to time received or receivable upon or otherwise distributed or distributable in respect of or in exchange for any and all of the Pledged Shares;

(b) all additional or substitute shares of capital stock, partnership interests or other equity interests of any class of any issuer from time to time issued to or otherwise acquired by the Debtor in any manner in respect of Pledged Shares, the security certificates, if any, and other instruments representing such additional or substitute shares, and all dividends, interests, distributions, cash, instruments and other property, income, profits and proceeds from time to time received or receivable upon or otherwise distributed or distributable in respect of or in exchange for any or all of such additional or substitute shares; and

(c) to the extent not otherwise included in the foregoing, all proceeds thereof.

"**Transfer Documents**" means, with respect to the transfer of Pledged Shares or other Stock, stock transfers, powers of attorney or other instruments of transfer, in each case, executed in blank and in form and substance as may be required (from time to time) by the Secured Party, acting reasonably.

1.2 Definitions used in the Commitment Letter

Capitalized terms used herein without express definition shall, unless something in the subject matter or context is inconsistent therewith, have the same meanings as are ascribed to such terms in the Commitment Letter.

1.3 *Personal Property Security Act* Definitions

The terms "accessions", "accounts", "certificated security", "chattel paper", "documents of title", "financial asset", "goods", "instruments", "intangibles", "inventory", "investment property", "money", "proceeds", "securities account", "securities intermediary", "security", "security certificate", "security entitlement" and "uncertificated security", whenever used herein shall have the meanings given to those terms in the *Personal Property Security Act* (Alberta) (the "**PPSA**"), including the regulations thereunder, as now enacted or as the same may from time to time be amended, re-enacted or replaced.

1.4 Headings and References

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, reference herein to Articles and Sections are to Articles and Sections of this Agreement.

1.5 Included Words

In this Agreement words importing the singular number only shall include the plural and vice versa, words importing any gender shall include all genders, words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and words and terms denoting inclusiveness (such as "include" or "includes" or "including"), whether or not so stated, are not limited by their context or by the words or phrases which precede or succeed them.

1.6 References to Statutes and Documents; Successors

In this Agreement:

(a) any reference to a statute will include and will be deemed to be a reference to the regulations made pursuant to it, and to all amendments made to the statute and regulations in force from time to time, and to any statute or regulation that may be passed which has the effect of supplementing or superseding the statute referred to or the relevant regulation;

(b) references herein to any document, instrument or agreement means such document, instrument or agreement as originally executed, as modified, amended, supplemented or restated from time to time; and

(c) any reference to a person will include and will be deemed to be a reference to any person that is a successor to that person.

1.7 Calculation of Interest

Whenever a rate of interest hereunder is calculated on the basis of a year (the "deemed year") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for the purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

1.8 Schedules

Any schedule to this Agreement is incorporated by reference and shall be deemed to be part of this Agreement.

ARTICLE 2 – GRANT OF SECURITY

2.1 Security

As general and continuing security for the payment and performance of the Obligations, the Debtor hereby pledges, hypothecates, assigns, charges, conveys, sets over and transfers unto the Secured Party for the benefit of the Beneficiaries and does hereby grant to the Secured Party for the benefit of the Beneficiaries a continuing security interest in and to all of the present and future undertaking, assets and property of the Debtor, both real and personal, including, without limitation, all present and after-acquired personal property of the Debtor (collectively, the "**Collateral**"), and as further general and continuing security for the payment and performance of the Obligations, the Debtor hereby assigns the Collateral to the Secured Party and mortgages and charges the Collateral to the Secured Party (with respect to real property, as and by way of a floating charge). Without limiting the generality of the foregoing, the Collateral shall include all right, title and interest that the Debtor now has, may be possessed of, entitled to, or acquire, by way of amalgamation or otherwise, now or hereafter or may hereafter have in all property of the following kinds:

(a) Accounts Receivable: all debts, accounts, accounts receivables, claims and choses in action which are now or which may hereafter become due, owing or accruing due to the Debtor (collectively, the "**Receivables**");

(b) Inventory: all inventory of whatever kind and wherever situated including, without limiting the generality of the foregoing, all goods held for sale or lease, or furnished or to be furnished under contracts for service, or that are work in progress, or that are raw materials used or consumed in the business of the Debtor (collectively, the "**Inventory**");

(c) Equipment: all goods, machinery, equipment, fixtures, furniture, plant, vehicles and other tangible personal property which are not Inventory, including, without limiting the generality of the foregoing, the tangible personal property described in any schedule hereto executed by both the Debtor and the Secured Party;

(d) Chattel Paper: all chattel paper;

(e) Documents of Title: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;

(f) Investment Property and Instruments: all of the following (being collectively referred to herein as the "**Investment Property Collateral**"):

(i) all securities accounts in the name of the Debtor, including any and all assets of whatever type or kind deposited in or credited to such securities accounts, including all financial assets, all security entitlements related to such financial assets, and all security certificates and other certificates and instruments from time to time representing or evidencing the same, and all dividends, whether in shares, money or property, interest, distributions, cash and other property from time to time received or receivable upon or paid or payable on account of any return on, or repayment of, capital or otherwise distributed or distributable in respect of or in exchange for any or all of the foregoing;

(ii) all Stock;

(iii) all financial assets;

(iv) all security entitlements;

(v) all other property that may at any time be received or receivable or otherwise distributed or distributable to or for the account of the Debtor in respect of, in substitution for, in addition to or in exchange for, any of the foregoing; and

(vi) all proceeds in respect of the foregoing described in this subparagraph (f) and all rights and interest of the Debtor in respect thereof or evidenced thereby including all money received or receivable from time to time by the Debtor in connection with the sale of any of the foregoing (including all proceeds received or receivable in connection with the redemption or purchase for cancellation of any of the Pledged Shares);

(g) Intangibles: all intangibles not described in Section 2.1(a) including, without limiting the generality of the foregoing, all goodwill, patents, trademarks, copyrights and other intellectual property;

(h) Money: all coins or bills or other medium of exchange adopted for use as part of the currency of Canada or of any foreign government;

(i) Books, Records, Etc.: all books, papers, accounts, invoices, documents and other records in any form evidencing or relating to any of the property described in Sections 2.1(a) to (h) inclusive, and all contracts, securities, instruments and other rights and benefits in respect thereof;

(j) Substitutions, Etc.: all replacements of, substitutions for and increases, additions and accessions to any of the property described in Sections 2.1(a) to (i) inclusive; and

(k) Proceeds: all proceeds of the property described in Sections 2.1(a) to (j) inclusive including, without limiting the generality of the foregoing, all personal property in any form or fixtures derived directly or indirectly from any dealing with such property or that indemnifies or compensates for the loss of or damage to such property,

provided that the Charge shall not: (i) extend, include or apply to the last day of the term of any lease now held or hereafter acquired by the Debtor, but should the Secured Party enforce the said Charge, the Debtor shall thereafter stand possessed of such last day and shall hold it in trust to assign the same to any person acquiring such term in the course of the enforcement of the said Charge, (ii) render the Secured Party or any other Beneficiary liable to observe or perform any term, covenant or condition of any agreement, document or instrument to which the Debtor is a party or by which it is bound, or (iii) extend to, and the Collateral shall not include any agreement, right, franchise, licence or permit (the "**Contractual Rights**") to which the Debtor is a party or of which the Debtor has benefit, to the extent that the creation of the Charge herein would constitute a breach of the terms of, or permit any person to terminate, the Contractual Rights, but the Debtor shall hold its interest therein in trust for the Secured Party and shall assign such Contractual Rights to the Secured Party forthwith upon obtaining the consent of all other parties thereto. The Debtor agrees that it shall, upon the request of the Secured Party, use all commercially reasonable efforts to obtain any consent required to permit any Contractual Rights to be subjected to the Charge herein.

2.2 Security Interest Absolute

The Charge granted hereby and all rights of the Secured Party hereunder and all obligations of the Debtor hereunder are unconditional and absolute and independent and separate from any other security for the Obligations, whether executed by the Debtor or any other person.

2.3 Continuing Liability of Debtor

This Agreement and the Charge granted hereby is granted as collateral security only and will not subject the Secured Party or the other Beneficiaries to, or transfer or in any way affect or modify, any obligation or liability of the Debtor with respect to any of the Collateral or any transaction in connection therewith.

2.4 Delivery of Investment Property Collateral; Registration in Name of Secured Party

Subject to Section 2.5, all Investment Property Collateral must be Delivered immediately upon request of the Secured Party to the Secured Party or its nominee, including, without limitation, delivery to the Secured Party of all security certificates, instruments or other documents representing or evidencing the Investment Property Collateral, which shall be endorsed for transfer in blank by the Debtor and accompanied by Transfer Documents, all as satisfactory to the Secured Party, acting reasonably. The Secured Party may, at its option, cause all or any of the Investment Property Collateral to be registered in the name of the Secured Party or its nominee upon the occurrence of an Event of Default.

2.5 Subsequently Acquired Investment Property Collateral

To the extent the Debtor has or acquires, by way of amalgamation or otherwise, any additional Investment Property Collateral at any time or from time to time after the date hereof, such Investment Property Collateral will automatically (and without any further action being required to be taken by the Secured Party) be subject to the Charge created hereby. The Debtor will take, or cause to be taken, to the extent it has previously received a request of the Secured Party to have Investment Property Collateral Delivered to it pursuant to Section 2.4, as promptly as practicable and, in any event within 10 days after it obtains such additional Investment Property Collateral, in each case, all steps and actions as the Secured Party deems necessary to ensure that the additional Investment Property Collateral is Delivered to the Secured Party, including, without limitation, delivery to the Secured Party of any security certificates comprising such additional Investment Property Collateral, accompanied by Transfer Documents.

2.6 Attachment of Security Interest

The Debtor acknowledges that the Charge hereby created attaches upon the execution of this Agreement (or in the case of any future property, upon the date the Debtor has any rights therein), that value has been given by the Beneficiaries and that Debtor has, or in the case of future property will have, rights in the Collateral or the power to transfer rights in the Collateral to the Secured Party.

ARTICLE 3 - REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE DEBTOR

3.1 Representations and Warranties

The Debtor hereby represents and warrants to the Secured Party and the Beneficiaries that (and acknowledges that the Secured Party and the Beneficiaries are relying on the same):

(a) the Debtor's chief executive office (as such term is utilized in the PPSA) is located in the Province of Manitoba;

(b) as at the date hereof, all of the real property and tangible personal property and assets of the Debtor are located in the Province of Manitoba; and

(c) no Investment Property Collateral is in the possession or control of any person asserting a claim thereto or Security Interest or other lien therein, except that the

Secured Party or its nominee or a securities intermediary acting on its behalf may have possession or control of the Investment Property Collateral.

3.2 Survival of Representations and Warranties

The representations and warranties set out in this Agreement shall survive the execution and delivery of this Agreement notwithstanding any investigations or examinations which may be made by any of the Beneficiaries or their legal counsel and other representatives. Such representations and warranties shall survive until this Agreement has been terminated and discharged in accordance with Section 7.8 hereof.

3.3 Covenants

The Debtor covenants with the Secured Party that the Debtor shall:

(a) not (i) change its name or its chief executive office, the province or provinces in which any of its tangible property and assets, real or personal, are located (except to locations where all registrations, filings and recordings necessary or desirable (as determined by the Secured Party, acting responsibly) to preserve, protect and perfect the Security of the Debtor have previously been made and completed) or its jurisdiction of incorporation or (ii) continue or amalgamate into, or otherwise be organized under, another jurisdiction, in each case, without giving 15 days' prior written notice thereof to the Secured Party;

(b) from time to time forthwith at the request of the Secured Party execute and deliver all such financing statements, schedules, assignments and documents, and do all such further acts and things as may be reasonably required by the Secured Party to effectively carry out the full intent and meaning of this Agreement, including, without limitation, to enforce the Charge and remedies provided hereunder, or to better evidence and perfect the Charge, and, upon the occurrence of an Event of Default, the Debtor hereby irrevocably constitutes and appoints the Secured Party, or any receiver or receiver and manager appointed by the court or the Secured Party, the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever the Secured Party or any such Receiver may consider it to be necessary or expedient, and such appointment of the Secured Party as the Debtor's attorney is coupled with an interest and is irrevocable;

(c) pay to the Secured Party forthwith upon demand all reasonable costs and expenses (including, without limiting the generality of the foregoing, all reasonable legal, Receiver's and accounting fees and expenses) incurred by or on behalf of the Secured Party in connection with the preparation, execution and perfection of this Agreement and the carrying out of any of the provisions of this Agreement including, without limiting the generality of the foregoing, protecting and preserving the Charge and enforcing by legal process or otherwise the remedies provided herein; and all such costs and expenses shall be added to and form part of the Obligations secured hereunder; and

(d) provide to the Secured Party, promptly upon request, all information and evidence the Secured Party may reasonably request concerning the Collateral to enable the Secured Party to enforce the provisions hereof.

ARTICLE 4 - ACCOUNT DEBTORS

4.1 Notification of Account Debtors

If an Event of Default has occurred, the Secured Party may give notice of this Agreement and the Charge granted hereby to any account debtors of the Debtor or to any other person liable to the Debtor and may give notice to any such account debtors or other person to make all further payments to the Secured Party, and, after the occurrence of an Event of Default, any payment or other proceeds of Collateral received by the Debtor from account debtors or from any other person liable to the Debtor whether before or after any notice is given by the Secured Party shall be held by the Debtor in trust for the Secured Party and forthwith paid over to the Secured Party on request.

ARTICLE 5 – DEALINGS WITH INVESTMENT PROPERTY COLLATERAL

5.1 Rights and Duties of Secured Party

(1) The Secured Party may perform any of its rights and duties hereunder by or through agents and is entitled to retain counsel and to act in reliance upon the advice of such counsel concerning all matters pertaining to its rights and duties hereunder.

(2) In the holding of the Investment Property Collateral, the Secured Party and any nominee on its behalf is only bound to exercise the same degree of care as it would exercise with respect to similar property of its own of similar value held in the same place. The Secured Party and any nominee on its behalf will be deemed to have exercised reasonable care with respect to the custody and preservation of the Investment Property Collateral if it takes such action for that purpose as the Debtor reasonably requests in writing, but failure of the Secured Party or its nominee to comply with any such request will not of itself be deemed a failure to exercise reasonable care.

(3) The powers conferred on the Secured Party hereunder with respect to Investment Property Collateral are solely to protect its interest in the Investment Property Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Investment Property Collateral in its or its nominees' possession and the accounting for moneys actually received by it or its nominees thereunder, the Secured Party shall have no duty as to any Investment Property Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Investment Property Collateral and no such duties shall be implied as arising hereunder.

5.2 Voting and Other Rights

(1) Unless an Event of Default has occurred, the Debtor is entitled to exercise, either directly or, if the Investment Property Collateral is registered in the name of the Secured Party or its nominee, by power of attorney or proxy, all the rights and powers of a holder of such Investment Property Collateral including the voting rights from time to time exercisable in

respect of the Investment Property Collateral and to give proxies, consents, ratifications and waivers in respect thereof. (If the Investment Property Collateral has been registered in the name of the Secured Party or its nominee, the Secured Party will execute and deliver (or cause to be executed and delivered) to the Debtor such proxies, directions and other instruments as the Debtor may request for the purpose of giving effect to the foregoing.) No such action may be taken by the Debtor if it would be prejudicial to the interests of any of the Beneficiaries or would violate or be inconsistent with this Agreement or the Commitment Letter or would have the effect of reducing the value of the Investment Property Collateral as security for the Obligations or would have the effect of imposing any restriction on the transferability of any of the Investment Property Collateral.

(2) Upon the occurrence of an Event of Default, the Secured Party may give the Debtor a notice prohibiting the Debtor from exercising the rights and powers of a holder of the Investment Property Collateral, including the voting rights in respect of the Investment Property Collateral, at which time all such rights of the Debtor will cease immediately and the Secured Party will have the right to exercise the rights and powers related to such Investment Property Collateral, including the right to vote.

5.3 Distributions

(1) Unless an Event of Default has occurred:

(a) the Debtor is entitled to receive all dividends, distributions, interest payments or other payments in respect of the Investment Property Collateral; and

(b) if the Investment Property Collateral has been registered in the name of the Secured Party or its nominee, the Secured Party will execute and deliver (or cause to be executed and delivered) to the Debtor all directions and other instruments as the Debtor may request for the purpose of enabling the Debtor to receive the dividends, distributions, interest payments or other payments that the Debtor is authorized to receive pursuant to Section 5.3(1)(a) above.

(2) Upon the occurrence of an Event of Default, all rights of the Debtor pursuant to Section 5.3(1) will cease and the Secured Party will have the sole and exclusive right and authority to receive and retain all payments that the Debtor would otherwise be authorized to retain pursuant to Section 5.3(1). All money and other property received by the Secured Party pursuant to the provisions of this Section 5.3(2) may be applied on account of the Obligations or may be retained by the Secured Party as additional Collateral hereunder and be applied in accordance with the provisions of this Agreement. All payments which are received by the Debtor contrary to the provisions of this Section 5.3(2) will be held by the Debtor in trust for the exclusive benefit of the Secured Party and the other Beneficiaries, will be segregated from other property or funds of the Debtor and will be forthwith paid or Delivered, as applicable, to the Secured Party or its nominee to be applied on account of the Obligations or to hold as Collateral, as the Secured Party may see fit.

ARTICLE 6 - REMEDIES

6.1 Remedies

(a) Upon the occurrence of any Event of Default, any or all security granted hereby shall, at the option of the Secured Party, become immediately enforceable and, in addition to any right or remedy provided by law, the Secured Party will have the rights and remedies set out below, all of which rights and remedies will be enforceable successively, concurrently, or both, and are in addition to and not in substitution for any other rights or remedies the Secured Party may have:

(i) the Secured Party may by appointment in writing appoint an interim-receiver, receiver or receiver and manager (each herein referred to as the "**Receiver**") of the Collateral (which term when used in this Section 6.1 shall include the whole or any part of the Collateral) and may remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Collateral; and the term "Secured Party" when used in this Section 6.1 shall include any Receiver so appointed and the agents, officers and employees of such Receiver; and the Secured Party shall not be in any way responsible for any misconduct or negligence of any such Receiver;

(ii) the Secured Party may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to the Secured Party at such place or places as may be specified by the Secured Party;

(iii) the Secured Party may transfer any part of the Investment Property Collateral into the name of the Secured Party or its nominee if it has not already done so in accordance with Section 2.4;

(iv) the Secured Party may exercise any voting rights attaching to any of the Investment Property Collateral (whether or not registered in the name of the Secured Party or its nominee) and give or withhold all consents, waivers and ratifications in respect thereof;

(v) the Secured Party may exercise all rights of conversion, exchange or subscription, or any other rights, privileges or options pertaining to any of the Investment Property Collateral, including the right to exchange at its discretion any of the Investment Property Collateral upon the amalgamation, arrangement, merger, consolidation or other reorganization of the issuer of the Investment Property Collateral, all without liability except to account for property actually received by the Secured Party;

(vi) the Secured Party may take such steps as it considers desirable to maintain, preserve or protect the Collateral;

(vii) the Secured Party may carry on or concur in the carrying on of all or any part of the business of the Debtor;

(viii) the Secured Party may enforce any rights of the Debtor in respect of the Collateral by any manner permitted by law;

(ix) the Secured Party may realize upon, collect, sell, transfer, assign, give options to purchase, lease or otherwise dispose of any of the Collateral in such manner as may seem advisable to the Secured Party, including, without limitation, at public auction, by private tender, by private sale or otherwise either for cash or upon credit upon such terms and conditions as the Secured Party may determine and without notice to the Debtor unless required by law and may execute and deliver to the purchaser or purchasers of the Collateral or any part thereof a good and sufficient deed or conveyance or deeds or conveyances for the same, any officer or duly authorized representative of the Secured Party being hereby constituted the irrevocable attorney of the Debtor for the purpose of making such sale and executing such deeds or conveyances, and any such sale made as aforesaid shall be a perpetual bar both in law and in equity against the Debtor and all other persons claiming all or any part of the Collateral by, from, through or under the Debtor. For such purposes, each requirement relating thereto and prescribed by applicable laws or otherwise is hereby waived by the Debtor to the extent permitted by applicable laws and in any offer or sale of any of the Collateral by the Secured Party is authorized to comply with any limitation or restriction in connection with such offer or sale as the Secured Party may be advised by counsel is necessary in order to avoid any violation of applicable laws, or in order to obtain any required approval of the sale or of the purchase by any Governmental Authority. Such compliance will not result in such sale being considered or deemed not to have been made in a commercially reasonable manner nor will the Secured Party be liable or accountable to the Debtor for any discount allowed by reason of the fact that such Collateral is sold in compliance with any such limitation or restriction;

(x) subject to requirements of applicable laws, the Secured Party may purchase any of the Collateral, whether in connection with a sale made under the power of sale herein contained or pursuant to judicial proceedings or otherwise;

(xi) subject to requirements of applicable laws, the Secured Party may accept the Collateral in satisfaction or partial satisfaction of the Obligations upon notice to the Debtor of its intention to do so in the manner required by law;

(xii) the Secured Party may borrow money on the security of the Collateral for the purpose of the carrying on of the business of the Debtor or for the maintenance, preservation, protection or realization of the Collateral in priority to the Charge;

(xiii) the Secured Party may enter upon, occupy and use all or any of the Collateral occupied by the Debtor and use all or any of the Collateral for such time as the Secured Party requires to facilitate the realization of the Collateral, free of charge, and the Secured Party and the Beneficiaries will not be liable to the Debtor for any neglect in so doing (other than gross negligence or wilful misconduct on the part thereof) or in respect of any rent, charges, depreciation or damages in connection with such actions;

(xiv) the Secured Party may charge on its own behalf and pay to others all amounts for expenses incurred and for services rendered in connection with the exercise of the rights and remedies of the Beneficiaries hereunder, including, without limiting the generality of the foregoing, reasonable legal, Receiver and accounting fees and expenses, and in every such case the amounts so paid together with all costs, charges and expenses incurred in connection therewith, including interest thereon at a rate per annum equal to the rate of interest per annum then payable on Cdn.$ Direct Advances plus 2.0% per annum, shall be added to and form part of the Obligations hereby secured; and

(xv) the Secured Party may discharge any claim, Security Interest, encumbrance or any rights of others that may exist or be threatened against the Collateral, and in every such case the amounts so paid together with all reasonable costs, charges and expenses incurred in connection therewith shall be added to the Obligations hereby secured.

(b) The Secured Party and the Beneficiaries may:

(i) grant extensions of time,

(ii) take and perfect or abstain from taking and perfecting security,

(iii) give up securities,

(iv) accept compositions or compromises,

(v) grant releases and discharges, and

(vi) release any part of the Collateral or otherwise deal with the Debtor, debtors and creditors of the Debtor, sureties and others and with the Collateral and other security as the Secured Party sees fit,

without prejudice to the liability of the Debtor to the Secured Party and the Beneficiaries or the Beneficiaries' rights hereunder.

(c) The Beneficiaries shall not be liable or responsible for any failure to seize, collect, realize, or obtain payment with respect to the Collateral and shall not be bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Secured Party, the Debtor or any other person, in respect of the Collateral.

(d) The Secured Party shall apply any proceeds of realization of the Collateral to payment of reasonable expenses in connection with the preservation and realization of the Collateral as above described and the Secured Party shall apply any balance of such proceeds to payment of the Obligations in accordance with the Commitment Letter. If the disposition of the Collateral fails to satisfy the Obligations secured by this Agreement and the aforesaid expenses, the Debtor will be liable to pay any deficiency to the Secured Party and the Beneficiaries forthwith on demand. Subject to the requirements of applicable law, any surplus realized in excess of the Obligations shall be paid over to the Debtor.

(e) Any Receiver shall be entitled to exercise all rights and powers of the Secured Party hereunder. To the extent permitted by law, any Receiver shall for all purposes be deemed to be the agent of the Debtor and not of the Secured Party and the Debtor shall be solely responsible for the Receiver's acts or defaults and remuneration.

6.2 Power of Attorney

The Debtor hereby appoints the Secured Party as attorney of the Debtor, with full authority in the place and stead of the Debtor and in the name of the Debtor or otherwise, from time to time in the Secured Party's discretion at any time after the occurrence of an Event of Default, to take any and all actions authorized or permitted to be taken by the Secured Party under this Agreement or by applicable laws and to: (a) execute and deliver all instruments and other documents and do all such further acts and things as may be reasonably required by the Secured Party to enforce the Charge and remedies provided hereunder or to better evidence and perfect the Charge; and (b) take any action and execute any instrument which the Secured Party, acting reasonably, may deem necessary or advisable to accomplish the purposes of this Agreement, including, to ask for, demand, collect, sue for, recover, compound, receive and give acquittances and receipts for moneys due and to become due under or in connection with the Collateral, to receive, endorse, and collect any drafts or other instruments, documents and chattel paper in connection therewith, and to file any claims or take any action or institute any proceedings which the Secured Party may deem to be necessary or desirable for the collection thereof. Such appointment of the Secured Party as the Debtor's attorney is coupled with an interest and is irrevocable.

ARTICLE 7 - GENERAL

7.1 Benefit of the Agreement

This Agreement shall be binding upon the successors and permitted assigns of the Debtor and shall benefit the successors and permitted assigns of the Secured Party and other Beneficiaries.

7.2 Conflict of Terms; Entire Agreement

This Agreement has been entered into as collateral security for the Obligations and is subject to all the terms and conditions of the Commitment Letter and, if there is any conflict or inconsistency between the provisions of this Agreement and the provisions of the Commitment Letter, the rights and obligations of the Debtor, the Secured Party and the other Beneficiaries shall be governed by the provisions of the Commitment Letter. This Agreement together with the Commitment Letter and all other agreements related thereto constitute the entire agreement between the Debtor and the Secured Party with respect to the subject matter hereof. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Beneficiaries and the Debtor except as expressly set forth therein and herein.

7.3 No Waiver

No delay or failure by the Beneficiaries in the exercise of any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude the other or further exercise thereof or the exercise of any other right.

7.4 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect. To the extent permitted by applicable law the parties hereby waive any provision of law that renders any provision hereof prohibited or unenforceable in any respect.

7.5 Notices

Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and may be given by personal delivery, facsimile or other electronic means, addressed to the recipient as follows:

To the Debtor:

Canada Sheep and Lamb Farms Ltd.
Box 929
Stony Mountain, MB
Canada, R0C 3A0

Attention: Gary Alexander
Email: g.alexander@iflgroup.co

To the Secured Party:

The Bank of Nova Scotia, as Secured Party
#2 - 83 Carry Drive SE
Medicine Hat, AB
Canada, T1B 3M5

Attention: Agriculture Banking
Facsimile: 403-528-8370

or such other address, electronic communication number, or to the attention of such other individual as may be designated by notice by any party to the other. Any demand, notice or communication made or given by personal delivery or by facsimile or other electronic means of communication during normal business hours at the place of receipt on a business day shall be conclusively deemed to have been made or given at the time of actual delivery or transmittal, as the case may be, on such business day. Any demand, notice or communication made or given by personal delivery or by facsimile or other electronic means of communication after normal business hours at the place of receipt or otherwise than on a business day shall be conclusively deemed to have been made or given at 10:00 a.m. (Calgary time) on the first business day following actual delivery or transmittal, as the case may be.

7.6 Modification; Waivers; Assignment

This Agreement may not be amended or modified in any respect except by written instrument signed by the Debtor and the Secured Party. No waiver of any provision of this Agreement by the Secured Party shall be effective unless the same is in writing and signed by the Secured Party, and then such waiver shall be effective only in the specific instance and for the specific purpose for which it is given. The rights of the Secured Party (including those of any Beneficiary) under this Agreement may only be assigned in accordance with the requirements of the Commitment Letter. The Debtor may not assign its obligations under this Agreement without the prior written consent of the Secured Party (which consent may be withheld in its sole discretion). Any assignee of a Beneficiary shall be bound hereby, *mutatis mutandis*.

7.7 Additional Continuing Security

This Agreement and the Charge granted hereby are in addition to and not in substitution for any other security now or hereafter held by the Secured Party or the other Beneficiaries and this Agreement is a continuing agreement and security that shall remain in full force and effect until discharged by the Secured Party.

7.8 Discharge

The Debtor and the Collateral shall not be discharged from the Charge or from this Agreement except by a release or discharge in writing signed by the Secured Party.

7.9 No Release

The loss, injury or destruction of the Collateral shall not operate in any manner to release or discharge the Debtor from any of its liabilities to the Beneficiaries.

7.10 No Obligation to Act

Notwithstanding any provision of this Agreement, the Commitment Letter or any other document related thereto or hereto or the operation, application or effect hereof, the Secured Party, the other Beneficiaries or any Receiver, or any representative or agent acting for or on behalf of the foregoing, shall not have any obligation whatsoever to exercise or refrain from exercising any right, power, privilege or interest hereunder or to receive or claim any benefit hereunder.

7.11 Admit to Benefit

Subject to Section 7.6, no person other than the Debtor and the Beneficiaries shall have any rights or benefits under this Agreement, nor is it intended that any such person gain any benefit or advantage as a result of this Agreement nor shall this Agreement constitute a subordination of any security in favour of such person.

7.12 Time of the Essence

Time shall be of the essence with regard to this Agreement.

7.13 Waiver of Financing Statement, etc.

The Debtor hereby waives the right to receive from the Secured Party or the other Beneficiaries a copy of any financing statement, financing change statement or other statement or document filed or registered at any time in respect of this Agreement or any verification statement or other statement or document issued by any registry that confirms or evidences registration of or relates to this Agreement.

7.14 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

7.15 Attornment

The Debtor and each of the Beneficiaries each hereby attorn and submit to the jurisdiction of the courts of the Province of Alberta. For the purpose of all legal proceedings, this Agreement shall be deemed to have been performed in the Province of Alberta and the courts of the Province of Alberta shall have jurisdiction to entertain any action or proceeding arising under this Agreement. Notwithstanding the foregoing, nothing herein shall be construed nor operate to limit the right of the Debtor or any Beneficiary to commence any action or proceeding relating hereto in any other jurisdiction, nor to limit the right of the courts of any other jurisdiction to take jurisdiction over any action, proceeding or matter relating hereto.

7.16 Executed Copy

The Debtor hereby acknowledges receipt of a fully executed copy of this Agreement.

7.17 Counterparts; Electronic Execution

This Agreement may be executed electronically and in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

CANADA SHEEP AND LAMB FARMS LTD.

Per: ____________________
Name:
Title:

Per: ____________________
Name:
Title:

THE BANK OF NOVA SCOTIA,
as Secured Party

Per: ____________________
Name:
Title:

Per: ____________________
Name:
Title:

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

CANADA SHEEP AND LAMB FARMS LTD.

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

THE BANK OF NOVA SCOTIA,
as Secured Party

Per: ______________________________
Name: **Allison Henning**
Title: Director, Credit Solutions Group

Per: ______________________________
Name:
Title:

AFFIDAVIT VERIFYING CORPORATE SIGNING AUTHORITY

CANADA PROVINCE OF ALBERTA TO WIT:	)))	I, GARY ALEXANDER, of Innisfail, in the Province of Alberta

MAKE OATH AND SAY THAT:

1. That I am an Officer and Director of CANADA SHEEP AND LAMB FARMS LTD., named in the within instrument.

2. That I am authorized to execute the within instrument without affixing a corporate seal.

SWORN BEFORE ME at Lethbridge in the Province of Alberta this ____ day of November, A.D. 2018.	))))))	
Tyler J. Murray Barrister and Solicitor	))	GARY ALEXANDER