Clerk's Stamp

COURT FILE NUMBER	K.B. 727/2015 (formerly Q.B.)
COURT	COURT OF KING'S BENCH FOR SASKATCHEWAN
JUDICIAL CENTRE	SASKATOON
PLAINTIFF	ALIGNVEST PROVATE DEBT LTD.
DEFENDANT	NABER SPECIALTY GRAINS LTD. AND MELFORT GRAIN TERMINAL LTD.
DOCUMENT	**THIRD REPORT OF THE RECEIVER** **SEPTEMBER 15, 2023**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**RECEIVER** ERNST & YOUNG INC. 10423 - 101 Street, Suite 1400 PO Box 44 Edmonton, Alberta T5H 0E7 Attention: Matt McCulloch / Dan McCulloch Telephone: 780-638-6642 / 780-441-4695 Fax: 780-428-8977 Email: matt.mcculloch@parthenon.ey.com dan.mcculloch@parthenon.ey.com **COUNSEL** MILLER THOMSON LLP Suite 300 15 - 23rd Street East Saskatoon, Saskatchewan S7K 0H6 Attention: Dustin Gillanders Telephone: 306-667-5616 Fax: 306-652-1586 Email: dgillanders@millerthomson.com

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SCHEDULES

INTRODUCTION AND PURPOSE OF THE REPORT

1. On June 18, 2015, pursuant to an application made by Alignvest Private Debt Ltd. ("**Alignvest**"), this Honourable Court granted an Order (the "**Receivership Order**") appointing Ernst and Young Inc. ("**EY**" or the "**Receiver**") as receiver of the assets, property and undertakings of Naber Specialty Grains Ltd. ("**NSGL**") and Melfort Grain Terminal Ltd. ("**MGTL**") (collectively the "**Companies**").

2. On November 12, 2015, the Receiver issued its first report of the Receiver (the "**First Report**"), which provided information to this Honourable Court on the background of the Companies, the activities of the Receiver, asset realization, and the Receiver's recommendations and conclusions. On the same date, the Receiver also filed its first confidential report (the "**First Confidential Report**") that was subject to the Receiver's application for an order to seal certain commercially sensitive material from the public record.

3. On April 22, 2016, the Receiver issued its second report of the Receiver (the "**Second Report**"), which provided information to this Honourable Court on the activities of the Receiver since the First Report, the realization of certain of the Companies' assets, and the Receiver's recommendations and conclusions. On the same date, the Receiver also filed its second confidential report (the "**Second Confidential Report**") that was subject to the Receiver's application for an order to seal certain commercially sensitive material from the public record.

4. The purpose of this third report of the Receiver (the "**Third Report**") is to advise this Honourable Court and the stakeholders of the Companies of the following:

   a) the Receiver's actions in these receivership proceedings since the date of the Second Report;

   a) the status of the Companies' books and records and the Receiver's proposed actions in relation thereto;

   b) the Receiver and its counsel's fees and disbursements to date and estimates of anticipated future fees to finalize this proceeding;

c) the receipts realized, and the disbursements incurred by the Receiver since the onset of this proceeding up to and including September 15, 2023 (the "**Receiver's Statement of Receipts and Disbursements**" or the "**SRD**");

d) a proposed distribution to the Canada Revenue Agency ("**CRA**") as set out herein (the "**Receiver's Proposed Distribution**"); and,

to obtain an order of this Honorable Court that:

e) approves the Receiver's actions to date, to the extent that any such actions have not been previously approved by the Court;

f) approves the Receiver's proposed actions with respect to the Companies' books and records;

g) approves the fees and expenses of the Receiver and its legal counsel as invoiced, along with the Receiver and its counsel's estimates of anticipated future fees to finalize this proceeding;

h) approves the Receiver's Statement of Receipts and Disbursements up to and including September 15, 2023;

i) approves the Receiver's Proposed Distribution as set out herein;

j) approves the discharge of the Receiver after all funds held by the Receiver have been distributed, and all administrative matters have been concluded, without the requirement for an additional application to the Court upon the filing of an affidavit and Final Statements of Receipts and Disbursements for the Companies; and,

k) provides such further relief that this Honourable Court considers just and warranted in the circumstances.

DISCLAIMER

5. In preparing the Third Report, the Receiver has relied upon the Companies' unaudited financial information, the Companies' books and records, certain financial information prepared by the Companies, and discussions with the Companies' Management. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information provided. Accordingly, the Receiver expresses no opinion or other form of assurance on the information contained in this report or relied upon in its preparation.

6. This report should be read in conjunction with any other materials filed before the date of the upcoming application to Court which has currently been set for October 5, 2023. All reports and Orders, save for items directed to be sealed for confidentiality purposes, are available on the Receiver's website established for these proceedings that is located at www.ey.com/ca/naber.

7. All references to dollars are in Canadian currency unless otherwise noted.

RECEIVER'S ACTIONS SINCE THE DATE OF THE SECOND REPORT

8. Since the date of the Second Report, the Receiver's activities have included, but were not limited to, the following:

   (a) continued to field and address various stakeholder enquiries, including those from former employees, unsecured creditors, and other secured creditors;

   (b) prepared and submitted all applicable employee information returns to the CRA;

   (c) prepared and filed all GST returns with the CRA;

   (d) addressed or otherwise attended to the other specific matters outlined in this report; and,

   (e) prepared this report, the Proposed Distribution and the SRD attached hereto.

ASSET MATTERS

9. The Receiver advises that all assets of the Companies have been realized upon and no further actions will be taken by the Receiver in this regard. The following paragraphs provide a high-level summary of the asset realizations since the Second Report.

Accounts Receivable ("A/R")

10. As discussed in the First Report, the receivables of NSGL consisted of approximately $39,000.00 USD and $19,000.00 CAD, with a substantial amount being subject to dispute or counterclaims. The Receiver has investigated the disputed amounts and counterclaims and has exhausted all collection efforts. The Receiver advises that it has only been able to collect approximately $6,000.00 in receivables. No further amounts are collectible and, as a result, further collection efforts have been abandoned.

11. The following is a summary of the results of the collection efforts of the NSGL receivables by the Receiver up to the date of this report:

A/R as of June 17, 2015	A/R Amounts Collected	A/R Amounts Uncollectable
US$ 38,808.00	US$ 0.00	US$ 38,808.00
CDN$ 18,701.97	CDN$ 6,170.47	CDN$ 12,531.50

12. As discussed in the First Report, the Receiver also identified amounts owing to NSGL from two companies controlled by Mr. Naber, being TKEL and TKNCFL. In addition, ownership of two NSGL vehicles and two NSGL trailers were transferred to TKEL without any purchase or payment documentation being identified by the Receiver.

13. The Receiver instructed its legal counsel to issue written demands for payment of the amounts owed to NSGL by TKEL and TKNCFL and the return of the two vehicles and two trailers to NSGL. Mr. Naber's legal counsel responded to the demands by either disputing the amounts claimed and/or asserting counterclaims for trucking and other services provided to NSGL.

14. The Receiver reviewed the representations provided with its legal counsel who advised that pursuing further collection actions would most likely not result in any further recoveries and the estate would incur unnecessary costs. As a result, the Receiver has abandoned further collection efforts.

Parcel 1

15. As detailed in the First Report, Parcel 1 consisted of certain seed cleaning assets, a grain terminal and related assets owned by MGTL and located in Melfort, Saskatchewan. The Receiver advises that it has concluded the sale and conveyance of the assets comprising Parcel 1, as contemplated and approved by this Honourable Court in the Order pronounced on April 29, 2016. As such, no further actions are required by the Receiver in this regard.

Parcel 2

16. As detailed in the First Report, Parcel 2 consisted of land parcel 135772263 (400 Railway Avenue) owned by NSGL and located in the municipality of Star City, Saskatchewan. The Receiver advises that it has concluded the sale and conveyance of Parcel 2, as contemplated and approved by this Honourable Court in the Order pronounced on April 26, 2016. As such, no further actions are required by the Receiver in this regard.

CREDITOR MATTERS

CRA Deemed Trust Claims

17. The Receiver advises that the CRA filed a property claim, in the amount of $36,452.53, for outstanding GST owing by NSGL. Further, the CRA filed a property claim, in the amount of $70,208.84, for outstanding source deductions also owing by NSGL. The claims filed by the CRA, totaling $106,661.37, have a super-priority ranking that supersedes the security interests of secured creditors. Both claims have been reviewed and accepted by the Receiver.

GST and Payroll Program Accounts

18. All NSGL pre-receivership employee T4 slips, T4 Summaries, Records of Employment, and GST returns required to be filed by statute have been completed and filed. The Receiver advises that NSGL's "0001" payroll and GST program accounts have been closed.

19. The Receiver will proceed to close the "0002" GST account, which was opened to remit post-receivership GST, with the CRA upon completion of all administrative matters.

EMPLOYEE MATTERS

20. As noted in the Second Report, the Receiver reduced the staffing complement of NSGL to only the former plant manager of the facility. Following the sale of the facility, the plant manager's employment was terminated.

NSGL'S BOOKS AND RECORDS

21. As detailed in the First Report, the Receiver took possession of the Companies' books and records which consisted of nine banker's boxes of records and an electronic copy of the Companies' accounting database records.

22. The Receiver has essentially completed its administration of these receivership proceedings and no longer requires the Companies' books and records. As such, the Receiver intends to send a 30-day notice to all directors on record of the Companies informing them that the Receiver would be seeking Court approval to destroy the Companies' books and records unless a director makes arrangements with the Receiver to physically take possession of the records, at their sole cost and expense.

23. To avoid additional costs to the estate for storage, the Receiver requests that an order be granted authorizing the Receiver to destroy all the Companies' books and records after the expiry of the 30-day notice.

24. The Receiver advises that the CRA is on notice of this application, and the Receiver's request in this regard.

RECEIVER'S AND RECEIVER'S COUNSEL'S FEES

Receiver's Fees

25. Since the onset of this proceeding, the Receiver has invoiced the estate $186,700.00 in professional fees plus GST of $9,335.00, for a total of $196,035.00. The Receiver's unbilled WIP up to and including February 24, 2023 is $16,272.50 plus GST of $813.63, for a total of $17,086.13. The Receiver estimates its fees and expenses to the end of its administration to be $5,000.00 plus GST of $250.00, for a total of $5,250.00. For clarity, the Receiver's total unbilled fees and expenses are estimated to be $22,336.13 (inclusive of GST). A summary of the Receiver's invoiced fees and expenses are attached as Schedule "A".

Receiver's Counsel's Fees

26. Since the onset of this proceeding, the Receiver's counsel has invoiced the estate $84,922.21 plus GST of $4,230.91 for a total of $89,153.12. The Receiver's counsel estimates its fees and expenses to the end of the administration will not exceed $3,800.00 plus GST of $190.00, for a total of $3,990.00. A copy of the Receiver's Counsel's invoices are attached as **Schedule "B"**.

27. It is the opinion of the Receiver that the fees and expenses of the Receiver and its counsel are fair and reasonable in these circumstances, and as such, should be approved by the Court.

STATEMENT OF RECEIPTS AND DISBURSEMENTS AND RECEIVER'S DISTRIBUTION

Receiver's Statement of Receipts and Disbursements

28. Attached as **Schedule "C"** to this report is a copy of the Receiver's Statement of Receipts and Disbursements up to and including September 15, 2023. For the Court's ease of reference, **Schedule "C"** states that the cash on hand, available for distribution, is $112,385.18.

29. It is the Receiver's position that the receipts and disbursements as noted in **Schedule "C"** are reasonable and appropriate in these circumstances.

Receiver's Proposed Distribution

30. The following paragraphs provide an overview of the rationale of the Receiver in preparing the Receiver's Proposed Distribution that is attached as **Schedule "D"** to this report.

31. As of September 15, 2023, the estate has net receipts available for distribution of $112,385.18. As discussed earlier in this report, the CRA filed property claims totalling $106,661.37, the Receiver's unbilled fees and expenses are estimated to be $22,336.13 (inclusive of GST), and the Receiver's counsel's fees and expenses are estimated to be $3,990.00 (inclusive of GST).

32. Given the figures noted above, the estate does not have sufficient funds to pay CRA's claims, the Receiver's total unbilled fees and expenses, and those of its counsel. The Receiver discussed this situation with CRA, and CRA agreed to enter into an

administrative agreement ("**Administrative Agreement**") with the Receiver which allowed the Receiver to take up to $18,563.13 of its fees and expenses ahead of the CRA's property claims. Given the Administrative Agreement with CRA, the Receiver has provided a courtesy discount of $2,039.19 (inclusive of GST) on its fees, reducing the Receiver's final unbilled fees and expenses to $20,296.94 (inclusive of GST) which should now be paid in full.

33. Given the circumstances with CRA noted above, the Receiver is proposing to pay the CRA's claims, less the portion of the Receiver's fees and expenses allowed by the CRA pursuant to the Administrative Agreement for a net distribution to the CRA of $88,098.24. The balance remaining thereafter would then be applied to the fees and expenses of the Receiver and its counsel.

34. The Receiver advises that there is a significant shortfall between the amounts realized from the Companies' assets and the claims of its secured creditors, and as such, there will be no distributions to the unsecured creditors of this estate.

35. The Receiver is of the view that the Receiver's Proposed Distribution is fair and reasonable to all stakeholders in these circumstances, and respectfully requests it be approved by the Court.

DISCHARGE OF THE RECEIVER

36. In an effort to minimize costs, the Receiver requests that the Court grant its discharge, without the requirement for an additional application to the Court, subject to the Receiver confirming to the Court, in an affidavit, that it has completed the following (as required):

(a) file a final GST return with the CRA and close the RT0002 account;

(b) payment of the amounts proposed in the Receiver's Proposed Distribution (if approved); and,

(c) upon completion of the above, close the Companies trust account.

CONCLUSION

37. Based on the matters outlined in this report, the Receiver respectfully requests that this Honourable Court grant an order that:

a) approves the Receiver's actions to date, to the extent that any such actions have not been previously approved by the Court;

b) approves the Receiver's proposed actions with respect to the Companies' books and records;

c) approves the fees and expenses of the Receiver and its legal counsel as invoiced, along with the Receiver and its counsel's estimates of anticipated future fees to finalize this proceeding;

d) approves the Receiver's Statement of Receipts and Disbursements up to and including September 15, 2023;

e) approves the Receiver's Proposed Distribution as set out herein;

f) approves the discharge of the Receiver after all funds held by the Receiver have been distributed, and all administrative matters have been concluded, without the requirement for an additional application to the Court upon the filing of an affidavit and Final Statements of Receipts and Disbursements for the Companies; and,

g) provides such further relief that the Court considers just and warranted in the circumstances.

Respectfully submitted this 15th day of September 2023.

Ernst & Young Inc.
In its capacity as Receiver of
Naber Specialty Grains Ltd. and Melfort Grain Terminal Ltd.
and not in its Personal Capacity

Per:

Dan McCulloch, CIRP, LIT
Vice President

Schedule "A"
Receiver's Fees

Schedule A

Naber Specialty Grains Ltd. and Melfort Grain Terminal Ltd. - in Receivership

Ernst & Young Inc., Receiver

Receiver's Fees

As of September 15, 2023

	Amount	GST	Total
Invoice #CA01	141,700.00	7,085.00	148,785.00
Invoice #CA12C500001814	45,000.00	2,250.00	47,250.00
Totals	**186,700.00**	**9,335.00**	**196,035.00**

Schedule "B"
Receiver's Counsel's Fees

Schedule B

Naber Specialty Grains Ltd. and Melfort Grain Terminal Ltd. - in Receivership

Ernst & Young Inc., Receiver

Receiver's Counsel's Fees

As of September 15, 2023

	Amount	GST	Total
Invoice #2760028	4,871.46	243.58	5,115.04
Invoice #2774636	8,575.26	427.76	9,003.02
Invoice #2785038	6,121.96	294.38	6,416.34
Invoice #2793455	7,036.83	351.85	7,388.68
Invoice #2807788	10,096.39	504.82	10,601.21
Invoice #2822716	7,961.20	398.06	8,359.26
Invoice #2837405	1,854.26	92.71	1,946.97
Invoice #2852457	1,526.10	76.31	1,602.41
Invoice #2863237	1,176.00	58.80	1,234.80
Invoice #2874854	6,123.00	306.15	6,429.15
Invoice #2886203	19,868.28	991.91	20,860.19
Invoice #2896647	2,977.51	147.88	3,125.39
Invoice #2913686	1,093.81	54.69	1,148.50
Invoice #2923805	1,497.00	74.85	1,571.85
Invoice #2933918	2,890.00	144.50	3,034.50
Invoice #2946904	591.00	29.55	620.55
Invoice #2990380	66.15	3.31	69.46
Invoice #3044036	52.00	2.60	54.60
Invoice #3045943	104.00	5.20	109.20
Invoice #3189414	440.00	22.00	462.00
Totals	**84,922.21**	**4,230.91**	**89,153.12**

Schedule "C"

Statement of Receipts and Disbursements

Schedule C

Naber Specialty Grains Ltd. and Melfort Grain Terminal Ltd. - in Receivership

Ernst & Young Inc., Receiver

Receiver's Statement of Receipts and Disbursements

For the Period June 18, 2015 to September 15, 2023

Receipts:	
Sale of facility (Parcel #1)	400,000.00
Sale of inventory	256,099.09
Receiver's certificate	100,000.00
Insurance refund	38,690.00
Sale of land (Parcel #2)	12,150.00
Operations	11,760.00
Interest	10,581.57
GST refunds	5,590.59
Miscellaneous receipts	3,382.73
Cash on hand	2,418.56
Total Receipts	**840,672.54**
Disbursements:	
Receiver's fees	186,700.00
GST paid on receiver's fees	9,335.00
Payroll	155,451.00
Repayment of receiver's certificate	100,000.00
Insurance	109,435.51
Legal fees	84,922.21
GST paid on legal fees	4,230.91
Repairs & maintenance	30,499.56
Utilities	16,344.28
Appraisal fee	8,000.00
Auctioneer commission	6,457.83
GST paid on operations	3,129.46
Source deductions	4,007.45
Telephone	3,037.01
Property taxes	2,196.93
Interest on receiver's certificate	1,438.36
Miscellaneous	901.46
Inspections	821.00
Freight	689.96
PST paid on operations	689.43
Total Disbursements	**728,287.36**
Cash on Hand - September 15, 2023	**112,385.18**

Schedule "D"
Proposed Distribution

Schedule D

Naber Specialty Grains Ltd. and Melfort Grain Terminal Ltd. - in Receivership

Ernst & Young Inc., Receiver

Receiver's Proposed Distribution

As of September 15, 2023

Total receipts:		840,672.54	
Total disbursements:		728,287.36	
Cash on hand - May 15, 2023		**112,385.18**	
Proposed distributions:			
Canada Revenue Agency ("**CRA**")	106,661.37		
Less: Portion of Receiver's fees per CRA Administrative Agreement	-18,563.13		
Net distribution to CRA:		88,098.24	*(1)*
Proposed holdback:		24,286.94	
		112,385.18	
Proposed holdback:			
Receiver's counsel's fees:		3,990.00	
Receiver's fees	22,336.13		
Less: Courtesy discount	-2,039.19		
Net receiver's fees:		20,296.94	
		24,286.94	*(2)*

(1) *The proposed distribution to the CRA is net of a portion of the Receiver's fees which the CRA agreed could be taken by the Receiver ahead of the CRA's deemed trust claim per an Administrative Agreement between the CRA and the Receiver.*

(2) *The proposed holdback is to cover the unbilled fees and expenses of the Receiver, net of a courtesy discount, and the estimated fees and expenses of its counsel.*