ACTION NO. 0801-14675

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

BETWEEN:

NATIONAL BANK OF CANADA

Plaintiff

- and -

McGILLIVRAY & SERA FARMS LTD., 626625 ALBERTA LTD., 626626 ALBERTA LTD., BASTIAANSEN HOLDING COMPANY LTD., JOS BASTIAANSEN, CORIEN BASTIAANSEN, and BASSEM FARM CORPORATION

Defendants

FIFTH REPORT OF THE RECEIVER ERNST & YOUNG INC.

June 17, 2009

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INTRODUCTION

1. Ernst & Young Inc. was appointed Interim Receiver over McGillivray & Sera Farms Ltd., 626625 Alberta Ltd., 626626 Alberta Ltd., Bastiaansen Holding Company Ltd., Jos Bastiaansen and Corien Bastiaansen and in respect of certain assets of Bassem Farm Corporation pursuant to an Order of this Honourable Court Dated February 23, 2009 ("Interim Appointment Date").

2. Pursuant to an Order (the "Appointment Order") of this Honourable Court dated March 16, 2009, Ernst & Young Inc. was appointed Receiver (the "Receiver") of the property, assets and undertaking of McGillivray & Sera farms Ltd. ("MSF"), 622625 Alberta Ltd., Bastiaansen Holdings Company Ltd., Jos Bastiaansen ("Mr. Bastiaansen"), and Corien Bastiaansen ("Mrs. Bastiaansen") (collectively referred to as the "MSF Defendants") and in respect of certain assets (including the Inventory, Proceeds and Bank Accounts as defined in the Appointment Order) of Bassem Farm Corporation ("Bassem"), collectively Bassem and the MSF Defendants are referred to as the "Defendants". The Appointment Order was entered by this Honourable Court on March 23, 2008.

3. The Appointment Order authorized the Receiver, among other things, to carry on the business of the Defendants, to solicit offers to purchase the assets of the MSF Defendants, to continue to realize on the Bassem assets covered by this Order, and make such arrangements or agreements as deemed necessary by the Receiver.

4. The purpose of this fifth report (the "Fifth Report") of the Receiver is to advise this Honourable Court with respect to:

   a. The application to this Honourable Court seeking the approval of an additional contract (the "Second Auction Contract") to auction with Ritchie Bros. Auctioneers (Canada) Ltd. ("Ritchies") machinery and equipment located on the MSF property that may be owned by either the MSF Defendants, Bassem or Walter Semkuley ("Mr. Semkuley"). The Second Auction Contract is supplementary to the contract (the "First Auction Contract") to auction machinery and equipment approved by this Court pursuant to the

Court Order of the Honourable Madam Justice C. A. Kent dated May 12, 2009 and described in the Receiver's Third Report to the Court (the "Third Report");

b. An update on the dispute over the beneficial ownership of the Defendant's 2008 crop inventory (the "2008 Inventory") including the seeking of Court approval of an agreement (the "Settlement Agreement") between the National Bank of Canada (the "National Bank"), Bassem Farm Corporation ("Bassem"), Mr. Semkuley and the Receiver setting forth the beneficial ownership of the Inventory and vacating the need for a trial to determine the beneficial ownership of the 2008 Inventory;

c. A summary of the Receiver's estimated net recoveries of MSF's and Bassem's assets including (the "Net Recovery Summary");

    i. The estimated proceeds from the Defendant's assets as estimated at June 11, 2009;

    ii. The estimated recoveries to each of MSF and Bassem as result of the proposed Settlement Agreement; and

    iii. The allocation of related costs to both MSF and Bassem;

d. Approval of a distribution to the National Bank and Mr. Semkuley in the amount owed under their respective security agreements; and

e. Recommendations of the Receiver.

BACKGROUND

5. The MSF Defendants have operated a commercial potato and other cash crop venture in and around the Town of Bow Island, in the Province of Alberta, since approximately April, 2006. The MSF Defendant's operations consist of approximately 876 acres of agricultural farm land (the "MSF Land"), including two large potato bins used to store potatoes (the "Potato Bins"). Mr. and Mrs. Bastiaansen's personal residence is also located on the MSF Lands. In addition to the MSF Land and Buildings, the MSF Defendants currently own certain machinery and

equipment (the “MSF Machinery and Equipment”) used in its farming operations. The Receiver’s First Report to the Court (the “First Report”) provides further background on the Defendants.

6. Further background on the MSF Defendant’s, including Orders issued by this Honourable Court and the Receiver’s reports have been posted by the Monitor on its website at http://documentcentre.eycan.com/Pages/Main.aspx?SID=106.

SALES PROCESS

MSF Machinery and Equipment

7. Pursuant to the Court Order of the Honourable Madam Justice C. A. Kent dated May 12, 2009 and described in the Third Report, the Receiver executed the First Auction Contract with Ritchies to auction the machinery and equipment of the MSF Defendants (the “MSF Machinery and Equipment”) on June 26, 2009 (the “Auction”). Refer to the Third Report for a detailed listing of the machinery and equipment relating to the First Auction Contract.

8. Upon its appointment, the Receiver completed an inventory of the machinery and equipment on site and determined that certain pieces of equipment located on site were potentially owned by parties other than the MSF Defendants including Bassem and Mr. Semkuley. Based on the information available to the Receiver, the beneficial ownership of these pieces of the machinery and equipment (the “Additional Equipment”) was uncertain, and, accordingly the Additional Equipment was excluded from the First Auction Contract.

9. Ownership over the Additional Equipment has not yet been determined by the Receiver, however pursuant to the evidence received from Mr. Semkuley and financing agreements, it appears that the Additional Equipment is owned by either the MSF Defendants, Bassem or Mr. Semkuley. Attached as Appendix A is a listing of the Additional Equipment which is included in the Second Auction Contract. The Personal Property Registry searches for the Additional Equipment are attached at Appendix B. The Receiver advises that it has received approval from Mr. Semuley to include the Additional Equipment in the Auction.

10. The Receiver believes that it is appropriate the Additional Equipment be included in the Auction and the proceeds dealtwith in accordance with the direction of this Court. The terms of the

Second Auction Contract have been reviewed and approved by Mr. Semkuley. In addition, Farm Credit Canada ("FCC") and Transwest Financial Services Corp. ("Transwest") are the only secured creditors with security registrations relating to the Additional Equipment and the FCC and Transwest have both advised the Receiver that they are in agreement with including the Additional Equipment in the Auction.

Retention of an Auctioneer

11. The Receiver has already engaged Ritchies to hold the Auction of the MSF Machinery and Equipment. The Receiver therefore recommends that Ritchies also be engaged to auction the Additional equipment.

12. The Receiver has executed with Ritchies the Second Auction Contract attached at Appendix C, subject to Court approval. The terms of the Second Auction Contract include:

    a. A 10% commission for any lot in excess of $2,500; and

    b. For any lot realizing $2,500 of less, a 25% commission with a minimum fee of $100 per lot.

13. It is contemplated that the Additional Equipment will be included in the Auction scheduled for June 26th, 2009.

14. For further details on the Receiver's selection of the method of realization on the MSF Machinery and Equipment refer to the Receiver's Second Report to the Court.

BENEFICIAL OWNERSHIP OF INVENTORY

15. As noted above, MSF has operated as a commercial potato and other cash crop venture since approximately April, 2006. MSF obtained a credit facility from the National Bank of Canada (the "National Bank" and the "National Bank Credit Facility") which is secured over all the assets of the MSF Defendants. We refer to the Receiver's Fourth Report to Court (the "Fourth Report") for a description and an independent legal opinion on the validity and enforceability of National Bank's security.

16. In late 2007, Bassem was formed as a corporation jointly owned by Mr. Bastiaansen and Mr. Semkuley. During the 2008 crop season, Bassem cultivated the 2008 Inventory on the land owned by MSF (the "MSF Lands"), certain leased lands (the "Lease Lands") and lands owned by Mr. Semkuley (the "Semkuley Lands").

17. There has been a dispute between the National Bank and Mr. Semkuley as to the beneficial ownership of the 2008 Inventory which comprises certain potato and seed canola inventory grown by Bassem in 2008. The Bank has alleged that the 2008 Inventory is wholly-owned by the MSF Defendants and, as such, is secured by the National Bank Credit Facility, or in the alternative, that if the 2008 Inventory was owned by Bassem, it was subject to the National Bank Credit Facility as the facility was used to finance the growing of the 2008 Inventory. Semkuley and Bassem have alleged that the 2008 Inventory is wholly-owned by Bassem, and is not subject to the National Bank Credit Facility.

18. In the Appointment Order, this Honourable Court requested that the Receiver complete an inventory investigation report (the "Inventory Investigation Report"). The Inventory Investigation Report was filed with this Honourable Court as the Fourth Report and the Receiver concluded that while a portion of the 2008 Inventory was funded from the National Bank Credit Facility, there was not a definitive method to determine beneficial ownership of the 2008 Inventory given the following:

    a. The 2008 Inventory was grown on the MSF Lands, the Leased Lands and Semkuley Lands but was jointly stored in one storage location and it was not possible to trace the quantum of crops grown on each parcel of land;

    b. MSF's and Bassem's cash receipts and disbursements were commingled which caused any tracing of transactions difficult if not impossible;

    c. The books and records and certain agreements did not reflect the purported underlying business arrangements as between MSF and Bassem; and

d. The lack of an agreement between Mr. Bastiaansen and Mr. Semkuley describing the detailed method in which certain transactions were to be allocated between MSF and Bassem.

19. The Receiver's Fourth Report provides further information on the issues identified in determining beneficial ownership over the 2008 Inventory.

SETTLEMENT AGREEMENT

20. Since the issuance of the Inventory Investigation Report, discussions have continued between the Receiver, National Bank and Mr. Semkuley and the parties have recently reached an agreement to resolve the dispute over the beneficial ownership of the 2008 Inventory. As a result, the Receiver, Bassem, National Bank and Mr. Semkuley have executed the Settlement Agreement, subject to Court approval, and a copy of the Settlement Agreement is attached hereto as appendix D.

21. The Settlement Agreement contemplates the following:

a. An order from this Honourable Court approving the Settlement Agreement (the "Inventory Settlement Order");

b. Declaring the beneficial ownership of the 2008 Inventory to be calculated based on the lands contributed by MSF and Bassem that were used to grow the 2008 Inventory (as discussed in further detail below);

c. Declaring the validity and quantum of the National Bank' security and the secured claim of Mr. Semkuley; and

d. That the trial scheduled for June 22, 2009 to address the beneficial ownership of the 2008 Inventory is to be vacated.

THE INVENTORY SETTLEMENT ORDER

22. In conjunction with the Settlement Agreement, the Receiver is seeking the approval of the Inventory Settlement Order:

a. Approving the Settlement Agreement, as discussed above;

b. Declaring the beneficial ownership of the 2008 Inventory as contemplated in the Settlement Agreement;

c. Appointing Ernst & Young Inc. as Receiver and Manager over Bassem to facilitate the distribution of the proceeds of the 2008 Inventory;

d. Authorizing the Receiver to distribute the net proceeds of the sale of the assets of the MSF Defendants (comprising the MSF Lands and Buildings, the MSF Machinery and Equipment and MSF's share of the 2008 Inventory, net of the allocated costs) to the secured creditors of MSF and, thereafter, any remaining funds to form the "MSF Surplus";

e. Authorizing the Receiver to distribute the net proceeds of the Bassem assets (comprising Bassem's share of the 2008 Inventory, net of the allocated costs) to the secured creditors of Bassem and, thereafter, any remaining funds to form the "Bassem Surplus";

f. Directing that the MSF Surplus, if any, and the Bassem Surplus, if any, be pooled together to form an unsecured creditors' fund (the "Unsecured Creditors' Fund") for the benefit of all the unsecured creditors of Bassem and the MSF Defendants jointly; and

g. Declaring that the secured claim of National Bank is good and valid as against the assets of the MSF Defendants and that the secured claim of Mr. Semkuley is good and valid as against the assets of Bassem.

Allocation of the beneficial ownership of the 2008 Inventory

23. The Settlement Agreement proposes that beneficial ownership of the 2008 Inventory be determined on the basis of relative land acreage contributions used to cultivate the 2008 Inventory. The amount of land contributed by Mr. Semkuley would decide Bassem's beneficial ownership of the 2008 Inventory and the amount of land contributed by the MSF Defendants and the Leased Land would determine MSF's beneficial ownership of the 2008 Inventory.

24. The 2008 Inventory consisted primarily of potato and seed canola inventory. Therefore the Settlement Agreement provides that only the land contributed by the Defendants to cultivate the

potato inventory and seed canola inventory is used to determine beneficial ownership of the 2008 Inventory. The MSF Defendants were the lessees of the Leased Lands used by Bassem to grow the 2008 Inventory and therefore the Settlement Agreement proposes that the acreage of the Leased Land be recognized as land contributed by the MSF Defendants to Bassem.

25. The following schedule identifies the land contributed by the MSF Defendants and Mr. Semkuley and the resulting beneficial ownership held by MSF and Bassem over the 2008 Inventory as proposed in the Settlement Agreement:

Settlement Agreement - Beneficial Ownership of 2008 Crop Inventory					
	Land Contribution (acres)			**Beneficial Ownership**	
	MSF Land	Semkuley Land	Total	MSF	Bassem
Potatoes	675	500	1,175		
Seed Canola	220	500	720		
	895	**1,000**	**1,895**	**47.2%**	**52.8%**

26. As set out in the schedule above, the proposed allocation of the 2008 Inventory per the Settlement Agreement is that MSF is the beneficial owner of 47.2% of the 2008 Inventory and Bassem is the beneficial owner of 52.8% of the 2008 Inventory. The net proceeds from the sale of the 2008 Inventory will be distributed between MSF and Bassem based on this ratio, after taking into consideration the allocation of costs as discussed in further detail below.

27. The Receiver believes that the determination of beneficial ownership on the basis of land contributed to grow the 2008 Inventory is fair and reasonable given the following:

a. The Receiver does not believe that determining the beneficial ownership of the 2008 Inventory in a manner other than on a supportable allocation percentage would be cost-effective or possible given the commingling of receipts and disbursements and the limitations in the documentation and books and records as set out the Forth Report, and

b. The acres of land contributed by the respective parties is a logical basis for the allocation of the 2008 Inventory and is considered fair and reasonable to both the creditors of Bassem and the MSF Defendants.

28. The Receiver considered whether other factors should be included in the calculation of the allocation of the 2008 Inventory, such as the value of equipment or other assets contributed. For example, as set out in the Fourth Report, MSF used its equipment to plant and harvest the 2008 Inventory and its buildings were used store the inventory. In addition, Bassem also contributed certain equipment that was used in the growing of the 2008 Inventory. The Receiver has concluded that attempting to include these items in the allocation methodology would be difficult and potentially arbitrary. In addition, the allocation based on the contribution of land is a reasonable compromise taking into consideration all parties' respective positions.

Allocation of costs

29. In addition to the allocation of the proceeds of the 2008 Inventory, an appropriate methodology needs to be established for the allocation and/or assignment of the costs incurred since the Interim Receivership Order to the various assets owned by Defendants (the "Cost Allocation Methodology"). The Cost Allocation Methodology was established based on the Receiver's analysis of the costs incurred and consideration of certain historical allocations used in similar insolvency proceedings.

30. The mains assets owned by Bassem or the MSF Defendants comprise the following categories (the "Asset Categories"):

   a. The MSF Lands and Buildings;

   b. The MSF Machinery and Equipment; and

   c. The 2008 Inventory.

31. The proposed Cost Allocation Methodology contemplates the following:

   a. Costs are to include all expenses incurred since the granting of the Interim Receivership Order and comprises all expenses including fuel, labour, maintenance, electricity, insurance, Receiver's fees, legal fees, etc.; and

   b. Costs that are identifiable to a specific asset would be assigned to the relevant Asset Category and would be deducted from the gross proceeds relating to that Asset Category.

If a cost is considered a general cost and not assignable to a specific Asset Category (the "General Costs"), it would be included in a general cost pool and allocated to each Asset Category based on a proportionate basis, as discussed in further detail below.

32. In tabulating the allocation of costs per the proposed Cost Allocation Methodology, the Receiver has reviewed each individual receipt and disbursement and assigned each, when possible, to the applicable Asset Category. The remaining costs that were not specifically related to a specific Asset Category, the General Costs, will be allocated to the Asset Categories on proportionate basis based on relative value of the Asset Categories.

33. The following schedule identifies how the General Costs would be allocated on a gross receipts basis:

Allocation of General Expenses (Based on Gross Receipts)		
	Gross Receipts	Allocation
MSF Land and Equipment	5,205,002	**67%**
MSF Machinery and Equipment	994,000	**13%**
2008 Inventory	1,626,101	**21%**
Gross recoveries	7,825,103	**100%**

34. The Receiver has discussed the Cost Allocation Methodology with the National Bank and Mr. Semkuley and both parties agree that the allocation is fair and reasonable under the circumstances.

NET RECOVERY SUMMARY

35. The Receiver has provided below the Net Recovery Summary to provide an overview to this Honourable Court as to the net result of the Settlement Agreement and the assignment of the specific costs and the allocation of General Costs to each Asset Category, as proposed above, on the estimated distribution of funds.

Net Recovery Summary				
	MSF Land and Buildings	MSF Machinery and Equipment	2008 Inventory	Total
Receipts				
Sale of Land and Buildings	5,205,002			5,205,002
Net Minimum Guarantee		994,000		994,000
Opening Cash Balance			55,339	55,339
Potato Crop Sales			657,895	657,895
Seed Canola Crop Sales			411,251	411,251
Accounts Receivable - Potato			51,616	51,616
AFSC Insurance			400,000	400,000
GST Receivable			50,000	50,000
	5,205,002	**994,000**	**1,626,101**	**7,825,103**
Disbursements				
Direct Costs	141,504	336,972	447,844	926,321
General Costs	154,874	29,576	48,384	232,835
	296,378	**366,549**	**496,229**	**1,159,156**
Estimated Net Realization	**4,908,624**	**627,451**	**1,129,872**	**6,665,947**

MSF Land and Buildings

36. The sale of the MSF Lands and Buildings was approved by this Honourable Court pursuant to the Order dated April 29, 2009. The MSF Lands and Buildings were sold for $5,205,002.

37. The direct costs allocated to the MSF Lands and Buildings total $141,504 and include:

a. The real estate agent’s commission of $104,100;

b. Appraisal fees of $4,750 related specifically to the MSF Lands and Buildings; and

c. Estimated direct costs incurred by the Receiver and the Receiver’s legal counsel of $32,654 in relation to the sale of the MSF Lands and Buildings. The Receiver identified the direct costs of the Receiver and its counsel by performing a detailed review of its invoices and tabulated the time that related specifically to the MSF Land and Buildings. The Receiver’s counsel legal invoices were allocated on the same proportion as the Receiver’s costs.

38. General Costs of $154,874 have been allocated to the MSF Land and Buildings as detailed and calculated below.

39. Estimated net proceeds to be received from the sale of the MSF Lands and Buildings are $4,908,624.

MSF Machinery and Equipment

40. The MSF Machinery and Equipment is scheduled to be auctioned June 26th, 2009 by Ritchies as approved by this Honourable Court pursuant to the Order dated May 12, 2009. Pursuant to the auction contract the First Auction Contract, Ritchie's has provided a net minimum guarantee of $994,000 on the auction of the MSF Machinery and Equipment. The Net Recovery Summary has assumed that only the net minimum guaranteed amount will be received.

41. The direct costs allocated to the MSF Machinery and Equipment total $336,972 and include:

    a. Salaries and Wages of $10,507 based on an allocation of 10% of salaries and wages paid relating the estimated effort in the moving and cleaning of the MSF Machinery and Equipment in anticipation of the Auction.;

    b. $80,000 in repairs and maintenance to the MSF Machinery and Equipment to be in the condition required by Ritchies to receive the net minimum guarantee per the Auction;

    c. Estimated operating costs of approximately $30,000 primarily comprising the consultant and contractors fees associated with work performed on preparing the MSF Machinery and Equipment for the Auction;

    d. $160,000 associated with a secured charge by Farm Credit Canada ("FCC") over certain pieces of the MSF Machinery and Equipment, which appear to rank in priority to the secured claim of the National Bank; and

    e. Estimated direct costs incurred by the Receiver and the Receiver's legal counsel of $51,075 in relation to the administrative duties associated with determining ownership and security over the MSF Machinery and Equipment, selecting the method of realization and obtaining approval for the Auction.

42. The Receiver has been contacted by Transwest Financial Services Corp. ("Transwest") and Vandenende Machinebouw B.V. ("Vandenende"), two creditors of the Defendants' who have claimed ownership over certain pieces of MSF Machinery and Equipment that are included in the Auction. The Receiver and its counsel has reviewed the information provided by these creditors and have concluded that Transwest's and Vandenende's interest in the MSF Machinery and Equipment, if any, would be subordinate to the National Bank's security interest. The Receiver's analysis set out above assumes that Transwest and Vandenende interest is subordinate to the National Bank's security.

43. General Costs of $29,576 have been allocated as against the MSF Machinery and Equipmend as detailed and calculated below.

44. Estimated net proceeds to be received from the Auction of the MSF Machinery and Equipment are $627,451.

2008 Inventory

45. Estimated receipts relating the 2008 Inventory include the following:

    a. Cash balance at the Interim Appointment Date resulting from the sale of the 2008 Inventory prior to the Interim Appointment Date of $55,339;

    b. Receipts collected to date subsequent to the Interim Appointment Date of $657,895 from the sale of potatoes and $411,251 from the sale of seed canola;

    c. Outstanding receivables from the sale of the 2008 Inventory of $51,616;

    d. AFSC crop insurance proceeds expected from weather damage to the 2008 Inventory of $400,000; and

    e. GST receivable resulting from GST paid on inputs to grow the 2008 Inventory and no GST collected on the sale of the 2008 Inventory, estimated at $50,000.

46. The direct costs allocated to the 2008 Inventory total $447,844 and include:

a. Salaries and Wages of $94,565 incurred in maintaining and assisting in the transportation of the 2008 Inventory to purchasers;

b. Transportation costs of $20,095 paid to a trucking service to truck the 2008 Inventory to purchasers;

c. Utilities of $18,710 primarily consisting of electricity used to power the fans within the potato shed to maintain the condition of the 2008 Inventory;

d. $28,960 paid to obtain insurance over the 2008 Inventory while stored in the potato bins;

e. An estimated source deduction liability of $105,642 for outstanding source deductions primarily arising from source deductions not submitted for salaries and wages paid in 2008;

f. Accounting fees of $10,000 paid to BVA primarily relating to the preparation of accounting information of the Inventory Investigation Report and Completion of GST Returns; and

g. Estimated direct costs incurred by the Receiver and the Receiver's legal counsel of $154,872 primarily to the administrative duties associated with liquidating the 2008 Inventory and duties associated with determining beneficial of the 2008 Inventory including the preparation of the Inventory Investigation Report.

47. General Costs of $48,384 have been allocated against the 2008 Inventory as detailed and calculated below.

48. Estimated net proceeds to be received from the 2008 Inventory is expected to total $1,129,872.

Summary of Direct Costs by Asset Category

49. The Receiver has provided the table below to summarize the direct costs attributed to each Asset Category.

Net Recovery Summary - Direct Costs				
	MSF Land and Buildings	MSF Machinery and Equipment	2008 Inventory	Total
Direct Costs				
Real Estate Agents Commission	104,100			104,100
Appraisal Fees	4,750	2,350		7,100
Repairs and Maintenance		80,000		80,000
Salaries & Wages		10,507	94,565	105,072
Transportation (Potato Inventory)			20,095	20,095
Utilities			18,710	18,710
Insurance		3,040	28,960	32,000
Operating Costs - Estimate to Completion		30,000	15,000	45,000
Priority Charges:				-
Security Charges - Equipment		160,000		160,000
Source Deductions			105,642	105,642
Professional fees:				-
Accounting Services			10,000	10,000
Interim Receiver			53,106	53,106
Receiver - June 5 '09	20,473	18,492	45,111	84,075
Receiver - Estimate to Completion	4,500	20,250	20,250	45,000
Receiver's Legal fees - May 31, 2009	6,182	5,584	29,656	41,421
Receiver's Legal fees - Estimate to Completion	1,500	6,750	6,750	15,000
Estimated Direct Costs	**141,504**	**336,972**	**447,844**	**926,321**

General Costs

50. The Receiver has provided the table below to summarize the General Costs and the allocation of the General Costs to each Asset Category.

	MSF Land and Buildings	MSF Machinery and Equipment	2008 Inventory	Total
Allocations on Gross Receipts Basis	**67%**	**13%**	**21%**	**100%**
General Costs				
Miscellaneous Costs	5,561	1,062	1,737	8,360
Professional fees:				-
Receiver - June 5 '09	114,685	21,901	35,829	172,415
Receiver's Legal fees - May 31, 2009	34,629	6,613	10,818	52,061
Estimated General Costs	**154,874**	**29,576**	**48,384**	**232,835**

51. The General Costs primarily relate to certain costs incurred by the Receiver and the Receiver's legal counsel in administering the Receivership in general and cannot be attributed to a specific Asset Category. The Receiver has performed a review of its billing and has allocated all identifiable costs to the related Asset Category and has classified the remaining costs as General Costs. The Receiver therefore proposes to allocate General Costs on the basis of gross receipts received by each Asset Category.

52. The Receiver has also assumed that the costs of the Receiver's legal counsel would be incurred on a similar basis to the Receiver and therefore has allocated the costs of the Receiver's legal counsel to the Asset Categories based on the equivalent allocation of the Receiver's costs.

ALLOCATION IF NET RECOVERIES TO MSF AND BASSEM

53. The Receiver has provided a summary of the net recovery to be received by MSF and Bassem pursuant to the Settlement Agreement. As identified in the summary below, the proceeds from sale of the MSF Land and MSF Machinery and Equipment will be held by MSF and the 2008 Inventory proceeds will be disbursed between MSF and Bassem based on the quantity of land contributed as agreed upon in the Settlement Agreement.

Net Recovery - Allocation to MSF and Bassem			
	MSF		**Bassem**
Land and Building	4,908,624		-
Machinery & Equipment	627,451		-
Proceeds from Inventory	533,633		596,238
	6,069,708		596,238
National Bank of Canada	5,802,903		
Bassem Secured Creditors			
Walter Semkuley			333,000
Parrish & Heimbecker Limited			12,000
Remaining Funds	**266,806**		**251,238**

54. The following summary describes the allocation of the net estimated inventory proceeds between MSF and Bassem based on the land contribution method as proposed in the Settlement Agreement and described above.

Net Recovery - Beneficial Ownership of 2008 Inventory Allocation		
MSF	47%	533,633
Bassem	53%	596,238
Total Inventory Proceeds	100%	1,129,871

55. As discussed above, the Inventory Settlement Order contemplates that the Receiver be authorized to make a distribution from the proceeds recovered to the secured creditors of the Defendants', including the National Bank and Mr. Semkuley.

MSF secured creditors

56. The Receiver's counsel has reviewed National Bank's security documents and has provided its opinion that the National Bank's security is valid and enforceable as against the assets of the MSF Defendants. Currently, National Bank's secured claim totals approximately $5.8 million, including accrued interest and fees.

57. The table above indicates that after payment to the National Bank, approximately $266,806 in net proceeds are estimated. The Receiver's analysis indicates that the only creditors with security in priority to the National Bank are FCC and the Canada Revenue Agency (the "CRA") for unremitted source deductions. The amounts owed to the FCC and the CRA have been netted in the above analysis (Payment of the CRA claim has been deducted from the 2008 Inventory recoveries and the amount owed to the FCC has been deducted from the proceeds of the MSF Machinery and Equipment). In addition, the Receiver intends to withhold sufficient funds to address these claims prior to any distribution to the National Bank.

58. Accordingly, the Receiver believes it is appropriate that a distribution to National Bank in an amount sufficient to pay the Nation Bank's debt in full be made on the basis that sufficient funds are withheld to address the priority claims of the FCC and CRA.

59. The Receiver understands that MSF has other secured creditors including Friesland Farms Ltd. ("Friesland") and K.B. Heating and Air Condition Ltd. ("KB Heating") and the Receiver is still in the process of evaluating the validity and enforceability of these creditors' security; however, the Receiver's analysis indicates that these creditors claims would be subordinate to the National Bank's.

60. Any funds remaining after distribution to the National Bank and subsequent ranking secured creditors of MSF would form part of the Unsecured Creditors' Pool, as discussed in further detail below.

Bassem secured creditors

61. The Receiver's analysis has identified the following creditors with security interests registered against Bassem:

    a. Mr. Walter Semkuley in the face amount of $200,000;

    b. Parris & Heimbecker Limited ("P&H") in the amount of approximately $12,000;

    c. FCC against certain equipment owned by Bassem; and

    d. The CRA for unremitted source deductions.

62. As set out in the Inventory Investigation Report, during 2008 the FCC received $490,000 in crop insurance proceeds which represented a distribution from Bassem based on its 2007 and 2008 operating results. The proceeds received were used to repay certain of Mr. Semkuley's personal loans from the FCC that had been used to fund certain of the Bassem operations and Mr. Semkuley. In October 2008, Mr. Semkuley subsequently loaned $200,000 back to the Bassem and registered security against Bassem.

63. Mr. Semkuley's security has been reviewed by the Receiver's counsel, who have advised that the security is valid and enforceable as against the assets of Bassem and Mr. Bastiaansen.

64. As part of the Settlement Agreement, Mr. Semkuley is to receive payment in relation to his $200,000 secured claim and receive his legal costs incurred subsequent to the granting of his security with respect to these applications, totaling approximately $133,000, for a total amount payable to Mr. Semkuley of approximately $333,000 as at June 1, 2009, plus costs and interest incurred thereafter (the "Semkuley Claim").

65. The Receiver has reviewed the Semkuley Claim and believes it reasonable to include as part of the Settlement Agreement given the following:

a. The Receiver has confirmed that the $200,000 was advanced to Bassem in October of 2008;

b. Mr. Semkuley's security secured the payment of his legal fees; and

c. The legal fees were incurred by Semkuley both for his own benefit and for the benefit of Bassem and the Bassem creditors.

66. The Receiver recommends that a distribution relating to the Semkuley Claim be made after sufficient funds are withheld by the Receiver to address the claims of CRA and P&H. The secured claims of FCC are registered against the Additional Equipment and, as such, will be paid by the Receiver upon the sale of the Additional Equipment and upon the Receiver's counsel opining on the FCC's security.

Unsecured Creditors' Fund

67. The remaining funds after payment to the above noted secured creditors will be dealt with in due course and distributed to subsequent ranking secured creditors if any. Any funds remaining after distribution to secured creditors of MSF will form part of the Unsecured Creditors' Fund. In addition, any funds remaining from Bassem after a distribution to the Bassem secured creditors will form part of the Unsecured Creditors' Fund.

68. In the event of a distribution to unsecured creditors and in light of the practical impossibility of separating MSF unsecured creditors from Bassem unsecured creditors, the Receiver believes it is appropriate that the unsecured creditors of both MSF and Bassem be treated as a combined pool of creditors as proposed in the Inventory Settlement Order. In order to facilitate a claims process and distribution to the unsecured creditors, the Receiver contemplates that a bankruptcy of MSF and Bassem may be required.

DISTRIBUTION

69. The Receiver believes it is appropriate the Court to approve the Receiver to make a distribution relating the secured claim of National Bank and the Semkuley Claim after reserving appropriate funds to address the priory ranking claims of the CRA and P&H. In accordance with the

Settlement Agreement, the Semkuley Claim will not be paid until the National Bank's claim has been paid in full.

RECOMMENDATIONS

70. The Receiver recommends that this Court approve the Second Auction Contract.

71. The Receiver further recommends that the net proceeds from the Additional Equipment should be held in trust and released upon determination of secured parties' right and priorities under any claimed security on the equipment and upon determination of beneficial ownership.

72. The Receiver recommends that this Court approve the Settlement Agreement:

a. The Receiver identified in its Fourth Report that there is not a clearly identifiable beneficial owner of the 2008 inventory and believes that determining beneficial ownership of the 2008 Inventory on the basis of land contributed to grow the 2008 Inventory is fair and reasonable;

b. The Settlement Agreement will prevent the trial scheduled to determine the beneficial ownership of the 2008 and the associated costs, resulting in more funds being distributed to creditors and allow distributions to occur earlier;

c. The Settlement Agreement resolves various issues in additional to the dispute over the beneficial ownership of the 2008 Inventory, including the allocation of operating costs and costs of these proceedings;

d. The Settlement Agreement has been agree upon by the Mr. Semkuley and the National Bank;

e. The Settlement Agreement contemplates a potential distribution to unsecured creditors depending on an analysis of the remaining secured creditors of MSF and Bassem.

All of which is respectfully submitted this 17 day of June, 2009.

ERNST & YOUNG INC.,
in its capacity as Receiver Manager
of certain of the assets of the Defendants

H. Neil Narfason, CA•CIRP, CBV
Senior Vice-President

Deryck Helkaa, CA•CIRP
Vice-President

Appendix A

McGillivray Sera Farms Ltd.
Additional Equipment Listing

Appendix A

#	YEAR	Make & MODEL	Serial Number	TYPE	Secured Party #1	Secured Party #2
1	1996	Freightliner Truck	1FUY3MDB3TP835866	Motor Vehicle	Farm Credit Canada	
2	1995	Freightliner Truck	1FUY3MCBXSP425324	Motor Vehicle	Farm Credit Canada	
3	1994	Freightliner Truck	1FUY3LYB6RP541892	Motor Vehicle	Farm Credit Canada	
4	1994	Freightliner Truck	1FUY3LYB2RP541940	Motor Vehicle	Farm Credit Canada	
5	2005	John Deer 4920 sprayer	N04920X002327	Motor Vehicle	Transwest Financial Services Corp.	
6	2007	Double L 973 Harvester	97307312	Trailer	Transwest Financial Services Corp.	
7	2002	Double L 851 Windrower	51021087			

Appendix B

Alberta

Personal Property Registry
Search Results Report

Search ID#: Z01159661

Transmitting Party

CITY CENTRE REGISTRY INC.(P254)

GULF CANADA SQUARE, #177 401 9 AVENUE SW
CALGARY, AB T2P 3C5

Party Code: 50083443
Phone #: 403 571 9120
Reference #:

Search ID #: Z01159661 **Date of Search:** 2009-May-29 **Time of Search:** 09:56:36

Serial Number Collateral Search For:

97307312

Both Exact and Inexact Result(s) Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.

REGISTRAR OF PERSONAL PROPERTY

Serial Number Collateral Search For:

97307312

Search ID #: Z01159661 **Date of Search:** 2009-May-29 **Time of Search:** 09:56:36

Registration Number: 08052217828 Registration Type: SECURITY AGREEMENT

Registration Date: 2008-May-22 Registration Status: Current

Expiry Date: 2013-May-22 23:59:59

Exact Match on: Serial Collateral No: 1

Debtor(s)

Block		Status
1	BASSEM FARM CORPORATION Box 39 Bow Island, AB T0K 0G0	Current

Block		Status
2	BASTIAANSEN, ADRIANUS Box 39 Bow Island, AB T0K 0G0 Birth Date: 1965-Sep-06	Current

Block		Status
3	SEMKULEY, WALTER 40 Springbluff Lane SW Calgary, AB T3H 5R5	Current

Secured Party / Parties

Block		Status
1	TRANSWEST FINANCIAL SERVICES CORP. 108, 6030-88 Street Edmonton, AB T6E 6G4	Current

Collateral: Serial Number Goods

Block	Serial Number	Year	Make and Model	Category	Status
1	97307312	2008	Double L 4 Row Potato Har	TR - Trailer	Current

Alberta

Personal Property Registry
Search Results Report

Search ID#: Z01159661

2	N04920X002327	2005	John Deere Psrayer Model	MV - Motor Vehicle	Current

Particulars

Block	Additional Information	Status
1	Full description of serial number goods in block one is: 2008 Double L4 Row Potato Harvester C/W all attachments	Current

Block	Additional Information	Status
2	Full description of serial number goods in block two is: 2005 John Deere Psrayer Model 4920 C/W aal attachments	Current

Note:

The following is a list of matches closely approximating your Search Criteria, which is included for your convenience and protection.

Serial Number	Year	Make and Model	Category	Reg. #
5Y4AJ14W76A307312	2006	YAMAHA YFM45FAVGR	MV - Motor Vehicle	06051723440
1N6AA07F88N307312	2008	NISSAN TITAN	MV - Motor Vehicle	08061200540
4S4BP61C756307312	2005	SUBARU OUTBACK	MV - Motor Vehicle	09032730504

Result Complete

Personal Property Registry
Search Results Report

Search ID#: Z01159592

Transmitting Party

CITY CENTRE REGISTRY INC.(P254)

GULF CANADA SQUARE, #177 401 9 AVENUE SW
CALGARY, AB T2P 3C5

Party Code: 50083443
Phone #: 403 571 9120
Reference #:

Search ID #: Z01159592 **Date of Search:** 2009-May-29 **Time of Search:** 09:46:59

Serial Number Collateral Search For:

1FUY3MDB3TP835866

Both Exact and Inexact Result(s) Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.

Serial Number Collateral Search For:

1FUY3MDB3TP835866

Search ID #: Z01159592 **Date of Search:** 2009-May-29 **Time of Search:** 09:46:59

Registration Number: 07083130976 Registration Type: SECURITY AGREEMENT

Registration Date: 2007-Aug-31 Registration Status: Current

Expiry Date: 2013-Aug-31 23:59:59

Exact Match on: Serial Collateral No: 1

Debtor(s)

Block			Status
1	SEMKULEY, WALTER 40 SPRINGBLUFF LANE SW CALGARY, AB T3H5R5	Birth Date: 1941-Jun-16	Current

Block			Status
2	BASTIAANSEN, JOS BOX 39 BOW ISLAND, AB T0K0G0	Birth Date: 1965-Sep-06	Current

Secured Party / Parties

Block		Status
1	FARM CREDIT CANADA 900 1800 HAMILTON ST. REGINA, SK S4P 4L3	Current

Collateral: Serial Number Goods

Block	Serial Number	Year	Make and Model	Category	Status
1	1FUY3MDB3TP835866	1996	FREIGHTLINER TRUCK	MV - Motor Vehicle	Current
2	1FUY3MCBXSP425324	1995	FREIGHTLINER TRUCK	MV - Motor Vehicle	Current
3	1FUY3LYB6RP541892	1994	FREIGHTLINER TRUCK	MV - Motor Vehicle	Current

4	1FUY3LYB2RP541940	1994	FREIGHTLINER TRUCK	MV - Motor Vehicle	Current

Collateral: General

Block	Description	Status
1	PURCHASE MONEY SECURITY INTEREST CLAIMED PROCEEDS CLAIMED	Current
2	AND ALL ACCESSIONS THERETO.	Current

Personal Property Registry
Search Results Report

Search ID#: Z01159592

Note:

The following is a list of matches closely approximating your Search Criteria, which is included for your convenience and protection.

Serial Number	Year	Make and Model	Category	Reg. #
1FMCU03128KA35866	2008	FORD ESCAPE	MV - Motor Vehicle	07050850937

Result Complete

Personal Property Registry
Search Results Report

Search ID#: Z01159665

Transmitting Party

CITY CENTRE REGISTRY INC.(P254)

GULF CANADA SQUARE, #177 401 9 AVENUE SW
CALGARY, AB T2P 3C5

Party Code: 50083443
Phone #: 403 571 9120
Reference #:

Search ID #: Z01159665 **Date of Search:** 2009-May-29 **Time of Search:** 09:57:14

Serial Number Collateral Search For:

51021087

Inexact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.

Personal Property Registry
Search Results Report

Search ID#: Z01159665

Note:

The following is a list of matches closely approximating your Search Criteria, which is included for your convenience and protection.

Serial Number	Year	Make and Model	Category	Reg. #
A9021087	2006	TEREX TA30 ARTICULATED	MV - Motor Vehicle	95120509443
A9021087	2006	TEREX TA30	MV - Motor Vehicle	06063016957
21087	2008	40YD ROLL OFF CONTAINER	TR - Trailer	08072130545
CCC0021087	2008	CASE 1H 2015 PICKUP HEAD	MV - Motor Vehicle	08112428671

Result Complete

Personal Property Registry
Search Results Report

Search ID#: Z01159630

Transmitting Party

CITY CENTRE REGISTRY INC.(P254)

GULF CANADA SQUARE, #177 401 9 AVENUE SW
CALGARY, AB T2P 3C5

Party Code: 50083443
Phone #: 403 571 9120
Reference #:

Search ID #: Z01159630 **Date of Search:** 2009-May-29 **Time of Search:** 09:52:42

Serial Number Collateral Search For:

1FUY3MCBXSP425324

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.

Serial Number Collateral Search For:

1FUY3MCBXSP425324

Search ID #: Z01159630 **Date of Search:** 2009-May-29 **Time of Search:** 09:52:42

Registration Number: 07083130976 Registration Type: SECURITY AGREEMENT

Registration Date: 2007-Aug-31 Registration Status: Current

Expiry Date: 2013-Aug-31 23:59:59

Exact Match on: Serial Collateral No: 2

Debtor(s)

Block			Status
1	SEMKULEY, WALTER 40 SPRINGBLUFF LANE SW CALGARY, AB T3H5R5	Birth Date: 1941-Jun-16	Current

Block			Status
2	BASTIAANSEN, JOS BOX 39 BOW ISLAND, AB T0K0G0	Birth Date: 1965-Sep-06	Current

Secured Party / Parties

Block		Status
1	FARM CREDIT CANADA 900 1800 HAMILTON ST. REGINA, SK S4P 4L3	Current

Collateral: Serial Number Goods

Block	Serial Number	Year	Make and Model	Category	Status
1	1FUY3MDB3TP835866	1996	FREIGHTLINER TRUCK	MV - Motor Vehicle	Current
2	1FUY3MCBXSP425324	1995	FREIGHTLINER TRUCK	MV - Motor Vehicle	Current
3	1FUY3LYB6RP541892	1994	FREIGHTLINER TRUCK	MV - Motor Vehicle	Current

4	1FUY3LYB2RP541940	1994	FREIGHTLINER TRUCK	MV - Motor Vehicle	Current

Collateral: General

Block	Description	Status
1	PURCHASE MONEY SECURITY INTEREST CLAIMED PROCEEDS CLAIMED	Current
2	AND ALL ACCESSIONS THERETO.	Current

Result Complete

Alberta

Personal Property Registry
Search Results Report

Search ID#: Z01159638

Transmitting Party

CITY CENTRE REGISTRY INC.(P254)

GULF CANADA SQUARE, #177 401 9 AVENUE SW
CALGARY, AB T2P 3C5

Party Code: 50083443
Phone #: 403 571 9120
Reference #:

Search ID #: Z01159638 **Date of Search:** 2009-May-29 **Time of Search:** 09:53:35

Serial Number Collateral Search For:

1FUY3LYB6RP541892

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.

REGISTRAR OF PERSONAL PROPERTY

Serial Number Collateral Search For:

1FUY3LYB6RP541892

Search ID #: Z01159638 **Date of Search:** 2009-May-29 **Time of Search:** 09:53:35

Registration Number: 07083130976
Registration Date: 2007-Aug-31

Registration Type: SECURITY AGREEMENT
Registration Status: Current
Expiry Date: 2013-Aug-31 23:59:59

Exact Match on: Serial Collateral No: 3

Debtor(s)

Block			Status
1	SEMKULEY, WALTER 40 SPRINGBLUFF LANE SW CALGARY, AB T3H5R5	Birth Date: 1941-Jun-16	Current

Block			Status
2	BASTIAANSEN, JOS BOX 39 BOW ISLAND, AB T0K0G0	Birth Date: 1965-Sep-06	Current

Secured Party / Parties

Block		Status
1	FARM CREDIT CANADA 900 1800 HAMILTON ST. REGINA, SK S4P 4L3	Current

Collateral: Serial Number Goods

Block	Serial Number	Year	Make and Model	Category	Status
1	1FUY3MDB3TP835866	1996	FREIGHTLINER TRUCK	MV - Motor Vehicle	Current
2	1FUY3MCBXSP425324	1995	FREIGHTLINER TRUCK	MV - Motor Vehicle	Current
3	1FUY3LYB6RP541892	1994	FREIGHTLINER TRUCK	MV - Motor Vehicle	Current

4	1FUY3LYB2RP541940	1994	FREIGHTLINER TRUCK	MV - Motor Vehicle	Current

Collateral: General

Block	Description	Status
1	PURCHASE MONEY SECURITY INTEREST CLAIMED PROCEEDS CLAIMED	Current
2	AND ALL ACCESSIONS THERETO.	Current

Result Complete

Alberta

Personal Property Registry
Search Results Report

Search ID#: Z01159656

Transmitting Party

CITY CENTRE REGISTRY INC.(P254)

GULF CANADA SQUARE, #177 401 9 AVENUE SW
CALGARY, AB T2P 3C5

Party Code: 50083443
Phone #: 403 571 9120
Reference #:

Search ID #: Z01159656 **Date of Search:** 2009-May-29 **Time of Search:** 09:55:56

Serial Number Collateral Search For:

N04920X002327

Both Exact and Inexact Result(s) Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.

REGISTRAR OF PERSONAL PROPERTY

Personal Property Registry
Search Results Report

Search ID#: Z01159656

Serial Number Collateral Search For:

N04920X002327

Search ID #: Z01159656 **Date of Search:** 2009-May-29 **Time of Search:** 09:55:56

Registration Number: 08052217828 Registration Type: SECURITY AGREEMENT

Registration Date: 2008-May-22 Registration Status: Current

Expiry Date: 2013-May-22 23:59:59

Exact Match on: Serial Collateral No: 2

Debtor(s)

Block		Status
1	BASSEM FARM CORPORATION Box 39 Bow Island, AB T0K 0G0	Current

Block			Status
2	BASTIAANSEN, ADRIANUS Box 39 Bow Island, AB T0K 0G0	Birth Date: 1965-Sep-06	Current

Block		Status
3	SEMKULEY, WALTER 40 Springbluff Lane SW Calgary, AB T3H 5R5	Current

Secured Party / Parties

Block		Status
1	TRANSWEST FINANCIAL SERVICES CORP. 108, 6030-88 Street Edmonton, AB T6E 6G4	Current

Collateral: Serial Number Goods

Block	Serial Number	Year	Make and Model	Category	Status
1	97307312	2008	Double L 4 Row Potato Har	TR - Trailer	Current

2	N04920X002327	2005	John Deere Psrayer Model	MV - Motor Vehicle	Current

Particulars

Block	Additional Information	Status
1	Full description of serial number goods in block one is: 2008 Double L4 Row Potato Harvester C/W all attachments	Current

Block	Additional Information	Status
2	Full description of serial number goods in block two is: 2005 John Deere Psrayer Model 4920 C/W aal attachments	Current

Alberta

Personal Property Registry
Search Results Report

Search ID#: Z01159656

Note:

The following is a list of matches closely approximating your Search Criteria, which is included for your convenience and protection.

Serial Number	Year	Make and Model	Category	Reg. #
2327	1983	MAKEE 1578 BALER	MV - Motor Vehicle	94062318657
2TLFL40377B002327	2007	TREMCAR TRIDEM TRAILEF	TR - Trailer	02110605611
2327	1987	TRIPLE E 3670-6	MH - Mobile Home	03061129858
JTMBK32V366002327	2006	TOYOTA RAV4	MV - Motor Vehicle	06050405718
2HJYK165X6H002327	2006	HONDA RIDGELINE	MV - Motor Vehicle	06102603146
2327	1985	WINALTA SHELTERS 12011	MH - Mobile Home	07012605858
4T1BB46K57U002327	2007	TOYOTA CAMRY HYBD	MV - Motor Vehicle	07021903906
2HGFA16568H002327	2008	HONDA CIVIC	MV - Motor Vehicle	07111304908
JYARJ12N37A002327	2007	YAMAHA YZFR6WL	MV - Motor Vehicle	08061809467
1M2AX16C88M002327	2008	MACK GU813	MV - Motor Vehicle	09021009153
JTEBT17RX8K002327	2008	TOYOTA 4RUNNER	MV - Motor Vehicle	09021204354
2327	1977	Premier Mobile Home	MH - Mobile Home	09050431465

Result Complete

Appendix C

RITCHIE BROS.
Auctioneers

CONTRACT TO AUCTION

DATED this 25th day of May, 2009.

BETWEEN:

RITCHIE BROS. AUCTIONEERS (CANADA) LTD., having its head office at 6500 River Road, in the City of Richmond, in the Province of British Columbia, V6X 4G5 Web Site: www.rbauction.com.

(the **"Auctioneer"**)

OF THE FIRST PART

AND:

ERNST & YOUNG INC. IN ITS CAPACITY AS COURT APPOINTED RECEIVER OF MCGILLIVRAY & SERA FARMS LTD. (AND NOT IN ITS PERSONAL CAPACITY), having a place of business at 1000, 440 2nd Avenue S.W., Calgary, in the Province of Alberta, T2P 5E9

Telephone No.	403-206-5061,
Fax No.	403-206-5075,
E-Mail Address:	peter.chisholm@ca.ey.com

(the **"Receiver"**)

OF THE SECOND PART

TERMS AND CONDITIONS OF THIS CONTRACT

Agreement

The Receiver is entering into this Contract in its capacity as Court appointed Receiver of MCGillivray & Sera Farms Ltd. (and not in its personal capacity).

For valuable consideration, the above parties enter into this Contract (the "Contract") which sets out their respective rights, obligations and undertakings regarding the sale by unreserved public auction of all those items described on Schedule "A" attached hereto and other items to be added at a later date by mutual consent in writing (the "Equipment").

SECTION 1: AUCTIONEER'S OBLIGATIONS AND RESPONSIBILITIES

1.01 **Sale Date** – The Auctioneer shall, as agent of the Receiver, offer the Equipment for sale at unreserved public auction (the "Auction") on or about the 26th day of June, 2009 (the "Sale Date"), at Bow Island in the Province of Alberta.

1.02 **Payment** –The Auctioneer shall pay to the Receiver within twenty-one (21) days after the Sale Date, the amount due and owing to the Receiver from monies collected from the sale of the Equipment after making all deductions permitted under this Contract.

1.03 **Commission and Participation Amount** – The Auctioneer shall be entitled to the following commission payable at the time of the Auction based on the gross sale price of the Equipment or any part thereof:

(a) ten percent (10%) for any lot in excess of $2,500; and

(b) for any lot realizing $2,500 or less, twenty-five percent (25%), with a minimum fee of $100 per lot.

1.04 **Other** – The Auctioneer shall:

(a) allow the Receiver access to records concerning the sale of the Equipment at the auction;

(b) supervise the preparation and organization of the auction;

(c) provide auctioneers, accountants required for an auction of this type;

(d) provide listing catalogs of the lots offered for sale to potential buyers at the Auction;

(e) collect and remit Federal and Provincial sales tax arising upon the sale of the Equipment at the Auction;

(f) advertise and otherwise promote the Auction of the Equipment;

SECTION 2: REPRESENTATIONS AND WARRANTIES:

2.01 **The Receiver represents and warrants that:**

(a) the Receiver is authorized by the Court to sell the Equipment free and clear of all liens and encumbrances; the Court Order is intended to include provision for vesting of the Assets in any purchaser, free and clear of all liens, security interests, taxes, mortgages or other encumbrances whatsoever, except as set out in the "Lienholder Information" form attached hereto;

(b) the Receiver has complied with all laws, requirements and notices necessary to allow the sale of the Equipment;

(c) to the best of the Receiver's knowledge, the description of the Equipment is accurately set forth on Schedule "A" attached;

(d) The Receiver is not and will not at the Sale Date be a non-resident of Canada within the meaning and intent of section 116 of the *Income Tax Act* (Canada); and

(e) The Receiver and its signatories are duly authorized to enter into this Contract.

SECTION 3: RECEIVER'S OBLIGATIONS AND RESPONSIBILITIES:

3.01 Refurbishing of Assets – The Receiver shall:

(a) clean, detail and wash the Assets and complete any minor repairs required by the Assets (such as the repair of flat tires), to a standard acceptable to the Auctioneer, no later than seven (7) days prior to Auction;

(b) reimburse the Auctioneer for the cost of fuel, batteries and tire repair as the Auctioneer deems necessary for demonstration and sale of the Assets; and

(c) in the event that the Receiver has failed to clean, detail and wash the Assets and complete any minor repairs required prior to the Auction date, the Auctioneer may, at its sole discretion, carry out some or all of the same, in which case the Auctioneer shall be reimbursed for such costs plus 10%.

3.02 Delivery and Set-up of Assets – The Receiver shall deliver the Equipment to, or otherwise make the Assets available for sale at, the auction site on or before the 15th day of June, 2009. In addition, the Receiver shall ensure that the Equipment is:

(a) in good operating condition, free of material defects except as disclosed to the Auctioneer, with adequate fuel and batteries and starting at the key;

(b) free of hazardous materials other than normal operating fuels, oils, and lubricants;

(c) in a condition equivalent to or better than its condition when viewed by the Auctioneer's representative on or about the 2nd day of April, 2009; and

together with all documents necessary to transfer title to the Equipment, properly endorsed;

The Receiver hereby assigns Power of Attorney to the Auctioneer for the limited purpose of executing on Receiver's behalf, all documents required to transfer title to, and permit registration or ownership of, any part of the Equipment by the purchaser thereof.

3.03 Searching and Title Documents

(a) The Receiver authorizes the Auctioneer to conduct searches, at the Receiver's cost, or use other means available, as deemed necessary by the Auctioneer for the disclosure of liens and encumbrances, and contact creditors to determine amounts claimed against the Equipment; however, in no case shall the Auctioneer have a duty to conduct such searches, nor be responsible for the result thereof; and

(b) The Receiver shall pay a document administration fee of $65 per unit for each item of Equipment requiring title or registration documents. Any such fees paid by the Auctioneer shall be deducted from the net proceeds of sale.

3.04 Risk of Loss, Insurance

(a) The Receiver shall be responsible for loss or damage to the Equipment, other than loss or damage arising as a result of the negligence of the Auctioneer, its agents or employees, until the earliest of:

i. the removal of the Equipment from the Sale Site by the purchaser; or

ii. receipt by the Receiver of all proceeds from the sale of the Equipment; and

(b) The Receiver shall insure the Equipment to its fair market value against all perils so that in the event of damage to, or destruction of, the Equipment or any part thereof, all insurance proceeds shall be credited to the gross proceeds of the Auction and payment made to the Auctioneer forthwith for all deductions permitted by this Contract.

3.05 **Indemnity** – The Receiver shall indemnify and save harmless the Auctioneer against all claims, demands, suits, actions, causes of action, damages, costs or charges whatsoever arising from:

(a) encumbrances against, defects in title to or taxes or duties payable in respect of the Assets or any part thereof;

(b) deficiencies in the provision of documents required for the purpose of titling or registering any part of the Assets by any purchaser thereof;

(c) any injuries suffered by persons attending the auction as a result of the negligence of the Receiver's or its employees or service providers.

3.06 **No Buybacks, Unreserved Auction Sale –** The Receiver shall not bid, directly or indirectly, nor allow any other person to bid on the Receiver's behalf or for the Receiver's benefit, by agency or otherwise, on the Equipment or any part thereof at the Auction.

The Receiver acknowledges the Auction is unreserved and the Auctioneer shall have no obligation or duty to withdraw the Equipment or any part thereof from the Auction or to cancel the Auction. The Equipment shall be sold to the highest bidder on the date of the Auction.

3.07 **No Guarantee –** The Receiver acknowledges that there is no guarantee whatsoever as to the gross proceeds to be realized from the sale of the Equipment at the Auction.

3.08 **Specific Performance –** The Receiver shall not withdraw the Equipment or any part thereof from the Auction sale. If the Receiver is in breach of this provision, then in addition to any other remedies set out in this Contract, the parties hereto agree:

(a) the damages to the Auctioneer's business reputation and customer relations are not readily ascertainable;

(b) available remedies at law are not adequate in the event of breach; and

(c) the Auctioneer may not be made whole solely by monetary recompense;

therefore, the Auctioneer may elect, at its sole option, to obtain an order for specific performance of this Contract and the Receiver hereby agrees it will not object to such action.

3.09 **Other –** The Receiver shall act in a commercially reasonable manner to be responsible for the payment of any tax or duty whatsoever that may legally be construed as being the responsibility of the Receiver.

3.10 **Sale Site** – The Receiver shall provide, at no cost to the Auctioneer, a suitable site for conduct of the Auction (the "Sale Site").

SECTION 4: MUTUAL AGREEMENTS

It is mutually agreed and understood between the parties hereto that:

4.01 **Timeliness** – time is of the essence of this Contract.

4.02 **Waiver** – a waiver by either party of any breach of any of the provisions herein shall be limited to such particular instance and shall not operate as a waiver of, or be deemed to waive, any other or future breaches of the same or any other provisions hereof.

4.03 **Legal Costs** – should either party be required to participate in any action or proceeding in respect of this Contract, the prevailing party shall be entitled to recover all costs, including attorney's fees, incurred as a result thereof.

4.04 **Prohibition of Pre-Sale** – neither the Auctioneer nor the Receiver shall sell or offer for sale any part of the Equipment prior to the Auction without the written permission of the other.

4.05 **Default by the Receiver**:

If:

(a) the Receiver withdraws or if the Auction does not occur as a result of the actions or inaction of the Receiver; or

(b) the Receiver, directly or indirectly, bids or permits another to bid on the Receiver's behalf or for the Receiver's benefit, on the Equipment or any part thereof at the Auction; or

(c) the Receiver's representations and warranties set out in Section 2 hereof are not true, complete and correct in all respects;

then:

(d) commissions shall be payable to the Auctioneer upon demand, based upon the fair market value of any withdrawn or undelivered parts of the Equipment as if they had been sold; and,

(e) the Receiver will upon demand, and following receipt of details and invoices, reimburse the Auctioneer for all out-of-pocket expenses incurred in preparation for the Auction.

In the event Receiver is in violation of subparagraph 4.05(b), in addition to any other rights or remedies the Auctioneer may have under this Contract, the Auctioneer shall, at its sole discretion, have the right to sell or re-sell the equipment by public or private sale and the Receiver shall pay to the Auctioneer as liquidated damages in addition to all other amounts due hereunder, an amount equal to twenty percent (20%) of the proceeds realized from such sale or resale.

4.06 **<u>Auctioneer's Right to Withdraw From Contract / Rescind Sale</u>** – Notwithstanding any other provisions of this Contract, the Auctioneer shall have the right, at its discretion, to withdraw from this Contract and its obligations hereunder shall be unenforceable by the Receiver, or rescind the sale of the Equipment to a purchaser in whole or in part, if:

(a) there are liens, charges, encumbrances or any contrary claims against the Equipment which the Receiver is unable to resolve prior to the Sale Date and which prevents the Equipment from being sold at auction on the Sale Date;

(b) the Receiver is unable to provide such documentation as may be necessary for the purposes of transferring title of any of the Equipment to any purchaser; or

(c) the Receiver is in breach of any of its representations or warranties hereunder.

If, pursuant to this section, the Equipment or any part thereof is not sold at the Auction, such equipment shall be deemed to have been withdrawn by the Receiver and the provisions of subparagraph 4.05(d) and (e) shall apply.

4.07 **<u>Creation of Lien</u>** – In addition to any other rights or remedies available to the Auctioneer, this Contract creates a lien and charge upon the Equipment and may be registered under any applicable personal property security legislation as may be in effect from time to time and entitles the Auctioneer to seize and retain possession of the Equipment solely as security for, and/or to sell the Equipment to recover, all sums owing hereunder.

4.08 **<u>Use of Equipment</u>** – The Receiver authorizes the Auctioneer to utilize in a commercially reasonable manner the Equipment in setting up the Auction.

4.09 **<u>Lots</u>** – The Auctioneer shall divide the Equipment into such lots as it may in its absolute discretion deem desirable for sale at the Auction. The Auctioneer shall not be liable for any loss or damages claimed in respect of the manner in which the Equipment is divided into lots nor in respect of any failure to divide the Equipment into lots.

4.10 **<u>Collection of Proceeds</u>** – The Auctioneer shall collect the full proceeds from the sale of the Equipment for distribution in accordance with the terms of this Contract.

4.11 **<u>Uncollected Proceeds</u>** – The Auctioneer may, as it deems necessary, re-auction any part of the Equipment not sold or paid for at the Auction and the Receiver acknowledges that no monies shall be payable by the Auctioneer for any part of the Equipment until it has been paid for in full by the purchaser thereof.

4.12 **<u>Other Consignments</u>** – equipment belonging to others may be sold at the Auction.

4.13 **<u>Receiver's Name</u>** – The Receiver authorizes the Auctioneer to use the McGillivray and Sera Farms Ltd. name in advertising the Auction if in its judgment the use of such name will enhance the prospects of a greater realization.

4.14 **<u>Entire Agreement</u>** – This Contract:

(a) constitutes the entire agreement between the parties and supersedes and takes the place of all prior contracts, understandings, representations or warranties;

(b) may not be amended except in writing. There are no understandings, agreements, promises, terms, conditions, or warranties expressed or implied, whether orally or by law, statute or trade usage, other than as specifically stated herein; and

(c) shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

4.15 **Internet Bidding** – The Auctioneer may in its sole discretion, offer certain lots for sale, in conjunction with its public unreserved auction, to Internet bidders, using its trademarked "rbauctionBid-Live" service. The Auctioneer shall use its best effort to ensure that for any sale at which "rbauctionBid-Live" is advertised it is available, however at any given sale

(a) only those lots which the Auctioneer deems appropriate for "rbauctionBid-Live" shall be offered on the internet , and

(b) certain circumstances concerning the Internet and the technology in use are beyond the Auctioneer's control, and "rbauctionBid-Live" may not be available at any given time or auction.

Therefore the Receiver agrees that the Auctioneer shall be held harmless from any claims, costs or causes of action arising from the Auctioneer's failure to offer "rbauctionBid-Live" at any time.

4.16 **Force Majeure** – The Auctioneer shall not be liable for damages caused by delay or failure to perform the Auctioneer's obligations under this Contract due to fires, strikes, floods, adverse weather which may injure persons or damage property, acts of God or lawful acts of public authorities.

4.17 **Jurisdiction** – this Contract is subject to, and any dispute arising hereof will be determined by a court of competent jurisdiction in, and under the laws of the Province set out in paragraph 1.01 excepting only those in respect of fair market value of the Equipment which shall be submitted to binding arbitration pursuant to the laws in respect of commercial arbitration of that Province.

4.18 **Notice** – any notice given hereunder shall be either delivered, sent by facsimile or by prepaid registered mail to the parties hereto at the address set out on page 1.

4.19 **Headings** – all headings in this Contract are for reference purposes only and this Contract shall be interpreted without reference to such headings.

4.20 **Facsimile** – receipt by the Auctioneer via facsimile of a signed copy of this Contract shall, upon acceptance by the Auctioneer, be effective and binding on both parties.

4.21 **Privacy** – Information provided in this Contract will be retained by the Auctioneer in accordance with its formal Privacy Statement, provided on the Auctioneer's website at www.rbauction.com.

4.22 **Receiver's Bank Details** – All funds due and owing to Receiver hereunder shall be payable by wire transfer or bank draft to the Receiver.

Initials ________ ________

4.23 **Approval by Auctioneer** – This entire Contract is subject to the approval of Auctioneer's head office and shall be null and void and of no further force or effect if the Chief Operating Officer of the Auctioneer so notifies the Receiver within three days from the date hereof.

IN WITNESS WHEREOF this Contract has been executed by the parties hereto as of date first above written.

ERNST & YOUNG INC.
Solely in its capacity as Court Appointed Receiver of
McGILLIVRAY & SERA FARMS LTD.
and not in its personal capacity

Per: ______________________________
Deryck Helkaa
Senior Vice-President

I have authority to bind the Corporation.

RITCHIE BROS. AUCTIONEERS (CANADA) LTD.

Jeremy Black

Per:
Jeremy Black
Vice President, Business Development

I have authority to bind the Corporation.

Ritchie Bros. Auctioneers
Ernst & Young Inc, Receiver for McGillivray & Sera Farms Ltd.
Schedule A

RBA_ID	OWNER_ID	DESCR	SN	CW
12	1196	1996 FREIGHTLINER FLD11264ST TRI/A TAG GRAIN TRUCK	1FUY3MDB3TP835866	Cummins M11, 350 hp, 10 spd, 24 ft Spudnik bulk bed, 30 in. belt, roll tarp
13	1095	1995 FREIGHTLINER FLD11264ST TRI/A TAG GRAIN TRUCK	1FUY3MCBXSP425324	Cummins M11, 10 spd, 24 ft Spudnik bulk bed, 30 in. belt, roll tarp
14	694	1994 FREIGHTLINER FLD11264ST TRI/A TAG GRAIN TRUCK	1FUY3LYB6RP541892	Cummins M11, 10 spd, A/R susp, 24 ft Spudnik bulk bed, 30 in. belt, roll tarp
15		1994 FREIGHTLINER FLD11264ST TRI/A TAG GRAIN TRUCK	1FUY3LYB2RP541940	Cummins L10, 10 spd, A/R susp, 24 ft Spudnik bulk bed, 30 in. belt, roll tarp
42		JOHN DEERE 4920 120 FT HIGH CLEARANCE SPRAYER	N04920X002327	1250 gal tank, crop dividers, Star Fire GPS, 380/105R50
52		2007 DOUBLE L 973 4 ROW POTATO HARVESTER	97307312	1000 PTO
62		2002 DOUBLE L 851 4 ROW WINDROWER	51021087	1000 PTO, RH discharge

Appendix D

SETTLEMENT AGREEMENT

This Agreement dated the ______ day of June, 2009

BETWEEN:

WALTER SEMKULEY ("Semkuley")

-and-

BASSEM FARM CORPORATION ("Bassem")

-and-

NATIONAL BANK OF CANADA (the "Bank")

-and-

ERNST & YOUNG INC. (the "Receiver"), in its capacity as Court-appointed Receiver and Manager of McGillivray & Sera Farms Ltd., 626625 Alberta Ltd., 626626 Alberta Ltd., Bastiaansen Holding Company Ltd., Jos Bastiaansen and Corien Bastiaansen (the "MSF Defendants") and not in its personal capacity

RECITALS:

A. The MSF Defendants were, prior to the appointment of the Receiver, engaged in a farming business in or near Bow Island, Alberta. During the 2008 growing season, the MSF Defendants owned or leased 13 quarter sections of land in or near Bow Island (the "MSF Lands").

B. Semkuley is engaged in a farming business in or near Bow Island, Alberta. During the 2008 growing season, Semkuley owned 10 quarter sections of land in or near Bow Island (the "Semkuley Lands").

C. Bassem Farm Corporation ("Bassem") was incorporated on September 13, 2007. At all material times, Semkuley and Jos Bastiaansen ("Bastiaansen") have each been 50% shareholders and directors of Bassem.

D. At all material times, the Bank has been the principal lender of the MSF Defendants and has been granted security over all the assets of the MSF Defendants. The Bank has never been a lender to Bassem, nor been granted security over the assets of Bassem.

E. Semkuley is a secured creditor of Bassem.

F. On August 28, 2008, in contemplation of a settlement of certain outstanding issues being resolved by Bassem granting to the Bank a security interest in some or all of its assets, the

Bank registered a financing statement against all present and after-acquired personal property of Bassem, as Registration Number 08082830335 in the Alberta Personal Property Registry (the "PPR Registration").

G. On November 21, 2008, the Bank commenced Action No. 0801-14675 in the Court of Queen's Bench of Alberta, Judicial District of Calgary, against the MSF Defendants and Bassem.

H. There has been a dispute between the parties as to the beneficial ownership of the crops grown on the MSF Lands and the Semkuley Lands during the 2008 growing season (the "Inventory") and the extent to which the security held by the Bank attached to the Inventory. The Bank has alleged, *inter alia*, that the Inventory is wholly-owned by the MSF Defendants or, to the extent that the Inventory is owned by Bassem, that the Bank's security extends to same. Semkuley and Bassem have alleged that the Inventory is wholly-owned by Bassem and that the Bank's security does not extend to same.

I. On February 23, 2009, the Receiver was appointed as the Interim Receiver of the Inventory. On March 16, 2009, the Receiver was appointed as the Receiver and Manager of the MSF Defendants.

J. On April 9, 2009, the Court of Queen's Bench of Alberta granted an "Order Directing the Trial of an Issue" (the "Inventory Trial Order") in which, among other things, it directed that the parties hereto, as well as Bassem and the MSF Defendants, take part in a trial to determine the dispute as to the beneficial ownership of the Inventory, to commence on June 22, 2009 (the "Inventory Trial")

K. The Receiver has now liquidated the Inventory, and the estimated net proceeds thereof are $1,129,872.

L. Approximately 57.5% of the lands used to grow the Inventory comprising potato crops were MSF Lands and approximately 42.5% of the lands used to grow the Inventory comprising potato crops were Semkuley Lands.

M. Approximately 30.6% of the lands used to grow the Inventory comprising seed canola crops were MSF Lands and approximately 69.4% of the lands used to grow the Inventory comprising seed canola crops were Semkuley Lands.

N. The parties wish to terminate the controversy between them as to the beneficial ownership of the Inventory and the extent to which the Bank's security attaches thereto, and thereby avoid holding the Inventory Trial.

AGREEMENT:

NOW THEREFORE, in consideration of the mutual agreements and premises set out herein, the sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE 1 - INVENTORY SETTLEMENT

1.1 The Recitals set out above are accurate and form an integral part of this Settlement Agreement.

1.2 The Parties agree that the beneficial ownership interests of the MSF Defendants and Bassem in the Inventory are as follows:

(a) the MSF Defendants are the beneficial owners of 57.5% of the Inventory comprising potato crops (and all proceeds thereof, hereinafter the "Potato Inventory") and are the beneficial owners of 30.6% of the Inventory comprising seed canola crops (and all proceeds thereof, hereinafter the "Seed Canola Inventory"); and

(b) Bassem is the beneficial owner of 42.5% of the Potato Inventory and 69.4% of the Seed Canola Inventory

(the "Inventory Ownership").

ARTICLE 2 - IMPLEMENTATION OF SETTLEMENT

2.1 As soon as reasonably practicable after the execution of this Settlement Agreement, the Receiver shall apply to the Court of Queen's Bench of Alberta for an Order, *inter alia*:

(a) approving this Settlement Agreement;

(b) declaring the beneficial ownership of the Inventory to be in accordance with the Inventory Ownership;

(c) vacating the Inventory Trial Order;

(d) declaring the validity and quantum (as at a specified date or dates, with interest and costs accruing thereafter in accordance with the terms of the Bank's loan and security and Semkuley's loan and security) of the Bank's secured claim against the MSF Defendants and Semkuley's secured claim against Bassem; and

(e) directing the Receiver to pay the Bank and Semkuley in accordance with their secured claims, provided that no payment shall be made to Semkuley until the Bank has been paid in full;

all in the form attached hereto as Schedule "A" (the "Settlement Order").

2.2 The granting of the Settlement Order in the form attached hereto as Schedule "A" is a condition precedent of this Settlement Agreement and if the Settlement Order is not granted in such form or is stayed, vacated or overturned on appeal, this Settlement Agreement shall be of no force and effect.

2.3 Upon the granting of the Settlement Order and the payment in full of the Bank's secured claim and Semkuley's secured claim:

(a) the Bank and Semkuley shall execute and exchange the Mutual Release attached as Schedule "B" hereto; and

(b) the Bank shall discharge the PPR Registration, at its own cost.

THE REST OF THIS PAGE IS LEFT INTENTIONALLY BLANK

ARTICLE 3 - GENERAL

3.1 The parties hereto acknowledge and agree that the agreements set out herein do not constitute an admission of liability by any party hereto.

3.2 The parties hereto acknowledge and represent that they have had an opportunity to seek independent legal advice with respect to the matters addressed in this Settlement Agreement, and that they fully understand the Settlement Agreement and the terms of settlement. The parties hereto have not been influenced by any representations or statements made by or on behalf of any other party. The parties hereto voluntarily accept all of the terms of this Settlement Agreement for the purpose of making full and final compromise, adjustment and settlement of all claims.

3.3 The parties hereto understand and agree that this Settlement Agreement and any other agreements expressly referred to herein contain the entire agreement between the parties with respect to the matters addressed herein, and that the terms of this Settlement Agreement are contractual and not a mere recital. This Settlement Agreement may only be amended or changed by agreement in writing signed by all the parties hereto.

3.4 This Settlement Agreement may be executed in counterpart, whereupon it will have full force and effect.

3.5 This Settlement Agreement is governed according to the laws of the Province of Alberta and the laws of Canada applicable therein.

3.6 The parties expressly attorn to the jurisdiction of the Province of Alberta.

DATED at the City of Calgary, in the Province of Alberta, this ______ day of June, 2009.

NATIONAL BANK OF CANADA

Per: ________________________

ERNST & YOUNG INC., in its capacity as Court-appointed Receiver and Manager of the MSF Defendants

Per: ________________________

____
Witness

____
WALTER SEMKULEY

BASSEM FARM CORPORATION

Per: ________________________

AFFIDAVIT OF EXECUTION

I, ____________________________, of the City of Calgary, in the Province of Alberta, MAKE OATH AND SAY THAT:

1. I was personally present and did see WALTER SEMKULEY, named in the within instrument who is personally known to me to be the person named therein, duly sign and execute the same for the purpose named therein.

2. The same was executed at the City of Calgary, in the Province of Alberta, and that I am the subscribing witness thereto.

3. I know the said WALTER SEMKULEY and he is, in my belief, of the full age of eighteen years.

SWORN BEFORE ME at the City of Calgary, in the Province of Alberta, this ____ day of June, 2009.	)))	
______________________________	)	______________________________
A Commissioner for Oaths in and for the Province of Alberta	))	

Schedule "A" to the Settlement Agreement dated the ______ day of June, 2009 entered into between WALTER SEMKULEY, BASSEM FARM CORPORATION, NATIONAL BANK OF CANADA and ERNST & YOUNG INC. (the "Receiver"), in its capacity as Court-appointed Receiver and Manager of McGillivray & Sera Farms Ltd., 626625 Alberta Ltd., 626626 Alberta Ltd., Bastiaansen Holding Company Ltd., Jos Bastiaansen and Corien Bastiaansen (the "MSF Defendants") and not in its personal capacity

ACTION NO: 0801-14675

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

BETWEEN:

NATIONAL BANK OF CANADA

Plaintiff

\- and -

McGILLIVRAY & SERA FARMS LTD., 626625 ALBERTA LTD., 626626 ALBERTA LTD., BASTIAANSEN HOLDING COMPANY LTD., JOS BASTIAANSEN, CORIEN BASTIAANSEN, and BASSEM FARM CORPORATION

Defendants

BEFORE THE HONOURABLE	)	At the Calgary Courts Centre, in the City of
MADAM JUSTICE C. A. KENT	)	Calgary, in the Province of Alberta, on
IN CHAMBERS	)	____________, the ____ day of June, 2009.

INVENTORY SETTLEMENT ORDER

UPON the application of Ernst & Young Inc., the Court-appointed Receiver and Manager (the "Receiver") of all the Defendants except Bassem (the "MSF Defendants"); AND UPON hearing counsel for the Receiver, counsel for the Plaintiff and counsel for the Defendant Bassem Farm Corporation ("Bassem"); AND UPON having read the First through Fifth Reports of the Receiver, the Affidavit of Walter Semkuley sworn January 19, 2009 and the other pleadings and proceedings filed herein; AND UPON considering that on April 9, 2009, this Honourable Court granted an "Order Directing the Trial of an Issue" (the "Inventory Trial Order") in which the Court directed that a trial be held commencing June 22, 2009 (the "Inventory Trial") to determine certain issues, including the issue of the beneficial ownership of the crop inventory grown in 2008 by one or more of the Defendants (the "Inventory"); AND UPON considering that the Receiver, the Plaintiff, Bassem and Walter Semkuley entered into a Settlement Agreement dated June ____, 2009 (the "Settlement Agreement"); AND UPON considering that the Order sought is just and equitable; AND UPON noting the consent hereto of the Plaintiff and Bassem; IT IS HEREBY ORDERED AND DECLARED THAT:

Settlement Agreement

1. The Settlement Agreement is hereby approved.

Inventory Trial

2. With respect to the Inventory Trial and the Inventory Trial Order:

(a) the Inventory Trial Order is hereby vacated;

(b) the Inventory Trial currently scheduled for June 22, 2009 shall be removed from the Trial List; and

(c) the parties are relieved from any further obligations regarding pre-trial steps set out in the Inventory Trial Order.

Beneficial Ownership of the Inventory

3. It is hereby declared that the MSF Defendants are the beneficial owners of that portion of the Inventory (and all proceeds thereof) grown on lands owned or leased by the MSF Defendants and that Bassem is the beneficial owner of that portion of the Inventory (and all proceeds thereof) grown on lands owned by Walter Semkuley. More particularly:

(a) the MSF Defendants are the beneficial owners of 57.5% of the Inventory comprising potato crops (and all proceeds thereof, hereinafter the "Potato Inventory") and are the beneficial owners of 30.6% of the Inventory comprising seed canola crops (and all proceeds thereof, hereinafter the "Seed Canola Inventory"); and

(b) Bassem is the beneficial owner of 42.5% of the Potato Inventory and 69.4% of the Seed Canola Inventory.

Bassem Receivership

4. For the purpose of facilitating the distribution of the proceeds of the Inventory, including Bassem's share thereof, the Receiver shall be appointed as the Receiver and Manager of Bassem pursuant to the Receivership Order attached as Schedule "A" to this Order. The Receiver is hereby relieved from its obligation under s. 245 of the *Bankruptcy and Insolvency Act* to send any notice respecting the Receivership of Bassem to those creditors to whom it previously sent notice of the Receivership of the MSF Defendants. For clarity, the Receiver's only obligation under s. 245 of the *Bankruptcy and Insolvency Act* is to send a notice to those creditors of Bassem who did not previously receive notice of the Receivership of the MSF Defendants.

Distribution of Sale Proceeds and the Unsecured Creditors' Funds

5. The Receiver is hereby authorized to deal with the net proceeds of sale of the assets of the MSF Defendants (comprising all of their lands, equipment and the MSF Defendants' share of the Potato Inventory and the Seed Canola Inventory, and net of such costs as may be allocated by the Receiver, or ordered by the Court, hereinafter the "MSF Net Proceeds") in the following manner:

(a) the Receiver may, without further order, pay the secured creditors of the MSF Defendants to the extent of their proven secured claims; and

(b) thereafter, any surplus of the MSF Net Proceeds (the "MSF Surplus") shall be held by the Receiver and dealt with in accordance with paragraph 7 hereof.

6. The Receiver is hereby authorized to deal with the net proceeds of sale of the assets of Bassem (comprising Bassem's share of the Potato Inventory and the Seed Canola Inventory, and net of such costs as may be allocated by the Receiver, or ordered by the Court, hereinafter the "Bassem Net Proceeds") in the following manner:

(a) the Receiver may, without further order, pay the secured creditors of Bassem to the extent of their proven secured claims and in accordance with the terms of the Settlement Agreement; and

(b) thereafter, any surplus of the Bassem Net Proceeds (the "Bassem Surplus") shall be held by the Receiver and dealt with in accordance with paragraph 7 hereof.

7. The MSF Surplus, if any, and the Bassem Surplus, if any, shall be pooled and shall form an unsecured creditors' fund (the "Unsecured Creditors' Fund") for the benefit, *pari passu*, of all unsecured creditors of the MSF Defendants and Bassem. The Receiver is hereby granted leave, in the event that there is a positive balance in the Unsecured Creditors' Fund (after payment of the secured creditors of the MSF Defendants and the secured creditors of Bassem) to make application for the approval of a claims process, for the purpose of identifying the unsecured claims as against the Unsecured Creditors' Fund.

Contempt Application

8. The application made by the Plaintiff on February 12, 2009, seeking a declaration that Bassem was in contempt of the December 2, 2009 Order of the Court granted herein, is hereby dismissed.

Proven Secured Claims

9. It is hereby declared that the Plaintiff has a good and valid secured claim as against the MSF Defendants, in the amount (as at June 15, 2009) of $5,785,559.15, plus interest and legal costs accruing or billed thereafter.

10. It is hereby declared that Walter Semkuley has a good and valid secured claim as against Bassem, in the amount (as at June 1, 2009) of $333,400.42, plus interest and legal costs accruing or billed thereafter.

____
J.C.Q.B.A.

ENTERED this _____day of _______, 2009.

____
Clerk of the Court

CONSENTED TO:

BENNETT JONES LLP

Per: ______________________

Chris Simard
Solicitors for Walter Semkuley and
Bassem Farm Corporation

McCARTHY TETRAULT LLP

Per: ______________________

Sean Collins
Solicitors for the Plaintiff

SCHEDULE "A"

ACTION NO: 0801-14675

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

BETWEEN:

NATIONAL BANK OF CANADA

Plaintiff

- and -

McGILLIVRAY & SERA FARMS LTD., 626625 ALBERTA LTD., 626626 ALBERTA LTD., BASTIAANSEN HOLDING COMPANY LTD., JOS BASTIAANSEN, CORIEN BASTIAANSEN, and BASSEM FARM CORPORATION

Defendants

BEFORE THE HONOURABLE	)	AT CALGARY COURTS CENTRE, IN THE
	)	CITY OF CALGARY IN THE PROVINCE
MADAM JUSTICE KENT	)	OF ALBERTA ON THE ______ DAY OF
	)	JUNE, 2009.
IN CHAMBERS	)	

CONSENT RECEIVERSHIP ORDER

UPON the application of Ernst & Young Inc, (the "Receiver"), Receiver and Manager of all the Defendants in this action (except Bassem Farm Corporation, hereinafter the "Debtor"); AND UPON having noted the consent hereto of counsel for Bassem; AND UPON hearing counsel for the Receiver, counsel for Bassem and counsel for other interested parties; IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the notice of application for this order is hereby abridged and service thereof is deemed good and sufficient.

APPOINTMENT

2. Pursuant to section 13(2) of the *Judicature Act*, R.S.A. 2000, c.J-2, Ernst & Young Inc. is hereby appointed Receiver, without security, of all of the Debtor's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

(a) to take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

(b) to receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

(c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part other business, or cease to perform any contracts of the Debtor;

(d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the powers and duties conferred by this Order;

(e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;

(f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;

(g) to settle, extend or compromise any indebtedness owing to or by the Debtor;

(h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;

(i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;

(j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in this Order shall authorize the Receiver to defend or settle the action in which this Order is made unless otherwise directed by this Court.

(k) to market any or all the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate.

(l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

(i) without the approval of this Court in respect of any transaction not exceeding $100,000 provided that the aggregate consideration for all such transactions does not exceed $200,000; and

(ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,

and in each such case notice under subsection 60(8) of the *Personal Property Security Act*, R.S.A. 2000, c. P-7 shall not be required.

(m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

(n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

(o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

(p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;

(q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;

(r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and

(s) to take any steps reasonably incidental to the exercise of these powers;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. (i) The Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependant on maintaining possession) to the Receiver upon the Receiver's requests.

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

6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. No proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. No Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement, if such proceeding is not commenced before the expiration of the stay provided by this paragraph 8.

NO EXERCISE OF RIGHTS OF REMEDIES

9. All rights and remedies (including, without limitation, set-off rights) against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

10. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court. Nothing in this Order shall prohibit any party to an "eligible financial contract" (as defined in section 11.1(1) of the *Companies' Creditors Arrangement Act*) with the Debtor from terminating such contract or exercising any rights of set-off, in accordance with its terms.

CONTINUATION OF SERVICES

11. All Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required

by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

13. All employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts, other than such amounts as the Receiver may specifically agree in writing to pay, or such amounts as may be determined in Proceeding before a court or tribunal of competent jurisdiction.

14. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. (a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:

    (i) before the Receiver's appointment; or

    (ii) after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or willful misconduct.

    (b) Nothing in sub-section (a) exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-section.

    (c) Notwithstanding anything in any federal or provincial law, but subject to sub-section (a) hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,

    (i) if, within such time as is specified in the order, within ten days after the order is made if no time is so specified, within ten days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in paragraph (i), the Receiver:

    A. complies with the order, or

    B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;

    (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in paragraph (i), within ten days after the order is made or within ten days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by,

    A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or

    B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or

(iii) if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

Nothing in this Order shall derogate from the protection afforded to the Receiver by Section 14.06 of the BIA or any other applicable legislation.

RECEIVER'S ACCOUNTS

16. Any expenditure or liability which shall properly be made or incurred by the Receiver, including the fees of the Receiver and the fees and disbursements of its legal counsel, incurred at the standard rates and charges of the Receiver and its counsel, shall be allowed to it in passing its accounts and shall from a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person (the "Receiver's Charge").

17. The Receiver and its legal counsel shall pass their accounts from time to time.

18. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

19. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed $100,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge.

20. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

21. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

22. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

ALLOCATION

23. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

GENERAL

24. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

25. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

26. The aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

27. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

28. The Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

29. Any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

J.C.C.Q.B.A.

CONSENTED TO:

BENNETT JONES LLP

Per: ______________________________

Chris Simard

Solicitors for Bassem Farm Corporation

ENTERED this _____ day of ____________, 2009.

____

CLERK OF THE COURT

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. ______________________

AMOUNT $______________________

1. THIS IS TO CERTIFY that Ernst & Young Inc., the interim receiver and receiver and manager (the "Receiver") of all of the assets, undertakings and properties of [DEBTOR'S NAME] appointed by Order of the Court of Queen's Bench of Alberta (the "Court") dated the _____ day of __________________, 2009 (the "Order") made in Action 0801-14675, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of $_________, being part of the total principal sum of $______________ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily] [monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of ______ per cent above the prime commercial lending rate of Bank of _______ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at *.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property (as defined in the Order) as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _______ day of _______________, 2009.

ERNST & YOUNG INC., solely in its capacity as Receiver of the Property (as defined in the Order), and not in its personal capacity

Per: ________________________
Name:
Title:

ACTION NO: 0801-14675

IN THE COURT OF QUEEN'S BENCH
OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

BETWEEN:

NATIONAL BANK OF CANADA

Plaintiff

- and -

McGILLIVRAY & SERA FARMS LTD., 626625 ALBERTA LTD., 626626 ALBERTA LTD., BASTIAANSEN HOLDING COMPANY LTD., JOS BASTIAANSEN, CORIEN BASTIAANSEN, and BASSEM FARM CORPORATION

Defendants

CONSENT RECEIVERSHIP ORDER

BENNETT JONES LLP
Barristers and Solicitors
4500 Bankers Hall East
855 - 2nd Street S.W.
Calgary, Alberta T2P 4K7

Chris Simard
Our File No.:59741-5
Telephone No.: (403) 298-4485
Fax No.: (403) 265-7219

ACTION NO: 0801-14675

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

BETWEEN:

NATIONAL BANK OF CANADA

Plaintiff

- and -

McGILLIVRAY & SERA FARMS LTD., 626625 ALBERTA LTD., 626626 ALBERTA LTD., BASTIAANSEN HOLDING COMPANY LTD., JOS BASTIAANSEN, CORIEN BASTIAANSEN, and BASSEM FARM CORPORATION

Defendants

INVENTORY SETTLEMENT ORDER

MACLEOD DIXON LLP
3700 Canterra Tower
400 Third Avenue S.W.
Calgary, Alberta T2P 4H2

Randal S. Van de Mosselaer
Phone: (403) 267-8222
Fax: (403) 264-5973

Schedule "B" to the Settlement Agreement dated the ______ day of June, 2009 entered into between WALTER SEMKULEY, BASSEM FARM CORPORATION, NATIONAL BANK OF CANADA and ERNST & YOUNG INC. (the "Receiver"), in its capacity as Court-appointed Receiver and Manager of McGillivray & Sera Farms Ltd., 626625 Alberta Ltd., 626626 Alberta Ltd., Bastiaansen Holding Company Ltd., Jos Bastiaansen and Corien Bastiaansen (the "MSF Defendants") and not in its personal capacity

MUTUAL RELEASE

This Mutual Release is granted this____ day of June, 2009

A M O N G :

NATIONAL BANK OF CANADA, a bank organized pursuant to the provisions of the *Bank Act*, S.C. 1991, c. 46 and with a head office within the Province of Quebec ("**NBC**") (the "**First Party**"); and

BASSEM FARM CORPORATION, a body corporate formed under the laws of the Province of Alberta, Canada ("**Bassem**"); and WALTER SEMKULEY, an individual resident in the Province of Alberta, Canada ("**Semkuley**") (collectively, the "**Second Parties**");

W H E R E A S :

A. On November 21, 2008, NBC commenced Court of Queen's Bench Action No. 0801-14675 (the "**Action**") against Bassem and others wherein NBC sought against Bassem, *inter alia*, an account of any assets and business interests purportedly transferred to Bassem by McGillivary & Sera Farms Ltd. ("MSF"), one of the named Defendants in the Action, damages for conversion of security held by NBC and provided by MSF and other named Defendants and an interim order appointing a receiver to preserve any property in the possession of Bassem, including without limitation, bank accounts or any property bailed by Bassem to any other party pending trial of the action (the "**NBC Claim**");

B. By order dated December 2, 2009 in the Action, Madam Justice C.A. Kent granted a Consent Interim Order (the "**Consent Interim Order**") wherein, *inter alia*, Bassem agreed to provide NBC certain information respecting it's financial affairs, seek the approval of NBC prior to making any cash distributions and to make monthly payments due from and after the date of the Consent Interim Order on account monies owed to NBC under a Term Loan, Revolving Line of Credit and MasterCard by MSF and the other Defendants in the Action.

C. On February 12, 2009, NBC brought an application in the Action, seeking a declration that Bassem was in contempt of the Consent Interim Order (the "**Contempt Application**").

D. By order dated February 23, 2009, the Contempt Application was adjourned *sine die*.

E. By order dated March 23, 2009 in the Action (the "**Receivership Order**"), Madam Justice C.A. Kent granted an order, *inter alia*, appointing Ernest & Young Inc. (the "**Receiver**") as Receiver and Manager over all of MSF's and the other Defendants in the

Action (with the exception of Bassem) current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof.

F. By order dated April 9, 2009 in the Action (the "**Order Directing a Trial of an Issue**"), Madam Justice C.A. Kent directed that a trial of an issue in the Action be heard on June 22, 2009 to determine (i) the beneficial ownership of all crop inventory from the creation thereof to the disposition of same, the possession and control of which was taken by the Receiver pursuant to the Receivership Order; (ii) the entitlement to the Parties to the proceeds of the Inventory; and (iii) the extent to which NBC's security attached to the inventory and, to the extent NBC holds security over the inventory, the relative priority to the proceeds arising from the disposition thereof. Pursuant to the Order Directing a Trial of an Issue, the Parties (as defined therein) were to include, among others, NBC, Bassem, Semkuley and the Receiver.

G. Pursuant to the Order Directing a Trial of an Issue, on or about April 16, 2009, Bassem and Semkuley filed a Notice of Claim (the "**Bassem/Semkuley Claim**") wherein Bassem and Semkuley sought, *inter alia*, a declaration that the 2008 crop inventory grown on Bassem Lands (as defined therein) and the proceeds thereof were beneficially owned by Bassen, an accounting of the Proceeds and a declaration that Semkuley was entitled to all of the Proceeds, or such other portion as may be proven at trial.

H. Pursuant to the Order Directing a Trial of an Issue, on May 8, 2009, NBC filed a Reply to the Bassem/Semkuley Claim (the "**NBC Reply**") wherein NBC sought, *inter alia*, that the Bassem/Semkuley Claim be dismissed, and a declaration that (i) MSF or other named parties in the NBC Claim were the beneficial owners of the crop inventory; (ii) to the extent any crop inventory had been transferred to Bassem, the security held by NBC continued into such crop inventory and the proceeds thereof; (iii) to the extent Bassem grew or produced crop inventory for its own account, the input costs for such crop inventory represented proceeds from dealings with the Collateral and were financed by the Line of Credit and as such were subject to NBC's security with the result that NBC was entitled to the proceeds of liquidation of the crop inventory.

NOW THEREFORE, this Mutual Release is granted by the First Party to the Second Parties and by the Second Parties to the First Party, for and in consideration of mutual, good, and valuable consideration, the receipt, sufficiency and adequacy of which is hereby irrevocably acknowledged by each of the signatories hereto.

AND THEREFORE KNOW ALL MEN BY THESE PRESENTS that:

1. The First Party, DOES HEREBY **RELEASE, REMISE AND FOREVER DISCHARGE** the Second Parties and each of their past and present servants, representatives, agents, employees, shareholders, officers, directors, partners, associates, principals, successors, predecessors, insurers, receivers, and assigns of the foregoing, and each of the respective heirs, executors, administrators, and legal representatives of the foregoing, of and from any and all actions, causes of action, matters in respect of which a remedial order could be obtained, claims, suits, contracts, indemnifications, guarantees, demands, liabilities,

damages, costs or expenses, of any nature whatsoever, including legal fees, as well as all other manner and form of claims whatsoever, which they may now have, or may have in future, for or by reason of any cause, matter or thing howsoever and whensoever arising, whether known or unknown, suspected or unsuspected, of whatever nature and kind, including without limitation, arising from, or related to, directly or indirectly, all matters, issues, disputes and obligations arising out of or relating to the facts, allegations, and claims raised, or that could have been raised, in the Action, including the Contempt Application, the NBC Claim and the NBC Reply, by the First Party, and any prior dealings, agreements, contracts, contact, association or involvement between the Parties whatsoever arising.

2. The Second Parties DO HEREBY **RELEASE, REMISE AND FOREVER DISCHARGE** the First Party and each of its past and present servants, representatives, agents, employees, shareholders, officers, directors, partners, associates, principals, successors, predecessors, insurers, receivers, and assigns of the foregoing, and each of the respective heirs, executors, administrators, and legal representatives of the foregoing, of and from any and all actions, causes of action, matters in respect of which a remedial order could be obtained, claims, suits, contracts, indemnifications, guarantees, demands, liabilities, damages, costs or expenses, of any nature whatsoever, including legal fees, as well as all other manner and form of claims whatsoever, which they may now have, or may have in future, for or by reason of any cause, matter or thing howsoever and whensoever arising, whether known or unknown, suspected or unsuspected, of whatever nature and kind, including without limitation, arising from, or related to, directly or indirectly, all matters, issues, disputes and obligations arising out of or relating to the facts, allegations, and claims raised, or that could have been raised, in the Action, including the Bassem/Semkuley Claim, by the Second Parties, and any prior dealings, agreements, contracts, contact, association or involvement between the Parties whatsoever arising.

3. The First Party and the Second Parties further covenant and agree not to continue or commence any proceedings of any nature whatsoever in any jurisdiction whatsoever for or in respect of any and all matters against any individual who is not party to this Mutual Release who may have a claim for indemnity or contribution against one or more of the other Parties hereto and further undertake, covenant and agree to discontinue any such proceeding already commenced or hereafter commenced.

4. This Mutual Release is granted as a compromise to terminate controversy and not as an admission of liability on the part of any party, such liability being expressly denied by every party.

5. This Mutual General Release shall be governed by, and construed in accordance with, the laws of the Province of Alberta, and the federal laws applicable therein, except as to any rule of conflicts of law that would cause this Release to be governed or construed in accordance with the laws of another jurisdiction.

6. The signatories of this Mutual Release hereby irrevocably attorn to the jurisdiction of the courts of Alberta to resolve any and all disputes that may arise out of, or relate to, this Mutual Release and the courts of Alberta shall be the exclusive forum in which any signatory shall commence such a dispute.

7. Each of the signatories hereby represents and warrants that, in granting this Mutual Release, they are not relying upon, and have not been induced to make this Mutual Release by, any representation, warranty, covenant, collateral contract or agreement, or any statement of fact or law that is not expressly set out herein.

8. Each of the signatories hereby represents and warrants that, in granting this Mutual Release, they each had the benefit of independent and competent legal counsel and have been informed and advised as to the effect of this Mutual Release upon their rights.

9. Each of the signatories shall perform any act and execute and deliver any document now or hereafter reasonably requested by another signatory to carry out the terms of this Mutual Release in accordance with its intent and meaning, at the sole expense of the requesting party.

10. This Mutual Release may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Mutual Release by their respective representatives duly authorized in this regard as of the date above.

Witnessed by:

______________________________	______________________________
Witness Name:	**WALTER SEMKULEY**
The signatory hereby certifies, represents and warrants that s/he has authority to bind the corporation to this Mutual Release.	**BASSEM FARM CORPORATION** By: ______________________________ Name and Title: ______________________________
The signatory hereby certifies, represents and warrants that s/he has authority to bind the corporation to this Mutual Release.	**NATIONAL BANK OF CANADA** By: ______________________________ Name and Title: ______________________________

AFFIDAVIT OF EXECUTION

I, ______________________________, of the City of Calgary, in the Province of Alberta, MAKE OATH AND SAY THAT:

1. I was personally present and did see WALTER SEMKULEY, named in the within instrument who is personally known to me to be the person named therein, duly sign and execute the same for the purpose named therein.

2. The same was executed at the City of Calgary, in the Province of Alberta, and that I am the subscribing witness thereto.

3. I know the said WALTER SEMKULEY and he is, in my belief, of the full age of eighteen years.

SWORN BEFORE ME at the City of Calgary, in the Province of Alberta, this ____ day of June, 2009.	)))	
______________________________	)	______________________________
A Commissioner for Oaths in and for the Province of Alberta	))	

ARTICLE 3 - GENERAL

3.1 The parties hereto acknowledge and agree that the agreements set out herein do not constitute an admission of liability by any party hereto.

3.2 The parties hereto acknowledge and represent that they have had an opportunity to seek independent legal advice with respect to the matters addressed in this Settlement Agreement, and that they fully understand the Settlement Agreement and the terms of settlement. The parties hereto have not been influenced by any representations or statements made by or on behalf of any other party. The parties hereto voluntarily accept all of the terms of this Settlement Agreement for the purpose of making full and final compromise, adjustment and settlement of all claims.

3.3 The parties hereto understand and agree that this Settlement Agreement and any other agreements expressly referred to herein contain the entire agreement between the parties with respect to the matters addressed herein, and that the terms of this Settlement Agreement are contractual and not a mere recital. This Settlement Agreement may only be amended or changed by agreement in writing signed by all the parties hereto.

3.4 This Settlement Agreement may be executed in counterpart, whereupon it will have full force and effect.

3.5 This Settlement Agreement is governed according to the laws of the Province of Alberta and the laws of Canada applicable therein.

3.6 The parties expressly attorn to the jurisdiction of the Province of Alberta.

DATED at the City of Calgary, in the Province of Alberta, this ______ day of June, 2009.

NATIONAL BANK OF CANADA

Per: ______________________

____
Witness

ERNST & YOUNG INC., in its capacity as Court-appointed Receiver and Manager of the MSF Defendants

Per: ______________________

____
WALTER SEMKULEY

BASSEM FARM CORPORATION

Per: ______________________

AFFIDAVIT OF EXECUTION

I, Chris Simard, of the City of Calgary, in the Province of Alberta, MAKE OATH AND SAY THAT:

1. I was personally present and did see WALTER SEMKULEY, named in the within instrument who is personally known to me to be the person named therein, duly sign and execute the same for the purpose named therein.

2. The same was executed at the City of Calgary, in the Province of Alberta, and that I am the subscribing witness thereto.

3. I know the said WALTER SEMKULEY and he is, in my belief, of the full age of eighteen years.

SWORN BEFORE ME at the City of Calgary, in the Province of Alberta, this 17th day of June, 2009.	
Donna Kathler	
A Commissioner for Oaths in and for the Province of Alberta	CHRIS SIMARD Barrister and Solicitor
DONNA M. KATHLER My Commission Expires December 24, 2009	

WSLegal\059741\00005\5350126v4

ARTICLE 3 - GENERAL

3.1 The parties hereto acknowledge and agree that the agreements set out herein do not constitute an admission of liability by any party hereto.

3.2 The parties hereto acknowledge and represent that they have had an opportunity to seek independent legal advice with respect to the matters addressed in this Settlement Agreement, and that they fully understand the Settlement Agreement and the terms of settlement. The parties hereto have not been influenced by any representations or statements made by or on behalf of any other party. The parties hereto voluntarily accept all of the terms of this Settlement Agreement for the purpose of making full and final compromise, adjustment and settlement of all claims.

3.3 The parties hereto understand and agree that this Settlement Agreement and any other agreements expressly referred to herein contain the entire agreement between the parties with respect to the matters addressed herein, and that the terms of this Settlement Agreement are contractual and not a mere recital. This Settlement Agreement may only be amended or changed by agreement in writing signed by all the parties hereto.

3.4 This Settlement Agreement may be executed in counterpart, whereupon it will have full force and effect.

3.5 This Settlement Agreement is governed according to the laws of the Province of Alberta and the laws of Canada applicable therein.

3.6 The parties expressly attorn to the jurisdiction of the Province of Alberta.

DATED at the City of Calgary, in the Province of Alberta, this 17th day of June, 2009.

NATIONAL BANK OF CANADA	**ERNST & YOUNG INC., in its capacity as Court-appointed Receiver and Manager of the MSF Defendants**
Per: B Pineda BETH PINEDA	**Per:** ______________________
______________________ Witness	______________________ **WALTER SEMKULEY**
	BASSEM FARM CORPORATION
	Per: ______________________

ARTICLE 3 - GENERAL

3.1 The parties hereto acknowledge and agree that the agreements set out herein do not constitute an admission of liability by any party hereto.

3.2 The parties hereto acknowledge and represent that they have had an opportunity to seek independent legal advice with respect to the matters addressed in this Settlement Agreement, and that they fully understand the Settlement Agreement and the terms of settlement. The parties hereto have not been influenced by any representations or statements made by or on behalf of any other party. The parties hereto voluntarily accept all of the terms of this Settlement Agreement for the purpose of making full and final compromise, adjustment and settlement of all claims.

3.3 The parties hereto understand and agree that this Settlement Agreement and any other agreements expressly referred to herein contain the entire agreement between the parties with respect to the matters addressed herein, and that the terms of this Settlement Agreement are contractual and not a mere recital. This Settlement Agreement may only be amended or changed by agreement in writing signed by all the parties hereto.

3.4 This Settlement Agreement may be executed in counterpart, whereupon it will have full force and effect.

3.5 This Settlement Agreement is governed according to the laws of the Province of Alberta and the laws of Canada applicable therein.

3.6 The parties expressly attorn to the jurisdiction of the Province of Alberta.

DATED at the City of Calgary, in the Province of Alberta, this ______ day of June, 2009.

NATIONAL BANK OF CANADA

Per: ________________________

____
Witness

ERNST & YOUNG INC., in its capacity as Court-appointed Receiver and Manager of the MSF Defendants

Per: ________________________

____
WALTER SEMKULEY

BASSEM FARM CORPORATION

Per: ________________________

Action No. 0801-14675

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

BETWEEN:

NATIONAL BANK OF CANADA

Plaintiff

-and-

McGILLIVRAY & SERA FARMS LTD., 626625 ALBERTA LTD., 626626 ALBERTA LTD., BASTIAANSEN HOLDING COMPANY LTD., JOS BASTIAANSEN, CORIEN BASTIAANSEN, and BASSEM FARM CORPORATION

Defendants

FIFTH REPORT OF THE RECEIVER ERNST & YOUNG INC. JUNE 17, 2009

MACLEOD DIXON LLP
3700 Canterra Tower
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Calgary, Alberta T2P 4H2
Telephone: (403) 267-8222
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Attention: Randal S. Van de Mosselaer

File No. 263209