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

**In the Matter of the Court Appointed Receivership of the Property of
 Kyoto Fuels Corporation (the "Company")**

1. Please be advised that on Thursday, May 29, 2014, Ernst & Young Inc. (the "Receiver") was appointed by an Order of the Court of Queen's Bench of Alberta (the "Order") as Receiver of the Company. The Receiver was appointed in respect of the property (the "Property") of the Company, an insolvent person, which is described below:

	<u>Net Book Value as at February 28, 2014</u>	
Property, plant and Equipment	\$	34,663,033
Inventory		1,043,315
Deposits		80,555
Loans and notes receivable		44,075
Cash		35,300
Long term investments		17,500
Accounts receivable		16,299
Prepaid expenses		<u>2,471</u>
Total		<u>\$35,902,548</u>

(the "Property")

2. To the extent permitted under the Order, the Receiver took possession and control of the Property on May 29, 2014.
3. The following information relates to the receivership:

- a) Principal address of the insolvent person: RR# 8 S2 C24
Lethbridge, AB
T1J 4P4
- b) Principal line of business: Biodiesel Producer
- c) Location of the business: RR# 8 S2 C24
Lethbridge, AB
T1J 4P4



- d) Amounts owed by the Company, per the unaudited balance sheet dated February 28, 2014 are summarized as follows:

<u>Name</u>	<u>Notes</u>	<u>Claim Amount</u>
Secured creditors – see attached Appendix A	A	\$ \$15,893,215
Statutory/Preferred creditors		unknown
Subordinated Convertible Debentures	B	8,343,924
Unsecured creditors – see attached Appendix A		<u>\$5,265,408</u>
Total		\$ <u>\$29,502,546</u>

Notes:

A. *Estimated.*

B. *As at March 31, 2014 pursuant to the sworn affidavit of Myles Hamilton, dated April 29, 2014.*

- e) The intended action plan of the Receiver is to conduct an orderly sale of the Property, and distribute the proceeds to entitled parties.
- f) The Receiver contact is:

Ernst & Young Inc.
Ernst & Young Tower
1000 , 440 - 2nd Avenue SW
Calgary, AB T2P 5E9

Attention: Neil Honess
Telephone: (403) 206-5003
Facsimile: (403) 206-5075
Email: Neil.Honess@ca.ey.com

Website: www.ey.com/ca/kyotofuels

Dated at Calgary, Alberta this 5th day of June, 2014.

ERNST & YOUNG INC.
Court-Appointed Receiver and Manager
of Kyoto Fuels Corporation and not in its
personal or corporate capacity

Robert J. Taylor, FCA•CIRP
Senior Vice-President

**Kyoto Fuels Corporation
Creditor Listing
As at May 29, 2014**

Secured Creditors

	Claim
Agricultural Financial Services Corporation ("AFSC")	5,009,681
CP Energy Marketing LP ("CP")	6,180,639
T&E Ventures Inc. ("T&E")	3,882,212
Courtland Hill Farms Ltd.	361,575
647928 Alberta Ltd.	361,575
Steven Ell	86,399
National Leasing	10,971
De Lage Landen Financial Services Canada Inc.	163
General Electric Canada Equipment Finance G.P.	unknown
Total Secured Creditors	\$ 15,893,215

Subordinated Convertible Debentures (specific amounts unknown)

629431 ALBERTA LTD.	
955251 ALBERTA LTD.	
ARSENYCH, S., JIM	
NAGEL, HARTMANN	
H THACKER & SONS FARMS LTD.	
J.H.T. HOLDINGS LTD.	
LY INVESTMENTS LTD.	
ROESSEL, JOHN, VAN	
COOMBS, LORI	
NAGEL, RICHARD	
J. KOLIASKA ENTERPRISES LTD., OPERATING AS JK TRUCKING	
WANKE, MANFRED	
H THACKER & SONS FARMS LTD.	
J.H.T HOLDINGS	
ROESSEL, JOHN, VAN	
L&U HOLDINGS LTD.	
647928 ALBERTA LTD.	
THACKER, FLORENCE	
COURTLAND HILL FARMS LTD.	
OLSEN, IRENE	
T&E VENTURES INC.	
MAIN, DIANE	
955251 ALBERTA LTD. C/O ROB TAMS	
MORETTI, MIKE	
HIGHLANDS PACIFIC PARTNERS LP	
Total Subordinated Convertible Debentures	\$ 8,343,924

Unsecured Creditors

	Claim
ABSA	1,133
AFSC Inc	20,000
Airtech Heating & Air Conditioning	13,197
AJ Stone Company Ltd.	5,298
Bell Mobility	759
BFI	145
Bissett Cleaning	2,285
Blake, Cassels & Graydon LLP	unknown

**Kyoto Fuels Corporation
Creditor Listing
As at May 29, 2014**

BMO Mastercard	21,164
Boss Telecom	325
Canadian Linen	6,154
Canadian Western Bank	unknown
CE Franklin	32,738
City of Lethbridge	6,732
Climate Check Corporation	4,158
Control Union	1,693
County of Lethbridge	1,749
Culligan Water	21
D&D Oilfield Rentals Corp.	3,150
DA Building Systems Ltd.	9,367
Data Control Management Solutions Ltd.	6,820
Deacom Inc.	39,853
Direct Energy	31,217
DTR Services Ltd	8,798
E B A Engineering Consultants Ltd.	9,254
Elbow River Marketing Ltd	unknown
Epcor	40,048
Eurofins QTA Inc.	unknown
Exova Canada Inc	1,369
Filtramax Inc.	35,181
First Capital Leasing Ltd.	569
FIRST Insurance Funding of Canada Inc.	16,429
GE Capital	1,137
GE Capital	1,749
GEA Canada Inc.	54,495
Glentel Wireless Centre	6,563
Guillevin International	1,309
Hall Technologies Ltd.	2,222
Hatch Ltd	12,102
Hertz Equipment Rental	3,257
Hoskin Scientific Limited	11,754
Ingersoll Rand	3,105
Integrated Industrial Solutions	3,512,397
Intertek	2,310
James Security (1999) Ltd.	2,693
JHT Holdings	560
JK Trucking	41,615
John Brooks Company Ltd.	6,015
KB Heating & Air Conditioning	304
Lethbridge Mobile Shredding Ltd	69
Liberty Boilers	6,066
Liberty County	725
Maxxam Analytics	22,114
McCarthy Tetrault LLP	50,334
Midfield Supply ULC	446
Midland Electric Alberta Ltd.	141,654
Murray's Rental	656
Nalco Canada Company	6,816
PCE Pacific Inc.	14,358

**Kyoto Fuels Corporation
Creditor Listing
As at May 29, 2014**

Platinum Insurance	25,878
Primus Biovision	8,585
Purolator Courier	527
Pyramid Corporation	72,611
R.L.S. Oilfield Services Ltd.	30,880
Receiver General	287
Ririe Pit Rund And Gravel Ltd.	7,734
Rocket Leasing	1,686
Roest Accoustics Ltd.	6,825
S&T Squared Consultants	1,260
S. Jim Arsenych	45,000
Select People Solutions	36,167
Sigma-Aldrich Canada Co.	2,870
Southern Vacuum Service Ltd	945
Sterling Credit Group RE: Kyoto Fuels Corp / CE Franklin	unknown
Sun Life Assurance Company of Canada	805
T & E Ventures	210,000
ThermoFisher Financial Services	30,263
TNS Business Centre Ltd	236
TRS Officeware	1,942
TWD - Taber Water Disposal	18,585
TWH Oilfield Services Ltd.	11,238
Unified Valve Ltd	1,437
Unipex Solutiuons Canada Inc.	33,900
Univar Canada Ltd	30,708
UPS Canada	68
Westech Sanitation Systems Ltd.	609
Western One Rentals & Sales	20,850
Westerra Insulation Inc.	338,321
Workplace Safety & Healthcare Services	81,572
Yellow Pages Advertising	230
Young Parkyn McNab LLP	17,850
Total Unsecured Creditors	\$ 5,265,408
Total Creditors	\$ 29,502,546