

CANADA)
PROVINCE OF SASKATCHEWAN)

Court No.: 22-2400416
Estate No.: 22-2400416

COURT QUEEN'S BENCH FOR SASKATCHEWAN
IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE SASKATOON

APPLICANT CANADIAN EXOTIC GRAINS LTD.

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
UNDER SECTION 50.4 OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
RSC 1985, c. B-3, AS AMENDED, OF CANADIAN EXOTIC GRAINS LTD.

AFFIDAVIT OF JOCELYN HARTSOOK

I, Jocelyn Harstook, of the Town of Eston, Saskatchewan, in the Province of Saskatchewan, MAKE OATH AND SAY THAT:

1. I am a director and the president of the applicant, Canadian Exotic Grains Ltd. ("CEG"), such that I have personal knowledge of the facts and matters hereinafter deposed, except where stated to be on information and belief and, where so stated, I believe the same to be true.

I. INTRODUCTION

A. Background to the Business Model

2. CEG is a specialty crops, spice processing, and marketing company based in the R.M. of Snipe Lake NO. 259 near the Town of Eston, Saskatchewan ("Eston"). CEG has six full-time employees, one part-time summer student, and typically offers three to four seasonal positions during CEG's peak business season.

3. CEG was incorporated by its former president, Gary Schweitzer ("Schweitzer"), on April 8, 2009. Schweitzer, a former local farmer who has since retired from CEG and

moved to Medicine Hat, Alberta, was the sole director and president of G. H. Schweitzer Enterprises Ltd. (“GHS”), which was incorporated in the early 1980s to serve as Schweitzer’s farming corporation.

4. While the initial focus of GHS’ business was traditional, Saskatchewan grain farming, GHS later expanded into the production, marketing, and sale of specialty crops, such as lentils, chickpeas, and coriander. Unlike wheat and barley, these specialty crops were not subject to the mandatory jurisdiction of the Canadian Wheat Board, and could therefore be independently marketed and sold by the farmers themselves. In order to increase its marketing power, GHS began purchasing specialty crops from, and offering marketing services to, other farmers in Saskatchewan and Alberta, and with time, GHS was able to establish a customer base consisting of local producers and purchasers across North America.

B. The Land, Buildings, and Other Improvements

5. The specialty crops aspect of GHS’ business operations was initially run from the Schweitzers’ approximately 1,340 square foot personal residence located outside of Eston on a quarter section of land legally described as SW 10-25-20 W3 (the “SW 10”). In or about 1997, the Schweitzers built a larger, more elaborate residence as an addition to the original farm house (the “Addition”) and converted the latter into GHS’s office space for its employees (the “Office”).

6. The remainder of the SW 10 consisted of:

- (a) a grain handling system with a total capacity of approximately 50,400 bushels (the “Grain Handling System”);
- (b) a shop;
- (c) a Quonset hut; and
- (d) the bare land actively farmed by GHS as part of its broader farming operation.

7. The 12 acre portion of land upon which the Addition, Office, Grain Handling System, and other aforementioned improvements are situated was later subdivided from the SW 10 to create Parcel A Plan 101077208 (“Parcel A”).

C. The Warehouse Addition

8. Since its inception in the 1980s and until in or about 2002, GHS’ business model included:

- (a) growing and harvesting its own specialty grain, spices, and pulse crops to market and sell to purchasers throughout North America;
- (b) purchasing specialty grains, spices, and pulses from Saskatchewan and Alberta producers for resale to purchasers throughout North America; and
- (c) growing and harvesting its own grain crops of the variety that, by law, had to be sold through the Canadian Wheat Board.

9. Although the Grain Handling System had significant storage capacity for GHS’ inventory, GHS did not have the ability to clean or package its own product for sale during that time, and therefore had to subcontract these services to third party providers. In or about 2002, GHS commissioned the construction of an 8,250 square foot warehouse (the “Warehouse”) on Parcel A, which GHS equipped with, among other things, grain bagging equipment, which allowed GHS to package its product in-house thereafter.

D. Sale of the GHS Assets to CEG

10. I initially worked for GHS in a part-time student position through my high school’s work education program before later securing a full-time position as its logistics coordinator in or about August of 2003. I held this position until in or about 2008 when I transitioned to the marketing side of the business.

11. From 2008 to 2010, I took on an increasingly more significant role under Schweitzer's tutelage, with the stated goal being for me to one day assume complete responsibility for all aspects of the marketing side of the business. During that time, Schweitzer was also grooming another employee named Cory Ryland ("**Ryland**") to act in a general manager capacity, as well as oversee the production side of the business. In particular, Ryland received the benefit of significant training with respect to chickpea production, which is a difficult crop to produce due to its susceptibility to disease as a result of moisture.

12. By 2010, GHS had approximately 15 full-time employees, as well as part-time seasonal positions that varied from year to year depending on the sales. It was in or about this time that Schweitzer announced that he wished to transition towards retirement. Parcel A and the improvements located thereon (e.g., the Office, Addition, Warehouse, etc.), as well as the equipment, inventory, and other miscellaneous assets utilized in GHS' specialty crop business, were offered for sale to all of GHS' full-time the employees.

13. I ultimately partnered with my fellow employees, Mark Andrew, Mark Mutch, Brittany Nargang, and Ryland (collectively, the "**Employees**") to accept the offer, and we moved to the next stage of negotiations in which Schweitzer, along with his accountant and lawyer, presented the Employees with a business model (complete with financial projections) and draft asset purchase agreement. The business model contemplated Schweitzer remaining involved with the business in a consulting role and essentially shepherding the new ownership through the initial transition period and first few years of operations. As matters progressed, Schweitzer would become less and less involved and eventually retire.

14. The business model further contemplated CEG obtaining financing for both the asset purchase and go-forward operations, as GHS had done in the past; however, there was a contingency option included that involved GHS financing the transaction, if necessary, but at a much higher interest rate and shorter repayment term than would be

expected from a lending institution. The Employees unanimously voted to approve the business plan and proceed with the asset purchase in or about December of 2010.

15. The Employees were ultimately unable to secure financing for the purchase, and after further discussions, the parties entered into an agreement based on the business model's contingency plan on or about January 1, 2011, whereby:

- (a) the \$810,000.00 asset purchase price would be repaid by way of monthly installments of \$13,500.00 over five years, with interest accruing at the Bank of Canada's overnight target rate plus 9% per year beginning on May 1, 2013; and
- (b) GHS would advance the Employees (or their company) an operating loan of \$1,000,000.00, with the Employees only being obligated make monthly interest payments, which accrued at the Bank of Canada's prime rate plus 2% per year until fully repaid.

(collectively, the "GHS Indebtedness")

16. To facilitate the amended agreement, as well as Schweitzer's continued involvement in the business and eventual departure, the parties opted to utilize Schweitzer's pre-existing CEG corporation to make the purchase from GHS. As shown in the May 4, 2011 Profile Report attached as Exhibit "A," the resulting corporate structure was as follows:

Name	Director	Officer Position	Shareholdings
Jocelyn Hartsook	Yes	Treasurer	50 Class F PRE
Gary Schweitzer	Yes	President	150 Class A
Susanne Schweitzer	Yes	Secretary	150 Class A
Mark Andrew	No	N/A	50 Class F PRE
Mark Mutch	No	N/A	50 Class F PRE
Brittany Nargang	No	N/A	50 Class F PRE
Cory Ryland	No	N/A	50 Class F PRE

17. It was an express term of CEG's January 3, 2011 unanimous shareholders' agreement (the "USA") that CEG's board of directors would consist of Schweitzer, his

wife, Susanne, and me until the GHS Indebtedness was paid in full. Once the GHS Indebtedness was repaid, their Class A shares were to be redeemed by CEG for their book value, leaving the remaining shareholders in control of the corporation.

18. Following CEG's purchase of GHS's assets, the Employees as a whole took on additional responsibilities. For example, I became the director of marketing, while it was understood that Ryland was to be responsible for managing CEG as a whole, including its eventual expansion into specialty crop production, as described in more detail below. To the public, however, it likely appeared as though GHS had simply changed its name to CEG. Indeed:

- (a) the marketing and sale aspects of the business remained the same;
- (b) Schweitzer was still actively involved with the day-to-day operations; and
- (c) CEG continued to do business with the same client base GHS had been developing since the 1980s.

II. OPERATIONS AND REVENUE LOSS

A. First Years of Operation

19. As indicated above, GHS' business model involved not just purchasing specialty crops from local producers to market and resell, but also actively farming and reselling the specialty crops grown on its own land base. In this regard, GHS acted as its own primary producer. Following CEG's purchase of the specialty crop assets, which were limited to those utilized in the marketing, packaging, and resale aspects of GHS' business, GHS continued as a specialty crop farming operation in its own right, and remained one of CEG's primary producers.

20. At the time of commencing business in January of 2011, CEG did not have its own farm land, and therefore no ability to produce its own product as GHS had in the past. Consequently, CEG's business operations consisted of:

- (a) conducting market research to identify which crops and spices were likely to be most in demand;
- (b) negotiating supply contracts with the end-customers;
- (c) purchasing the crops and spices directly from the producers to supply the product necessary to fulfill CEG's contracts either from existing inventory or from the upcoming year's harvest;
- (d) transporting the product to a third party seed and grain cleaning company to be cleaned; and
- (e) receiving the cleaned product at the Warehouse, where it would be bagged and subsequently shipped to the customers.

21. The original business plan developed by the Employees was for CEG to eventually purchase its own land and commence its farming operation as soon as reasonably practicable in order to streamline CEG's business operations, make it less reliant on GHS and other producers to fill orders, and increase the overall cash flow.

22. To that end, in the spring of 2011, CEG identified seven quarter sections of land that were suitable for its purposes (the "CEG Land"). CEG was unable to obtain financing for the CEG Land due to the amounts owing to GHS, and the transaction was instead completed directly by GHS. In other words, GHS acted as the purchaser, provided the requisite security to the lender, and became the registered owner of the CEG Land. GHS and CEG then entered into a cash lease arrangement stipulating that the down payment, transaction fees, mortgage payments, and property taxes were all to be paid by CEG.

23. Following the purchase, the CEG Land was seeded in chickpeas to be harvested that fall. In the meantime, CEG had no immediate cash flow aside from the profits it was able to generate operating solely as a marketing company; that is: by securing what it perceived to be favourable sales from producers based on CEG's market research and reselling its inventory to its existing customers.

24. Business improved in the fall once CEG gained access to its chickpea inventory and CEG carried that momentum into 2012. Overall, 2011 and 2012 were CEG's most successful business years in terms of gross revenue. The net profits were, however, significantly reduced as a result of:

- (a) payments made on account of the GHS Indebtedness;
- (b) the front-end costs associated with the GHS' purchase of the CEG Land and CEG commencing farming operations upon the same; and
- (c) \$78,000.00 in uncollected accounts receivable from 2012 sales, which were a direct result of Ryland having allowed new customers to make purchases on credit against CEG policy and without the knowledge or approval of the board of directors or other Employees.

B. Bankruptcy of CLIC International, Ryland Departure, and CEG Land Sale

25. CLIC International Inc. ("CLIC") was a Quebec-based food distribution company that maintained its own retail brand of canned foods, including lentils, chickpeas, and fava beans, as well as pre-made specialty items (e.g., bean salad). GHS had dealt with CLIC for 20 years, and CEG continued the business relationship following its purchase of GHS' specialty crop assets. While CLIC was often slow to pay its outstanding invoices, the accounts were always brought current. CEG therefore allowed CLIC to purchase significant amounts of products on credit, and was one of CEG's more significant customers in 2011 and 2012.

26. In 2013, however, CLIC made an assignment into bankruptcy. I understand from a subsequently issued press release from a competitor of CEG's called Alliance Grain Traders Inc. (now AGT Food and Ingredients Inc.) that it ultimately purchased substantially all of CLIC's assets in the bankruptcy proceedings. For its part, CEG filed a proof of claim in the proceedings but received nothing and was ultimately left with approximately \$284,000.00 in unpaid accounts.

27. It was in or about this time that Ryland resigned as an employee and surrendered his CEG shares to the corporation. Having spent over two years training Ryland on the production side of the business, Schweitzer was not willing to start over again. With no one to manage CEG's production, the board of directors therefore resolved to cease production and sell the CEG Land. The CEG Land was sold in the December of 2013, and the proceeds were retained by GHS to pay off the amounts owing in relation to the same, and make a payment against the GHS Indebtedness. Despite having made a profit on the sale of the CEG Land, there was therefore no additional funds available for operations.

C. Significant Changes and Background to the Seed Cleaning Expansion

28. With the CEG Land sold, CEG's business operations were once again reduced to purchasing specialty crops and spices for resale as detailed above. The most significant occurrences in 2014 included:

- (a) the further subdivision of Parcel A into the following three parcels:
 - (i) Blk/Par A Plan No. 101077208 Extension 7, upon which the Grain Handling System, Warehouse, shop, and Quonset are situated (the "**Commercial Site**");
 - (ii) Blk/Par B Plan No. 102171800 Extension 0, upon which the Office and Addition are situated; and
 - (iii) Blk/Par B Plan No. 102171800 Extension 1, upon which the remaining residential yard site and dugout are situated;

(Extensions 0 and 1 of Parcel B are hereafter referred to as the "**Residential Site**")

(Land Registry titles for the Commercial Site and the Residential Sites are attached as Exhibits "**B**" and "**C**," respectively)

- (b) Schweitzer:
 - (i) moving from Saskatchewan to Medicine Hat, Alberta;

- (ii) agreeing to reduce CEG's total monthly payments against the GHS Indebtedness to \$15,000.00 per month; and
 - (iii) ceasing to be involved in CEG's day-to-day operations, although he retained his shareholdings and director position as per the USA;
- (c) Lilah McIvor ("**McIvor**") joining CEG as its new logistics coordinator and purchasing 50 Class F shares.

29. CEG recorded a \$89,388.00 loss in 2014; consequently, in 2015, CEG undertook an extensive analysis of its overall business model to determine what, if anything, could be done to reduce expenses and/or generate additional profits.

30. In the course of this analysis, CEG's yearly grain and seed cleaning expenses were identified as a significant impediment to CEG's profitability. For example, in 2014 alone, CEG spent approximately \$475,627.00 on third party grain and seed cleaning. As long as this service was subcontracted, the cleaning expenses would increase commensurately with the volume of product CEG ultimately sold and negate the additional profits. CEG therefore obtained estimates for the purchase and installation of seed and grain cleaning equipment in the Warehouse with the intention of pursuing financing; however, the Schweitzers, who remained in control of the board of directors, were not agreeable to CEG incurring the debt necessary to pursue the project; consequently, it was deferred until the GHS Indebtedness could be repaid, at which time the Employees would gain control of CEG in accordance with the USA.

31. As an additional measure to increase CEG's profits and reduce the GHS Indebtedness, my husband and I purchased the Residential Site from CEG in or about February of 2015 for \$232,500.00. The funds were used by CEG to further reduce the GHS Indebtedness and, in turn, the accruing interest. Because the Office was located on the Residential Site no longer owned by CEG, my husband and I entered into a lease agreement with CEG for the continued use of the Office, which was connected to what was now our personal residence (i.e., the Addition), in exchange for \$1,000.00 a month.

D. Seed Cleaning Expansion and 2016 Crop Failures

32. After incurring a loss of \$34,239.00 in 2015, CEG secured financing from Farm Credit Corporation (“FCC”) to fund the Seed Cleaning Expansion the following year. Pursuant to a loan agreement dated June 29, 2016, the particulars of which are discussed in more detail below, FCC advanced CEG \$1.5 million to be utilized as follows:

- (a) \$7,500.00 for FCC’s processing fee;
- (b) \$1,043,427.00 for the purchase and installation of the seed cleaning equipment in the warehouse;
- (c) \$287,300.00 to satisfy the remaining GHS Indebtedness; and
- (d) \$161,773.00 for various miscellaneous purposes.

33. The satisfaction of the GHS Indebtedness allowed for a corporate restructuring, including the redemption of the Schweitzer’s shares, nomination of a new board of directors, and execution of a revised unanimous shareholders agreement (the “2016 USA”). The construction of the seed cleaning expansion project began in September.

34. Unfortunately, following a particularly wet summer growing season and substantial snowfall in early October, the 2016 crop year in Saskatchewan was a substantial failure, such that CEG’s producers were unable to fulfill their contracts with CEG who, in turn, had no available product to fulfill its outstanding contracts with its customers. This forced CEG to purchase product on the open market at substantially higher prices than those for which it had contracted with the local producers, as the supply chain for specialty crops, such as chickpeas, was already depleted due to crop failures in India and Mexico.

35. On the producer side, the farmers have access to insurance in the event of crop failure. In addition, since the early days of GHS, the producers have insisted on the inclusion of an “Act of God” clause in their contracts to relieve them of their obligation to deliver the amount specified upon the occurrence of a natural event (e.g., drought or

flooding) affecting their yields. CEG's customers, on the other hand, will not allow the inclusion of such a clause in CEG's delivery contracts. The risk is therefore entirely CEG's.

36. As a result of the foregoing, CEG experienced a \$28,404.00 loss in 2016.

E. 2017 Crop Failure

37. With the seed cleaning expansion scheduled to be up and running by harvest time, CEG had been hoping to recover due to the anticipated reduction in expenses; however, as explained in the CBC News online article dated May 4, 2017, a copy of which is as Exhibit "D," an estimated one million acres of the total crops planted the previous year in Saskatchewan had, as of May 2017, yet to be fully harvested due to the previous year's early snow and the cool weather, wet field conditions, and lodged crops (i.e., crops lain flat by the snow) in the spring of 2017.

38. The delay in seeding was followed by an exceptionally dry growing season, and many of CEG's producers were again experiencing crop failures and unable to meet their contracted quotas. CEG was therefore forced to resort to the market to fulfill outstanding orders at a much higher than anticipated price. Indeed, the price for chickpeas had remained extremely high due to the pre-existing lack of supply, which was exacerbated by the further crop failures in 2017.

39. With the anticipated losses imminent, CEG's board of directors began giving serious consideration to how they could potentially restructure the company. One such opportunity that presented itself was an introduction to a company called DG Global, which expressed interest in potentially purchasing a controlling interest in CEG. DG Global was provided access to CEG's financials and other due diligence materials, but ultimately decided against making any offer.

40. CEG ultimately recorded a \$400,118.00 loss for 2017.

III. NEGOTIATION OF THE ASSET PURCHASE AGREEMENT

A. The Oliphants and Section 12 Foods Inc.

41. The Asset Purchase Agreement that is before this Honourable Court for approval on this application is the product of a chance discussion in passing between a local farmer, Darren Oliphant (“**Darren**”), and McIvor’s husband, Dayton. For the sake of what follows, it bears worth keeping in mind that the population of Eston is only slightly in excess of 1,000 people.

42. I have known Darren Oliphant and his immediate and extended family that resides in the area for most of my life. While I am given to understand that many of the various family members each have their own farming corporations (e.g., Justin Oliphant is the sole director and shareholder of J. Oliphant Farms Ltd.), they collectively farm between 15,000 to 20,000 acres in the Eston area.

43. In or about January or February of 2018, Darren approached Dayton, who works as a contractor, about potentially building a warehouse to be utilized in a new business venture upon which he was embarking with:

- (a) his sister, Andrea Oliphant;
- (b) his brother Justin Oliphant; and
- (c) their father, Lorne Oliphant.

(collectively, the “**Oliphants**”)

44. As shown in the Profile Report attached as Exhibit “E,” the aforementioned individuals incorporated Section 12 Foods Inc. (“**Section 12**”) on July 22, 2016, and the nature of the business was intended to be very similar to that actively carried on by CEG, namely, acting as wholesale merchants and brokers of farm products.

45. The primary difference between the two companies' business models was that Section 12 intended to market products similar to those offered by CEG overseas, as opposed to throughout North America. Following the initial discussion between Darren and Dayton, Lilah and I reached out to Darren to discuss whether the Oliphants would reconsider Section 12's preliminary business strategy, and instead purchase CEG's assets with a view to carrying on the existing business. After their initial discussions, CEG and Section 12 had a formal meeting in or about March to outline the terms of the sale.

46. The period of March through June of 2018 involved Section 12 conducting an in-depth due diligence review of CEG's assets and present business operations, as well as the parties engaging in extensive back-and-forth negotiations through legal counsel. In the midst of the mounting operational issues and financial pressures described in more detail below, CEG and Section 12 executed the Asset Purchase Agreement dated July 13, 2018 (the "APA"), a copy of which is appended to the Confidential Report of the Proposal Trustee dated August 3, 2018 (the "**Confidential Report**").

B. Additional Circumstances Leading to the Filing of the NOI

47. As a dealer of pulse crops, such as lentils and chickpeas, CEG is required to have a Canadian Grain Commission license pursuant to the *Canada Grain Act*, RSC 1985, c. G-10. The Canadian Grain Commission additionally requires its license-holders to have letters of credit, the amounts of which are guaranteed by Export Development Canada. In the event a license-holder does not pay its producers, they have the ability to make a claim against the letter of credit, which is then audited and potentially paid by the Canadian Grain Commission if determined to be legitimate. A license-holder's failure to pay its producers can also result in the Canadian Grain Commission revoking the license entirely.

48. During the period of January through March of 2018, CEG was still attempting to operate its business in the ordinary course, which included working to fulfill outstanding

delivery contracts from 2017, securing revenue to pay outstanding bills with a number of its producers, and attempting to secure new commitments for the 2018 growing season. CEG's unpaid producers ultimately made a number of claims against CEG's letter of credit due to non-payment, and in April of 2018, CEG's license was revoked, which reduced CEG's business scope to buying and selling spices for which it did not require a license.

49. The significant loss of revenue that resulted exacerbated the lack of available cash and increased CEG's outstanding debts, which in turn caused CEG's communications with its unsecured creditors to become strained. This was occurring in parallel with the negotiation and execution of the APA, and CEG subsequently filed a Notice of Intention to Make a Proposal Pursuant to Section 50.4 of the *Bankruptcy and Insolvency Act*, RC 1985, c. B-3 (the "NOI") to obtain the breathing space necessary to:

- (a) close the sale;
- (b) effect an orderly distribution of the sale proceeds to the secured creditors; and
- (c) use the anticipated surplus to formulate a proposal for presentation to CEG's unsecured creditors at a future date.

50. A copy of the Official Receiver's Certificate of Filing the NOI is attached as Exhibit "F."

III. PRESENT CORPORATE STRUCTURE AND ASSETS

A. Corporate Profile

51. A corporate profile report for CEG dated June 21, 2018 is attached as Exhibit "G." As stated therein, the present corporate structure is as follows:

Name	Director	Officer Position	Shareholdings
Jocelyn Hartsook	Yes	President	50 Class F PRE
Lilah McIvor	Yes	Secretary	50 Class F PRE
Mark Mutch	Yes	Treasurer	50 Class E PRE
Brittany Nargang	No	N/A	50 Class F PRE
Mark Andrew	No	N/A	50 Class E PRE

52. It will be recalled that the Class E shareholders, Brittany Nargang and Mark Andrew, were part of the original group of Employees involved in the purchase of the GHS assets through CEG. As per the terms of CEG's updated unanimous shareholder agreement, their shareholdings were converted from Class F to Class E when they voluntarily resigned from their respective employment positions with CEG.

B. Assets

53. As discussed above, CEG's landholdings are limited to the Commercial Site which has the following buildings and improvements located thereon:

- (a) shop, which contains various tools, parts, and other miscellaneous shop items;
- (b) Quonset;
- (c) Grain Handling System; and
- (d) Warehouse containing all attached fixtures and equipment necessary to operate the bagging and grain cleaning systems.

54. A complete list of the vehicles, industrial equipment (including that associated with the Grain Handling System and Warehouse fixtures), and office equipment owned by CEG is attached as Exhibit "H."

55. As of June 30, 2018, CEG's other assets consisted of:

- (a) cash totalling roughly \$560,234;

- (b) receivables in the amount of approximately \$188,673;
- (c) inventory valued at approximately \$82,265; and
- (d) prepaid expenses in the amount of \$84,382.

IV. LIABILITIES

A. FCC

56. Pursuant to a Loan Agreement dated June 29, 2016, a copy of which is attached as Exhibit “I,” FCC provided a \$1.5 million loan to CEG, which is secured by the following:

- (a) a \$2,000,000.00 mortgage dated August 4, 2016 granting FCC security against the Commercial Site; and
- (b) a general security agreements dated August 4, 2016 granting FCC security interests in all of the present and future assets of CEG.

57. FCC’s mortgage and general security agreement are attached as Exhibits “J” and “K,” respectively.

58. As deposed in paragraph 3 of the Affidavit of Mike McAllister sworn August 2, 2018 (the “**McAllister Affidavit**”), the FCC indebtedness totals \$1,418,589.87 as of July 31, 2018, which amount will accrue interest at a rate of \$243.00 per day.

B. AGCO Finance Canada Ltd. (“AGCO”)

59. Pursuant to a Saskatchewan Instalment Sales Contract & Security Agreement dated September 9, 2014, a copy of which is attached as Exhibit “L,” Owens & Sweitzer (1972) Ltd. agreed to sell, and CEG agreed to purchase, the following assets:

- (a) 14 Massey Ferguson 1738L Tractor/ Loader;

(b) 14 Farm King C4572 Tiller; and

(c) 14 Farm King V655 Mower.

60. AGCO financed the purchase of the assets, and took a security interest in these specific assets in order to secure payment of the purchase price CEG, which as of August 3, 2018 totaled \$14,419.71. A July 31, 2018 email from AGCO to the Proposal Trustee advising of the remaining indebtedness is attached as Exhibit “M.”

C. Unsecured Debt

61. As more particularly described in the First Report, CEG’s remaining liabilities consist of unsecured accounts payable, shareholder loans, and long term unsecured debt totaling \$1,644,748.00.

62. The names of the individual unsecured creditors and parties to whom the shareholder loans are owed appear in the list of creditors appended to the First Report as Exhibit A.

V. FACTORS SUPPORTING THE APPROVAL OF THE APA

A. Location of the Assets

63. CEG is a relatively small player operating in a niche market from a remote location in rural Saskatchewan, such that its board of directors is of a view that it is unlikely that a better sale price could be obtained through a formal sales process, as opposed to the direct marketing approach that was utilized in this instance.

64. More specifically, due to the unique history of the business assets detailed above, the practical reality is that it is difficult to conceive of a scenario in which a purchaser who was not already carrying on business in the Eston area and personally known to me

and my family would be comfortable purchasing CEG's business assets and utilizing the as they are, and where they are, which is the basis upon which the APA was concluded.

65. It will be recalled that the Office is the Schweitzer's original farm house for the SW 10, and it is attached to the Addition, which is now my family home. The road access from the adjacent Commercial Site upon which the Warehouse and Grain Handling System are located passes directly by the Addition and in between the two parcels comprising the Residential Site. I am attaching a parcel picture as Exhibit "N" for the purposes of illustration. The Oliphants are long time neighbours and friends who are comfortable with the operating the assets where they are, including renting the Office from my family.

B. Consultation with Creditors

66. CEG's largest secured creditor, FCC, was consulted in advance of the execution of the APA and given the opportunity to review the same. CEG has additionally communicated with FCC respect to the filing of the NOI, and FCC is supportive of the relief sought, as evidenced by the McAllister Affidavit.

67. As described in more detail in the Confidential Report, CEG anticipates being able to retire both the FCC and AGCO debts in full from the sale proceeds, and have a leftover balance to fund a proposal to the unsecured creditors.

C. Additional Factors

68. A more fulsome account of the CEG management's discussions with the Proposal Trustee with respect to the relative merits of the purchase price obtained appears in the Confidential Report.

69. Broadly described (and in addition to the factors already discussed above), CEG believes the purchase price is reasonable and fair in the circumstances for the following reasons:

- (a) CEG has obtained recent appraisals, copies of which are appended to the Confidential Report, supporting CEG's view that the purchase price obtained through its direct marketing approach exceeds the value that could be obtained through a piecemeal liquidation of the land and equipment; and
- (b) value has been given to the supply and purchase agreements secured by CEG in 2018 (the "Assigned Agreements") and CEG's goodwill, which values could only be achieved in the context of a going concern sale.

70. The foregoing aside, CEG also believes that a sale of the assets to Section 12 represents the most desirable outcome for the company's non-financial stakeholders, which include CEG's employees and producers, as well as the local economy and community of Eston.

71. Section 12 has offered employment contracts to the current employees of CEG. Given Eston's size, every job is important to the local community. The continuity on the employee side is also what factored into the producers' agreement to allow the Assigned Agreements to be conveyed to Section 12 as part of the APA. Similar to CEG's original asset purchase from GHS, the producers and customers have been assured that the business will effectively continue as before, with no interruption or need to establish new working relationships.

VI. POTENTIAL VIABLE PROPOSAL IF THE EXTENSION IS GRANTED

72. Since the filing of the NOI, CEG has worked in good faith and with due diligence in:

- (a) preparing its cash flow forecasts and reviewing the same with the Proposal Trustee;

- (b) holding ongoing discussions with its legal counsel and the Proposal Trustee with respect to restructuring options;
- (c) collecting accounts receivable and actively marketing its remaining inventory; and
- (d) preparing for the anticipated closing of the APA.

73. There is an anticipated surplus to be retained from the purchase price under the APA after the claims of FCC and AGCO are satisfied, which can be used to fund a proposal for consideration by CEG’s unsecured creditors. If the APA is approved, more time is necessary to close the transaction, formulate a proposal, and apply to both approve the same and distribute the proceeds to the secured creditors. CEG is unaware of any creditor that would materially prejudiced if the extension being requested is granted.

74. I therefore swear this affidavit in support of the relief sought in the within application that is presently before this Honourable Court.

SWORN (OR AFFIRMED) BEFORE ME)
 at the Town of Eston, in the Province of)
 Saskatchewan, this 3rd day of August, 2018.)

Sandra King)

A COMMISSIONER FOR OATHS for
 Saskatchewan – My Commission expires:
 DEC 31, 2020

Joelyn Harstook
 JOCELYN HARSTOOK

CONTACT INFORMATION AND ADDRESS FOR SERVICE:

Name of firm:	McDougall Gauley LLP
Name of lawyer in charge of file:	Ian A. Sutherland / Craig Frith
Address of legal firm:	500-616 Main Street Saskatoon, SK S7H 0J6
Telephone / Fax number:	(306) 665-5417 / (306) 652-1323
Email address:	isutherland@mcdougallgauley.com cfrith@mcdougallgauley.com

Saskatchewan



**Information
Services
Corporation**
OF SASKATCHEWAN

Corporate Registry

Profile Report

Entity No: 101142336
Entity Name: CANADIAN EXOTIC GRAINS LTD.

As of: 4-May-2011

Entity Name: CANADIAN EXOTIC GRAINS LTD.

Entity Number: 101142336

Status as of Profile date: Active

THIS IS EXHIBIT "A" REFERRED TO IN
THE AFFIDAVIT OF JOCELYN HARTSOOK
SWORN BEFORE ME AT THE TOWN OF
ESTON, IN THE PROVINCE
OF SASKATCHEWAN THIS 3RD DAY
OF AUGUST, 2018.

Entity Type: BUSINESS CORPORATION
Entity Sub Type: SASKATCHEWAN CORPORATION

Incorporation Date: 08-Apr-2009
Home Jurisdiction: SASKATCHEWAN
Annual Return/Renewal Date: 31-May-2012

Bonnie King
A Commissioner for Oaths
in and for the Province of Saskatchewan
my commission expires: Dec 31, 2020
or being a solicitor.

Nature of Business: GRAIN MARKETING & GRAIN PRODUCTION

Address of Business:

Address: R.M. OF SNIPE LAKE 259, QUARTER SW SECTION 10 TOWNSHIP 25
RANGE 20 MERIDIAN W3RD
City/Province: ESTON, SK
Country/Postal Code: CANADA, S0L1A0

Registered Office:

Name: CANADIAN EXOTIC GRAINS LTD.
Address: R.M. OF SNIPE LAKE 259, QUARTER SW SECTION 10 TOWNSHIP 25
RANGE 20 MERIDIAN W3RD
City/Province: ESTON, SK
Country/Postal Code: CANADA, S0L1A0

Mailing Address:

Name: CANADIAN EXOTIC GRAINS LTD.
Address: PO BOX 444
City/Province: ESTON, SK
Country/Postal Code: CANADA, S0L1A0
Attention: JOCELYN HARTSOOK

Allowable Number of
Directors: Min: 1 Max: 5

Director/Officer /Shareholder Information:

Dir Became: 03-Jan-2011
 Name: HARTSOOK, JOCELYN
 Address: BOX 356
 City/Province: ESTON, SK
 Country/Postal Code: CANADA, S0L1A0
 Resident Canadian: YES

Director: YES
 Officer Position: TREASURER
 Shareholder: YES

Class Name: F PRE
 Shares Held: 50.00

Director/Officer /Shareholder Information:

Dir Became: 08-Apr-2009
 Name: SCHWEITZER, GARY H.
 Address: PO BOX 222
 City/Province: ESTON, SK
 Country/Postal Code: CANADA, S0L1A0
 Resident Canadian: YES

Director: YES
 Officer Position: PRESIDENT
 Shareholder: YES

Class Name: A
 Shares Held: 150.00

Director/Officer /Shareholder Information:

Dir Became: 03-Jan-2011
 Name: SCHWEITZER, SUSANNE
 Address: BOX 222
 City/Province: ESTON, SK
 Country/Postal Code: CANADA, S0L1A0
 Resident Canadian: YES

Director: YES
 Officer Position: SECRETARY
 Shareholder: YES

Class Name: A
 Shares Held: 150.00

Director/Officer /Shareholder Information:

Name: ANDREW, MARK
 Address: BOX 771
 City/Province: ESTON, SK
 Country/Postal Code: CANADA, S0L1A0

Director: NO
 Shareholder: YES

Class Name: F PRE
 Shares Held: 50.00

Director/Officer /Shareholder Information:

Name: MUTCH, MARK
 Address: BOX 848
 City/Province: ESTON, SK
 Country/Postal Code: CANADA, S0L1A0

Director: NO
 Shareholder: YES

Class Name: F PRE
 Shares Held: 50.00

Director/Officer /Shareholder Information:

Name: NARGANG, BRITTANY
 Address: BOX 226
 City/Province: ESTON, SK
 Country/Postal Code: CANADA, S0L1A0

Director: NO
 Shareholder: YES

Class Name: F PRE
 Shares Held: 50.00

Director/Officer /Shareholder Information:

Name: RYLAND, CORY Director: NO
 Address: BOX 783
 City/Province: ESTON, SK Shareholder: YES
 Country/Postal Code: CANADA, S0L1A0
 Class Name: F PRE
 Shares Held: 50.00

Share Structure:

Class	Voting Rights	Authorized Number	Issued Number
A	YES	UNLIMITED	300.00
B	NO	UNLIMITED	00.00
C	NO	UNLIMITED	00.00
D PRE	NO	UNLIMITED	00.00
E PRE	NO	UNLIMITED	00.00
F PRE	YES	UNLIMITED	250.00
Total Number of Shares issued:			550.00

General Information:

Licensed with Consumer Protection Branch: NO

Places of Business in Saskatchewan:

Address: R.M. OF SNIPE LAKE 259, QUARTER SW SECTION 10 TOWNSHIP 25
 RANGE 20 MERIDIAN W3RD
 City: ESTON
 Postal Code: S0L1A0

Event History:

<u>Event</u>	<u>Date</u>
INCORPORATION	08-Apr-2009
ANNUAL RETURN	23-Apr-2010
NOTICE OF DIRECTORS	06-Jan-2011
ANNUAL RETURN (Filed on the Web)	21-Apr-2011

182205244Power Corporation Act
Easement (s.23)**Value:** N/A**Reg'd:** 31 May 2018 10:30:23**Interest Register Amendment Date:** N/A**Interest Assignment Date:** N/A**Interest Scheduled Expiry Date:** N/A**Expiry Date:** N/A**Holder:**

SASKATCHEWAN POWER CORPORATION

2025 VICTORIA AVE

REGINA, SK, Canada S4P 0S1

Client #: 100307618**Int. Register #:** 122922345**Addresses for Service:****Name****Address****Owner:**

CANADIAN EXOTIC GRAINS LTD.

Client #: 123496353

PO BOX 444 ESTON, SK, Canada S0L 1A0

Notes:

Parcel Class Code: Parcel (Generic)

Back**Back to top**

Province of Saskatchewan Land Titles Registry Title

Title #: 146165913
Title Status: Active
Parcel Type: Surface
Parcel Value: \$119,600.00 CAD
Title Value: \$119,600.00 CAD
Converted Title: 96MJ06560
Previous Title and/or Abstract #: 140704815

As of: 31 Jul 2018 11:57:09
Last Amendment Date: 19 Jun 2017 15:45:24.430
Issued: 21 Jan 2015 13:49:51.500
Municipality: RM OF SNIPE LAKE NO. 259

DONALD STEVEN HARTSOOK and JOCELYN JENNELL HARTSOOK are the registered owners, as joint tenants, of Surface Parcel #203033203

Reference Land Description: Blk/Par B Plan No 102171800 Extension 0

This title is subject to any registered interests set out below and the exceptions, reservations and interests mentioned in section 14 of *The Land Titles Act, 2000*.

Registered Interests:

Interest #:
169905190

Power Corporation Act Easement (s.23)

Value: N/A
Reg'd: 23 Oct 2014 09:58:14
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Interest Scheduled Expiry Date: N/A
Expiry Date: N/A

Holder:
 SASKATCHEWAN POWER CORPORATION
 2025 VICTORIA AVE
 REGINA, SK, Canada S4P 0S1
Client #: 100307618

Int. Register #: 120415979

Interest #:
169905437

Mortgage

Value: \$273,420.45 CAD
Reg'd: 21 Jan 2015 13:49:53
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Interest Scheduled Expiry Date: N/A
Expiry Date: N/A

Holder:
 Prairie Centre Credit Union (2006) Ltd.
 Box 339
 Outlook, Saskatchewan, Canada S0L 2N0
Client #: 100013825

Int. Register #: 120603451

Interest #:

THIS IS EXHIBIT "C" REFERRED TO IN THE AFFIDAVIT OF JOCELYN HARTSOOK SWORN BEFORE ME AT THE TOWN OF ESTON, IN THE PROVINCE OF SASKATCHEWAN THIS 3RD DAY OF AUGUST, 2018.

Bandra King

A Commissioner for Oaths
 in and for the Province of Saskatchewan
 my commission expires: Dec 31, 2020
 or being a solicitor.

179286306

Mortgage

Value: \$60,000.00 CAD**Reg'd:** 19 Jun 2017 15:45:24**Interest Register Amendment Date:** N/A**Interest Assignment Date:** N/A**Interest Scheduled Expiry Date:** N/A**Expiry Date:** N/A**Holder:**

Prairie Centre Credit Union (2006) Ltd.

Box 339

Outlook, Saskatchewan, Canada S0L 2N0

Client #: 100013825**Int. Register #:** 122330089**Addresses for Service:****Name****Address****Owner:**

DONALD STEVEN HARTSOOK

Box 356 Eston, Saskatchewan, Canada S0L 1A0

Client #: 130307239

Owner:

JOCELYN JENNELL HARTSOOK

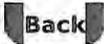
Box 356 Eston, Saskatchewan, Canada S0L 1A0

Client #: 130307262

Notes:

Under The Planning and Development Act, 2007, the title for this parcel and parcels 203033214 may not be transferred or, in certain circumstances, mortgaged or leased separately without the approval of the appropriate planning authority.

Parcel Class Code: Parcel (Generic)

[Back to top](#)

179286294

Mortgage

Value: \$60,000.00 CAD**Reg'd:** 19 Jun 2017 15:45:24**Interest Register Amendment Date:** N/A**Interest Assignment Date:** N/A**Interest Scheduled Expiry Date:** N/A**Expiry Date:** N/A**Holder:**

Prairie Centre Credit Union (2006) Ltd.

Box 339

Outlook, Saskatchewan, Canada S0L 2N0

Client #: 100013825**Int. Register #:** 122330089**Addresses for Service:****Name****Address****Owner:**

DONALD STEVEN HARTSOOK

Box 356 Eston, Saskatchewan, Canada S0L 1A0

Client #: 130307239

Owner:

JOCELYN JENNEL HARTSOOK

Box 356 Eston, Saskatchewan, Canada S0L 1A0

Client #: 130307262

Notes:

Under The Planning and Development Act, 2007, the title for this parcel and parcels 203033203 may not be transferred or, in certain circumstances, mortgaged or leased separately without the approval of the appropriate planning authority.

Parcel Class Code: Parcel (Generic)

Back**Back to top**

1 million acres of 2016 crop still not fully harvested in Saskatchewan

f t g in

Cool weather, wet field conditions blamed in Ministry of Agriculture's latest crop report

CBC News · Posted: May 04, 2017 6:34 PM CT | Last Updated: May 4, 2017

02/08/2018, 2:30 p.m.

THIS IS EXHIBIT "D" REFERRED TO IN
THE AFFIDAVIT OF JOCELYN HARTSOOK
SWORN BEFORE ME AT THE TOWN OF
ESTON, IN THE PROVINCE
OF SASKATCHEWAN THIS 3RD DAY
OF AUGUST, 2018.

Sandra King
A Commissioner for Oaths
in and for the Province of Saskatchewan
my commission expires: DEC 31, 2020
or being a solicitor.



Some Saskatchewan farmers still have a combined one million acres of 2016 crop to finish harvesting due cool weather, wet field conditions and lodged crops (CBC)

About one million acres of crops planted in 2016 have yet to be fully harvested, says Saskatchewan's Ministry of Agriculture.

"The majority of producers with crop from last year still in the field have so far been unable to finish harvesting due to cool weather, wet field conditions and lodged crops," according to the ministry's latest crop report, issued Thursday.

Most of those unharvested crops are in the west-central and northeastern regions of the province.

"There was little harvest activity over the winter months in these areas, and spring progress has been very limited," the report read.

- **Sask. harvest hampered by blast of snow**

"Aeration bins and grain dryers have been in continuous operation on many farms since last fall," the report read.

Seeding delayed, too

Bad weather conditions have also delayed spring field work in some areas, such as harrowing and the application of herbicides.

"Warm and dry weather will be needed in the coming weeks before seeding can get fully underway," the province's report said.

Overall, across the province, one per cent of the province's crops are in the ground. Between 2012 and 2016, the average for this time of year was six per cent.

"Much of the province received large amounts of precipitation over the last month, and fields remain wet in many areas," the report said.

Some producers in the southern part of the province have begun seeding pulses and cereals.

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Visitez Radio-Canada.ca



THIS IS EXHIBIT "E" REFERRED TO IN THE AFFIDAVIT OF JOCELYN HARTSOOK SWORN BEFORE ME AT THE TOWN OF ESTON, IN THE PROVINCE OF SASKATCHEWAN THIS 3RD DAY OF AUGUST, 2018.

Saskatchewan Corporate Registry

Profile Report

Page 1 of 3

Report Date: 31-Jul-2018

Entity Number: 102000385
Entity Name: SECTION 12 FOODS INC.

Brendy King
A Commissioner for Oaths
in and for the Province of Saskatchewan
my commission expires: Dec 31, 2020.
or being a solicitor.

Entity Details

Entity Type: Business Corporation
Entity Subtype: Saskatchewan Corporation
Entity Status: Active
Incorporation Date: 22-Jul-2016
Annual Return Due Date: 31-Aug-2019
Nature of Business: Support activities for crop production, Farm product merchant wholesalers, Wholesale trade agents and brokers

Registered Office/Mailing Address

Physical Address: 1500 - 410 22ND STREET EAST, SASKATOON, Saskatchewan, Canada, S7K 5T6
Mailing Address: SECTION 12 FOODS INC., 1500 - 410 22ND STREET EAST, SASKATOON, Saskatchewan, Canada, S7K 5T6

Directors/Officers

ANDREA OLIPHANT (Director)

Physical Address: 203 WYANT LANE, SASKATOON, Saskatchewan, Canada, S7W 0L2
Mailing Address: 203 WYANT LANE, SASKATOON, Saskatchewan, Canada, S7W 0L2
Resident Canadian: Yes
Effective Date: 22-Jul-2016

ANDREA OLIPHANT (Officer)

Physical Address: 203 WYANT LANE, SASKATOON, Saskatchewan, Canada, S7W 0L2
Mailing Address: 203 WYANT LANE, SASKATOON, Saskatchewan, Canada, S7W 0L2
Office Held: CHIEF EXECUTIVE OFFICER
Effective Date: 22-Jul-2016



Profile Report

Entity Number: 102000385

Page 2 of 3

Entity Name: SECTION 12 FOODS INC.

Report Date: 31-Jul-2018

LORNE OLIPHANT (Director)

Physical Address: NE 14-24-20 W3, ESTON, Saskatchewan, Canada Resident Canadian: Yes

Mailing Address: PO BOX 793, ESTON, Saskatchewan, Canada, S0L 1A0

Effective Date: 22-Jul-2016

LORNE OLIPHANT (Officer)

Physical Address: NE 14-24-20 W3, ESTON, Saskatchewan, Canada

Mailing Address: PO BOX 793, ESTON, Saskatchewan, Canada, S0L 1A0

Office Held: PRESIDENT

Effective Date: 22-Jul-2016

DARREN OLIPHANT (Director)

Physical Address: NE 1/4 OF 23-24-20 W3, ESTON, Saskatchewan, Canada Resident Canadian: Yes

Mailing Address: BOX 877, ESTON, Saskatchewan, Canada, S0L 1A0

Effective Date: 22-Jul-2016

JUSTIN OLIPHANT (Director)

Physical Address: 222 5TH AVENUE SW, ESTON, Saskatchewan, Canada Resident Canadian: Yes

Mailing Address: PO BOX 87, ESTON, Saskatchewan, Canada, S0L 1A0

Effective Date: 22-Jul-2016

Shareholders

Shareholder Name	Mailing Address	Share Class	Shares Held
ANDREA OLIPHANT	203 WYANT LANE, SASKATOON, SASKATCHEWAN, CANADA, S7W 0L2	A	100
DARREN OLIPHANT	NE 23-24-20 W3, BOX 877, ESTON, SASKATCHEWAN, CANADA, S0L 1A0	C	100
JUSTIN OLIPHANT	222 5TH AVENUE SW, ESTON, SASKATCHEWAN, CANADA, S0L 1A0	B	100



Profile Report

Entity Number: 102000385

Page 3 of 3

Entity Name: SECTION 12 FOODS INC.

Report Date: 31-Jul-2018

LORNE OLIPHANT NE 14-24-20 W3, PO BOX 793, ESTON, D
SASKATCHEWAN, CANADA, S0L 1A0

100

Articles

Minimum Number of Directors: 1 Maximum Number of Directors: 10

Share Structure:

Class Name	Voting Rights	Authorized Number	Number Issued
A	Yes	Unlimited	100
B	Yes	Unlimited	100
C	Yes	Unlimited	100
D	Yes	Unlimited	100
E	No	Unlimited	
F	Yes	Unlimited	
G	No	Unlimited	
H	No	Unlimited	

Previous Entity Names

Type	Name	Effective Until
Registered Name	102000385 SASKATCHEWAN INC.	11-Sep-2017
Registered Name	SECTION 12 EXPORTS INC.	22-May-2018
English Name	SECTION 12 EXPORTS INC.	22-May-2018

Event History

Type	Date
Notice of Shareholders	23-May-2018
Notice of Shareholders	23-May-2018
Notice of Change of Registered Office/Mailing Address	22-May-2018
Business Corporation - Amend Articles with Name Change	22-May-2018
Business Corporation - Restoral	08-May-2018
Business Corporation - Amend Articles with Name Change	11-Sep-2017
Business Corporation - Incorporation	22-Jul-2016



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Saskatchewan
Division No. 01 - Regina
Court No. 22-2400416
Estate No. 22-2400416

In the Matter of the Notice of Intention to make a
proposal of:

Canadian Exotic Grains Ltd.
Insolvent Person

**DELOITTE RESTRUCTURING INC/RESTRUCTURATION
DELOITTE INC**
Licensed Insolvency Trustee

Date of the Notice of Intention: July 17, 2018

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

THIS IS EXHIBIT "F" REFERRED TO IN
THE AFFIDAVIT OF JOCELYN HARTSOOK
SWORN BEFORE ME AT THE TOWN OF
ESTON, IN THE PROVINCE
OF SASKATCHEWAN THIS 3RD DAY
OF AUGUST, 2018.

Sandra King

A Commissioner for Oaths
in and for the Province of Saskatchewan
my commission expires: Dec 31, 2020
or being a solicitor.

Date: July 17, 2018, 15:00

E-File/Dépôt Electronique

Official Receiver

1945 Hamilton Street, Suite 600, Regina, Saskatchewan, Canada, S4P2C7, (877)376-9902

Canada



THIS IS EXHIBIT "G" REFERRED TO IN THE AFFIDAVIT OF JOCELYN HARTSOOK SWORN BEFORE ME AT THE TOWN OF ESTON, IN THE PROVINCE OF SASKATCHEWAN THIS 3RD DAY OF AUGUST, 2018.

Sandra King

A Commissioner for Oaths in and for the Province of Saskatchewan my commission expires: Dec 31, 2020 or being a solicitor.

Saskatchewan
Corporate Registry

Profile Report

Page 1 of 4

Report Date: 21-Jun-2018

Entity Number: 101142336

Entity Name: CANADIAN EXOTIC GRAINS LTD.

Entity Details

Entity Type	Business Corporation
Entity Subtype	Saskatchewan Corporation
Entity Status	Active
Incorporation Date	08-Apr-2009
Annual Return Due Date	31-May-2019
Nature of Business	GRAIN MARKETING & GRAIN PRODUCTION

Registered Office/Mailing Address

Physical Address	R.M. OF SNIPE LAKE 259, QUARTER SW SECTION 10 TOWNSHIP 25 RANGE 20 MERIDIAN W3RD, ESTON, Saskatchewan, Canada, S0L1A0
Mailing Address	CANADIAN EXOTIC GRAINS LTD., PO BOX 444, ESTON, Saskatchewan, Canada, S0L1A0
Attention To	JOCELYN HARTSOOK

Directors/Officers

JOCELYN HARTSOOK (Director)

Physical Address:	BOX 356, ESTON, Saskatchewan, Canada, S0L1A0	Resident Canadian:	Yes
Mailing Address:	BOX 356, ESTON, Saskatchewan, Canada, S0L1A0	Effective Date:	03-Jan-2011

LILAH MCIVOR (Director)

Physical Address:	909 LARSON CRESCENT, ESTON, Saskatchewan, Canada, S0L 1A0	Resident Canadian:	Yes
Mailing Address:	BOX 573, ESTON, Saskatchewan, Canada, S0L 1A0	Effective Date:	30-Jun-2016



Profile Report

Entity Number: 101142336

Entity Name: CANADIAN EXOTIC GRAINS LTD.

Report Date: 21-Jun-2018

LILAH MCIVOR (Officer)

Physical Address: 909 LARSON CRESCENT,
ESTON, Saskatchewan,
Canada, S0L 1A0

Mailing Address: BOX 573, ESTON,
Saskatchewan, Canada, S0L
1A0

Office Held: Secretary

Effective Date: 30-Jun-2016

MARK MUTCH (Director)

Physical Address: 333 3RD AVENUE S.W.,
ESTON, Saskatchewan,
Canada, S0L 1A0

Mailing Address: BOX 848, ESTON,
Saskatchewan, Canada, S0L
1A0

Resident Canadian: Yes

Effective Date: 30-Jun-2016

MARK MUTCH (Officer)

Physical Address: 333 3RD AVENUE S.W.,
ESTON, Saskatchewan,
Canada, S0L 1A0

Mailing Address: BOX 848, ESTON,
Saskatchewan, Canada, S0L
1A0

Office Held: Treasurer

Effective Date: 30-Jun-2016

JOCELYN HARTSOOK (Officer)

Physical Address: BOX 356, ESTON,
Saskatchewan, Canada,
S0L1A0

Mailing Address: BOX 356, ESTON,
Saskatchewan, Canada,
S0L1A0

Office Held: President

Effective Date: 30-Jun-2016

Shareholders

Shareholder Name	Mailing Address	Share Class	Shares Held
BRITTANY NARGANG	BOX 226, ESTON, SASKATCHEWAN, CANADA, S0L1A0	E PRE	50
JOCELYN HARTSOOK	BOX 356, ESTON, SASKATCHEWAN, CANADA, S0L1A0	F PRE	50
LILAH MCIVOR	BOX 573, ESTON, SASKATCHEWAN, CANADA, S0L1A0	F PRE	50



Profile Report

Entity Number: 101142336

Page 3 of 4

Entity Name: CANADIAN EXOTIC GRAINS LTD.

Report Date: 21-Jun-2018

MARK ANDREW	BOX 771, ESTON, SASKATCHEWAN, CANADA, S0L1A0	E PRE	50
MARK MUTCH	BOX 848, ESTON, SASKATCHEWAN, CANADA, S0L1A0	F PRE	50

Articles

Minimum Number of Directors: 1 Maximum Number of Directors: 5

Share Structure:

Class Name	Voting Rights	Authorized Number	Number Issued
A	Yes	Unlimited	
B	No	Unlimited	
C	No	Unlimited	
D PRE	No	Unlimited	
E PRE	No	Unlimited	100
F PRE	Yes	Unlimited	150

Event History

Type	Date
Business Corporation - Annual Return	19-Apr-2018
Notice of Shareholders	17-Aug-2017
Business Corporation - Annual Return	25-Apr-2017
Notice of Shareholders	25-Apr-2017
Notice of Change of Directors/Officers	24-Aug-2016
Notice of Change of Directors/Officers	24-Aug-2016
Notice of Change of Directors/Officers	24-Aug-2016
Notice of Shareholders	23-Aug-2016
Resignation of Director	23-Aug-2016
Resignation of Director	23-Aug-2016
Notice of Change of Directors/Officers	08-Aug-2016
Business Corporation - Annual Return	15-Apr-2016
Business Corporation - Annual Return	14-Apr-2015
Business Corporation - Annual Return	15-Apr-2014
Business Corporation - Restoral	11-Oct-2013
Business Corporation - Annual Return	21-Apr-2011
Notice of Change of Directors/Officers	06-Jan-2011



**Information™
Services
Corporation**

Saskatchewan Corporate Registry

Profile Report

Page 4 of 4

Report Date: 21-Jun-2018

Entity Number: 101142336

Entity Name: CANADIAN EXOTIC GRAINS LTD.

Business Corporation - Annual Return

23-Apr-2010

Business Corporation - Incorporation

08-Apr-2009

THIS IS EXHIBIT "H" REFERRED TO IN THE AFFIDAVIT OF JOCELYN HARTSOOK SWORN BEFORE ME AT THE TOWN OF ESTON, IN THE PROVINCE OF SASKATCHEWAN THIS 3RD DAY OF AUGUST, 2018.

Equipment List

Grain Bins

Bin #5	Steel hopper	1600 bu.
Bin #6	Steel hopper	1600 bu.
Bin #7	Steel hopper	1900 bu.
Bin #8	Steel hopper	1900 bu.
Bin #68	Steel hopper	2300 bu.
Bin #69	Steel hopper	2300 bu.
Bin #79	Steel flatbtm	3500 bu.
Bin #81	Steel hopper	2000 bu.
Bin #82	Steel hopper	2000 bu.
Bin #83	Steel hopper	2000 bu.
Bin #84	Steel hopper	2300 bu.
Bin #85	Steel hopper	2300 bu.
Bin #86	Steel hopper	2300 bu.
Bin #87	Steel hopper	2300 bu.
Bin #88	Steel hopper	2300 bu.
Bin #89	Steel hopper	2300 bu.
Bin #90	Steel hopper	2300 bu.
Bin #91	Steel hopper	2300 bu.
Bin #92	Steel hopper	2300 bu.
Bin #93	Steel hopper	2300 bu.
Bin #94	Steel hopper	2300 bu.
Bin #95	Steel hopper	2300 bu.
Bin #96	Steel hopper	2300 bu.
Bin #97	Steel hopper	4000 bu.
Bin #98	Steel hopper	4000 bu.
Bin #99	Steel hopper	4000 bu.
Bin #100	Steel hopper	4000 bu.
Bin #101	Steel hopper	4000 bu.
Bin #102	Steel hopper	3500 bu.
RB1	Steel hopper	4500 bu.
RB2	Steel hopper	4500 bu.
SB2	Steel hopper	4500 bu.
SB3	Steel hopper	3000 bu.
Total storage capacity		91000 BU.


A Commissioner for Oaths
in and for the Province of Saskatchewan
my commission expires: DEC 31, 2020.
or being a solicitor.

Shop Contents

- (a) tools, parts, misc shop items

Grain Handling System

- (a) all attached fixtures and equipment necessary to operate the system and bag

product: Bagger, Bag Closers, Bag Handling Conveyors, scales, air compressor, Forklifts x 2 (with safety cage), etc.

Grain Cleaner

- (a) all attached fixtures and equipment necessary to operate cleaning equipment:
Garratt PF 144 Air / Screen Machines x 2 3 Carter Indents (sn: C004367-5 2016, C004367-4 2016, C004367-3 2015) Model 2353 Garratt Destoner (sn:21518 2015) Bench Industries Debearder

Screens

Round Hole

- o 4 of 30R
- o 8 of 26R
- o 4 of 24R
- o 4 of 23R
- o 4 of 21.5R
- o 8 of 20R
- o 4 of 19R
- o 4 of 18 R
- o 4 of 14R
- o 4 of 12R
- o 4 of 10R
- o 4 of 6R

Slotted Hole

- o 8 of 16S
- o 4 of 8S
- o 8 of 4S
- o 4 of 3.5S

Batco 1814 LP Conveyor

Other Equipment

- (a) 40 foot Sea-Can
- (b) 2000 Batco Grain Conveyor
- (c) Fuel Tanks - One Diesel, Two Gas
- (d) 2002 Blue Tandem 900 bu. box
- (e) 7" - 35' Brandt Electric Auger
- (f) 8" - 47' Brandt 2010 25 HP and Mover

Office Equipment

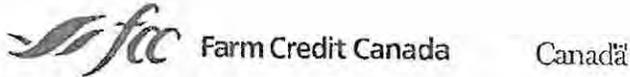
- (a) LG Computer with ViewSonic Screens - x 5

- (b) Complete Networking System
- (c) HP Printers x 2
- (d) Brother Photocopier & Fax Machine
- (e) Office Furniture and attached fixtures
- (f) Phone System
- (g) Office Supplies

Vehicles

- (a) 1998 GMC Extended Cab truck
- (b) Kenworth Semi & Trailer
- (c) GMC Tandem Truck
- (d) International Tandem Truck
- (e) Massey Tractor with Blade
- (f) Grain Vac
- (g) 2014 Massey Ferguson 1736 Light Tractor
- (h) 2014 Farm King Allied Tiller
- (i) 2014 Farm King Allied Mower

COPY



Loan Agreement

Province of Agreement: Saskatchewan

Customer number: 0200610723

Date: 2016-06-29

Name of Borrower(s):

Canadian Exotic Grains Ltd.

Name of Guarantor(s):

Jocelyn Jennell Hartsook

Lilah R. McIvor

Mark C. Mutch

THIS IS EXHIBIT "F" REFERRED TO IN THE AFFIDAVIT OF JOCELYN HARTSOOK SWORN BEFORE ME AT THE TOWN OF ESTON, IN THE PROVINCE OF SASKATCHEWAN THIS 3RD DAY OF AUGUST, 2018.

Handwritten signature of Sandra King, A Commissioner for Oaths in and for the Province of Saskatchewan, my commission expires: Dec 31, 2020, or being a solicitor.

Dear Sir/Madam:

Farm Credit Canada ("FCC" or "us" or "we" or "our") is pleased to confirm to Canadian Exotic Grains Ltd.

("you" or "your" or the "Borrower") a new Credit Facility(ies) (the "Credit Facility" or "New Credit Facility") totaling \$1,500,000.00.

Each New Credit Facility is subject to the terms and conditions set out in this credit contract and the attached Schedules (collectively, the "Loan Agreement" or "Agreement"). If a conflict arises between any clause of this Agreement and the attached Schedules, the information in the body of this Agreement shall prevail over the information in the attached Schedules.

1. New Credit Facility information

1.1 New Credit Facility details

(a) New Credit Facility number: 0000624389000

Table with 2 columns: Detail and Value. Rows include Loan number, Principal amount, Credit facility type, Interest type, Product type, Term, Amortization period, Interest rate, 90% Disbursement Date, Loan Approval Expiry Date, and Balance Due Date.

The payment schedule for Loan number(s) 0000624389001 is (are) contained in the Payment Schedule Calculation attached to this Agreement.

1.2 Payee details

You request that FCC pay the Credit Facility funds to:

Payee name	Purpose	Amount
FCC	FCC - Credit Facility Processing Fee	\$7,500.00
Canadian Exotic Grains Ltd.	Construction - Fixed Equipment	\$1,043,427.00
TBD	Refinance Loan - Other - Canadian Creditor	\$287,300.00
Canadian Exotic Grains Ltd.	Other - Other	\$161,773.00

You acknowledge that FCC retains the discretion to advance all Credit Facility funds to the solicitor's trust account, despite your above request.

1.3 Conditions precedent

Prior to FCC making any advance under this Agreement the following conditions precedent must be satisfied in form and substance acceptable to FCC.

- 1.3.1 You shall provide FCC with a copy of all unanimous shareholders agreements relating to Canadian Exotic Grains Ltd.
- 1.3.2 FCC shall have received or conducted, in FCC's discretion, a satisfactory appraisal of the security.
- 1.3.3 FCC shall have completed its environmental risk assessment process and, if required, received a satisfactory Phase 1 or 2 environmental assessment.
- 1.3.4 FCC to receive an Assignment, Postponement and Subordination Agreement from individual shareholders of Canadian Exotic Grains Ltd. being: Jocelyn Hartsook, Lilah Mclvor, Mark Mutch.
- 1.3.5 FCC shall have received confirmation of life insurance on the life of Jocelyn Hartsook in the minimum amount of \$500,000 which is to be irrevocably assigned to FCC (in Québec, which is to be hypothecated in favor of FCC).
- 1.3.6 FCC shall have received confirmation of life insurance on the life of Lilah Mclvor in the minimum amount of \$500,000 which is to be irrevocably assigned to FCC (in Québec, which is to be hypothecated in favor of FCC).
- 1.3.7 FCC shall have received confirmation of life insurance on the life of Mark Mutch in the minimum amount of \$500,000 which is to be irrevocably assigned to FCC (in Québec, which is to be hypothecated in favor of FCC).
- 1.3.8 FCC to received confirmation that the Corporate Registry Profile for Canadian Exoctic Grains Ltd. has been updated to remove Gary Schweitzer and Susanne Schweitzer as shareholders.

2. Security

2.1 Security for the Credit Facility

Real/Immovable Security

- (1) You will grant FCC a mortgage/immovable hypothec, registered as a First charge against the following property:

SP# 203033225 Blk/Par A Plan No 101077208 Ext 7

Personal/Movable security

- (1) You will grant FCC a security interest/movable hypothec as a Third charge in all of your present and after acquired personal/movable property.

Guarantees

A Guarantee of Jocelyn Jennell Hartsook will be: Limited to \$1,500,000.00

A Guarantee of Lilah R. McIvor will be: Limited to \$1,500,000.00

A Guarantee of Mark C. Mutch will be: Limited to \$1,500,000.00

3. Covenants

3.1 Financial Statements and Monitoring

You agree to provide financial statements and any other information about your respective business when, and in the form, requested by us.

4. Fees

4.1 Credit Facility processing fee

- (a) A non-refundable credit facility processing fee of \$7,500.00 will be retained by us from the Credit Facility funds.
- (b) If your loan requires multiple disbursements, the first two disbursements will be made at no cost. The fee for each subsequent disbursement will be \$100.00 each.

5. Pre-Authorized Payment Authority (the "Authority")

5.1 Bank account information

Branch number: 20818
Institution number: 889
Account number: 832450051921
Institution name: PRAIRIE CENTRE CREDIT UNION
Address:
ESTON, Saskatchewan S0L 1A0
Canada

Pre-authorized payment details

Pre-authorized payment type	Payment amount	Payment start date	Frequency	Loan
Auto	As per payment schedule	2016-08-01	Monthly	0000624389001

You hereby instruct and authorize FCC to debit your above bank account (the "Account") with the above payments for the purpose of repaying your New Credit Facility(ies) and related indebtedness to FCC. A personalized specimen cheque for the Account has been marked "void" and attached to this Authority. You undertake to inform FCC, in writing, of any change in the Account information provided in this Agreement prior to the next due date of the pre-authorized payment.

Accountholder
initial here

You waive the pre-notification requirements of the Canadian Payments Association. You acknowledge that FCC may send you payment notices but that these payment notices do not constitute the pre-notification requirements of the Canadian Payments Association.

The above payment(s) are made for Business Purpose

FCC reserves the right to cancel this Authority at its discretion and without notice. This Authority may be cancelled at any time upon notice being provided by you, either in writing or orally with proper authorization to verify your identity, to FCC within 30 days before the next payment is to be made. You may obtain a sample cancellation form, or more information on your rights to cancel this Authority, by contacting your financial institution or by visiting www.cdnpay.ca.

You have certain recourse rights if any debit does not comply with this Authority. For example, you have the right to receive reimbursement for any debit that is not authorized or is not consistent with this Authority. To obtain more information on your recourse rights, you may contact your financial institution or visit www.cdnpay.ca. You may contact FCC to make inquiries or obtain information about this Authority at:

Farm Credit Canada
Customer Service Centre
1800 Hamilton Street, P.O. Box 4320
Regina, SK S4P 4L3
Telephone: 1-888-332-3301 Fax: 1-306-780-8919 email: csc@fcc-fac.ca

Farm Credit Canada
Customer Service Center
1133 St-George Blvd
Moncton, NB E1E 4E1
Telephone: 1-888-332-3301 Fax: 1-800-284-6436 email: csc@fcc-fac.ca

You warrant and guarantee that you are duly authorized, in accordance with your account agreement at the financial institution identified above, to debit the Account.

6. Financial Information

FCC has collected accountant prepared financial statements.

You agree that all financial information you provide to FCC in any form and at any time is accurate, complete and current as of the date it is provided. You understand that if you provide any financial information that is untrue, inaccurate, not current or incomplete, FCC has the right to treat this as a default and may, among other remedies available to FCC under this Agreement, terminate your Loan and demand its immediate repayment.

7. Acceptance

If this Agreement is acceptable to you, please sign in the space indicated below and return it to us by December 29, 2017 (the "Credit Facility Acceptance Date"), after which this Agreement shall be null and void (unless extended in writing by us). Each Borrower of a New Credit Facility must sign this Agreement in that capacity.

Dated this _____ day of _____ July _____, 2016, at _____
in the Province of Saskatchewan.

Borrower - Corporation/company

Canadian Exotic Grains Ltd. (Print corporate/company name),

by _____ (Print name of person signing on behalf of the corporation/company)

_____ (Print title of person signing on behalf of the corporation/company)

(Signature of person signing on behalf of the corporation/company)
I have authority to bind the corporation/company.

(Corporate seal if available)

Guarantor

(Guarantor signature)

Jocelyn Jennell Hartsook
(Print guarantor name)

Guarantor

(Guarantor signature)

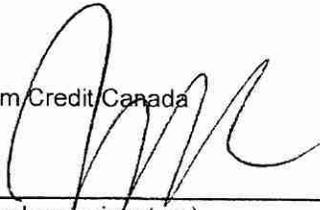
Lilah R. McIvor
(Print guarantor name)

Guarantor

(Guarantor signature)

Mark C. Mutch
(Print guarantor name)

Farm Credit Canada



(Employee signature)

Jay Bohrson
Senior Relationship Manager
110 - 510 Wellman Crescent
Saskatoon, SK S7T 0J1
Phone (306) 975-4226 or Cell (306) 221-1692
email: jay.bohrson@fcc.ca

THIS IS EXHIBIT "J" REFERRED TO IN THE AFFIDAVIT OF JOCELYN HARTSOOK SWORN BEFORE ME AT THE TOWN OF ESTON, IN THE PROVINCE OF SASKATCHEWAN THIS 3RD DAY OF AUGUST, 2018.

The Land Titles Act, 2000
SPECIFIC MORTGAGE TERMS
FARM CREDIT CANADA
PLAIN LANGUAGE MORTGAGE

Sandra King
A Commissioner for Oaths
in and for the Province of Saskatchewan
my commission expires: Nov. 31, 2020
or being a solicitor.

YOUR LOAN

Principal Amount
\$2,000,000.00

Interest Rate
18% Per Annum

Interest Adjustment Date
N/A

Amortization Period
N/A

Calculation Period
Half - yearly not in advance

YOUR PAYMENT TERMS

Amount of Each Payment
N/A

Balance Due Date
ON DEMAND

First Payment Date
N/A

Last Payment Date
N/A

Payment Date and Period
This Mortgage secures a revolving line of credit up to the Principal Amount shown hereon in accordance with section 27 of *The Land Titles Act, 2000*, as amended from time to time. All payments, dates and other contractual terms shall be determined in accordance with the attached Schedule "A".
If this mortgage is given wholly or partially in support of a Guarantee provided by the Mortgagor(s) to the Mortgagee, it is payable on the terms set forth in the Guarantee or if the terms of payment are not set forth in the Guarantee then the mortgage will be payable ON DEMAND.

Additional Terms

The Collateral Mortgage Terms attached hereto as Schedule "A" form part of this mortgage and the Mortgagor(s) acknowledge receiving a copy thereof.

MORTGAGOR
Name and address of owner, as in certificate of title

Individual

Corporation

Canadian Exotic Grains Ltd.



Signature of Witness

[Signature]

I agree to the terms and conditions of this Mortgage.

Signature of Mortgagor Date: August ,2016

[Signature] Aug 4 / 16

[Signature] Aug 4 / 16

MORTGAGOR

Name and address of owner, as in certificate of title

Individual

Corporation

Signature of Witness

[Blank Signature Box]

I agree to the terms and conditions of this Mortgage.

Signature of Mortgagor Date

[Blank Signature Box]

MORTGAGEE

Farm Credit Canada

Street City Province Postal Code
2nd Floor, 12040-149th Street NW, Edmonton, Alberta T5J 1P2

The Land Titles Act, 2000



DESCRIPTION OF THE PROPERTY

Block A, Plan No.101077208, Ext 7, of Surface Parcel No.203033225;

You confirm the farm land that is subject to this mortgage is not a homestead as defined in The Saskatchewan Farm Security Act.

*grt
ahc*

SCHEDULE "A"

COLLATERAL MORTGAGE TERMS

FARM CREDIT CANADA

Plain Language Mortgage - Continuing Collateral Mortgage

1. DEFINITIONS

This section defines some of the specific terms You will find in these Collateral Mortgage Terms.

"Mortgage" means the Specific Mortgage Terms attached, this set of Collateral Mortgage Terms and any changes made by written agreement with You.

"You" and **"Your"** mean each person or corporation who has signed this Mortgage as Mortgagor or Guarantor. This includes the personal and legal representatives of each person or corporation and any person or corporation who has assumed any obligations under the Mortgage.

"We", **"Us"** and **"Our"** mean the Mortgagee, Farm Credit Canada and its legal representatives.

"Property" means the lands described on the Specific Mortgage Terms attached. This includes all buildings on that land now and all improvements made before or during the time this Mortgage is in effect.

"Principal Amount" or **"Principal Sum"** means the total maximum principal amount of any Loan that is, or may be, secured by this Mortgage as set out in the Specific Mortgage Terms attached.

"Interest Rate" means the rate of interest expressed as a percentage rate per annum which is set out in the Specific Mortgage Terms attached.

"Variable Mortgage Loan Rate" means the rate of interest expressed as a percentage rate per annum which is set by Us from time to time.

"Loan Agreement" means any Promissory Note, Loan Approval and Acceptance, Loan or Credit Agreement, Guarantee, Covenant, Indemnity or any similar agreement evidencing a Loan between You and Us to be secured by this Mortgage. It includes any Guarantee signed by You guaranteeing the repayment of a Loan made by Us to a third party, which contingent indebtedness under the Guarantee is secured by this Mortgage.

"Loan Amount" means the outstanding balance of any Loan or Guarantee after demand or of any draw under any Loan. This balance could include unpaid principal, defaulted payments, interest on defaulted payments, Other Charges and interest on Other Charges.

"Loan" means all loans made by Us to You from time to time and secured by this Mortgage,

including the Loan made at the time this Mortgage is signed, and all loans which We have made to others which You have guaranteed or covenanted to pay to Us or for which You have otherwise indemnified Us, and which are secured by this Mortgage. Loans may be agreed to in Loan Agreements. The Specific Mortgage Terms attached set out the maximum Principal Amount of the Loan and the maximum interest rate We will charge You on the Loan.

"Guarantee" means a form of Guarantee signed by You in which You agree to repay a Loan made by Us to a third party if the third party fails to pay the Loan.

"Other Charges" means Our expenses of protecting and enforcing Our rights and of making payments on any Prior Charges against the Property. Other Charges could include but are not limited to the cost of the following:

- investigating the Property, and preparing and registering this Mortgage;
- insurance if We decide to insure You or the Property;
- appraising the Property and undertaking an environmental inspection or clean-up of the Property;
- all of Our administrative, clerical and actual legal costs on a solicitor and client basis; and
- the cost of any receiver or receiver-manager appointed under this Mortgage.

"Prior Charges" mean any charges or liens against the Property that affect the priority of this Mortgage.

"Hazardous Substances" mean and include any substances declared from time to time to be hazardous, dangerous or toxic or similarly described under any applicable federal, provincial or municipal law, by-law, regulation or other enactment.

2. WHAT THIS MORTGAGE DOES

By signing the Specific Mortgage Terms attached You acknowledge that You are indebted to Us or may become indebted to Us and agree to repay the Principal Sum or the Loan Amount outstanding with interest. You also mortgage all of Your estate and interest in the Property to Us, as additional and collateral security for the repayment of all the Loan Amounts up to the Principal Sum, plus interest and Other Charges. You also represent to Us that Your Loan and all related Loan Agreements have been entered into for primarily business purposes.

2.1 Your title to the Property

You guarantee that You are the registered owner of an estate in fee simple in the Property or have an absolute right to acquire such an estate under a registered Agreement for Sale or Right to Purchase or have a registered leasehold interest in the Property and have the right to give Us this Mortgage and hereby mortgage all Your estate and interest in the Property to Us. If you acquire a greater or additional interest in the Property, it too is hereby charged by this Mortgage.

You also guarantee that there are no Prior Charges on the Property, other than those We have agreed to in any Loan approval document or Loan Agreement and You

agree to make payments on approved Prior Charges as they become due.

2.2 Who is bound by this Mortgage

The obligations under this Mortgage are the collective and individual responsibility of all persons or corporations who have signed it.

Your legal and personal representatives and Our legal representatives must comply with the terms of this Mortgage.

2.3 Changing or extending this Mortgage

We may make written agreements with You to change any part of this Mortgage. This could include changing the Principal Amount or Interest Rate or both. We do not have to register any written agreement as to any such change to maintain the priority of this Mortgage.

2.4 Additional Collateral Security

This Mortgage provides Us with general and continuing collateral security for repayment of the Loan Amount regardless of any changes in the balance owing or even if there is no balance owing, and this Mortgage will not be deemed to have been redeemed or become void as a result of such event. This mortgage is in addition to any other security We may hold in connection with the Loan and will not in any way affect any rights We may have under any such other security, any Loan Agreement, by rule or law or otherwise to recover the Loan Amount.

2.5 Mortgage of Lease

This provision only applies if any of the interest mortgaged in the Specific Mortgage Terms attached is a leasehold interest.

You represent, warrant and agree with Us that:

- You are the lawful tenant of the Property and have a good and marketable leasehold interest in the Property under a good, valid and subsisting lease, free of any encumbrance or claim, except as approved by Us;
- You have paid all rents and other monies payable under Your lease and are not in default under any of Your other obligations under Your lease;
- You have obtained the written consent of Your landlord, or have the right without such consent, to mortgage Your leasehold interest in the Property;
- You will pay all rent and other payments due and perform and observe all of Your other obligations under Your lease, in default of which We may make such payments or perform such obligations and charge same to You as Other Charges;

- You will not surrender Your lease or cause or allow it to be terminated or forfeited;
- You will not agree to any amendment to Your lease without Our prior written consent; and
- You will, as soon as possible after receipt, give Us a copy of any notice, demand or request You receive relating to Your lease.

2.6 **Mortgage in support of a guarantee**

This provision applies only if this Mortgage is given in support of a Guarantee given by You to Us guaranteeing the repayment of any Loan made by Us to a third party. If the Mortgage is in support of a Guarantee it will be payable on the terms set forth in the Guarantee or if the terms of payment are not set forth in the Guarantee then the Mortgage will be payable on demand by Us.

3. **INTEREST**

3.1 **Interest Rate**

You will find the Interest Rate on the Specific Mortgage Terms attached.

3.2 **Interest on Your Loan**

We will charge interest from the date each advance under each Loan is made to You at the Interest Rate or such lesser rate or rates as may be provided in the Loan Agreement evidencing each Loan or any subsequent extensions or renewals with respect to each Loan. You agree to pay this interest and to comply with Your obligations under this Mortgage and under any Loan Agreement.

3.3 **Interest on defaulted payments**

If You fail to make any payment on time, We will charge interest on the payment. We will calculate interest from the date the payment was due until the date You pay it. The rate of interest on defaulted payments is the Interest Rate or such lesser rate as provided in the applicable Loan Agreement.

3.4 **Interest on Other Charges**

We may add Other Charges to the Loan Amount of Your Loan. You agree to pay interest on these Other Charges from the date We incur the cost or pay the Other Charges until the date You pay Us.

In the event We advance more than one Loan to You, We shall have the sole discretion to decide which Loan interest rate applies to Other Charges.

4. **VARIABLE INTEREST RATES**

The following applies to You only if interest on Your Loan accrues at Our Variable Mortgage Loan Rate.

4.1 How the rate of interest is calculated and varies

The Variable Mortgage Loan Rate will change automatically each time We set the rate of interest for Our Variable Mortgage Loan product.

You will not be advised by Us of any increase or decrease in Our Variable Mortgage Loan Rate until You receive an annual Mortgage statement in which any changes in the Variable Mortgage Loan Rate will be set out. We will, however, advise you on an annual basis as to any change required with respect to Your scheduled payments due to a change of Our Variable Mortgage Loan Rate.

Any failure by Us to mail the annual Mortgage statement or the fact that You may not have received it will not prevent the variation of the rate of interest payable on Your Loan.

Our Variable Mortgage Loan Rate is available from any one of Our offices and shall be conclusive and binding as to the rate of interest applicable to Your Loan.

4.2 Deferred Interest

If the amount of interest that has accrued on the Principal Amount from one payment to the next exceeds the amount of the payment, then such excess (the "Deferred Interest") shall bear interest from and including the payment date at the then Variable Mortgage Loan Rate. All interest that has accrued on Deferred Interest during the payment period shall, on the first day of the following payment period, be added to and become Deferred Interest and shall bear interest from and including the payment period date at the then Variable Mortgage Loan Rate.

5. YOUR RESPONSIBILITIES

By signing this Mortgage You agree to carry out all of Your responsibilities under it. You also agree to be bound by and carry out all the terms and conditions under which We make a Loan. You will find these terms and conditions in the document approving the Loan or the Loan Agreement or both.

5.1 Business plan and financial statements

You agree to carry out any business plan that We request and have approved. You also agree to provide financial statements to Us when, and in the form, requested by Us.

5.2 Use of Your Loan

You agree to Use the proceeds of Your Loan(s) as described in the document approving the Loan and/or the Loan Agreement.

5.3 Repaying Your Loan

You agree to pay to Us in Canadian dollars the Principal Amount of all Loans secured by this Mortgage, plus the interest calculated half-yearly, not in advance, in regular payments as set out in the Loan Agreement. You will find the amount of each payment in the Loan Agreement related to each Loan.

You agree to make Your payments on the payment date stated in the Loan Agreement related to each Loan.

If You are not in default on any Loan from Us, We will apply each Loan payment to the appropriate Loan as follows:

- first, to pay Other Charges;
- second, to pay the interest due; and
- third, to reduce the Principal Amount.

If You are in default on any Loan from Us, We can apply each Loan payment as We see fit.

5.4 Prepayments

If You are not in default on any Loan from Us, We may, but are not obligated to, grant You the right to prepay all or part of any Loan.

If We do grant You a right of payment on any Loan, We may require You to pay Us an additional amount representing Our costs incurred by reason of the prepayment, including all interest lost by Us as a result of the prepayment.

5.5 Taxes on the Property

You agree to pay all liens, taxes and rates levied or charged against the Property.

5.6 Insuring the Property

You agree to insure all buildings and improvements on the Property subject to this Mortgage, in Our favour, during the time this Mortgage is in effect. We must approve the insurance policy and company. We can require a certified copy of the policy and can require changes in the policy. The insurance policy must cover loss by fire and other hazards, including extended perils coverage. The policy must be for replacement value. The policy must include a Mortgage clause stating that proceeds are payable to Us.

If You do not insure Your buildings and improvements in this manner, We can insure them and the cost will be considered as Other Charges and added to the Loan Amount of the appropriate Loan or Loans.

If any damage or loss occurs, You agree to notify Us promptly and co-operate with the insurance company. At Our sole discretion, We may apply the insurance

proceeds to any of the following:

- to repair or rebuild buildings or improvements;
- to reduce Your Loan; or
- pay them to You.

If We pay the insurance proceeds to You, that does not affect Your payment obligations under any Loan Agreement.

5.7 Life Insurance

If requested by Us, You agree to provide and maintain life insurance on You or others in a form satisfactory to Us. The life insurance, will be assigned and payable to Us during the period of time this Mortgage is in effect. If You do not provide or maintain this insurance, We may do so and the cost will be considered as Other Charges and added to the Loan Amount of the appropriate Loan or Loans.

5.8 Transferring the Property

You agree not to transfer any of the Property without Our written consent. This includes creating a new parcel from the Property, or giving a lease or a license over any part of the Property.

You agree to assign to Us any agreement relating to the Property under which You receive payments. If You are not in default, We may not require these payments to be made to Us. We are not responsible for Your obligations in any such agreements.

5.9 Removal of resources

You agree not to remove any trees, gravel or other resources from the Property without Our written consent.

5.10 Keeping the Property in good condition

You agree to keep the Property in good condition. You shall not do anything that lowers the value of the Property. If You do not maintain the good condition and value of the Property We may enter and take any action We consider necessary to restore the Property. The cost of any such action may be added to the Loan Amount of the Loan or Loans of Our choosing.

5.11 Environmental protection

You represent and agree that:

- You and all persons You are responsible for in law will, at Your cost, comply with all relevant environmental laws as they may pertain to the Property, including those relating to the management, handling and clean-up of Hazardous Substances;

- the Property has not and will not be Used to store any Hazardous Substances above or below ground, except in the normal course of Your business at the time of this Mortgage. Any such storage in the normal course shall comply with any laws, regulations or by-laws pertaining to safe storage and handling of such Hazardous Substances;
- no Hazardous Substances have or will be released from the Property into the environment;
- there are no existing or threatened legal proceedings or investigations in relation to any Hazardous Substance affecting the Property or any environmental matter generally nor any grounds for same;
- You will advise Us of any environmental condition involving a Hazardous Substance or breach of environmental law on or near the Property which You may become aware of. You must remedy the environmental condition on the Property and remove any Hazardous Substance at Your expense within a reasonable time as determined by Us. If You fail to do so, We may, but are not obligated to, take steps to remedy this environmental condition and remove such Hazardous Substance. The costs, expenses or damages incurred by Us shall be added to the Loan Amount of the Loan of Our choosing;
- You will provide Us with any environmental information respecting the Property when and as requested by Us during the time this Mortgage is in effect.

5.12 **Paying Other Charges**

You agree to pay all costs and expenses incurred by Us, including all costs and expenses to enforce or protect our rights under this Mortgage or any

Loan Agreement, including, but not limited to, all legal fees on a solicitor and client basis.

You agree to pay all Other Charges plus any interest thereon.

We may add Other Charges to the Loan Amount for each Loan when they occur.

5.13 **Assignment of Rents/Leases**

This provision only applies if a Loan Agreement provides for an assignment of rents or an assignment of lease as additional security.

You assign and transfer to Us all leases, agreements to lease and rental agreements (the "Rental Agreements") affecting the Property together with all rents payable and all rights, benefits and advantages under them.

We will not be responsible for collecting any rents or doing anything the landlord or the tenant is supposed to do under the Rental Agreements and We will not become a mortgagee in possession by this provision.

We will only be liable for monies We actually receive under this provision, after deduction of Our expenses in collecting such monies, and We will apply all such monies received against the amounts due under this Mortgage.

We will not collect any monies under this provision until You are in default under this Mortgage or in default of any other obligation You have with Us..

You will not accept prepayment of any rent due or to become due under the Rental Agreements, but will only accept payment in the amount, on the days and in the manner set out in the Rental Agreements.

5.14 **No subdivision, zoning or use change**

You agree not to create a new parcel for the Property, subdivide the Property, make an application for a change in the municipal zoning of the Property or change the use of the Property without Our written approval and consent.

6. **OUR RIGHTS**

We have the following rights to ensure that You carry out Your responsibilities under this Mortgage.

6.1 **Our right of inspection**

We have the right to enter and inspect the Property for any reason and at any time, whether or not You are in default under this Mortgage or any Loan Agreement.

6.2 **What We can do if You default**

You are in default if You fail to make any payment required under any Loan Agreement on time or fail to do anything else You agreed to do under this Mortgage or any Loan Agreement.

You are in default if any of the environmental representations are untrue at the time given or are breached during the time this Mortgage is in effect.

If You are a corporation, You are also in default if there is a change in the voting control, ownership, officers or directors without Our written consent.

If You default, We may take certain actions.

- **We may demand payment**

If We demand payment of the Loan Amount, the Loan Amount is immediately due and payable.

- **We may foreclose**

We may take action in court to foreclose Your title to or interest in the Property and Your right to reclaim the title or interest. If the court grants a final order of foreclosure the Property or Your interest in it legally becomes Ours.

- **We may take sale proceedings**

We may take immediate possession of the Property.

We may carry on all or any part of Your business conducted on the Property.

We may sell all or part of the Property by private sale or public auction for cash or credit or both or We may lease all or part of the Property on any terms and for any period We wish.

Before doing any of these, We will give You notice or obtain court approval if required by any applicable law.

- **We may sue You**

We may sue you for possession.

Where permitted by law, We may sue You for the Loan Amount and if the amount We receive from any sale of the Property does not equal the Loan Amount, We may recover the difference from You.

- **We may appoint a receiver or receiver-manager**

We may appoint or ask a court to appoint someone to manage, sell or liquidate the Property.

- **We may take any other lawful action**

We may take any other action or remedy provided to Us in law.

6.3 Non - merger

If We take any action forcing You to comply with any part of this Mortgage or any Loan Agreement relating to any Loan, or obtain a judgement against You, it will not affect Our other rights under this Mortgage or any Loan Agreement. It will also not affect Our rights under any other mortgage or Loan Agreement You have with Us.

6.4 Time extension

If We delay in enforcing any of Our rights under this Mortgage, it will not affect Our other rights under this Mortgage.

6.5 Partial release

If We release part of the Property from this Mortgage, it will not affect Your responsibilities under this Mortgage or any Loan Agreement. Our interest will continue in the rest of the Property.

If We release any person or corporation from any obligation under this Mortgage or any Loan Agreement, it will not affect the obligations of the remaining signers.

6.6 Consolidation

If You default under any terms of any other mortgage or Loan Agreement with Us, We will consider You in default under this Mortgage.

If You default under any of the terms of this Mortgage or any Loan Agreement, We will consider You in default under any other mortgage with Us.

6.7 We are under no obligation to make advances to You under this Mortgage

We may decide for any reason not to give You all or part of any Loan, even if:

- You have signed this Mortgage or a Loan Agreement or both;
- We have registered this Mortgage; and
- We have already given You part of any Loan Amount.

6.8 Right to Re-advance

Provided You are not in default under any terms of this Mortgage or any Loan Agreement, We may, in Our sole discretion, re-advance any principal portion of any Loan to an amount not to exceed the original Loan Amount and this Mortgage shall continue to be security therefore.

6.9 Differences

Where there is any difference between the terms of this Mortgage and the terms of the document approving Your Loan or any Loan Agreement, the terms of the document approving Your Loan or any Loan Agreement will prevail.

7. DISCHARGE

When You have satisfied all of Your obligations in this Mortgage and any Loan Agreements secured by this Mortgage, including payment of all the Loan Amounts outstanding, We agree to discharge this Mortgage.

We will prepare and provide You with a full discharge in a reasonable time after Our interest in the Property ends.

8. MISCELLANEOUS

8.1 Waiver

If You are a corporation, by executing this Mortgage You waive the provisions of *The Land Contracts (Actions) Act* (Saskatchewan), *The Limitation of Civil Rights Act* (Saskatchewan) and any amendments thereto or successor statutory enactments insofar as they pertain to this mortgage.

8.2 Interpretation

In interpreting this Mortgage, whenever the singular number and the masculine gender are used, the same will be construed as including the plural, and feminine and neuter where the fact or context so requires. If this Mortgage is signed by more than one person, all of the promises and agreements contained in this Mortgage will jointly and severally bind the signers.

8.3 Land Title Mortgage

This mortgage is made under and in pursuance of *The Land Title Act, 2000* (Saskatchewan).

DATED August _____, 2016

Canadian Exotic Grains Ltd.

(Mortgagor)

TO

FARM CREDIT CANADA (MORTGAGEE)

Address 2nd Floor, 12040 – 149th Street NW

Edmonton, Alberta T5V 1P2

MORTGAGE

UNDER

THE LAND TITLES ACT, 2000

Kevin A. Clarke

Solicitor for the Mortgagee



Farm Credit Canada

Canada

Security Agreement

Customer number: 0200610723

To: Farm Credit Canada ("FCC", "us", "we" or "our")

Provided by:

Borrower(s): Canadian Exotic Grains Ltd.

("you", "your")

1. What this Security Agreement does, and what property is secured

In consideration of FCC lending money to you, you are signing and delivering this Security Agreement to give FCC a security interest in the property described in Schedule "A" attached to this Security Agreement (this property is called the "Collateral"). Our security interest in the Collateral secures the repayment of all money you owe to us at any time and the performance of your obligations under this Security Agreement and any present or future Credit Agreement or other agreement you have with us (each a "Credit Facility"). You confirm that value has been given and acknowledge that our security interest shall attach to the Collateral as soon as you have rights in such Collateral.

2. What debts are covered by this Security Agreement

This Security Agreement secures the full amount that we lend to you, plus interest on your loans and all of the costs, charges and expenses you have agreed to pay under any Credit Facility. If the amount you owe us is reduced and then later increases, this Security Agreement still applies to the total amount that you owe us at any time.

3. Ownership and use of the Collateral

By signing this Security Agreement you are assuring us that you are the owner of the Collateral and that no one else holds any mortgages or rights to any of that Collateral. If you acquire any future property that is covered by this Security Agreement, you must make sure that you obtain "good title" and that no one else has any rights in the property unless we have consented to it. Under this Security Agreement, you are not allowed to sell, lease, or transfer ownership or possession of any of the Collateral except in the ordinary course of your business. For example, you may sell inventory such as the goods you produce in your business. With our written permission, you may also sell equipment that has been replaced by new equipment or that is not needed for your business. Also, you will keep the Collateral at your place of business, unless FCC agrees otherwise. If the collateral includes quota, you agree to: (i) maintain all quota and license rights in good standing and to comply with all of requirements of the issuing Board or authority; and (ii) renew and maintain any assignment of quota given to FCC before any expiry of the same, whether pursuant to rules or regulations of the Issuing Board or authority or otherwise.

THIS IS EXHIBIT "K" REFERRED TO IN THE AFFIDAVIT OF JOCELYN HARTSOOK SWORN BEFORE ME AT THE TOWN OF ESTON, IN THE PROVINCE OF SASKATCHEWAN THIS 3RD DAY OF AUGUST, 2018.

Bandra King
A Commissioner for Oaths
in and for the Province of Saskatchewan
my commission expires: Oct. 31, 2020
or being a solicitor.

4. Insurance

You must keep the Collateral insured against loss or damage by fire and other risks that are normally insured or as we may require. The Collateral must be insured to its full insurable value. We may require that you transfer the insurance policies to us or have us named as the loss payee. You must give us copies of the policies or proof of insurance if we ask. If you fail to maintain the insurance required by this clause, we can insure the Collateral for you and charge you for the cost, which would be added to the amount you owe us and covered by this Security Agreement. You must let us know as soon as possible of any loss or damage to any part of the Collateral.

5. Your ongoing obligations

By signing this Security Agreement, you agree to the following things concerning your business.

- (a) Carrying on business - You must carry on your business as a going concern in a proper, efficient and businesslike manner so as to protect and preserve the Collateral. We have the right at any time to inspect the Collateral to ensure that the Collateral exists and that you are maintaining the Collateral in good condition. You must observe and conform to all valid requirements of any governmental or municipal authority relative to the Collateral;
- (b) Books and records - You must keep proper accounting books and records covering your business and affairs and concerning the Collateral. We are allowed to inspect these books and records and make copies of them, if we ask. You agree to provide us with information with respect to the Collateral if we request;
- (c) Taxes - You must pay all taxes, license fees, assessments or other charges applicable to your business on their due dates; and
- (d) Environmental Permits - You must maintain all environmental permits, consents, clearance, etc. that are needed to lawfully carry on your business. By signing this Security Agreement you are confirming that you are presently respecting all environmental laws, regulations, rules and guidelines that apply to your business. You must stay in compliance at all times.

6. Out-of-pocket costs and expenses, lawsuits and claims

You are responsible for all out-of-pocket costs that we incur under this Security Agreement. Examples include but are not limited to:

- (a) legal fees to prepare, register or enforce this Security Agreement;
- (b) costs paid to register our security interest in the Collateral or prepare a priority agreement or similar agreement; and
- (c) costs we incur to preserve, insure or seize the Collateral.

You must reimburse us for our out-of-pocket costs on demand. If you fail to pay, we are entitled to add these costs to your loan and to charge interest on these costs at the rate of 18% per year.

Repayment of our out-of-pocket expenses is secured by the Collateral to the same extent as the loans we advance to you.

If anyone sues us as a result of the use of the Collateral or any damage it has caused, we can require that you pay our costs and any loss resulting from the lawsuit, even if we agree to pay an out-of-court settlement.

7. Limitations on the use of money

The proceeds of any loan secured by the Collateral must be used for the purpose stated in your credit application relating to such loan.

8. Default

You shall be in default under this Security Agreement if any of the following things happen:

- (a) If you fail to pay any amount owed to us on its due date.
- (b) If you fail to strictly comply with or perform any term or condition contained in this Security Agreement or any Credit Facility.
- (c) If any written statement you have made to us in this Security Agreement or in any other document you have signed is untrue in any way that we consider important.
- (d) If you cannot pay your debts when they become due (insolvency) or become bankrupt or apply for protection from your creditors under any insolvency laws, if you attempt to compromise or settle your debts with creditors, or if any bankruptcy or insolvency court proceedings are started against you or by you.
- (e) If a receiver, trustee, custodian or other similar official is appointed for you or any of your property.
- (f) If you sell, transfer or in any other way give up possession of all or any part of the Collateral in a manner not permitted under this Security Agreement; or if you move any Collateral out of the province in which you carry on business without our written permission.
- (g) If you give a security interest or other interest, other than a purchase money security interest, in the Collateral to someone else without our written permission.
- (h) If your business is incorporated, it is also a default if there is a change in who owns the shares of the corporation, unless we give written permission. If your business is run by a partnership, it is a default if any partner quits or resigns, any new partner is added or the partnership is ended without our written permission.
- (i) If someone else seizes or takes control of any Collateral, or threatens to do so.
- (j) If you stop carrying on your business in the normal course, or threaten to do so, or sell all or substantially all of your assets.
- (k) If we believe in good faith that you are not able to pay your loans owed to us or that you won't be able to perform any of your other obligations under this Security Agreement or a Credit Facility, or that the Collateral is or is about to be placed in jeopardy.

9. Our rights if you default

If you default we can take any one or more of the following steps and/or do anything else permitted by law to recover the amounts you owe us.

- (a) **Serious consequences on default** – We can demand that you repay the balance of all your loans on the date specified in the notice demanding payment, including interest and other amounts added to it under the Security Agreement or the applicable credit facilities. We may also notify credit bureaus of your default. If you default, you shall be responsible for the payment of our costs incurred to collect your loans and/or repossess and sell the Collateral, plus court costs and legal fees. If you default under this Security Agreement or the credit facilities, we may consider you to be in default under any other security agreement or Credit Facility you have signed with us. You may face other serious consequences.
- (b) **Seizing Collateral** – To the extent permitted by applicable law, we can take possession of all or any part of the Collateral either ourselves or through a receiver. We can demand that you deliver the Collateral to a place designated by us so that we may take possession. We shall be entitled to receive any rents and profits from the Collateral, to carry on your business, and sell, lease or otherwise dispose of the Collateral on terms and conditions that we consider suitable. For this purpose we are allowed to enter your place of business or any other place where the Collateral is located.
- (c) **Selling Collateral** – We may sell the Collateral or dispose of it in any commercially reasonable way.
- (d) **Collecting receivables** – We may collect or sell any debts owed to you by others (“receivables”) on terms and conditions that we see fit. In doing this, we may agree to accept less than the amount that is owed to you in full settlement of any receivables. Even if you are not in default, you agree we can advise anyone who owes you money about this Security Agreement and require that they confirm the amount they owe you. You shall provide us with a list of all of your receivables, if we ask.
- (e) **Putting you into receivership** – We can appoint a receiver or manager (the “receiver”) to manage the Collateral or to operate your business. If we appoint a receiver, the following provisions shall apply:
 - (i) the receiver shall be considered to be your agent for all purposes,
 - (ii) you shall be required to pay the receiver’s remuneration, as fixed by us,
 - (iii) we shall have no liability to you or anyone else concerning the appointment of a receiver or for anything the receiver does or does not do, and
 - (iv) you shall no longer have any right to use the Collateral or operate your business without our written permission.
- (f) **Powers of a receiver** – If we appoint a receiver:
 - (i) the receiver shall have the same rights and remedies that we have under this Security Agreement and any applicable Credit Facility,
 - (ii) the receiver can operate your business in any way it sees fit, and
 - (iii) the receiver can manage and make all decisions about your business, including without limitation entering into agreements, hiring employees and purchasing equipment and inventory.

We can also ask the court to appoint a receiver and, if the court does so, the receiver shall have the powers listed in the court order. If you default we can take the following steps, plus we can do anything else permitted by law to recover the amount you owe us.

10. Deficiency

Where permitted by applicable laws, you shall remain liable to us for payment, and agree to pay us, of any amounts that are still owing to us following the sale or other disposal of all or any part of the Collateral.

11. Use of proceeds from Collateral

All proceeds we receive from the Collateral shall be applied in the following order:

- (a) first, to pay the receiver's remuneration if one has been appointed;
- (b) second, to pay any other expenses we incur to enforce our rights under this Security Agreement;
- (c) third, to pay rents, taxes, insurance premiums and other expenses affecting the Collateral. These expenses might be incurred to preserve, repair, process or maintain the Collateral, or make it better or prepare it for sale. This clause also applies to payments we make to other creditors who have claims on the Collateral that rank ahead of ours; and
- (d) lastly, to pay the amounts you owe us.

12. Extensions and modifications

- (a) If we consider it appropriate, we may grant extensions of time or other indulgences to you that depart from the strict terms of this Security Agreement. We may also obtain additional security or release security we hold. We may also settle or release your obligations or otherwise deal with you or any other security or credit facilities we hold. None of these things affect your liability to us, or our right to hold the Collateral or enforce our rights against it, until we have been paid in full.
- (b) No change of any provision of this Security Agreement may be made except by a written agreement signed by us and by you. No waiver of any provision of this Security Agreement shall be effective unless it is in writing.

13. We have no obligation to advance funds

Even after this Security Agreement has been signed and registered, we still do not have to advance funds to you if we decide, in our sole discretion, that it is not in our best interests to do so.

14. Other clauses that apply to this security agreement

- (a) This Security Agreement is in addition to any other guarantee, security agreement or Credit Facility we now have with you or that is signed at a later date. These other agreements do not affect our rights or your obligations under this Security Agreement and this Security Agreement does not replace or terminate any of those other agreements.
- (b) If any part of this Security Agreement turns out to be invalid for any reason, the rest of the Security Agreement shall still remain in full force and effect. In this case, this Security Agreement shall be read as if the invalid part was not included in it.

- (c) The Collateral does not include the last day of the term of any lease held by you, but if you sell your interest under any such lease, you shall hold such last day in trust for us and assign it as we request.
- (d) The Collateral does not include any of your rights under contracts that state that such rights cannot be subject to our security interest, but you shall hold your interest in such rights in trust for us and shall assign such rights to us if you obtain permission to do so. If we ask you to do so, you shall do your best to obtain such permission.
- (e) We are not liable to you, or any other person, for any failure or delay in exercising any of our rights under this Security Agreement. The same applies to any failure on our part to take any steps to preserve rights against you or other persons, or any delay in doing so.
- (f) If more than one person has signed this Security Agreement with us, everyone who has signed is responsible to us for all the obligations specified in this Security Agreement on a joint and several basis.
- (g) This Security Agreement shall remain in full force and effect and we shall not discharge the security interest until all present and future debt or other obligations owing to us by you are paid or performed in full.
- (h) You agree to sign all other documents that we consider necessary to carry out the intent of this Security Agreement or to exercise our rights over the Collateral. Nevertheless, you agree that we (or any receiver we may appoint or that a court may appoint) may sign any document or do anything else on your behalf as your attorney whenever necessary or expedient.
- (i) A reference to this Security Agreement includes any schedules attached to it.
- (j) You acknowledge that you have received a copy of this Security Agreement.
- (k) To the extent permitted by law, you acknowledge that you are giving up your right to receive a copy of any financing statement, financing change statement or verification statement that we obtain when we register our security interest in the Collateral.
- (l) This Security Agreement benefits our successors and binds you and your heirs, legal representatives, successors and permitted assigns. You may not transfer your obligations under this Security Agreement to anyone else without our written permission. We may transfer our rights under this Security Agreement without your permission.
- (m) This Security Agreement is governed by the laws of the Province of Saskatchewan and the laws of Canada applicable therein. We may commence an action or other court proceeding on this Security Agreement in the courts of this province and you agree to submit to the jurisdiction of such courts and be bound by any judgment that any such court may make. We also reserve the right to start an action or other court proceeding against you anywhere outside this province.
- (n) If Saskatchewan law governs this Security Agreement, you agree that *The Limitation of Civil Rights Act* (Saskatchewan) does not apply to this Agreement or any other agreement you have with us.

Schedule "A"

You grant FCC a security interest in the following:

1. General security agreement

All of your present and after-acquired personal property.

All types and kinds of personal property which are proceeds of the Collateral, including without limitation, goods, crops, chattel paper, securities, investment property, documents of title, instruments, money and intangibles (including accounts).

9th
Jm^c

THIS IS EXHIBIT "L" REFERRED TO IN THE AFFIDAVIT OF JOCELYN HARTSOOK SWORN BEFORE ME AT THE TOWN OF ESTON, IN THE PROVINCE OF SASKATCHEWAN THIS 3RD DAY OF AUGUST, 2018.

AGCO Finance Canada, Ltd.
Saskatchewan Installment Sales Contract & Security Agreement
 Agricultural Industrial
 Single Rate Dual Rate Variable Rate

DO NOT USE FOR PURCHASE OF NEW OR USED FARM IMPLEMENT OR ANY PART THEREOF

London King
A Commissioner for Oaths
in and for the Province of Saskatchewan
my commission expires: DEC 31, 2020
or being a solicitor.

SELLER/ DISTRIBUTOR(S) NAME: OWENS & SWEITZER (1972) LTD	DEALER CODE 002933.0100	AGREEMENT NUMBER	AGREEMENT DATE 09/24/14
BUYER 1 NAME: CANADIAN EXOTIC GRAIN LTD. (SEE SIGNATURE ADDENDUM)	Address: 124 RAILWAY AVE BOX 519	City, Province ESTON SK	Postal Code S0L 1A0
BUYER 2 NAME:	Address	City, Province	Postal Code
			Area Code & Telephone (306)562-7014

The Seller hereby agrees to sell and the Buyer hereby agrees to purchase subject to the terms and conditions hereinafter set forth, the property described below. Note: If the property is described as "New," that description does not mean the property is necessarily manufactured in the current year.

N/U	Make, Model No., Model Year, Type and Size	Serial No.	Horse Power	Delivery Date	Price (List Price Separately Per Implement and/or Attachment)	Total Cash Price
N	14 MASSEY FERGUSON 1738L TRACTOR/LOADER	M17380DJ43523			27200.00	33,900.00
N	14 FARM KING C4572 TILLER	C457214000044			3900.00	
N	14 FARM KING Y655 MOWER	Y65514000142			2000.00	

Trade-In(s)	Make, Model No., Model Year, Type and Size	Serial No.	Trade-In Allowance (List Price Separately Per Implement and/or Attachment)	Less Owling	Net Trade-In	Total Net Trade-In

ANALYSIS OF SALE		SINGLE RATE APR CONTRACT: Finance Costs for single APR Contract for 72 months calculated from the date of this Contract at APR stated in item 17a of this Analysis of Sale are:		18.	\$	4,294.20
Total Price (Including transportation charges)	1. \$	33,900.00	Total Balance Buyer must pay (16+18-10) (total of all payments in section entitled "payment schedule")	19.	\$	30,952.80
Federal Goods and Services/Sales/Use Taxes (List separately for each item of property and/or attachment comprising the Goods)	2(a) \$	1,895.00	Deferred Payment Price (3-10+15+18)	20.	\$	30,952.80
Provincial Sales/Use Taxes (List separately for each item of property and/or attachment comprising the Goods)	2(b) \$	.00	Date Finance Costs Begins to Accrue (If different than Contract date - must be 1 st or 15 th day of month)	21.		10/01/14
Cash Price (1 + 2(a) + 2(b))	3. \$	35,595.00	DUAL APR CONTRACT: Finance costs for dual APR rate Contract:			
Cash Down Payment	4. \$	.00	a. Finance Costs at Initial APR of _____ % as stated in item 17a of this Analysis of Sale, to accrue from _____ (date initial APR begins to accrue) to _____ (date initial APR ceases to accrue) are:	22(a) \$		
Net Trade-in	5. \$	.00	b. Finance Costs at subsequent APR of _____ % to accrue from _____ (date subsequent APR begins to accrue) to _____ (date subsequent APR ceases to accrue) are:	22(b) \$		
Total Down Payment (4 + 5)	6. \$	.00	c. Total Finance Costs for duration of Dual Rate APR Contract are (22(a) + 22(b))	22(c) \$		
Unpaid Balance of Cash Price (3 - 6)	7. \$	35,595.00	Estimated Dual Rate Time Payment Balance (16+22(c))	22(d) \$		
Other Charges:			VARIABLE APR CONTRACT:			
a. Official Fees	8. \$	63.51	Current Prime Rate	23.		
b. Filing Fee	9. \$	.00	Variable Rate Additive	24.		
c. Administration Fee	10. \$	238.49	Current Interest Rate (23+ 24)	25.		%
d. Life Insurance	11. \$	N/A	Finance Costs	26.	\$	
e. Physical Damage Insurance	12. \$	.00	Estimated Variable Rate Time Payment Balance (16+26)	27.	\$	
f. Disability Insurance	13. \$	N/A				
g. Other Fees (Must Describe)	14. \$	.00				
TOTAL OTHER CHARGES (8+9+10+11+12+13+14)	15. \$	300.00				
Unpaid Balance/Amount Financed (7+15)	16. \$	35,895.00				
Base Interest Rate (Not for Variable Rate)	17.	3.590%				
ANNUAL PERCENTAGE RATE (includes certain fees) ("APR") (Current APR on variable rate contract)	17a.	3.610%				

THIS WRITING IS NON-NEGOTIABLE. THIS WRITING AND THE OBLIGATIONS EVIDENCED OR SECURED HEREBY ARE SUBJECT TO THE SECURITY AGREEMENT OF THE ORIGINAL PURCHASER OF SUCH EQUIPMENT OR TO THE ORIGINAL PURCHASER'S SECURITY AGREEMENT. IF YOU ARE THE ORIGINAL PURCHASER OF SUCH EQUIPMENT, YOU SHOULD BE DIRECTED TO: DE LAGE LARSEN FINANCIAL SERVICES CENTRE, DUBLIN 1, IRELAND, ATTENTION: GROUP TREASURER.

AGCO Finance Canada, Ltd.

Saskatchewan Instalment Sales Contract & Security Agreement

PAYMENT SCHEDULE

The Buyer promises to pay the Total Payments to the Seller in 72 (number of payments) equal Monthly Quarterly Semi-annual Annual (specify payment period) Installments in the amount of \$554.80 (amount of each payment), with the first payment due on 11/01/14 (first payment to be due on 1st or 15th of the month) and on the same day of each Month (insert relevant period) thereafter.

UNEQUAL OR IRREGULAR INSTALMENTS

PMT. NO.	INSTAL. AMT.	DUE DATE MM/DD/YY	PYMT. NO.	INSTAL. AMT.	DUE DATE MM/DD/YY
1.	\$		7.	\$	
2.	\$		8.	\$	
3.	\$		9.	\$	
4.	\$		10.	\$	
5.	\$		11.	\$	
6.	\$		12.	\$	

SKIP PAYMENT SCHEDULE: (Monthly Payments Only) Except for the months of _____

each year, equal monthly installments are payable on the same day of each consecutive month.

LATE PAYMENT: Each installment past due more than ten (10) days shall be subject to a late charge accruing at the greater of: (I) the lesser of a rate equal to 21% per annum, or such maximum as permitted by applicable laws, from the due date until paid, or (II) \$1, but in no event shall any late charge exceed the maximum amount allowed by law.

PAY INSTALMENTS TO: AGCO Finance Canada, Ltd.
P.O. Box 40266, Postal Station A
Toronto, Ontario M5W 4K9

ADMINISTRATION FEE: Buyer agrees to pay an administration fee of \$ 236.49. Buyer agrees that this administration fee shall form part of the amount financed and shall be secured by the security agreement. Buyer understands that all or portion of this fee may be shared between the Assignee and the Seller and that the Assignee and Seller may take a profit on this fee.

ADDITIONAL COST OF CREDIT DISCLOSURE (using Item numbers in Analysis of Sales section, above):

- a.) the cash price of the goods plus official fees or insurance fees is \$ 35,658.51 (3+8+11+12+13)
- b.) the difference between the cash price of the goods plus the official or insurance fees and the amounts credited as a down payment or trade-in is \$ 35,658.51 (3+8+11+12+13)-6

SECURITY INTEREST

In order to secure payment of the indebtedness and satisfaction of the obligations described herein and for all other amounts due or to become due hereunder and for each and every other indebtedness or obligation now or hereafter owing by the Buyer to the Seller and/or the Assignee (as that term is hereinafter defined) the Buyer hereby grants to the Seller a purchase money security interest in the above described property and in all parts, repairs, replacements, accessories, attachments, additions and accessions, now or hereafter attached to such property (collectively, the "Goods") and in all contractual rights and insurance claims now or hereafter appertaining thereto and all proceeds of the Goods of every item or kind until all indebtedness under this Contract is paid in full and all obligations under this Contract are satisfied.

The Buyer represents and warrants to and covenants and agrees with the Seller and the Assignee that the Goods are intended to be used and will be used by the Buyer for the primary purpose of (check one option):

- Industrial/carrying on a business; or
- agricultural uses.

IF THE CONTRACT IS FOR AGRICULTURAL OR INDUSTRIAL/BUSINESS USE ONLY, the Buyer hereby represents and warrants to the Seller that the Goods are intended to be used, and covenants and agrees with the Seller, that the Goods shall be used for the primary purpose of carrying on business/industry or agricultural uses and the Goods shall not be used for the primary purpose of personal, household or family uses.

Buyer Signature(s): SEE ADDENDUM

ADDITIONAL TERMS AND CONDITIONS

END USE CERTIFICATE (If applicable): The Buyer certifies that the Goods are for use exclusively on a farm and for farm purposes, the said farm consisting of 12 acres with the farmstead located on Sec. 10 ; Twp. 25 ; Range 20 ; Meridian: W 3rd

SELLER OWENS & SWEITZER (1972) LTD BUYER CANADIAN EXOTIC GRAIN LTD. (SEE SIGNATURE ADDENDUM)
 Seller's Name Buyer Name(s)
 By [Signature] By SEE ADDENDUM
 Seller's Signature & Title Buyers Signature(s) & Title(s)

The Buyer acknowledges that if financing under this Contract is provided by the Assignee, then the Seller and/or such other Person may receive such fees, commissions or other payments as the Assignee and the Seller and/or such other Person may separately agree, and the particulars and terms of which are available to the Buyer upon request. The Buyer further acknowledges full opportunity to have independently examined the terms of credit offered by competing providers of financing and to make such inquiry of the terms and particulars of the credit extended by the Assignee as the Buyer considered appropriate. The Buyer has voluntarily chosen such terms from among the available alternatives without coercion, inducement, obligation or any representation not otherwise described in this Contract.

SELLER'S ASSIGNMENT
 For valuable consideration the Seller hereby assigns and transfers to AGCO Finance Canada, Ltd. (the "Assignee") all of the Seller's rights, title and interest in this Contract (excluding the Seller's warranty, if any) and all money now or to become due hereunder, together with all rights, title and interest in the Goods including all rights of repossession, removal and sale, subject to the terms more fully set out in the Seller's current Retail Financing Agreement or the Seller's Guarantee and Indemnity Agreement, such assignment and transfer to be effective when accepted by the Assignee.

Date Sept 29/14 Seller's Name OWENS & SWEITZER (1972) LTD By [Signature]
 Authorized Signature

ADDITIONAL TERMS AND CONDITIONS

1. **FOR VARIABLE RATE CONTRACTS: Variable Interest Rate Calculation Explained:** The Current Interest Rate disclosed in the Analysis of Sale is equal to the sum of the then applicable Current Prime Rate plus the Variable Rate Additive. The Current Interest Rate shall vary monthly based on the Current Prime Rate in effect on the first day of each month. If the Current Prime Rate on the first day of any month increases or decreases during the term of this Contract, the Current Interest Rate will increase or decrease by the same amount (the Variable Rate Additive will not change). However, under no circumstances will the Current Interest Rate be less than zero. The Current Prime Rate for the first day of any month during the term of the Contract means the highest rate most recently announced by the Bank of Montreal, Toronto as its prime rate expressed as a rate payable on Canadian dollar denominated loans made in Canada to commercial borrowers, actually in effect on the first day of such month and shall remain in effect for the remainder of such month. The Variable Rate Additive is set forth in the Analysis of Sale. The Schedule of Payments disclosed in this Contract is based on the initial Current Interest Rate and will change if that rate changes. Any change in the Current Interest Rate will cause a corresponding change in the total amount required to pay off this Contract and in the amount (but not the number or frequency) of installment payments. A notice will be sent to the Buyer specifying the new payment amount resulting from a change in the Current Interest Rate.
NOTE TO THE BUYER: THE AMOUNT OF AN INSTALLMENT (BUT NOT THE NUMBER OR FREQUENCY OF INSTALLMENT PAYMENTS), COST OF BORROWING, CURRENT INTEREST RATE AND ESTIMATED TIME PAYMENT BALANCE WILL VARY FROM THE ESTIMATES SHOWN IN THE ANALYSIS OF SALE DEPENDING UPON THE APPLICABLE CURRENT PRIME RATE, WHICH WILL VARY FROM TIME TO TIME.
2. The parties hereto acknowledge that they have requested that this Contract and all other contracts, documents, and notices relating thereto be drawn in English only. Les parties au présent contrat reconnaissent avoir exigé que la présente convention et tous les conventions, documents et avis y relatifs soient rédigés en anglais seulement.
3. The Buyer acknowledges receipt of the Goods in good order and condition and the Buyer represents and warrants that the trade-in property, if any, is free and clear of all security interests, mortgages, hypothecs, liens and encumbrances.
4. The laws of the province of Saskatchewan shall govern all matters relating to the validity, effect and enforcement of this Contract. Any provision hereof invalid shall be inoperative as to such provision, but without invalidating the remaining provisions hereof.
5. In this Contract (i) the term "Person" includes any individual, firm, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his capacity as trustee, executor, administrator or other legal representative, or any group of such entities; (ii) words importing the singular number shall include the plural and multiple, and vice versa; (iii) words importing gender shall include the masculine, feminine and neuter genders, and (iv) the words "include", "including", and "includes" shall not be construed to limit or restrict the matter that precedes it.
6. If the Goods include property subject to any certificate of title act, for all such Goods the Buyer shall immediately apply for/obtain certificate(s) of title and registration for each item of Goods being purchased; each certificate shall include a listing of a lien in the amount of the Deferred Payment Price, the Time Payment Balance or the Total Payments, as listed in the Analysis of Sale; the name of the lien holder shall be the Seller or such other Person as the Seller shall direct in writing; and the Buyer shall provide the Seller or the Assignee with evidence of the continuing effectiveness of such lien as may be reasonably requested from time to time. In addition, the Buyer shall deliver or cause to be delivered to the Seller the original certificate(s) of title for each item of such Goods.
7. The Buyer shall give ten (10) days prior written notice to the Seller of: (i) any change in the name of the Buyer, (ii) any change in the Buyer's principal business location, (iii) any change in or exchange of the Goods, and (iv) the removal of the Goods to another jurisdiction or transfer of any interest in the Goods to another Person. The Seller shall have the right to inspect and examine the Goods from time to time. The Buyer shall, at his own cost and expense, make or cause to be made at the Seller's request, all filings, registrations, and recordings necessary to publish, perfect, or otherwise render enforceable against all Persons the Seller's title, ownership and security interest in the Goods and rights under this Contract so as to ensure, at all times until payment in full of the indebtedness and satisfaction of the obligations hereunder is made, that the title and ownership in the Goods remain in the Seller and that the Goods are not subject to any prior claim, lien, hypothec, security interest, chattel mortgage or other encumbrance or right, whatsoever other than in favour of the Seller as provided herein.
8. The Buyer acknowledges receipt of a copy of the Assignee's Privacy Practices Notice (the "Notice") and consents to, and accepts this as written notice of, the Assignee's obtaining, collecting, using, disclosing, investigating, retaining or exchanging, in accordance with the Notice, nonpublic personal information (as that term is defined in the Notice) about the Buyer. The Buyer also acknowledges that the use of the nonpublic personal information in the manner specified above is necessary for the Assignee to make decisions regarding the granting and continuation of credit, and that the nonpublic personal information may be used and disclosed, in the event of the Buyer's default of the obligations set out in this Contract, to assist the Assignee in the collection of the indebtedness or the satisfaction of the obligations owed by the Buyer to the Assignee.
9. The Buyer shall maintain physical damage insurance on the Goods. The Buyer may choose the company through which this insurance is obtained, provided that the company is authorized and licensed to provide insurance in British Columbia. The Seller or the Assignee may disapprove, on reasonable grounds, the company the Buyer has chosen to provide this insurance, and shall provide written notice of this disapproval to the Buyer. If physical damage insurance is not provided through a group policy arranged by Seller or the Assignee or its servicer (or sub-servicer), and included in the calculation of the sale price of the Goods, the Buyer promises at his expense to purchase standard all-risk type physical damage insurance on the Goods for the Seller or the Assignee and to keep such insurance in effect until full payment under this Contract. Such insurance shall provide the Seller or the Assignee with ten (10) days advance notice of cancellation and name the Seller or the Assignee as a loss payee through a lender's loss payable clause which provides that any acts of the Buyer will not void the policy as against the Seller or the Assignee. If the Buyer fails to deliver evidence of such paid-up policy or furnish other evidence of insurance satisfactory to the Seller or the Assignee within fifteen (15) days of the date of this Contract or should such insurance be cancelled or allowed to lapse before full payment under this Contract, it is understood that the Seller or the Assignee may but shall not be obligated to purchase such insurance, in which case the Buyer agrees to pay the cost thereof, at the times demanded by the Seller or the Assignee or the cost thereof may be added to the amount financed, and the Buyer promises to pay the resulting increase in the installments, if any. If the Assignee accepts the assignment of this Contract and the Buyer has obtained physical damage insurance through a group policy arranged by the Assignee and provided through an appropriate insurance carrier, the insurance coverage shall be as follows: policy covers loss or damage to the Goods not exceeding: (i) the actual cost of repairing or, if necessary, replacing the Goods or parts thereof damaged or destroyed, subject always to deduction for depreciation, or (ii) the actual cash value of the Goods or parts thereof lost, damaged or destroyed. In no event shall this policy's liability exceed the actual retail cash selling price at the time of purchase. Coverage is subject to exclusions and deductibles as recited in the certificate of insurance which will be furnished to the Buyer by the Assignee. The term of physical damage insurance commences on the date of this Contract and ends upon full payment of the outstanding indebtedness and satisfaction of the obligations under this Contract, unless terminated in accordance with the conditions set forth in the insurance certificate to be furnished to the Buyer.
10. Title and ownership in the Goods sold herein does not pass to the Buyer on delivery, but shall remain in the Seller until, and shall pass to the Buyer on, payment in full of the indebtedness and satisfaction of the obligations secured hereby. All parts, repairs, replacements, accessories, attachments, additions and accessories now or hereafter affixed or attached to the Goods shall immediately become the property of the Seller upon becoming affixed or attached. The Buyer shall keep the Goods free of all liens, security interests, mortgages, hypothecs, taxes, encumbrances and claims, repossession or levy, shall not use the same illegally, shall not damage, abuse, misuse, abandon or lose the Goods and shall not sell, lease or otherwise dispose of the Goods. The Goods shall be held and used at the Buyer's risk and expense with respect to loss or damage and taxes and charges of every kind and in the event of the Buyer's failure to pay such taxes and charges the Seller may pay the same and add the amount thereof to the amount due by the Buyer. The Buyer shall use the Goods in a careful and prudent manner and in accordance with the manufacturer's specifications and not for any unlawful purpose and shall, at the Buyer's expense, comply with and conform to all federal, provincial and municipal and other laws, ordinances and regulations in any way relating to the possession, use or maintenance of the Goods.
11. Where more than one Buyer executes this Contract, all covenants shall be construed and are hereby declared to be joint and several.
12. This Contract shall survive to the benefit of and shall bind the heirs, executors, administrators, personal representatives, successors, and assigns of the parties hereto. The Buyer shall not assign or otherwise part with possession of the Goods. Neither the benefits nor obligations of the Buyer under this Contract are assignable by the Buyer without the prior written consent of the Seller or the Assignee.
13. The Seller shall not be liable to the Buyer for failure to fill orders when there is due to an act of God, fire or other elements, strikes, riots, wars, acts of terrorism, inability to obtain materials or transportation, the demand being greater than the available supply, or for any other cause beyond the reasonable control of the Seller.
14. The Buyer agrees that the entire agreement between the parties is set forth herein and no change or addition to this Contract shall be effective unless agreed upon in writing by the parties, however, the Buyer authorizes the Seller and the Assignee to insert into this Contract the serial number and/or model numbers of the Goods if unknown at the time this Contract is executed, correct any errors in such numbers reflected in this Contract at the time this Contract is executed and correct any other patent errors in the description of the Goods reflected in this Contract at the time this Contract is executed, fill in blanks existing at the time this Contract is executed, and correct any patent errors in this Contract.
15. The Seller may assign this Contract or any part of it (including some or all of its rights and/or obligations hereunder) to the Assignee without the consent of the Buyer and the Assignee shall then succeed to all such rights of the Seller. If the Seller assigns only its rights (or certain of its rights) hereunder to the Assignee then, to the extent permitted by law: (i) the Assignee shall have all the rights so assigned but none of the obligations of the Seller hereunder; (ii) the Assignee shall not be liable to the Buyer for any reason whatsoever, and (iii) the Buyer shall continue to look to the Seller for performance of the Seller's obligations and hereby waives and releases the Assignee from any such claim. The Buyer shall make all payments due hereunder to the Assignee, in accordance with the instructions of the Assignee. No assignment or extension hereof or of any interest herein, or loss, injury or destruction of the Goods shall release the Buyer from any obligation hereunder. The Buyer's obligation to pay directly to the Assignee any amounts payable hereunder is absolute and unconditional under all circumstances and is not subject to any abatement, reduction, setoff, recoupment, claim, defense or counterclaim of any kind or for any reason whatsoever, all of which are hereby expressly waived by the Buyer as against the Assignee. The Buyer shall not assert against the Assignee any claim, defense, setoff, reduction, dispute, recoupment or counterclaim of any kind or for any reason whatsoever which the Buyer may have against the Seller.
16. To the extent permitted by applicable law, payments received may be applied at the Seller's discretion to obligations hereunder or to any other indebtedness owed by the Buyer to the Seller despite directions, if any, appearing on the remittance. Each payment made by the Buyer to the Seller or the Assignee will be applied in the following order: (i) to pay the Seller's or the Assignee's reasonable expenses incurred as a result of the Buyer's default (including collection expenses and legal fees and expenses on a solicitor and client or full indemnity basis), if any; (ii) to pay the Finance Costs, accumulated to but not including the payment date, and (iii) to reduce the Unpaid Balance.
17. In the event any cheque or other form of payment made by the Buyer to the Seller is dishonored when first presented for payment the Buyer shall pay to the Seller a processing fee in the amount of \$25, not, however, to exceed the maximum allowed by law, as liquidated damages, which amount shall be added to the Unpaid Balance. If the Buyer fails to make a payment when due or fails to comply with any terms of this Contract or with any terms of any other document evidencing any obligation owed now or hereafter by the Buyer to the Seller, or becomes insolvent, or makes an assignment for the benefit of creditors, or if the Buyer deems itself insecure and so declares, or if the Goods are, in the reasonable opinion of the Seller, in danger of loss, damage or destruction, or are in fact lost, damaged or destroyed, all payments heretofore made by the Buyer shall be retained by the Seller and all indebtedness hereunder, less unearned Finance Costs, shall become immediately due and payable and the Seller shall have all the rights and remedies of a secured party under the Personal Property Security Act of Saskatchewan and may, without notice, enter any premises where the Goods may be and take possession thereof and remove the same, or the Seller may require the Buyer to assemble the Goods and make it available at a place designated by the Seller. To the extent permitted by applicable law, upon the repossession of one or some, but not all, of the Goods, said repossession does not release the Buyer from liability for payment for the balance of the indebtedness or satisfaction of the obligations owing. If one or some, but not all, of the Goods are repossessed and sold, the full amount due and owing under this Contract plus interest at the rate or rates specified herein runs until the sale proceeds are paid or delivered to the Seller at which time the balance owing and interest thereon is reduced by that amount only. The Buyer hereby waives all claims for damages arising out of any repossession, removal, storage, repairing, reconditioning, or resale of the Goods. The Seller may resell repossessed Goods at public or private sale with notice to the Buyer and the proceeds of any such sale (less reasonable expenses of retaking, repairing, holding, preparing for sale, selling and the like including legal fees and expenses on a solicitor and client or full indemnity basis) shall be credited to the amount unpaid. Subject to the limitations of applicable law, the Buyer agrees to pay any deficiency upon demand by the Seller. Any surplus shall be paid to the Buyer or to such other Person entitled at law. Said repossession shall not be deemed rescission of this Contract. The Seller may accept partial payments of any sums due herein without waiving or otherwise modifying the terms of this Contract. Waiver by the Seller of any default shall not be deemed a waiver of any other default. To the extent permitted by applicable law, any such sale or right of sale shall not affect the Seller's right to sue or the Buyer's liability for any deficiency, including all amounts payable by the Buyer under this Contract, nor shall the Seller's right to repossess and to sell the Goods be merged in any judgment the Seller may recover for the purchase price, the Deferred Payment Price, the Time Payment Balance, the Total Payments or any security therefor, nor shall the entry of judgment for the unpaid indebtedness or the taking of additional security therefor constitute a waiver of the reservation of the title herein described until the indebtedness herein is fully paid in

ADDITIONAL TERMS AND CONDITIONS

- cash and the obligations owing under to this Contract are satisfied. If this Contract is referred to any lawyer for collection, the Buyer agrees to pay all legal fees and expenses of the Seller and/or the Assignee on a solicitor and client or full indemnity basis.
- All interest and default interest payable hereunder shall be calculated on a year of 360 days and the actual number of days elapsed. For the purposes of the *Interest Act* (Canada), the yearly rate of interest for which the rate is determined in accordance with the foregoing is equivalent to the rate so determined multiplied by the actual number of days in the year and divided by 360. Notwithstanding anything to the contrary herein, the rate of interest hereunder shall at no time exceed the maximum rate, if any, permitted by applicable law. If any such rate does exceed the maximum lawful rate, any excess interest shall be returned to the Buyer once that determination has been made.
 - DISCLAIMER OF WARRANTIES: TO THE EXTENT PERMITTED BY LAW, THE BUYER ACKNOWLEDGES THAT THE SELLER AND THE ASSIGNEE ARE NOT OFFERING OR PROVIDING ANY WARRANTIES OR CONDITIONS, WHETHER WRITTEN OR ORAL, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OR CONDITIONS PURSUANT TO THE SALE OF GOODS ACT OF BRITISH COLUMBIA, AND THAT THERE ARE NO IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR ANY OTHER WARRANTIES OR CONDITIONS, EXPRESS OR IMPLIED, GIVEN BY THE SELLER OR THE ASSIGNEE EXCEPT WHERE EXPRESSLY REQUIRED BY LAW. IN NO CASE SHALL THE SELLER OR THE ASSIGNEE BE LIABLE FOR ANY SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES BASED UPON ANY LEGAL THEORY, INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, LOSS OF USE OF THE GOODS, THE CLAIMS OF THIRD PARTIES AND INJURY TO THE GOODS. TO THE EXTENT PERMITTED BY APPLICABLE LAW, ANY ACTION FOR BREACH OF WARRANTY OR CONDITION MUST BE COMMENCED WITHIN THIRTEEN (13) MONTHS FOLLOWING DELIVERY OF THE GOODS. THE SELLER AGREES, HOWEVER, THAT IF THE GOODS ARE NEW AND COVERED BY A MANUFACTURER'S WARRANTY AT THE TIME OF DELIVERY THAT THE BENEFIT OF SUCH WARRANTY SHALL BE EXTENDED TO THE BUYER.**
 - If the Buyer requests that the Seller or the Assignee execute a transfer or assignment of this Contract, and if in the Seller's or the Assignee's sole and unfettered discretion it is prepared to consent to such transfer or assignment, then the Buyer shall pay to the Seller or the Assignee an administrative fee of \$200, or such other fee as may be in effect at the time as disclosed in writing to the Buyer by the Seller or the Assignee, for services including preparing, reviewing and executing the assignment or transfer, together with all legal or other expenses (on a solicitor and client or full indemnity basis) incurred by the Seller or the Assignee, whether the documents are prepared by the Seller or the Assignee, the Seller's or the Assignee's solicitors, or the Buyer's solicitors. It shall be the Buyer's responsibility to register the assignment or transfer and to pay the registration costs thereof.
 - WAIVER BY BUYER - IF THE BUYER IS A CORPORATION, it hereby agrees that the following legislation, as amended, shall have no application to this Contract or to any renewal or extension thereof or to any charge, lien or security given by the Buyer to the Seller or the Assignee:**
 - the Limitation of Civil Rights Act (Saskatchewan); and
 - In the event that Buyer is an agricultural corporation within the meaning of *The Saskatchewan Farm Security Act* all of Part IV (other than Section 46) of *The Saskatchewan Farm Security Act*.
 - For all optional services offered in this Contract (including the Payment Protection Plan, Physical Damage Insurance arranged through the Assignee or its sub-servicer, Life Insurance, and Disability Insurance) the timing and amount of the payments required, the circumstances under which the Buyer may terminate the payments and the coverage, the manner of termination of the coverage and the coverage amounts are set out in the insurance documents, a copy of which has been provided to the Buyer by the Seller or the Assignee. The Buyer hereby acknowledges receipt of all such insurance documents for all optional services offered in this Contract. The Buyer is entitled to cancel such optional services by providing the Seller or the Assignee with 30 days' written notice (or any shorter period of notice provided in the agreement under which the optional service is provided) of the cancellation.
 - Notices, demand and other communications under this Contract shall be deemed to have been given if mailed, postage prepaid, by registered or certified mail, return receipt requested, or by overnight delivery or transmitted by telex, telecopy or facsimile transmission to the other party at the address stated below or such other address as such party may have provided by notice hereunder.

Buyer(s) agree be bound by all the terms and conditions of this contract

Buyer Signature(s): X SEE ADDENDUM Title: SEE ADDENDUM

Buyer Signature(s): u Title: u

Buyer Signature(s): u Title: u

Seller Signature(s): [Signature] Title: GM/VP

PHYSICAL DAMAGE INSURANCE:
 Physical Damage Insurance is not provided, but is required. The Buyer may choose the company through which this insurance is obtained. The cost of such coverage, if obtained through a group policy arranged by the Assignee and provided through an appropriate insurance carrier, is \$.00 and the premium is disclosed in the Analysis of Sale. See Section 9 of the Additional Terms and Conditions for further details.
 The Buyer does does not desire Physical Damage Insurance from the Seller.

LIABILITY INSURANCE: There is no insurance coverage for personal liability or property damage caused to others.

BUYER SIGNATURE(S) X SEE ADDENDUM

- NOTICE TO BUYER**
- Do not sign this Contract before you read it or if it contains any blank spaces.
 - Subject to Section 14 of the Additional Terms and Conditions, you are entitled to an exact completely filled-in copy of this Contract when you sign it. Keep it to protect your legal rights.
 - To the extent permitted by applicable law, you may have the following rights, among others:
 - to pay off in advance the full amount due and to obtain a partial refund of the finance charge;
 - to redeem the Goods if repossessed for a default within the time provided by law; and
 - to require, under certain conditions, a resale of the Goods if repossessed.
 - The Buyer acknowledges having read the entire Contract and acknowledges receipt of a true copy at the time of its execution.
 - To the extent permitted by applicable law, the Buyer hereby waives all rights to receive from the Seller or the Assignee a copy of any financing statement, financing change statement, renewal, discharge or verification statement filed at any time in respect of this Contract.
 - The Buyer authorizes the Seller or the Assignee to obtain credit bureau reports and make other credit inquiries that the Seller or the Assignee determine are necessary and agrees that without further notice the Seller or the Assignee may use or request additional credit bureau reports to update its information so long as the Buyer has any outstanding indebtedness or obligations owed to the Seller or the Assignee. The Buyer further agrees to provide the Seller or the Assignee, promptly after request therefor by the Seller or the Assignee, such income statements, balance sheets and other financial statements and information and such federal and provincial income tax returns concerning the Buyer that the Seller or the Assignee determine are necessary.

SIGNATURE ADDENDUM*(For Use With a Retail Instalment Contract—SK, MD, AD and BC)*

Buyer(s): **Canadian Exotic Grain Ltd. and
Jocelyn Jennell Haarsook and
Mark Chad Mutch and
Christopher Mark Andrew** Date of Retail
Instalment Contract: **9/24/2014**

Seller: **Owens & Sweitzer (1972) Ltd** Assignee: **AGCO Finance Canada, Ltd.**

This Addendum is attached to and supplements the Transaction Documents (defined below) to allow for the correct identification and execution of the Transaction Documents by the Buyer, identified above.

1. This Signature Addendum is attached to, supplements and is incorporated by reference, as though set forth at length, in each of the following documents entered into or executed by Buyer: (a) the Instalment Sales Contract and Security Agreement bearing the above identified date (the "Retail Contract"); (b) the Customer Agreement to Provide Physical Damage Insurance bearing the same date (the "Insurance Agreement"); (c) any Purchased Equipment Addendum bearing the same date; (d) any Contract Trade-In Equipment Addendum thereto; and (e) any other agreement, contract or document related to the transaction described in the aforementioned documents which reference this Signature Addendum, such as the phrase: "See Signature Addendum." The foregoing documents may be collectively referred to herein as "Transaction Documents."

2. Each of the undersigned Buyers acknowledges having read all of the Transaction Documents to which this Addendum is attached and acknowledges the receipt of a true copy of this Addendum and the Transaction Documents. The undersigned Buyers jointly and severally agree to and confirm and reaffirm all of their obligations and agreements set forth in the Retail Contract and all of their obligations and agreements under the Insurance Agreement and all other obligations and agreements in the Transaction Documents. Each of the undersigned Buyers ratify and confirm the election in the Retail Contract in respect of physical damage or payment protection plans as the election of such Buyer whether or not such election is signed or initialed by any Buyer.

3. Each of the undersigned jointly and severally agree that the transaction described in the Transaction Documents is authorized under the Buyer's applicable organizational documents (however titled) or, if it is not authorized, such organizational documents are hereby amended to authorize the transaction described in the Transaction Documents.

4. Unless otherwise defined herein, all capitalized terms used in this Addendum shall have the meanings ascribed to them in the Retail Contract.

5. The Seller consents and agrees to the terms and conditions of this Addendum and confirms and reaffirms its obligations under the Retail Contract and to the Assignee in connection with the Retail Contract. Each of the undersigned Buyers acknowledges the assignment by the Seller of the Retail Contract to the Assignee and consents to such assignment.

Iwanchuk Alecia

From: tim.houge@dllgroup.com
Sent: Tuesday, July 31, 2018 3:30 PM
To: Fritz, John X. (CA - Winnipeg)
Cc: darcy.deck@agcofinance.com
Subject: Canadian Exotic Grain Ltd - #002-0213220

John (Trustee Deloitte office):

Payoff: 8/3/18 = \$14,419.71

Respectfully,



Tim G. Houge
SR. Litigation & Bankruptcy Specialist
T 515 251 2856
F 515 334 5833
E tim.houge@dllgroup.com

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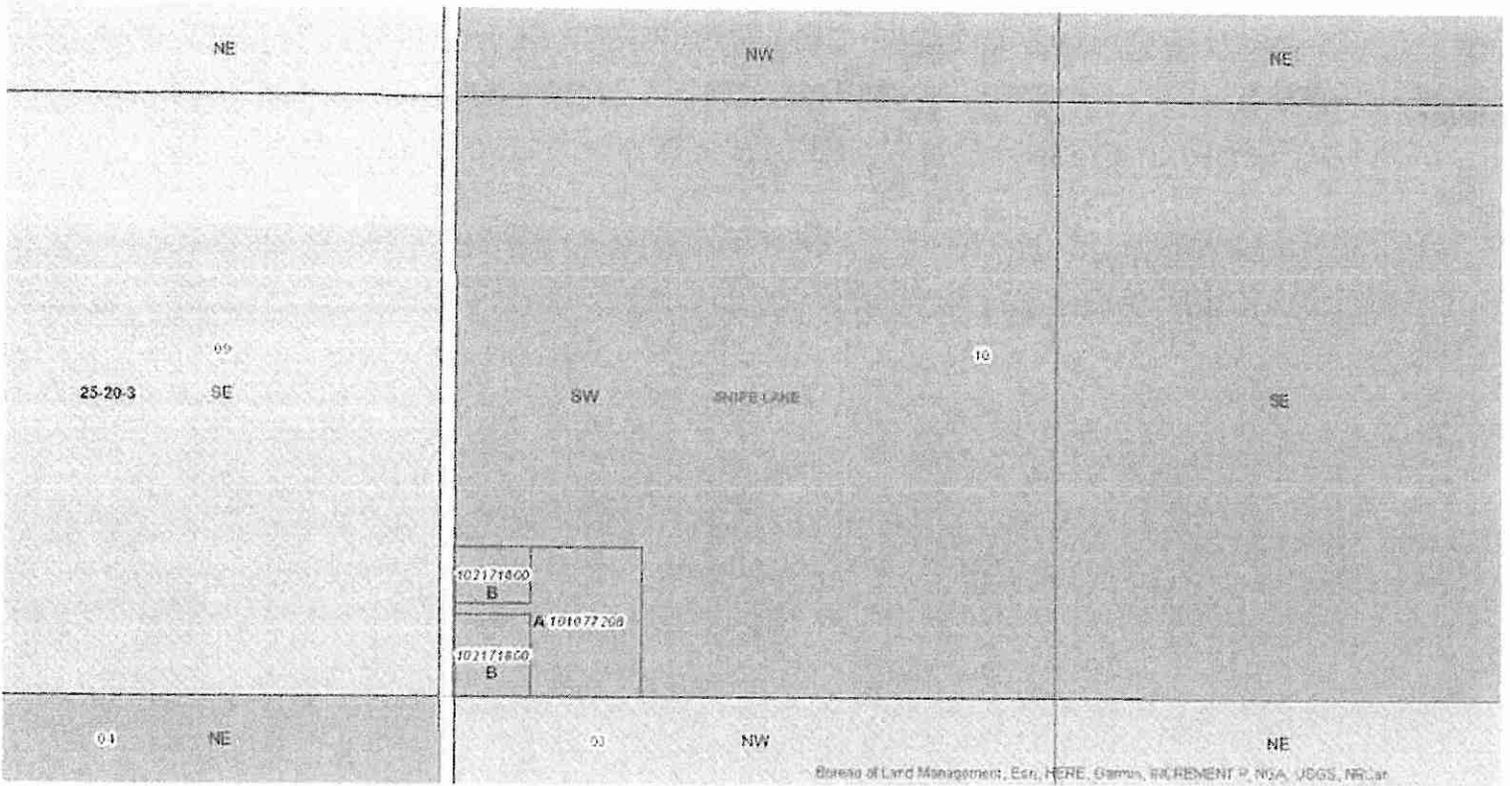
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THIS IS EXHIBIT "M" REFERRED TO IN
THE AFFIDAVIT OF JOCELYN HARTSOOK
SWORN BEFORE ME AT THE TOWN OF
ESTON, IN THE PROVINCE
OF SASKATCHEWAN THIS 3RD DAY
OF AUGUST, 2018.

A handwritten signature in cursive script, appearing to read 'Sandra King', is written over a horizontal line.
A Commissioner for Oaths
in and for the Province of Saskatchewan
my commission expires: DEC 31, 2020
or being a solicitor.

My Map

Wed Aug 1 2018 01:48:46 PM



THIS IS EXHIBIT "N" REFERRED TO IN
THE AFFIDAVIT OF JOCELYN HARTSOOK
SWORN BEFORE ME AT THE TOWN OF
ESTON, IN THE PROVINCE
OF SASKATCHEWAN THIS 3RD DAY
OF AUGUST, 2018.

Sandra King
A Commissioner for Oaths
in and for the Province of Saskatchewan
my commission expires: DEC 31, 2020.
or being a solicitor.