

**IN THE COURT OF QUEEN'S BENCH FOR SASKATCHEWAN  
JUDICIAL CENTRE OF SASKATOON  
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
*R.S.C 1985, C.B-3, AS AMENDED***

**AND IN THE MATTER OF THE PROPOSAL OF  
CANADIAN EXOTIC GRAINS LTD.**

**FIRST REPORT OF DELOITTE RESTRUCTURING INC.  
IN ITS CAPACITY AS PROPOSAL TRUSTEE  
UNDER THE NOTICE OF INTENTION TO MAKE A PROPOSAL**

**AUGUST 3, 2018**

**DELOITTE RESTRUCTURING INC.**

360 Main Street, Suite 2300  
Winnipeg, MB R3C 3Z3  
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### EXHIBITS

Exhibit A – Certificate of Filing and Notice to Creditors

Exhibit B – Cash Flow Forecast for the Period July 16, 2018 to August 26, 2018

Exhibit C – Forecast to Actual Results for the Period July 16, 2018 to July 29, 2018

Exhibit D – Cash Flow Forecast for the Period July 30, 2018 to September 30, 2018

Exhibit E – Affidavit of Mike McAllister

## INTRODUCTION

1. On July 17, 2018 (the “**NOI Filing Date**”), Canadian Exotic Grains Ltd. (“**CEG**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (the “**NOI**”) pursuant to Part III, Division I of the *Bankruptcy and Insolvency Act*, R.S.C 1985, C. B-3, as amended (the “**BIA**”). Deloitte Restructuring Inc. consented to act as the trustee under the proposal proceedings (the “**Proposal Trustee**”).
2. Notice of the NOI filing, as prescribed by the BIA, was sent to all known creditors by the Proposal Trustee on July 18, 2018 (the “**Notice to Creditors**”). A copy of the Certificate of Filing a Notice of Intention to Make a Proposal (the “**NOI Certificate**”) and the Notice to Creditors are attached hereto as Exhibit A.
3. The Proposal Trustee has made the NOI Certificate and the Notice to Creditors available on its website at [www.insolvencies.deloitte.ca/en-ca/canadianexotic](http://www.insolvencies.deloitte.ca/en-ca/canadianexotic) (the “**Proposal Trustee’s Website**”). The Proposal Trustee will continue to post documents pertaining to the proposal proceedings on the Proposal Trustee’s Website.

## PURPOSE

4. The purpose of this first report (the “**First Report**”) is to provide information pertaining to the initial activities of the Company and the Proposal Trustee since the filing of the NOI. More specifically, the First Report contains information in respect of the following:
  - a. The business activities of the Company since the NOI Filing Date, including operations and restructuring efforts to date;
  - b. The activities of the Proposal Trustee since the NOI Filing Date, including the completion of duties prescribed pursuant to the BIA; and
  - c. The Proposal Trustee’s recommendations related to the Company’s notice of motion to be heard on August 8, 2018, seeking the granting of an Order for among other things:

- i. Approval of the Asset Purchase Agreement (“**APA**”) entered into by the Company and Section 12 Foods Inc. (“**Section 12**” or the “**Purchaser**”) dated July 13, 2018 and granting of the requested sale approval and vesting Order (the “**Sale Approval and Vesting Order**”); and
- ii. An extension of time within which the Proposal Trustee may file a proposal on behalf of the Company to September 28, 2018.

## **TERMS OF REFERENCE**

5. In preparing this First Report, the Proposal Trustee has relied upon unaudited interim financial information, the Company’s books and records, the Affidavit of Jocelyn Hartsook (“**Ms. Hartsook**”) sworn on August 3, 2018 (the “**Hartsook Affidavit**”), and discussions with management (“**Management**”) and other employees of the Company, and their financial and legal advisors.
6. The financial information of the Company has not been audited, reviewed or otherwise verified by the Proposal Trustee as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally accepted accounting principles and the reader is cautioned that this First Report may not disclose all significant matters about the Company. Additionally, none of the Proposal Trustee’s procedures were intended to detect defalcations or other irregularities. If the Proposal Trustee were to perform additional procedures or to undertake an audit examination of the financial statements in accordance with generally accepted auditing standards, additional matters may have come to the Proposal Trustee’s attention. Accordingly, the Proposal Trustee does not express an opinion nor does it provide any other form of assurance on the financial or other information presented herein. The Proposal Trustee may refine or alter its observations as further information is obtained or brought to its attention after the date of this First Report.
7. The financial projections attached to this First Report were prepared by Management. Although the Proposal Trustee has reviewed the assumptions underlying the projections for reasonableness, financial projections, by their nature, are dependent upon future events, which are not susceptible to verification. Actual results will vary from the

information presented and the variations may be material. The Proposal Trustee has not prepared a compilation as contemplated by Section 4250 of the Chartered Professional Accountants of Canada Handbook.

8. The Proposal Trustee assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction or use of this First Report. Any use which any party makes of this First Report, or any reliance or decision to be made based on this First Report, is the sole responsibility of such party.
9. Unless otherwise stated, all monetary amounts contained in this First Report are expressed in Canadian dollars.

## **BACKGROUND**

10. CEG is a corporation incorporated pursuant to the laws of the province of Saskatchewan. CEG began operations on January 1, 2011, subsequent to its acquisition of the assets of G.H. Schweitzer Enterprises Ltd., a company that was engaged in growing and marketing specialty grains, spices, and pulse crops in and around Eston, Saskatchewan. In July 2013, CEG's General Manager, who held primary responsibility for managing the farming (i.e. growing) operations, left the Company. With limited support to retrain an individual in the farming aspect of the operations, Management decided to focus exclusively on the marketing side of CEG's business, and accordingly, the farmland was sold.
11. CEG operates out of owned premises located at Blk/Par A Plan No 101077208 Extension 7 in the Rural Municipality of Snipe Lake, Saskatchewan (the "**Real Property**") and employs approximately six (6) staff, inclusive of Management.
12. Details of the background to the Company's current financial situation are included in the Hartsook Affidavit. As described therein, the Company's current financial difficulties primarily resulted from poor crop years experienced by their contracted suppliers in 2016 and 2017, which forced CEG to source alternate crops at record high commodity prices to fulfill its sales contracts. Although the Company's suppliers were covered by "Act of

God” clauses detailed in the agreements with CEG, the Company’s contracts with its end customers had no such flow through protections.

13. In addition to the poor crop years experienced in 2016 and 2017 which resulted in shrinking margins, the Company was also saddled with significant debt as a result of an approximate \$1.2 million seed cleaning plant expansion which commenced in 2016 and was completed in July 2017.
14. Based on the Proposal Trustee’s review of the Company’s Draft Notice to Reader financial statements for the years ended December 31, 2016 and 2017, the Company’s financial performance deteriorated during this period with annual revenue declining from approximately \$7.6 million in 2016 (resulting in an approximate loss of \$52,000 from operations) to approximately \$6.0 million in 2017 (resulting in an approximate loss of \$0.4 million from operations). Based on the Company’s internally prepared financial statements for the six (6) months ending June 30, 2018, the Company’s revenues approximated \$2.3 million (resulting in an approximate loss of \$0.6 million from operations).

## Assets

15. The following table summarizes the net book value of CEG’s assets as at June 30, 2018, the date of the most recently prepared internal financial statements for the Company:

### Canadian Exotic Grains Ltd.

Summary of Assets  
as at June 30, 2018

|                     |                     |
|---------------------|---------------------|
| Current             |                     |
| Cash                | \$ 560,234          |
| Accounts receivable | 188,673             |
| Prepaid expenses    | 84,382              |
| Inventory           | 82,265              |
|                     | <u>915,554</u>      |
| Capital assets      |                     |
| Equipment           | 1,059,661           |
| Real property       | 117,698             |
|                     | <u>1,177,359</u>    |
| <b>Total assets</b> | <b>\$ 2,092,913</b> |

16. As at the NOI Filing Date, CEG had cash on hand of approximately \$179,000, a decrease of approximately \$381,000 from the balance disclosed at June 30, 2018.
17. The Company's accounts receivable balance was approximately \$45,000 as at the NOI Filing Date and Management advised that the Company expects to collect this balance over the Extension Period (as defined in paragraph 38).
18. The Company's inventory is comprised of a variety of grain that CEG continues to actively market in the ordinary course of business. Management indicated that as at the NOI Filing Date, the following inventories remained on hand:
  - a. \$26,939 of caraway;
  - b. \$26,246 of packaging materials;
  - c. \$13,046 of kabuli screenings;
  - d. \$12,000 of off grade coriander;
  - e. \$2,100 of flax; and
  - f. \$1,934 of dill.

Approximately \$26,000 of the inventory (primarily the packaging materials) will be sold to Section 12 in accordance with the APA (the "**APA Inventory**"). The Company continues to market the remaining \$56,000 of inventory, but has advised that the volumes are such that CEG has not attracted much interest to date.

19. As further detailed in the first confidential report of the Proposal Trustee dated August 3, 2018 (the "**Confidential Report**"), the Company's capital assets and real property, and the APA Inventory (collectively the "**Remaining Assets**") are subject to the APA with Section 12. Upon closing the transaction with Section 12, it is the Company's intention to retire the associated secured debts (as detailed below) and file a proposal to its unsecured creditors with the surplus proceeds.

## Liabilities

20. The following table summarizes the liabilities of the Company as at June 30, 2018:

| <b>Canadian Exotic Grains Ltd.</b> |                    |
|------------------------------------|--------------------|
| Summary of Liabilities             |                    |
| as at June 30, 2018                |                    |
| Accounts payable                   | \$ 965,846         |
| Shareholder loans                  | 195,569            |
| Long term debt                     |                    |
| Secured                            | 1,425,398          |
| Unsecured                          | 483,333            |
| <b>Total liabilities</b>           | <b>\$3,070,146</b> |

21. As at the NOI Filing Date, the Company declared creditors totaling approximately \$2.7 million, an approximate \$0.4 million decrease from the total liabilities disclosed as at June 30, 2018. A complete list of creditors with claims in excess of \$250 were included with the Notice to Creditors, attached hereto as Exhibit A.
22. Shareholder loans are comprised of amounts owing to three (3) of the Company's shareholders. Management advised that two (2) of the shareholders are considering forgiving their respective loans (approximately \$130,000 in the aggregate) upon the Company filing a proposal to its creditors.
23. Long term debt represents obligations of the Company with terms of repayment greater than one year. Management advised that the Company's secured creditors are as follows:
- a. Approximately \$1.4 million owing to Farm Credit Canada ("FCC"), secured by a mortgage over the Company's real property and a general security agreement over the Company's other assets; and
  - b. Approximately \$15,000 owing to AGCO Finance Canada Ltd., secured by three (3) pieces of equipment.

24. The Proposal Trustee has not yet reviewed any of the security registrations or reached any opinion as to the validity, enforceability, and priority of the interest of those parties in the property and assets of CEG.
25. As at the NOI Filing Date, Management advised that the Company was current with payroll source deduction remittances to Canada Revenue Agency and that the Company has remained current with remittances thereafter.

#### **ACTIVITIES OF THE COMPANY SINCE FILING OF THE NOI**

26. Since the NOI Filing Date, the Company has provided the Proposal Trustee with access to its books and records and other financial documents so as to enable the Proposal Trustee to adequately assess the Company's financial affairs as required by the BIA.
27. Since the NOI Filing Date, Management has assisted with the following:
  - a. Prepared cash flow forecasts and reviewed same with the Proposal Trustee;
  - b. Held various discussions and meetings with the Company's legal counsel, McDougall Gauley LLP ("**McDougall Gauley**"), and the Proposal Trustee to discuss restructuring options;
  - c. Continued with the collection of accounts receivable and actively marketed the remaining inventory of the Company; and
  - d. Continued to prepare for the closing of the APA with Section 12.

#### **ACTIVITIES OF THE PROPOSAL TRUSTEE SINCE FILING OF THE NOI**

28. Since the NOI Filing Date, the Proposal Trustee's activities have included the following:
  - a. Reviewed various financial information of the Company in order to assess its financial position and necessity for the NOI filing;
  - b. Held various discussions with Management and participated in discussions with the Company and McDougall Gauley;

- c. Assisted the Company in preparing and filing the NOI with the Official Receiver and fulfilled the Proposal Trustee’s notice requirements to creditors pursuant to subsection 50.4(6) of the BIA;
- d. Established the Proposal Trustee’s Website and posted documents pertaining to the proposal proceedings;
- e. Responded to creditor inquiries;
- f. Assisted the Company with the preparation of the initial six (6) week cash flow forecast (the “**Initial Forecast**”) and addressed its filing requirements pursuant to subsection 50.4(2) of the BIA;
- g. Monitored the Company’s business and financial affairs, including monitoring of the actual cash flows versus the Initial Forecast, in accordance with subsection 50.4(7) of the BIA;
- h. Assisted the Company with the preparation of a revised cash flow forecast (the “**Revised Forecast**”) for the period of July 30, 2018 to September 30, 2018;
- i. Advised the Company with respect to the requirements for the sale of assets outside of the ordinary course of business during the period following the NOI Filing Date; and
- j. Prepared this First Report.

## **CASH FLOW FORECAST**

- 29. The Proposal Trustee assisted the Company with preparing and filing the Initial Forecast which was filed with the Office of the Superintendent of Bankruptcy on July 19, 2018, along with the corresponding statutory reporting. The Initial Forecast is attached hereto as Exhibit B.
- 30. The Company’s cash receipts and disbursements for the period July 16, 2018 to July 29, 2018 are attached hereto as Exhibit C with a comparison to the Initial Forecast. The

Proposal Trustee has conducted a review of the Company's actual cash flows compared to the Initial Forecast and provides the following comments:

- a. Compared with the Initial Forecast, the Company experienced a favorable variance of approximately \$64,000 in respect of the net cash outflows, primarily attributable to the following:
  - i. \$18,000 favorable cash receipt variance compared to the forecast due to the receipt of a provincial sales tax refund related to the acquisition of certain seed cleaning equipment;
  - ii. \$6,000 favorable payroll cost variance due to the timing of wage payments and payroll source deduction remittances;
  - iii. \$25,000 favorable operating cost variance primarily due to the timing of grain purchases (\$23,000) and not having to draw on the contingency reserve (\$4,000), offset by the timing of utility cost payments (\$2,000); and
  - iv. \$15,000 favorable restructuring cost variance due to the timing of professional fee payments.
31. The Proposal Trustee has also assisted the Company in preparing the Revised Forecast attached hereto as Exhibit D. The Revised Forecast contemplates the Court granting the Company an extension during which time the Company will continue to collect accounts receivable, sell the residual inventory, and close the sale transaction with Section 12.
32. The Revised Forecast includes the assumptions as set out in the notes and assumptions appended as notes 1 to 9 of the Revised Forecast (the "**Notes and Assumptions**").
33. The Proposal Trustee's comments on the Revised Forecast are as follows:
  - a. For the period July 30, 2018 to September 30, 2018, the Company is expected to have gross receipts of approximately \$118,000 and disbursements of

approximately \$293,000, representing a net cash outflow of approximately \$175,000.

- b. The Company is expected to generate cash sufficient to fund ongoing operations, to close the APA with Section 12, and to draft and file a proposal to its creditors.
- c. The Proposal Trustee's review of the Revised Forecast consisted of inquiries, analytical procedures, and discussions related to information supplied to the Proposal Trustee by Management. Since the Notes and Assumptions need not be supported, the Proposal Trustee's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Revised Forecast. The Proposal Trustee has also reviewed the support provided by Management for the Notes and Assumptions, and the preparation and presentation of the Revised Forecast.
- d. Based on the Proposal Trustee's review, nothing has come to its attention that causes it to believe that, in all material respects:
  - i. The Notes and Assumptions are not consistent with the purpose of the Revised Forecast;
  - ii. As at the date of this First Report, the Notes and Assumptions developed by Management are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the Revised Forecast, given the Notes and Assumptions; or
  - iii. The Revised Forecast does not reflect the Notes and Assumptions.

Since the Revised Forecast is based on assumptions regarding future events, actual results will vary from the information presented, even if the events described in the Notes and Assumptions occur, and the variations may be material. Accordingly, the Proposal Trustee expresses no assurance as to whether the Revised Forecast will be achieved. The Proposal Trustee expresses no opinion or other form of assurance with respect to the accuracy of any financial

information presented in this First Report, or relied upon by the Proposal Trustee in its preparation.

## **SALES PROCESS**

34. As detailed in the Hartsook Affidavit, Management began considering available options to restructure the Company in the summer of 2017, one of which was consideration of a going concern sale of the CEG operations. By early 2018, Management became aware of Section 12's interest in entering the grain cleaning and marketing business to complement their existing growing operations. As such, in or about January or February of 2018, CEG and Section 12 began acquisition discussions, which culminated in the APA being executed on July 13, 2018.
35. Management is of the belief that the value to be obtained for the Remaining Assets will be maximized through the APA based on the following:
  - a. The APA has been the result of extensive negotiations between Section 12 and Management;
  - b. Management is intimately familiar with the specialty crop market and does not believe that an alternate purchaser offering superior terms would be identified through additional marketing of the Company's assets;
  - c. The Company has consulted with its primary secured creditor, FCC, in connection with the NOI filing and the APA and has received no objection with its actions to date. As detailed in the affidavit of Mike McAllister, senior account manager with FCC, sworn on August 2, 2018, attached hereto as Exhibit E, FCC is supportive of the sale and is of the opinion that the purchase price offered is reasonable in the circumstances;
  - d. The proceeds from the sale of the Remaining Assets are expected to generate sufficient funds to pay the Company's secured creditors in full with the surplus to form part of a proposal to its unsecured creditors; and

- e. Management believes the consideration to be received under the APA is reasonable and fair based on the following:
    - i. The purchase price ascribes value to a series of supply and purchase agreements (the “**Assigned Agreements**”) and to the goodwill of the Company;
    - ii. The purchase price ascribed to the Remaining Assets exceeds the net book value of same based on the Company’s books and records;
    - iii. As further detailed in the Confidential Report, the portion of the purchase price allocated to CEG’s capital assets and real property exceeds the estimated realizable value of these assets in a liquidation scenario (as compared with an independent opinion of value obtained by the Company);
    - iv. Based on Management’s knowledge of similar businesses in the area listed for sale or investment, the purchase price appears reasonable; and
    - v. Based upon CEG’s knowledge of the industry and the negotiations with Section 12 to date, Management does not believe that a formal sales process would likely identify any additional pool of prospective purchasers given the unique nature of the CEG assets and configuration of the real property and business operations. Furthermore, Management has advised that they are concerned that if it is necessary to incur the cost (and additional interest) to undertake a formal sales process, the likelihood of there being sufficient surplus proceeds to be used to fund a proposal to the unsecured creditors declines.
36. In addition to the above, the APA also provides for continued employment for all of the Company’s current employees by Section 12. The Company believes that this is a significant economic benefit to the small town of Eston (with a population of approximately 1,000) and surrounding areas given the remote location of the Company (i.e. the next largest centers in the area are Kindersley (with a population of

approximately 4,600) located approximately 70 kilometers from Eston, and Saskatoon located approximately 200 kilometers from Eston).

## **REQUEST FOR AN EXTENSION OF THE PROCEEDINGS AND RECOMMENDATIONS**

37. As a result of the foregoing, and as further detailed in the Confidential Report, the Proposal Trustee is of the view that the Section 12 offer represents an amount which exceeds the estimated realizations that could be expected in a bankruptcy scenario. Furthermore, the Trustee is of the view that further marketing of the Remaining Assets will not necessarily increase the net realizations available to the unsecured creditors. The Proposal Trustee is also of the view that the terms of the APA are reasonable in the circumstances, and recommends the proposed sale of the CEG assets to Section 12.
38. In order to allow the Company sufficient time to complete the APA with Section 12 and formulate a viable proposal, the Company is seeking an extension of time within which the Proposal Trustee may file a proposal on behalf of the Company, extending the time from August 16, 2018 to September 28, 2018 (the “**Extension Period**”).
39. The Proposal Trustee is of the opinion that the Company’s request for an extension of time to make a proposal is reasonable given the following:
  - a. The Company has acted, and is acting, in good faith and with due diligence;
  - b. The Extension Period will provide CEG additional time to close the APA with Section 12 which provides an opportunity for the Company to be able to make a viable proposal to its creditors;
  - c. To date, no creditors have been materially prejudiced by the stay of proceedings currently in place, and creditors will not suffer any additional losses as compared to the situation at the NOI Filing Date; and
  - d. The Proposal Trustee has not identified and is not aware of any creditor that would be materially prejudiced if the extension being requested was granted.

40. As a result of the foregoing, the Proposal Trustee respectfully requests from this Honourable Court the following relief:

- a. Approval of the Section 12 offer and the respective APA for the sale by the Company of the Remaining Assets outside of the ordinary course of business;
- b. Granting of the Sale Approval and Vesting Order sought by the Company;
- c. An extension of time to September 28, 2018 within which the Proposal Trustee may file a proposal on behalf of the Company; and
- d. An Order sealing the Confidential Report in the Court file.

All of which is respectfully submitted at Saskatoon, Saskatchewan, this 3<sup>rd</sup> day of August, 2018.

**DELOITTE RESTRUCTURING INC.**

In its capacity as Proposal Trustee under the  
Notice of Intention to Make a Proposal by Canadian Exotic Grains Ltd.  
and not in its personal capacity.



Per: Brent Warga, CPA, CA, CIRP, LIT  
Senior Vice-President

**Exhibit A – Certificate of Filing and Notice to Creditors**



Industry Canada

Industrie Canada

Office of the Superintendent  
of Bankruptcy 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

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Date of the Notice of Intention: July 17, 2018

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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.

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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**

Canada  
District of SK  
Division No.: 01 - Regina  
Court No.:  
Estate No.: 22-2400416

Notice to Creditors of Intention to Make a Proposal  
(Subsection 50.4(6) of the Act)

IN THE MATTER OF THE PROPOSAL OF  
Canadian Exotic Grains Ltd.

Notice is hereby given that on July 17, 2018, the above-mentioned Debtor filed a Notice of Intention to Make a Proposal under the Bankruptcy and Insolvency Act, as per a copy attached hereto.

Notice is further given that in accordance with Section 69 of the Bankruptcy and Insolvency Act, all proceedings against the Debtor are hereby stayed. Accordingly, no creditor has any remedy against the Debtor or its assets, nor shall it commence or continue any action, execution or other proceedings for the recovery of a claim.

A list of the creditors with claims amounting to \$250 or more and the amounts of their claims as known or shown by the Debtor's books is annexed hereto. The enclosure thereof does not constitute the acceptance of any claim or claims.

Upon the filing of the contemplated Proposal, a further notice shall be mailed to you providing you with the following:

- a) A copy of the Proposal;
- b) The date, time and place of a Meeting of Creditors to be held to consider the Proposal;
- c) A condensed statement of the assets and liabilities of the Debtor;
- d) The following prescribed forms, to be completed:
  - Proofs of Claim;
  - Proxy;
  - Voting Letter on the Proposal.

Should the Debtor fail to file a Proposal within the prescribed period, an automatic bankruptcy will ensue and the Trustee will forthwith convene a meeting of creditors.

If you have any questions, please contact John Fritz by telephone at 204-944-3586 or by email at [jofritz@deloitte.ca](mailto:jofritz@deloitte.ca). Further updates will be posted to the following website <http://www.insolvencies.deloitte.ca/en-ca/CanadianExotic>.

Dated at Winnipeg, Manitoba, this 18<sup>th</sup> day of July, 2018.

Deloitte Restructuring Inc. – Trustee

District of: Saskatchewan  
Division No. 01 - Regina  
Court No.  
Estate No.

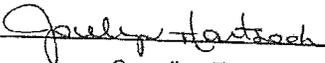
- FORM 33 -  
Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

In the matter of the proposal of  
Canadian Exotic Grains Ltd.  
of the Town of Eston, in the Province of Saskatchewan

Take notice that:

1. I, Canadian Exotic Grains Ltd., an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. Deloitte Restructuring Inc. of 360 Main Street, Suite 2300, Winnipeg, MB, R3C 3Z3, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the Town of Eston in the Province of Saskatchewan, this 16th day of July 2018.

  
\_\_\_\_\_  
Canadian Exotic Grains Ltd.  
Insolvent Person

To be completed by Official Receiver:

\_\_\_\_\_  
Filing Date

\_\_\_\_\_  
Official Receiver

District of: Saskatchewan  
 Division No. 01 - Regina  
 Court No.  
 Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of  
 Canadian Exotic Grains Ltd.  
 of the Town of Eston, in the Province of Saskatchewan

| List of Creditors with claims of \$250 or more. |   |          |              |
|---|---|----------|--------------|
| Creditor  | Address   | Account# | Claim Amount |
| Agco Finance Canada Ltd.                        | PO Box 2000<br>Johnston IA 50131 US   |          | 17,019.00    |
| Alberta Pulse Growers                           | 5007B- 49th Avenue<br>Leduc AB T9E 6M6  |          | 12,211.28    |
| Brian Kendall                                   | Box 104<br>Cadillac SK S0N 0K0  |          | 18,145.66    |
| Business Development Bank                       | Attn. Loreta Nieves<br>6700 Macleod Trail SE<br>Calgary AB T2H 0L3              |          | 148,000.00   |
| DG Global                                       | 216 Glen Park Avenue<br>Toronto ON M6B 2C9                                      |          | 43,378.75    |
| Export Development Canada                       | Attn. Dan Barona<br>150 Slater<br>Ottawa ON K1A 1K3                             |          | 335,332.66   |
| Farm Credit Canada                              | Attn. Mike McCalister<br>1800 Hamilton Street, PO Box 4320<br>Regina SK S4P 4L3 |          | 1,411,794.64 |
| Frank Buscholl Jr.                              | Box 272<br>Pense SK S0G 3W0   |          | 6,148.72     |
| G. H. Schweitzer Enterprises Ltd.               | 17-11517 Range Road 53<br>Cypress County AB T1B 0H7                             |          | 147,407.35   |
| Hensall Global                                  | 1 Davidson Drive, Box 219<br>Hensall ON N0M 1X0                                 |          | 12,882.00    |
| I-Way Transport                                 | 18 Sage Meadow Crescent<br>Brampton ON L6Y 0Y1                                  |          | 12,145.44    |
| Jocelyn Hartsook                                | Box 356<br>Eston SK S0L 1A0   |          | 72,432.60    |
| KAST Farms Ltd.                                 | Box 503<br>Eston SK S0L 1A0   |          | 36,537.57    |
| KCW Farms                                       | Box 187<br>Foremost AB T0K 0X0  |          | 18,680.31    |

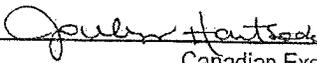
District of: Saskatchewan  
 Division No. 01 - Regina  
 Court No.  
 Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of  
 Canadian Exotic Grains Ltd.  
 of the Town of Eston, in the Province of Saskatchewan

| List of Creditors with claims of \$250 or more. |  |          |                     |
|---|--|----------|---------------------|
| Creditor  | Address  | Account# | Claim Amount        |
| Komol Plastics Co., Ltd.                        | 1534 Broadway Street<br>Port Coquitlam BC V3C 2M8    |          | 33,338.38           |
| Mark Andrew                                     | Box 771<br>Eston SK S0L 1A0                          |          | 72,432.60           |
| Mark Mutch                                      | Box 848<br>Eston SK S0L 1A0                          |          | 72,432.60           |
| Pederson Logistics Inc.                         | Suite 808, 3545 32nd Avenue NE<br>Calgary AB T1Y 6M6 |          | 4,500.00            |
| RTA Holdings Ltd.                               | Box 607<br>Leader SK S0N 1H0                         |          | 171,941.91          |
| Saskatchewan Pulse Growers                      | 207-116 Research Drive<br>Saskatoon SK S7N 3R3       |          | 6,241.62            |
| Slingshot Brokers Inc.                          | Box 610<br>Brooklyn MI 49230 USA                     |          | 3,164.00            |
| Southern Grain Exchange                         | 601 1st Avenue West, Box 460<br>Foremost AB T0K 0X0  |          | 3,995.38            |
| Tallon Farms                                    | Box 277<br>Lefleche SK S0H 2K0                       |          | 23,391.19           |
| Tervita   | 500, 140- 10 Avenue SE<br>Calgary AB T2G 0R1         |          | 362.54              |
| Volume Freight                                  | 1274 Wellington Crescent<br>Winnipeg MB R3N 0A8      |          | 24,513.03           |
| <b>Total</b>                                    |  |          | <b>2,708,429.23</b> |

  
 Canadian Exotic Grains Ltd.  
 Insolvent Person

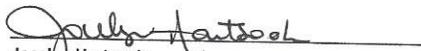
**Exhibit B – Cash Flow Forecast for the Period July 16, 2018 to August 26, 2018**

Canadian Exotic Grains Ltd. (the "Company")  
6-Week Cash Flow Statement

|  | Notes | Forecast<br>Week 1<br>16-Jul-18<br>22-Jul-18 | Forecast<br>Week 2<br>23-Jul-18<br>29-Jul-18 | Forecast<br>Week 3<br>30-Jul-18<br>5-Aug-18 | Forecast<br>Week 4<br>6-Aug-18<br>12-Aug-18 | Forecast<br>Week 5<br>13-Aug-18<br>19-Aug-18 | Forecast<br>Week 6<br>20-Aug-18<br>26-Aug-18 | Forecast<br>Weeks 1-6<br>Cumulative<br>Total |
|--|-------|--|--|---|---|--|--|--|
| <b>Receipts</b>                            |       |  |  |   |   |  |  |  |
| Cash receipts from grain sales             | 1     | \$ -   | \$ -   | \$ 22,550                                   | \$ 22,550                                   | \$ -   | \$ -   | \$ 45,100                                    |
| Foreign exchange gain (loss)               |       | -  | -  | -   | -   | -  | -  | -  |
| <b>Total Receipts</b>                      |       |  |  | <b>22,550</b>                               | <b>22,550</b>                               |  |  | <b>45,100</b>                                |
| <b>Disbursements</b>                       |       |  |  |   |   |  |  |  |
| <b>Payroll</b>                             |       |  |  |   |   |  |  |  |
| Wages                                      | 2     | -  | 11,000                                       | -   | 11,000                                      | -  | 11,000                                       | 33,000                                       |
| Source deduction remittances               |       | -  | 3,000  | -   | 3,000                                       | -  | 3,000  | 9,000  |
|  |       | -  | 14,000                                       | -   | 14,000                                      | -  | 14,000                                       | 42,000                                       |
| <b>Operating Costs</b>                     |       |  |  |   |   |  |  |  |
| Grain purchases                            | 3     | -  | 30,000                                       | 23,000                                      | -   | -  | -  | 53,000                                       |
| Insurance                                  | 4     | -  | -  | 250   | -   | -  | -  | 250  |
| Machinery fuel and repairs                 | 5     | 200  | 200  | 200   | 100   | 100  | 100  | 900  |
| Office and miscellaneous                   | 5     | -  | -  | 160   | -   | -  | -  | 160  |
| Rent                                       | 5     | -  | -  | 1,050                                       | -   | -  | -  | 1,050  |
| Small tools and hardware                   | 5     | -  | -  | 50  | -   | -  | -  | 50   |
| Utilities                                  | 5     | -  | -  | 2,700                                       | -   | -  | -  | 2,700  |
| Contingency                                | 6     | 2,000  | 2,000  | 2,000                                       | 2,000                                       | 2,000  | 2,000  | 12,000                                       |
|  |       | 2,200  | 32,200                                       | 29,410                                      | 2,100                                       | 2,100  | 2,100  | 70,110                                       |
| <b>Financing Costs</b>                     |       |  |  |   |   |  |  |  |
| Farm Credit Canada                         | 7     | -  | -  | 7,650                                       | -   | -  | -  | 7,650  |
| Business Development Bank of Canada        |       | -  | -  | -   | -   | 3,000  | -  | 3,000  |
| Agco Finance Canada                        |       | -  | -  | 554   | -   | -  | -  | 554  |
|  |       | -  | -  | 8,204                                       | -   | 3,000  | -  | 11,204                                       |
| <b>Restructuring costs</b>                 |       |  |  |   |   |  |  |  |
| Professional fees                          | 8     | -  | 15,000                                       | 25,000                                      | 25,145                                      | 10,000                                       | -  | 75,145                                       |
|  |       | -  | 15,000                                       | 25,000                                      | 25,145                                      | 10,000                                       | -  | 75,145                                       |
| <b>Total Disbursements</b>                 |       | <b>2,200</b>                                 | <b>61,200</b>                                | <b>62,614</b>                               | <b>41,245</b>                               | <b>15,100</b>                                | <b>16,100</b>                                | <b>198,459</b>                               |
| <b>Net cash flow</b>                       |       | <b>\$ (2,200)</b>                            | <b>\$ (61,200)</b>                           | <b>\$ (40,064)</b>                          | <b>\$ (18,695)</b>                          | <b>\$ (15,100)</b>                           | <b>\$ (16,100)</b>                           | <b>\$ (153,359)</b>                          |
| Opening cash balance (indebtedness)        | 9     | \$ 179,133                                   | \$ 176,933                                   | \$ 115,733                                  | \$ 75,669                                   | \$ 56,974                                    | \$ 41,874                                    | \$ 179,133                                   |
| Net cash flow                              |       | (2,200)                                      | (61,200)                                     | (40,064)                                    | (18,695)                                    | (15,100)                                     | (16,100)                                     | (153,359)                                    |
| <b>Closing cash balance (indebtedness)</b> |       | <b>\$ 176,933</b>                            | <b>\$ 115,733</b>                            | <b>\$ 75,669</b>                            | <b>\$ 56,974</b>                            | <b>\$ 41,874</b>                             | <b>\$ 25,774</b>                             | <b>\$ 25,774</b>                             |

**Notes and Assumptions**

- 1 Estimated collection of accounts receivable based on current and future sales.
- 2 Estimated wage expense and payroll source deduction remittances.
- 3 Estimated grain purchases in accordance with long-term contracts.
- 4 Estimated monthly insurance premiums for coverage on all assets.
- 5 Estimated expenses based on prior period operating costs.
- 6 Contingency reserve for unbudgeted costs.
- 7 Estimated principal and interest payments with respect to outstanding debt obligations.
- 8 Estimated professional fees in connection with the filing of the NOI, ongoing monitoring, and an extension application.
- 9 Bank balance as at July 16, 2018.



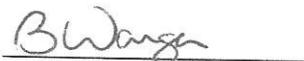
Jocelyn Hartsook  
Canadian Exotic Grains Ltd.

This statement of projected cash flow of Canadian Exotic Grains Ltd., prepared in accordance with the provisions of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on the Cash-flow Statement.

July 19, 2018

**DELOITTE RESTRUCTURING INC.**

In its capacity as Trustee under the  
Notice of Intention to Make a Proposal of Canadian Exotic Grains Ltd.  
and not in its personal capacity.



Brent Warga, CPA, CA, CIRP, LIT  
Deloitte Restructuring Inc.

**Exhibit C – Forecast to Actual Results for the Period July 16, 2018 to July 29, 2018**

Canadian Exotic Grains Ltd. (the "Company")  
2-Week Forecast to Actual Results

|  | Notes | Forecast<br>Week 1<br>16-Jul-18<br>22-Jul-18 | Actual<br>Week 1<br>16-Jul-18<br>22-Jul-18 | Forecast<br>Week 2<br>23-Jul-18<br>29-Jul-18 | Actual<br>Week 2<br>23-Jul-18<br>29-Jul-18 | Forecast<br>Weeks 1-2<br>Cumulative<br>Total | Actual<br>Weeks 1-2<br>Cumulative<br>Total | Variance         |
|--|-------|--|--|--|--|--|--|------------------|
| <b>Receipts</b>                            |       |  |  |  |  |  |  |                  |
| Cash receipts from grain sales             | 1     | \$ -   | \$ -                                       | \$ -   | \$ -                                       | \$ -   | \$ -                                       | \$ -             |
| PST Credit                                 |       | -  | -  | -  | 18,330                                     | -  | 18,330                                     | 18,330           |
| Foreign exchange gain (loss)               |       | -  | -  | -  | -  | -  | -  | -                |
| <b>Total Receipts</b>                      |       | <b>-</b>                                     | <b>-</b>                                   | <b>-</b>                                     | <b>18,330</b>                              | <b>-</b>                                     | <b>18,330</b>                              | <b>18,330</b>    |
| <b>Disbursements</b>                       |       |  |  |  |  |  |  |                  |
| <b>Payroll</b>                             |       |  |  |  |  |  |  |                  |
| Wages                                      | 2     | -  | -  | 11,000                                       | 5,396                                      | 11,000                                       | 5,396                                      | (5,604)          |
| Source deduction remittances               |       | -  | -  | 3,000  | 2,935                                      | 3,000  | 2,935                                      | (65)             |
|  |       | -  | -  | 14,000                                       | 8,331                                      | 14,000                                       | 8,331                                      | (5,669)          |
| <b>Operating Costs</b>                     |       |  |  |  |  |  |  |                  |
| Grain purchases                            | 3     | -  | -  | 30,000                                       | 6,458                                      | 30,000                                       | 6,458                                      | (23,542)         |
| Insurance                                  | 4     | -  | -  | -  | -  | -  | -  | -                |
| Machinery fuel and repairs                 | 5     | 200  | -  | 200  | 160  | 400  | 160  | (240)            |
| Office and miscellaneous                   | 5     | -  | -  | -  | 60   | -  | 60   | 60               |
| Rent                                       | 5     | -  | -  | -  | -  | -  | -  | -                |
| Small tools and hardware                   | 5     | -  | -  | -  | -  | -  | -  | -                |
| Utilities                                  | 5     | -  | -  | -  | 2,443                                      | -  | 2,443                                      | 2,443            |
| Contingency                                | 6     | 2,000  | -  | 2,000  | -  | 4,000  | -  | (4,000)          |
|  |       | 2,200  | -  | 32,200                                       | 9,121                                      | 34,400                                       | 9,121                                      | (25,279)         |
| <b>Financing Costs</b>                     |       |  |  |  |  |  |  |                  |
| Farm Credit Canada                         | 7     | -  | -  | -  | -  | -  | -  | -                |
| Business Development Bank of Canada        |       | -  | -  | -  | -  | -  | -  | -                |
| Agco Finance Canada                        |       | -  | -  | -  | -  | -  | -  | -                |
|  |       | -  | -  | -  | -  | -  | -  | -                |
| <b>Restructuring costs</b>                 |       |  |  |  |  |  |  |                  |
| Professional fees                          | 8     | -  | -  | 15,000                                       | -  | 15,000                                       | -  | (15,000)         |
|  |       | -  | -  | 15,000                                       | -  | 15,000                                       | -  | (15,000)         |
| <b>Total Disbursements</b>                 |       | <b>2,200</b>                                 | <b>-</b>                                   | <b>61,200</b>                                | <b>17,452</b>                              | <b>63,400</b>                                | <b>17,452</b>                              | <b>(45,948)</b>  |
| <b>Net cash flow</b>                       |       | <b>\$ (2,200)</b>                            | <b>\$ -</b>                                | <b>\$ (61,200)</b>                           | <b>\$ 879</b>                              | <b>\$ (63,400)</b>                           | <b>879</b>                                 | <b>\$ 64,279</b> |
| Opening cash balance (indebtedness)        | 9     | \$ 179,133                                   | \$ 179,133                                 | \$ 176,933                                   | \$ 179,133                                 | \$ 179,133                                   | 179,133                                    |                  |
| Net cash flow                              |       | (2,200)                                      | -  | (61,200)                                     | 879  | (63,400)                                     | 879  |                  |
| <b>Closing cash balance (indebtedness)</b> |       | <b>\$ 176,933</b>                            | <b>\$ 179,133</b>                          | <b>\$ 115,733</b>                            | <b>\$ 180,011</b>                          | <b>\$ 115,733</b>                            | <b>180,011</b>                             |                  |

**Notes and Assumptions**

- 1 Estimated collection of accounts receivable based on current and future sales.
- 2 Estimated wage expense and payroll source deduction remittances.
- 3 Estimated grain purchases in accordance with long-term contracts.
- 4 Estimated monthly insurance premiums for coverage on all assets.
- 5 Estimated expenses based on prior period operating costs.
- 6 Contingency reserve for unbudgeted costs.
- 7 Estimated principal and interest payments with respect to outstanding debt obligations.
- 8 Estimated professional fees in connection with the filing of the NOI, ongoing monitoring, and an extension application.
- 9 Bank balance as at July 16, 2018.

**Exhibit D – Cash Flow Forecast for the Period July 30, 2018 to September 30, 2018**

Canadian Exotic Grains Ltd. (the "Company")  
9-Week Cash Flow Forecast

|  | Notes | Forecast<br>Week 1<br>30-Jul-18<br>5-Aug-18 | Forecast<br>Week 2<br>6-Aug-18<br>12-Aug-18 | Forecast<br>Week 3<br>13-Aug-18<br>19-Aug-18 | Forecast<br>Week 4<br>20-Aug-18<br>26-Aug-18 | Forecast<br>Week 5<br>27-Aug-18<br>2-Sep-18 | Forecast<br>Week 6<br>3-Sep-18<br>9-Sep-18 | Forecast<br>Week 7<br>10-Sep-18<br>16-Sep-18 | Forecast<br>Week 8<br>17-Sep-18<br>23-Sep-18 | Forecast<br>Week 9<br>24-Sep-18<br>30-Sep-18 | Forecast<br>Weeks 1-9<br>Cumulative<br>Total |
|--|-------|---|---|--|--|---|--|--|--|--|--|
| <b>Receipts</b>                            |       |   |   |  |  |   |  |  |  |  |  |
| Cash receipts from grain sales             | 1     | \$ 22,550                                   | \$ 22,550                                   | \$ -   | \$ -   | \$ -  | \$ 50,692                                  | \$ 22,550                                    | \$ -   | \$ -   | \$ 118,342                                   |
| Foreign exchange gain (loss)               |       | -   | -   | -  | -  | -   | -  | -  | -  | -  | -  |
| <b>Total Receipts</b>                      |       | <b>22,550</b>                               | <b>22,550</b>                               | <b>-</b>                                     | <b>-</b>                                     | <b>-</b>                                    | <b>50,692</b>                              | <b>-</b>                                     | <b>22,550</b>                                | <b>-</b>                                     | <b>118,342</b>                               |
| <b>Disbursements</b>                       |       |   |   |  |  |   |  |  |  |  |  |
| <b>Payroll</b>                             |       |   |   |  |  |   |  |  |  |  |  |
| Wages                                      | 2     | 2,846                                       | 11,000                                      | -  | 11,000                                       | -   | 5,000                                      | -  | -  | -  | 29,846                                       |
| Source deduction remittances               |       | -   | 3,000                                       | -  | 3,000  | -   | 2,000                                      | -  | -  | -  | 8,000  |
|  |       | 2,846                                       | 14,000                                      | -  | 14,000                                       | -   | 7,000                                      | -  | -  | -  | 37,846                                       |
| <b>Operating Costs</b>                     |       |   |   |  |  |   |  |  |  |  |  |
| Grain purchases                            | 3     | 80,476                                      | -   | 10,000                                       | -  | -   | -  | -  | -  | -  | 90,476                                       |
| Insurance                                  | 4     | 250   | -   | -  | -  | 250   | -  | -  | -  | 250  | 750  |
| Freight                                    | 5     | -   | -   | -  | -  | -   | 9,000                                      | -  | 4,500  | -  | 13,500                                       |
| Machinery fuel and repairs                 | 6     | 200   | 200   | 200  | 200  | 200   | 200  | 100  | 100  | 100  | 1,500  |
| Office and miscellaneous                   | 6     | 179   | 500   | 305  | -  | -   | 1,407                                      | 305  | -  | -  | 2,696  |
| Rent                                       | 6     | 1,050                                       | -   | -  | -  | 1,050                                       | -  | -  | -  | -  | 2,100  |
| Small tools and hardware                   | 6     | 3,300                                       | -   | -  | -  | 100   | -  | -  | -  | -  | 3,400  |
| Utilities                                  | 6     | -   | -   | -  | 2,700  | 3,947                                       | -  | -  | -  | 2,700  | 9,347  |
| Contingency                                | 7     | 2,000                                       | 2,000                                       | 2,000  | 2,000  | 2,000                                       | 2,000                                      | 2,000  | 2,000  | 2,000  | 18,000                                       |
|  |       | 87,454                                      | 2,700                                       | 12,505                                       | 4,900  | 7,547                                       | 12,607                                     | 2,405  | 6,600  | 5,050  | 141,768                                      |
| <b>Restructuring costs</b>                 |       |   |   |  |  |   |  |  |  |  |  |
| Professional fees                          | 8     | 23,935                                      | 20,000                                      | 15,000                                       | 5,000  | -   | 20,000                                     | -  | 25,000                                       | 5,000  | 113,935                                      |
|  |       | 23,935                                      | 20,000                                      | 15,000                                       | 5,000  | -   | 20,000                                     | -  | 25,000                                       | 5,000  | 113,935                                      |
| <b>Total Disbursements</b>                 |       | <b>114,236</b>                              | <b>36,700</b>                               | <b>27,505</b>                                | <b>23,900</b>                                | <b>7,547</b>                                | <b>39,607</b>                              | <b>2,405</b>                                 | <b>31,600</b>                                | <b>10,050</b>                                | <b>293,549</b>                               |
| <b>Net cash flow</b>                       |       | <b>\$ (91,686)</b>                          | <b>\$ (14,150)</b>                          | <b>\$ (27,505)</b>                           | <b>\$ (23,900)</b>                           | <b>\$ (7,547)</b>                           | <b>\$ 11,085</b>                           | <b>\$ (2,405)</b>                            | <b>\$ (9,050)</b>                            | <b>\$ (10,050)</b>                           | <b>\$ (175,207)</b>                          |
| Opening cash balance (indebtedness)        | 9     | \$ 180,011                                  | \$ 88,325                                   | \$ 74,175                                    | \$ 46,670                                    | \$ 22,770                                   | \$ 15,224                                  | \$ 26,309                                    | \$ 23,904                                    | \$ 14,854                                    | \$ 180,011                                   |
| Net cash flow                              |       | (91,686)                                    | (14,150)                                    | (27,505)                                     | (23,900)                                     | (7,547)                                     | 11,085                                     | (2,405)                                      | (9,050)                                      | (10,050)                                     | (175,207)                                    |
| <b>Closing cash balance (indebtedness)</b> |       | <b>\$ 88,325</b>                            | <b>\$ 74,175</b>                            | <b>\$ 46,670</b>                             | <b>\$ 22,770</b>                             | <b>\$ 15,224</b>                            | <b>\$ 26,309</b>                           | <b>\$ 23,904</b>                             | <b>\$ 14,854</b>                             | <b>\$ 4,804</b>                              | <b>\$ 4,804</b>                              |

**Notes and Assumptions**

- 1 Estimated collection of accounts receivable based on current and future sales.
- 2 Estimated wage expense and payroll source deduction remittances with a reduction in Week 6 concurrent with the expected asset sale closure.
- 3 Estimated grain purchases in accordance with long-term contracts.
- 4 Estimated monthly insurance premiums for coverage on all assets.
- 5 Estimated transportation costs based on forecast sales and shipping schedules.
- 6 Estimated expenses based on prior period operating costs.
- 7 Contingency reserve for unbudgeted costs.
- 8 Estimated professional fees in connection with the filing of the NOI, ongoing monitoring, an extension and vesting application, and the costs to prepare and file a proposal to the Company's creditors prior to the expiration of the stay.
- 9 Bank balance as at July 30, 2018.

**Exhibit E – Affidavit of Mike McAllister**

CANADA )  
PROVINCE OF SASKATCHEWAN )

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

COURT FILE QB No. 1200 of 2018

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 MIKE MCALLISTER**

I, MIKE MCALLISTER, of Regina, Saskatchewan, **MAKE OATH AND SAY AS FOLLOWS:**

1. That I am a Senior Account Manager with Farm Credit Canada ("**FCC**"), and as such have personal knowledge of the matters and facts herein deposed to, except where stated to be on information and belief and where so stated I do verily believe the same to be true.
2. Canadian Exotic Grains Ltd. (the "**Borrower**") is indebted to FCC in respect of a loan advanced to the Borrower in August of 2016. The loan is secured by a mortgage made by the Borrower in favour of FCC as mortgagee, which mortgage is dated August 4, 2016 and was registered in the Land Titles Registry on August 15, 2016, as Interest Register #121757238 securing up to the principal sum of \$2,000,000.00. The mortgage was registered against the following land:

Surface Parcel #203033225  
Blk/Par A Plan No 101077208, Extension 7  
(the "Mortgaged Land").

The Borrower also granted FCC a security interest over all present and after-acquired property of the Borrower pursuant to a Security Agreement dated August 4, 2016. The amounts owing to FCC were also guaranteed by Jocelyn Hartsook, Lilah McIvor and March Mutch.

3. The principal and interest owing to FCC by the Borrower as at July 31, 2018 is \$1,418,589.87 with a per diem of \$243.00. FCC is also entitled to its costs in respect of the indebtedness of the Borrower, which includes legal costs. Such costs are not yet included in the amounts owing referred to herein.

4. The Borrower is in default in respect of the amounts owing to FCC. The Borrower has not been able to pay the instalments of principal and interest owing to FCC. The Borrower has been making payment of the interest amounts owing monthly to FCC.

5. In 2016 when FCC was considering the loan request from the Borrower, it conducted a valuation of the Borrower's assets for FCC's lending purposes. The value of the operating assets, including equipment that the Borrower was then purchasing, we assessed by FCC to be \$1,276,000.

6. FCC had been advised of the offer made to purchase the assets and undertaking of the Borrower and of the proposed purchase price. As creditor with the first security position, FCC is supportive of the sale and is of the opinion that the purchase price offered is a reasonable amount in the circumstances.

7. I make this Affidavit in respect of the application of the Borrower under the *Bankruptcy and Insolvency Act* and in support of the sale of the Borrower's assets and undertaking.

SWORN before me at the City of Regina,  
in the Province of Saskatchewan, this 2nd  
day of August, 2018.

Megan Doherty  
A Commissioner for Oaths for  
Saskatchewan



Mike McAllister

MD My appointment expires: \_\_\_\_\_  
(or) being a solicitor

**CONTACT INFORMATION AND ADDRESS FOR SERVICE**

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