

COURT FILE NUMBER Q.B.G. 1337 of 2020

COURT COURT OF QUEEN'S BENCH FOR SASKATCHEWAN

JUDICIAL CENTRE SASKATOON

PLAINTIFF/APPLICANTS **BANK OF MONTREAL**

DEFENDANTS/RESPONDENTS **TYLER SMITH, PAMELA SMITH, SMITH
NOTHERN RANCHING, AND 101197829
SASKATCHEWAN LTD.**

DOCUMENT **SUPPLEMENT TO THE FOURTH REPORT OF
DELOITTE RESTRUCTURING INC., IN ITS
CAPACITY AS COURT APPOINTED RECEIVER OF
TYLER SMITH, PAMELA SMITH, SMITH
NOTHERN RANCHING, AND 101197829
SASKATCHEWAN LTD.**

May 7, 2021

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

RECEIVER

Deloitte Restructuring Inc.
Suite 2300, 360 Main Street
Winnipeg, MB R3C 3Z3
Brent Warga
Telephone: (204) 942-0051
Fax: (204) 947-2689
E-mail: bwarga@deloitte.ca

COUNSEL TO THE RECEIVER

MLT Aikins LLP
Suite 1201, 409 – 3rd Avenue South
Saskatoon, SK S7K 5R5
Jeff Lee, Q.C. / Paul Olfert
Telephone: (306) 975-7136 / (306) 956-6970
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E-mail: jmlee@mltaikins.com / polfert@mltaikins.com

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INTRODUCTION

1. On November 19, 2020, Bank of Montreal (“**BMO**” or the “**Plaintiff**”) made an application to the Court of Queen’s Bench for Saskatchewan (the “**Court**”) seeking an order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3, as amended (the “**BIA**”), section 65(1) of *The Queen’s Bench Act*, 1998, SS 1998, c Q-1.01, and section 64(8) of the *Personal Property Security Act*, 1993, SS 1993, c P-6.2, to appoint Deloitte Restructuring Inc. (“**Deloitte**”) as receiver (the “**Receiver**”), without security, of all assets, undertakings and properties of Tyler Smith, Pamela Smith, Smith Northern Ranching, and 101197829 Saskatchewan Ltd. (collectively the “**Debtors**” or “**Smith Northern Ranching**”) acquired for or used in relation to the business carried on by the Debtors (the “**Property**”), specifically excluding any real property of the Debtors (the “**Lands**”). On December 1, 2020 (the “**Date of Receivership**”), the Honourable Justice R. S. Smith granted an order (the “**Receivership Order**”) appointing Deloitte as Receiver in respect of the Property. A copy of the Receivership Order and other information regarding the receivership proceedings can be accessed on the Receiver’s website at www.insolvencies.deloitte.ca/en-ca/smithnorthernranching (the “**Receiver’s Website**”).
2. This report constitutes a supplement to the Fourth Report (as defined below) of the Receiver (the “**Supplement to the Fourth Report**”). The Supplement to the Fourth Report is being filed to inform the Court as to the following:
 - (a) The status of the custom cattle operation (the “**Custom Cattle Operation**”), inclusive of the remaining feed inventory (the “**Feed Inventory**”), the five (5) owned cattle (four (4) bulls and one (1) cow) (the “**Owned Cattle**”), and the February and March 2021 Custom Cattle Operation invoices (the “**Outstanding Invoices**”) owing from Horton Land & Cattle Co. Ltd. (“**Horton Co.**”);
 - (b) The residual assets to be realized upon in the Receivership proceedings; and
 - (c) The funds held in trust by the Receiver.

TERMS OF REFERENCE

3. In preparing this Supplement to the Fourth Report, the Receiver has relied upon unaudited financial information, the books and records of the Debtors, and discussions with Tyler Smith (“**Mr. Smith**”), Pamela Smith (“**Mrs. Smith**”) (collectively the “**Smiths**”) and their financial advisors, interested parties, and the stakeholders of the Debtors.
4. The financial information of the Debtors has not been audited, reviewed or otherwise verified by the Receiver 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 Supplement to the Fourth Report may not disclose all significant matters about the Debtors or their financial position. Additionally, none of the Receiver’s procedures were intended to disclose defalcations or other irregularities. If the Receiver 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 Receiver’s attention. Accordingly, the Receiver does not express an opinion nor does it provide any other form of assurance on the financial or other information presented herein. The Receiver may refine or alter its observations as further information is obtained or brought to its attention after the date of this Supplement to the Fourth Report.
5. The Receiver 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 Supplement to the Fourth Report. Any use which any party makes of this Supplement to the Fourth Report, or any reliance or decision to be made based on this Supplement to the Fourth Report, is the sole responsibility of such party.
6. Unless otherwise stated, all monetary amounts contained in this Supplement to the Fourth Report are expressed in Canadian dollars.
7. Capitalized terms used in this Supplement to the Fourth Report but not defined herein are as defined in the Receivership Order, the first report of the Receiver dated January 8,

2021 (the “**First Report**”), the second report of the Receiver dated February 1, 2021 (the “**Second Report**”), the third report of the Receiver dated March 29, 2021 (the “**Third Report**”), and the fourth report of the Receiver dated April 22, 2021 (the “**Fourth Report**”).

CUSTOM CATTLE TRANSACTIONS

8. As at the date of the Fourth Report, the Receiver was assessing an initial proposal advanced by Mr. Smith, whereby Mr. Smith (or Horton Co.) would acquire the Receiver’s interest in the Custom Cattle Operation, would purchase the residual Feed Inventory and the Owned Cattle from the Receiver, and would settle the Outstanding Invoices (collectively the “**Custom Cattle Transactions**”).
9. During the period April 16 to April 26, 2021, the Receiver corresponded with Mr. Smith with respect to the Custom Cattle Transactions. On April 27, 2021, the Receiver sent correspondence to Horton Co., with a copy to Mr. Smith (the “**April 27, 2021 Correspondence**”), attached hereto as Appendix A, summarizing the agreed upon Custom Cattle Transactions.
10. In accordance with the April 27, 2021 Correspondence, Horton Co. agreed to make the following payment(s) to the Receiver:
 - (a) \$115,125.98 on account of the Outstanding Invoices;
 - (b) \$100,000.00 (the “**Feed Purchase Price**”) on account of the Feed Inventory (which approximated 1,198 hay bales, 4,357 straw bales, 5,308 tonnes of silage, and 10,000 bushels of barley as viewed by McDougall Auctioneers Ltd. (“**McDougall Auctioneers**”) on March 22, 2021); and
 - (c) \$10,000.00 (the “**Owned Cattle Purchase Price**”) on account of the Owned Cattle.
11. Prior to entering into the Custom Cattle Transactions with Mr. Smith and Horton Co., the Receiver retained McDougall Auctioneers to conduct an independent appraisal of the Feed Inventory (the “**McDougall Feed Appraisal**”), attached hereto as Appendix B.

Based on McDougall Auctioneers site attendance on March 22, 2021, the estimated forced liquidation value of the Feed Inventory approximated \$139,290. The McDougall Feed Appraisal further advised as follows:

- (a) *The hay and straw bales were of average condition with some bales showing the effects of increased moisture (mold). In addition, a feed testing sample was not completed therefore there may be inaccuracies with the quantities and valuations; and*
- (b) *At this time of the year farmers are anticipating letting their animals graze as quickly as possible consequently affecting the resale market of hay bales, straw bales and silage. Any silage which has not been sealed properly will most likely be spoiled for the next winter-feeding season. Since the silage quantities are no longer properly stored, they will most likely be spoiled prior to the next feeding season.*

12. In addition to the McDougall Feed Appraisal, the Receiver also requested that McDougall Auctioneers provide a cash purchase offer for the Feed Inventory (the “**McDougall Cash Offer**”), attached hereto as Appendix C. The McDougall Cash Offer was for \$70,417, and was subject to certain terms and conditions which included, *inter alia*, the following:

- (a) The McDougall Cash Offer was subject to verifying the inventory, and any overages or shortages in the actual inventory were to be adjusted by McDougall Auctioneers;
- (b) McDougall Auctioneers reserved the right to re-inspect all assets and amend the McDougall Cash Offer prior to entering into any agreement with the Receiver since some assets were not verified;
- (c) McDougall Auctioneers would be entitled to sell the Feed Inventory onsite, required free and unrestricted use of the premises for a total of (45) days, and would not be held responsible for any utility, hydro, security, tax, rent, etc. during this period; and

- (d) The McDougall Cash Offer was extant until April 2, 2021 (or any agreed upon extension date).

As the initial McDougall Cash Offer expired on April 2, 2021, and the Receiver was not yet in receipt of Mr. Smith's proposal for the Custom Cattle Operation, the Receiver requested an extension of the McDougall Cash Offer to April 30, 2021 (attached hereto as Appendix C).

13. After considering the McDougall Feed Appraisal and the McDougall Cash Offer, the Receiver concluded that the Horton Co. transaction for the Feed Inventory was reasonable and appropriate in the circumstances given the following:
 - (a) The Feed Purchase Price exceeded the McDougall Cash Offer;
 - (b) The sale minimized the disruption to the ongoing Custom Cattle Operation as an alternate source of feed would not be required;
 - (c) The sale eliminated the risk that any degradation in the quality of the feed would be borne by the receivership estate; and
 - (d) The sale was within the Receiver's approved limit as detailed in paragraph 3(l)(i) of the Receivership Order.
14. As detailed in the First and Fourth Reports, the Receiver completed the Proposed Livestock Sale (as defined and detailed in the First Report) by way of public auction with Northern Livestock Sales ("NLS"). Based on the results of the NLS auctions in late January of 2021, the average net price realized for the seven (7) bulls and 235 cows which were sold approximated \$1,980 per head and \$1,700 per head, respectively. As the Owned Cattle Purchase Price approximated \$2,000 per head and was within the Receiver's approved sale limit as detailed in the Receivership Order, the Receiver completed the Owned Cattle Sale to Horton Co.
15. In accordance with the April 27, 2021 Correspondence, on May 5, 2021, the Receiver received the aggregate payment of \$225,125.98 from Horton Co. for the Custom Cattle Transactions.

REMAINING ASSETS

16. As detailed in the Third Report, with the completion of the Custom Cattle Transactions, the remaining Property to be realized upon by the Receiver includes:
- (a) Leased equipment (valued at approximately \$2.3 million by the Debtors) and owned equipment (valued at approximately \$0.9 million by the Debtors) (collectively the “**Equipment**”); and
 - (b) Outstanding canola proceeds (valued at approximately \$0.5 million, being the difference between the contracted price and the delivery date opening spot market price) owing by Richardson Pioneer Ltd. (“**Richardson Pioneer**”) (which is the subject of an appeal by Richardson Pioneer in these proceedings) (the “**Canola Appeal**”).
17. As detailed in the Affidavit of Mr. Smith dated May 4, 2021 (the “**May 4, 2021 Smith Affidavit**”), BMO and certain secured equipment lessors (collectively the “**Secured Creditors**”) have sent Form C Notice(s) of Intention to Take Possession to the Debtors in accordance with section 48 of the *Saskatchewan Farm Security Act* (the “**SFSA**”). The Receiver brings to the attention of the Court that all Secured Creditors have been advised in writing by the Receiver’s legal counsel, MLT Aikins LLP (“**MLT Aikins**”), of the following:
- (a) The Receiver is not in a position to release any Equipment in the possession of the Debtors to any Secured Creditors, as the powers granted to the Receiver by the Receivership Order do not extend far enough to permit such release;
 - (b) The Receiver is requiring that all Secured Creditors seek the specific written consent of the Receiver prior to serving any statutory notices, the service of which is a condition precedent to the seizure of any Equipment (whether pursuant to the SFSA or to the *Farm Debt Mediation Act* (the “**FDMA**”)), and prior to taking possession of any Equipment;

- (c) The Receiver consents to the Secured Creditors serving (i) any notice(s) pursuant to section 21 of the FDMA, and (ii) any Form C Notice(s) of Intention to Take Possession pursuant to section 48 of the SFSA upon the Debtors in respect of certain Equipment covered by the respective Secured Creditors' security; and
 - (d) The Secured Creditors must seek the further written consent of the Receiver prior to (i) serving any Form E Notice(s) of Possession of Implement pursuant to section 57 of the SFSA and/or (ii) taking possession of any of the Equipment covered by the respective Secured Creditors' security.
18. To date the Receiver has operated in accordance with section 2.2 of the Receivership Order which states as follows:

*2.2 To the extent that the Property includes any asset that would constitute an "implement" as defined in The Saskatchewan Farm Security Act, S.S., c. S-17.1 (the "SFSA") (such assets, collectively, the "**Implements**"):*

- (a) the Receiver shall be permitted to preserve, protect, maintain control of and utilize any such Implements (in the ordinary manner in which such Implements are intended to be used) for the purposes of carrying out its mandate under this Order, and such action by the Receiver shall not be construed as a breach of the SFSA; and*
- (b) this Order shall not be interpreted in such a manner as to construe the Receiver's execution or enforcement of this Order as a seizure of any Implement unless and until the Receiver actually takes exclusive possession of such Implement to the exclusion of the Debtors.*

At no time has the Receiver disclaimed its interest in any of the Debtors' Equipment.

19. With respect to the Canola Appeal, MLT Aikins was served with Richardson Pioneer's factum on April 28, 2021, and the Receiver has until May 13, 2021 to file its responding factum. No date has been set for hearing the Canola Appeal as at the date of this Supplement to the Fourth Report.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

20. The Receiver has prepared a Statement of Receipts and Disbursements for the period December 1, 2020 to May 5, 2021 for the Debtors, a copy of which is attached hereto as Appendix D. Total receipts were \$2,586,083 and total disbursements were \$668,668, resulting in \$1,917,415 being held in trust by the Receiver.
21. As at the date of this Supplement to the Fourth Report, the Receiver has not made any interim distribution(s) to BMO. The Receiver has been provided with a payout statement, inclusive of legal fees, as at April 23, 2021, detailing that the BMO indebtedness approximated \$1,972,563.

All of which is respectfully submitted at Winnipeg, Manitoba, this 7th day of May 2021.

DELOITTE RESTRUCTURING INC.

In its capacity as Receiver of
Tyler Smith, Pamela Smith, Smith Northern Ranching,
and 101197829 Saskatchewan Ltd.,
and not in its personal capacity.



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

Appendix A – April 27, 2021 Correspondence from the Receiver



Deloitte Restructuring Inc.
360 Main Street
Suite 2300
Winnipeg MB R3C 3Z3
Canada

Tel: 204-942-0051
Fax: 204-947-2689
www.deloitte.ca

April 27, 2021

VIA EMAIL: ghorton@sasktel.net

Horton Land & Cattle Co. Ltd.
Attention: Garth Horton
P.O. Box 2077
Maple Creek, SK S0N 1N0

Subject: In the matter of the Receivership of Tyler Smith, Pamela Smith, Smith Northern Ranching, and 101197829 Saskatchewan Ltd. (collectively, the “Debtors”)

As you are aware, Deloitte Restructuring Inc. was appointed by the Saskatchewan Court of Queen’s Bench as Receiver (the “**Receiver**”) in respect of all the assets, undertakings and properties of the Debtors used in relation to the business carried on by the Debtors, excepting the Lands (as defined in the Receivership Order), on December 1, 2020.

The Receiver understands that you have reviewed the enclosed April 16th and 22nd, 2021 email correspondence between the Receiver and Tyler Smith (the “**Email Correspondence**”)¹. The Receiver further understands you have indicated to Mr. Smith that Horton Co. intends to settle its outstanding account from the Custom Cattle Operation, purchase the Receiver’s right, title and interest in the Custom Cattle Operation effective April 1, 2021, and the Feed Inventory. In addition, Horton Co. intends to purchase the Owned Cattle.

Pursuant to the foregoing, copies of the outstanding Custom Cattle Operation invoices and Pro-Forma Bills of Sale are enclosed as follows:

Description	Amount
February 2021 Custom Cattle Invoice	\$54,669.16
March 2021 Custom Cattle Invoice	60,456.82
Pro Forma Bill of Sale: Custom Cattle Operation and Feed Inventory	100,000.00
Pro Forma Bill of Sale: Owned Cattle	10,000.00
Total	\$225,125.98

Payment of the \$225,125.98 balance can be made to the Receiver via wire pursuant to the enclosed wire instructions.

Should you have any questions, please contact the undersigned at (204)944-3586.


¹ Capitalized terms not defined herein are as defined in the Email Correspondence.

April 27, 2021
Page 2

Yours Truly,

DELOITTE RESTRUCTURING INC.

In its capacity as Court Appointed Receiver of Tyler Smith,
Pamela Smith, Smith Northern Ranching, and 101197829 Saskatchewan Ltd.
and not in its personal capacity

Per:  John R. Fritz, LIT
Vice-President

Enclosures (6)

cc: Tyler Smith

Fritz, John

From: Fritz, John
Sent: Thursday, April 22, 2021 11:45
To: Tyler Smith
Cc: Warga, Brent
Subject: RE: Smith Northern Ranching et al. - Proposal

Tyler,

Further to our discussion this morning and the correspondence below, we understand that Horton Co. proposes to settle its account and purchase the Receiver's interest in the Custom Cattle Operation, the Feed Inventory, and the Owned cattle, effective April 1, 2021, by way of a single payment of **approximately \$226,000** (to be finalized once the outstanding February and March 2021 Custom Cattle Operation invoices are received) (the "Horton Co. Payment") calculated as follows:

1. \$58,000 (approximately) - Outstanding Custom Cattle Operation receivable for the month of February 2021;
2. \$58,000 (approximately) – Outstanding Custom Cattle Operation receivable for the month of March 2021;
3. \$100,000 – Purchase price for the Feed Inventory; and
4. \$10,000 – Purchase price for the Owned Cattle.

Upon receipt of the Horton Co. Payment, the Receivership Estate will make payments to yourself and Pam as follows (the "Smiths' Payments"):

1. Approximately \$10,500 you personally paid to contract workers in March 2021; and
2. \$20,000 in contract payments to yourself and Pam for March 2021.

Following receipt of the Horton Co. Payment and remittance of the Smiths' Payments, the Receivership Estate will have no further interest in, nor responsibility for, the Custom Cattle Operation, the Feed Inventory, and the Owned Cattle.

Should the foregoing be acceptable, would you please provide the following:

1. The Horton Co. February and March 2021 custom cattle invoices to confirm the exact amount of the Horton Co. Payment;
2. The contract worker records of hours and/or invoices which total the approximately \$10,500 paid for March 2021 to confirm the exact amount of the Smiths' Payments; and
3. Confirmation as to the expected timing and logistics (i.e. wire, etc.) for the Horton Co. Payment to be made to the Receivership Estate.

If an additional call is helpful, please do not hesitate to advise.

Regards,

John R. Fritz LIT

Deloitte | Financial Advisory
2300 – 360 Main Street
Winnipeg, MB R3C 3Z3
Phone: (204)942-0051 | Fax: (204)947-2689
www.deloitte.ca

From: Fritz, John
Sent: Friday, April 16, 2021 13:16
To: Tyler Smith <7ssmith@sasktel.net>

Cc: Warga, Brent <bwarga@deloitte.ca>

Subject: Smith Northern Ranching et al. - Proposal

Tyler,

Further to our call this morning, we understand your proposal to purchase the Receiver's interest in the approximately 1,070 head cattle custom cattle operation (the "Custom Cattle Operation") for cattle owned by Horton Land & Cattle Co. ("Horton Co."); the hay bales (approximately 1,198), straw bales (approximately 4,357), silage (approximately 5,308 tonnes), and barley (approximately 10,000 bushels) inventory as viewed by McDougall Auctioneers on March 22, 2021 (the "Feed Inventory"); and the remaining five (5) cattle owned by Smith Northern Ranching et al., the ("Owned Cattle") is to make a single payment of approximately \$195,500 funded by Horton Co. (the "Proposal Payment") calculated as follows:

1. \$58,000 (approximately) - Outstanding Custom Cattle Operation receivable for the month of February 2021;
2. \$27,500 (approximately) – Outstanding Custom Cattle Operation receivable for the month of March 2021 of \$58,000, net of:
 - a. Approximately \$10,500 you personally paid to contract workers in March 2021; and
 - b. \$20,000 in contract payments to yourself and Pam for March 2021.
3. \$100,000 – Purchase price for the Feed Inventory; and
4. \$10,000 – Purchase price for the Owned Cattle.
5. The transaction would have an effective date of April 1, 2021, and the Proposal Payment would be due and payable forthwith.

If accepted, upon receipt of the Proposal Payment, the Receivership Estate will have no further interest in, nor responsibility for, the Custom Cattle Operation, the Feed Inventory, and the Owned Cattle.

As discussed, would you please review the foregoing and confirm if our understanding of the proposed arrangement is accurate. Subject to any suggested changes, would you please provide the following:

1. The Horton Co. February and March 2021 custom cattle invoices; and
2. The contract worker records of hours and/or invoices which total the approximately \$10,500 paid for March 2021.

Should a further discussion be helpful, do not hesitate to let us know,

John R. Fritz LIT

Deloitte | Financial Advisory

2300 – 360 Main Street

Winnipeg, MB R3C 3Z3

Phone: (204)942-0051 | Fax: (204)947-2689

www.deloitte.ca

Tyler Smith
Box 983
Duck Lake Sask.
S0K 1 J0

To: Horton Land & Cattle

Quantity	Item	Description	Total
497	Cows	13916 x \$2.25	\$31311.00
125	Breed Heifers	3500 x \$2.25	\$7875.00
457	Calves	12796 x \$1.21	\$15483.16

Subtotal:	
Balance Due:	\$54669.16

February 2021

Tyler Smith

Box 983

Duck Lake Sask.

S0K 1J0

To: Horton Land & Cattle

Quantity	Item	Description	Total
496	Cows	15376 x \$2.25	\$34596.00
125	Breed Heifers	3875 x \$2.25	\$8718.75
457	Calves	14167 x \$1.21	\$17142.07

Total: \$60456.82

March Feed Bill 2021



Deloitte Restructuring Inc.
360 Main Street
Suite 2300
Winnipeg MB R3C
3Z3 Canada

April 27, 2021

Tel: 204-942-0051
Fax: 204-947-2689

Pro Forma Bill of Sale

Vendor: **DELOITTE RESTRUCTURING INC.**
In its capacity as Court Appointed Receiver of Tyler Smith,
Pamela Smith, Smith Northern Ranching, and 101197829 Saskatchewan Ltd.
and not in its personal capacity

Purchaser: **Horton Land & Cattle Co. Ltd.**
P.O. Box 2077
Maple Creek, SK S0N 1N0

The Receiver's interest in the assets described as follows (the "Assets"):

Description	Amount
• Custom Cattle Operation effective April 1, 2021	
• Feed Inventory as viewed by McDougall Auctioneers Ltd. on March 22, 2021 (hay bales (approximately 1,198), straw bales (approximately 4,357), silage (approximately 5,308 tonnes), and barley (approximately 10,000 bushels))	\$100,000.00
GST (5%)	-
PST (6%)	-
Total	\$100,000.00

All sales are final and all assets are sold on an "as is, where is" basis with no warranty expressed or implied. Deloitte Restructuring Inc., in its capacity as Court Appointed Receiver of Tyler Smith, Pamela Smith, Smith Northern Ranching, and 101197829 Saskatchewan Ltd., conveys its right, title and interest, if any, in the Assets.

Dated at the City of Winnipeg in the Province of Manitoba this 27th day of April 2021.

DELOITTE RESTRUCTURING INC.
In its capacity as Court Appointed Receiver of Tyler Smith,
Pamela Smith, Smith Northern Ranching, and 101197829 Saskatchewan Ltd.
and not in its personal capacity

Per: John R. Fritz, LIT



Deloitte Restructuring Inc.
360 Main Street
Suite 2300
Winnipeg MB R3C
3Z3 Canada

April 27, 2021

Tel: 204-942-0051
Fax: 204-947-2689

Pro Forma Bill of Sale

Vendor: **DELOITTE RESTRUCTURING INC.**
In its capacity as Court Appointed Receiver of Tyler Smith,
Pamela Smith, Smith Northern Ranching, and 101197829 Saskatchewan Ltd.
and not in its personal capacity

Purchaser: **Horton Land & Cattle Co. Ltd.**
P.O. Box 2077
Maple Creek, SK S0N 1N0

The Receiver's interest in the assets described as follows (the "Assets"):

Description	Amount
• Five (5) Owned Cattle	\$10,000.00
GST (5%)	-
PST (6%)	-
Total	\$10,000.00

All sales are final and all assets are sold on an "as is, where is" basis with no warranty expressed or implied. Deloitte Restructuring Inc., in its capacity as Court Appointed Receiver of Tyler Smith, Pamela Smith, Smith Northern Ranching, and 101197829 Saskatchewan Ltd. conveys its right, title and interest, if any, in the Assets.

Dated at the City of Winnipeg in the Province of Manitoba this 27th day of April 2021.

DELOITTE RESTRUCTURING INC.
In its capacity as Court Appointed Receiver of Tyler Smith,
Pamela Smith, Smith Northern Ranching, and 101197829 Saskatchewan Ltd.
and not in its personal capacity

Per: John R. Fritz, LIT



Questions - please Call or Email - We are happy to assist.

Wire Payment Helpdesk
 Toll Free telephone within Canada: 1.800.213.4282
 Direct from anywhere in the world: 1.306.244.1868
 Email: TIBsupport@versabank.com

To ensure no delays in processing:

- **The beneficiary name & account information MUST be input as outlined below.**
- **'For Further Credit to' information MUST be provided.**

Beneficiary	VersaBank 410 - 121 Research Drive Saskatoon, Saskatchewan CA S7N 1K2
Beneficiary Account Number <i>(when sent from within Canada)</i>	██████████
Beneficiary Account Number <i>(when sent from outside Canada)</i>	██████████
Beneficiary Bank	RBC – Royal Bank of Canada 154 1 st Avenue S Saskatoon, Saskatchewan Canada S7K 1K2
Financial Institution Number	003
Transit Number	07378
Canadian Sort Code	//CC000307378
Swift Code <i>(required for Payments originating from a Financial Institution outside of Canada)</i>	ROYCCAT2
ABA Routing # <i>(required for Payments originating from a Financial Institution in the United States)</i>	02100021
IMPORTANT: For Further Credit to	Trustee Firm Name: Deloitte Restructuring Inc. Receiver of Smith Northern Ranching Trustee Account Number: # ██████████ Trustee Account Address: 2300 360 MAIN ST WINNIPEG, MB R3C 3Z3

Foreign Currency

NOTE: All wire payments received in a foreign currency will be converted to Canadian Dollars at the time of deposit at the spot rate provided by VersaBank's correspondent bank at the time such transaction is processed.

Appendix B – McDougall Auctioneers Ltd. Appraisal Report



Appraisal Report

M^cDOUGALL
Auctioneers Ltd
1-800-263-4193

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Live & Online Auctions, Appraisals, Liquidations, Dispersals & More!



Assets belonging to:

Smith Northern Ranching et al.

Duck Lake, SK

At the request of:

Prepared For:

**Deloitte Restructuring Inc., Receiver
of Smith Northern Ranching et al.**

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

**Deloitte Restructuring Inc., Receiver
of Smith Northern Ranching et al.**

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

Prepared By:

Chad Guay, CPPA

MEMBER:

CERTIFIED PERSONAL PROPERTY APPRAISERS' GROUP OF CANADA

FROM EAST TO WEST, SELL WITH THE BEST!



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(306) 757-1755
800 North Service Rd.

(306) 652-4334
203 60th St. East

(204) 573-4382
640 14th Street East

(204) 895-7773
5221 Portage Ave

(506) 237-5627
2471 Main St.

Corporate Mailing Address: P.O. Box 3081 Regina, SK, S4P 3G7

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Summary

On **March 22nd, 2021** at the request of **Deloitte Restructuring Inc.** for the valuation of the assets belonging to **Smith Northern Ranching et al.**; I personally attended and inspected the assets in **Duck Lake, SK.**

Value

The Forced Liquidation Value for the assets is:

\$139,290.00

THIS PAGE IS NOT THE APPRAISAL REPORT.
THE APPRAISAL REPORT MUST BE READ IN ITS ENTIRETY.

Conditions of Appraisal

The value stated in this appraisal report is based on the best judgment of the appraiser, given the facts and conditions available at the date of valuation.

The use of this report is limited to the purpose of determining the value of the assets. This report is to be used in its entirety only.

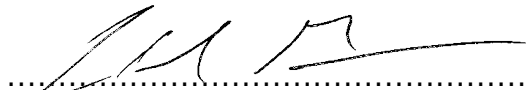
Certification of Report

Neither Chad Guay, McDougall Auctioneers Ltd. nor any of its employees have any present or future interest in the subject property. No prohibited fee was assessed for this report.

Chad Guay of McDougall Auctioneers Ltd. has successfully completed the personal property appraiser certification program with the Certified Personal Property Appraisers' Group of Canada, and is a member in good standing. This report was prepared in accordance with the standards and practices of the Certified Personal Property Appraisers' Group, which has review authority of this report.

Chad Guay has personally examined the subject property; the statements of fact contained in this report are true and correct to the best knowledge and belief of the appraiser.

McDougall Auctioneers Ltd was originally established in 1982 by Loren McDougall. Chad Guay has varied experience as a sales manager and appraiser for over four years.



By: Chad Guay, CPPA,
For: McDougall Auctioneers Ltd

Purpose of the Report

The purpose of this report is to assist **Deloitte Restructuring Inc.** in establishing the Forced Liquidation Value for financial considerations.

Definition of Value

LIQUIDATION VALUE:

The value is commensurate to a liquidation sale in which the seller is compelled to sell the assets immediately and forces them onto the marketplace. The reduced value may be due to time restraints or a poor location. This is a value where the assets are disconnected and out of their home environment.

Basis of Appraisal

Valuation Date

The date of valuation for determining the value estimation is **March 22nd, 2021**.

Limitations on Property

There are no known limitations on use or disposition of this property.

Method of Valuation

There is a sole method of valuation applied in this report: Forced Liquidation Value. This value has been determined by my experience working in the auction industry and in consultation with dealers, guidebooks, comparable sales, etc.

Smith Northern Ranching et al. Hay, Straw, Silage & Barley Appraisal

					Tub Ground Straw (120'x2 0''x40')	Tub Ground Hay (29'x20''x40)	Tub Ground Straw(98'x2 0''x25')	Silage Pile #1 (95'x105''x20') (Ton)	Silage Pile #2 (80'x38'x15')	Barley (BU)
	912	28	324	358						10,000
	132	52	68							
	1566	55	448							
	168	25								
	35	192								
	36	374								
		75								
		560								
		14								
		3								
		130								
Total	2849	1508	840	358				5308		
Value	\$ 28,490.00	\$22,620.00	\$ 33,600.00	\$ 10,740.00				\$ 3,840.00	\$ 40,000.00	
Total	\$139,290.00									

Factors Affecting Value:

Condition

The hay and straw bales were of average condition with some bales showing the effects of increased moisture (mold). In addition, a feed testing sample was not completed therefore there may be inaccuracies with the quantities and valuations.

Analysis:

At this time of the year farmers are anticipating letting their animals graze as quickly as possible consequently affecting the resale market of hay bales, straw bales and silage. Any silage which has not been sealed properly will most likely be spoiled for the next winter-feeding season. Since the silage quantities are no longer properly stored, they will most likely be spoiled prior to the next feeding season.

Chad Guay

Sales Manager
Shareholder, CPPA
Curriculum Vitae



PROFILE

Chad Guay has been with our team for 3 years, providing a wealth of experience acquired through 10 years' experience in Asset Management & Liquidation, Rental Liaison, and Outdoor Commercial Property expansion. Chad puts his performance management and organizational skills to good use. He understands clearly our clients' specific sales needs, which allows him to market both challenging and small projects with a creative and efficient flare. He provides optimized asset evaluations and appraisals, focusing on industrial and retail liquidations. Chad also assesses fluctuating businesses to provide large-scale asset management organizations with expertise in turnaround, restructuring or asset sale situations.

In performing all these tasks, he hopes to continue to drive McDougall Auctioneers as a leader in its field with a broad international reach.

EXPERIENCE

MCDUGALL AUCTIONEERS LTD., Saskatoon, SK

Sales Manager, 2017-Present


- Provide optimized asset evaluations and appraisals focusing on industrial and retail liquidations
- Assesses fluctuating businesses to provide large-scale asset management organizations with expertise in turnaround, restructuring or asset sale situations
- Negotiate the procurement and subsequent sale of millions of dollars of construction, industrial and/or retail related assets


G2 ASSET MANAGEMENT, Montreal, QC


Co-Owner, 2014-2017

- Developed organization from the ground up to provide optimized asset appraisal, liquidation and auctioning to local business partners
- Leveraged relationships developed with large-scale asset management organizations to increase business capacity and build confidence in delivering on agreed upon objectives in client business partners
- Acted as a consultant between executives and potential new clients through regularly negotiating with company executives to assess adequate submissions for future client companies
- Created an Asset Inventory Database to effectively expedite asset liquidations and auctions through a single centralized storage centre

CONTACT

 306-757-1747

 chad.g@mcdauktion.com

 Saskatoon, SK

SKILLS

Marketing ●●●●●●●●
Strategy ●●●●●○
Budget ●●●●○○
Planning ●●●●○○
Presentation ●●●●○○

WORK EXPERIENCE - Previous

ATLAS RENTAL, Cornwall, ON

Co-Owner, 2013-2015

- Acted as a liaison by facilitating the transition and introductions of former clients to new business owners
- Consulted with company managers and technical staff to set clear business objectives and develop effective strategies to improve bottom line; purchased assets to increase company value and decrease losses
- Business strategies were developed by analyzing annual financial statements from previous years eliminating poor performing lines of business and introducing new successful methods which eliminated unnecessary losses and increased profit margins
- Conducted all marketing, human resources and payroll activities including but not limited to: new client market penetration, employee performance management, accounts payable/receivable, coordinating bi-weekly payroll, and managing sales and expense statements for year-end financial statements

BJ LAWCARE, Cornwall, ON

Co-Owner, 2007-2017

- Through strategic incremental geographical expansion and consistently searching for new revenue streams, increased the gross value of organization seven-fold within six years
- With larger organizations buying up more commercial real estate in the area, demonstrated organizational flexibility by shifting focus from residential services to turning the organization into complete outdoor maintenance management for large commercial properties
- Leveraged and maintained strong relationships with local business owners and larger-scale company executives to drive word-of-mouth marketing and renegotiate yearly contracts
- Conducted people management responsibilities including but not limited to; recruitment, performance management, training and staff scheduling
- Additional responsibilities include but are not limited to: accounts payable/receivable, and income statements

PLANTATIONS BRANJON, Montreal, QC

Co-Owner, 2007-2017

- Oversaw company operations and supervised the daily activities of the staff
- Negotiated and scheduled contracts with all 3rd parties
- Provided additional services such as wholesale and retail of plants, shrubs, trees, decorative items
- Leveraged relationships with existing clients to drive new contract proposals
- Developed and maintained municipal and private sector contracts for seasonal Outdoor and indoor lighting and decorating

L A N G U A G E S

English ●●●●●●

French ●●●●●●

C O M P U T E R

MS Office ●●●●●●

Auction Software ●●●●●●

I N T E R E S T S

Travel

Fitness

COMPLETED PROJECTS AND SALES

- The following list indicates the range and diversity of completed projects and sales:
 - S. Wilson Conduction - \$6 Million
 - Medicine Valley Transport (Alberta) - \$1.4 Million
 - Power Merchants (Alberta) - \$1.8 Million
 - Red Carpet Inc (Regina) - \$3.2 million
 - Farm auctions - ranging to \$1.3 Million
 - Restaurant equipment auctions – 12/year on average
 - Monthly warehouse auctions (estate, antiques, collectables, household)
 - Sandman Inn (70 unit motel)
 - Eric Transmission/Beeline Auto Body (Regina)
 - Marathon Sports (Saskatoon)
 - Hub City Sports (Saskatoon)
 - GFS Brokerage (Regina) - \$750,000
 - Video City – 20,000 videos & 500 Nintendo's Plus fixtures
 - Ag Depot close-out (Regina)
 - Ace Rent-All (Regina)
 - Fleet Dispersals
 - Dairy World Foods fleet & service shop dispersal (Regina, Saskatoon, Swift Current, Yorkton)
 - Coca-Cola fleet dispersal
 - Accede Energy Services Ltd. (5.5 Million)
 - PSA Construction Inc. (2.4 Million)
 - Schendel Mechanical Contracting Ltd. (1.5 Million)

MEMBERSHIPS

- Certified Personal Property Appraiser Group

EDUCATION & TRAINING

Athabasca University, Athabasca, AB
Bachelor of Arts, Major in Psychology,
University of Toronto, ON

PROFESSIONAL AFFILIATIONS

Canadian Personal Property Appraisers Group
Certified Appraiser

Appendix C – McDougall Auctioneers Ltd. Cash Purchase Offers

March 26th, 2021

Deloitte
360 Main Street, Suite 2300
Winnipeg, MB
R3C 3Z3

Re: Smith Northern Ranching et al. Feed Inventory Offer

John,

In connection to your request for an offer for the feed inventory assets of Smith Northern Ranching et al. (collectively “Smith”). McDougall Auctioneers Ltd. (“McDougall”) hereby presents Deloitte (“Deloitte”) with the following offer for all the feed inventory assets including but not limited to all the assets listed in the “Schedule A” thereof at the company’s facilities located at:

303448-303498 Township Td 453 Duck Lake, SK

Offer 1 A Cash Offer of \$70,417 payable in full acceptance.

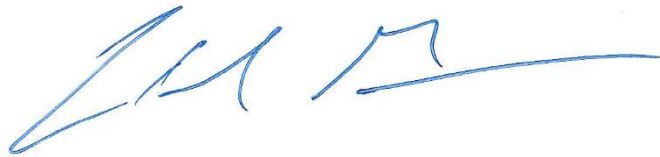
Terms & Conditions

1. McDougall will provide 25% of the cash offer once the offer has been approved by Deloitte within (3) business days.
2. The remaining 75% of the cash offer will be provided for by McDougall once the feed inventory quantities have been confirmed by McDougall or an agreed upon date between Deloitte and McDougall.
3. All assets must be free and clear of any and all liens and encumbrances. McDougall will be indemnified by Deloitte against any claims occurred during the sale process.
4. If feed inventory has changed in condition since the inspection period; McDougall holds the right to nullify the above offers and renegotiate new offers, if applicable.
5. If an extended period occurs between the submitted offer date and the acceptance of the offer; McDougall holds the right to reinspect the assets prior to executing an agreement.

6. This offer is subject to verification of inventory, and any overages or shorts in the actual inventory as listed in the “Schedule A” will be adjusted by McDougall.
7. McDougall reserves the right to re-inspect all assets and amend their offer prior to engaging in an agreement with Deloitte since some assets have not been verified.
8. McDougall will be entitled to sell the feed inventory onsite. McDougall requires free and unrestricted use of the premises for a total of (45) days. Occupancy will begin when McDougall is given access as well as keys. McDougall will not be held responsible for any utility, hydro, security, tax, rent, etc. fees during this period.
9. McDougall reserves the right to abandon any unsalable assets.
10. McDougall ensures that the location will be left in a tidy manner.
11. McDougall reserves the right to amend the offer up until the agreed upon possession or agreement date of the assets if an event of force majeure occurs which may include but is not restricted to, acts of God, lockouts, acts of war, terrorism, insurrection, riots, civil disturbances, etc.
12. This offer is valid until April 2nd at 1:00 p.m. CT or any agreed upon extension date.

If you have any question or require any further information, please do not hesitate to contact the undersigned at +1-306-380-1115.

Sincerely,
McDougall Auctioneers Ltd.



Chad Guay
Sales Manager

Deloitte hereby accepts Offer_____ under the terms and conditions presented above.

.....
Printed Name

.....
Signature

Schedule "A"

Straw Square Bale	2849
Straw Round Bale	1508
Hay Round Bale	840
Hay Square Bale	358
Tub Ground Straw (120'x20"x40')	
Tub Ground Hay (29'x20"x40')	
Tub Ground Straw (98'x20"x25')	
Silage Pile #1 (95'x105"x20') (Ton)	
Silage Pile #2 (80'x38'x15') (Ton)	5308
Barley (BU)	10000

April 12th, 2021

Deloitte
360 Main Street, Suite 2300
Winnipeg, MB
R3C 3Z3

Re: Smith Northern Ranching et al. Feed Inventory Offer

John,

In connection to your request for an offer for the feed inventory assets of Smith Northern Ranching et al. (collectively “Smith”). McDougall Auctioneers Ltd. (“McDougall”) hereby presents Deloitte (“Deloitte”) with the following offer for all the feed inventory assets including but not limited to all the assets listed in the “Schedule A” thereof at the company’s facilities located at:

303448-303498 Township Td 453 Duck Lake, SK

Offer 1 A Cash Offer of \$70,417 payable in full acceptance.

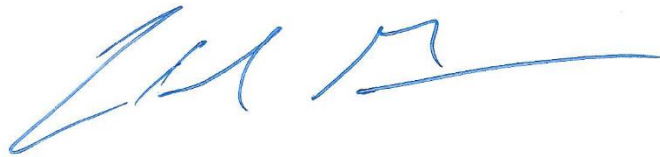
Terms & Conditions

1. McDougall will provide 25% of the cash offer once the offer has been approved by Deloitte within (3) business days.
2. The remaining 75% of the cash offer will be provided for by McDougall once the feed inventory quantities have been confirmed by McDougall or an agreed upon date between Deloitte and McDougall.
3. All assets must be free and clear of any and all liens and encumbrances. McDougall will be indemnified by Deloitte against any claims occurred during the sale process.
4. If feed inventory has changed in condition since the inspection period; McDougall holds the right to nullify the above offers and renegotiate new offers, if applicable.
5. If an extended period occurs between the submitted offer date and the acceptance of the offer; McDougall holds the right to reinspect the assets prior to executing an agreement.

6. This offer is subject to verification of inventory, and any overages or shorts in the actual inventory as listed in the "Schedule A" will be adjusted by McDougall.
7. McDougall reserves the right to re-inspect all assets and amend their offer prior to engaging in an agreement with Deloitte since some assets have not been verified.
8. McDougall will be entitled to sell the feed inventory onsite. McDougall requires free and unrestricted use of the premises for a total of (45) days. Occupancy will begin when McDougall is given access as well as keys. McDougall will not be held responsible for any utility, hydro, security, tax, rent, etc. fees during this period.
9. McDougall reserves the right to abandon any unsalable assets.
10. McDougall ensures that the location will be left in a tidy manner.
11. McDougall reserves the right to amend the offer up until the agreed upon possession or agreement date of the assets if an event of force majeure occurs which may include but is not restricted to, acts of God, lockouts, acts of war, terrorism, insurrection, riots, civil disturbances, etc.
12. This offer is valid until April 30th at 1:00 p.m. CT or any agreed upon extension date.

If you have any question or require any further information, please do not hesitate to contact the undersigned at +1-306-380-1115.

Sincerely,
McDougall Auctioneers Ltd.



Chad Guay
Sales Manager

Deloitte hereby accepts Offer_____ under the terms and conditions presented above.

.....
Printed Name

.....
Signature

Schedule "A"

Straw Square Bale	2849
Straw Round Bale	1508
Hay Round Bale	840
Hay Square Bale	358
Tub Ground Straw (120'x20"x40')	
Tub Ground Hay (29'x20"x40')	
Tub Ground Straw (98'x20"x25')	
Silage Pile #1 (95'x105"x20') (Ton)	
Silage Pile #2 (80'x38'x15') (Ton)	5308
Barley (BU)	10000

Appendix D – Statement of Receipts and Disbursements for the Period December 1, 2020 to May 5, 2021

**TYLER SMITH, PAMELA SMITH, SMITH NORTHERN RANCHING, 101197829 SASKATCHEWAN LTD.
IN RECEIVERSHIP**

STATEMENT OF RECEIPTS AND DISBURSEMENTS
For the Period December 1, 2020 to May 5, 2021

	Amount	Notes
Receipts		
Advance from Secured Creditor	\$ 100,000	
Accounts receivable	409,151	(1)
Cash on hand	66,826	(2)
Cattle sales (calves and bulls)	619,576	
Custom cattle revenue	234,924	(3)
Feed inventory	100,000	
Sale of market grains (Richardson Pioneer)	1,055,606	(4)
Total Receipts	2,586,083	
Disbursements		
Agent fees and disbursements	5,642	
Appraisal fees	2,367	
Bank fees	25	
Cattle sale costs (commissions, brand inspection, etc.)	30,616	
Contract workers	145,692	
Equipment repairs and maintenance	9,991	
Filing fees	143	
Fuel	33,161	
Grain check off fees	1,622	
GST paid on disbursements	4,519	
GST paid on legal fees and disbursements	4,893	
GST paid on Receiver fees and disbursements	9,014	
Insurance	21,157	
Interest	372	
Legal fees and disbursements	98,249	(5)
Livestock supplies	10,247	
Miscellaneous	327	
PST paid on disbursements	802	
PST paid on legal fees and disbursements	5,760	
Receiver fees and disbursements	180,277	(6)
Repayment of Receiver's Borrowing Certificate	100,000	
Utilities	3,794	
Total Disbursements	668,668	
Excess of Receipts over Disbursements - funds held in trust as at May 5, 2021	\$ 1,917,415	

Notes:

- (1) Collections from Richardson Pioneer with respect to unsettled shipments of canola (\$198K), oats (\$122K), and barley (\$89K) delivered prior to the date of receivership.
- (2) Primarily comprised of custom cattle receipts for the month of November 2020.
- (3) Includes custom cattle revenue for the months of December 2020, January, February, and March 2021.
- (4) The Receiver has received \$845,560.57 related to the sale of canola to Richardson Pioneer, based on contract pricing. The difference between the "date of delivery opening spot market price" and the "contract price" (approximately \$500K) is subject to appeal by Richardson Pioneer and will be determined in due course.
- (5) Excludes fees and disbursements of the Receiver's legal counsel subsequent to April 30, 2021.
- (6) Excludes fees and disbursements of the Receiver subsequent to May 3, 2021.