



No. S241161
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

THE BANK OF NOVA SCOTIA

PETITIONER

AND:

**BIFANO CONSOLIDATED INC., NATA FARMS INC., and
SPALLUMCHEEN FARM LTD.**

RESPONDENTS

SECOND REPORT OF THE RECEIVER

ALVAREZ & MARSAL CANADA INC.

May 9, 2025



ALVAREZ & MARSAL

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1.0 INTRODUCTION AND BACKGROUND

- 1.1 On February 28, 2024 (the “**Filing Date**”), the Bank of Nova Scotia (the “**Petitioner**” or “**BNS**”) sought and was granted an initial order (the “**Initial Order**”), by the Supreme Court of British Columbia (the “**Court**”) to commence proceedings (the “**CCAA Proceedings**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended (the “**CCAA**”) in respect of Bifano Consolidated Inc. (“**Bifano Consolidated**”), Bifano Farms Inc. (“**Bifano Farms**”), Spallumcheen Farm Ltd. (“**Spallumcheen**”), Nata Farms Inc. (“**Nata**”) and SSC Ventures (No. 105) Ltd. (“**SSC**” and together with Nata, Spallumcheen, Bifano Farms and Bifano Consolidated, “**Bifano**” or the “**Company**”), a group of privately held companies that operated a dairy farm in Armstrong, British Columbia.
- 1.2 The Initial Order provided for, among other things, an initial stay of proceedings against Bifano and its assets and property until and including March 11, 2024 (subsequently extended to July 12, 2024) and the appointment of Alvarez & Marsal Canada Inc. (“**A&M**”) as monitor of Bifano (the “**Monitor**”) during the CCAA Proceedings.
- 1.3 On March 11, 2024, the Court granted an amended and restated initial order (the “**ARIO**”), together with an Order approving a sales and investment solicitation process (the “**SISP**”), in respect of Bifano’s business and assets. The Monitor did not receive any Qualified Bids (as defined in the SISP) pursuant to the terms of the SISP.
- 1.4 On June 24, 2024, the Court granted an order (the “**Receivership Order**”) converting the CCAA Proceedings to receivership proceedings (the “**Receivership Proceedings**”) and, among other things:
 - a) discharging A&M as Monitor in the CCAA Proceedings and appointing A&M as Receiver (the “**Receiver**”) of all the assets, undertakings and property, including real property, of Bifano;
 - b) authorizing A&M, as Receiver, to sell certain milk quota held by SSC (the beneficial shareholder of which is Bifano Farms) as well as Nata’s inventory of livestock and chattels; and
 - c) declaring that Bifano and its former employees meet the criteria in the *Wage Earner Protection Program Regulations*, SOR/2008-222 and that for those former employees, the *Wage Earner Protection Program Act (Canada)*, SC 2005, c 47, s 1 (“**WEPPA**”) applies.
- 1.5 On August 12, 2024, the Court granted the following:
 - a) an order (“**AVO**”), which among other things:

- i. approved a sale of all right, title and interest, in and to all assets and property of the Company excluding certain leased equipment and other assets pursuant to the terms of a purchase and sale agreement (“PSA”) between the Receiver and Hallano Farm Holdings Inc. (“Hallano” or the “Purchaser”) dated July 19, 2024, as amended by an Amendment Agreement dated August 6, 2024; and
 - ii. provided that upon the delivery of a certificate (the “Receiver’s Certificate”) to the Purchaser, the Purchased Assets (as described in the PSA) shall vest to the Purchaser, and Bifano Farms and SSC are released from the CCAA Charges (as defined in the AVO) and shall cease to be respondents in the CCAA Proceedings;
 - b) an order to preserve the confidentiality of certain details contained in the PSA in respect of the transaction with Hallano (the “Transaction”); and
 - c) an order increasing the Receiver’s Borrowings Charge (as defined in the Receivership Order) to \$1,000,000.
- 1.6 On August 27, 2024, the Receiver’s counsel filed the Receiver’s Certificate with the Court certifying that the Purchase Price (as defined in the PSA) was paid, the conditions to closing had been satisfied and that the Transaction had been completed to the satisfaction of the Receiver.
- 1.7 The Receiver’s counsel filed a notice of application (the “Distribution and Discharge Application”) seeking an order (the “Distribution and Discharge Order”) on May 9, 2025 which includes:
- a) approval of the activities of the Monitor and Receiver and the fees of the Monitor, Receiver and their counsel, Lawson Lundell LLP (“Lawson”);
 - b) authorization of the Receiver to assign Bifano Consolidated and Nata into bankruptcy;
 - c) approval of the Receiver’s proposed distribution of funds currently held in trust (the “Proposed Distribution”); and
 - d) discharge of the Receiver upon the filing of a certificate with the Court (the “Termination Certificate”).
- 1.8 Further information regarding the CCAA Proceedings and the Receivership Proceedings (including the Receivership Order and related materials) is available on A&M’s website at www.alvarezandmarsal.com/BifanoNata (the “A&M Website”).

2.0 PURPOSE OF THIS REPORT

2.1 This report (the “**Receiver’s Second Report**”) has been prepared to provide information to this Honourable Court and Bifano’s stakeholders with respect to the following:

- a) the activities of the Receiver since the issuance of the first report of the Receiver dated July 26, 2024 (the “**Receiver’s First Report**”);
- b) an update on the Transaction;
- c) the Proposed Distribution;
- d) the fees and disbursements of A&M and Lawson during the CCAA Proceedings and the Receivership Proceedings;
- e) the Receiver’s final statement of cash receipts and disbursements for the period from June 24, 2024 to the proposed date of discharge;
- f) the proposed bankruptcies of Bifano Consolidated and Nata; and
- g) the Receiver’s recommendation in respect of the Distribution and Discharge Application.

2.2 The Receiver’s Second Report should be read in conjunction with the Receivership Order, the Petition filed by the Petitioner on February 20, 2024, the pre-filing report of the Proposed Monitor dated February 16, 2024, the First Report of the Monitor dated March 7, 2024 (the “**Monitor’s First Report**”), the Second Report of the Monitor dated May 16, 2024, the Third Report of the Monitor dated June 19, 2024, the Receiver’s First Report, and the Supplement to the Receiver’s First Report dated August 7, 2024 (collectively, the “**Filed Materials**”). Capitalized terms used but otherwise not defined herein have the meaning given in the Filed Materials.

2.3 Unless otherwise stated, all monetary amounts contained in this Receiver’s Second Report are expressed in Canadian dollars.

3.0 RECEIVER’S ACTIVITIES SINCE THE RECEIVER’S FIRST REPORT

3.1 The activities of the Receiver since the Receiver’s First Report include the following:

Collection of Accounts Receivable

- a) dispatching demand letters to 24 parties after the Transaction closed, which represented receivables totaling approximately \$203,000 and resulted in the collection of approximately \$85,000¹;

¹ In the event additional receipts are collected, these funds will be remitted to BNS. (Refer to section 6.0 “Proposed Distribution” for additional information regarding distributions to BNS.)

Return of Leased Equipment

- b) coordinating with the management of the Company (“**Management**”) to locate and verify ownership of equipment that was out in service at the time of the Receiver’s initial inspection and physical inventory counts;
- c) holding discussions with Management and lessors (and lessor’s legal counsel) to identify equipment to be retained and re-leased by the Purchaser and equipment to be returned to the lessors;
- d) instructing Lawson to provide a security opinion in respect of the leased equipment and review of same;
- e) arranging for notices to be sent by Lawson to all lessors to advise them of the closing of the Transaction and to recommend making post-closing arrangements with Hallano, or alternatively, to arrange for the retrieval of the assets. A summary of the notices sent to lessors is detailed in the table below:

Lessor Notices			
Lessor	Date Notices Sent	Pieces of Equipment	
CWB National Leasing Inc.	8/21/2024	46	
Urban Holdings Ltd.	8/21/2024	24	
Trailwood Enterprises Ltd.	8/21/2024	9	
Arduini Holdings Ltd.	8/23/2024	12	
CNH Industrial Capital Canada Ltd.	8/23/2024	3	
Ford Credit Canada	8/23/2024	7	
Bank of Nova Scotia	8/23/2024	1	
Total		102	

Employee Matters

- f) terminating all 28 employees on August 22, 2024, pursuant to Section 3.4 of the PSA;
- g) calculating and administering WEPPA in respect of 28 terminated employees;
- h) preparing and dispatching 2024 T4s to 79 of 94 persons employed by Bifano and remitting a copy to the Canada Revenue Agency (the “**CRA**”). The remaining 15 2024 T4s could not be completed due to difficulties with obtaining employee information from the Company.

CRA Matters

- i) attending to the filing of various statutory returns, including GST returns and payroll tax remittances;
- j) attending to various requests from CRA personnel in respect of various audits of Bifano’s payroll and GST accounts;

Transaction Closing Matters

- k) dispatching communications to vendors, lessors and other parties to inform them of the closing of the Transaction;
- l) reviewing, calculating and dispatching final payments to vendors and suppliers for goods and services provided to the Receiver up to and including August 23, 2024;
- m) executing and filing the Receiver's Certificate;

Assignment of Insurance

- n) liaising with Lawson and BFL Canada to execute a release of interest to remove the Receiver as an insured party from certain property insurance policies;

Cash Management and Preparation of Rolling Cash Flows

- o) reviewing cash balances and reconciling the balances to the Receiver's trust account and Bifano's BNS bank statements;
- p) preparing routine bank account sweeps of Bifano's BNS bank accounts to the Receiver's trust account;
- q) periodically updating cash flow forecasts to manage the funds on hand and forecast creditor recoveries;
- r) reviewing operating disbursements and issuing payments to employees and vendors from the Receiver's trust account;
- s) attending calls and reporting to the Senior Secured Creditor, BNS, regarding the status of the Receivership Proceedings, the Transaction, priority claims, estimated proceeds for future distribution to BNS and related matters;

Statutory Duties of the Receiver

- t) updating the A&M website; and
- u) drafting the First Supplemental Report and the Receiver's Second Report.

4.0 UPDATE ON THE TRANSACTION

- 4.1 On August 27, 2024, the Receiver's counsel filed the Receiver's Certificate with the Court, certifying that the Purchase Price was paid, the conditions to closing had been satisfied and that the Transaction had been completed to the satisfaction of the Receiver.

- 4.2 The Purchase Price Allocation pursuant to the PSA is summarized in the table below. Capitalized terms not defined herein have the meaning ascribed to them in the PSA:

Bifano Consolidated et al. Transaction Purchase Price Allocation \$CAD	
Purchased Asset	
Lands:	
PID: 030-083-893	\$ 1,290,530
PID: 011-498-986	2,659,000
PID: 011-291-761	83,000
PID: 011-255-188	91,000
PID: 011-367-750	198,500
PID: 011-367-784	188,700
PID: 014-003-449	915,000
PID: 013-795-848	215,000
Chattels (including Equipment, but excluding leased equipment)	1,000,000
Purchased Contracts	nil
Inventory (including livestock)	1,500,000
Assets described in Schedule D	nil
Business Records	nil
Permits, Licenses and Certifications	nil
Total	\$ 8,140,730

- 4.3 As discussed in the Monitor's First Report, the various parcels comprising the Lands were owned by Bifano Consolidated and Spallumcheen. Nata was the operating company that held the operating assets used in the dairy and trucking operations. The Chattels and Inventory totaling \$2.5 million represent the sale of Nata's operating assets which are subject to a priority deemed trust claim by the CRA for payroll withholdings, which is referenced in more detail in section 5.0 below.

5.0 CANADA REVENUE AGENCY MATTERS

Payroll source deductions

- 5.1 On July 24, 2024, the Receiver was contacted by counsel for His Majesty the King in Right of Canada as represented by the Minister of National Revenue in regard to an on-going trust examination over the Nata payroll source deductions and the Nata, Bifano Consolidated and Spallumcheen GST accounts.
- 5.2 On July 26, 2024, the Receiver held discussions with the CRA examiner to understand the status of the trust exam and the outstanding documentation required. The Receiver notified the Company and requested copies of the requisite documentation. The Receiver followed up a number of times with former management and the Purchaser, but did not receive the requested documents.
- 5.3 In order to comply with the CRA examiner's request, on or around August 12, 2024, the Receiver began to compile a response to the CRA using information it had obtained during the CCAA Proceedings and Receivership Proceedings.

5.4 On August 22, 2024, the Receiver delivered a response to the CRA's trust examination request over Nata's payroll account no. 85258 4218 RP0001. The response provided by the Receiver included the following:

- a) a summary of all payroll source deductions and payments for the period from January 1, 2024 to July 31, 2024 (the "**Payroll Trust Examination Period**");
- b) a listing of each employee's monthly gross pay and withholdings during the Payroll Trust Examination Period; and
- c) payment slips and cheques to evidence remittance of the source deductions during the Payroll Trust Examination Period.

5.5 A summary of the total payroll withholdings remitted for the period from January 1, 2024 to August 22, 2024 is summarized in the following table:

Payroll Remittance Summary					
<i>\$CAD</i>					
Payroll Period	Date Paid	Gross Pay	Employee Portion	Employer Portion	Total Remitted
CCAA					
January 2024	Mar-21-2024	\$ 410,977.52	\$ 98,217.18	\$ 31,751.82	\$ 129,969.00
February 2024	Mar-28-2024	410,756.29	97,348.52	32,874.71	130,223.23
March 2024	Apr-30-2024	271,963.55	53,869.87	20,991.13	74,861.00
April 2024	May-24-2024	137,019.88	29,463.14	9,959.96	39,423.10
May 2024	Jun-21-2024	143,671.89	33,248.75	10,943.89	44,192.64
June 2024	Jul-15-2024	131,821.24	29,598.28	9,092.58	38,690.86
		1,506,210.37	341,745.74	115,614.09	457,359.83
Receivership					
July 2024	Aug-01-2024	132,950.55	31,086.23	9,857.45	40,943.68
August 2024	Sep-05-2024	102,185.11	26,062.67	5,371.75	31,434.42
		235,135.66	57,148.90	15,229.20	72,378.10
Total		\$ 1,741,346.03	\$ 398,894.64	\$ 130,843.29	\$ 529,737.93

5.6 On January 21, 2025, the CRA delivered to the Receiver its proof of claim in respect of Nata and Bifano Consolidated, in relation to payroll withholdings claims (the "**CRA Proof of Claim**"). The CRA Proof of Claim is summarized in the following table:

Bifano Consolidated et al.	
CRA Proof of Claim Summary	
\$CAD	
Nata Farms Inc. 85258 4218 RP 0001	
Tax deductions	\$ 834,043
CPP	513,078
EI	206,215
Total before penalties and interest	1,553,336
Penalties and interest	1,257,354
Total non-deemed trust claim	2,810,690
<u>Deemed trust amounts</u>	
Federal income tax	572,150
Provincial income tax	161,658
CPP employee part	151,071
EI employee part	40,633
Total deemed trust claim	\$ 925,513
Bifano Consolidated Inc. 87704 4222 RP 0001	
Tax deductions	\$ 5,877
CPP	2,019
EI	683
Total before penalties and interest	8,579
Penalties and interest	2,610
Total non-deemed trust claim	11,189
Deemed trust amounts	-
Total deemed trust claim	\$ -

Source: CRA Proof of Claim dated January 21, 2025

- 5.7 The Receiver is satisfied with the calculations and composition of the deemed trust amounts claimed by and referenced in the CRA Proof of Claim and, subject to the approval of this Honourable Court, intends to remit the deemed trust amount of \$925,513 to the Receiver General (refer to section 6.0 below).

GST examination

- 5.8 On November 28, 2024, a representative of CRA attended the Receiver's office to conduct an in-person trust examination of GST amounts owing, which included a review of all banking ledgers and the monthly statements issued by the BC Milk Marketing Board ("BCMMB") for the period from January 1, 2024 to August 31, 2024.
- 5.9 The total GST collected, paid and remitted for the period from January 1, 2024 to August 31, 2024 is summarized in the table below:

Summary of GST Collected and Remitted				
\$CAD				
	Pre-Filing	CCAA	Receivership	Total
GST Collected	\$ 61,927	\$ 139,853	\$ 19,302	\$ 221,081
GST Paid	57,184	138,952	46,075	242,211
GST Paid on Milk Delivery	3,346	5,630	5,611	14,587
Total ITC	60,530	144,582	51,686	256,798
Net GST to Remit (refund)	\$ 1,397	\$ (4,730)	\$ (32,384)	\$ (35,717)

- 5.10 On February 13, 2025, CRA contacted the Receiver to request that the June 2024 GST returns be revised to allocate the June GST between the CCAA and Receivership period and on February 14, 2025, the Receiver submitted the revised returns to the CRA.
- 5.11 The Receiver contacted CRA at various times during February, March and early April 2025 to obtain updates regarding the CRA's trust examination and was advised that the GST trust examination and claim were being finalized.
- 5.12 On or about April 10, 2025, the Receiver was contacted by the CRA and was advised that a new CRA representative had been assigned to the case and that certain 2024 GST returns, which had previously been filed, were not applied to the CRA accounts and would need to be filed once again. On April 10, 2025, the Receiver refiled the 2024 GST returns.
- 5.13 As of the date of this report, the Receiver has not received an update from the CRA regarding its GST claim nor has the CRA provided a proof of claim to the Receiver in respect of GST amounts owing. Notwithstanding what appears to be a credit due to the estate on account of GST, the Receiver is proceeding to apply for its discharge and intends to assign the relevant Bifano entities into bankruptcy so as to crystallize the subordination of any potential claim by CRA for GST (refer to section 9.0 below) and other possible statutory claims that have not been confirmed.

6.0 PROPOSED DISTRIBUTION

- 6.1 As the Transaction has closed and outstanding administration matters have been completed, including filing GST returns, completing employee T4s and other CRA matters, the Receiver is in a position to distribute the remaining funds on hand to creditors and seek its discharge as Receiver.
- 6.2 As indicated in the Monitor's First Report, the indebtedness of the Senior Secured Creditor was in excess of \$36.5 million, which was reduced by \$15,859,270 pursuant to an assignment of debt and security agreement between BNS and Hallano dated August 6, 2024. BNS's outstanding claims (before interest and costs) are summarized in the following table:

Bifano Consolidated et al.	
Bank of Nova Scotia Claim Summary	
<i>\$CAD</i>	
Interim Lending Facility (CCAA)	\$ 750,000
Receiver's Certificates (Receivership)	500,000
Secured debt (estimated per the Monitor's First Report)	36,500,000
Less: Debt assignment proceeds	(15,859,270)
Estimated balance as at May 1, 2025 (before interest and costs)	<u>\$ 21,890,730</u>

- 6.3 The Receiver proposes to distribute funds currently held in trust as follows:

- a) \$925,513 to the Receiver General for payment of the deemed trust claim of the CRA; and
- b) approximately \$7.2 million to BNS to satisfy the court approved advances in the CCAA under the Interim Lending Facility, the Receiver's Borrowings pursuant to Receiver's Certificates and apply the balance to BNS's remaining secured loans to Bifano.

6.4 In the event that there are additional interest receipts or residual funds after all professional fees are paid prior to the Proposed Distribution, these funds will be remitted to BNS.

7.0 PROFESSIONAL FEES AND DISBURSEMENTS

7.1 Summarized in the table below are the professional fees and disbursements of the Monitor, Receiver and Lawson for the period from February 1, 2024 to the proposed date of discharge:

Summary of Professional Fees and Disbursements of the Monitor, Receiver and their Legal Counsel For the Period February 1, 2024 to Discharge				
Firm	Fees	Disbursements	Taxes	Total
CCAA				
Alvarez & Marsal Canada Inc.	\$ 639,909.50	\$ 12,505.37	\$ 32,620.75	\$ 685,035.62
Lawson Lundell LLP	129,559.50	577.24	15,576.02	145,712.76
Total CCAA	\$ 769,469.00	\$ 13,082.61	\$ 48,196.77	\$ 830,748.38
Receivership				
Alvarez & Marsal Canada Inc.	461,953.50	4,872.82	23,341.32	490,167.64
Estimate to discharge	100,000.00	-	5,000.00	105,000.00
Total Alvarez & Marsal Canada Inc.	561,953.50	4,872.82	28,341.32	595,167.64
Lawson Lundell LLP	128,043.00	1,848.76	15,432.04	145,323.80
Estimate to discharge	40,000.00	-	4,800.00	44,800.00
Total Lawson Lundell LLP	168,043.00	1,848.76	20,232.04	190,123.80
Total Receivership	\$ 729,996.50	\$ 6,721.58	\$ 48,573.36	\$ 785,291.44
Total CCAA and Receivership	\$ 1,499,465.50	\$ 19,804.19	\$ 96,770.13	\$ 1,616,039.82

7.2 The total fees and disbursements of the Monitor for the period from February 1, 2024 to June 22, 2024, were \$685,036. A summary of the Monitor's fees and disbursements is attached as Appendix A. Copies of the Monitor's statement of account will be made available to the Court if requested. A summary of the Monitor's activities during the pendency of the CCAA Proceedings are referred in the Monitor's First, Second and Third Reports.

7.3 The total fees and disbursements of Lawson, as counsel to the Monitor, for the period from February 15, 2024 to June 24, 2024, were \$145,713. A summary of Lawson's fees and disbursements is attached as Appendix B. Summary pages of Lawson's statements of account for the CCAA Proceedings are attached as Exhibit A to the Affidavit #1 of Bryan Gibbons to be filed in conjunction with the Receiver's Second Report.

- 7.4 The total fees and disbursements of the Receiver for the period from June 24, 2024 to April 30, 2025 were \$490,168. A summary of the Receiver's fees and disbursements is attached as Appendix C. Copies of the Receiver statements of account will be made available to the Court if requested.
- 7.5 The total fees and disbursements of Lawson, as counsel to the Receiver, for the period from June 25, 2024 to April 29, 2025 were \$145,324. A summary of Lawson's fees and disbursements is attached as Appendix D. Summary pages of Lawson's statements of account for the Receivership Proceedings are attached as Exhibit B to the Affidavit #1 of Bryan Gibbons to be filed in conjunction with the Receiver's Second Report.
- 7.6 The Receiver and its legal counsel estimate that their costs for the period from May 1, 2025, to completion of these Receivership Proceedings shall be approximately \$105,000 and \$45,000 (inclusive of taxes), respectively. If professional fees from and after April 30, 2025 total less than the estimates above, such that the Receiver holds surplus funds at the conclusion of the Receivership Proceedings, the Receiver will pay those surplus funds to BNS.
- 7.7 The Receiver is of the view that the fees and disbursements of the Monitor, Receiver, and their counsel to date and the estimates to completion of these Receivership Proceedings are fair and reasonable in the circumstances. In the Receiver's opinion, the professional fees incurred in the subject CCAA and Receivership Proceedings are comparable to CCAA and receivership mandates of similar scale and complexity.
- 7.8 The hourly rates charged by the Receiver are consistent with the average hourly rates billed by the Receiver's firm on its other engagements and, to the Receiver's knowledge, consistent with other insolvency and restructuring firms of comparable size and scale engaged on similar mandates.
- 7.9 The Receiver has reviewed the invoices rendered by Lawson and believes them to be reasonable and appropriate in the circumstances. The legal services provided were necessary for the Monitor and the Receiver to fulfil their professional obligations in the CCAA and Receivership Proceedings.
- 7.10 The Receiver respectfully requests that this Honourable Court approve the accounts of the Monitor, the Receiver and their counsel, Lawson. The Receiver is not aware of any objection to the professional fees by the Senior Secured Creditor, BNS.

8.0 RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS

- 8.1 Summarized in the table below is the Receiver's Final Statement of Receipts and Disbursements estimated for the period June 24, 2024 to the proposed discharge date:

Bifano Consolidated et al.		
Final Statement of Receipts and Disbursements		
For the Period from June 24, 2024 to Discharge		
Receipts		
Proceed from sales	\$	8,237,979
Pre-Receivership funds available from CCAA Proceedings		451,917
Receiver's borrowings		500,000
Dairy - BCMMB		1,417,879
Accounts receivable		528,057
Interest on deposits		96,632
Miscellaneous refund		6,380
Milk Quota ¹		-
Total Receipts		11,238,844
Disbursements		
Payroll		482,270
CCAA operating expenses		146,960
Feed		348,029
Fuel		140,017
Sawdust		42,772
Repairs and maintenance		16,790
Other operating expenses		330,652
Leases		354,573
Insurance		76,603
Property taxes		39,361
Utilities		27,016
Alvarez & Marsal Canada Inc. - Receiver		595,168
Alvarez & Marsal Canada Inc. - CCAA Invoice		103,342
Lawson Lundell LLP - Receiver		190,124
Lawson Lundell LLP - CCAA Invoice		31,048
Dentons Canada		114,494
Retainer to bankrupt Bifano Consolidated and Nata		50,000
Bank fees		287
Filing Fees		80
Total Disbursements		3,089,588
Proposed Distributions		
Repayment of Interim Lending Facility (BNS) ²		750,000
Repayment of Receiver's Borrowings (BNS) ²		500,000
Receiver General (Nata Deemed Trust Claim)		925,513
		<u>2,175,513</u>
Balance to BNS		<u>5,973,743</u>
Total Proposed Distributions		8,149,256
Cash on hand in trust	\$	-

Note 1: Milk Quota was effectively monetized at a value of \$15,859,270 in accordance with an assignment of security from Hallano dated August 6, 2024.

Note 2: Interest and costs have not been estimated nor included in the amounts reported.

- 8.2 Total cash receipts generated in the Receivership Proceedings were approximately \$11.2 million, comprised of approximately \$8.2 million from the Transaction, \$452,000 of pre-receivership bank account balances, \$500,000 advanced from BNS pursuant to Receiver Certificates, \$1.4 million

from the BCMMB in respect of milk receipts; \$528,000 from the collection of accounts receivable and \$104,000 in respect of interest receipts and other receivables.

- 8.3 Total disbursements were approximately \$3.1 million, which primarily consisted of \$2.0 million of operating disbursements and professional fees of \$1.1 million.

9.0 BANKRUPTCY OF BIFANO ENTITIES

- 9.1 As indicated in the Monitor's First Report, according to the books and records of the Company, unsecured creditor claims as at the Filing Date against the various Bifano entities were approximately \$6.1 million dollars (excluding amounts owed to the CRA of \$3.2 million). There is no recovery expected for any unsecured claims of Bifano.

- 9.2 The Receiver understands that, in late August 2024, the Company's books and records were destroyed or made otherwise unretrievable due to a lightning storm that caused Bifano to lose all their electronic accounting records (including computer back-ups). As a result, the Receiver cannot properly assess potential pre-filing priority claims or independently confirm potential claims from the CRA (non-deemed trust portions), Employer Health Tax claims and Provincial Sales Tax claims from the Province of British Columbia. It is possible that there are priority creditor claims that may rank ahead of BNS's security that the Receiver is not aware of. Accordingly, the Receiver is seeking authorization from this Honourable Court to assign Bifano Consolidated and Nata into bankruptcy and for Alvarez & Marsal Canada Inc. to be permitted to act as trustee in bankruptcy for both companies upon such assignment in order to crystallize the subordination of any statutory claims in relation to the secured claim of BNS.

- 9.3 Based on the Receiver's understanding (and as noted in the Monitor's First Report), Spallumcheen is not an operating entity. The Receiver is not seeking authorization to assign Spallumcheen into bankruptcy.

- 9.4 The Receiver's statement of cash receipts and disbursements in section 8.1 above includes payments of retainers in the amount of \$25,000 for each bankruptcy estate to fund the administration costs of the respective bankruptcies.

10.0 RECEIVER'S TERMINATION CERTIFICATE AND DISCHARGE

- 10.1 As at the date of this Receiver's Second Report, the Receiver confirms that substantially all of activities related to the administration of these Receivership Proceedings have been completed.

10.2 The Distribution and Discharge Application contemplates that once the Proposed Distribution is complete and Bifano Consolidated and Nata have been assigned into bankruptcy, the Receiver is to file the Termination Certificate, upon which:

- a) the Receiver's Charge, the Receiver's Borrowing Charge (both defined in the Receivership Order), and the Interim Lender's Charge relating to activities in the CCAA shall be terminated, released and discharged;
- b) these Receivership Proceedings shall be terminated; and
- c) the Receiver will be released and discharged as Receiver of all the assets undertaking and property of Bifano.

10.3 Should this Honourable Court approve the Disbursements and Discharge Application, the Receiver expects in the near term to:

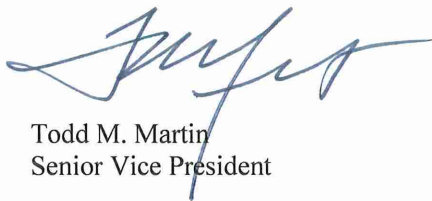
- a) assign Bifano Consolidated and Nata into bankruptcy;
- b) complete the Proposed Distribution; and
- c) file the Termination Certificate.

11.0 RECOMMENDATIONS

11.1 Based on the information and reasons set out in this Receiver's Second Report, the Receiver respectfully recommends that this Honourable Court grant the Distribution and Discharge Order.

All of which is respectfully submitted to this Honourable Court this 9th day of May, 2025.

Alvarez & Marsal Canada Inc.,
in its capacity as Receiver of
Bifano Consolidated Inc., Spallumcheen Farm Ltd. and
Nata Farms Inc., and not in its personal capacity



Per: Todd M. Martin
Senior Vice President

APPENDIX A

Bifano Consolidated Inc. et al.
Summary of Professional Fees and Disbursements by Account
For the period February 1 - June 22, 2024

Invoice Number	Invoice Date	For the period	Fees	Disbursements	GST	Total
Alvarez & Marsal Canada Inc. - CCAA						
845366 - 7	28-Feb-24	February 1 - February 27, 2024	\$ 44,074.50	\$ -	\$ 2,203.73	\$ 46,278.23
845366A - 1	9-Apr-24	February 28 - March 31, 2024	249,374.00	5,405.91	12,739.00	267,518.91
845366A - 2	30-May-24	April 1 - 30, 2024	113,900.00	5,201.39	5,955.07	125,056.46
845366A - 3	19-Jun-24	May 1- 31, 2024	134,140.00	1,898.07	6,801.90	142,839.97
845366A - 4	8-Jul-24	June 1-22, 2024	98,421.00	-	4,921.05	103,342.05
			\$ 639,909.50	\$ 12,505.37	\$ 32,620.75	\$ 685,035.62

Bifano Consolidated Inc. et al.
Summary of Monitor's Professional Fees and Disbursements by Staff
For the period February 1 - June 22, 2024

Name	Position	Hourly Rate	Hours (*)	Total Fees
CCAA				
Todd Martin	Senior Vice President	\$ 990	217.60	215,424.00
Anthony Tillman	Senior Vice President	910	34.30	31,213.00
Taylor Poirier	Senior Associate	495	392.50	194,287.50
Nishant Virmani	Associate	475	76.80	36,480.00
Ryan Wu	Associate	445	421.50	187,567.50
Monica Cheung	Executive Assistant	195	12.50	2,437.50
Discount				(27,500.00)
			1,155.20	639,909.50
Average hourly rate		\$ 553.94		
Total fees				639,909.50
Disbursements				
Airfare and travel				5,864.50
Hotel and meals				3,354.95
Courier and postage				344.12
Advertisements				2,044.80
Website maintenance				750.00
Tax searches				147.00
				12,505.37
GST				32,620.75
Total fees, out of pocket expenses and tax				\$ 685,035.62

APPENDIX B

Bifano Consolidated Inc. et al.
Summary of the Monitor's Legal Counsel's Professional Fees and Disbursements by Account
For the period February 15, 2024 to June 24, 2024

Invoice Number	For the Period Ending	Fees	Disbursements	PST	GST	Total
Lawson Lundell LLP - CCAA						
1271135	February 28, 2024	\$ 16,683.00	\$ 29.00	\$ 1,167.81	\$ 835.60	\$ 18,715.41
1276782	April 3, 2024	39,546.50	401.54	2,768.26	1,997.40	44,713.70
1282202	May 14, 2024	17,591.50	25.50	1,231.41	880.85	19,729.26
1285945	June 11, 2024	28,019.00	118.80	1,961.33	1,406.89	31,506.02
1287598	June 24, 2024	27,719.50	2.40	1,940.37	1,386.10	31,048.37
		\$ 129,559.50	\$ 577.24	\$ 9,069.18	\$ 6,506.84	\$ 145,712.76

APPENDIX C

Bifano Consolidated Inc. et al.
Summary of Professional Fees and Disbursements by Account
For the period June 24, 2024 - April 30, 2025

Invoice Number	Invoice Date	For the period	Fees	Disbursements	GST	Total
Alvarez & Marsal Canada Inc. - Receivership						
845366B- 1B	11-Sep-24	June 24 - July 31, 2024	198,374.00	4,014.34	10,119.42	212,507.76
845366B- 2B	11-Sep-24	August 1-31, 2024	87,503.50	471.13	4,398.73	92,373.36
845366B- 3B	8-Oct-24	September 1-30, 2024	58,375.50	215.91	2,929.57	61,520.98
845366B- 4B	17-Dec-24	October 1 - November 30, 2024	27,100.00	(43.98)	1,352.80	28,408.82
845366B- 5B	8-May-25	December 1, 2024 to April 30, 2025	90,600.50	215.42	4,540.80	95,356.72
			\$ 461,953.50	\$ 4,872.82	\$ 23,341.32	\$ 490,167.64

Bifano Consolidated Inc. et al.
Summary of Receiver's Professional Fees and Disbursements by Staff
For the period June 24, 2024 - April 30, 2025

Name	Position	Hourly Rate	Hours (*)	Total Fees
Receivership				
Todd Martin	Senior Vice President	\$ 990	132.30	132,129.00
Taylor Poirier	Senior Associate	495	265.50	133,632.50
Nishant Virmani	Associate	475	24.90	11,827.50
Ryan Wu	Associate	445	389.20	175,028.00
Monica Cheung	Executive Assistant	195	46.70	9,336.50
			<u>858.60</u>	<u>461,953.50</u>
Average hourly rate			<u>\$ 538.03</u>	
Total fees				461,953.50
Disbursements				
Airfare and travel				2,213.98
Hotel and meals				841.03
Courier and postage				997.03
Advertisements				251.30
Rental car and fuel				584.71
Searches				28.75
Adjustments to expenses				(43.98)
				<u>4,872.82</u>
GST				<u>23,341.32</u>
Total fees, out of pocket expenses and tax				<u><u>\$ 490,167.64</u></u>

APPENDIX D

Bifano Consolidated Inc. et al.
Summary of the Receiver's Legal Counsel's Professional Fees and Disbursements by Account
For the period June 25, 2024 to April 29, 2025

Invoice Number	For the Period Ending	Fees	Disbursements	PST	GST	Total
Lawson Lundell LLP - Receivership						
1291989	July 22, 2024	\$ 34,602.00	\$ 338.38	\$ 2,422.15	\$ 1,740.42	\$ 39,102.95
1294609	July 31, 2024	28,418.50	573.56	1,989.30	1,445.32	32,426.68
1296738	August 30, 2024	56,383.50	460.32	3,946.85	2,834.31	63,624.98
1301593	October 4, 2024	4,738.50	468.00	331.70	253.48	5,791.68
1316419	December 27, 2024	1,600.00	8.50	112.01	80.43	1,800.94
1335394	April 29, 2025	2,300.50	-	161.04	115.03	2,576.57
		\$ 128,043.00	\$ 1,848.76	\$ 8,963.05	\$ 6,468.99	\$ 145,323.80