



No.S241161
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

THE BANK OF NOVA SCOTIA

PETITIONER

AND:

**BIFANO CONSOLIDATED INC.,
BIFANO FARMS INC., NATA FARMS INC.,
SSC VENTURES (NO. 105) LTD. and
SPALLUMCHEEN FARM LTD.**

RESPONDENTS

**FIRST REPORT OF THE RECEIVER
ALVAREZ & MARSAL CANADA INC.**

July 26, 2024



ALVAREZ & MARSAL

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1.0 INTRODUCTION

- 1.1 On February 28, 2024 (the “**Filing Date**”), the Bank of Nova Scotia (the “**Petitioner**”) 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 “**Companies**”), a group of privately held companies that operate 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**”). In addition to the approval of the ARIO, the Court granted an Order, which approved the sales and investment solicitation procedures for a sales process (the “**Sale Process**”) in respect of Bifano’s business and assets.
- 1.4 On June 24, 2024, the Court granted an order (the “**Receivership Order**”) to among other things:
- a) discharge A&M as Monitor in these CCAA Proceedings;
 - b) appoint A&M as Receiver (the “**Receiver**”) of all the assets, undertakings and property, including real property, of Bifano;
 - c) authorize A&M, as Receiver, to sell certain milk quota held by SSC, the beneficial owner of which is Bifano Farms as well as Nata’s inventory of livestock/cows; and
 - d) declare 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 applies.
- 1.5 On July 31, 2024, the Receiver’s counsel will be making an application seeking the following:
- a) an order seeking the approval of the sale of the right, title and interest, in and to all assets and properties of the Company excluding certain leased 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;

- b) an order (the “**Sealing Order**”) to preserve the confidentiality of certain details contained in the PSA in respect of the proposed 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 from its current amount of \$500,000 (the “**Increased Borrowings Order**”).

1.6 Further information regarding the CCAA Proceedings (including the Receivership Order and related materials) is available on A&M’s website at www.alvarezmarsal.com/BifanoNata.

2.0 PURPOSE OF THIS REPORT

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

- a) the terms of the PSA entered into by the Receiver on behalf of Bifano with Hallano and related background and other matters in respect of the proposed Transaction;
- b) the activities of the Receiver since the date of the Receivership Order;
- c) the Receiver’s request to increase the Receiver’s Borrowings Charge to \$1,000,000, from \$500,000;
- d) a cash flow forecast (the “**Receivership Cash Flow Forecast**”) prepared by the Receiver for the period from July 15, 2024 to August 18, 2024 (the week during which the Transaction is scheduled to complete); and
- e) the Receiver’s request for the Sealing Order in respect of the unredacted PSA.

2.2 This Receiver’s First 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 Second Report of the Monitor dated May 16, 2024, the Third Report of the Monitor dated June 19, 2024 (the “**Monitor’s Third Report**”) (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 First Report are expressed in Canadian dollars.

3.0 PURCHASE AND SALE AGREEMENT

Sales and Investment Solicitation Process (SISP)

- 3.1 As noted in the Monitor's Third Report, the Sale Process was launched by the Monitor on or around March 15, 2024 with a deadline for the submissions of bids by May 10, 2024. A total of 43 targeted interested parties were sent teasers that outline the Bifano acquisition opportunity with 10 non-disclosure agreements signed and 3 bids received none of which were deemed to be Qualified Bids (as defined in the SISP).
- 3.2 As noted above, the Sale Process did not result in any bid being deemed a Qualified Bid and on May 24, 2024 the Petitioner (the Bank of Nova Scotia) advised the Monitor that it did not support advancing any of the bids received as a "Successful Bid". Hallano, who was one of the parties who made a bid in the Sale Process, had proposed revised terms subsequent to the submission of its original bid at the Bid Deadline (as defined in the SISP) of May 10, 2024. The Monitor confirmed to Hallano that terms of the proposed revised offer were not acceptable.
- 3.3 As noted in paragraph 1.4 above, on June 24, 2024 the Court granted the Receivership Order and the Receiver commenced planning for the liquidation of Bifano's assets and undertakings. Hallano subsequently advised the Receiver that it was prepared to make a revised going concern offer in respect of the assets and undertakings or business of Bifano. The Petitioner confirmed that it was supportive of the Receiver re-engaging with Hallano with the goal of advancing a going concern transaction to complete quickly (preferably on/or before July 31, 2024).
- 3.4 On July 19, 2024, the Receiver and Hallano executed the PSA, a redacted copy of which is attached hereto as Appendix "A". Capitalized terms used in the Receiver's First Report with respect to the PSA have the meanings ascribed to them in the PSA.
- 3.5 An unredacted copy of the PSA has been attached to the confidential affidavit of Todd M. Martin, sworn July 25, 2024 (the "**Confidential Affidavit**"). In respect of this matter, the Receiver is seeking this Honourable Court's approval to have the Confidential Affidavit sealed pursuant to a Sealing Order to preserve the confidentiality of certain information contained in the PSA, principally the Purchase Price and Schedule F - "Purchase Price Allocation" which is attached to PSA. Should the Transaction not close, the Receiver may seek to re-market the assets of Bifano and if the financial information is disclosed it could negatively impact the Receiver's ability to elicit competitive bids.

- 3.6 In summary, the Transaction contemplates the sale all of Bifano’s right, title and interest, in and to all assets and properties of the Company, excluding the Excluded Assets on an as-is, where-is basis with a full and unequivocal release of SSC and Bifano Farms (refer to sections 3.8 to 3.11).

Key Commercial Terms of the PSA

- 3.7 The key commercial terms of the PSA are detailed in the table below:

Parties	The Receiver (Vendor) and Hallano Farm Holdings Inc. (Purchaser)
Purchase Price	<ul style="list-style-type: none"> - Amount redacted; refer to the Confidential Affidavit. - Deposit of 10% of the Purchase Price. (The deposit was remitted to the Receiver on July 19, 2024).
Purchased Assets	<ul style="list-style-type: none"> - All of the Vendor’s right, title and interest, in and to all assets and properties of the Companies used or held in Bifano’s business, excluding the Excluded Assets, but including, without limitation: <ul style="list-style-type: none"> a) approximately 800 acres located near Armstrong, BC; b) certain chattels (including equipment used in the dairy operations but excluding equipment that is subject to security interest of certain lessors); c) certain contracts; d) inventories (including livestock and farm supplies); e) certain fixed assets and equipment; f) business records of Bifano businesses; and g) certain permits, licenses and farming related certifications. - The sale of assets by the Receiver is expressly made on an “as-is where-is” basis.
Excluded Assets	<ul style="list-style-type: none"> - All of the Companies’ right, title, and interest in and to the following: <ul style="list-style-type: none"> a) all shares of capital stock or other equity interest in securities in any Bifano related or affiliated entity; b) leased equipment; and c) owned and managed milk quota (collectively, “Quota”) held by SSC (refer to Section 3.8 below).
Excluded Liabilities	<ul style="list-style-type: none"> - Liabilities of the Companies that were not expressly assumed by the Purchaser under the PSA, including without limitation: <ul style="list-style-type: none"> a) any costs or expenses associated with packaging and shipping any leased equipment or Excluded Assets (as defined in the PSA) to third parties;

	<ul style="list-style-type: none"> b) any taxes of or relating to Bifano's business or assets, including statutory deductions and remittances, GST, and sales taxes, in respect of any period prior to the Closing Date (as defined in the PSA); c) any liabilities or encumbrances in respect of any litigation involving the Companies, commenced or threatened or resulting from any event or circumstance prior to the Closing Date; d) any other encumbrances made, filed, claimed, perfected or otherwise arising or resulting from any event or circumstance prior to the Closing Date; e) any liabilities owing to or encumbrances claimed by or in favour of any employees that relate to any period prior to Closing Date, including without limitation outstanding salaries, wages and bonuses owing to any employees, any severance or other termination obligations, including payment in lieu of notice, and any liability for employer health tax payable; f) all executive personnel agreements, officer or director agreements, employee benefit plans or payments, pension obligations, employee tax withholding obligations, employee health or dental plan obligations, all employee complaints or claims, labour relations board actions or other employee proceedings; g) contracts which are not assumed by the Purchaser; h) all liabilities for payment of fees for operation of the Bifano operations up to the Closing Date (other than amounts payable or paid by the Purchaser as Extension Costs (as defined in the PSA) should the Close Date be extended; and i) any other assets, property or obligations which pursuant to the terms and conditions of the PSA, remain the property of the Companies or the Receiver after the completion of the transactions contemplated herein including, without limitation, the rights of the Vendor under this Agreement.
Transaction Subject to Court Approval and Granting of an Approval and Vesting Order	<p>- The Approval and Vesting Order shall among other things:</p> <ul style="list-style-type: none"> a) authorize and approve the PSA and the execution and delivery thereof by the Receiver on behalf of the Companies; b) authorize and direct the Receiver to complete the Transaction; c) vest the Purchased Assets in the Purchaser; d) vest off title to the Purchased Assets all Encumbrances other than Permitted Encumbrances;

	<p>e) provide a full and unequivocal release of SSC and Bifano Farms from any and all Excluded Liabilities and Encumbrances other than Permitted Encumbrances, and discharge and remove SSC and Bifano Farms as parties from the CCAA Proceedings and from the purview of any orders made in the CCAA Proceedings (refer to Section 3.8 below); and</p> <p>f) vest off of all Encumbrances (other than Permitted Encumbrances) charging the assets of SSC and Bifano Farms, including the Owned Quota (but excluding, for greater clarity, the bare trust attaching to the Managed Quota (defined below)).</p>
Mutual Condition	- The obligation of the Parties to complete the Transaction will be subject to the mutual condition, for the benefit of both the Vendor and the Purchaser that on or before July 31, 2024, the Receiver will have obtained the Approval and Vesting Order
Closing Date	- 10 days after the Approval and Vesting Order is pronounced by this Court (expected to be no later than August 12, 2024)
Extension of Closing Date	- The Purchaser may, on a one-time basis, unilaterally extend the Closing Date by up to 30 days subject to the requirement to pay Extension Costs to the Receiver.

Receiver's Comments on the PSA and the Transaction

- 3.8 As noted above, one of the Excluded Assets referenced in the PSA is the interest of Bifano Farms in and to approximately 484 kgs/day of milk quota ("**Owned Quota**") and approximately 416 kgs/day of milk quota ("**Managed Quota**"), the beneficiaries of which are 5 individual third parties who have entered into management agreements with SSC to allow the use of the Managed Quota by Bifano.
- 3.9 The PSA specifically excludes the Owned Quota and Managed Quota from the Transaction. The ownership of Owned and Managed Quota is to remain with SSC which is a special purpose entity used to hold the respective milk quota interests as bare trustee of the beneficial owners. Both the B.C. Milk Marketing Board ("**BCMMB**") and the respective individual owners of the Managed Quota were both made aware of the terms of the Transaction and have confirmed that they are supportive of the Transaction as explained.
- 3.10 In order to effect a going concern sale to Hallano, who is arms-length from and not related to Bifano, and facilitate the continuity of milk production pursuant to BCMMB regulations, SSC and Bifano Farms entities have been in effect "carved out" of the Transaction such that the

ownership of the Owned and Managed Quota does not change hands nor is there a transfer of the respective Quota amounts.

- 3.11 In consideration of the Purchase Price, the Receiver will seek an order from this Court discontinuing these proceedings as against SSC and Bifano Farms and releasing SSC and Bifano Farms from all claims of the Petitioner as well as the CCAA Charges (as defined in the PSA).
- 3.12 The Receiver considers the Transaction and the PSA to be commercially reasonable in the circumstances based on the following:
- a) the Sale Process conducted by the Monitor during the pendency of the CCAA Proceedings prior to the Receivership Order allowed for a satisfactory canvassing of the market for the Bifano dairy as a going concern;
 - b) the Monitor conducted the Sale Process in a fair manner recognizing the interests of all parties including, but not limited to:
 - i. the Petitioner, the Bank of Nova Scotia as senior secured and fulcrum creditor;
 - ii. the owners of the Owned and Managed Quota;
 - iii. the BCMMB;
 - iv. various third-party lessors of equipment and assets used in Bifano's operations; and
 - v. the Bifano entities including the shareholders;
 - c) the Sale Process was conducted in a manner such that the integrity and efficacy of the Sales Process was maintained;
 - d) the Petitioner (the fulcrum secured creditor) who will be incurring a material shortfall with respect to the indebtedness of Bifano to the Petitioner, is supportive of the PSA's terms, including the Purchase Price;
 - e) as noted, the general terms and structure of the Transaction have been discussed with the BCMMB, which has indicated that they support the Transaction;
 - f) Bifano has provided the Receiver with written confirmation from all Managed Quota holders confirming their support for the Transaction;
 - g) the Transaction contemplates a going concern sale, which would result in the continued production of a relatively large dairy farm in the Province of BC, resulting in the continued employment for the Company's employees and may benefit other commercial stakeholders in the region;
 - h) the Transaction is not conditional on any financing or other conditions expected to delay closing of the Transaction; and

- i) the Purchase Price, as defined in the AVO, is higher than the estimated liquidation value set out in the Monitor's Confidential Supplement to the Third Report to the Court dated June 19, 2024.

4.0 RECEIVER'S ACTIVITIES TO DATE

- 4.1 The activities of the Receiver since the date of the Receivership Order include the following:

Possession and Securing the Assets of Bifano

- a) Upon the Receivership Order being granted, the Receiver, among other things, took the following steps to take possession and secure the assets of Bifano:
 - i. dispatched letters to various parties informing them of the Receivership, including the Bank of Nova Scotia to put all of Bifano's bank accounts under the control of the Receiver and to insurance providers to amend the named insured and loss payee on the Company's insurance policies;
 - ii. completed an inventory count of the cattle and a survey of supply inventories;
 - iii. physically inspect all on site equipment (leased and otherwise) and compared it to appraised value listings;
 - iv. obtained an opinion from its independent counsel, Lawson Lundell LLP ("**Lawsons**"), with respect to the validity and enforceability of the security held by the various lessors; and
 - v. Lawsons has conducted a preliminary review of security held by the Bank of Nova Scotia. No deficiencies have been identified and a written opinion will follow.

Ongoing Management of Dairy Operations

- b) negotiating and reviewing the daily cash receipts into Bifano's accounts, reconciled to the bank statements and arranging for periodic sweeps of the deposits, including milk receipts, to the Receiver's trust account;
- c) reviewing Bifano's planned disbursements and issuing payments from the Receiver's trust account;
- d) on-going dialogue and consultation with Bifano employees and the Petitioner in respect of day to day operations and cash management matters;
- e) notifications to employees of Bifano regarding the Receivership Order and the on-going operations of the Bifano dairy farm;

The PSA and the Transaction

- f) negotiating with Hallano and its financial and legal advisors and reviewing the PSA, including liaising with the Receiver's counsel and Petitioner's counsel regarding the terms of the PSA;

- g) performing detailed reviews of the PSA schedules and providing comments to Hallano's counsel;
- h) attending to any *ad hoc* requests in respect of the PSA;

Cash Management and Preparation of Rolling Cash Flow Forecasts

- i) with input from Bifano employees, the Receiver has been updating various versions of an extended cash flow forecast to manage and forecast the Receiver's funding requirements;
- j) preparation of requests for borrowings and issuance of a Receiver's Certificate pursuant to the terms of the Receivership Order.

Statutory Duties of the Receiver and Statutory Creditors

- k) preparation and dispatch of statutory notices to creditors pursuant to the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3, as amended;
- l) preparation of a newspaper advertisement pursuant the *Personal Property Security Act*, R.S.B.C. 1996, c. 359; and
- m) drafting this Receiver's First Report.

Interim Statement of the Receiver's Cash Receipts and Disbursements

- 4.2 Summarized in the table below is the Receiver's interim statement of cash receipts and disbursements for the from period June 24, 2024 to July 14, 2024:

Bifano Consolidated Inc. et al.		
Receiver's Interim Statement of Cash Receipts and Disbursements		
For the period from June 24, 2024 to July 14, 2024		
Receipts		
Pre-filing bank balances	\$	451,917
Dairy receipts		273,020
Custom work receipts		20,943
Sawdust receipts		928
Total Receipts	\$	746,808
Disbursements		
Payroll	\$	116,697.80
Contractor		31,728
Feed		191,779
Fuel		49,434
Sawdust		2,464
Repairs and maintenance		25,322
Other		32,368
Leases		62,720
Utilities		6,833
Bank fees		34
Professional Fees		31,506
Insurance		977
Total Disbursements	\$	551,863
Cash on hand in trust	\$	194,945

5.0 RECEIVER'S BORROWINGS

- 5.1 The Receiver, with input from Bifano employees, has prepared the Receivership Cash Flow Forecast on a weekly basis for the period from July 15, 2024 to August 18, 2024 (the "**Forecast Period**"), which covers the period of time that may be required to effect a closing of the Transaction (scheduled for no later than August 12, 2024). A summary of the Receivership Cash Flow Forecast is tabled below:

Bifano Consolidated Inc. et al. Receivership Cash Flow Forecast For the 5-week period ending August 18, 2024 <i>SCAD 000'</i>	
Cash operating receipts	
Receiver's borrowings	\$ 500
Dairy - BCMMB	515
Custom / contract farming	330
	<u>1,345</u>
Cash operating disbursements	
Payroll costs	241
Fuel	74
Feed	257
Sawdust	63
Repairs and maintenance	20
Other (vet, supplies, quota rental)	145
Leases	267
Utilities	20
Insurance	85
Contingency	30
	<u>1,203</u>
Net operating cash flow	<u>142</u>
Other cash disbursements	
Professional fees	256
	<u>256</u>
Net cash flow (deficit)	<u>\$ (114)</u>
Cash continuity	
Opening cash balance	\$ 195
Net cash flow (deficit)	(114)
Ending cash balance	<u>\$ 81</u>
Receiver's borrowings	
Opening balance	-
Receiver's borrowings (repayments)	500
Ending Receiver's borrowings	<u>\$ 500</u>

5.2 As indicated in the table at paragraph 5.1 above, the Receivership Cash Flow Forecast does not contemplate the receipt of any proceeds from the Transaction. As at the date of this Receiver's First Report, the Petitioner has advanced \$300,000 to the Receiver and an additional advance of \$200,000 is forecast to be required for the week ending August 4, 2024.

5.3 Notwithstanding the foregoing, should there be a delay in closing the Transaction and the Purchaser elects to seek an extension of time to close, the Receiver will require additional borrowings to fund the ongoing operations of Bifano until the Transaction closes.

Increase to the Receiver's Borrowing Limit

5.4 As set out in paragraph 31 of the Receivership Order, the current authorized borrowing limit secured by the Receiver's Borrowings Charge is \$500,000.

5.5 The PSA allows for Hallano to unilaterally extend the Closing Date by up to 30 days and is required to pay Extension Costs on a per diem basis up until the amended Closing Date. The Receiver notes that its current authorized borrowing limit of \$500,000 will not be sufficient to maintain Bifano's operations should Hallano seek an extension of time to close the Transaction.

5.6 Given the possibility that the Transaction's Closing Date could be extended, the Receiver is seeking to increase the Receiver's Borrowing Charge to \$1,000,000 in order to be in a position to fund the ongoing operations of Bifano (without need for a further application) should there be a delay in closing the Transaction.

5.7 The Receiver is satisfied that any additional borrowings does not prejudice any stakeholders as any additional financing will be used to fund ongoing operations in order to complete the Transaction and the fulcrum secured creditor is funding the Receiver's Certificates.

5.8 On July 25, 2024, the Petitioner advised the Receiver that they support the increase to the Receiver's Borrowings Charge.

5.9 The Receiver is of the view that the increase to the Receiver's Borrowings Charge is appropriate to ensure that Bifano's operations continue to be funded, during the period of time required to complete the Transaction.

6.0 RECOMMENDATIONS

Receiver's Recommendation with Respect to the PSA and the Transaction

6.1 The Receiver is satisfied that the terms of the PSA, and Transaction generally, are commercially reasonable and fair in the circumstances and respectfully recommends that this Honourable Court approve the PSA, the Transaction and grant the Approval and Vesting Order.

6.2 The Receiver also respectfully recommends that this Honourable Court approve the Increased Borrowings Order and the Sealing Order sought herein.

All of which is respectfully submitted to this Honourable Court this 26th day of July, 2024.

Alvarez & Marsal Canada Inc.,
in its capacity as Receiver of
Bifano Consolidated Inc., Bifano Farms Inc.,
Spallumcheen Farm Ltd., Nata Farms Inc.,
and SSC Ventures (No. 105)
and not in its personal capacity



Per: Todd M. Martin
Senior Vice President

Appendix A – Redacted Copy of the Purchase and Sale Agreement

PURCHASE AND SALE AGREEMENT

THIS AGREEMENT is dated for reference July 19, 2024 and is made,

BETWEEN:

BIFANO CONSOLIDATED INC. (“Bifano”), **BIFANO FARMS INC.** (“Bifano Farms”), **NATA FARMS INC.** (“Nata”), **SSC VENTURES (NO. 105) LTD.** (“SSC”), and **SPALLUMCHEEN FARM LTD.**, (“SF”, and together with Bifano, Bifano Farms, Nata and SSC, the “**Companies**”), by their court-appointed receiver **ALVAREZ & MARSAL CANADA INC.** (the “**Receiver**”), acting solely in such capacity and not in its personal or corporate capacity

(collectively, the Companies and the Receiver are referred to as the “**Vendor**”)

AND:

HALLANO FARM HOLDINGS INC., a corporation incorporated pursuant to the laws of British Columbia, and having a registered office at 20th Floor, 250 Howe Street, Vancouver, British Columbia V6C 3R8

(the “**Purchaser**”)

WHEREAS:

- A. Pursuant to an order made on February 28, 2024, subsequently amended and restated by further order made on March 11, 2024 (as amended and restated, the “**ARIO**”), the Supreme Court of British Columbia (the “**Court**”) granted protection to the Companies, appointed Alvarez & Marsal Canada Inc. as monitor of the Companies and approved interim financing to be provided by The Bank of Nova Scotia (the “**Bank**”), all under the provisions of the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c. C-36 (the “**CCAA**” and the Companies’ proceedings under the CCAA, the “**CCAA Proceedings**”).
- B. On June 24, 2024, the Court granted an order within the CCAA Proceedings (the “**Receivership Order**”), which, among other things, terminated the relief granted under the ARIO (with certain exceptions), and appointed Alvarez & Marsal Canada Inc. as receiver and manager over all assets, undertakings and property of the Companies, with authority to, *inter alia*, sell the assets of the Companies.
- C. Subject to the approval of the Court (the “**Court Approval**”), the Vendor has agreed to sell to the Purchaser, and the Purchaser has agreed to purchase from the Vendor, the Purchased Assets (as defined herein), upon and subject to the terms and conditions set out herein (the “**Sale Transaction**”).

NOW THEREFORE in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are acknowledged), the Parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.1 Definitions. In this Agreement:

- (a) **"Accounting Standards"** means at any time the accounting standards for private enterprises so prescribed in Part II of the CPA Canada Handbook – Accounting (Accounting Standards for Private Enterprises).
- (b) **"Accounts Receivable"** means all accounts receivable, trade accounts, and other debts accrued prior to the Closing Date and owing to any of the Companies, including accounts receivable for milk delivered to the B.C. Milk Marketing Board prior to the Closing Date, and for contract farming at the Lands.
- (c) **"Action"** means any Claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena, notice of assessment, notice or reassessment or investigation of any nature, civil, criminal, administrative, investigative, regulatory or otherwise, whether at law or in equity.
- (d) **"Administration Charge"** has the meaning given to it in the ARIO.
- (e) **"Affiliate"** of a Person means any other Person that directly or indirectly controls, is controlled by or is under common control with such Person, where "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership or voting securities, by contract or otherwise.
- (f) **"Agreement"** means this Purchase and Sale Agreement and all attached Schedules and Exhibits, in each case as the same may be supplemented, amended, restated or replaced from time to time in accordance with the terms hereof, and the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Agreement and all attached Schedules and Exhibits and unless otherwise indicated, references to Articles, Sections, Schedules and Exhibits are to Articles, Sections, Schedules and Exhibits in this Agreement.
- (g) **"Applicable Law"** means any domestic or foreign statute, law (including the common law), ordinance, rule, regulation, restriction, by-law (zoning or otherwise), order, or any consent, exemption, approval or licence of any Governmental Authority, that applies in whole or in part to the Sale Transaction, the Receiver, the Companies, the Purchaser, the Business, or any of the Purchased Assets.
- (h) **"Approval and Vesting Order"** means a Court order substantially in the form attached as Exhibit "A" hereto, with any amendments thereto to be acceptable to

the Receiver and the Purchaser, each acting reasonably, which shall, among other things:

- (i) authorize and approve this Agreement and the execution and delivery thereof by the Receiver on behalf of the Companies;
- (ii) authorize and direct the Receiver to complete the Sale Transaction; and
- (iii) subject to and upon the delivery of the Receiver's Certificate to the Purchaser, provide for:
 - (A) the vesting of the Purchased Assets in the Purchaser;
 - (B) the vesting off title to the Purchased Assets all Encumbrances other than Permitted Encumbrances;
 - (C) a full and unequivocal release of SSC and Bifano Farms from any and all Claims by the Bank and all Encumbrances securing those Claims, and from the CCAA Charges; and
 - (D) the discharge and release of SSC and Bifano Farms from the CCAA Proceedings and from the purview of any orders made in the CCAA Proceedings including the Receivership Order.
- (i) **"Assignment Order"** means an order or orders of the Court authorizing and approving the assignment to the Purchaser of any Consent Required Contract.
- (j) **"Business"** means the business carried on by the Companies, being the business of operating a commercial dairy farm.
- (k) **"Business Day"** means any day that is not a Saturday, Sunday, Boxing Day, Easter Monday or statutory holiday in British Columbia.
- (l) **"Business Records"** means all documents, files, records, reports, agreements, plans, specifications, drawings, surveys and correspondence in the possession or control of the Companies relating to the Business or any of the Purchased Assets, but excluding all Excluded Assets.
- (m) **"CCAA"** has the meaning given to it in Recital A.
- (n) **"CCAA Charges"** means those charges granted in the CCAA Proceedings that are senior in priority to all other Claims against the Companies, including, without limitation, the Administration Charge, Directors' Charge, Interim Lender's Charge, Receiver's Charge and Receiver's Borrowings Charge, and the amounts secured thereby, as applicable.
- (o) **"CCAA Proceedings"** has the meaning given to it in Recital A.

- (p) **“Chattels”** means all of the personal property owned by the Companies used in the maintenance, management or operation of the Purchased Assets or any part thereof or the maintenance, management or operation of the Business, including without limitation, all personal property, fixtures, supplies, Equipment, and livestock, including those Chattels set forth in Schedule I but excluding any Excluded Assets.
- (q) **“Claims”** means any claims, suits, proceedings, liabilities, obligations, losses, damages, penalties, judgments, costs, expenses, fines, disbursements, legal fees on a solicitor and client basis, interest, demands and actions of any nature or any kind whatsoever, and **“Claim”** means any of the foregoing.
- (r) **“Closing”** means the successful completion of the Sale Transaction.
- (s) **“Closing Date”** means that day which is 10 days after Court Approval is granted, or if such day is not a Business Day, then the next Business Day, or any other date as may be reasonably agreed to in writing by the Receiver and Purchaser, or extended by the Purchaser pursuant to Section 2.9.
- (t) **“Closing Documents”** has the meaning given to it in Section 8.4.
- (u) **“Closing Payment”** has the meaning given to it in Section 2.5(a)(ii).
- (v) **“Closing Statement”** has the meaning given to it in Section 2.5(c).
- (w) **“Companies”** has the meaning given to it in the preamble.
- (x) **“Consent Required Contract”** means any Purchased Contract which is not assignable in whole or in part without the consent, approval or waiver of another party or parties to them and such consents, approvals or waivers have not yet been obtained as of the Closing Date.
- (y) **“Contracts”** means all contracts, leases, deeds, mortgages, licences, instruments, notes, commitments, undertakings, indentures, joint ventures and all other agreements, commitments and legally binding arrangements, whether written or oral.
- (z) **“Court”** has the meaning given to it in Recital A.
- (aa) **“Court Approval”** has the meaning given to it in Recital C.
- (bb) **“Cure Costs”** means, in respect of any Purchased Contract, all amounts, costs and expenses required to be paid to remedy the Companies’ monetary defaults in relation to such Purchased Contract or otherwise required to secure a counterparty’s or any other necessary Person’s consent to the assignment of a Purchased Contract pursuant to its terms or as may be required pursuant to the Approval and Vesting Order, and includes any other fees and expenses required to be paid to a counterparty or any other Person in connection with the assignment of a Purchased Contract pursuant to its terms or Applicable Laws.

- (cc) “**Deposit**” has the meaning given to it in Section 2.4.
- (dd) “**Directors’ Charge**” has the meaning given to it in the ARIO.
- (ee) “**Encumbrance**” means any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, pledges, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary Claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise including, without limiting the generality of the foregoing:
 - (i) any encumbrances, Claims or charges created by the ARIO, the Receivership Order, or any other order made in the CCAA Proceedings;
 - (ii) all charges, security interests or Claims evidenced by registrations pursuant to the *Personal Property Security Act* of British Columbia or any other personal property registry system;
 - (iii) any legal notation, charge, lien, interest or other encumbrance or title defect of whatever kind or nature, regardless of form; and
 - (iv) any agreement, lease, license, option or Claim, easement, right of way, restriction, execution or other encumbrance (including any notice or other registration in respect of any of the foregoing) affecting title to or the ownership of the Purchased Assets or any part thereof or interest therein.
- (ff) “**Environmental Laws**” means any law, bylaw, order, ordinance, ruling, regulation or directive of any applicable federal, provincial, territorial, municipal, local or other government or governmental department agency or regulatory authority or any court of competent jurisdiction relating to environmental matters and/or regulating the import, manufacture, storage, distribution, labelling, sale, use, handling, transport or disposal of Hazardous Substances, as are in force as of the Closing Date.
- (gg) “**Equipment**” means any and all machinery, tools, vehicles, implements, fixtures, appliances, and other tangible personal property used in the maintenance, management or operation of the Purchased Assets or any part thereof or the maintenance, management or operation of the Business, including, without limitation, tractors, planters, spreaders, harvesters, balers, milking machines, refrigeration units, feeding equipment, and any related attachments, replacements, or accessories, but excluding any Excluded Assets.
- (hh) “**ETA**” has the meaning given to it in Section 9.1.
- (ii) “**Excluded Assets**” has the meaning given to it in Section 2.3.

- (jj) **“Excluded Liabilities”** means any Liabilities of the Companies that are not expressly assumed by the Purchaser under this Agreement, including without limitation:
- (i) any costs or expenses associated with packaging and shipping any Excluded Assets to third parties, as contemplated at Section 5.4;
 - (ii) any taxes of or relating to the Business or the Purchased Assets, including statutory deductions and remittances, GST, and sales taxes, in respect of any period prior to the Closing Date;
 - (iii) any Liabilities or Encumbrances in respect of any litigation involving the Companies, the Purchased Assets or the Business commenced or threatened or resulting from any event or circumstance prior to the Closing Date;
 - (iv) any other Encumbrances made, filed, claimed, perfected or otherwise arising or resulting from any event or circumstance prior to the Closing Date;
 - (v) any Liabilities owing to or Encumbrances claimed by or in favour of any employees that relate to any period prior to Closing, including without limitation outstanding salaries, wages and bonuses owing to any employees, any severance or other termination obligations, including payment in lieu of notice, and any Liability for employer health tax payable;
 - (vi) all executive personnel agreements, officer or director agreements, employee benefit plans or payments, pension obligations, employee tax withholding obligations, employee health or dental plan obligations, all employee complaints or Claims, labour relations board actions or other employee proceedings;
 - (vii) Contracts which are not Purchased Contracts;
 - (viii) all Liabilities for payment of fees for operation of the Purchased Assets up to the Closing Date (other than amounts payable or paid by the Purchaser pursuant to Section 2.10, which shall in all circumstances be retained by the Vendor); and
 - (ix) any other assets, property or obligations which pursuant to the terms and conditions of this Agreement, remain the property of the Companies or the Receiver after the completion of the transactions contemplated herein including, without limitation, the rights of the Vendor under this Agreement.
- (kk) **“Extension Notice”** has the meaning given to it in Section 2.9(a).
- (ll) **“Extension Period”** has the meaning given to it in Section 2.9.

- (mm) “**Extension Period Costs**” has the meaning given to it in Section 2.10.
- (nn) “**Governmental Authority**” means (i) any domestic or foreign government, whether national, federal, provincial, state, territorial, municipal or local (whether administrative, legislative, executive or otherwise), (ii) any agency, authority, ministry, department, regulatory body, court, central bank, bureau, board or other instrumentality having legislative, judicial, taxing, regulatory, prosecutorial or administrative powers or functions of, or pertaining to, government, (iii) any court, tribunal, commission, individual, arbitrator, arbitration panel or other body having adjudicative, regulatory, judicial, quasi-judicial, administrative or similar functions, and (iv) any other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange or professional association.
- (oo) “**GST**” has the meaning given to it in Section 9.1.
- (pp) “**GST Certificate**” has the meaning given to it in Section 9.1.
- (qq) “**Hazardous Substances**” means any underground storage tanks, any explosive or radioactive materials, pollutants, contaminants, hazardous, corrosive or toxic substances, special waste or waste of any kind, including, without limitation, compounds known as chlorobiphenyls, petroleum and any other substance or material, the storage, manufacture, disposal, treatment, generation, use, transportation, remediation or release into the environment of which is prohibited, controlled, regulated or licensed under Environmental Laws.
- (rr) “**Intellectual Property**” means all intellectual property and proprietary rights of any kind currently owned by any of the Companies pertaining to the Business, including the following: (a) trademarks, service marks, trade names, slogans, logos, designs, symbols, trade dress, internet domain names, uniform resource identifiers, rights in design, brand names, any fictitious names, d/b/a’s or similar filings related thereto, or any variant of any of them, and other similar designations of source or origin, together with all goodwill, registrations and applications related to the foregoing; (b) copyrights and copyrightable subject matter (including any registration and applications for any of the foregoing); (c) trade secrets and other confidential or proprietary business information (including manufacturing and production processes and techniques, research and development information, technology, intangibles, drawings, specifications, designs, plans, proposals, technical data, financial, marketing and business data, pricing and cost information, business and marketing plans, customer and supplier lists and information), know how, proprietary processes, formulae, algorithms, models, industrial property rights, and methodologies; (d) computer software, computer programs, and databases, which may include all access and login information and information respecting permits, licenses, export controlled goods (whether in source code, object code or other form); (e) all rights to sue for past, present and future infringement, misappropriation, dilution or other violation of any of the foregoing

and all remedies at law or equity associated therewith; and (f) all websites and all telephone and facsimile numbers.

- (ss) **“Interim Lender’s Charge”** has the meaning given to it in the ARIO.
- (tt) **“Interim Period”** means the period between the date hereof and the Closing Date.
- (uu) **“Inventory”** means all such inventories of every kind owned by the Companies and pertaining to the Business including raw materials, packaging materials, work-in-progress and finished goods, and including such unpasteurized or raw milk, fluid milk or manufactured milk as can be transferred to the Purchaser under Applicable Laws.
- (vv) **“Lands”** means the real property set out in Schedule A, including all buildings, structures, improvements and all appurtenances and attachments thereto.
- (ww) **“Law”** means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority.
- (xx) **“Leased Equipment”** means all Equipment which is the subject of a lease agreement or financing agreement between one or more of the Companies, as lessee or borrower, and one or more third party lenders, as lessor or lender.
- (yy) **“Liability”** means, any debts, Claim, liability, duty, responsibility, obligations, commitment, assessment, cost, expense, loss, expenditure, charge, fee, penalty, fine, contribution or premium of any kind or nature whatsoever, whether known or unknown, asserted or unasserted, absolute or contingent, direct or indirect, or due or to become due and regardless of when sustained, incurred or asserted or when the relevant events occurred or circumstances existed.
- (zz) **“Managed Quota”** means the BC Milk Marketing Board continuous daily quota to produce and market a certain number of kilograms of milk per day managed by and allotted to SSC and held for the benefit of certain persons including Bifano Farms.
- (aaa) **“Mutual Condition”** has the meaning given to it in Section 7.2.
- (bbb) **“Owned Quota”** means the BC Milk Marketing Board continuous daily quota to produce and market approximately 484 kilograms of milk per day issued and allotted to SSC and held for the benefit of Bifano Farms.
- (ccc) **“Parties”** means the Purchaser and the Vendor, and **“Party”** means any one of them.
- (ddd) **“Permits, Licenses and Certifications”** means the certifications, licenses, approvals, permits, consents or other rights entered into or obtained by the Companies set out in Schedule E from any Governmental Authority, and used in connection with the Business or in respect of any of the Purchased Assets.

- (eee) **"Permitted Encumbrances"** means the Encumbrances set out in Schedule B.
- (fff) **"Person"** means an individual, corporation, company, limited liability company, body corporate, partnership, joint venture, Governmental Authority, unincorporated organization, trust, association or other entity.
- (ggg) **"Personal Information"** means any factual or subjective information, recorded or not, about an employee, contractor, agent, consultant, officer, director, executive, customer or supplier of either of the Companies who is a natural person or a natural person who is a shareholder of either of the Companies, or about any other identifiable individual, including any record that can be manipulated, linked or matched by a reasonably foreseeable method to identify an individual, but does not include the name, title, or business address of an employee of an organization.
- (hhh) **"PST"** has the meaning given to it in Section 9.2.
- (iii) **"Purchase Price"** has the meaning given to it in Section 2.5.
- (jjj) **"Purchased Assets"** means:
- (i) all the Vendor's right, title and interest, in and to all assets and properties of the Companies used or held in the Business, excluding the Excluded Assets, but including, without limitation:
 - (A) the Lands;
 - (B) the Chattels (including, without limitation, the Equipment, but excluding the Leased Equipment);
 - (C) the Purchased Contracts;
 - (D) Inventory;
 - (E) the assets enumerated in Schedule D;
 - (F) the Business Records; and
 - (G) the Permits, Licenses and Certifications.
- (kkk) **"Purchased Contracts"** means the Contracts set forth in Schedule C.
- (lll) **"Purchaser"** has the meaning given to it in the preamble.
- (mmm) **"Purchaser's Condition"** has the meaning given to it in Section 7.1.
- (nnn) **"Purchaser's Solicitors"** means Miller Thomson LLP or such other firm of solicitors or agents as are retained by the Purchaser from time to time and written notice of which is provided to the Receiver and the Receiver's Solicitors.

- (ooo) **“Quota”** means the Managed Quota and the Owned Quota.
- (ppp) **“Receiver”** has the meaning given to it in the preamble.
- (qqq) **“Receiver’s Borrowings Charge”** has the meaning given to it in the Receivership Order.
- (rrr) **“Receiver’s Certificate”** means the certificate contemplated in the Approval and Vesting Order to be filed with the Court by the Receiver certifying that: (i) the Receiver confirms, and has received from the Purchaser written confirmation in form and substance satisfactory to the Receiver that the Purchaser confirms, that all conditions to Closing have been satisfied or waived by the applicable Parties; and (ii) the Purchase Price and all applicable taxes payable by the Purchaser to the Vendor hereunder have been received by the Receiver’s Solicitors.
- (sss) **“Receiver’s Charge”** has the meaning given to it in the Receivership Order.
- (ttt) **“Receiver’s Solicitors”** means Lawson Lundell LLP.
- (uuu) **“Sale Transaction”** has the meaning given to it in Recital C.

1.2 Schedules and Exhibits

The Schedules and Exhibits to this Agreement, listed below, are an integral part of this Agreement:

<u>Schedule</u>	<u>Description</u>
Schedule A	Lands
Schedule B	Permitted Encumbrances
Schedule C	Purchased Contracts
Schedule D	Intangible Assets
Schedule E	Permits, Licenses and Certifications
Schedule F	Purchase Price Allocation
Schedule G	[Reserved]
Schedule H	Excluded Assets
Schedule I	Chattels
<u>Exhibit</u>	<u>Description</u>
Exhibit A	Form of Approval and Vesting Order
Exhibit B	Form of Receiver’s Bring-Down Certificate
Exhibit C	Form of Purchaser’s Bring-Down Certificate

ARTICLE 2– PURCHASE AND SALE

- 2.1 Agreement of Purchase and Sale.** Subject to the terms and conditions of this Agreement and based on the representations and warranties contained in this Agreement, the Vendor agrees to sell, and the Purchaser agrees to purchase, the Purchased Assets for the Purchase Price on the Closing Date free and clear of all Excluded Liabilities and Encumbrances,

except for the Permitted Encumbrances. For avoidance of doubt, the Purchaser will not assume any of the Excluded Liabilities.

2.2 As Is, Where Is. The Purchaser is purchasing the Purchased Assets “as is, where is” as of the time of actual possession. Except for the representations and warranties of the Vendor set out in Section 6.2, none of the Companies and the Receiver, nor anyone on their behalf, represents or warrants the condition or state of repair of any of the Purchased Assets. The Purchaser must satisfy itself, and accept the Purchased Assets on a strictly “as is, where is” basis and on the other terms of this Agreement, and upon Closing will be taking the Purchased Assets at its own risk without any representations therefor whatsoever including as to ownership. If the Vendor has provided the Purchaser with any physical, environmental, financial or other reports or information regarding the Purchased Assets, and for greater certainty the Vendor is under no obligation to do so, the Purchaser acknowledges and agrees that the Vendor has not made any warranty or representation regarding such information and any use that the Purchaser or others may make of such information is strictly at the Purchaser’s own risk.

2.3 Excluded Assets. Notwithstanding anything to the contrary contained in this Agreement, expressly excluded from the Purchased Assets are all of the Companies’ right, title, and interest in and to the following (collectively, the “**Excluded Assets**”):

- (a) all shares of capital stock or other equity interest in securities in any entity;
- (b) the Leased Equipment;
- (c) Accounts Receivable;
- (d) the Quota;
- (e) the Certification of Environmental Farm Plan issued to Joe Bifano, Bifano and Nata dated May 7, 2024 by Sustainable Canadian Agricultural Partnership, Environmental Farm Plan, Investment Agriculture Foundation, CleanBC, the Federal Government of Canada, and the Provincial Government of British Columbia; and
- (f) the items set forth in Schedule H.

For the avoidance of doubt, the Parties agree that the Vendor has no obligation to transfer, assign or otherwise convey any interest of the Companies in the Quota to the Purchaser, but, rather, the Purchaser accepts all responsibility for acquiring any interest in the Quota, and the Purchaser’s obligations hereunder, including without limitation payment of the full amount of the Purchase Price, is not conditional upon the Purchaser acquiring any interest in the Quota.

2.4 Deposit. The Purchaser has paid to the Receiver on behalf of the Companies, in trust, prior to the execution and delivery of this Agreement, the amount of [REDACTED], representing a deposit (the “**Deposit**”) to be held in trust by the Receiver in a non-interest bearing trust account. The Deposit will be dealt with as follows:

- (a) applied in accordance with Section 2.5 in the event the Closing occurs;
- (b) if, after the Purchaser's Condition in Section 7.1 and the Mutual Condition in Section 7.2 herein are satisfied or waived, the Purchaser fails to complete the Sale Transaction in accordance with this Agreement or if the Purchaser repudiates this Agreement, then the Deposit will be forfeited to the Receiver, without prejudice to any other rights or remedies of the Receiver whether at law or in equity;
- (c) if the Purchaser's Condition in Section 7.1 or the Mutual Condition in Section 7.2 herein are not satisfied or waived within the applicable time periods contemplated in Sections 7.1 and 7.2, the Deposit will be returned to the Purchaser forthwith without any deduction, as the sole remedy of the Purchaser against the Vendor; or
- (d) if, after the Purchaser's Condition in Section 7.1 and the Mutual Condition in Section 7.2 herein are satisfied or waived, and if the Purchaser is not in default of any of its obligations under this Agreement and the Vendor fails to complete the sale of the Purchased Assets in accordance with this Agreement or if the Vendor repudiates this Agreement, then the Deposit will be returned to the Purchaser forthwith without any deduction, as the sole remedy of the Purchaser against the Vendor.

2.5 Purchase Price.

- (a) The Purchase Price in consideration for the purchase and sale of the Purchased Assets is [REDACTED] (exclusive of any taxes payable) and will be paid by the Purchaser to the Vendor in accordance with this Agreement as follows:
 - (i) the Deposit will be applied against payment of the Purchase Price contemporaneously with Closing; and
 - (ii) provided that the Purchaser's Condition and the Mutual Condition have been satisfied or waived in accordance with Sections 7.1 and 7.2, the balance of the Purchase Price (as adjusted in accordance with this Agreement) (together with the Extension Period Costs, if applicable, the "Closing Payment"), after applying the Deposit, will be paid by the Purchaser to the Receiver (on behalf of the Companies) on the Closing Date in order to satisfy the Purchaser's cash consideration obligations in full.
- (b) All usual adjustments of taxes, rates, local improvement assessments and other charges and all other costs normally adjusted for on a sale of property similar to the Lands in British Columbia, both incoming and outgoing, will be made as of 12:00:00 a.m. on the Closing Date. Except as otherwise provided herein, the Vendor will be debited for all expenses and liabilities and will be entitled to receive all revenues, accrued in respect of the Purchased Assets prior to the Closing Date. The Purchaser will be responsible for all expenses and liabilities accruing from and including the Closing Date (including a pro-rated portion of the premium for any insurance policy assigned by the Vendor to the Purchaser), and will be entitled to

receive all revenues accruing from and including the Closing Date in respect of the Purchased Assets.

- (c) Not less than one (1) Business Day prior to the Closing Date, the Vendor and the Purchaser will settle a statement (the “**Closing Statement**”) of the calculation of the estimated amount payable at the Closing Date. The Closing Statement shall have annexed to it complete details, to the extent available, of the calculations used by the Vendor to arrive at the calculation of the Closing Statement. The Vendor will provide the Purchaser with the draft Closing Statement not less than five (5) Business Days prior to the Closing Date. On request, the Vendor shall give the Purchaser reasonable access to the Vendor’s working papers and backup materials in order to confirm the calculations shown on the Closing Statement.
- (d) Any Accounts Receivable which have accrued prior to the Closing Date will remain the property of the Vendor. The Purchaser will pay or will cause SSC to pay to the Vendor all of the revenues and income received by the Purchaser or SSC attributable to:
 - (i) milk delivered by or on behalf of SSC to the B.C. Milk Marketing Board prior to the Closing Date, within two Business Days after receipt thereof by SSC; and
 - (ii) farming contracts in respect of the Lands and any other Accounts Receivable accrued prior to the Closing Date, within five Business Days after receipt thereof by the Purchaser.

The Purchaser will use reasonable efforts to assist the Vendor in the Vendor’s collection of any such Accounts Receivable but will not be required to initiate any legal action in respect thereof.

2.6 Court Approval. The Vendor and the Purchaser acknowledge that this Agreement and the transactions contemplated hereby are subject to the Court Approval. The Purchaser acknowledges and agrees that, notwithstanding acceptance of this offer by the Vendor, other prospective purchasers may attend in Court in person or by agent at the hearing of the motion to approve this Agreement and such prospective purchasers may make competing offers which may be approved by the Court. The Purchaser acknowledges and agrees that, to protect its interest in purchasing the Purchased Assets, it should attend at the Court hearing in person or by agent and be prepared to amend or increase its offer to purchase the Purchased Assets as the Court may permit or direct. The Purchaser acknowledges that:

- (a) the Receiver is subject to the jurisdiction and discretion of the Court to entertain other offers and to abide by any further orders the Court may make regarding the Companies’ property or the Business;
- (b) the Receiver’s sole obligation is to make an application to the Court in the CCAA Proceedings for the approval of this Agreement, and the Receiver gives no

undertaking or commitment to the Purchaser to otherwise advocate or express support for the acceptance of this Agreement;

- (c) pursuant to its fiduciary and other common law duties as a receiver and court officer, if the Court requires the Receiver to report or comment on or assess the merits of any other offers in respect of the Companies' property, nothing in this Agreement will preclude the Receiver from doing so; and
- (d) if the Court vacates, sets aside or varies the Approval and Vesting Order for any reason whatsoever, except for the return of the Deposit, the Vendor will not be liable to the Purchaser or any other Person in any way whatsoever.

2.7 Allocation of Purchase Price. The Receiver and the Purchaser agree to the allocation of the Purchase Price among the Purchased Assets described in Schedule F.

2.8 Applicable Laws. The Purchaser represents and warrants to the Receiver that it has reviewed and familiarized itself with the Farm Animal Legislation and the Dairy Legislation (as such terms are defined in the ARIO) with respect to the purchase and sale of the Chattels and the Inventory and the process, restrictions and conditions of the transfer of the Chattels and the Inventory from the Receiver to the Purchaser set out therein.

2.9 Extension of Closing Date. The Parties acknowledge and agree that the Purchaser may, on a one-time basis, unilaterally extend the Closing Date by up to 30 days (the "**Extension Period**") by:

- (a) delivering to the Vendor a notice in writing (the "**Extension Notice**") at least three (3) Business Days prior to the Closing Date (before extension) of its exercise of its extension rights under this Section 2.9, and delivering to the Vendor a further notice in writing specifying the new Closing Date as extended (the "**Closing Date Notice**"), which date must be a Business Day that is no earlier than three Business Days after delivery of the Closing Date Notice, and no later than the end of the Extension Period;
- (b) paying to the Receiver prior to the Closing Date (before extension), on behalf of the Companies, in trust, an additional deposit of [REDACTED] in trust, and such amount will be:
 - (i) held in trust by the Receiver in a non-interest bearing trust account;
 - (ii) added to and form part of the Deposit; and
 - (iii) dealt with as part of the Deposit in accordance with Sections 2.4 and 2.5 hereof;
- (c) paying to the Receiver the Extension Period Costs concurrently with the balance of the Purchase Price (as adjusted) as part of the Closing Payment (or, if the Closing does not occur on the Closing Date, as extended, then by the end of the day on the Closing Date).

2.10 Extension Period Costs. As consideration for extension of the Closing Date under Section 2.9, the Purchaser must pay to the Receiver the amount of \$18,033.44 per day that the Closing Date is extended (the “**Extension Period Costs**”) comprising:

- (a) all interest to be accrued on the Companies’ indebtedness to the Bank during the Extension Period, at the rates currently applicable as between the Companies and the Bank; and
- (b) a genuine pre-estimate by the Receiver of all costs and expenses that will be incurred in respect of the Companies during the Extension Period, including anticipated fees and costs of the Receiver and expenses incurred in operating the Business,

and such amount shall be fully earned and vested in the Receiver on the date that the Extension Notice is delivered in respect of each day of delay to the Closing Date. For clarity, the Extension Period Costs shall not form part of the Deposit or the Purchase Price and shall not in any circumstances be repayable by the Receiver to the Purchaser. The Extension Period Costs will be payable whether or not the Closing occurs, and is payable at the time specified in Section 2.9(c).

ARTICLE 3— GENERAL COVENANTS

3.1 Covenants of the Vendor. During the Interim Period, the Vendor will:

- (a) maintain in full force and effect all existing policies of insurance currently maintained by the Companies and maintain insurance on all the Purchased Assets at least to the levels as they are insured on the date of this Agreement, and will use commercially reasonable efforts to assign such policies of insurance to the Purchaser effective as at the Closing Date excluding, for greater certainty, any life insurance policies (provided that the Purchaser acknowledges and agrees that the Vendor makes no representations or warranties whatsoever as to the adequacy or sufficiency of such coverage, and provided that if the insurer declines to extend coverage to the Purchaser by way of assignment, that will not be considered to be a breach of the Purchaser’s Condition);
- (b) not modify any material terms of or terminate any of the Purchased Contracts, Permitted Encumbrances, or Permits, Licenses and Certifications, except in the ordinary course of business consistent with past practice, without the prior written consent of the Purchaser, not to be unreasonably withheld, or without order of the Court; and
- (c) promptly notify the Purchaser if the Vendor becomes aware that, after the date of this Agreement, any of its covenants, terms or conditions in this Agreement are breached or cannot be performed.

3.2 Covenants of the Purchaser. The Purchaser will:

- (a) take possession of the Purchased Assets wherever situated at Closing in accordance with ARTICLE 5; and
- (b) at all times, comply with all Laws governing the protection of personal information with respect to Personal Information disclosed or otherwise provided to the Purchaser by the Vendor under this Agreement, and without limiting the foregoing:
 - (i) prior to Closing:
 - (A) the Purchaser shall only collect, use or disclose such Personal Information for purposes related to the transactions contemplated in this Agreement;
 - (B) the Purchaser shall safeguard all Personal Information collected from the Vendor in a manner consistent with the degree of sensitivity of the Personal Information and maintain, at all times, the security and integrity of the Personal Information; and
 - (C) if the transactions contemplated in this Agreement do not complete for any reason the Purchaser shall return all Personal Information to the Vendor or, at the Receiver's request, destroy such Personal Information at its own expense; and
 - (ii) following Closing:
 - (A) the Purchaser shall not use or disclose the Personal Information for any purposes other than the carrying on of the Business (with use or disclosure of the Personal Information being restricted to those purposes for which the information was initially collected or for which additional consent was or is obtained) or as otherwise permitted or required by Applicable Laws;
 - (B) the Purchaser shall give effect to any withdrawal of consent with respect to Personal Information; and
 - (C) if and to the extent required by Applicable Law, the Purchaser shall notify in writing those individuals whose Personal Information was disclosed in connection with the Sale Transaction that (i) the Sale Transaction has been completed, and (ii) Personal Information about them was disclosed to the Purchaser in connection with the Sale Transaction.

3.3 Purchaser's Acknowledgement. The Purchaser acknowledges that the Receiver is entering into this Agreement as Vendor solely in its capacity as the court-appointed receiver and manager of the assets, undertakings and property of the Companies and not in its personal or corporate capacity. The Purchaser acknowledges that the Vendor is selling the right, title, and interest of the Companies in the Purchased Assets pursuant to the Receivership Order and the Approval and Vesting Order. The Purchaser agrees to purchase

and accept the right, title, and interest of the Companies in and to the Purchased Assets pursuant to and in accordance with the terms of this Agreement and any other agreements required to be delivered pursuant to the terms of this Agreement. The acceptance by the Receiver on behalf of the Companies of this Agreement is expressly subject to Court Approval and all such other orders that the Court may make.

- 3.4 **Employment.** The Purchaser acknowledges that the Receiver intends to terminate the employment of all Employees effective as of the close of business on the Business Day immediately before the Closing Date and to pay all accrued or earned and outstanding compensation owing to them as of the Closing Date. The Purchaser may, in its sole discretion, make offers of employment to any of the Employees, and will be responsible for continued operations of the Business post-Closing. “**Employees**” means all personnel employed, engaged or retained by the Vendor in connection with the Business.
- 3.5 **Residents.** The Purchaser acknowledges that, as of the date of this Agreement, there are occupants in the residential improvements located on the Lands (collectively, the “**Residential Occupants**”). The Purchaser confirms that it has done its due diligence in respect of the identity of the Residential Occupants, and agrees to allow the Residential Occupants to remain in possession of such residential improvements and will be solely responsible for negotiating and entering into any residential tenancy agreements with such persons as it may deem necessary or prudent as of Closing.

ARTICLE 4— RISK

- 4.1 **Risk.** The Purchased Assets will be at the risk of the Vendor until completion of Closing on the Closing Date and thereafter at the risk of the Purchaser.
- 4.2 **Site Profile and Environmental Condition.**
- (a) The Purchaser hereby waives and releases the Vendor from any obligation to deliver a site profile or site disclosure statement to the Purchaser for the Lands as contemplated by the *Environmental Management Act*, SBC 2003, c 53 or any regulation in respect thereof.
 - (b) Without limiting the generality of Section 2.2, the Purchaser acknowledges and agrees that the Vendor does not make any representations or warranties with regard to the environmental condition of the Lands, and the Purchaser is relying solely on its own investigations and inspections to verify the existence and extent of any Hazardous Substances in, on or migrating to or from the Lands, and that the environmental condition of or relating to the Lands is otherwise satisfactory.
 - (c) The Purchaser does hereby irrevocably release and forever discharge the Vendor and each of their respective directors, officers, agents and employees from any and all Actions and Claims that the Purchaser has or may have against the Vendor in connection with the environmental condition of the Lands, any contamination or Hazardous Substances located on the Lands or migrating onto the Lands or from the Lands or any breach of any Environmental Laws irrespective of whether such

Claim arose before or after the Purchaser's acquisition of the Lands pursuant to this Agreement.

- (d) The Purchaser agrees that it shall not directly or indirectly commence or assert or pursue or threaten to commence, assert or pursue any type of Claim (including an order issued by a Governmental Authority) against the Vendor relating to the environmental condition of or any environmental matter or issue involving the Lands including the location of contaminants or Hazardous Substances thereon or migrating thereon or therefrom.
- (e) Without limiting the generality of the foregoing, the Parties acknowledge and agree that any and all costs in any way related to the environmental remediation of the Lands (including any and all costs associated with the disposal of Hazardous Substances or contaminated soil) or in connection with any adjacent property contaminated by Hazardous Substances or contamination migrating from the Lands shall be for the Purchaser's sole account and the Vendor shall not have any Liability or responsibility in connection with any such remediation costs.
- (f) The Parties acknowledge and confirm that the provisions of this Section 4.2 constitute an agreement between them that is a private agreement respecting Liability for Hazardous Substances and contamination on, in, at or under or released to, at or from the Lands or otherwise associated with the Lands and any contamination of adjacent properties and waters resulting from such Hazardous Substances and contamination or remediation of the Lands.
- (g) The terms of this Section 4.2 shall survive completion of the sale of the Lands to the Purchaser.

ARTICLE 5 – POSSESSION

- 5.1 Possession Time.** Possession shall occur and shall be governed by operation of and pursuant to the terms of the Approval and Vesting Order and any further order of the Court, and subject to Section 3.5. The Purchaser acknowledges that the Receiver is not in possession of the Lands and has no control over whether the Companies or any persons in possession of the Lands vacate the Lands on the Closing Date (other than through the Approval and Vesting Order or any further order of the Court). The Purchaser acknowledges that if vacant possession is not available on the Closing Date, it shall allow the Receiver a reasonable time to obtain vacant possession through a writ of possession. Notwithstanding the foregoing, the Purchaser agrees to accept possession of the Lands subject to the occupation and tenancies of the Residential Occupants and the Permitted Encumbrances.
- 5.2 Third Parties.** Notwithstanding Section 5.1, the Purchaser acknowledges and confirms that if any of the Purchased Assets are not transferable without consent of a third party by the terms of the applicable instruments, the Vendor shall use commercially reasonable efforts to obtain such consent prior to the Closing Date and, if such consent is not obtained by the Closing Date, the Vendor shall apply for and make commercially reasonable efforts

to obtain an order of the Court in the CCAA Proceedings transferring or assigning, as applicable, such Purchased Assets to the Purchaser, provided that the Purchaser shall ensure that any Liability in respect of such Purchased Assets is paid or otherwise satisfied by the Purchaser and there are no arrears or defaults on the part of the Purchaser thereunder immediately after the closing of the transactions contemplated hereunder. Any of the Purchased Assets that have not been or are not capable of being assigned or transferred to the Purchaser pursuant to the foregoing sentence shall be deemed to be excluded from the Purchased Assets.

5.3 Required Consents

- (a) Before Closing, the Purchaser shall use all reasonable efforts to obtain any and all approvals required under Applicable Law to permit closing of the Sale Transaction. The Parties acknowledge that except for the Approval and Vesting Order, the acquisition of such approvals shall not be a condition precedent to Closing. It shall be the sole obligation of the Purchaser, at the Purchaser's sole cost and expense, to provide any and all financial assurances, remedial work or other applications or documentation required by Governmental Authorities to permit the transfer to the Purchaser, and registration of the Purchaser as owner of any of the Purchased Assets, including the certification referenced in Schedule E attached hereto.
- (b) Notwithstanding anything to the contrary herein, except for the Approval and Vesting Order, it is the sole obligation of the Purchaser to obtain any third party consents, permissions or approvals that are required in connection with the assignment of any Purchased Contract or any Permit, License and Certification at the Purchaser's sole cost and expense, which may include payment of any Cure Costs. Upon providing prior written notice and sufficient documentary support to the Purchaser, all reasonable and necessary costs, fees, expenses, penalties or levies that are incurred by the Vendor in order to effect the assignment of the Purchased Assets to the Purchaser shall be the sole responsibility of the Purchaser, and the Purchaser agrees to pay on behalf of the Vendor any such reasonable and necessary costs, fees, expenses, penalties or levies on a timely basis.

5.4 Purchaser's Possession of Excluded Assets. The Purchaser shall promptly notify the Receiver of any Excluded Assets that may come into the possession or control of the Purchaser or its Affiliates, whether before or after Closing, and thereupon shall promptly release such Excluded Assets to the Receiver or to such other Person as the Receiver may direct in writing and, for greater certainty, no title or other license to use shall, or shall be deemed to, vest in the Purchaser in respect of any Excluded Assets.

5.5 Vendor's Possession of Purchased Assets. The Vendor shall promptly notify the Purchaser of any Purchased Assets that may come into the possession or control of the Vendor after Closing, and thereupon shall promptly release such Purchased Assets to the Purchaser or its Affiliates at the cost and expense of the Purchaser to pick up and transfer such Purchased Assets, or to such other Person as the Purchaser may direct in writing and, for greater certainty, no title or other license to use shall, or shall be deemed to, vest in the Vendor in respect of any Purchased Assets.

ARTICLE 6 – REPRESENTATIONS AND WARRANTIES

6.1 Purchaser's Representations and Warranties. The Purchaser represents and warrants to the Vendor, regardless of any independent investigation that the Vendor may cause to be made that:

- (a) The Purchaser is a corporation incorporated and existing under the laws of British Columbia, and is in good standing thereunder with respect to the filing of annual reports.
- (b) The Purchaser has the corporate power and authority to enter into this Agreement and to perform its obligations under this Agreement.
- (c) The execution, delivery and performance by the Purchaser of this Agreement, and the consummation of the transactions contemplated hereby, do not and will not:
 - (i) result in a violation or breach of any provision of the constating documents of the Purchaser;
 - (ii) result in a violation or breach of any provision of any Applicable Law or order of any Governmental Authority; or
 - (iii) require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default under or result in the acceleration of any agreement.
- (d) All necessary corporate action on the part of the directors and shareholders of the Purchaser has been taken, or will have been taken as of the Closing Date, to authorize and approve the execution and delivery of this Agreement, the completion of the Sale Transaction and the performance and observance of the Purchaser's obligations under this Agreement.
- (e) This Agreement has been duly executed and delivered by the Purchaser and, subject to Court Approval being obtained, constitute valid and binding obligations of the Purchaser enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors generally and by general principles of equity.
- (f) No consent, approval, Permit, License and Certification, order of any Governmental Authority, declaration, filing or registration with, or notice to, any Governmental Authority is required by or with respect to the Purchaser in connection with the execution and delivery of this Agreement and the consummation of the Sale Transaction except the Approval and Vesting Order.
- (g) The Purchaser is or will on the Closing Date be registered for GST levied under the ETA.

- (h) The Purchaser is not a non-Canadian within the meaning of the *Investment Canada Act* (Canada) or the *Prohibition on the Purchase of Residential Property by Non-Canadians Act* (Canada) and the regulations made thereunder, and will not be as of the Closing Date.

6.2 Vendor's Representations and Warranties. The Vendor represents and warrants to the Purchaser and acknowledges that the Purchaser is relying upon the following representations and warranties in connection with the Sale Transaction:

- (a) The Receiver is validly existing under the laws of its jurisdiction of organization.
- (b) Subject to Court Approval being obtained, the Receiver has all necessary power, authority and capacity to enter into this Agreement and to carry out its obligations as Vendor under this Agreement.
- (c) This Agreement has been, and at Closing, the Closing Documents will be, duly executed and delivered by the Vendor and, subject to Court Approval being obtained, constitute valid and binding obligations of the Vendor enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors generally and by general principles of equity.

The Vendor makes no representations or warranties of any kind whatsoever, expressed or implied, with respect to the Purchased Assets.

ARTICLE 7– CONDITIONS PRECEDENT

7.1 Closing Condition Precedent in favour of the Purchaser. The obligation of the Purchaser to complete the Sale Transaction is subject to the following condition (the “**Purchaser’s Condition**”):

- (a) the Vendor having performed in all material respects each of its obligations under this Agreement to the extent required to be performed at or before the Closing Date, including the delivery of each of the items required pursuant to Section 8.2.

The foregoing condition is for the exclusive benefit of the Purchaser. The condition in this Section 7.1 may be waived by the Purchaser in whole or in part, or the Purchaser may elect not to complete.

7.2 Mutual Condition. The obligation of the Parties to complete the transactions contemplated by this Agreement will be subject to the mutual condition (the “**Mutual Condition**”), for the benefit of both the Vendor and the Purchaser that on or before July 31, 2024, the Receiver will have obtained the Approval and Vesting Order.

The Mutual Condition is for the mutual benefit of the Vendor and the Purchaser and may not be waived unilaterally by either Party. Both Parties agree that they will use all reasonable commercial efforts to satisfy the Mutual Condition. If the Mutual Condition has

not been satisfied by the applicable deadline provided for in this Section 7.2, then the Purchaser's and the Vendor's obligation to complete the Sale Transaction pursuant to this Agreement will be at an end.

- 7.3 **Appeal.** The Purchaser shall support the application for the Approval and Vesting Order and in any appeal thereof. In the event any variation is sought or leave to appeal is sought, an appeal is taken or a stay pending appeal is requested with respect to the Approval and Vesting Order, the Vendor shall promptly notify the Purchaser of such application for leave to appeal, appeal or stay request and shall promptly provide to the Purchaser a copy of the related notice(s) or order(s). If the Approval and Vesting Order is made by the Court, then the Parties will complete the Sale Transaction without regard to any appeal or application for leave to appeal to vary or set aside the Approval and Vesting Order by any person, unless the Approval and Vesting Order has been stayed by further Court order.

ARTICLE 8– CLOSING

- 8.1 **Closing.** The Closing will take place on the Closing Date by electronic exchange of documents between the Receiver's Solicitors and the Purchaser's Solicitors.
- 8.2 **Vendor's Closing Documents.** On or before the Closing Date, the Vendor will deliver, or cause the Receiver's Solicitors to deliver, to the Purchaser's Solicitors in trust to be held in escrow pending Closing, the following documents duly executed as applicable and all in a form satisfactory to the Purchaser and the Vendor, acting reasonably:
- (a) a Court certified copy of the Approval and Vesting Order and any other orders of the Court as are necessary, all in a form registerable in all necessary offices required to effect the transfer of the Purchased Assets to the Purchaser (the "**Certified Vesting Order**"). The Approval and Vesting Order shall describe the Purchaser exactly as the Purchaser appears on the first page of this Agreement, so the Purchaser shall appear as the owner of the Lands after Closing. The Vendor shall not be bound by any term in this Agreement describing the Purchaser otherwise, or allowing the Purchaser to complete the purchase with a different purchase entity;
 - (b) the Receiver's Certificate;
 - (c) the Closing Statement;
 - (d) if applicable and available in respect of the Sale Transaction, an election under section 167 of the ETA pursuant to Section 9.3;
 - (e) a letter from the Receiver's Solicitors to the Land Title Survey Authority of British Columbia or other agency authorizing registration of the Approval and Vesting Order;
 - (f) an assignment and assumption of the Purchased Contracts wherein the Vendor assigns to the Purchaser, and the Purchaser assumes, the rights and obligations under the Purchased Contracts as of the Closing Date and the Purchaser indemnifies

the Vendor for all Liability under the Purchased Contracts whether arising before or after Closing;

- (g) a general conveyance and assignment in respect of the Vendor's right, title and interest in and to the remaining Purchased Assets;
- (h) a bring-down certificate of the Vendor, in the form attached as Exhibit B, dated as of the Closing Date, that the representations and warranties of the Vendor in this Agreement are, as at the Closing Date, true and correct in all material respects and all covenants of the Vendor to be performed on or before the Closing Date have been duly observed and performed in all material respects;
- (i) all corporate records and account books of the Companies that are in the possession or control of the Receiver;
- (j) a notice from the Vendor to the other parties under the Purchased Contracts giving notice of the sale of the Purchased Assets and the assignment of the Purchased Contracts; and
- (k) such other documents and assurances as may be reasonably required by the Purchaser to give full effect to the intent and meaning of this Agreement.

8.3 Purchaser's Closing Documents. In addition to payment of the Purchase Price, on or before the Closing Date, the Purchaser will deliver, or cause the Purchaser's Solicitors to deliver, to the Receiver's Solicitors in trust to be held in escrow pending Closing, the following duly executed as applicable:

- (a) an assignment and assumption of the Purchased Contracts wherein the Vendor assigns to the Purchaser, and the Purchaser assumes, the rights and obligations under the Purchased Contracts as of the Closing Date and the Purchaser indemnifies the Vendor for all Liability under the Purchased Contracts whether arising before or after Closing;
- (b) a general conveyance and assignment in respect of the Vendor's right, title and interest in and to the remaining Purchased Assets;
- (c) the Closing Statement;
- (d) an assignment and assumption of Permitted Encumbrances;
- (e) the GST Certificate or an election under section 167 of the ETA pursuant to Section 9.3;
- (f) a bring-down certificate, in the form attached as Exhibit C, dated as of the Closing Date of a senior officer of the Purchaser having knowledge of the facts certifying, on behalf of the Purchaser and without personal liability, that the representations and warranties of the Purchaser in this Agreement are true and correct in all material respects as at the Closing Date and that the Purchaser's covenants and agreements

to be observed or performed on or before the Closing Date pursuant to the terms of this Agreement have been duly observed and performed in all material respects; and

- (g) such other documents and assurances as may be reasonably required by the Vendor to give full effect to the intent and meaning of this Agreement.

8.4 Preparation and Form of Documents. The closing documents contemplated in Sections 8.2 and 8.3 (other than the Approval and Vesting Order) (collectively, the “**Closing Documents**”) will be prepared by the Purchaser’s Solicitors and delivered to the Receiver’s Solicitors at least five (5) Business Days before the Closing Date. The Closing Documents (including the Approval and Vesting Order) will be in a form and substance reasonably satisfactory to the Parties and their respective solicitors. The Receiver will provide the Purchaser with drafts of all material to be filed with the Court no later than five (5) Business Days prior to the date of any hearing of the Court regarding the Approval and Vesting Order or such other date as may be agreed to by the Parties.

8.5 Payment into Trust. On or before the Closing Date, the Purchaser will pay to the Purchaser’s Solicitors in trust, by way of certified cheque or wire transfer, funds in an amount equal to the Closing Payment.

8.6 Registration. On the Closing Date, after receipt by the Purchaser’s Solicitors of the Closing Documents set out in Section 8.2, and after receipt by the Receiver’s Solicitors of the Closing Documents set out in Section 8.3 and the funds as set out in Section 8.5, the Purchaser will cause the Purchaser’s Solicitors to file the Approval and Vesting Order in the Land Title Survey Authority of British Columbia.

8.7 Closing Procedure.

- (a) All Closing Documents, funds, and other items delivered by the Parties will be held in escrow by the Receiver’s Solicitors and the Purchaser’s Solicitors until completion of the Closing on the Closing Date in accordance with this Agreement.

Forthwith following receipt by the Purchaser’s Solicitors of the Closing Payment and the documents and items referred to in Section 8.2, the Purchaser shall cause the Purchaser’s Solicitors to file the Certified Vesting Order in the Land Title Office on the Closing Date in accordance with written undertakings settled as between the Purchaser’s Solicitors and the Receiver’s Solicitors. For greater certainty, the Canadian Bar Association (BC Branch) (Real Property Section) standard undertakings (the “**CBA Standard Undertakings**”) may apply, subject to necessary and required amendments that are satisfactory to the Purchaser’s Solicitors and to the Receiver’s Solicitors. Forthwith following the submission for registration of the Certified Vesting Order, and upon the Purchaser’s Solicitors being satisfied as to the Purchaser’s pending title to the Lands after conducting a post-filing registration check of the property index disclosing only the following:

- (i) the existing title number to the Lands;

- (ii) the Permitted Encumbrances; and
- (iii) pending numbers assigned respectively to the Certified Vesting Order,

the Purchaser shall:

- (iv) pay the Closing Payment or cause the Closing Payment to be paid to the Receiver's Solicitors "in trust" for the Vendor by certified cheque or wire transfer of immediately available funds or as otherwise directed by the Approval and Vesting Order prior to the Closing Date; and
- (v) provide written confirmation addressed to the Receiver's Solicitors and to the Vendor that the Deposit can be released to the Vendor or as otherwise directed by the Approval and Vesting Order,

and upon completion thereof the Closing Documents will be released to the appropriate Parties.

8.8 Concurrent Requirements. It is a condition of Closing that all matters of payment, execution and delivery of documents by each Party to the other pursuant to the terms of this Agreement will be deemed to be concurrent requirements and it is specifically agreed that nothing will be complete at the Closing until everything required as a condition precedent at the Closing has been paid, executed and delivered.

8.9 Payment by Wire Transfer. Notwithstanding anything else contained herein, the Purchaser will make all commercially reasonable efforts to ensure that the Closing Payment will be paid to and received by the Receiver's Solicitors on or before 5:00 p.m. (Vancouver time) on the Closing Date. Notwithstanding any provision of this Agreement, the Parties agree that, with respect to the Closing Payment, if the Purchaser is paying the Closing Payment by way of wire transfer, and if the Purchaser and the Purchaser's Solicitors have: (i) used commercially reasonable efforts to ensure that the Receiver's Solicitors will receive the Closing Payment on or before 5:00 p.m. on the Closing Date and provided evidence that such wire transfer was initiated prior to such time to the Receiver's Solicitors, but for any reason outside of the Purchaser's control (excluding any event which is a default by the Purchaser under this Agreement) the Receiver's Solicitors do not receive the Closing Payment by such time, then the time and date on which the Closing Payment must be received by the Receiver's Solicitors will be extended to 5:00 p.m. on the next Business Day following the Closing Date, so long as, in addition to the Closing Payment, the Purchaser also pays to the Receiver or the Receiver's Solicitors on such next Business Day following the Closing Date interest on the Closing Payment at a rate equal to the Prime Rate plus two percent per annum for each day from and including the Closing Date to but not including the day such payment is made. In this paragraph, "Prime Rate" means that variable annual rate of interest quoted by the main branch of Bank of Nova Scotia, Vancouver, British Columbia, from time to time as the rate of interest used by it as a reference rate for setting rates of interest on Canadian dollar loans in Canada repayable on demand and commonly referred to by such bank as its "prime rate". For example, if the Closing Date occurs on a Friday, the funds are wired on the following Monday and the

Closing Payment is received by the Receiver's Solicitors at 6:00 p.m. (Vancouver time) the day after wiring, the Purchaser will pay the Receiver four days' interest on the Closing Payment.

8.10 Termination. Notwithstanding any other provision of this Agreement, prior to the Closing this Agreement may be terminated as follows:

- (a) by the Purchaser or the Vendor if the Court or other court of competent jurisdiction has issued an order permanently restraining, enjoining or otherwise prohibiting the consummation of Closing and such order or action has become final (provided the same was not initiated by or on behalf of the Purchaser or the Vendor or their respective affiliates);
- (b) by the Purchaser, if there has been a material violation or breach by the Vendor of any covenant, representation or warranty which would prevent the satisfaction of the conditions necessary for Closing or other requirements for Closing in this Agreement and such violation or breach has not been waived by the Purchaser, unless the Purchaser is in material breach of its obligations under this Agreement;
- (c) by the Vendor, if there has been a material violation or breach by the Purchaser of any covenant, representation or warranty which would prevent the satisfaction of the conditions necessary for Closing or other requirements for Closing in this Agreement and such violation or breach has not been waived by the Vendor, unless the Receiver is in material breach of its obligations under this Agreement; or
- (d) by the Vendor, at any time prior to receipt of the Approval and Vesting Order, if the Vendor determine, in their sole and complete discretion, that it is inadvisable to present this Agreement to the Court, or to withdraw the Agreement from the Court, for any reason whatsoever.

The Party desiring to terminate this Agreement pursuant to this Section 8.10 shall give written notice of such termination to the other Party, specifying in reasonable detail the basis for such party's exercise of its termination rights.

8.11 Effect of Termination. In the event of termination of this Agreement pursuant to Section 8.10, this Agreement shall become void and of no further force or effect without liability to any party to any other party to this Agreement except that:

- (a) Sections 2.4, 4.1, 4.2 and 10.7 and ARTICLE 9 and any other provision herein that is expressed to survive the termination of this Agreement shall survive; and
- (b) no termination of this Agreement shall relieve any Party for any Liability for any wilful breach by it of this Agreement.

ARTICLE 9 – TAXES

- 9.1 **GST.** The Purchaser represents and warrants to the Vendor that it is and will be, as of the closing on the Closing Date, registered for the purposes of Part IX of the *Excise Tax Act* (Canada) (the “ETA”) in accordance with the requirements of Subdivision D of Division V of the ETA and will assume responsibility to account for and report any goods and services tax and harmonized sales tax (collectively, the “GST”) payable under the ETA in connection with the Sale Transaction. The Purchase Price does not include GST and the Purchaser will pay any GST payable with respect to the acquisition of the Purchased Assets in accordance with the ETA. Subject to Section 9.3, on the Closing Date, the Purchaser will deliver to the Vendor a certificate (the “GST Certificate”) of a senior officer of the Purchaser certifying, on behalf of the Purchaser and without personal liability (a) that the Purchaser is registered under Part IX of the ETA as of the Closing Date; (b) its registration number; and (c) that the Purchaser will account for, report and remit any GST payable in respect of the purchase of the Purchased Assets in accordance with the ETA. The Purchaser will indemnify and hold the Vendor and their directors, officers, employees, advisors and agents harmless from any Liability under the ETA arising as a result of any breach of the ETA with respect to GST payable in respect of the Purchased Assets, this Section 9.1, the GST Certificate or any declaration made therein and such indemnity will survive Closing.
- 9.2 **Provincial Sales Tax.** The Purchaser acknowledges that it may be liable to pay British Columbia provincial sales tax (“PST”) in respect of its purchase of some or all of the Purchased Assets. To the extent permitted under the *Provincial Sales Tax Act* (British Columbia), the Purchaser will report and remit as required by Applicable Law any such PST that is due directly to the applicable taxing authority, and otherwise will pay to the Receiver an amount equal, to the PST (if any) payable by the Purchaser and collectible by the Vendor in connection with the acquisition of the Purchased Assets on Closing together with the balance of the Purchase Price. The Purchaser will indemnify and hold the Vendor and their directors, officers, employees, advisors and agents harmless from any Liability related to the Purchaser’s or the Vendor’s failure to account for, or report and remit such PST and such indemnity will survive Closing.
- 9.3 **Tax Elections.** Notwithstanding the above, the Vendor will cooperate with the Purchaser to execute any election available under Applicable Law that may reduce or defer the amount or due date of any GST, PST, or other tax payable by the Purchaser provided such election will not result in any increased cost or tax liability for the Vendor. At the Closing, if available in respect of the Sale Transaction, each of the Receiver and the Purchaser shall execute jointly an election under subsection 167(1) of Part IX of the ETA, in the prescribed form and within the prescribed time therefor, in respect of the sale and transfer of the Purchased Assets and the Purchaser shall file such election with the Canada Revenue Agency.
- 9.4 **Other Taxes.** The Purchaser will be responsible for all property and other transfer taxes, fees and expenses in connection with the registration of the Approval and Vesting Order or transfer of the Purchased Assets and the Vendor will be responsible for income taxes or fees in respect of the disposition of the Purchased Assets.

ARTICLE 10 - GENERAL

- 10.1 Further Assurances.** Each of the Parties will execute and deliver all such further documents and do such further acts and things as may be reasonably required from time to time to give effect to this Agreement. The Purchaser will be solely responsible for any and all steps including documents and filings necessary, if any, to effect the transfer of the Purchased Assets including registration in the Purchaser's name in any applicable registry. The Vendor will execute such further documents as may reasonably be required by the Purchaser to give effect to the sale of the Purchased Assets at the sole cost and expense of the Purchaser, provided that nothing in this Agreement shall create any obligation on the part of the Vendor to take any action after the date that is 30 days after the Closing Date unless, not less than five Business Days prior to that date, the Purchaser delivers written notice to the Vendor of the reasonable specific actions it requests that the Vendor take and provided that the costs associated therewith (including but not limited to the expenses and hourly charges of the Receiver and its counsel in connection with the ongoing appointment of the Receiver, and all applicable taxes) shall be the obligation of the Purchaser and the Purchaser agrees to pay such costs within 10 Business Days following delivery by the Vendor to the Purchaser of an invoice itemizing such costs.
- 10.2 No Merger.** The execution and delivery of the Closing Documents is not intended to and will not in any way merge or otherwise restrict the terms, covenants, conditions, representations, warranties or provisions made or to be performed or observed by the Parties contained in this Agreement (other than the obligation to deliver the Closing Documents), all of which will survive the Closing.
- 10.3 Entire Agreement.** This Agreement constitutes the entire agreement between the Vendor and the Purchaser pertaining to the purchase and sale of the Purchased Assets and supersedes all prior agreements and undertakings, negotiations and discussions, whether oral or written, of the Vendor and the Purchaser and there are no representations, warranties, covenants or agreements between the Vendor and Purchaser except as set out in this Agreement.
- 10.4 Amendment.** Subject to Section 10.5, this Agreement may only be altered or amended by an agreement in writing executed by all of the Parties.
- 10.5 Solicitors as Agents.** Any notice, approval, waiver, agreement, instrument, document or communication permitted, required or contemplated in this Agreement may be given or delivered and accepted or received by the Purchaser's Solicitors, on behalf of the Purchaser, and by the Receiver's Solicitors, on behalf of the Vendor, and any tender of Closing Documents and the Purchase Price may be made upon the Receiver's Solicitors and the Purchaser's Solicitors, as the case may be.
- 10.6 Notices.** Any notice, document or communication required or permitted to be given under this Agreement will be in writing and delivered by hand or electronic transmission as follows:

(a) if to the Purchaser:

100, 101 Riel Drive
St. Albert, AB T8N 3X4

Attention: Lee Nilsson
E-mail: lnilsson@nbinc.com

with a copy to the Purchaser's Solicitors:

Miller Thomson LLP
2700, 10155 102 Street
Edmonton, AB T5J 4G8

Attention: Robert T. Anderson
E-mail: randerson@millerthomson.com

(b) if to the Receiver:

Alvarez & Marsal Canada Inc.
925 W Georgia Street
Unit 902
Vancouver BC V6C 3L2

Attention: Todd Martin and Taylor Poirier
E-mail: tmartin@alvarezandmarsal.com, tpoirier@alvarezandmarsal.com

with a further copy to the Receiver's Solicitors:

Lawson Lundell LLP
1600 – 925 West Georgia Street
Vancouver BC V6C 3L2

Attention: Bryan Gibbons and Julia Winters
E-mail: bgibbons@lawsonlundell.com; jwinters@lawsonlundell.com

and with a further copy to the Companies' solicitors:

Dentons Canada LLP
250 Howe Street, 20th Floor
Vancouver, BC V6C 3R8

Attention: Jordan Schultz
E-mail: jordan.schultz@dentons.com

or to such other address in Canada as either party may in writing advise. Any notice, document or communication will be deemed to have been given on the Business Day when delivered by hand if delivered prior to 5:00 p.m. (Vancouver time), otherwise will be

deemed to be delivered and received on the next Business Day; or, if made by email, will be deemed to have been given on the Business Day when transmitted if it is so transmitted prior to 5:00 p.m. (Vancouver time) on the day of transmittal, otherwise will be deemed to be given and received on the next Business Day.

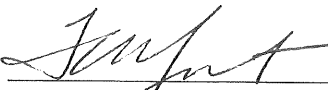
- 10.7 Fees.** Each of the Parties will pay its own legal fees and fees of its consultants. The Purchaser will pay all registration costs and property transfer tax payable in connection with its purchase of the Purchased Assets.
- 10.8 Accounting Terms.** Accounting terms used herein and not expressly defined will be deemed to have such meanings as may apply on the application of the Accounting Standards.
- 10.9 Time.** Time is of the essence of this Agreement.
- 10.10 Tender.** Unless otherwise set out herein, any tender of documents or money may be made upon the party being tendered or upon its solicitors and money will be tendered by certified cheque or wire transfer.
- 10.11 Enurement.** This Agreement will enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.
- 10.12 Assignment.** The Purchaser will not assign any of its rights and obligations under this Agreement without the prior written consent of the Receiver.
- 10.13 Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable in it. Any disputes concerning this Agreement or the subject matter thereof will be resolved by the Court in the CCAA Proceedings, and the Purchaser hereby attorns to the exclusive jurisdiction of the Court.
- 10.14 Waiver.** No waiver of any of the provisions of this Agreement will be deemed or will constitute a waiver of any other provision nor will any waiver constitute a continuing waiver unless otherwise expressed or provided.
- 10.15 Currency.** All dollar amounts referred to are Canadian dollars.
- 10.16 Business Day.** If the date for the performance of any act or thing falls on a day which is not a Business Day, then the date for the performance of such act or thing shall be extended to the next Business Day, except that the Closing Date shall be no later than August 12, 2024, unless extended in accordance with Section 2.9.
- 10.17 Construction.** The division and headings of this Agreement are for reference only and are not to affect construction or interpretation.
- 10.18 Counterparts and Execution.** This Agreement may be executed in counterparts and delivered by electronic transmission including by PDF format, and each such counterpart

will constitute an original and all such counterparts together will constitute one and the same agreement.

[Signature page follows]

The Parties are signing this Agreement as of the date set out above.

**BIFANO CONSOLIDATED INC.,
BIFANO FARMS INC., NATA FARMS
INC., SSC VENTURES (NO. 105) LTD.,
and SPALLUMCHEEN FARM LTD., by
their court-appointed receiver, ALVAREZ
& MARSAL CANADA INC. acting solely
in such capacity and not in its personal or
corporate capacity**

By: 
Name: *TODD M. MARTIN*
Title: *SENIOR VICE PRESIDENT*

HALLANO FARM HOLDINGS INC.

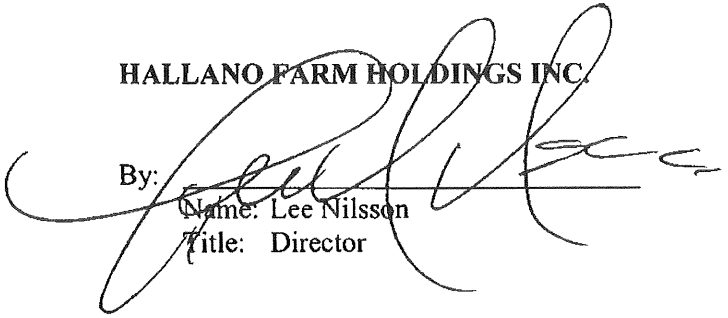
By: _____
Name: Brian Nilsson
Title: Director

The Parties are signing this Agreement as of the date set out above.

**BIFANO CONSOLIDATED INC.,
BIFANO FARMS INC., NATA FARMS
INC., SSC VENTURES (NO. 105) LTD.,
and SPALLUMCHEEN FARM LTD., by
their court-appointed receiver, ALVAREZ
& MARSAL CANADA INC. acting solely
in such capacity and not in its personal or
corporate capacity**

By: _____
Name:
Title:

HALLANO FARM HOLDINGS INC.

By:  _____
Name: Lee Nilsson
Title: Director

SCHEDULE A LANDS

Lands

The following parcels, including all buildings, structures, improvements and all appurtenances and attachments thereto:

Bifano Consolidated Inc. - Real Property

Title 1

PID: 030-083-893

Legal Description: Lot 1 Sections 12, 13, 18 and 26 Township 18 and 35 Range 8 and 9 West of the 6th Meridian Kamloops Division Yale District Plan EPP68311

Spallumcheen Farm Ltd. - Real Property

Title 1

PID: 011-498-986

Legal Description: District Lot 94 Osoyoos Division Yale District

Title 2

PID: 011-291-761

Legal Description: Lot 2 Section 26 Township 35 Kamloops (formerly Osoyoos) Division Yale District Plan 2011

Title 3

PID: 011-255-188

Legal Description: Lot 3 Section 26 Township 35 Kamloops (formerly Osoyoos) Division Yale District Plan 2080

Title 4

PID: 011-367-750

Legal Description: Lot 6 District Lot 148 Kamloops Division Yale District Plan 1654

Title 5

PID: 011-367-784

Legal Description: Lot 7 District Lot 148 Kamloops Division Yale District Plan 1654

Title 6

PID: 014-003-449

Legal Description: The Fractional South West $\frac{1}{4}$ Section 35 Township 35 Kamloops (formerly Osoyoos) Division Yale District except Plan A402

Title 7

PID: 013-795-848

Legal Description: That Part of section 13 which is bounded on the North by District Lot 148 Osoyoos Division Yale District on the East by District Lot 94 Osoyoos Division Yale District, on the South by District Lot 92 Osoyoos Division Yale District and on the West by the right bank of Fortune Creek as shown on Plan of said Township dated at Ottawa on the 10th day of January, 1902 including all the timber thereon Township 18 Range 9 West of the 6th Meridian Kamloops Division Yale District

SCHEDULE B
PERMITTED ENCUMBRANCES

- (1) the reservations, limitations, provisions or conditions expressed in the original grants from the Crown of any of the Lands and the statutory exceptions to title currently applicable to those Lands;
- (2) a Claim of right, title or jurisdiction which may be made or established by any aboriginal peoples by virtue of their status as aboriginal peoples to or over any lands;
- (3) any residential tenancies;
- (4) liens for taxes, assessments, rates, duties, charges or levies not at the time due, which relate to obligations or liability assumed by the Purchaser; and
- (5) the Encumbrances listed below in respect of each of the lots comprising the Lands:

Instrument Number (PID, etc.)	Particulars
PID: 014-003-449 PID: 013-795-848	This Title May Be Affected By The Agricultural Land Commission Act
PID: 011-291-761 PID: 011-255-188 PID: 011-367-784 PID: 011-367-750 PID: 011-498-986	This Certificate of Title may be Affected by the Agricultural Land Commission Act, See Agricultural Land Reserve Plan No.M11122
PID: 030-083-893	This Certificate of Title may be Affected by the Agricultural Land Commission Act See Plan M11122 This Title may be Affected by a Permit Under Part 26 of the Local Government Act, See KW139409 Undersurface Rights 32820E Covenant L41694 Covenant L41698 Statutory Right Of Way CA9990276

SCHEDULE C
PURCHASED CONTRACTS

All undocumented agreements for the use of certain lands that are neighboring or adjacent to the Property for various purposes, including, without limitation, for the Business' livestock to graze on such land.

Any insurance policy assigned by the Vendor to the Purchaser pursuant to Section 3.1(a).

SCHEDULE D
INTANGIBLE ASSETS

All intangible assets of Bifano, Nata and SF.

SCHEDULE E
PERMITS, LICENSES AND CERTIFICATIONS

None.

SCHEDULE F
PURCHASE PRICE ALLOCATION

A portion of the Purchase Price equal to the fair market value of the Owned Quota (specified below) shall be deemed consideration for the release of SSC and Bifano Farms as contemplated by the Approval and Vesting Order, and allocated as a redemption of the Owned Quota.

Purchased Asset	
Release of SSC and Bifano Farms	
Lands	
PID: 030-083-893	
PID: 011-498-986	
PID: 011-291-761	
PID: 011-255-188	
PID: 011-367-750	
PID: 011-367-784	
PID: 014-003-449	
PID: 013-795-848	
Chattels (including Equipment, but excluding Leased Equipment)	
Purchased Contracts	
Inventory (including livestock)	
Assets described in Schedule D	
Business Records	
Permits, Licenses and Certifications	
TOTAL:	

SCHEDULE G

[Reserved]

**SCHEDULE H
EXCLUDED ASSETS**

Vin#	Asset
2TVWF5336HD000414	2017 Titan Walking floor
5MC335317D5136446	2013 Manac tridem walking floor
2BGA03261AUA21390	JBS Trailer
2T9YAAZC39D016500	Standard Trailer
2T9YAAZC5ED016508	Standard Trailer
3HSDZAPRXJN484373	2018 International LT625 Truck
3HSDZAPR1RN853004	2024 international LT 625
2NP2HN7X8DM191055	2013 Peterbuilt
5KKHAXDVXKPKU6528	2019 Western Star
5KJJALD13KPKU6219	2019 Western Star
5KJJAED11HPJE2442	Standard Tractor
5KJJAED14GPGS4280	Certain parts of Standard Tractor
MSWP047-077	Used 2015 JBS VMWB3448 Tridem Manure Spreader
JJAT8435HJRE01419x	2018 New Holland T8.435 MFWD Ag Tractor
ZERE06635s	2014 New Holland T8.435 MFWD Ag Tractor
545624014	2009 New Holland FR9080 Forage Harvester
YKG679075	2020 New Holland SR260 Windrower
442013	2017 Lemken Karat 9 KUA Cultivator with Roller Packer
5KJJALDR5CPBH0038	2012 Western Star 4900SA Tandem Tractor
283378011	2009 New Holland 283 Grass Pickup Header
CAT00D5KCYYY01408	2011 Caterpillar D5K LGP Crawler Dozer

Vin#	Asset
VMEC2048-2 MSVP129-561	2020 JBS VMEC2048-2 Tandem Manure Spreader
VCEL45GSJ02220056	2012 Volvo L45G Wheel Loader
2100011	2020 Supreme 1000T Tandem Feed Wagon
YDS042745	2015 Case IH Early Riser 1245 Corn Planter
283501019	2016 New Holland 38HPPA Grass Pickup Header
ZDRD02039	2014 Case IH Magnum 340 MFWD Ag Tractor
MSWP050-081	2015 JBS VMWB3448 Tridem Manure Spreader
JAF0L220TKM476823	2020 New Holland L220 Skidsteer
555812009	2012 New Holland FR9090 Forage Harvester
01B1402237	2018 Landoll 876-30C Cultivator
YLG629440	2021 New Holland DB416 Disc Header
YCS029268	2013 Case IH Early Riser 1240 Corn Planter
ZDF218203	2014 New Holland T9.615 4WD Ag Tractor
YLG679292	New holland 260 Windrower
YLG629344	[Farm Equipment]
555927007	New holland 2018 FR850 Self Prop. Harvester
PNN139937	2 New holland corn heads
PNN139940	[Farm Equipment]
ZHEA01842	T7.315 New Holland tractor
321TF62801	2022 H&S TF6128 Twin Flex Merger & 2022 Landoll 2112-13 Coulter Chisel Plow
2112-13-640664	[Farm Equipment]
CA 1-2211995-HH	2022 GEA EL-48-6D-6100 Manure Spreader

Vin#	Asset
EC210V17309	2006 210 Volvo Excavator
31258	2011 Toyota Forklift
ZEBZ03895	2014 New holland T7-350
YDS042745	2013 Case IH Corn Planter
354316018	Case Baler
12975	Volvo Excavator
279380318	Leon 14" Dozer Blade
381-271	Lemken Plow
PMC1601077	Landoll Cullipacker
Z9JH20909	New Holland Tractor
121TF62811	H&S Merger
3330-100 YCT0322213	Case Sprayer
X05424145	Volvo L90H
CAI1-2111555	GEA Manure Tank
CAA2-2106482	GEA Manure Pump
2J91F4E2XK1057225	2019 JBS FT3860 Tridem Live Floor Trailer
2T9YAAZC2JD016590	2018 Tycrop SF53 Tridem Walking Floor Trailer
2J91F4E28K1057224	2019 JBS FT3860 Tridem Live Floor Trailer
2J91F4C28H1057171	2017 JBS FT3460 Tridem Live Floor Trailer
2J91F4F35K1057236	2019 JBS FT4060 Tridem Live Floor Trailer
1W14283A7K2271438	Andres Trailer - super B grain trailer set
1W14312A1K2271439	
2BGM12208MUM27698	2020 JBS
2J91F4J3XM1057291	2021 JBS FT4696 trailer
1TKJ05332FM126569	2015 Trail King
5KKPALD11FPGL5942	2020 JBS

Vin#	Asset
5KKPALD10FPGL5947	2015 Western Star and 2020 JBS forage box
1HSDJAPR3FH705739	2015 International Prostar Tandem Tractor
3ALHGNBGXFDGB2845	2015 Freightliner 122SD Tandem Tractor
1FDUF5HT0BEB67746	2011 Ford F550 XLT 4x4 Regcab Service Truck
3HSCXAPR5HN486656	2017 International Lonestar
3HSDJAPT4GN733066	2016 International Prostar
2M961REX5CP162033	Mccloskey screening plan Trommel
N/A	Tractor
VCE0L70FC00026745	Volvo Wheel Loader
N/A	Modular Office
NEGG129153	2021 New Holland 10 Row CornHeadc / w

**SCHEDULE I
CHATTELS**

Vin#	Asset
T8 ZARC00839	Landoll Disc 30FT
KTNKG38NAM5610052	New Holland Grass Pickup Header
GG10-AUG10-363	Rotogrind
Y106018000079	Grain Auger Farm King 60FT x 10'
BRMA053-14	JBS Hurricane Beaters
RS807AA5560373	JBS Hurricane Beaters
Y1010H0000083	Farm King Grain Auger
2835012019	2019 New Holland Grass Pickup Header
KTNKG38NAM5610053	2022 New Holland Grass Pickup Header
4FGL24209VA825820	Standard Trailer
2T9YAAZC678WRT059	Standard Trailer

Equipment Parts

- Excavator ()
- Corn Planter ()
- Forage Harvester ()
- Feed Wagon ()
- Swather ()
- Baler ()
- Merger ()
- Manure Spreaders ()
- JBS Wagons ()
- Tractors ()

- Skid Steers ()
- Loaders ()
- Ag-Bagger ()
- Grain Trailers ()
- JBS Trailers ()
- Hurricane Beaters ()
- Tillage Equipment ()

Livestock

- All cows, heifers, and calves.

Barn Supplies

- Dairy Ration ()
- Dairy Supplies ()
- Chemicals ()
- Bedding ()

Shop Supplies

- Oil ()
- Coolant ()
- Grease ()
- DEF ()
- Electrical Supplies ()
- Bolts, Nuts, Washer and Misc. ()
- Filters ()
- Windshield Washer Fluid ()

The Property's Milk Processing Facility

- Any and all Chattels located on the Property concerning or compromising the Property's milk storage, milk parlour and milk barns, including, but not limited to, the following:
 - computerized milk meters;
 - double-22 parabone milking parlours system complete with auto take-offs and computer monitoring system;
 - rapid exit system;
 - back flush system;
 - two (2) Mueller 8000 gallon stainless steel milk tanks completed with a transfer tank;
 - Mueller chilling system;
 - Guardian 1 washing equipment;
 - BouMatic vacuum pump system with PVC balance tank and process piping;
 - two (2) 500 Gallon Fiberglass water reservoir tanks for parlour flushing;
 - refrigeration system;
 - hot water tanks;
 - Airchamp air compressor;
 - cooling plates;
 - Pulsator control system;
 - computerized and non computerized control gates;
 - Heatime Pro cow monitoring system;
 - processing piping;
 - washing tubs;

- crowding gate with parlour controlled forward / reverse, brake, airlines, mounting system and rails;
- six (6) diesel powered generators;
- two (2) 400amp services, two 600amp services and two 200amp services;
- water troughs;
- grain bins;
- activity pedometer;
- computerized sort gates; and
- forced air gas furnace.

EXHIBIT A
APPROVAL AND VESTING ORDER

[see attached]

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36

BETWEEN:

THE BANK OF NOVA SCOTIA

PETITIONER

AND:

BIFANO CONSOLIDATED INC.
BIFANO FARMS INC.
NATA FARMS INC.,
SSC VENTURES (NO. 105) LTD. AND
SPALLUMCHEEN FARM LTD.

RESPONDENTS

ORDER MADE AFTER APPLICATION

APPROVAL AND VESTING ORDER

BEFORE THE HONOURABLE MADAM
JUSTICE FITZPATRICK

)
)
)
)

WEDNESDAY, THE 31ST DAY
OF JULY 2024

THE APPLICATION of Alvarez & Marsal Canada Inc., in its capacity as Court-appointed Receiver and Manager (the “**Receiver**”) of all of the assets, undertakings and properties of Bifano Consolidated Inc., Bifano Farms Inc., Nata Farms Inc., SSC Ventures (No. 105) Ltd. and Spallumcheen Farm Ltd. (collectively, the “**Debtor**”) coming on for hearing at Vancouver, British Columbia, on the 31st day of July 2024; AND ON HEARING Bryan C. Gibbons and Noor Mann, counsel for the Receiver, and those other counsel listed on **Schedule “A”** hereto, and no one else appearing, although duly served; AND UPON READING the material filed, including the First Report of the Receiver dated **NTD** (the “**Report**”)

THIS COURT ORDERS AND DECLARES THAT:

1. The sale transaction (the “**Transaction**”) contemplated by the Purchase and Sale Agreement dated July **[NTD]**, 2024 (the “**Sale Agreement**”) between the Receiver and Hallano Farm Holdings Inc. (the “**Purchaser**”), a copy of which is attached as Appendix **[NTD]** to the Report is hereby approved, and the Sale Agreement is commercially reasonable. The execution of the Sale Agreement by the Receiver is hereby authorized

and approved, and the Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance to the Purchaser of the assets described in the Sale Agreement (the “**Purchased Assets**”).

2. Upon delivery by the Receiver to the Purchaser of a certificate substantially in the form attached as **Schedule “B”** hereto (the “**Receiver’s Certificate**”), all of the Debtor’s right, title and interest in and to the Purchased Assets described in the Sale Agreement and listed on **Schedule “C”** hereto shall vest absolutely in the Purchaser in fee simple, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of this Court dated February 28, 2024, as amended and restated March 11, 2024, and by the Order of this Court dated June 24, 2024 (collectively, the “**CCAA Charges**”); and (ii) all charges, security interests or claims evidenced by registrations pursuant to the Personal Property Security Act of British Columbia or any other personal property registry system; and (iii) those Claims listed on **Schedule “D”** hereto (all of which are collectively referred to as the “**Encumbrances**”, which term shall not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule “E”** hereto), and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.
3. Upon delivery by the Receiver to the Purchaser of the Receiver’s Certificate, Bifano Farms Inc. and SSC Ventures (No. 105) Ltd. (together, the “**Released Entities**”) shall be released from any and all Claims of the Petitioner and all Encumbrances securing those Claims and from the CCAA Charges, and the Released Entities shall cease to be Respondents in these proceedings and shall be deemed released from the purview of all orders of this Court granted in these proceedings, save and except for this order, and the style of cause shall be amended accordingly.
4. Upon presentation for registration in the Land Title Office for the Land Title District of Kamloops of a certified copy of this Order, together with a letter from Lawson Lundell LLP, solicitors for the Receiver, authorizing registration of this Order, the British Columbia Registrar of Land Titles is hereby directed to:
 - (a) enter the Purchaser as the owner of the Lands, as identified in **Schedule “C”** hereto, together with all buildings and other structures, facilities and improvements located thereon and fixtures, systems, interests, licenses, rights, covenants, restrictive covenants, commons, ways, profits, privileges, rights, easements and appurtenances to the said hereditaments belonging, or with the same or any part thereof, held or enjoyed or appurtenant thereto, in fee simple in respect of the Lands, and this Court declares that it has been proved to the satisfaction of the Court on investigation that the title of the Purchaser in and to

the Lands is a good, safe holding and marketable title and directs the BC Registrar to register indefeasible title in favour of the Purchaser as aforesaid; and

- (b) having considered the interest of third parties, to discharge, release, delete and expunge from title to the Lands all of the registered Encumbrances except for those listed in **Schedule “E”**.
5. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and from and after the delivery of the Receiver’s Certificate all Claims shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having had possession or control immediately prior to the sale.
 6. The Receiver is to file with the Court a copy of the Receiver’s Certificate forthwith after delivery thereof.
 7. Pursuant to Section 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act* or Section 18(10)(o) of the *Personal Information Protection Act* of British Columbia, the Receiver is hereby authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the company’s records pertaining to the Debtor’s past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.
 8. Subject to the terms of the Sale Agreement, vacant possession of the Purchased Assets, including any real property, shall be delivered by the Receiver to the Purchaser at 12:00 noon on the Closing Date (as defined in the Sale Agreement), subject to the permitted encumbrances as set out in the Sale Agreement and listed on **Schedule “E”**.
 9. The Receiver, with the consent of the Purchaser, shall be at liberty to extend the Closing Date to such later date as those parties may agree without the necessity of a further Order of this Court.
 10. Notwithstanding:
 - (a) these proceedings;
 - (b) any applications for a bankruptcy order in respect of the Debtor now or hereafter made pursuant to the *Bankruptcy and Insolvency Act* and any bankruptcy order issued pursuant to any such applications; and
 - (c) any assignment in bankruptcy made by or in respect of the Debtor,

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute or be deemed to be a transfer at undervalue, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the *Bankruptcy and Insolvency Act* or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

11. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body, wherever located, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
12. The Receiver or any other party have liberty to apply for such further or other directions or relief as may be necessary or desirable to give effect to this Order.
13. Endorsement of this Order by counsel appearing on this Application is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

BRYAN C. GIBBONS
Lawyer for the Receiver, Alvarez & Marsal
Canada Inc.

By the Court.

Registrar

SCHEDULE “A”

List of Counsel

Counsel	Party
Bryan C. Gibbons Noor Mann	The Receiver, Alvarez & Marsal Canada Inc.
Lisa Hiebert Mishaal Gill	The Bank of Nova Scotia

SCHEDULE “B”

Receiver’s Certificate

No. S241161
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN THE MATTER OF THE *COMPANIES’ CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36**

BETWEEN:

THE BANK OF NOVA SCOTIA

PETITIONER

AND:

BIFANO CONSOLIDATED INC.
BIFANO FARMS INC.
NATA FARMS INC.
SSC VENTURES (NO. 105) LTD. AND
SPALLUMCHEEN FARM LTD.

RESPONDENTS

Receiver’s Certificate

RECITALS

A. Pursuant to an Order of the Supreme Court of British Columbia (the “**Court**”) dated June 24, 2024 (the “**Receivership Order**”), Alvarez & Marsal Canada Inc. was appointed as Receiver and Manager (the “**Receiver**”) of all of the assets, undertakings and properties of Bifano Consolidated Inc., Bifano Farms Inc., Nata Farms Inc., SSC Ventures (No. 105) Ltd. and Spallumcheen Farm Ltd. (collectively, the “**Debtor**”).

B. Pursuant to an Order of the Court dated July 31, 2024 (the “**Approval and Vesting Order**”), the Court approved the Purchase and Sale Agreement dated July [NTD], 2024 (the “**Sale Agreement**” between the Receiver and Hallano Farm Holdings Inc. (the “**Purchaser**”), for the sum of [REDACTED], and provided for the vesting in the Purchaser of all of the right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article 8 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, capitalized terms have the meanings set out in the Approval and Vesting Order or the Sale Agreement, as applicable.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing set out in Article 8 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.

This Certificate was delivered by the Receiver at Vancouver, BC this ___ day of July, 2024.

ALVAREZ & MARSAL CANADA INC.,
in its capacity as Receiver and Manager of all
of the assets, undertakings and properties of
Bifano Consolidated Inc., Bifano Farms Inc.,
Nata Farms Inc., SSC Ventures (No. 105) Ltd.
and Spallumcheen Farm Ltd.

Per: _____
Todd Martin

SCHEDULE "C"

Purchased Assets

1. The following, each as defined in the Sale Agreement:
 - a. the Chattels;
 - b. the Purchased Contracts;
 - c. the Inventory;
 - d. the Business Records; and
 - e. the Permits, Licenses and Certifications;
2. All of the intangible assets of Bifano Consolidated Inc., Nata Farms Inc. and Spallumcheen Farm Ltd.; and
3. The following lands, including all buildings, structures, improvements and all appurtenances and attachments thereto:

Bifano Consolidated Inc. - Real Property

Title 1

PID: 030-083-893

Legal Description: Lot 1 Sections 12, 13, 18 and 26 Township 18 and 35 Range 8 and 9 West of the 6th Meridian Kamloops Division Yale District Plan EPP68311

Spallumcheen Farm Ltd. - Real Property

Title 1

PID: 011-498-986

Legal Description: District Lot 94 Osoyoos Division Yale District

Title 2

PID: 011-291-761

Legal Description: Lot 2 Section 26 Township 35 Kamloops (formerly Osoyoos) Division Yale District Plan 2011

Title 3

PID: 011-255-188

Legal Description: Lot 3 Section 26 Township 35 Kamloops (formerly Osoyoos)
Division Yale District Plan 2080

Title 4

PID: 011-367-750

Legal Description: Lot 6 District Lot 148 Kamloops Division Yale District Plan 1654

Title 5

PID: 011-367-784

Legal Description: Lot 7 District Lot 148 Kamloops Division Yale District Plan 1654

Title 6

PID: 014-003-449

Legal Description: The Fractional South West $\frac{1}{4}$ Section 35 Township 35 Kamloops
(formerly Osoyoos) Division Yale District except Plan A402

Title 7

PID: 013-795-848

Legal Description: That Part of section 13 which is bounded on the North by District Lot 148 Osoyoos Division Yale District on the East by District Lot 94 Osoyoos Division Yale District, on the South by District Lot 92 Osoyoos Division Yale District and on the West by the right bank of Fortune Creek as shown on Plan of said Township dated at Ottawa on the 10th day of January, 1902 including all the timber thereon Township 18 Range 9 West of the 6th Meridian Kamloops Division Yale District

SCHEDULE “D”

Claims to be deleted/expunged from title to Real Property

Nature of Charge	Registration No.
Mortgage Bank of Nova Scotia	CA8113787
Assignment of Rents Bank of Nova Scotia	CA8113788
Mortgage Bank of Nova Scotia	CA8542605
Assignment of Rents Bank of Nova Scotia	CA8542606
Mortgage Van Maren Financial Ltd.	CB460545
Assignment of Rents Van Maren Financial Ltd.	CB460546
Mortgage Van Maren Financial Ltd.	CB460547
Assignment of Rents Van Maren Financial Ltd.	CB460548
Claim of Builder's Lien Douglas Smith	LB572943
Claim of Builder's Lien Douglas Smith	LB572944

Together with any other charges, liens, encumbrances, caveats, mortgages, certificates of pending litigation, or interests registered against the lands subsequent to the above charges.

SCHEDULE "E"

Permitted Encumbrances, Easements and Restrictive Covenants related to Real Property

1. The reservations, limitations, provisos and conditions expressed in the original grant thereof from the Crown;
2. The following legal notations:
 - (a) THIS TITLE MAY BE AFFECTED BY THE AGRICULTURAL LAND COMMISSION ACT
 - (b) THIS CERTIFICATE OF TITLE MAY BE AFFECTED BY THE AGRICULTURAL LAND COMMISSION ACT, SEE AGRICULTURAL LAND RESERVE PLAN NO.M11122
 - (c) THIS TITLE MAY BE AFFECTED BY A PERMIT UNDER PART 26 OF THE LOCAL GOVERNMENT ACT, SEE KW139409
3. Any residential tenancies;
4. And the following:

Nature of Charge	Registration No.
Undersurface Rights The Director of Soldier Settlement	32820E
Covenant Her Majesty the Queen in Right of the Province of British Columbia	L41694
Covenant Her Majesty the Queen in Right of the Province of British Columbia	L41698
Statutory Right of Way British Columbia Hydro and Power Authority	CA9990276

EXHIBIT B
RECEIVER'S BRING-DOWN CERTIFICATE

TO: [●] (the "Purchaser")

DATED: _____, 2024

This certificate is delivered pursuant to the purchase and sale agreement dated for reference _____, 2024, as amended from time to time (collectively, the "**Purchase and Sale Agreement**") between Alvarez & Marsal Canada Inc., in its capacity as court-appointed Receiver of the assets, undertakings and property of Bifano Consolidated Inc., Bifano Farms Inc., Nata Farms Inc., SSC Ventures (No. 105) Ltd. and Spallumcheen Farm Ltd. and not in its personal or corporate capacity (collectively, the "**Receiver**") and the Purchaser. Capitalized terms used and not defined in this certificate have the meanings given to them in the Purchase and Sale Agreement.

The Receiver certifies in favour of the Purchaser that the representations and warranties of the Receiver set forth in the Purchase and Sale Agreement are, as at the Closing Date, true and accurate in all material respects and all covenants of the Receiver to be performed on or before the Closing Date have been duly observed and performed in all material respects.

ALVAREZ & MARSAL CANADA INC.
in its capacity as court-appointed Receiver of
BIFANO CONSOLIDATED INC.,
BIFANO FARMS INC., NATA FARMS
INC., SSC VENTURES (NO. 105) LTD.
and **SPALLUMCHEEN FARM LTD.** and
not in its personal or corporate capacity

By: _____
Name:
Title:

EXHIBIT C
PURCHASER'S BRING-DOWN CERTIFICATE

TO: Alvarez & Marsal Canada Inc., in its capacity as court-appointed Receiver of Bifano Consolidated Inc., Bifano Farms Inc., Nata Farms Inc., SSC Ventures (No. 105) Ltd. and Spallumcheen Farm Ltd. and not in its personal or corporate capacity (collectively, the "Receiver")

DATED: _____, 2024

This certificate is delivered pursuant to the purchase and sale agreement dated for reference _____, 2024, as amended from time to time (collectively, the "**Purchase and Sale Agreement**") between the Receiver and Hallano Farm Holdings Inc. (the "**Purchaser**"). Capitalized terms used and not defined in this certificate have the meanings given to them in the Purchase and Sale Agreement.

The Purchaser certifies that the representations and warranties of the Purchaser set forth in the Purchase and Sale Agreement are, as at the Closing Date, true and accurate in all material respects and all covenants of the Purchaser to be performed on or before the Closing Date have been duly observed and performed in all material respects.

HALLANO FARM HOLDINGS INC.

By: _____
Name:
Title: