Court File No.: CV-19-00612265-0000

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT,* R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

B E T W E E N:

TEMISKAMING DEVELOPMENT FUND CORPORATION,

Applicant

- and -

1793082 ONTARIO LTD., o/a K.D. QUALITY PELLETS

Respondent

THIRD REPORT OF THE RECEIVER

MARCH 19, 2020

Grant Thornton Limited
200 King Street West, 11th Floor
Toronto, Ontario
M5H 3T4

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APPENDICES

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THIRD REPORT OF THE RECEIVER

MARCH 19, 2020

INTRODUCTION

1. This report (the "**Third Report**") is filed by Grant Thornton Limited ("**GTL**") in its capacity as receiver and manager (in such capacities, the "**Receiver**") of 1793082 Ontario Ltd., o/a K.D. Quality Pellets ("**KD Pellets**" or the "**Company**") pursuant to an order issued by the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated February 22, 2019

(the "**Receivership Order**"). A copy of the Receivership Order and corresponding endorsement are collectively attached hereto as **Appendix A**.

PURPOSE OF THIS SECOND REPORT

2. The purpose of this Third Report is to update the Court on these receivership proceedings (the "**Receivership Proceedings**") and to provide information to the Court to support the Receiver's request for an order:

(a) approving this Third Report, the Second Report (as defined herein) and the activities of the Receiver as set out in this Third Report and the Second Report;

(b) approving the distribution of the net sale proceeds in relation to the previously approved sale of the Company's assets;

(c) unsealing the confidential appendices currently under seal in accordance with prior court orders granted in these Receivership Proceedings;

(d) approving the Receiver's final statement of receipts and disbursements dated March 2, 2020 (the "**Final R&D**");

(e) approving the Receiver's fees and disbursements (including the Final Fees, as defined herein), as well as that of its counsel, Cassels Brock & Blackwell LLP ("**Cassels**"), and Miller Thomson LLP ("**Miller Thomson**");

(f) discharging GTL as Receiver of KD Pellets subject to the completion of the Remaining Matters (as defined herein) and the filing of a Receiver's discharge certificate; and,

(g) such further relief that counsel may advise and that this Court may permit.

RESTRICTIONS AND TERMS OF REFERENCE

3. In preparing this Third Report, the Receiver has relied upon unaudited and certain audited financial information, the Company's books and records, certain financial information obtained by third parties, and discussions with various individuals related to the Company (collectively, the "**Information**"). The Information has not been audited by the Receiver as to its accuracy or completeness, nor has it necessarily been prepared in accordance with Generally Accepted Accounting Principles ("**GAAP**") or International Financial Reporting Standards (**"IFRS**") and the reader is therefore cautioned that this Third Report may not disclose all significant matters about the Company.

4. This Third Report has been prepared for the use of this Court to provide general information and an update relating to the Receivership Proceedings for the purpose of assisting the Court in making a determination as to whether to approve the relief sought. This Third Report should not be relied on for any other purpose. The Receiver will not assume responsibility or liability for losses incurred as a result of the circulation, publication, reproduction or use of this Third Report contrary to the provisions of this paragraph.

5. A copy of this Third Report and other relevant documents with respect to these Receivership Proceedings are available on the Receiver's case website: www.GrantThornton.ca/KDQP (the "**Case Website**").

6. Capitalized terms not defined in this Third Report have the meanings ascribed to them in the First Report and the Second Report (as defined below).

7. All references to dollars are in Canadian currency unless otherwise noted.

BACKGROUND

8. KD Pellets operated a purpose-built pellet processing plant (the "**Pellet Plant**"), constructed in 2013 which is located on an 89.93 acre parcel of land located at 999582 Highway 11 North, Harley, Ontario[1] (the "**Real Property**" or the "**Premises**") and consists of four (4) buildings. Due to a lack of working capital and available funding, KD Pellets had not been able to operate the Pellet Plant in any significant capacity since January 2016.

9. Temiskaming Development Fund Corporation ("**Temfund**"), a secured creditor of the Company, and a part of the Community Lenders group of secured creditors (as defined herein), sent the Company a Notice to Enforce Security on December 11, 2018 under section 244 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**").

10. On January 9, 2019, Temfund filed an application with the Court seeking, among other things, an order appointing GTL as receiver, without security, over all of the property, assets, and undertakings of the Company (collectively, the "**Property**") and approving a proposed sale process (the "**Sale Process**") of the Property.

11. Prior to the appointment of the Receiver, the Court granted certain relief to both KD Pellets and Temfund wherein GTL was initially engaged as a monitor, and then an Interim Receiver, with the authority to access the Property, while KD Pellets was provided time to seek new financing and cover certain costs to maintain the KD Pellets' Property (i.e. insurance and hydro service). Upon the Company being unable to make sufficient

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[1] Legal description: PT N 1/2 LT 7 CON 4 HARLEY PT 2 54R5414; PT N 1/2 LT 8 CON 4 HARLEY PT 1, 54R5437 HARLEY; DISTRICT OF TIMISKAMING; PIN 61311-0291; SUBJECT TO AN EASEMENT IN GROSS OVER PT 3 54R-5732 AS IN DT46532; SUBJECT TO AN EASEMENT IN GROSS OVER PT 3 54R-5732 AS IN DT46533

progress on financing, maintain insurance on the Property, and maintain hydro service to the Premises, and being satisfied that the appointment of a Receiver was appropriate in the circumstances, on February 22, 2019, the Court issued the Receivership Order which appointed GTL as Receiver and issued an order approving the Sale Process.

12. Immediately after its appointment, the Receiver commenced the Sale Process and identified a buyer for KD Pellets' Property. On May 22, 2019, the Court approved of a sale transaction with Bionorth Technology Holding Corporation ("**Bionorth**") and granted a sale approval and vesting order (the "**Approval and Vesting Order**") that authorized the Receiver to complete the contemplated sale transaction.

13. A detailed description of the Sale Process, the Sale Transaction and Approval and Vesting Order are provided in the First Report of the Receiver dated May 14, 2019 (the "**First Report**"). A copy of the First Report, without appendices, is attached hereto as **Appendix B**.

14. Upon being authorized to complete the approved sale transaction with Bionorth, the Receiver worked to close the sale transaction. However Bionorth requested certain changes to the sale agreement, including multiple requests for additional time to close the transaction as well as an assignment of the sale agreement to a related party single purpose entity, 2576642 Ontario Limited (the "**Purchaser**"). The Receiver granted three extensions to close the sale transaction with the Purchaser at the request of the Purchaser and/or Bionorth before filing its second report to Court dated July 29, 2019 (the "**Second Report**"). On August 6, 2019, the Court made an order amending the Approval and Vesting Order to allow for a change to the Purchaser's name as well as changes to reflect the terms of the three extensions to close the transaction with the Purchaser (the "**Amended and Restated Approval and Vesting Order**"). A copy of the Receiver's

Second Report (without appendices) and the Amended and Restated Approval and Vesting Order are attached as **Appendices C** and **D**, respectively.

15. In addition to amending the Approval and Vesting Order, the Receiver also sought to resolve a disputed collateral matter in regards to a secured claim in certain equipment. Such dispute was resolved, settled and approved in the Amended and Restated Approval and Vesting Order. A summary of the disputed collateral matter is included in the Receiver's Second Report.

16. Since the granting of the Amended and Restated Approval and Vesting Order, the Receiver has continued to work with the Purchaser to close the sale transaction. This has included approximately six (6) further extension agreements and the Purchaser funding not only ongoing out-of-pocket costs to maintain the Property (i.e. insurance, site visits, property taxes and hydro), but also certain professional fees and the payment of additional deposits.

17. In working to close the transaction, a party related to the Purchaser, Bionorth, who was also a secured creditor of KD Pellets, agreed to release its security over generally the KD Pellets equipment assets. This has resulted in an increase in the recovery to those secured creditors with a financial interest in the sale proceeds, namely Temfund, Northern Ontario Heritage Fund Corporation, and South Temiskaming Community Futures Development Corp ("**STCFDC**", and collectively, the "**Community Lenders**").

18. Throughout the Sale Process, the Receiver has communicated with and provided updates to the Community Lenders.

19. On February 14, 2020, the Receiver closed the sale transaction with the Purchaser.

RECEIVER'S ACTIVITIES

20. Prior to this Third Report, the Receiver sought and the Court granted approval of the Receiver's prior reports including the Proposed Receiver's Report, the Interim Receiver's Report, the First Report, and the activities described therein. Such approval was granted by order of Court, dated May 22, 2019 (the "**Approval of Receiver's Activities and Fees Order**"), a copy of which is attached as **Appendix E**. Since the Receiver's Second Report, the Receiver's activities, in addition to those discussed throughout this Third Report, have included, among other things:

    (a) corresponding with the Purchaser and its counsel to complete the sale transaction;

    (b) corresponding with other buyers, with the consent of the Purchaser, to consider alternative options should the sale transaction with the Purchaser not close;

    (c) maintaining sufficient insurance coverage for the Premises;

    (d) corresponding with Canada Revenue Agency with respect to tax accounts and remittances;

    (e) corresponding with the Community Lenders and their respective counsel to discuss various matters related to these Receivership Proceedings;

    (f) attending to emails and phone calls from creditors, customers and other stakeholders of KD Pellets;

    (g) preparing the statutory reporting requirements required by subsections 245(1) and 246(1) of the BIA;

    (h) paying those expenses required for administration of these Receivership Proceedings;

(i) maintaining a public website (i.e. the Case Website) for the Receivership Proceedings in accordance with the Commercial List E-Service Protocol, including, copies of motion materials, reports, orders, notices, etc.; and,

(j) preparing this Third Report.

TRANSFER OF RECEIVER'S INTEREST IN THE MISSING ASSETS

21. In the Receiver's First Report, the Receiver made reference to the Missing Assets (defined below) that the Receiver believed had been removed by the principal of KD Pellets, Mr. Kenneth Andrew Doupe. The Approval of Receiver's Activities and Fees order of May 22, 2019 directed Mr. Doupe to immediately return the Missing Assets to the Premises.

22. Since the granting of the Approval of Receiver's Activities and Fees Order, and despite several follow up attempts made by the Receiver to Mr. Doupe, none of the Missing Assets have been returned to Premises. For clarity, the Missing Assets included the following items (which were included as Parcels 3 and 6 in the Receiver's sale package and the resulting offer and sale agreement with the Purchaser):

(a) Lab Equipment – various testing and/or quality measurement lab instrument equipment; and,

(b) A 2006 Vermeer Horizontal Wood Grinder (S/N: N1VRY4531271000225).

23. Considering that the sale transaction has closed, the Purchaser intends to resume KD Pellets' operations, the Missing Assets are required for the operations, and were included in the sale transaction with the Purchaser, and the Receiver is moving to conclude the Receivership Proceedings, the Receiver respectfully requests that the Court grant an order transferring all rights and interest that the Receiver has in the Missing Assets to the Purchaser.

PROPOSED DISTRIBUTION

24. In its First Report, the Receiver identified those creditors with registered security interests against the Property and reported that based on the original offer made by Bionorth (which was subsequently assigned to the Purchaser) and the sale price, the only secured creditors with a financial interest in the sale proceeds would be the Community Lenders.

25. The Receiver has received independent legal opinions, subject to typical qualifications and assumptions, confirming the validity and enforceability of the Community Lenders' secured claims in respect to the KD Pellets Property up to the principal amount of $1.4 million. The anticipated distribution to the Community Lenders, as a group, is not expected to exceed $700,000.

26. In its communications with the Community Lenders, the Receiver had prepared schedules estimating the distributions that would be available to the Community Lenders throughout the Receivership Proceedings. The Community Lenders, as a group, have collectively agreed on a formula in which the distributions would be allocated between them. Such allocation includes the reimbursement of costs incurred by Temfund and STCFDC, and then a pro-rata sharing based on the Community Lenders' respective claims and the net sale proceeds available for distribution, as follows:

Community Lender	Pro Rata Share (%)
NOHFC	*44.69%*
STCFDC	*29.84%*
Temfund	*25.48%*
Total	*100.00%*

27. The Receiver respectively requests that the Court grant an order authorizing the distribution of the net sale proceeds to the Community Lenders based on the above allocation and subject to a total limit of $1.4 million.

SEALING ORDERS

28. In the First Report, and the Receiver's second report to Court dated July 29, 2019 (the "**Second Report**"), the Receiver provided information to the Court for it to review in considering whether or not to grant the relief sought by the Receiver. Certain information was considered commercially sensitive or information that would have impaired the Receiver's ability to effectively complete the Receivership Proceedings if it was made public. As a result, the Receiver requested, and was granted, sealing orders with respect to sale agreements and Sale Process results.

29. The Receiver has effectively concluded the administration of the Receivership Proceedings, including completing the sale of KD Pellets' assets. As such, the sealing orders are no longer required and as a result, the Receiver respectfully requests an Order to unseal Confidential Appendices 1 through 3 of the Receiver's First Report and Confidential Appendix 1 of the Second Report.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

30. Attached as **Appendix F** is the Final R&D which reflects the Receiver's receipts and disbursements from its appointment as Receiver to March 2, 2020. As at March 2, 2020, the balance in the receivership account was $873,479. In addition to the Receiver's trust account, the Receiver's counsel, Miller Thomson, maintains a $15,000 balance in its KD Pellets trust account.

31. The Receiver respectfully requests that the Court approve the Final R&D.

PROFESSIONAL FEES

32. The Receiver and its legal counsel have maintained detailed records of their professional time and costs since the Receivership Order was granted. Paragraph 24 of the

Receivership Order provides that the Receiver and its legal counsel shall be paid their reasonable fees and disbursements. In addition, the Receiver and its legal counsel were granted a first charge on the property of the Company as security for such fees and disbursements as they relate to these proceedings both before and after the issuance of the Receivership Order.

33. The total fees and disbursements of the Receiver from May 1, 2019 to February 25, 2010 amount to $77,294.19, plus disbursements in the amount of $16,931.08, and HST in the amount of $9,681.93, totaling $84,158.27. The total fees and disbursements of the Receiver for time spent is more particularly described in the Wootton Affidavit, a copy of which is attached hereto as **Appendix G**.

34. The total legal fees and disbursements incurred by the Receiver, from Cassels, during the receivership from May 1, 2019 to February 4, 2020 amount to $201,951.50, plus disbursements in the amount of $2,513.97, and HST in the amount of $26,426.21 totaling $230,891.68. The time spent by Cassels is more particularly described in the Ellis Affidavit, a copy of which is attached hereto as **Appendix H**.

35. Prior to the completion of these Receivership Proceedings, the lawyers representing the Receiver at Cassels, Mr. Larry Ellis and Mr. Sam Massie, left Cassels and moved to Miller Thomson, whereby both counsel maintained carriage of this matter. The legal fees of Miller Thomson in assisting with the closing of the sale transaction as well as the relief requested in this Third Report, are included the budget for Final Fees below.

36. The fees and disbursements of the Receiver, including legal fees and disbursements of the Receiver's counsel (Cassels), to April 30, 2019, were approved by this Court on May 22, 2019. A copy of the Court order approving of these prior fees is attached hereto as Appendix E.

37. The Receiver has provided the Community Lenders with the fee amounts referenced above.

38. The Receiver requests that its fees and disbursements, and those of Cassels and Miller Thomson, be approved as filed.

39. The Receiver, and Miller Thomson, collectively plan to hold back $25,000 (inclusive of disbursements and HST) with respect to Receiver's fees as well as the Receiver's legal fees, for time spent in order to finalize the KD Pellets Receivership Proceedings (the "**Final Fees**"). Any unused portion of the holdback for Final Fees will be made available to the Community Lenders should the Court grant an order approving the Final Fees.

REMAINING MATTERS AND DISCHARGE

40. Receiver respectfully requests that the Court grant an order discharging GTL as Receiver of KD Pellets and releasing GTL from any and all liability in its capacity as Receiver, subject only to the Receiver completing the following remaining items (the "**Remaining Matters**") and the filing of its discharge certificate with the Court:

(a) remittance of final receivership related disbursements, approved fees and disbursements of the Receiver and its counsel (Cassels and Miller Thomson), and the Final Fees; and,

(b) distribution of the remaining proceeds to the Community Lenders pursuant to such security and priority interest in the KD Pellets' assets.

CONCLUSION AND RECOMMENDATION

41. For the reasons set out in this Third Report, the Receiver is of the view that the relief requested is reasonable and appropriate in the circumstances and respectfully recommends that this Court make the Order granting the Receiver's requested relief.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 19th day of March, 2020.

GRANT THORNTON LIMITED,
solely in its capacity as the Court-appointed receiver and manager of 1793082 Ontario Ltd., o/a K.D. Quality Pellets and not in its personal or corporate capacity

Per: ________________________________
Dan Wootton, CIRP, LIT
Senior Vice-President

APPENDIX A

Court File No.: CV-19-00612265-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	FRIDAY, THE 22ND DAY
	)	
JUSTICE MCEWEN	)	OF FEBRUARY, 2019

B E T W E E N

TEMISKAMING DEVELOPMENT FUND CORPORATION

Applicant

-and-

1793082 ONTARIO LTD. o/a K.D. Quality Pellets

Respondent

IN THE MATTER OF AN APPLICATION PURSUANT TO SUBSECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

ORDER

THIS APPLICATION made by the Applicant, Temiskaming Development Fund Corporation ("Temfund"), for an Order pursuant to Subsection 243(1) of the *Bankruptcy & Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA"), and Section 101 of the *Courts of Justice Act*, R.S.O. 1990 c. C.43, as amended ("CJA") appointing Grant Thornton Limited ("GTL") as receiver and manager (in such capacities, the "Receiver"), without security, of all of the properties, assets and undertakings of 1793082 Ontario Ltd. o/a K.D. Quality Pellets (the "Debtor"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Dalton Potter sworn January 8, 2019 and the exhibits thereto, filed, and on reading the Endorsement and Order of the Honourable Justice McEwen made in this proceeding on January 10, 2019, and on reading the Endorsement of the Honourable Justice McEwen made in this proceeding on January 18, 2019, and on reading the Endorsement and Order of the Honourable Justice McEwen made in this proceeding on January 22, 2019, and on reading the Endorsement and Order of the Honourable Justice McEwen made in this proceeding on February 12, 2019, and on hearing the submissions of counsel for Temfund and such other parties in attendance at the hearing as indicated on the Counsel Slip, no one appearing for any other party although duly served as appears on the Affidavit of Service, and on reading the report of GTL dated January 17, 2019 and the report of GTL dated February 8, 2019, and on reading the consent of GTL to act as the Receiver;

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Application and the Application Record is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to subsection 243(1) of the BIA and section 101 of the CJA, the appointment of GTL as Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof, and including the premises legally described in Schedule "B" attached hereto (the "Property") as of the date hereof.

RECEIVER'S POWERS

3. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

    (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

(b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

(c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

(d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

(e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;

(f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;

(g) to settle, extend or compromise any indebtedness owing to the Debtor;

(h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;

(i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

(j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

(k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

   (i) without the approval of this Court in respect of any transaction not exceeding $100,000, provided that the aggregate consideration for all such transactions does not exceed $250,000; and

   (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

   and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

(l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

(m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

(n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

(o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;

(p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;

(q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and

(r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. **THIS COURT ORDERS** that: (i) the Debtor; (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf; and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, servers, electronic backups, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof, and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this

paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor, or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

9. **THIS COURT ORDERS** that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall: (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on; (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment; (iii) prevent the filing of any registration to preserve or perfect a security interest; or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

10. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

11. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtor, or statutory or regulatory mandates for the supply of goods and/or services, including, without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor, or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

13. **THIS COURT ORDERS** the Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in subsection 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under subsections 81.4(5) and 81.6(3) of the BIA or under the *Wage Earner Protection Program Act.*

PIPEDA

14. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*,

the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

16. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under subsections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act.* Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

17. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to subsections 14.06(7), 81.4(4) and 81.6(2) of the BIA. For certainty, any and all fees, disbursements or costs incurred by the GTL shall be protected by the Receiver's Charge. To the extent that the Debtor's accounts are paid by the Applicant, such amounts paid shall be added to the Debtor's indebtedness to the Applicant.

18. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

19. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

20. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed $500,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

21. **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

22. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

23. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

24. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL '<https://www.grantthornton.ca/kdqp>'.

25. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

26. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

27. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

28. **THIS COURT ORDERS** that the Receiver is hereby authorized and empowered to file an assignment in bankruptcy for and on behalf of the Debtor and name Grant Thornton Limited as the Debtor's trustee in bankruptcy and to take any steps reasonably incidental thereto, including the payment of retainer funds to the trustee in bankruptcy named in the assignment

29. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States 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.

30. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

31. **THIS COURT ORDERS** that the Applicant shall have its costs of this Application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

32. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

FEB 2 2 2019

PER / PAR: RW

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. ______________

AMOUNT $______________________

1. THIS IS TO CERTIFY that Grant Thornton Limited, the receiver and manager (the "Receiver") of the assets, undertakings and properties 1793082 Ontario Ltd. o/a K.D. Quality Pellets (the "Debtor"), acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the 12th day of February, 2019 (the "Order") made in an action having Court file number CV-19-00612265-0000, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of $___________, being part of the total principal sum of $___________ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _______ day of each month] after the date hereof at a notional rate per annum equal to the rate of ______ per cent above the prime commercial lending rate from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of ______________, 20__.

GRANT THORNTON LIMITED, solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: ________________________________

Name:

Title:

SCHEDULE "B"

LEGAL DESCRIPTION OF PREMISES

PIN: 61311-0291 (LT)

Property Description: PT N 1/2 LT 7 CON 4 HARLEY PT 2 54R5414; PT N 1/2 LT 8 CON 4 HARLEY PT 1, 54R5437 HARLEY; DISTRICT OF TIMISKAMING; SUBJECT TO AN EASEMENT IN GROSS OVER PT 3 54R-5732 AS IN DT46532; SUBJECT TO AN EASEMENT IN GROSS OVER PT 3 54R-5732 AS IN DT46533

Property Address: 999582 Highway 11 North, R.R. #2
New Liskeard, Ontario
P0J 1P0

TEMISKAMING DEVELOPMENT FUND CORPORATION v. 1793082 ONTARIO LTD.

Applicant | Respondent

Court File No.: CV-19-00612265-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
TORONTO, ONTARIO

ORDER

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Lawyers for the Applicant

APPENDIX B

Court File No.: CV-19-00612265-0000

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT,* R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

B E T W E E N:

TEMISKAMING DEVELOPMENT FUND CORPORATION,

Applicant

\- and -

1793082 ONTARIO LTD., o/a K.D. QUALITY PELLETS

Respondent

FIRST REPORT OF THE RECEIVER

May 14, 2019

GrantThornton

Grant Thornton Limited
200 King Street West, 11th Floor
Toronto, Ontario
M5H 3T4

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Court File No.: CV-19-00612265-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT,* R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

B E T W E E N:

TEMISKAMING DEVELOPMENT FUND CORPORATION,

Applicant

- and -

1793082 ONTARIO LTD., o/a K.D. QUALITY PELLETS

Respondent

FIRST REPORT OF THE RECEIVER

May 14, 2019

INTRODUCTION

1. This report (the "**First Report**") is filed by Grant Thornton Limited ("**GTL**") in its capacity as receiver and manager (in such capacities, the "**Receiver**") of 1793082 Ontario Ltd., o/a K.D. Quality Pellets ("**KD Pellets**" or the "**Company**") pursuant to an order issued by the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated February 22,

2019 (the “**Receivership Order**”). A copy of the Receivership Order and corresponding endorsement are collectively attached hereto as **Appendix “1”**.

PURPOSE OF THIS FIRST REPORT

2. The purpose of this First Report is to update the Court on these receivership proceedings (the “**Receivership Proceedings**”) and to provide information to the Court to support the Receiver’s request for:

(a) an order (the “**Approval and Vesting Order**”):

(i) approving a transaction (the “**Sale Transaction**”) contemplated by the agreement of purchase and sale entered into by the Receiver and BioNorth Technology Holdings Corporation (“**Bionorth**” or the “**Purchaser**”) dated April 17, 2019 (as amended, the “**Sale Agreement**”) and vesting the right, title and interest of the Company, if any, in and to the Purchased Assets (as defined in the Sale Agreement) in the Purchaser free and clear of all claims and encumbrances;

(ii) upon the closing of the Sale Transaction, the Receiver is directed to hold the Disputed Collateral Escrow Amount (as defined below) and the Disputed Collateral (as defined below) in escrow pending resolution of claims in respect of the Disputed Collateral;

(iii) sealing **Confidential Appendices “1”**, **“2”**, and **“3”** to this First Report until the completion of the Sale Transaction, or further Order of this Court;

(b) an order:

(i) directing Kenneth Andrew Doupe (“**Mr. Doupe**”), the principal of KD Pellets, to (1) provide the Receiver and its counsel with any and all outstanding Books and Records (as defined below) and specifically certain requested financial and tax related information as it pertains to the Company and as required by the Receiver for a proper account reconciliation and assessment of the Company for tax purposes (the "**Financial Information**"); and (2) immediately return the Missing Assets to the Premises (both as defined herein);

(ii) approving the Interim Receiver's Report, the Proposed Receiver's Report (both as defined herein), the First Report, and the conduct and activities of GTL as respectively described therein;

(iii) approving the fees and disbursements of the Receiver and its legal counsel, Cassels Brock & Blackwell LLP ("**Cassels**"); and

(c) such further and other relief as counsel may advise and this Court may permit.

RESTRICTIONS AND TERMS OF REFERENCE

3. In preparing this First Report, the Receiver has relied upon unaudited and certain audited financial information, the Company's books and records, certain financial information obtained by third parties, and discussions with various individuals (collectively, the "**Information**"). The Information has not been audited by the Receiver as to its accuracy or completeness, nor has it necessarily been prepared in accordance with Generally Accepted Accounting Principles ("**GAAP**") or International Financial Reporting Standards (**"IFRS**") and the reader is therefore cautioned that this First Report may not disclose all significant matters about the Company.

4. This First Report has been prepared for the use of this Court to provide general information and an update relating to the Receivership Proceedings for the purpose of assisting the Court in making a determination as to whether to approve the relief sought. This First Report should not be relied on for any other purpose. The Receiver will not

assume responsibility or liability for losses incurred as a result of the circulation, publication, reproduction or use of this First Report contrary to the provisions of this paragraph.

5. A copy of this First Report and other relevant documents with respect to these Receivership Proceedings are available on the Receiver's case website: www.GrantThornton.ca/KDQP (the "**Case Website**").

6. Capitalized terms not defined in this First Report have the meanings ascribed to them in the Initial Application and/or the Proposed Receiver's Report (each as defied below).

7. All references to dollars are in Canadian currency unless otherwise noted.

BACKGROUND

Company Overview

8. KD Pellets operated a purpose built pellet processing plant (the "**Pellet Plant**"), constructed in 2013, capable of producing 90,000 tonnes of industrial and residential grade wood pellets. The Pellet Plant is located on a 89.93 acre parcel of land located at 999582 Highway 11 North, Harley, Ontario[1] (the "**Real Property**" or the "**Premises**") and consists of four (4) buildings that include, among others, (i) a 12,100 sq. ft. pellet processing plant, including an office space attached to same, and (ii) a 14,880 sq. ft. open storage facility for the storage of wood fibre.

9. The Company completed construction of the Pellet Plant in December 2013 and began operations in January 2014. From inception up to January 2016, the Pellet Plant was

[1] Legal description: PT N 1/2 LT 7 CON 4 HARLEY PT 2 54R5414; PT N 1/2 LT 8 CON 4 HARLEY PT 1, 54R5437 HARLEY; DISTRICT OF TIMISKAMING; PIN 61311-0291; SUBJECT TO AN EASEMENT IN GROSS OVER PT 3 54R-5732 AS IN DT46532; SUBJECT TO AN EASEMENT IN GROSS OVER PT 3 54R-5732 AS IN DT46533

focused on producing industrial grade pellets for bulk sale to biomass power generation facilities. When constructed, the Pellet Mill was engineered to house five (5) full pellet production lines (capable of producing 200,000 tonnes per annum), plus fibre drying, and finished pellet bagging capabilities.

10. In mid-2015, KD Pellets' largest customer (accounting for revenues approximately in excess of 70%) terminated its contract with the Company resulting in a significant reduction in revenue. To replace some of the lost revenue, KD Pellets sourced a contract to produce pellets to be sold for residential use in retail chains in Northern Ontario such as Wal-Mart, TSC, and Canadian Tire.

11. In late-2015, due to the issues with the residential pellets produced by the Company, KD Pellets' sourced customer was unable to secure future sales with retailers and, as a result, began defaulting on its payments to KD Pellets, creating cash flow challenges for the Company.

12. To be able to produce and sell residential pellets of acceptable quality, the Company requires a specialized pellet dryer system (a "**Dryer System**") to reduce the moisture content of the wood fibre to an acceptable level. Due to a lack of working capital and available funding, KD Pellets was not able to purchase the Dryer System necessary to produce acceptable residential pellets. As a result, since January 2016, KD Pellets has not operated the Pellet Plant in any significant capacity.

Initial Application & January 10th Order

13. Temiskaming Development Fund Corporation ("**Temfund**" or the "**Applicant**"), a secured creditor of the Company sent the Company a Notice to Enforce Security on December 11, 2018 under section 244 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and thereafter on January 9, 2019 filed an

application with the Court (the "**Initial Application**") seeking, among other things, an order:

(a) appointing GTL as monitor, without security, over all of the property, assets, and undertakings of the Company;

(b) appointing GTL as receiver and manager, without security, over all of the property, assets, and undertakings of the Company, the hearing of which to be made on at least seven (7) days' notice; and

(c) approving and authorizing a proposed sale process (the "**Sale Process**") of the properties, assets, and undertakings (collectively, the "**Property**") as outlined in a report issued by GTL, as the "proposed receiver" dated January 7, 2019 (the "**Proposed Receiver's Report**"), a copy of which is attached hereto as **Appendix "2"**.

14. On January 10, 2019, the Court issued an order (the "**January 10th Order**") that, among other things:

(a) granted Temfund the right to appoint an authorized representative (in such capacities, the "**Representative**"), with respect to its secured interest in the Property of the Company;

(b) granted Temfund or its appointed Representative immediate, reasonable and unrestricted access to the Premises and the Pellet Plant;

(c) permitted the Applicant to appoint GTL as its Representative; and

(d) directed the Company to maintain the Property and the Premises including paying all utilities and insurance payments in respect of same.

A copy of the January 10th Order and corresponding endorsement are collectively attached hereto as **Appendix "3"**.

15. On January 15, 2019, pursuant to an engagement letter between GTL and Temfund, GTL was engaged to act in the capacity of Representative on behalf of Temfund in accordance with the January 10th Order.

16. Upon its appointment as Representative, GTL engaged in various discussions with Mr. Doupe, Evans Bragagnolo & Sullivan LLP, the Company's counsel, and certain creditors of KD Pellets. In its discussions with the aforementioned individuals, among other things, GTL was made aware of the following:

    (a) there was no active insurance coverage over the Premises or the property contained therein, in contravention of the January 10th Order;

    (b) the Company's hydro provider, Hydro One Networks Inc. ("**Hydro One**"), had repeatedly contacted Mr. Doupe threatening to disconnect and discontinue the hydro services in the absence of payment to Hydro One and arrears of approximately six (6) months was owing to Hydro One;

17. Furthermore, GTL had been advised by Mr. Doupe that KD Pellets did not have the funding required to secure the required insurance nor pay the arrears owing to Hydro One. As a result of this information, Temfund became concerned with the Company's non-compliance with the January 10th Order and the absence of a timeline for which the Company may become compliant.

18. As a result of the non-compliance with the January 10th Court Order, specifically the threat of Hydro One disconnecting services to the Premises, Temfund's counsel, accompanied by a representative from GTL, attended Court on January 18, 2019 on an

emergency basis. On that day, the Honourable Justice Mr. McEwen issued an endorsement (the “**Hydro Endorsement**”) that, among other things:

(a) scheduled a hearing on January 22, 2019 to hear arguments for potential interim relief to be granted to Temfund; and

(b) ordered Hydro One to continue to provide ongoing services to the Premises pending the hearing scheduled on January 22, 2019.

A copy of the Hydro Endorsement is attached hereto as **Appendix “4”**.

Interim Receivership Order

19. On January 22, 2019, the Court issued an Order (the “**Interim Receivership Order**”) that, among other things, appointed GTL as the interim receiver and manager (in such capacities, the “**Interim Receiver**”) of the Property. As outlined in paragraph three (3) of the Interim Receivership Order, the Interim Receiver was authorized to take possession of and exercise control over the Property and perform reasonable steps to protect and preserve same. In addition to the Interim Receivership Order, Mr. Justice McEwen issued an endorsement that scheduled a return date of February 12, 2019 for the matter of the appointment of a receiver and manager to be heard. A copy of the Interim Receivership Order and supporting endorsement are collectively attached hereto as **Appendix “5”**.

20. During the interim receivership proceedings (the “**Interim Receivership Proceedings**”), the Interim Receiver filed a report to Court dated February 8, 2019 (the “**Interim Receiver’s Report**”) which, among other things, outlined the activities of the Interim Receiver since its appointment. A copy of the Interim Receiver’s Report, without appendices, is attached hereto as **Appendix “6”**.

<u>Receivership Order</u>

21. On February 12, 2019, the Court heard Temfund's application to appoint GTL as receiver and manager of KD Pellets pursuant to Subsection 243(1) of the BIA and Section 101 of the *Courts of Justice Act*, R.S.O. 1990 c. C.43. In addition to Temfund's counsel, GTL, and Cassels, the following parties attended the hearing:

(a) Ken Orser ("**Orser**") – an individual who stated he was representing the interests of KD Pellets and opposed the relief being sought by Temfund;

(b) Jules Roy ("**Roy**") – a subordinated secured creditor on the personal property of KD Pellets; and

(c) Frank Benincasa ("**Benincasa**") – president of Bionorth Technology Holdings Corporation ("**BioNorth**"), a secured creditor of the Company.

22. Prior to the hearing, Orser advised Temfund, BioNorth, and GTL (as Interim Receiver) that it was able to obtain financing to satisfy the outstanding debts of the Company and requested that Temfund allow for additional time to negotiate a mutual settlement and payment arrangement outside of the relief being sought. After protracted discussions, Temfund, BioNorth, and Orser (on behalf of KD Pellets) agreed to adjourn Temfund's application for a receiver and manager to March 1, 2019 to allow for additional time to negotiate a mutual agreement, provided that:

(a) Orser, on behalf of KD Pellets, advance an amount of $25,000 to the Interim Receiver by no later than February 14, 2019 to cover the costs incurred by the Interim Receiver since its appointment to preserve the Property (the "**IR Funding Amount**"); and

(b) Orser, on behalf of KD Pellets, advance additional amounts, if required, up to a maximum of $25,000 to cover any additional costs incurred by the Interim Receiver up to the scheduled March 1, 2019 hearing date; and

(c) if the above payments were not received as stated above, a receivership order was to be issued.

23. On February 12, 2019, Mr. Justice McEwen issued an endorsement (the "**February 12 Endorsement**") outlining the above agreement between the parties. A copy of the February 12 Endorsement is attached hereto as **Appendix "7"**.

24. Notwithstanding additional extensions provided by Temfund, the IR Funding Amount was never received. Accordingly, on February 21, 2019, counsel to Temfund attended Court for the issuance of the receivership order and an order approving the Sale Process. Orser also attended the hearing and requested that the Court provide an additional 24 hour extension for him to provide the IR Funding Amount; an endorsement was subsequently issued by the Court approving Orser's request. A copy of the endorsement issued by Mr. Justice McEwen is attached hereto as **Appendix "8"**.

25. On February 22, 2019, after still not receiving the IR Funding Amount, counsel to Temfund attended at Court and Mr. Justice McEwen issued the Receivership Order. In addition, on February 22, 2019 the Applicant sought an order approving a proposed Sale Process, pursuant to paragraph 12 of the Proposed Receiver's Report (the "**Sale Process Approval Order**"). In an effort to maximize realizations, the Receiver recommended to the Court that the Sale Process be conducted in an efficient and expedited timeline in part due to: (i) the high occupancy costs of the Premises relative to the estimated recovery from KD Pellets' assets; (ii) the fact that the Receiver was not operating the Company's business; and (iii) the fact that parties had already expressed interest in purchasing some or all of the Property.

26. On February 22, 2019, Mr. Justice McEwen granted the Sale Process Order. A copy of the Sale Process Approval Order is attached hereto as **Appendix "9"**.

SUMMARY OF SALE PROCESS

27. Paragraph 2 of the Sale Process Approval Order authorized the Receiver to market for sale any or all of the assets of the Company and to negotiate the terms and conditions of sale as the Receiver deemed appropriate.

28. The assets of KD Pellets are comprised of: (i) the Premises; (ii) the Pellet Plant; (iii) general machinery and equipment; and (iv) office furniture and equipment. The Receiver excluded the Company's books and records, accounts receivable, and intellectual property from the Sale Process.

29. As discussed below, the Receiver has very limited Books and Records (as defined below) pertaining to the Company. With the assistance of the previous plant manager of KD Pellets, who was retained by the Receiver (the "**Retained Employee**") on a contract basis, and based on the Company's limited books and records, the Receiver reviewed and categorized all of the known assets into nine (9) separate parcels (collectively, the "**Parcels**" and individually, a **"Parcel**"). When setting the Parcels, the Receiver also considered the various security registrations made by various creditors on assets and/or groups of assets to ensure that proceeds from a sale of same could be appropriately allocated and distributed. A summary of the Parcels included in the Sale Process was included in the table below (a more detailed listing of the assets contained in each Parcel is attached to the Offer Form contained in the Information Memorandum, both as defined herein):

Parcel	Parcel Name	Parcel Description
Parcel 1	Land & Buildings	The Premises and the four (4) buildings totaling 27,220 sq. ft. situation on same
Parcel 2	Pellet Mill Equipment	Two (2) pellet processing lines installed in the and the exterior silos & auger system that feeds the same
Parcel 3	Lab Equipment	Various testing / quality measurement instrument equipment
Parcel 4	CAT Loader	A 2012 Caterpillar 950K Wheel Loader
Parcel 5	Train Grain Loaders	Two 2014 “Lode King” Grain Loaders
Parcel 6	Horizontal Wood Grinder	A 2006 Vermeer Horizontal Industrial Grinder including a CAT C16 Engine (s/n BFM002822)
Parcel 7	Other Moveable Equipment	A forklift, a 15 x 45 grain-belt, and other equipment
Parcel 8	Office Equipment	Desks, tables, TV’s, monitors, and computers
Parcel 9	Other Assets	Shelving, appliances, storage bins, etc.

30. As noted in paragraph 74 below, upon receiving further documentation, Parcel 5 was removed from the Sale Process and has been excluded from the Sale Agreement / Sale Transaction with the Purchaser.

31. In an effort to run an efficient and cost-effective Sale Process, the Receiver conducted the Sale Process that allowed for parties interested in same to conduct due diligence over a six (6) week period with a deadline to submit Offers (defined below) of April 17, 2019 (the “**Offer Deadline**”). The following paragraphs in this section of this First Report provide a summary of the Sale Process and the results of same.

Identification of Known Potential Bidders

32. On or around February 20, 2019, the Receiver began to prepare a list of potential bidders to approach as part of the Sale Process, including but not limited to:

(a) parties identified through industry research that had expressed interest in, or had existing investments in the pellet production industry, including those who operated biomass power plants;

(b) parties who had participated in sale processes previously conducted by GTL in its capacity as receiver and manager of other pellet mills / related entities located in Ontario, British Columbia, and Nova Scotia;

(c) parties that had approached the Receiver, Temfund, or any other party indicating an interest in the Sale Process; and

(d) local and international strategic and financial parties who the Receiver believed may be interested in the Sale Process.

Upon conclusion of this process, the Receiver initially identified 187 potential bidders (the "**Known Potential Bidders**") which can be categorized as follows:

Entity Type	Description	Quantity
Pellet & Wood Product Producers	Entities who produce wood pellets and/or other various wood products	116
Private Equity Firms	Private Equity funds that participate in the forestry and/or biomass space	21
Auctioneers & Liquidators	General and specialized liquidators and auctioneers	16
Entities in the Biomass Energy Sector	Entities involved in a renewable energy industry (production or distribution)	14
Individual Investors	Individuals interested in either equipment or land investments	13
Other	Various other parties / individuals	7

33. Further, the below table represents the geographic location of the 187 Known Potential Bidders:

Geographic Region	Quantity
United States	75
Central Canada	49
Western Canada	29
Eastern Canada	15
Other	12
International	7

34. On or around February 25, 2019, the Receiver, began the setup and preparation of the initial materials for the electronic data room (the "**Data Room**").

35. In consultation with Temfund, the Receiver prepared the following documents to support and advertise the Sale Process:

(a) a notice of the Sale Process, which was published in the *National Post* (National Edition) on March 7, 2019 and March 9, 2019, a copy of which is attached hereto as **Appendix "10"**;

(b) an advertisement of the Sale Process, which was featured in the *Canadian Biomass Magazine* E-Newsletter on March 6, 2019 and posted on the *Canadian Biomass Magazine* website (www.canadianbiomassmagazine.ca) from March 6, 2019 to April 6, 2019. Copies of the E-Newsletter and website advertisements are collectively attached hereto as **Appendix "11"**;

(c) an introduction email highlighting the assets for sale, outlining the Sale Process itself, and inviting recipients to express their interest in participating in the Sale Process (the "**Solicitation Email**"), a copy of which is attached hereto as **Appendix "12"**;

(d) an information memorandum (the "**Information Memorandum**"), describing the assets and Sale Process in greater detail, which was made available by the Receiver to Prospective Bidders (defined below), a copy of which is attached hereto as **Appendix "13"**; and

(e) a form of agreement of purchase and sale (the "**Draft Sale Agreement**") and offer form (the "**Offer Form**").

<u>Solicitation of Interest and Identification of Interested Parties</u>

36. On March 7, 2019, the Receiver began contacting the Known Potential Bidders. The Receiver had contacted all of the Known Potential Bidders by March 8, 2019.

37. From the advertisements in the *National Post, Insolvency Insider,* and *Canadian Biomass Magazine*, and from the news of the Sale Process circulating among other industry participants, the Receiver was contacted by an additional 13 parties who expressed interest in the Sale Process (together with the Known Potential Bidders, totaling 200, the "**Potential Bidders**").

38. The Receiver provided the Potential Bidders with the Solicitation Email requesting that they express an interest in the Sale Process to receive further information.

39. Of the Potential Bidders, 38 indicated their interest in the Sale Process and requested that additional information be provided on same (collectively, the "**Interested Bidders**"). Each of the Interested Bidders was provided with: (i) the Information Memorandum (including the Offer Form and standard terms and conditions); (ii) the Draft Sale Agreement; and (iii) access to the Data Room.

40. Throughout the Sale Process, the Receiver updated the documents in the Data Room as necessary, based on the requests of the Interested Bidders. The Interested Bidders

were encouraged to review the materials and documentation in the Data Room and to forward any questions or requests for supplementary information to the Receiver.

Site Visits

41. The Receiver provided all Interested Bidders with the opportunity to schedule site visits to allow for the Interested Bidders to tour the Premises with the Retained Individual (i.e. the former Pellet Plant manager of KD Pellets). Initial site visits were scheduled and attended by four (4) Interested Bidders.

42. On April 16, 2019, the Receiver sent an email reminder to all Interested Bidders regarding the Offer Deadline and outlined the required documentation as follows:

    (a) a clean, executed copy of the Draft Sale Agreement;

    (b) a blackline document outlining the changes made to the Draft Sale Agreement provided by the Receiver, if any;

    (c) a completed Offer Form; and

    (d) a certified cheque or bank draft payable to Grant Thornton Limited, in Trust, in the amount representing 10% of the purchase price submitted.

43. A summary of the Potential Bidders and Interested Bidders prepared by the Receiver is attached hereto as **Confidential Appendix "1"**.

<u>Results of the Sale Process</u>

44. By the Offer Deadline, the Receiver received a total of six (6) offer submissions comprised of the following:

    (a) five (5) parcel offers on a combination of different asset parcels (the "**Parcel Offers**" whereby the entities who submitted same are referred to as the "**Parcel Purchasers**");

(b) one (1) going concern offer including substantially all the parcels (the "**Going Concern Offer**" whereby Bionorth submitted same is referred to as the "**Purchaser**")

(collectively, the "**Offers**" and individually, an "**Offer**")

45. A summary of the Offers prepared by the Receiver is hereto attached as **Confidential Appendix "2"**. Notwithstanding that the Draft Sale Agreement provided by the Receiver to Interested Bidders contemplated an offer, without any conditions, certain of the Offers included certain deletions, due diligence conditions and/or other additional conditions.

46. Of the five (5) Parcel Offers, three (3) Parcel Purchasers submitted en bloc offers, one (1) Parcel Purchaser submitted an Offer for a single Parcel, and one (1) Parcel Purchaser submitted a non-en bloc Offer.

47. Shortly after the Offer Deadline, the Receiver contacted the Purchaser to commence discussions over the terms of the executed and submitted agreement of purchase and sale and to obtain an understanding of the changes made to the Draft Sale Agreement provided by the Receiver. Subsequent to the Receiver's discussions, the Purchaser, and their respective counsel, worked to finalize the terms of an agreement of purchase and sale and agreed clarification of terms in a letter between counsel to the Purchaser and the Receiver.

48. The Receiver provided an update to the secured lenders whom have the primary vested economic interests in the Purchased Assets, namely: (i) the Applicant, Temfund; (ii) Northern Ontario Heritage Fund Corporation ("**NOHFC**"); and (iii) South Temiskaming Community Futures Development Corp. ("**STCFDC**") (collectively, the "**Community Lenders**") on the Offer and the agreement of purchase and sale submitted by the Purchaser.

Sale Agreement

49. On April 25, 2019, the Receiver executed the Sale Agreement with the Purchaser with respect to the Purchaser's offer (the "**Purchaser's Offer**"), an unredacted copy of which is attached hereto as **Confidential Appendix "3"**. A copy of the Sale Agreement with financial terms redacted is attached hereto as **Appendix "14"**.

50. The Sale Agreement contemplates a purchase of all the Purchased Assets (as defined by the Sale Agreement) by the Purchaser, who intends to recommence the operations of the Pellet Plant and re-hire certain past employees of KD Pellets for a substantial cash consideration (the "**Cash Consideration**"). In addition, the Purchaser agreed to have certain secured claims on the moveable property of the Company and its secured claim (behind the Community Lenders) on the real property released (the "**Security Release**").

51. The Purchaser has paid a 10% deposit to the Receiver towards the Cash Consideration, and the balance of the Cash Consideration is due on closing. Closing is scheduled for 10 business days following the approval by the Court of the Sale Agreement, should the Court decide to approve the Sale Transaction.

52. The Cash Consideration alone is substantially better than any other Offer received through the Sale Process and is the best Offer in the Receiver's view for the reasons described below. As discussed below the Receiver has not performed a review of the validity of BioNorth's security.

53. The Receiver has consulted with the Community Lenders, being the parties with the primary economic interest in KD Pellets' Property, who all support the Receiver's decision to enter into the Sale Agreement with the Purchaser.

54. Given the foregoing, the Receiver respectfully requests that this Court issue an order, *inter alia*, approving the Sale Agreement and directing the Receiver to complete the Sale

Transaction with the Purchaser and vesting the Company's right, title and interest in and to the Purchased Assets in the Purchaser free and clear of all claims and encumbrances for the following reasons:

(a) the Sale Process conducted by the Receiver was approved by the Court and, in the Receiver's view, was commercially reasonable;

(b) the potential for the re-hiring of past employees of KD Pellets and the preservation of employment opportunities in the New Liskeard area;

(c) the only substantive condition to the Sale Agreement is Court approval;

(d) the Cash Consideration is substantially higher than any other bid received;

(e) the Sale Transaction contemplates the sale of substantially all of the Property and not specific and isolated parcels; and

(f) the Community Lenders support the completion of the Sale Transaction.

CONFIDENTIALITY OF THE SALE PROCESS

55. The Receiver is of the view that **Confidential Appendices "1"**, "**2"** and "**3"** should remain sealed until further Order of the Court or the filing of the Receiver's Certificate (as defined in the Approval and Vesting Order), as the information contained therein is commercially sensitive and would prejudice the Sale Process should the Sale Transaction not close for any reason. In the absence of a sealing order, third parties would have full knowledge of the particulars of the Sale Process results and the Sale Agreement prior to completion, which may adversely affect future realizations.

56. The Receiver is not aware of any party who would be prejudiced if the information in **Confidential Appendices "1"**, **"2"** and "**3"** is sealed.

MATTERS REGARDING MR. DOUPE

Financial Information

57. Upon being appointed as Interim Receiver and taking possession of the Premises on January 23, 2019, GTL noted that there were little to no physical books and records located on the Premises nor were there any relevant electronic books and records (the "**Books and Records**") located on the Premises. At the time, GTL also noted that the computers that were located in the office space of the Premises were missing (the monitors to such computers remained).

58. As a result, GTL in its role as Interim Receiver and as Receiver has had to administer the respective proceedings with little to no information, financial or other, with respect to the Company.

59. In its role as Representative, Interim Receiver, and Receiver, GTL has, on numerous occasions, requested that the remaining Books and Records and specifically the Financial Information which was not provided in the Books and Records of the company be provided by Mr. Doupe. The Receiver has contacted various third-parties to whom Mr. Doupe advised held the Financial Information, however, such parties have all indicated that Mr. Doupe is the one who has access to the Financial Information.

60. As a result of the unresponsive and uncooperative conduct of Mr. Doupe, the Receiver, by way of a letter dated April 2, 2019 (the "**April 2nd Letter**"): (i) outlined to Mr. Doupe his obligation under the Receivership Order to provide the Financial Information; (ii) demanded that the Financial Information be provided forthwith; and (iii) advised Mr. Doupe of his potential director liability with respect to the CRA Claim (as defined and discussed below) and that such Financial Information would assist the Receiver in allowing it to property quantify, and potentially reconcile same.

61. Notwithstanding the follow-up email correspondence sent on April 11, 2019, the Receiver has not been provided with the Financial Information of the Company nor has it been provided with information as to their whereabouts. Therefore the Receiver is seeking confirmation of the provisions of the Receivership Order and production of the Financial Information in order to gathering the necessary financial information in connection with among other things, various tax matters.

Removed Assets

62. After its appointment, the Receiver was made aware by certain third-parties that certain assets of KD Pellets (leased and/or owned) were removed from the Premises prior to the Interim Receivership Order and placed on the personal property of Mr. Doupe. Upon examination of the Company's very limited Books and Records, the Receiver noted that certain assets recorded on the Company's Books and Records were not located on the Premises (the "**Removed Assets**").

63. As a result, the Receiver, in the April 2nd Letter, provided Mr. Doupe with a listing of the Removed Assets (attached as Schedule "A" to the April 2nd Letter) and demanded that same be returned to the Premises forthwith.

64. On April 3, 2019, Mr. Doupe provided a response to the Receiver indicating that all but two (2) of the Removed Assets: Parcel 3 and Parcel 6 (collectively, the "**Missing Assets**"), had been repossessed in the year prior to the Interim Receivership Proceedings due to non-payment. With respect to the Missing Assets, Mr. Doupe asserted that:

> "*… [the Missing Assets] have not been on the property [of KD Pellets] since last year [as] they are not the property of [KD Pellets] since we have not made payments over 8 months to the leas [sic] company"*.

65. Notwithstanding follow-up email correspondence sent on April 11, 2019, the Missing Assets have not been returned to the Premises. A copy of the April 2nd Letter, Mr. Doupe's response to same, and the Receiver's follow-up correspondence on April 11, 2019 are collectively attached hereto as **Appendix "15"**.

66. Given the above, the Receiver respectively requests that this Court direct Mr. Doupe to: (i) provide the Receiver and its counsel with any outstanding Books and Records and specifically the Financial Infromation; (ii) immediately return the Missing Assets to the Premises; and (iii) cooperate with the Receiver in its administration of the estate.

SECURED LENDERS

67. Based on a review of registrations made under the *Personal Property Security Act* (Ontario) (the "**PPSA**") as of March 7, 2019, the following parties had registered financing statements against substantially all of the Company's personal property (in order of the date of original registration):

Creditor	Original Registration *[YYYY/MM/DD]*
STCFDC	2012/07/24
NOHFC	2012/09/14
Temfund	2012/11/09
Royal Bank of Canada ("**RBC**") / BioNorth	2013/12/05
Axiom/Klad Rentals Inc.	2014/03/19
Jules Roy / Valerie Chort	2015/02/02
RJM Inc. / Sarj Equipment Corp.;	2015/02/05
10000728 Ontario Ltd. o/a Baron Finance	2015/11/30
Axiom Leasing Inc.	2018/02/16
Manoj Shivnani;	2019/02/08
Robert Fedrock;	2019/02/08

Sachin Mahajan	2019/02/08
Zinayida Subota	2019/02/08

68. With respect to the above security registrations, on December 13, 2013, KD Pellets, Temfund, NOHFC, STCDFC, and RBC entered into an inter-creditor agreement (the "**Inter-creditor Agreement**") that laid out the following ranking of priority with respect to the Company's personal property:

(a) first – RBC/BioNorth;

(b) second – Temfund, NOHFC, and STCFDC on a *pari passu* basis; and

(c) third – STCFDC.

A copy of the Inter-creditor Agreement is attached hereto as **Appendix "16"**.

69. GTL as Receiver has received an opinion from its independent legal counsel, Cassels, dated May 14, 2019 that is subject to the typical qualifications and assumptions that:

(a) the NOHFC security (including a general security agreement) with respect to the Company is valid and perfected in Ontario and the NOHFC charge on the real property is a valid charge securing the principal amount of $1,000,000: and

(b) the Temfund security (including a general security agreement) creates a valid and perfected security interest in Ontario in the equipment and other of the Company and the Temfund charge on the real property is a valid charge securing the principal amount of $400,000

70. Cassels has not reviewed the security documents granted by the Company to RBC, that was subsequently assigned to BioNorth, as BioNorth, as the Purchaser, has agreed to release its security interest in the Property pursuant to the Sale Agreement (as discussed in detail above).

71. As the Purchase Price, appears to be insufficient to satisfy the entirety of the outstanding indebtedness owing to the Community Lenders, a security opinion was not provided on any registrations made after the Community Lenders.

72. The Receiver is not seeking an Order at this time permitting a distribution of the sale proceeds.

Axiom Leasing

73. In addition to the above noted registrations, registrations (collectively, the "**Axiom Registrations**") were made under the PPSA by Klad Rentals Inc. / Axiom Leasing Inc. (collectively, "**Axiom Leasing**") with respect to the following collateral of the Company: (i) the CAT Loader (Parcel 4); (ii) the Train Grain Loaders (Parcel 5); and (iv) the Horizontal Wood Grinder (parcel 6)[2].

74. As a result of certain information received by the Receiver, the Receiver and the Purchaser agreed to remove Parcel 5 from the Sale Agreement as the Train Grain Loaders have been sold and are no longer in possession of KD Pellets.

75. The Receiver has received conflicting information from another party claiming a priority secured interest in respect of the Axiom Registrations against the (i) the CAT Loader (Parcel 4); and (ii) the Horizontal Wood Grinder (including the CAT C16 Engine) (Parcel 6) (the "**Disputed Collateral**")

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[2] A registration made by RBC / BioNorth for: (i) two (2) 2014 Western Star 4900FA Trucks; and (ii) one (1) 2013 Titan 53' Trailer (collectively, the "**RBC Leased Equipment**") was also present on the PPSA register. After its appointment, the Receiver was notified by Mr. Doupe that the RBC Leased Equipment had been repossessed and sold in late-2016 to satisfy the debts owing by RBC under same. The Receiver confirmed with both BioNorth and Temfund that the RBC Leased Equipment has in fact been repossessed and sold. As a result, the RBC Leased Equipment was excluded from the Sale Process.

76. The Receiver was advised on May 2, 2019 by security personnel located at the Premises that representatives of Axiom Leasing were attempting to remove some of the Disputed Collateral contrary to the Receivership Order. Cassels addressed this specific issue in the Axiom Correspondence and advised Axiom Leasing that attempting to remove any Disputed Collateral was in violation of the Receivership Order.

77. The Receiver is unable at this time to determine which party has a priority secured interest in the Disputed Collateral. Therefore, out of an abundance of caution and in an effort to close the Transaction as soon as possible for the benefit of all stakeholder's of the Company, the Receiver and the Purchaser agree to the following in connection with the Disputed Collateral:

   (a) upon the closing of the Sale Transaction, the Receiver is directed to hold $300,000 of the net proceeds from the sale of the Disputed Collateral in escrow (the "**Disputed Collateral Escrow Amount**") and to hold the Disputed Collateral in escrow pending resolution of claims in respect of the Disputed Collateral; and

   (b) upon resolution of the claims in respect of the Disputed Collateral, the Receiver shall:

      (i) deliver the Disputed Collateral to Axiom and refund the Purchaser the amount of the Disputed Collateral Escrow Amount; or

      (ii) deliver the Disputed Collateral to the Purchaser and the proceeds of the Disputed Collateral Escrow Amount shall form part of the Sale Proceeds which shall be distributed in accordance with a further order of the court.

   For greater clarity, Axiom will not have access to the Disputed Collateral Escrow Amount under any circumstances.

78. The Community Lenders are supportive of this treatment in order to address the Disputed Collateral.

Canada Revenue Agency

79. On April 3, 2019, the Receiver received a notice dated March 27, 2019 from the Canada Revenue Agency ("**CRA**") (the "**CRA Notice**") that advised the Receiver of KD Pellets' indebtedness to the CRA totaling $416,885 for source deductions (the "**CRA Claim**") for certain 2016 and 2017 assessment periods (the "**Assessment Periods**"). The CRA Claim consists of outstanding source deductions and interest and penalties on same of $323,607 and $93,278 respectively. The CRA Notice further advised that:

(a) none of the amounts owing under the CRA Claim were being claimed as trust funds pursuant to: (i) subsection 227(4) of the *Income Tax Act*; (ii) subsection 23(3) of the *Canada Pension Plan*; (iii) subsection 57(2) of the *Unemployment Insurance Act*; and (iv) subsection 86(2) of the *Employment Insurance Act*; and

(b) the CRA had registered a lien on March 7, 2017 in the amount of $253,569 on the Premises for source deduction amounts owing for the September 8, 2016 and November 16, 2016 assessment dates (the "**CRA Lien**").

A copy of the CRA Notice is attached to this First Report as **Appendix "17"**.

80. Upon receipt of the CRA Notice, the Receiver engaged in telephone correspondence with the CRA regarding the CRA Claim and the calculation of same. The Receiver inquired as to how the CRA Claim was calculated given that KD Pellets ceased operations in late-2015 / early-2016 whereby no employees were employed by same. CRA has indicated that KD Pellets did not report the termination of the employees and the cessation of operations to the CRA and, as a result, a notional assessment was

prepared by the CRA whereby the past source deductions that KD Pellets had remitted when it was operational were applied to the Assessment Periods.

81. The Receiver lacks the required books and records to be able to address the quantum of the CRA Claim as Mr. Doupe has failed to provide the Receiver with same (as previously discussed). However based on the facts today the Receiver understands that:

(a) the CRA Claim is likely significantly overstated as the Company ceased operations during the Assessment Periods whereby no source deductions would be required to be remitted;

(b) the CRA Claim does not have a priority or deemed trust claim over the moveable assets of the Company (i.e. Parcels 2 – 9, inclusive); and

(c) the CRA Lien ranks behind the indebtedness of the Community Lenders as it relates to the Premises as the CRA Lien was registered after the Community Lenders made their respective registrations.

OTHER ACTIVITIES OF THE RECEIVER

82. Since the date upon which the Receiver was appointed, the Receiver's activities, in addition to those discussed throughout this First Report, have included, among other things[3]:

(a) maintaining sufficient insurance coverage for the Premises, effective the date of the Interim Receivership Order;

(b) corresponding with CRA with respect to tax accounts and remittances;

[3] The activities of GTL as Interim Receiver are outlined in the Interim Receiver Report.

(c) corresponding with the Community Lenders and their respective counsel to discuss various matters related to these Receivership Proceedings;

(d) attending to emails and phone calls from creditors, customers and other stakeholders of KD Pellets;

(e) preparing the statutory reporting requirements required by subsections 245(1) and 246(1) of the BIA;

(f) engaging in frequent discussions with the Retained Individual with respect to the maintenance of the Property;

(g) maintaining a public website (i.e. the Case Website) for the Receivership Proceedings in accordance with the Commercial List E-Service Protocol, including, copies of motion materials, reports, orders, notices, etc.; and

(h) preparing this First Report.

PROFESSIONAL FEES

83. Pursuant to paragraph 17 of the Receivership Order, the Receiver and its counsel are to be paid their reasonable fees and disbursements at their standard rates and charges, incurred both before and after the making of the Receivership Order. Pursuant to paragraph 18 of the Receivership Order, the Receiver and its counsel shall pass their accounts.

84. The GTL, in its capacity as Receiver and Interim Receiver, seeks to have its fees and disbursements, including those of its legal counsel, approved by the Court for the period beginning January 7, 2019 and ending April 30, 2019 and December 12, 2018 and ending April 30, 2019, respectively. The Receiver and its counsel have maintained detailed records of their professional time and costs.

85. The total fees for the GTL, in its capacity as Receiver and Interim Receiver, for the period January 7, 2019 and ending April 30, 2019, relating to both the Interim Receivership and Receivership Proceedings, amount to $101,234.18, plus disbursements of $569.99, plus HST of $13,234.54, for a total of $115,038.71. The time spent by the Receiver is more particularly described in the Affidavit of Daniel Wootton sworn May 14, 2019 (the "**Wootton Affidavit**"), which is attached hereto as **Appendix "18"** and contains copies of invoices that set out the services provided during this time period.

86. The total fees of Cassels, as counsel to the Receiver, for the period of December 12, 2018 and ending April 30, 2019, relating to both the Interim Receivership and Receivership Proceedings, amount to $94,654.60, plus disbursements of $1,772.75, plus HST of $12,475.13, for a total of $108,854.27. The time spent by Cassels is more particularly described in the Affidavit of David Ward sworn May 13, 2019 (the "**Ward Affidavit**"), which is attached as **Appendix "19"** and contains, among other things, copies of invoices that set out the services provided during this period of time.

87. It is the Receiver's opinion that the fees and disbursements of the GTL, in its capacity as Interim Receiver and Receiver and Cassels accurately reflect the work done by the Interim Receiver and the Receiver and Cassels in connection with the receivership and the administration of the Property of KD Pellets from January 7, 2019 to April 30, 2019 and December 12, 2018 to April 30, 2019 respectively.

CONCLUSION AND RECOMMENDATION

88. For the reasons set out in this First Report, the Receiver is of the view that the relief requested is reasonable and appropriate in the circumstances and respectfully recommends that this Court make the Order granting the Receiver's requested relief.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 14th day of May, 2019.

GRANT THORNTON LIMITED,
solely in its capacity as the Court-appointed receiver and manager of 1793082 Ontario Ltd., o/a K.D. Quality Pellets and not in its personal or corporate capacity

Per: ______________________
Dan Wootton, CIRP, LIT
Senior Vice-President

APPENDIX C

Court File No.: CV-19-00612265-0000

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT,* R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

B E T W E E N:

TEMISKAMING DEVELOPMENT FUND CORPORATION,

Applicant

\- and -

1793082 ONTARIO LTD., o/a K.D. QUALITY PELLETS

Respondent

SECOND REPORT OF THE RECEIVER

July 29, 2019

GrantThornton

Grant Thornton Limited
200 King Street West, 11th Floor
Toronto, Ontario
M5H 3T4

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APPENDICES

Appendix 1 Receivership Order and Endorsement dated February 22, 2019

Appendix 2 Receiver's First Report dated May 14, 2019 (without appendices)

Appendix 3 Approval and Vesting Order dated May 22, 2019

Appendix 4 Confirmation Email regarding Disputed Collateral dated July 29, 2019

Appendix 5 Partially Redacted Amended and Restated Sale Agreement dated July 29, 2019

Appendix 6 Partially Redacted blackline of the Amended Sale Agreement against the Sale Agreement

CONFIDENTIAL APPENDICES

Confidential Appendix 1 Amended and Restated Sale Agreement dated July 29, 2019

Court File No.: CV-19-00612265-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT,* R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

B E T W E E N:

TEMISKAMING DEVELOPMENT FUND CORPORATION,

Applicant

- and -

1793082 ONTARIO LTD., o/a K.D. QUALITY PELLETS

Respondent

SECOND REPORT OF THE RECEIVER

July 29, 2019

INTRODUCTION

1. This report (the "**Second Report**") is filed by Grant Thornton Limited ("**GTL**") in its capacity as receiver and manager (in such capacities, the "**Receiver**") of 1793082 Ontario Ltd., o/a K.D. Quality Pellets ("**KD Pellets**" or the "**Company**") pursuant to an order issued by the Ontario Superior Court of Justice (Commercial List) (the "**Court**")

dated February 22, 2019 (the "**Receivership Order**"). A copy of the Receivership Order and corresponding endorsement are collectively attached hereto as **Appendix "1"**.

PURPOSE OF THIS SECOND REPORT

2. The purpose of this Second Report is to update the Court on these receivership proceedings (the "**Receivership Proceedings**") and to provide information to the Court to support the Receiver's request for an order (the "**Amended Approval and Vesting Order**"):

   (a) amending the Approval and Vesting Order dated May 22, 2019 of the Honourable Mr. Justice McEwen (the "**Approval and Vesting Order**");

   (b) sealing **Confidential Appendices "1"** to this Second Report until the completion of the Sale Transaction, or further Order of this Court; and

   (c) such further and other relief as counsel may advise and this Court may permit.

RESTRICTIONS AND TERMS OF REFERENCE

3. In preparing this Second Report, the Receiver has relied upon unaudited and certain audited financial information, the Company's books and records, certain financial information obtained by third parties, and discussions with various individuals (collectively, the "**Information**"). The Information has not been audited by the Receiver as to its accuracy or completeness, nor has it necessarily been prepared in accordance with Generally Accepted Accounting Principles ("**GAAP**") or International Financial Reporting Standards (**"IFRS**") and the reader is therefore cautioned that this Second Report may not disclose all significant matters about the Company.

4. This Second Report has been prepared for the use of this Court to provide general information and an update relating to the Receivership Proceedings for the purpose of assisting the Court in making a determination as to whether to approve the relief sought. This Second Report should not be relied on for any other purpose. The Receiver will not assume responsibility or liability for losses incurred as a result of the circulation, publication, reproduction or use of this Second Report contrary to the provisions of this paragraph.

5. A copy of this Second Report and other relevant documents with respect to these Receivership Proceedings are available on the Receiver's case website: www.GrantThornton.ca/KDQP (the "**Case Website**").

6. Capitalized terms not defined in this Second Report have the meanings ascribed to them in the First Report (as defined below).

7. All references to dollars are in Canadian currency unless otherwise noted.

BACKGROUND

8. KD Pellets operated a purpose-built pellet processing plant (the "**Pellet Plant**"), constructed in 2013 which is located on a 89.93 acre parcel of land located at 999582 Highway 11 North, Harley, Ontario[1] (the "**Real Property**" or the "**Premises**") and consists of four (4) buildings. Due to a lack of working capital and available funding, KD Pellets had not been able to operate the Pellet Plant in any significant capacity since January 2016.

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[1] Legal description: PT N 1/2 LT 7 CON 4 HARLEY PT 2 54R5414; PT N 1/2 LT 8 CON 4 HARLEY PT 1, 54R5437 HARLEY; DISTRICT OF TIMISKAMING; PIN 61311-0291; SUBJECT TO AN EASEMENT IN GROSS OVER PT 3 54R-5732 AS IN DT46532; SUBJECT TO AN EASEMENT IN GROSS OVER PT 3 54R-5732 AS IN DT46533

9. Temiskaming Development Fund Corporation ("**Temfund**" or the "**Applicant**"), a secured creditor of the Company, sent the Company a Notice to Enforce Security on December 11, 2018 under section 244 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"). On January 9, 2019, Temfund filed an application with the Court seeking, among other things, an order appointing GTL as receiver and manager, without security, over all of the property, assets, and undertakings of the Company (collectively, the "**Property**") and approving a proposed sale process (the "**Sale Process**") of the Property.

10. On February 22, 2019, the Court issued the Receivership Order which appointed GTL as Receiver and issued an order approving the Sale Process.

11. A detailed description of the background of these Receivership Proceedings including the Sale Process, Sale Transaction and Approval and Vesting Order are provided in the First Report of the Receiver dated May 14, 2019 (the "**First Report**"). A copy of the First Report, without appendices, is attached hereto as **Appendix "2"**.

Sale Process

12. The Receiver conducted the Sale Process from February 2019 until April 2019 and received five (5) offers on a combination of different asset parcels and one (1) going concern offer from Bionorth Technology Holding Corporation ("**Bionorth**").

13. Shortly after the Offer Deadline, the Receiver contacted Bionorth to clarify certain terms of their submitted offer. Thereafter, Bionorth provided a letter clarifying those terms (the "**Offer Letter**"). The Offer Letter clarified among other things, that Bionorth agreed to have certain secured claims on the moveable property of the Company and its secured claim (behind the Community Lenders, as defined below) on the real property released

(the “**Security Release**”). The Receiver and Bionorth agreed that the Offer Letter was to be considered part of the Sale Agreement.

14. The Receiver consulted with the secured lenders whom have the primary vested economic interests in the Purchased Assets, namely: (i) the Applicant, Temfund; (ii) Northern Ontario Heritage Fund Corporation; and (iii) South Temiskaming Community Futures Development Corp. (collectively, the “**Community Lenders**”) who all supported the Receiver’s decision to enter into the Sale Agreement with Bionorth.

15. On April 25, 2019, the Receiver executed the Sale Agreement (pending Court approval) with Bionorth and the Receiver received a 10% deposit from Bionorth which would be used toward the Purchase Price as described in the Sale Agreement. A copy of the Sale Agreement (including the Offer Letter) is attached as **Appendix “14”** and **Confidential Appendix “3”** to the First Report.

16. On May 22, 2019, the Honourable Justice McEwen issued the Approval and Vesting Order and ordered that three (3) confidential appendices to the First Report be sealed until further Order of the Court. Attached hereto as **Appendix “3”** is a copy of the Approval and Vesting Order.

<u>Disputed Collateral</u>

17. The Approval and Vesting Order provided a carve out for three (3) pieces of equipment, namely: (i) 2012 Caterpillar Model 950K (S/N: 950KCR4A00970); (ii) 2006 Vermeer Horizontal Grinder (S/N: N1VRY4531271000225); (iii) 2012 Caterpillar C16 Engine (S/N: BFM002822) (collectively, the “**Disputed Collateral**”).

18. Registrations were made under the PPSA by Klad Rentals Inc. / Axiom Leasing Inc. (collectively, “**Axiom**”) with respect to the Disputed Collateral, however, the Receiver

had also received conflicting information from another party claiming a priority secured interest in respect of the Disputed Collateral. Therefore, at the time of seeking the Approval and Vesting Order, the Receiver was unable to determine which party had a priority secured interest in the Disputed Collateral.

19. Out of an abundance of caution and in an effort to close the Sale Transaction as soon as possible for the benefit of all stakeholder’s of the Company, the Receiver, the Purchaser and Axiom agreed that among other things:

    (a) upon the closing of the Sale Transaction, the Receiver was directed to hold $300,000 of the net proceeds from the sale of the Disputed Collateral in escrow (the “**Disputed Collateral Escrow Amount**”) and to hold the Disputed Collateral in escrow pending resolution of claims in respect of the Disputed Collateral; and

    (b) upon resolution of the claims in respect of the Disputed Collateral, the Receiver would: (i) deliver the Disputed Collateral to Axiom and refund the Purchaser the amount of the Disputed Collateral Escrow Amount; or (ii) deliver the Disputed Collateral to the Purchaser and the proceeds of the Disputed Collateral Escrow Amount shall form part of the Sale Proceeds which shall be distributed in accordance with a further order of the Court.

20. The Community Lenders were supportive of this treatment in order to address the Disputed Collateral.

SUBSEQUENT DEVELOPMENTS

<u>Extensions to Closing</u>

21. The Sale Agreement provided for the closing of the Sale Transaction ("**Closing**") to take place by the 10th business day after the issuance of the Approval and Vesting Order. The Closing was initially scheduled for June 5, 2019.

22. The Receiver, understood from conversations with Bionorth that it was seeking financing to close the Sale Transaction. On or about May 16, 2019, Bionorth requested an extension to close the Sale Transaction until June 27, 2019. In order to provide Bionorth with an opportunity to secure financing, the Receiver agreed to an extension until June 27, 2019 (the "**First Extension**"). The Receiver and Bionorth agreed that the Deposit would be reduced by an amount to cover the costs of the Receivership Proceedings until this extended deadline.

23. On or about June 26, 2019, Bionorth requested a second extension to close the Sale Transaction. The Receiver agreed to such extension (the "**Second Extension**") as long as Bionorth contributed an additional sum to the Deposit and Bionorth covered the costs of the Receivership Proceedings until the extended Closing date. This additional Deposit was received, and Closing was extended to July 25, 2019.

24. On or about July 24, 2019, Bionorth requested a third extension to close the Sale Transaction. The Receiver was very reluctant to grant a further extension, however, Bionorth provided an executed financing commitment letter from a reputable financial institution showing financing for more than the amount of the Purchase Price. As a result, the Receiver agreed to such extension (the "**Third Extension**" together with the First Extension and the Second Extension, the "**Extensions**") as long as Bionorth provided a further increase in the Deposit and covered the costs of the incremental costs of the Receivership Proceedings up to the extended Closing date. The additional

Deposit was received on July 25, 2019 and the Closing date was extended to August 26, 2019.

25. The Receiver agreed to each of the Extensions in order to give Bionorth a fair opportunity to close the Sale Transaction whilst increasing the Deposit and covering the out of pocket expenses of the Receiver during the various Extensions. The Receiver also consulted with the Community Lenders before agreeing to each Extension and the Community Lenders were supportive of the Receiver consenting to each Extension and the adjustment to the Deposit accordingly.

Disputed Collateral

26. On June 4, 2019, the Receiver's counsel sent counsel to Axiom an extensive letter explaining the various claims to the Disputed Collateral and the legal framework as well as, providing a list of information that the Receiver needed in order to complete a final assessment of the claims to the Disputed Collateral.

27. During June, 2019, Axiom's counsel and the Receiver's counsel corresponded regularly, providing documents and requesting information as needed.

28. On June 21, 2019, Axiom submitted its claim in respect of the Disputed Collateral which comprised of two affidavits. The Receiver's counsel has reviewed the Axiom Claim and is working on providing a list of information requests. The Receiver's counsel has also had calls with Axiom's counsel to update Axiom on the Closing of the Sale Transaction.

29. At the same time, the Receiver facilitated Bionorth's inspection of the Disputed Collateral to confirm if same was in working condition. On or about June 21, 2019, Bionorth inspected the Disputed Collateral and on June 26, 2019 Bionorth confirmed that it had

inspected the Disputed Collateral and wished for it be include in the Purchased Assets under the Sale Agreement.

30. The Receiver's counsel corresponded with Axiom to confirm their consent to the release of the Disputed Collateral pursuant to the terms of the Approval and Vesting Order. On July 3, 2019, counsel to Axiom agreed to have the Disputed Collateral released and agreed to an allocation of the $300,000 Disputed Collateral Amount between the specific pieces of Disputed Collateral.

31. As a result, the Receiver, Axiom, and Bionorth agreed to the release of the Disputed Collateral and for the Disputed Collateral to be included in the Sale Transaction as Purchased Assets. Attached hereto as **Appendix "4"** are confirmation emails from Bionorth, the Purchaser and Axiom dated July 29, 2019 confirming the consent to the release of the Disputed Collateral.

32. The Receiver and Axiom will continue to resolve the dispute regarding the Disputed Collateral Amount which would be held by the Receiver from the sale proceeds pursuant to the Approval and Vesting Order.

Amendments

33. Since the Approval and Vesting Order was granted, Bionorth advised the Receiver that it wished to assign its rights under the Sale Agreement to a number company 2576642 Ontario Limited (the "**Purchaser**") and requested that the Receiver amend the Sale Agreement to reflect the assignee as Purchaser accordingly. Bionorth also requested that the Approval and Vesting Order be amended to reflect the new Purchaser in order to provide a clear Court order to the Land Titles office to transfer the Real Property.

34. The Receiver agreed to amend the Sale Agreement and amend the Approval and Vesting Order and the Purchaser agreed to contribute a certain amount of funds to be added to the Purchase Price in order to cover a portion of the costs of the amendments and the corresponding motion (the "**Amendment Costs**").

35. The Receiver and Bionorth agreed that while the Sale Agreement was being amended to reflect the new Purchaser it would be ideal to make other updates to the Sale Agreement to reflect the factual developments described above. Therefore, the Sale Agreement was amended and restated on July 29, 2019 (the "**Amended Sale Agreement**"). Attached hereto as **Appendix "5"** is a partially redacted copy of the Amended Sale Agreement which redacts certain financial information and attached hereto as **Appendix "6"** is a partially redacted blackline of the Amended Sale Agreement against the Sale Agreement showing the amendments made. Attached as **Confidential Appendix "1"** is a copy of the unredacted Amended Sale Agreement.

36. The Amended Sale Agreement reflects the following changes:

(a) a brief description of the factual developments including as they pertain to the Disputed Collateral resolution, the Extensions and the assignment to the Purchaser;

(b) the new purchaser entity was added and language to permit an assignment and the relevant notice provisions was included;

(c) the Closing Date was amended to August 26, 2019;

(d) the Purchase Price was amended to reflect the Purchaser's contribution to the Amendment Costs and the costs of the Extensions;

(e) the Deposit has been adjusted to reflect the changes in connection with the Extensions;

(f) the Security Release language from the Offer Letter was included; and

(g) the HST number of the Company and the Purchaser was added;

37. There are no additional changes to the Sale Agreement. The Receiver believes that these changes will not prejudice any party who has not consented and agreed to these changes.

38. The Approval and Vesting Order has been amended to reflect these changes particularly: (i) to amend the name of the Purchaser entity; (ii) to refer to the Amended and Restated Sale Agreement, (iii) to remove the language requiring the Disputed Collateral to remain in escrow and to add the Disputed Collateral to Schedule "B" of Purchased Assets; (iv) to seal **Confidential Appendix "1".**

39. The Receiver has redacted the Purchase Price and Deposit numbers from the Amended and Restated Sale Agreement included in its motion record and the Court is provided with an unredacted version of the Amended and Restated Sale Agreement, filed separately. The Purchase Price and amount of Deposit were previously sealed by the Court upon the granting of the Approval and Vesting Order as contained in Confidential Appendix "3" to the First Report.

40. As previously requested, when seeking the Approval and Vesting Order, the Receiver is of the view that **Confidential Appendix "1"** should remain sealed until further Order of the Court or filing the Receiver's Certificate, as the information contained therein (namely the Purchase Price and Deposit amounts) are commercially sensitive and would prejudice the Sale Process should the Sale Transaction not close for any reason. The

Receiver is not aware of any party who would be prejudiced if the information in **Confidential Appendix "1"** is sealed.

41. The Purchaser and Community Lenders are supportive of the relief being sought.

OTHER ACTIVITIES OF THE RECEIVER

42. Since the granting of the Approval and Vesting Order, the Receiver's activities, in addition to those discussed throughout this Second Report, have included, among other things:

(a) maintaining sufficient insurance coverage for the Premises;

(b) corresponding with CRA with respect to tax accounts and remittances;

(c) corresponding with the Community Lenders and their respective counsel to discuss various matters related to these Receivership Proceedings;

(d) corresponding with the principal of KD Pellets, Kenneth Doupe, regarding the books and records of the Company and the Disputed Assets;

(e) attending to emails and phone calls from creditors, customers and other stakeholders of KD Pellets;

(f) preparing the statutory reporting requirements required by subsections 245(1) and 246(1) of the BIA;

(g) engaging in frequent discussions with the Retained Individual with respect to the maintenance of the Property;

(h) administering the payment of required expenses with respect to the administration of these Receivership Proceedings;

(i) maintaining a public website (i.e. the Case Website) for the Receivership Proceedings in accordance with the Commercial List E-Service Protocol, including, copies of motion materials, reports, orders, notices, etc.; and

(j) preparing this Second Report.

CONCLUSION AND RECOMMENDATION

43. For the reasons set out in this Second Report, the Receiver is of the view that the relief requested is reasonable and appropriate in the circumstances and respectfully recommends that this Court make the Order granting the Receiver's requested relief.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 29th day of July, 2019.

GRANT THORNTON LIMITED,
solely in its capacity as the Court-appointed receiver and manager of 1793082 Ontario Ltd., o/a K.D. Quality Pellets and not in its personal or corporate capacity

Per: ______________________________
Dan Wootton, CIRP, LIT
Senior Vice-President

LEGAL*48518611.5

APPENDIX D

Court File No. CV-19-00612265-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MADAM	)	TUESDAY ~~WEDNESDAY~~, THE 6th
	)	
JUSTICE DIETRICH	)	DAY OF AUGUST, 2019

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. c.43, AS AMENDED

BETWEEN:

TEMISKAMING DEVELOPMENT FUND CORPORATION

Applicant

- and -

1793082 ONTARIO LTD., o/a K.D. QUALITY PELLETS

Respondent

AMENDED AND RESTATED APPROVAL AND VESTING ORDER

THIS MOTION, made by Grant Thornton Limited in its capacity as the Court-appointed receiver (the "**Receiver**") of the undertaking, property and assets of 1793082 Ontario Ltd., o/a K.D. Quality Pellets (the "**Debtor**") for an order approving the sale transaction contemplated by an agreement of purchase and sale between the Receiver and Bionorth Technology Holding Corporation dated April 17, 2019 and appended to the First Report of the Receiver dated May 14, 2019 (the "**First Report**"), and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement and listed on Schedule B hereto (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion of the Receiver dated May 14, 2019, Proposed Receiver's Report, the Interim Receiver's Report, the First Report, Notice of Motion of the Receiver dated and the Second Report of the Receiver, dated July 29, 2019 (the "**Second Report**"), on hearing the submissions of counsel for the Receiver, counsel for the Purchaser, Peter R. Welsh and no one appearing for any other person on the service list, although properly served as appears from the affidavit of Monique Sassi sworn July 30, 2019 filed:

1. **THIS COURT ORDERS** that the time for service and filing of this motion is hereby abridged and validated such that the motion is properly returnable today and hereby dispenses with further service thereof.

SALE APPROVAL

2. **THIS COURT ORDERS AND DECLARES** that the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale between the Receiver and Bionorth Technology Holding Corporation ("**Bionorth**") dated April 17, 2019 as assigned by Bionorth to 2576642 Ontario Limited (the "**Purchaser**") and as amended on July 29, 2019 (the "**Sale Agreement**"), is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. 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 of the Purchased Assets to the Purchaser.

3. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule A 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 B hereto shall vest absolutely in the Purchaser, 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 the Honourable Justice McEwen in these proceedings dated February 22, 2019; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule C hereto (all of which are collectively referred to as the "**Encumbrances**") 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.

4. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Temiskaming of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B hereto (the "**Real Property**") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.

5. **THIS COURT ORDERS** that 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 that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances 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 that possession or control immediately prior to the sale.

6. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

7. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver is 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 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.

DISPUTED COLLATERAL

8. **THIS COURT ORDERS AND DIRECTS** that upon closing of the Transaction, the Receiver is directed to hold $300,000.00 of the net proceeds from the Transaction on account of the following assets: (i) 2012 Caterpillar Model 950K (S/N: 950KCR4A00970); (ii) 2006 Vermeer Horizontal Grinder (S/N: N1VRY4531271000225); (iii) 2012 Caterpillar C16 Engine (S/N: BFM002822) (collectively, the "**Disputed Collateral**") in escrow (the "**Disputed Collateral Escrow Amount**") pending resolution of claims in respect of the Disputed Collateral.

9. **THIS COURT ORDERS** that the Disputed Collateral Escrow Amount shall be distributed in accordance with:

(a) an agreement reached between the Receiver and Axiom Leasing Inc; or

(b) a further Order of the Court.

10. **THIS ORDER** is without prejudice to the position of any person with respect to any claim or interest in the Disputed Collateral's proceeds, including whether the Disputed Collateral is subject to any prior Order made in this proceeding, and without prejudice to the ability of any person to claim an entitlement to the Disputed Collateral Escrow Amount.

SEALING ORDER

11. **THIS COURT ORDERS** that, pending further order of this Court or upon the filing of the Receiver's Certificate, Confidential Appendix "1", "2" and "3" to the First Report of the Receiver dated May 14, 2019, and Confidential Appendix "1" to the Second Report be sealed, kept confidential and not form part of the public record, but rather shall be placed separate and apart from all other contents Court file, in a sealed envelope attached to a notice that sets out the title of the proceedings and a statement that the contents are subject to a sealing order.

12. **THIS COURT ORDERS** that, notwithstanding:

(a) the pendency of these proceedings;

(b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made 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 nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) 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.

13. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction 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.

Dietrich J.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

AUG 06 2019

PER / PAR: CY

Schedule A – Form of Receiver's Certificate

Court File No. CV-19-00612265-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. c.43, AS AMENDED

BETWEEN:

TEMISKAMING DEVELOPMENT FUND CORPORATION

Applicant

- and -

1793082 ONTARIO LTD., o/a K.D. QUALITY PELLETS

RECEIVER'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice McEwen of the Ontario Superior Court of Justice (the "**Court**") dated February 22, 2019, Grant Thornton Limited was appointed as the receiver (the "**Receiver**") of the undertaking, property and assets of 1793082 Ontario Ltd., o/a K.D. Quality Pellets (the "**Debtor**").

B. Pursuant to an Order of the Court dated ●, the Court approved the agreement of purchase and sale made as of April 17, 2019 (the "**Sale Agreement**") between the Receiver and Bionorth Technology Holdings Corporation (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtor's 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 section ● 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, terms with initial capitals have the meanings set out in the Sale Agreement.

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 as set out in section ● 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.

4. This Certificate was delivered by the Receiver at ________ [TIME] on _______ [DATE].

Grant Thornton Limited, in its capacity as Receiver of the undertaking, property and assets of 1793082 Ontario Ltd., o/a K.D. Quality Pellets, and not in its personal capacity

Per: ______________________________

Name:

Title:

Schedule B – Purchased Assets

Parcel 1 – Land and Buildings

LAND	
Item	**Description**
Location	999562 Highway 11 North, Harley, Ontario P0J 1P0
Size of Land	89.39 acres
Legal Description	PT N 1/2 LT 7 CON 4 HARLEY PT 2 54R5414; PT N 1/2 LT 8 CON 4 HARLEY PT 1, 54R5437 HARLEY; DISTRICT OF TIMISKAMING; PIN 61311-0291; SUBJECT TO AN EASEMENT IN GROSS OVER PT 3 54R-5732 AS IN DT46532; SUBJECT TO AN EASEMENT IN GROSS OVER PT 3 54R-5732 AS IN DT46533
Zoning	M1 – General Industrial
Property Identification Number	61311-0291

BUILDINGS					
Building No.	**Building Description**	**Estimated Approx. Size (Sq. Ft.)**	**Exterior Construction**		
			Floor	**Walls**	**Roof**
1	Plant & Office	12,100	Poured Concrete	Insulated sandwich panel and brick	Metal
2	Warehouse	14,880	Poured Concrete	Insulated sandwich panel	Metal
3	Pump House	120	Poured Concrete	Insulated sandwich panel	Metal
4	Scale House	120	Poured Concrete	Insulated sandwich panel	Metal

Parcel 2 – Pellet Mill Equipment

PELLET MILL EQUIPMENT *(By Production Area)*			
#	**Item #**	**Asset Description**	**Qty.**
		RECEIVING	
1	01000	Intake receiving bin	1
2	01005	Hopper bins for dumping	2
3	01010	Discharge conveyor from hoppers	1
4	01015	Transfer inclined conveyor	1
5	01020	Pre bin for hammer mill	1

6	01030	Level limit switch	2
7	01040	Hammer mill feeder	1
8	01045	Heavy particle separator	1
9	01050	Hammer mill	1
10	01060	Soft start for hammer mill	1
11	01070	300 HP Motor	1
12	01080	Safety interlocking package	1
13	01090	Magnet installed in hammer mill	1
14	01100	Air assist complete with filter and pick up	1
15	01110	Filter discharge screw	1
16	01120	Cellular wheel lock	1
		HAMMERMILL BIN	
17	01130	Structure for hammer mill	1
18	01140	Elevator type EV 11624	1
19	01150	2-way abort gate	1
20	01160	Explosion protection for hammer mill	1
21	01180	Silo for storage of dried wood	1
22	01190	Silo discharge devise	1
23	01200	Silo conveyor screw	1
24	01210	Elevator type EV 11624	1
25	01220	2-way abort gate	1
		PELLET PRESS – PHASE 1	
26	02040	Mixing conditioner, type M400	1
27	02050	Water proportioning system, type WD GLI 15	1
28	02060	Moisture measuring system	1
29	02070	Prebin, type RWB 2205-1	1
30	02080	Level limit switches	3
31	02090	Proportioning and mixing screw, type DM 400	1
32	02100	Water proportioning system, type WD E	1
33	02110	Pelleting press, type flat die 60-1250	1
34	02120	Drive for pelleting press, type 60-1250	1
35	02130	Central roller lubrication	1

36	02140	Hydraulic system	1
37	02150	Press outlet box	1
38	02160	Oil fitting for the press	1
39	02170	Flat die 6mm	1
40	02180	Electric chain hoist with windlass travelling gear	1
41	02190	Aspiration system for the pelleting press	1
42	02200	Round bottom pellet conveyor	1
43	02210	Countercurrent cooler, type GKI900 R	1
44	02220	Additional equipment for cooler	1
45	02230	Cyclone, type OZ 1300	1
45	02240	Cellular wheel lock, type SL 250	1
46	02250	Radial fan, type RV M 321 x 140	1
47	02260	Set of accessories for the fan, type RV M 031 x 140	1
48	02280	Air piping	1
49	02290	Pellet drag conveyor	1
50	02300	Vibratory screen	1
51	02310	Pellet drag conveyor	1
52	02320	Fines screw conveyor	1
53	02340	Pellet drag conveyor	1
54	02350	Pellet drag conveyor	1
		PELLET PRESS – PHASE 2	
55	13010	Proportioning and mixing screw, type DM 400	1
56	13020	Water proportioning system, type WD C	1
57	13030	Pelleting Press, type flat die 60-1250	1
58	13040	Drive for the pelleting press, type 60-1250	1
59	13060	Central roller lubrication	1
60	13070	Hydraulic system	1
61	13080	Press outlet box	1
62	13090	Oil filling for the press	1
63	13100	Flat die for wood pellets 8mm	2
64	13110	Oil coolers for press	1
65	13120	Electric chain hoist with windlass travelling gear	1

66	13130	Item of modifying drag conveyor	1
67	13120	Vibratory system	1
68	13220	Kahl automated pellet control package EAPR	1
69	N/A	Conveyor by-pass system	1
70	N/A	Steam generator model LB -240(L)	1
71	N/A	18" diameter screw conveyor 19'6" long complete with drive (conveyor 1017 15 HP)	1
72	N/A	New drive package for conveyor (conveyor 1016 15HP)	1
		LOAD OUT BINS	
73	02360	Elevator type EV 7520	1
74	02370	Bin transfer drag conveyor	1
75	02380	Truck loadout bins	1
		MISCELLANEOUS EQUIPMENT	
76	03010	Spot filter, type FI 04 P	1
77	03020	Pipes and transition pieces	1
78	03030	Assembly materials	1
79	03040	Electric control and regulation of plant	1
80	03045	Pellet mill controller EAPR	1
81	03050	Power circuit MCC	1
82	03060	Electric installation material	1
83	03070	Spark detection system	1
84	03080	Spark alarm and extinguishing plant	1
85	04040	Spare parts (2) dies, (10) rollers, (10) bearings for rollers, (10) roller seals, (1) hydraulic nut rebuild kit, (1) revolute joint rebuild kit, (10) hammer mill screens, (2) sets of hammers, (12) kegs of grease	1
86	N/A	Phase 1 transformer	1
87	N/A	Screen frame for Sprout fines removal	1
88	N/A	Mesh screens for Sprout fines screener	35
89	N/A	Magnet and sensor for abort gate	1
90	N/A	Rectifier for abort gate	1
91	N/A	30" spiral duct work with connectors and transitions	1
92	N/A	Schutte hammer mill screens	2
93	N/A	Straw grinder	1
94	N/A	Diesel water pump	1

Parcel 3 – Lab Equipment

LAB EQUIPMENT		
#	**Asset Description**	**Qty.**
1	Computrac Ash Analyzer MAX-5000XL	1
2	Model 4E Grinding Mill – Model 4FDZ1	1
3	Tumbler Type 1000	1
4	Retsch AS 200 digit	1
5	Scale GP 20K – Model # 50004	1
6	Binder Heater	1
7	Lennox Air Handlers – Model # CBX26UH-024-230-1	2

Parcel 4 – CAT Loader

CAT LOADER					
#	**Description**	**Make**	**Model / Serial Number**	**Year**	**Qty.**
1	Model 950K	Caterpillar	S/N: 950KCR4A00970	2012	1

Parcel 5 – INTENTIONALLY REMOVED

Parcel 6 – Horizontal Grinder and Engine

HORIZONTAL GRINDER					
#	**Description**	**Make**	**Model / Serial Number**	**Year**	**Qty.**
1	Horizontal Industrial Wood Grinder	Vermeer	N1VRY4531271000225	2006	1
2	C16 Engine	Caterpillar	S/N: BFM002822	2012	1

Parcel 7 – Other Moveable Equipment

OTHER MOVEABLE EQUIPMENT					
#	**Description**	**Make**	**Model / Serial Number**	**Year**	**Qty.**
1	Grain Belt	Unknown	Grain-belt 1545	Unknown	1
2	53' Axel Trailer with Cover	Titan	2TVWF1Z43DD000390	2013	1
3	Pneumatic 6,000 lbs. Forklift with 48" Forks	Unknown	12L3000749	Unknown	1

Parcel 8 – Office Equipment & Furniture

OFFICE EQUIPMENT			
#	Location	Detail	Qty.
1	Office	Office desks	4
2	Office	Drawer	1
3	Office	Office chairs	10
4	Office	Brother Multi-function Photocopier – MFC9970CDW	1
5	Office	ACER Computer with 22” Monitor	1
6	Lab	Toshiba Flat-screen 38"	1
7	Lab	RCA Flat-screen 48"	1
8	Office	80" Flat-screen Television	1
9	Control Room	HP Computers and 22” Monitors	2
10	Control Room	40” Flat-screen Televisions	2
11	Control Room	Large Office Desk	1

Parcel 9 – Other Assets

OTHER ASSETS			
#	Location	Detail	Qty.
1	Kitchen	Kenmore Fridge – Model # 970-417322	1
2	Kitchen	Kenmore Stove – Four Element Range	1
3	Kitchen	Kenmore Microwave	1
4	Kitchen	Hot Water Heater – 4500 Watt 6G805DE1	1
5	Premises	40 ft. Evergreen metal container	1
6	Production Floor	Industrial Scaffold	1
7	Lab	Shelving 18"x36"	5
8	Lab	Bolt Bin 72 pigeon hole	1
9	Electrical Room	Shelving 18"x36"	7

	Registration File Number	Secured Party	Registration Date/ Registrations Period	Collateral
			5 years Expiry Date: February 2, 2020	
8.	703453923	RJM Inc. and Sarj Equipment Corp.	Registration Date: February 5, 2015 Registration Period: 5 years Expiry Date: February 5, 2020	Inventory, Equipment, Accounts, Other
9.	712215099	1000728 Ontario Ltd. o/a Baron Finance	Registration Date: November 30, 2015 Registration Period: 5 years Expiry Date: November 30, 2020	Consumer Goods, Inventory, Equipment, Accounts, Other, Motor Vehicle
10.	736548687	Axiom Leasing Inc.	Registration Date: February 16, 2018 Registration Period: 5 years Expiry Date: February 16, 2023	Equipment, Other
11.	747406152	Temiskaming Development Fund Corporation	Registration Date: January 8, 2019 Registration Period: 5 years Expiry Date: January 8, 2024	Equipment, Other
12.	748215423	Manoj Shivnani	Registration Date: February 8, 2019 Registration Period: 3 years Expiry Date: February 8, 2022	Inventory, Equipment, Accounts, Other, Motor Vehicle
13.	748215486	Robert Fedrock	Registration Date: February 8, 2019 Registration Period: 3 years Expiry Date: February 8, 2022	Inventory, Equipment, Accounts, Other, Motor Vehicle
14.	748215513	Sachin Mahajan	Registration Date: February 8, 2019 Registration Period: 3 years Expiry Date: February 8, 2022	Inventory, Equipment, Accounts, Other, Motor Vehicle

TEMISKAMING DEVELOPMENT FUND CORPORATION
Applicant

and

1793082 ONTARIO LTD., o/a K.D. QUALITY PELLETS
Respondent

Court File No. CV-19-00612265-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

AMENDED APPROVAL AND VESTING ORDER

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Lawyers for the Receiver, Grant Thornton Limited

APPENDIX E

Court File No.: CV-19-00612265-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.	)	WEDNESDAY, THE 22ND
	)	
JUSTICE MCEWEN	)	DAY OF MAY, 2019

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. c.43, AS AMENDED

BETWEEN:

TEMISKAMING DEVELOPMENT FUND CORPORATION

Applicant

- and -

1793082 ONTARIO LTD., o/a K.D. QUALITY PELLETS

Respondent

ORDER

(APPROVAL OF RECEIVER'S ACTIVITIES AND FEES)

THIS MOTION made by Grant Thornton Limited in its capacity as the Court-appointed receiver (the "**Receiver**") of the undertaking, property and assets of 1793082 Ontario Ltd., o/a K.D. Quality Pellets (the "**Company**" or the "**Debtor**") for an order:

(a) abridging the time for service of the Notice of Motion and the Motion Record herein, if necessary, and validating service thereof;

(b) directing Kenneth Andrew Doupe ("**Mr. Doupe**"), the principal of the Debtor, to:

i. provide the Receiver and its counsel with any and all outstanding Records (as defined in the receivership order dated February 22, 2019 in these proceedings) and specifically certain requested financial and tax related information as it pertains to the Debtor and as required by the Receiver for a proper account reconciliation and assessment of the Company for tax purposes (the "**Financial Information**"); and

ii. immediately return to the Debtor's premises the Missing Assets (as defined below);

(c) approving the Proposed Receiver's Report, the Interim Receiver's Report and the First Report (each as defined below) and the conduct and activities of GTL as respectively described therein; and

(d) approving the fees and disbursements of the Receiver and its legal counsel, Cassels Brock & Blackwell LLP ("**Cassels**") up to and including April 30, 2019 as set out in the Affidavit of Daniel Wootton sworn May 14, 2019 (the "**Wootton Affidavit**") and the Affidavit of David Ward sworn May 13, 2019 (the "**Ward Affidavit**");

was heard this day at 330 University Avenue, Toronto, Ontario by way of Court Call.

ON READING the Notice of Motion of the Receiver, Proposed Receiver's Report, the Interim Receiver's Report, the First Report and on hearing the submissions of counsel for the Receiver, counsel for the Purchaser and no one appearing for any other person on the service list, although properly served as appears from the affidavit of Monique Sassi sworn May 14, 2019 filed:

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record be and is hereby abridged and validated so that the Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT DIRECTS** Mr. Doupe, as principal of the Debtor, to immediately provide the Receiver and Cassels with any and all outstanding Records and the Financial Information.

3. **THIS COURT DIRECTS** Mr. Doupe, as principal of the Debtor, to immediately return the following Property (as defined in the receivership order dated February 22, 2019 in these proceedings) of the Debtor to the Debtor's Premises (as defined in the First Report):

(a) A 2006 Vermeer Horizontal Industrial Grinder (S/N: N1VRY4531271000225)

(b) Various testing and/or quality measurement lab instrument equipment

APPROVAL OF REPORTS

4. **THIS COURT ORDERS** that the Report of Grant Thornton Limited in its capacity as proposed receiver of the Debtor (in such capacity the "**Proposed Receiver**") dated January 7, 2019 (the "**Proposed Receiver's Report**") and the activities of the Proposed Receiver, as applicable, referred to therein, be and are hereby approved; provided, however, that only the Proposed Receiver, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

5. **THIS COURT ORDERS** that the First Report of Grant Thornton Limited in its capacity as interim receiver of the Debtor (in such capacity the "**Interim Receiver**") dated February 8, 2019 (the "**Interim Receiver's Report**") and the activities of the Interim Receiver, as applicable, referred to therein, be and are hereby approved; provided, however, that only the Interim Receiver, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

6. **THIS COURT ORDERS** that the First Report of Grant Thornton Limited in its capacity as receiver and manager of the Debtor (in such capacity the "**Receiver**") dated May 14, 2019 (the "**First Report**") and the activities of the Receiver, as applicable, referred to therein, be and are hereby approved; provided, however, that only the Receiver, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

7. **THIS COURT ORDERS** that the fees and disbursements of the Receiver for the period January 7, 2019 to April 30, 2019 as described in the Wootton Affidavit are hereby approved.

8. **THIS COURT ORDERS** that the fees and disbursements of Cassels for the period December 12, 2018 to April 30, 2019 as described in the Ward Affidavit are hereby approved.

GENERAL

9. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or elsewhere, to give effect to this Order and to assist each of the Debtor, the Receiver and their respective 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 each of the Debtor and to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order, or to assist each of the Debtor and the Receiver and their respective agents in carrying out the terms of this Order.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

MAY 2 2 2019

PER / PAR:

TEMISKAMING DEVELOPMENT FUND CORPORATION and 1793082 ONTARIO LTD., o/a K.D. QUALITY PELLETS
Applicant Respondent

Court File No. CV-19-00612265-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

ORDER
(Approval of Activities and Fees)

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Lawyers for the Receiver

APPENDIX F

District of Ontario
Division – 09 - Toronto
Court File No.: CV-19-00612265-0000

IN THE MATTER OF THE RECEIVERSHIP OF 1793082 ONTARIO LTD. O/A K.D. QUALITY PELLETS
FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD ENDING MARCH 2, 2020

Receipts	**$ CAD TOTAL**
Sale of Assets	1,080,318
Advance from Grant Thornton LLP (WIP)	14,408
Interest Income	1,698
Total Cash Receipts	1,096,424
Disbursements	
Insurance	139,734
Outside Consulting	37,345
Repairs and Maintenance	18,735
Utilities	18,665
Supplies	3,391
HST Paid - Ontario	3,188
Security	1,474
Ascend License Fee	275
Filing fees paid to Official Receiver	70
Bank Charges	68
Total Cash Disbursements	222,946
Estimated Disbursements	
Receiver's Fees	181,488
HST Paid	23,593
Utilities and Insurance	10,000
Total Estimated Disbursements	215,081
Estimated Amount Available for Distribution	658,398

Notes
1) Legal fees of $265,000 have been paid from counsel's trust account where an additional $15,000 is held for final legal fees.
2) The Receiver has not been paid any of its fees whereby the estimate includes final fees.

APPENDIX G

Court File No.: CV-19-00612265-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

B E T W E E N:

TEMISKAMING DEVELOPMENT FUND CORPORATION,

Applicant

- and -

1793082 ONTARIO LTD., o/a K.D. QUALITY PELLETS

Respondent

AFFIDAVIT OF DANIEL WOOTTON

I, Daniel Wootton, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY** as follows:

1. I am a Senior Vice President of Grant Thornton Limited, ("**GTL**") which was appointed as Interim Receiver and manager ("**Interim Receiver**") and then Receiver and manager (the "**Receiver**") without security, of all the properties, assets and undertakings and 1793082 Ontario Ltd. o/a K.D. Quality Pellets. As such, I have knowledge of the matters hereinafter deposed to, except where stated to be on information and belief and whereso stated I verily believe such to be true.

2. Attached and marked as Exhibit "**A**" to this my affidavit is a detailed billing setting out the fees and disbursements of GTL incurred in its role as Receiver from May 1, 2019 to February

25, 2020, totalling $84,158.27, including disbursements of $16,931.08 and HST of $9,681.93 and a courtesy discount of ($19,748.93), and as such is summarized on Exhibit "**B**" to this my affidavit. The average hourly rate is $418.71.

3. Given the complexity of this insolvency matter, I believe the hourly rates and the total amount of fees are reasonable and comparable for insolvency services of this nature rendered by other firms in the City of Toronto.

4. This affidavit is sworn in connection with the approval of the fees and disbursements of GTL and for no improper purpose.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario, this 26 day of February, 2020.	
Commissioner for Taking Affidavits, etc.	DANIEL WOOTTON

David Lawrence Goldband, a Commissioner, etc.
Province of Ontario
For Grant Thornton Limited
Expires April 01, 2022

Exhibit "**A**" to the Affidavit of Daniel Wootton,
sworn before me this 26 day of February, 2020.

Commissioner for Taking Affidavits, etc.

David Lawrence Goldband, a Commissioner, etc.
Province of Ontario
For Grant Thornton Limited
Expires April 01, 2022

Court File No. CV-19-00612265-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE RECEIVERSHIP OF
1793082 ONTARIO LTD. o/a K.D. QUALITY PELLETS

AND IN THE MATTER OF A MOTION PURSUANT TO SUBSECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

BILL OF COSTS

BN 12738 4717 RT0001
Client #261724
Invoice#LSON-5316

To professional services rendered as Court-Appointed Receiver of 1793082 Ontario Ltd. o/a K.D. Quality Pellets for the period from May 1, 2019 to May 31, 2019.

Date	Full Name	Hours	Detail
May 1, 2019	Jason Knight	3.10	Review response provided by Axiom Leasing re: equipment and engage in various correspondence with counsel re: same; Phone correspondence with BioNorth re: Axiom Leasing and review documentation provided by same; Correspondence with insurance provider re: current coverage and outstanding balance; Internal discussions re: advance to pay outstanding expenses incurred; Prepare email correspondence providing instructions on coding of payments and issuance of cheques
May 1, 2019	Rosa Wilford	0.70	Review internal email instructions from team re Banking; Review payment requests; Review account ledger; Prepare forms for advance requests; Emails; General banking administration.
May 2, 2019	Jason Knight	2.40	Phone correspondence with P. Veley re: CAT Loader and invoices; Review correspondence from Axiom Leasing's counsel and discuss same internally; Correspondence with counsel and BioNorth re: Axiom Leasing; Prepare for and attend conference call with counsel, BioNorth, and BioNorth's counsel re: Axiom Leasing and next steps re: same; Internal discussions re: First Report; Review email from counsel re: Axiom Leasing and revise same.
May 3, 2019	Jason Knight	0.10	Review email correspondence re: Axiom Leasing.

May 6, 2019	Jason Kanji	1.20	Arrange for return of deposits to rejected bidders.
May 6, 2019	Jason Knight	3.50	Phone correspondence with Temfund re: file update; Review comments on the first draft of the First Report and incorporate comments into revised draft.
May 6, 2019	Rosa Wilford	1.50	Review internal email instructions from team re Banking; Review payment requests; Prepare wire transfers; Prepare disbursement requisition forms; Post entries; Correspondences with Bank; Review print screens for expecting wire; Draft letters to Bank; Complete cheque requisition forms; Email correspondences to and from Bank for authorization of transfers; Posting entries; Email wire confirmations to team; Respond to emails; General banking administration.
May 7, 2019	Daniel Wootton	0.40	Update call with counsel re: motion to approve sale.
May 7, 2019	Rosa Wilford	1.00	Various correspondences with Bank/team; Review print screens for expecting wire(s); Provide supporting documentation; Respond to emails; General banking administration; Review estate bank account and reconcile April statement.
May 7, 2019	Jason Knight	0.40	Correspondence re: First Report and revise same based on discussions; Draft correspondence to counsel re: First Report and BioNorth; Review correspondence re: Axiom Leasing;
May 7, 2019	Bethany Marques	0.30	Email from Jason Kanji regarding continued site visits. Scheduled recurring calendar items for weekly visits.
May 8, 2019	Jason Knight	1.10	Prepare for and attend conference call with counsel and Axiom Leasing's counsel re: CAT Loader; Review draft correspondence to Axiom Leasing's counsel and provide comments on same; Correspondence with Temfund re: legal fees and draft court materials.
May 8, 2019	Rosa Wilford	1.00	Follow internal instructions; Review account details: Correspondences with Bank; Wire transfers; Incoming wires; Prepare receipt and disbursement requisition forms; Review mail; Post entries; General banking administration.
May 8, 2019	Daniel Wootton	0.50	Call with counsel re: Axiom. Discuss legal fees and arrange for update to secured creditors.
May 9, 2019	Jason Knight	1.00	Various correspondence with counsel re: Axiom Leasing and the contents of the First Report; Review service list and make revisions and additions to same.
May 10, 2019	Bethany Marques	0.40	Travel out for site visit.

May 10, 2019	Jason Knight	1.00	Review letter from Axiom Leasing's counsel re: CAT Loader and discuss same with counsel; Phone call with South Temiskaming re: status update; Prepare for and attend conference call with BioNorth, BioNorth's counsel, and Cassels re: Axiom Leasing; Correspondence with BioNorth re: Axiom Leasing.
May 13, 2019	Bethany Marques	0.60	Site visit & email correspondence with Philip regarding water on floor in warehouse and CAT loader location.
May 13, 2019	Jason Knight	2.40	Review draft schedules for agreement of purchase and sale and vesting order and provide comments on same; Various correspondence with counsel re: report and court materials; Review correspondence re: Axiom Leasing and other related matters; Review revised version of the report and provide comments on same; Draft correspondence to team and counsel re: Axiom Leasing; Correspondence with Purchaser re: finalization of Purchased Asset schedule and allocation of proceeds amongst same.
May 13, 2019	Rosa Wilford	0.10	General banking administration.
May 13, 2019	Bethany Marques	0.50	Site visit.
May 14, 2019	Daniel Wootton	1.90	Review and sign draft report and fee affidavit. Review draft orders. Call with secured creditors. Call with counsel re: next steps.
May 15, 2019	Jason Knight	1.30	Compiling appendices for First Report to be posted on case website; Correspondence with counsel re: service of materials; Administration of case website;
May 16, 2019	Daniel Wootton	0.20	Correspond with STCFDC.
May 16, 2019	Jason Knight	0.70	Correspondence with counsel and BioNorth re: Sale Transaction; Correspondence with secured creditor re: distribution of eventual proceeds;
May 17, 2019	Jason Knight	3.10	Correspondence re: extension of Sale Transaction closing; Internal discussions re: CRA matters and correspondence from secured lenders; Perform review of security opinion provided by counsel and draft correspondence re: same; Review invoices from Hydro One and insurance and populate same in tracking schedule; Prepare revised realization analysis for secured lenders and draft email correspondence re: same; Draft email correspondence to BioNorth re: requested extension.
May 17, 2019	Daniel Wootton	0.80	KD correspondence re: closing and court hearing. Correspond with STCFDC. Review draft realization schedules.

May 17, 2019	Rosa Wilford	1.00	Review mail; Prepare receipt and disbursement requisitions forms; Post deposit and payment entries; Issue cheques; General banking administration.
May 17, 2019	Valerie Naccarato	0.10	Deposit at bank.
May 21, 2019	Jason Knight	1.80	Correspondence re: issuance of cheques and receipt of borrowed funds; Review correspondence from counsel and Axiom's counsel re: leased assets and revisions to Vesting Order to incorporate same; Review draft Factum provided by counsel and provide comments on same; Correspondence with Community Lenders re: Approval and Vesting Order; Administration of case website.
May 22, 2019	Jason Knight	1.10	Internal meeting to debrief court attendance and issues re: Axiom; Phone call with Temfund re: result of court attendance and next steps; Administration of case website; Correspondence with BioNorth re: site inspection; Correspondence with counsel re: property taxes and letters received from Harley Township.
May 22, 2019	Rosa Wilford	0.10	General banking administration.
May 22, 2019	Daniel Wootton	2.00	Prepare for and attend KD Pellets court hearing, work with purchaser's counsel and Axiom's counsel on next steps and closing timeline.
May 24, 2019	Bethany Marques	0.50	Site visit.
May 24, 2019	Bethany Marques	0.20	Site visit.
May 28, 2019	Rosa Wilford	0.10	General banking administration.
May 28, 2019	Jason Knight	0.30	Review invoice provided by insurance; Correspondence with insurance provider re: closing of transaction and payment of outstanding invoices; Correspondence with retained individual.
May 29, 2019	Jason Knight	0.60	Draft correspondence to Purchaser re: closing; Correspondence with Temfund re: closing of transaction and Axiom Leasing; Draft correspondence to secured creditors re: update; Internal discussions re: required items to complete.
May 29, 2019	Rosa Wilford	0.10	General banking administration.
May 22, 2019	Valerie Naccarato	0.10	General banking administration.

Time Summary

D. Wootton, Sr. Vice President	5.80	hours @	$	595.00	$	3,451.00
J. Knight, Sr. Manager	23.90	hours @	$	375.00	$	8,962.50
R. Wilford, Manager	5.60	hours @	$	275.00	$	1,540.00
J. Kanji, Sr. Associate	1.20	hours @	$	195.00	$	234.00
B. Marques, Sr. Accountant	2.50	hours @	$	155.00	$	387.50
V. Naccarato, Analyst	0.20	hours @	$	135.00	$	27.00
	39.20				$	14,602.00
5% Technology and Administration Fees					$	730.11
					$	15,332.11
Disbursements						
FCA #377408					$	10,642.32
Phil Veley #1312019					$	3,766.10
Postage					$	12.50
					$	14,420.92
Subtotal time and disbursements					$	29,753.03
HST (13%)					$	3,867.90
Total					**$**	**33,620.93**

Court File No. CV-19-00612265-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE RECEIVERSHIP OF 1793082 ONTARIO LTD. o/a K.D. QUALITY PELLETS

AND IN THE MATTER OF A MOTION PURSUANT TO SUBSECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

BILL OF COSTS

BN 12738 4717 RT0001
Client #261724
Invoice#LSON-

To professional services rendered as Court-Appointed Receiver of 1793082 Ontario Ltd. o/a K.D. Quality Pellets for the period from June 1, 2019 to September 30, 2019.

Date	Full Name	Hours	Detail
June 3, 2019	Jason Knight	0.30	Correspondence with retained individual re: billing matters; Internal discussions re: Axiom Leasing matters.
June 4, 2019	Daniel Wootton	0.80	Call with community lenders. Review, comment and approve of correspondence to K. Doupe, Axiom and BioNorth.
June 4, 2019	Jason Knight	2.00	Prepare for and attend conference call with counsel and Community Lenders re: Axiom Leasing and other matters; Correspondence with team re: banking matters; Review letter to Axiom Leasing and discuss same internally; Draft email correspondence to BioNorth re: Sale Transaction; Review letter to K. Doupe re: Court Order and requested information and discuss same internally.
June 5, 2019	Jason Kanji	0.70	Correspondence with RBC and Scotia re: obtaining bank statements.
June 5, 2019	Bethany Marques	0.40	Obtaining bank account information and records.
June 5, 2019	Jason Knight	0.90	Various correspondence with team re: banking matters and bank statements; Review records of the Company for banking details and records; Review letter to be sent to bank and discuss same internally.

Date	Full Name	Hours	Detail
June 6, 2019	Rosa Wilford	1.50	Various correspondences with Bank/team; Review print screens Provide supporting documentation; Respond to emails; General banking administration.
June 7, 2019	Jason Knight	0.20	Correspondence with counsel re: Axiom Leasing matters.
June 10, 2019	Jason Knight	0.40	Prepare analysis re: allocation of funds in trust re: Disputed Assets and draft correspondence to counsel re: same; Draft email correspondence to Purchaser re: Disputed Assets and Axiom Leasing matters.
June 11, 2019	Bethany Marques	0.80	Assist with Financial review and access to premises.
June 17, 2019	Rosa Wilford	0.50	Review estate bank account and reconcile May statement; Correspondences to and from Bank; Receipt of statements; Notify team; General banking administration.
June 20, 2019	Jason Knight	0.40	Correspondence with counsel re: Axiom Leasing matters; Phone call with Temfund re: file update and next steps; Review invoice from counsel and file same; Review invoices from retained contractor and draft email correspondence to same re: payment matters.
June 21, 2019	Jason Knight	1.30	Review email correspondence from counsel re: closing materials and Axiom Leasing; Phone call with counsel re: Axiom Leasing matters; Internal correspondence re: Hydro One and payment of certain invoices; Review affidavits provided by Axiom Leasing's counsel; Draft correspondence to BioNorth re: Axiom Leasing and Hydro One matters.
June 21, 2019	Daniel Wootton	0.20	Correspond with J. Knight and Hydro One re: closing.
June 24, 2019	Jason Knight	0.60	Review closing documents provided by counsel and provide comments on same; Draft internal correspondence re: banking matters; Review closing documents provided by the Purchaser's counsel and provide comments on same.
June 24, 2019	Rosa Wilford	1.00	Review internal email instructions from team re Banking; Review payment requests; Prepare disbursement requisition forms; Post entries; Issue cheques; General banking administration.
June 25, 2019	Rosa Wilford	0.30	Review internal email instructions from team re Banking; Review payment requests; Provide wire instructions; General banking administration.

Date	Full Name	Hours	Detail
June 25, 2019	Jason Knight	0.30	Review draft direction re: property taxes provided by counsel and provide comments on same; Phone correspondence re: timing of closing; Internal phone call to discuss file and provide update on closing.
June 26, 2019	Jason Knight	0.20	Various correspondence with counsel re: closing of sale transaction.
June 27, 2019	Jason Knight	0.50	Correspondence with counsel re: sale transaction; Phone call with Temfund re: closing of sale transaction; Draft email to creditors re: transaction closing and correspondence with Purchaser.
June 28, 2019	Jason Knight	0.20	Draft correspondence to community lenders re: sale transaction; Discuss correspondence with Purchaser with counsel.
July 2, 2019	Jason Kanji	0.40	Review of matters relating to CRA and Hydro One.
July 2, 2019	Jason Knight	1.10	Review correspondence from Temfund re: sale transaction and correspond with counsel re: same; Various correspondence with counsel and with team re: additional deposit required; Correspondence with team re: Hydro One and CRA matters; Review invoice from retained employee and draft correspondence to same re: sale transaction closing and security of premises; Draft email correspondence to FCA insurance re: balance outstanding.
July 3, 2019	Valerie Naccarato	0.30	Prepare receipt requisition form; Post deposit entry general banking administration.
July 3, 2019	Valerie Naccarato	0.10	General banking administration.
July 3, 2019	Daniel Wootton	0.50	Update call with counsel re: closing matters, deposit, purchase price and amendments to sale agreement.
July 3, 2019	Jason Knight	0.90	Correspondence with counsel re: additional deposit; Draft instructions to banking team re: payment of invoices and allocation of same; Draft email correspondence to insurance provider re: coverage and status of closing sale transaction; Conference call with counsel re: sale transaction and Axiom matters; Draft correspondence to community lenders re: sale transaction and deposit received.
July 4, 2019	Valerie Naccarato	0.40	Review email, Prepare disbursement form; Post entries; general banking administration.

Date	Full Name	Hours	Detail
July 8, 2019	Jason Knight	0.30	Review changes made to agreement of purchase and sale from counsel and discuss same internally; Review email correspondence to purchaser re: revisions to agreement and next steps re: same.
July 8, 2019	Daniel Wootton	0.30	Review and respond to revised sale agreement.
July 9, 2019	Bethany Marques	0.45	Review original photos taken from KD pellets visit to determine potential equipment issue.
July 10, 2019	Jason Knight	0.30	Review draft letter to CRA and provide comments on same.
July 11, 2019	Jason Kanji	1.10	Draft and send response letter to CRA re: payroll deductions.
July 12, 2019	Jason Knight	0.40	Correspondence with counsel re: closing of sale transaction matters and Axiom Leasing; Phone call with Temfund re: update on sale transaction;
July 14, 2019	Jason Knight	0.20	Email correspondence with Hydro One re: outstanding balance and sale transaction.
July 15, 2019	Jason Knight	0.10	Correspondence with retained individual re: premises.
July 17, 2019	Rosa Wilford	0.10	Review estate bank account and reconcile June statement.
July 18, 2019	Bethany Marques	0.10	Internal update and correspondence.
July 23, 2019	Rosa Wilford	0.10	Review banking reports and approve monthly estate balances.
July 24, 2019	Daniel Wootton	0.20	Update call with counsel, email to lender re: extension request.
July 25, 2019	Jason Kanji	0.50	Coordinate and collect extension of closing deposit
July 25, 2019	Daniel Wootton	0.20	Correspond with lenders and counsel re: request for extension.
July 25, 2019	Jason Knight	1.60	Review various email correspondence re: closing of sale transaction and extension of same; Internal discussions re: required court materials and status of extension; Review invoice from retained employee and approve same for payment; Review various invoices to be paid and provide instructions to banking team re: payment and coding of same.
July 26, 2019	Daniel Wootton	0.20	Correspond with Cassels re: sale agreement, court hearing and Receiver's report.

Date	Full Name	Hours	Detail
July 26, 2019	Rosa Wilford	1.80	Review internal email instructions from team re Banking; Review payment requests; Prepare disbursement requisition forms; Post invoice entries; Issue cheques; Review mail; Prepare receipt requisition form; Post deposit entries; General banking administration.
July 26, 2019	Jason Knight	1.30	Draft correspondence to counsel re: sale transaction and deposits and discuss same with counsel; Prepare analysis of incremental costs incurred due to sale transaction closing extensions; Complete incremental cost analysis and draft correspondence to counsel re: same; Review correspondence from Temfund re: sale transaction.
July 27, 2019	Jason Knight	0.20	Correspondence with counsel re: revisions to asset purchase agreement and amounts due on closing.
July 28, 2019	Jason Knight	1.30	Review draft Second Report, Amended and Restated Sale Agreement, and amended Approval and Vesting Order and provide comments on same; Draft correspondence to counsel re: comments on aforementioned documents and include blacklined versions of same.
July 29, 2019	Daniel Wootton	0.80	Review report to court and revised sale agreement, sign and forward to counsel for service.
July 29, 2019	Jason Knight	0.60	Review revisions to asset purchase agreement and draft correspondence to counsel re: same; Correspondence with Temfund re: holding costs of Property; Review various correspondence re: finalization of asset purchase agreement and Second Report.
July 30, 2019	Jason Knight	0.40	Correspondence with counsel re: service of motion materials; Review correspondence from Temfund; Draft correspondence to NOHFC re: status of sale transaction; Administration of case website.
July 31, 2019	Valerie Naccarato	0.10	General banking administration.
August 2, 2019	Bethany Marques	0.75	Site visit.
August 6, 2019	Daniel Wootton	2.20	Attend court hearing seeking amendments to the Bionorth sale agreement.
August 7, 2019	Daniel Wootton	0.10	Purchaser correspondence.

Date	Full Name	Hours	Detail
August 9, 2019	Daniel Wootton	1.00	Call with purchaser and respective counsel to discuss closing of sale transaction and financing. Follow up call with counsel.
August 12, 2019	Jason Knight	0.30	Review invoice submitted by retained individual re: property inspections and draft correspondence re: same.
August 14, 2019	Daniel Wootton	0.30	Update call with counsel re: purchaser's closing/financing and counsel's timing.
August 15, 2019	Rosa Wilford	0.20	Review estate bank account and reconcile July statement.
August 16, 2019	Daniel Wootton	0.20	Update call with KD purchaser and counsel.
August 19, 2019	Daniel Wootton	0.70	Update call with purchaser and counsel re: financing and closing. Email update to lenders re: status of sale to Bionorth and Axiom settlement.
August 19, 2019	Rosa Wilford	0.10	Review banking reports and approve monthly estate balances.
August 20, 2019	Jason Knight	0.80	Prepare for and attend conference call with counsel and community lenders to discuss sale transaction and Axiom Leasing matters.
August 20, 2019	Daniel Wootton	1.30	Call with purchaser and counsel re: closing options (extension, discount, interim lender to assist in closing). Update call with secured lenders re: status of closing with purchaser and options in settling with Axiom.
August 22, 2019	Daniel Wootton	0.90	Call with purchaser and counsel re: closing status, financing and options to complete transaction with purchaser. Email update to lenders.
August 22, 2019	Meghann Packard	0.10	Call from CRA, re: looking for 2016 T4 slip for employee.
August 23, 2019	Bethany Marques	0.90	Site visit.
August 23, 2019	Jason Knight	1.20	Review correspondence re: sale transaction and finalization of sale transaction; Correspondence with Harley Township re: property taxes; Review information received re: property taxes and calculate accrued balance as at Aug 26, 2019; Draft email correspondence re: accrued balance; Review various closing documents prepared by counsel and provide comments on same;
August 23, 2019	Daniel Wootton	0.20	Follow up on Axion settlement discussions.

Date	Full Name	Hours	Detail
August 27, 2019	Jason Kanji	0.60	Coordinating collection of deposit for closing extension.
August 27, 2019	Daniel Wootton	0.90	Call with purchaser and counsel re: status of financing, timing to close and extension requirements. Review lender update and discuss next steps to close with purchaser. Setup HST discussion.
August 27, 2019	Jae Cho	0.25	Call setup.
August 28, 2019	Jae Cho	2.00	Call; Research and draft of response.
August 28, 2019	Valerie Naccarato	0.20	Prepare deposit requisition form; Post entry and general banking administration.
August 28, 2019	Daniel Wootton	0.40	HST call with counsel re: KD transaction.
August 29, 2019	Daniel Wootton	0.50	Call with purchaser and counsel re: status of transaction, timing and closing schedule.
August 29, 2019	Valerie Naccarato	0.10	General banking administration.
August 29, 2019	Jae Cho	1.50	Discuss with Sarah; Research on 167 election for receiver.
August 30, 2019	Jason Knight	0.40	Review correspondence from team re: status of sale transaction closing; Draft correspondence re: Hydro account; Review of invoices submitted and provide instructions to banking team re: payment of same.
August 30, 2019	Daniel Wootton	0.80	Call with purchaser and respective counsel. Follow up with counsel and send update to secured creditors. Respond to secured creditor enquiry.
September 3, 2019	Rosa Wilford	1.00	Review internal email instructions from team re Banking; Review payment requests; Prepare disbursement requisitions forms; Post invoices; Issue cheques; General banking administration.
September 3, 2019	Jason Knight	0.20	Review invoice from Hydro One and discuss same internally.
September 4, 2019	Daniel Wootton	0.10	Review of and approve extension terms on sale transaction.
September 4, 2019	Rosa Wilford	0.20	On-line banking; Review estate bank account and reconcile August statement.
September 5, 2019	Daniel Wootton	0.80	Review and sign sale agreement documents and schedules prior to closing.

Date	Full Name	Hours	Detail
September 6, 2019	Rosa Wilford	0.10	Review banking reports and approve monthly estate balances.
September 6, 2019	Jason Knight	0.10	Correspondence with retained individual re: alarm on premises.
September 12, 2019	Jason Knight	0.80	Internal discussions re: file matters; Prepare for and attend conference call with Temfund and board.
September 19, 2019	Daniel Wootton	0.30	Update discussion with Temfund, forward update to STCFC; Discuss Axiom settlement and status of sale transaction with Cassels.
September 19, 2019	Daniel Wootton	0.60	Update call with Temfund; Correspond with Cassels re: sale transaction and values held in trust.
September 26, 2019	Bethany Marques	0.80	Site visit.

Time Summary

D. Wootton, Sr. Vice President	14.50 hours @	$	595.00	$	8,627.50
J. Cho, Tax Sr. Manager	3.75 hours @	$	515.00	$	1,931.25
J. Knight, Vice President	0.90 hours @	$	425.00	$	382.50
J. Knight, Sr. Manager	18.90 hours @	$	375.00	$	7,087.50
R. Wilford, Manager	6.90 hours @	$	275.00	$	1,897.50
M. Packard, Manager	0.10 hours @	$	240.00	$	24.00
J. Kanji, Sr. Associate	3.30 hours @	$	195.00	$	643.50
B. Marques, Sr. Accountant	4.20 hours @	$	155.00	$	651.00
V. Naccarato, Analyst	1.20 hours @	$	135.00	$	162.00
	53.75			$	21,406.75
5% Technology and Administration Fees				$	1,070.34
				$	22,477.09
Disbursements					
National Post Advertisement				$	1,431.01
Canadia BioMass Advertisement				$	1,000.00
Travel				$	66.27
				$	2,497.28
Subtotal time and disbursements				$	24,974.37
HST (13%)				$	3,246.67
Total				**$**	**28,221.04**

Court File No. CV-19-00612265-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE RECEIVERSHIP OF
1793082 ONTARIO LTD. o/a K.D. QUALITY PELLETS

AND IN THE MATTER OF A MOTION PURSUANT TO SUBSECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

BILL OF COSTS

BN 12738 4717 RT0001
Client #261724
Invoice#LSON-DRAFT

To professional services rendered as Court-Appointed Receiver of 1793082 Ontario Ltd. o/a K.D. Quality Pellets for the period from October 1, 2019 to February 25, 2020.

Date	Full Name	Hours	Detail
October 2, 2019	Jason Knight	0.30	Review correspondence re: premises repairs and discuss same internally with team.
October 4, 2019	Valerie Naccarato	0.10	General banking administration.
October 11, 2019	Daniel Wootton	0.60	Follow up on status of closing of transaction; Forward update email to lenders with loader transaction documents and general plan to settle the Axiom matter.
October 15, 2019	Jason Kanji	0.50	Call with Peter Welsh re: Extension of closing request.
October 16, 2019	Daniel Wootton	0.60	Review and sign closing documents.
October 16, 2019	Rosa Wilford	0.20	Review estate bank account and reconcile September statement.
October 17, 2019	Daniel Wootton	0.40	Update correspondence with lenders re: Axiom and sale transaction; Call with purchaser's counsel.
October 18, 2019	Rosa Wilford	0.10	Review banking reports and approve monthly estate balances.
October 21, 2019	Daniel Wootton	0.10	Follow up on draft extension agreement.

Date	Full Name	Hours	Detail
October 23, 2019	Jason Kanji	1.00	Prepare cost and realization analysis for secured creditors.
October 23, 2019	Daniel Wootton	1.40	Send update to lenders; Follow up on wire of residual Axiom settlement proceeds; Prepare update on receivership realization schedule.
October 24, 2019	Daniel Wootton	0.60	Finalize realization estimate on sale of assets and forward to Temfund.
October 25, 2019	Daniel Wootton	0.10	Review and sign closing documents re: extension.
October 28, 2019	Daniel Wootton	0.30	Update call with counsel re: extension and status of closing of transaction.
October 30, 2019	Daniel Wootton	0.40	Send update email to lenders on sale transaction, requested sale terms from purchaser, assessment of options and request for a call to discuss.
October 30, 2019	Jason Kanji	0.50	Review of wire confirmation; General banking matters.
October 30, 2019	Rosa Wilford	0.50	Review internal instructions from team re Banking; On-line banking; Review account for expecting wire; Prepare receipt and disbursement requisition forms; Post entries; Email team notification of wire. General banking administration.
October 31, 2019	Jason Kanji	4.40	Realization schedule preparation for lenders.
October 31, 2019	Daniel Wootton	1.40	Call with lenders to discuss sale transaction, estimated recoveries and sale terms acceptable to the lenders. Draft financial analysis on revised sale terms.
November 1, 2019	Daniel Wootton	1.20	Attend call with purchaser to discuss sale terms. Review and update realization schedule and forward update and financial schedule to lenders.
November 1, 2019	Jason Kanji	1.40	Prepare accrued expenses schedule, Review realizations schedule for lenders.
November 1, 2019	Daniel Wootton	2.10	Update call with Purchaser. Prepare expense schedule and forward to Purchaser's counsel as requested. Prepare financial analysis update and email to secured lenders on status of sale transaction.
November 4, 2019	Daniel Wootton	0.60	Update financial analysis after discussing with Temfund.
November 5, 2019	Daniel Wootton	0.40	Correspond with counsel re: extension to close and payments from Purchaser.

Date	Full Name	Hours	Detail
November 6, 2019	Daniel Wootton	0.60	Follow up on secured creditor correspondence with counsel. Review extension agreement and discuss with counsel.
November 8, 2019	Daniel Wootton	1.40	Correspond with counsel re: extension agreement terms, purchaser payments, deposit held in trust and future operating/out of pocket costs.
November 11, 2019	Daniel Wootton	0.10	Update calls on purchaser extension agreement.
November 11, 2019	Rosa Wilford	0.20	Review estate bank account and reconcile October statement.
November 11, 2019	Daniel Wootton	0.20	Review and comment on extention agreement with counsel.
November 12, 2019	Bethany Marques	0.35	Assist with premises enquiries.
November 12, 2019	Jason Kanji	0.50	Correspondence with P. Veley re: property maintenance.
November 12, 2019	Daniel Wootton	1.50	Correspond with Temfund and Purchaser re: sale transaction.
November 14, 2019	Jason Kanji	0.70	Prepare information to pay outstanding bills.
November 14, 2019	Rosa Wilford	2.00	Review internal instructions from team re Banking; Review payment schedule: Prepare disbursement requisition forms; Post invoice entries; Issue cheques; General banking administration.
November 14, 2019	Daniel Wootton	0.60	Review executed extension agreement and forward to secured creditors.
November 15, 2019	Daniel Wootton	0.40	Update call with counsel and purchaser.
November 18, 2019	Rosa Wilford	0.10	Review banking reports and approve monthly estate balances.
November 21, 2019	Jason Kanji	0.50	Correspondence with P Veley re: pellets and fire pump.
November 22, 2019	Daniel Wootton	0.20	Follow up with counsel and purchaser re: compliance with extension agreement and receipt of payments.
November 26, 2019	Rosa Wilford	0.30	Review internal instructions from team re Banking; Review payments: Prepare disbursement requisition form; Post invoice entries; Issue cheque; General banking administration.
November 27, 2019	Bethany Marques	0.10	Invoice from The Security.

Date	Full Name	Hours	Detail
November 27, 2019	Daniel Wootton	0.30	Update call with Temfund.
November 28, 2019	Jason Kanji	0.70	Correspondence with Phil re: skids and receivership proceedings update.
December 2, 2019	Jason Kanji	0.50	Correspond with Phil V. re: broken pump onsite.
December 3, 2019	Jason Kanji	0.50	Correspond with Phil V. re: broken pump and skids.
December 5, 2019	Daniel Wootton	0.20	Follow up with counsel on status of sale transaction.
December 5, 2019	Rosa Wilford	0.60	Review email instructions from team re Banking: Review ledger; Prepare stop payment requests; Bank letters; Void and re-issue payments; Prepare wire transfers; Prepare disbursement requisition forms: Email correspondences to and from Bank; Posting entries; Notify team; General banking administration.
December 5, 2019	Jason Kanji	0.80	Call with P. Veley.
December 6, 2019	Daniel Wootton	0.20	Prepare update to Temfund, call with Temfund's counsel.
December 9, 2019	Jason Kanji	0.50	Call with P. Veley re: operational matters
December 10, 2019	Daniel Wootton	0.30	Correspond with counsel re: deposit and carrying cost funding. Forward cash flow forecast to counsel.
December 10, 2019	Daniel Wootton	0.50	Update call on sale transaction with community lenders.
December 10, 2019	Rosa Wilford	1.20	Review internal instructions from team re Banking; Review payment schedule: Prepare disbursement requisition forms; Post invoice entries; Issue cheques; General banking administration.
December 10, 2019	Jason Kanji	0.70	Prepare for and attend call with Secured Lendors on KDQP.
December 11, 2019	Rosa Wilford	0.60	Review internal instructions re Banking; Correspondences with Bank; Review print screens for expecting wire; Prepare receipt and disbursement requisition forms; Post entries; Email team notification of wire. General banking administration.
December 11, 2019	Daniel Wootton	0.20	Review and comment on draft letter to Purchaser's counsel.

Date	Full Name	Hours	Detail
December 17, 2019	Jason Kanji	1.70	Correspond with Auctioneer re: Sales process, Review pay out statement and correspond with Counsel on pay out matters
December 17, 2019	Daniel Wootton	0.40	Correspond with counsel, purchaser and Temfund re: sale transaction.
December 23, 2019	Rosa Wilford	0.10	Review banking reports and approve monthly estate balances.
January 2, 2020	Daniel Wootton	0.10	Follow up with Purchaser re: closing. Provide update to Temfund.
January 2, 2020	Bethany Marques	0.50	Site visit.
January 6, 2020	Daniel Wootton	0.40	Correspondence with purchaser and Temfund re: status of transaction, requirements, updates and next steps.
January 6, 2020	Bethany Marques	0.10	Internal correspondence.
January 6, 2020	Jason Kanji	1.70	Internal meeting re: purchaser closing, Correspondence with site manager re: general operational matters.
January 7, 2020	Jason Kanji	3.70	Correspond with legal counsel; internally, property manager and potential purchaser re: closing; Update realization waterfall for lenders.
January 7, 2020	Daniel Wootton	3.20	Correspond with purchaser, counsel and secured creditors re: revised offer, new buyers and financial analysis to compare sales scenarios.
January 8, 2020	Daniel Wootton	2.20	Correspond with counsel re: secured claim priorities; Correspond with Temfund re: extension request terms from Purchaser; Update financial analysis and forward update to secured lenders; Correspond with Purchaser and counsel re: extension terms; Correspond with municipality.
January 8, 2020	Jason Kanji	1.50	Prepare 246(2) Notice.
January 9, 2020	Jason Kanji	2.80	Prepare for and attend call with Cassels and Lenders re: closing extension and scenario analysis; Call with other prospective purchasers.
January 9, 2020	Daniel Wootton	2.60	Update financial analysis; Update call with J. Kanji and Cassels; Correspond with purchasers and secured lenders re: offers, status of current sale process, and extension terms.
January 12, 2020	Rosa Wilford	0.20	Review estate bank account: Post accrued interest: Reconcile December statement.

Date	Full Name	Hours	Detail
January 13, 2020	Daniel Wootton	0.30	Update correspondence with Temfund; Follow up with purchaser's counsel.
January 14, 2020	Jason Kanji	1.10	Prepare 246(2) notices for June 30 and Dec 31, 2019; Correspond with Insurance re: update on property.
January 14, 2020	Daniel Wootton	0.40	Review, update and finalize 246 notice.
January 15, 2020	Jason Kanji	0.50	Coordinate site visit for potential purchaser; Arrange the purchase of pellet for site.
January 15, 2020	Daniel Wootton	0.30	Review and provide comments on extension agreement; Arrange for site access.
January 17, 2020	Jason Kanji	0.50	Call with P. Valey re: site interest and general maintenance matters
January 20, 2020	Daniel Wootton	1.20	Prepare update for Temfund; Call with Temfund to discuss; Arrange access to property for purchaser and lender.
January 22, 2020	Jason Kanji	1.00	Coordinate site visit for prospective purchaser; Review extension agreement; Calls with prospective runner up purchasers.
January 22, 2020	Daniel Wootton	0.20	Receipt and sign back of extension agreement. Follow up with purchaser's counsel.
January 23, 2020	Daniel Wootton	0.20	Send update to STCFC.
January 27, 2020	Daniel Wootton	0.10	Coordinate site visit; Correspond with Purchaser.
January 27, 2020	Rosa Wilford	0.20	Review banking reports and approve monthly estate balances.
January 27, 2020	Jason Kanji	0.30	Call with Phil Veley re: arranging investor for site visit.
January 28, 2020	Jason Kanji	1.00	Call with potential alternative purchaser re: offers; Draft correspondence with alternative purchaser re: update on sales process and offer.
January 28, 2020	Daniel Wootton	0.20	Purchaser attendance discussion; Correspond with alternative purchaser.
January 29, 2020	Jason Kanji	2.70	Review equipment listing and CIM, Internal call regarding the same; Calls with prospective purchaser and assisting in their due diligence procedures; Internal meeting with closing of current deal and alternative purchaser.
January 29, 2020	Daniel Wootton	0.30	Internal review of missing equipment issue.

Date	Full Name	Hours	Detail
January 29, 2020	Jason Knight	0.40	Review information re: asset matters; Call with team re: assets not located on site and supporting documentation re: same.
January 30, 2020	Daniel Wootton	1.20	Meet with purchaser and correspond with counsel re: closing, insurance, property taxes and timing.
January 30, 2020	Jason Kanji	1.00	Correspond and prepare materials necessary for the closing of the KDQP sale.
January 31, 2020	Valerie Naccarato	0.20	General filing administration on account re December bank statements.
January 31, 2020	Jason Kanji	4.40	Calls and emails with alternative purchaser working through due diligence matters; Call with legal counsel reviewing closing matters; Review equipment listing; Review of insurance policy.
January 31, 2020	Daniel Wootton	0.50	Meet internally to discuss sale terms, alternate buyer and insurance claim matter.
February 3, 2020	Jason Kanji	0.50	Review alternate offer received.
February 4, 2020	Jason Kanji	2.00	Call with alternate offeror; Review missing equipment lists and calls with legal counsel; Review tax calculation
February 4, 2020	Daniel Wootton	1.40	KD Pellet closing matters; Review equipment claims from purchaser and respond; Update to secured lender.
February 5, 2020	Jason Kanji	1.00	Call with alternator offeror; Review legal documents for closing.
February 6, 2020	Valerie Naccarato	0.10	Prepare green deposit form and copy cheque.
February 6, 2020	Rosa Wilford	0.30	Prepare receipt requisition form; Post deposit entries; General banking administration.
February 6, 2020	Valerie Naccarato	0.30	Prepare green deposit form, copy cheque and deposit at bank.
February 6, 2020	Daniel Wootton	0.60	KD Pellet correspondence and closing matters; Review and sign closing documents.
February 7, 2020	Daniel Wootton	0.20	Correspond with counsel re: closing; Sign closing documents; Update to secured creditor.
February 7, 2020	Rosa Wilford	0.20	Review estate bank account: Post accrued interest; Reconcile January statement.
February 10, 2020	Jason Kanji	0.50	Follow up with closing funds; Call with Jules re: insurance.

Date	Full Name	Hours	Detail
February 11, 2020	Jason Kanji	0.50	Correspond with counsel re: closing.
February 11, 2020	Daniel Wootton	0.40	Review and sign closing documents and forward to counsel.
February 12, 2020	Rosa Wilford	0.10	Review banking reports and approve monthly estate balances.
February 12, 2020	Jason Kanji	0.50	Correspond with counsel re: closing documents.
February 13, 2020	Jason Kanji	0.70	Discussions re: Closing matters with Counsel.
February 13, 2020	Daniel Wootton	0.40	Correspond with purchaser's counsel; Review and execute receiver's certificate on sale of assets.
February 14, 2020	Valerie Naccarato	0.10	General banking administration.
February 14, 2020	Daniel Wootton	0.70	Closing matters; Update to secured lenders.
February 14, 2020	Jason Kanji	0.80	Meeting with counsel to finalize receivers' certificate; Calls with alternative purchaser updating them on closing of sale process.
February 18, 2020	Daniel Wootton	0.90	Internal correspondence re: closing out receivership costs and planning for report; Review estimated realization schedule; Forward update to Community Lenders.
February 19, 2020	Daniel Wootton	3.20	Review past reports and court orders, review WIP and fees to date, review estimated statement of realizations and draft Receiver's Third Report to Court; Correspond with purchaser.

Time Summary

D. Wootton, Sr. Vice President	38.50	hours @	$	595.00	$	22,907.50
J. Knight, Vice President	0.70	hours @	$	450.00	$	315.00
R. Wilford, Manager	6.90	hours @	$	275.00	$	1,897.50
J. Kanji, Manager	28.70	hours @	$	295.00	$	8,466.50
J. Kanji, Manager	14.90	hours @	$	250.00	$	3,725.00
B. Marques, Sr. Accountant	1.15	hours @	$	155.00	$	178.25
V. Naccarato, Analyst	0.70	hours @	$	145.00	$	101.50
V. Naccarato, Analyst	0.10	hours @	$	135.00	$	13.50
	91.65				$	37,604.75
5% Technology and Administration Fees					$	1,880.24
					$	39,484.99
Disbursements						
Travel					$	12.88
					$	12.88
Subtotal time and disbursements					$	39,497.87
Courtesy discount 50%					$	(19,748.93)
					$	19,748.93
HST (13%)					$	2,567.36
Total					**$**	**22,316.30**

Exhibit "**B**" to the Affidavit of Daniel Wootton,
sworn before me this 26 day of February, 2020.

DLG

Commissioner for Taking Affidavits, etc.

David Lawrence Goldband, a Commissioner, etc.
Province of Ontario
For Grant Thornton Limited
Expires April 01, 2022

Exhibit "B"

1793082 Ontario Ltd. o/a K.D. Quality Pellets
Summary of Billings
May 1, 2019 to February 25, 2020

Date	Hours	Fees	Disbursements	Subtotal	Discount	HST	Total
Receiver							
May 1, 2019 to May 31, 2019	39.20	$ 15,332.11	$ 14,420.92	$ 29,753.03		$ 3,867.90	$ 33,620.93
June 1, 2019 to September 30, 2019	53.75	$ 22,477.09	$ 2,497.28	$ 24,974.37		$ 3,246.67	$ 28,221.04
October 1, 2019 to February 29, 2020	91.65	$ 39,484.99	$ 12.88	$ 39,497.87	$ (19,748.93)	$ 2,567.36	$ 22,316.30
	184.60	**$ 77,294.19**	**$ 16,931.08**	**$ 94,225.27**	**$ (19,748.93)**	**$ 9,681.93**	**$ 84,158.27**

Average Hourly Rate: 418.71

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B 3, AS AMENDED, AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

Court File No. CV-19-00612265-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at **Toronto**

AFFIDAVIT OF DANIEL WOOTTON

Cassels Brock & Blackwell LLP
Suite 2100, Scotia Plaza
40 King Street West
Toronto, ON M5H 3C2

David Ward
Tel: (416) 869-5960
Fax: (416) 640-3154
Email: dward@casselsbrock.com

Lawyers for the Interim Receiver and Receiver

APPENDIX H

Court File No. CV-19-00612265-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43

B E T W E E N:

TEMISKAMING DEVELOPMENT FUND CORPORATION,

Applicant

\- and -

1793082 ONTARIO LTD., o/a K.D. QUALITY PELLETS

Respondent

AFFIDAVIT OF LARRY ELLIS
(sworn April 21, 2020)

I, Larry Ellis, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY

1. I am a lawyer with Miller Thomson LLP ("**Miller Thomson**"), counsel to Grant Thornton Limited ("**GTL**") in its capacity as court-appointed receiver and manager of the property, assets and undertaking (the "**Property**") of 1793082 Ontario Ltd. o/a K.D. Quality Pellets (the "**Debtor**"). As such, I have knowledge of the matters to which I depose except where stated to be on information and belief, and where so stated, I verily believe it to be true.

2. On January 15, 2019, GTL was appointed the Applicant's "Representative" pursuant to an order of the Court, issued January 10, 2019, which permitted GTL immediate, reasonable and unrestricted access to the premises of the Debtor.

3. Prior to its appointment, GTL had retained Cassels Brock & Blackwell LLP ("**Cassels**") as its counsel in connection with these proceedings. At the time Cassels was retained, I was a lawyer with Cassels.

4. On or about February 5, 2020, I left Cassels and moved to Miler Thomson. I maintained carriage of this file at Miller Thomson.

5. Between May 1, 2019 and December 31, 2019, Cassels charged fees and disbursements in the aggregate amount of $204,465.47 plus applicable Harmonized Sales Tax. Attached as **Exhibit "A"** are true copies of these invoices.

6. Attached hereto and marked as **Exhibit "B"** is a summary of the lawyers whose services are reflected on the invoices, including year of call, hourly rate, and a summary of the total fees and hours billed.

7. Further, attached as **Exhibit "C"** is a summary of each invoice together with a calculation of the average hourly billing rates for the lawyers whose services are reflected thereon. The average hourly billed rate for this period of the engagement is $540.80.

8. To the best of my knowledge, the rates charged by Cassels and Miller Thomson are comparable to the rates charged for the provision of similar services by other legal firms in the Toronto market.

9. This affidavit is made in support of a motion to, among other things, seek approval of the foregoing fees and disbursements as fair and reasonable.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario, this 21st day of April, 2020.

David Ward

A commissioner for taking affidavits

LARRY ELLIS

TEMISKAMING DEVELOPMENT FUND CORPORATION
Applicant

and

1793082 ONTARIO LTD. ET AL.
Respondent

Court File No.: CV-19-00612265-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

AFFIDAVIT OF LARRY ELLIS

MILLER THOMSON LLP
Scotia Plaza
40 King Street West, Suite 5800
P.O. Box 1011
Toronto, ON Canada M5H 3S1

Larry Ellis LSO #49313K
Tel: 416.595.8639
Fax: 416.595.8695
lellis@millerthomson.com

Erin Craddock LSO # 62828J
Tel: 416.595.8631
Fax: 416.595.8694
ecraddock@millerthomson.com

Lawyers for Grant Thornton Limited, in its capacity as receiver of 17930823 Ontario Lt
o/a K.D. Quality Pellets

This is **Exhibit "A"** to the
Affidavit of Larry Ellis
Sworn on April 21, 2020

David Ward

A Commissioner, etc.

CASSELS BROCK
LAWYERS

GRANT THORNTON LLP
ATTN: DAN WOOTTON
200 KING STREET WEST, 11TH FLOOR, BOX 11
TORONTO, ON M5H 3T4

Date: 06/12/19
Our File #: 025614-00032
Invoice #: 2079918
HST/GST #: R121379572

Re: Kd Quality Pellets Adverse To Bionorth Technologies Group Et Al.

FOR PROFESSIONAL SERVICES RENDERED up to and including MAY 31, 2019

Date		Description	Hours
05/01/19	ARM	PMSI claim issues;	0.20
05/01/19	MS	Review of materials in connection with [redacted] preparation of court materials regarding sale approval;	1.90
05/01/19	SMA	Discussions with L. Ellis regarding [redacted] review of [redacted] meeting with L. Ellis and M. Sassi to discuss [redacted] detailed review of [redacted] call with M. Sassi and J. Knight to discuss [redacted] drafting and circulating [redacted]	3.50
05/01/19	LCE	Review emails from letter for secured creditor; review emails from client regarding [redacted]	0.50
05/02/19	ARM	[redacted]	0.30
05/02/19	MS	Call with Monitor and purchaser regarding Axiom; correspondence regarding approval and vesting order and closing matters;	1.40

CASSELS BROCK
LAWYERS

Date		Description	Hours
05/02/19	LCE	Review and respond to emails for secured creditor; review and respond to emails from client; draft email for client; call with purchaser, all counsel and client to discuss next steps; calls with client to [redacted]	1.10
05/02/19	SMA	Attending meeting with L. Ellis and M. Sassi to discuss [redacted] attending call with client, purchaser and counsel to discuss same; follow-up [redacted]	1.40
05/03/19	LCE	Review and consider email from Stephen Walters in connection with security position taken by his client; call with client to [redacted]	0.80
05/03/19	MS	Drafting court materials in connection with approval and vesting order hearing; correspondence regarding certain secured creditors;	1.20
05/06/19	LCE	Review email from Axiom's lawyer; follow up with Monique Sassi regarding [redacted]	0.30
05/06/19	MS	Call with receiver regarding [redacted]	0.30
05/06/19	SMA	Discussions with M. Sassi regarding [redacted] reviewing and circulating [redacted]	0.60
05/07/19	LCE	Review first draft of report and [redacted] emails with Axiom's counsel to consider next steps;	1.00
05/07/19	MS	Discussion with L.Ellis regarding [redacted] research regarding [redacted] review of draft report; drafting court materials regarding same;	3.10
05/07/19	SMA	Meeting with L. Ellis to discuss [redacted] review of correspondence regarding [redacted]	0.20

CASSELS BROCK
LAWYERS

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Date		Description	Hours
05/08/19	MS	Call with S. Walters regarding Axiom registrations; drafting letter to S. Walters and correspondence regarding same; review of service list and court materials for motion; review and comment on [redacted] review and comment on [redacted] and correspondence regarding same;	7.70
05/08/19	SMA	Attending call with S. Walters to discuss Axiom's potential security interest and [redacted] follow-up meeting with M. Sassi to discuss [redacted] follow-up discussions with L. Ellis regarding [redacted]	1.10
05/08/19	LCE	Call with Stephen Walters to discuss next steps regarding sales process; review report and [redacted] review draft letter and [redacted] call with Dan Wootton to [redacted]	1.50
05/09/19	MS	Drafting court materials regarding sale approval; call with P. Welsh regarding closing; calls with monitor and P. Welsh regarding KLAD; correspondence with KLAD regarding same;	5.10
05/09/19	SMA	Review of correspondence regarding collateral at issue and discussions with L. Ellis and M. Sassi regarding [redacted] calls with M. Sassi to discuss [redacted]	0.40
05/09/19	LCE	Review and consider [redacted] review and consider emails from client regarding [redacted]	1.10
05/10/19	MS	Call with Purchaser's counsel regarding disputed collateral; call with Monitor to discus [redacted] drafting court materials; correspondence regarding disputed collateral, sale agreement amendments and [redacted]	5.50

CASSELS BROCK
LAWYERS

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Date		Description	Hours
05/10/19	LCE	Calls with purchaser and its counsel to consider next steps regarding motion to approve sale; calls with client to [redacted] begin preparing letter regarding [redacted]	1.00
05/10/19	SMA	Preparding for and attending call with client, Purchaser and counsel to discuss collateral at issue; follow-up call with client; follow-up meeting with L. Ellis and M. Sassi to [redacted]	1.30
05/12/19	LCE	Review emails from Jason Knight, Monique Sassi and Peter Welsh in connection with [redacted]	0.40
05/13/19	SMA	Preparing for and attending call with S. Walters to discuss alleged Axiom security and next steps; [redacted] with L. Ellis and M. Sassi;	1.30
05/13/19	MS	Call with counsel to Axiom and correspondence regarding same; preparation of court materials and [redacted]	5.30
05/13/19	LCE	Review drafts of court orders, notice of motion and report; meetings with Monique Sassi and Sam Massie to [redacted] call with Stephen Walters to consider next steps regarding motion on May 22, 2019; [redacted] calls to Dan Wootton to [redacted] review revised purchase schedule;	1.80
05/14/19	ARM	Opinion finalized;	0.30
05/14/19	SMA	Attending call with secured lenders to discuss [redacted] meeting to [redacted] final review of security review and circulating same; review of Receiver's report;	2.00

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LAWYERS

Date		Description	Hours
05/14/19	LCE	Meeting with Monique Sassi regarding [redacted] review and consider [redacted] consider next steps in connection with [redacted] review emails regarding same; call with lenders to receive confirmation of court position; review and consider [redacted] calls with Dan Wootton;	2.00
05/14/19	MS	Finalization of court materials and service of same; call with receiver and lenders regarding [redacted]	6.70
05/15/19	MS	Correspondence regarding service and filing of court materials; research regarding factum;	1.80
05/15/19	SMA	Discussions with M. Sassi and L. Ellis regarding [redacted]	0.40
05/16/19	LCE	Review emails in connection with closing of transaction and consider next steps;	0.50
05/16/19	MS	Drafting factum regarding [redacted] calls with Purchaser's counsel regarding purchased assets and timing for closing transaction; review of correspondence from Axiom litigation counsel and correspondence regarding same;	3.80
05/17/19	MS	Drafting factum [redacted] correspondence with Axiom litigation counsel regarding motion materials; call with Axiom litigation counsel and correspondence regarding same; review of correspondence regarding closing deadline;	3.80
05/17/19	LCE	Review emails and correspondence in connection with the KD Quality Pellets transaction and request for extension; review and consider letter from Axiom's lawyer; review and consider [redacted]	0.70
05/19/19	MS	Drafting factum [redacted]	1.70

CASSELS BROCK
LAWYERS

Date		Description	Hours
05/20/19	LCE	Review and consider updated order; review and consider emails from Peter Hertz and revised draft order; review [redacted] from Monique Sassi and [redacted]	0.70
05/20/19	MS	Drafting factum; correspondence regarding [redacted]	1.60
05/21/19	MS	Correspondence regarding [redacted] and service and filing of same; calls with Axiom and purchaser counsel regarding order and endorsement; correspondence regarding revised order and interested parties who have a claim;	7.30
05/21/19	LCE	Review draft factum and [redacted] review emails in connection with revised orders; calls with counsel for Axiom, Purchaser and other secured creditors, all to [redacted] review materials and consider [redacted] develop draft endorsement; emails and calls with client [redacted]	3.00
05/22/19	WIO	Attended motion record; aided lawyers on the file;	2.50
05/22/19	MS	Preparation for hearing, attending hearing, correspondence and circulation of order and endorsement;	5.10
05/22/19	LCE	Prepare for and attend motion for sale approval; exchange emails in connection with [redacted] meeting with Dan Wootton to [redacted]	2.00
05/23/19	ECR	Review letter from HRTO; instructions from David Ward;	0.20
05/24/19	LCE	Begin research and draft of letter to Axiom and to secured lenders;	0.60
05/28/19	LCE	Review emails regarding next steps and discuss [redacted] with Monique Sassi;	0.30

CASSELS BROCK
LAWYERS

Date		Description	Hours
05/29/19	MS	Internal discussion regarding [redacted] correspondence with Axiom counsel and Receiver regarding [redacted]	2.10
05/29/19	LCE	Meeting with Monique Sassi to discuss [redacted] call with Dan Wootton to discuss [redacted] review emails regarding call with secured lender;	1.10
05/30/19	MS	Drafting letter to Axiom regarding [redacted]	4.50
05/30/19	LCE	Review [redacted] calls with D. Wootton to [redacted]	0.70
05/31/19	MS	Drafting letter regarding [redacted]	3.40

CASSELS BROCK
LAWYERS

Time Summary

Timekeeper	Hours	Rate	Fees	
Alison R. Manzer	0.80	950.00	760.00	
Erin Craddock	0.20	630.00	126.00	
Larry Ellis	21.10	780.00	16,458.00	
Monique Sassi	73.30	550.00	40,315.00	
Samuel Massie	12.20	395.00	4,819.00	
William Onyeaju	2.50	125.00	312.50	
Our Fee				62,790.50
HST on Fees				8,162.77
Total Fees and Tax				**70,953.27**

Taxable Disbursements

Binding, Tabs, Disks, etc	206.35	
Delivery	273.30	
Agency Fees and Disbursements	196.00	
Total Taxable Disbursements		675.65
HST on Disbursements		87.83
Total Taxable Disbursements and Tax		763.48

Non-Taxable Disbursements

Agency Fees and Disbursements	320.00	
Sub-total		320.00
Total Disbursements and Tax		**1,083.48**
Total Fees, Disbursements & Tax	**CAD**	**72,036.75**

Accounts are due when rendered. Pursuant to the Solicitors' Act, interest will be charged on any unpaid balance of this account from one month after the date rendered, at the rate of 1.30 % per annum until paid.

CASSELS BROCK
LAWYERS

This is our account herein
Cassels Brock & Blackwell LLP

Larry Ellis
E&OE

CASSELS BROCK
LAWYERS

GRANT THORNTON LLP
ATTN: DAN WOOTTON
200 KING STREET WEST
11TH FLOOR, BOX 11
TORONTO, ON M5H 3T4

Date: 07/10/19
Our File #: 025614-00032
Invoice #: 2082429
HST/GST #: R121379572

Re: KD Quality Pellets Adverse to BioNorth Technologies Group Et Al.

TO PROFESSIONAL SERVICES RENDERED up to and including 06/30/19

Date		Description	Hours
05/30/19	SMA	Further review of [redacted] and correspondence with M. Sassi regarding [redacted]	0.30
06/03/19	WIO	Assembling a new closing agenda to [redacted];	5.40
06/03/19	MS	Review of letter re: Axiom and correspondence re: same;	2.60
06/03/19	LCE	Review and consider [redacted]; call with M. Sassi to finalize [redacted]; review [redacted] and provide direction to M. Sassi; meeting with D. Wootton to discuss [redacted] call with D. Wootton to [redacted]	1.70
06/04/19	WIO	Assembling a new closing agenda [redacted]	0.80

CASSELS BROCK
LAWYERS

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Date		Description	Hours
06/04/19	LCE	Prepare for and attend on call with lenders to discuss next steps; review [redacted] review drafts of [redacted] meeting with D. Ward to discuss [redacted] call with P. Welsh to discuss closing agenda and outstanding issues;	2.70
06/04/19	MS	Call with Purchaser's counsel; call with lenders regarding Axiom next steps; drafting letters to [redacted] discussion with student regarding [redacted]	4.80
06/04/19	DSW	Meeting with Larry Ellis; review file and consider [redacted]	0.90
06/05/19	DSW	Complete review of file and consider [redacted] meeting with Cassels team; discussion with counsel for Axiom; preparation of correspondence to counsel for Axiom; receipt and review additional documentation;	1.20
06/05/19	MS	Internal meeting regarding [redacted]; call with counsel to Axiom regarding Axiom claims; call with Receiver regarding [redacted] correspondence with Axiom counsel regarding [redacted] review of documents received from Axiom regarding equipment; review of [redacted]	5.00
06/05/19	LCE	Meeting with David Ward and Monique Sassi to discuss [redacted] call to Peter Hertz to consider next steps;	1.10
06/06/19	MS	Review of document received from Axiom [redacted] internal correspondence [redacted]	2.70
06/06/19	LCE	Review [redacted]	0.60
06/06/19	DSW	Consider [redacted]; analysis for [redacted]	0.50

Accounts are due when rendered. Pursuant to the Solicitors' Act, interest will be charged on any unpaid balance of this account from one month after the date rendered, at the rate of 1.30 % per annum until paid.

CASSELS BROCK
LAWYERS

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Date		Description	Hours
06/07/19	MS	Correspondence with Axiom, receiver and purchaser regarding Disputed Collateral and closing;	1.40
06/07/19	DSW	Review file; continue review of [redacted]; consider [redacted] emails to and from Peter Hertz; meeting with and instructions to Monique Sassi;	1.40
06/07/19	LCE	Review and consider emails from Peter Hertz; review and consider emails from Monique Sassi and team regarding [redacted] review [redacted]	0.90
06/10/19	MS	Correspondence with Receiver and Axiom re: [redacted];	0.20
06/10/19	LCE	Review emails from Axiom's lawyer in connection with the allocation;	0.50
06/11/19	DSW	Negotiate [redacted];	0.60
06/11/19	MS	Call with Purchaser regarding Disputed Collateral; Call with receiver regarding [redacted] correspondence [redacted]	1.70
06/11/19	LCE	Meeting with Monique Sassi to discuss [redacted] call with Peter Welsh to discuss next steps; review follow correspondence and provide advice to client and direction to Monique Sassi;	1.00
06/13/19	MS	Call with counsel for purchaser regarding closing and outstanding taxes;	0.30
06/14/19	MS	Correspondence re: [redacted]	0.50
06/14/19	LCE	Review emails from Peter Hertz and Monique Sassi regarding [redacted]	0.30
06/16/19	MS	Review of closing agenda and [redacted]	0.50

CASSELS BROCK
LAWYERS

-4-

Date		Description	Hours
06/17/19	MS	Review of [redacted] correspondence re: [redacted]	1.00
06/17/19	WIO	Creating [redacted]; Adding [redacted]	2.90
06/17/19	LCE	Review and consider emails from Monique Sassi and provide direction on outstanding issues, including [redacted]	0.20
06/18/19	MS	Review and comment on [redacted] call with counsel to purchaser regarding closing; correspondence re: closing;	2.50
06/18/19	LCE	Review and consider [redacted] review email from Monique Sassi;	0.20
06/19/19	LCE	Review and consider email form Peter Hertz regarding location of the grinder; consider [redacted];	0.20
06/20/19	LCE	Meeting with Monique Sassi to [redacted] review emails from Monique and Peter Hertz and discuss [redacted]	0.40
06/21/19	LCE	Review and consider [redacted]	0.80
06/22/19	MS	Review of [redacted]	[redacted]
06/23/19	MS	Drafting [redacted]	[redacted]
06/24/19	LCE	Review email from Jason Knight in connection with [redacted];	0.20
06/25/19	MS	Call with P. Welsh regarding closing; drafting and reviewing [redacted] correspondence with GT regarding [redacted]	2.30

CASSELS BROCK
LAWYERS

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Date		Description	Hours
06/25/19	LCE	Meeting with Monique Sassi to discuss [redacted]; call with purchaser's lawyer to discuss same and possible request for extension of time; call with Dan Wootton to [redacted] review emails during the day regarding same;	0.80
06/26/19	MS	Call with counsel to purchaser; correspondence re: closing;	1.20
06/26/19	LCE	Review emails from Monique Sassi and [redacted] review emails/correspondence from Peter Welsh regarding request for extension to close; follow up calls to Dan Wootton;	0.80
06/27/19	MS	Review of [redacted]; calls and correspondence with Receiver and counsel to purchaser regarding [redacted];	2.20
06/27/19	LCE	Prepare for and attend on call with Monique Sassi and client to discuss [redacted]; review email form Peter Hertz regarding outstanding issues and next steps; meeting with Monique Sassi to [redacted]	0.80
06/28/19	MS	Calls with receiver and counsel to the purchase regarding [redacted]	0.40

CASSELS BROCK
LAWYERS

Time Summary

Timekeeper	Hours	Rate	Fees	
David S. Ward	4.60	880.00	4,048.00	
Larry Ellis	13.20	780.00	10,296.00	
Monique Sassi	30.80	550.00	16,940.00	
Samuel Massie	0.30	395.00	118.50	
William Onyeaju	9.10	125.00	1,137.50	
Our Fee				32,540.00
HST on Fees				4,230.20
Total Fees and Tax				**36,770.20**

Taxable Disbursements

Copies	61.00	
Delivery	165.95	
Total Taxable Disbursements		226.95
HST on Disbursements		29.50
Total Taxable Disbursements and Tax		256.45

Non-Taxable Disbursements

Delivery - External	353.76	
Sub-total		353.76
Total Disbursements and Tax		**610.21**
Total Fees, Disbursements & Tax	**CAD**	**37,380.41**

This is our account herein
Cassels Brock & Blackwell LLP

Larry Ellis
E&OE

Accounts are due when rendered. Pursuant to the Solicitors' Act, interest will be charged on any unpaid balance of this account from one month after the date rendered, at the rate of 1.30 % per annum until paid.

LEGAL*48426165.1

CASSELS BROCK
LAWYERS

GRANT THORNTON LLP
ATTN: DAN WOOTTON
200 KING STREET WEST, 11TH FLOOR, BOX 11
TORONTO, ON M5H 3T4

Date: 08/08/19
Our File #: 025614-00032
Invoice #: 2084395
HST/GST #: R121379572

Re: KD Quality Pellets Adverse to BioNorth Technologies Group Et Al.

TO PROFESSIONAL SERVICES RENDERED up to and including JULY 31, 2019, as described below:

Date		**Description**	**Hours**
07/02/19	MS	Correspondence with Receiver and purchaser regarding extension and closing	1.40
07/02/19	SMA	Discussions with L. Ellis regarding [redacted]	0.20
07/03/19	MS	Call with counsel to Axiom and Receiver; correspondence with counsel to Axiom and purchasers counsel regarding closing and disputed collateral; review and revisions to [redacted]	4.10
07/03/19	SMA	Attending call to discuss disputed collateral; Discussions with L. Ellis and M. Sassi regarding [redacted]	0.80
07/04/19	MS	Revisions to [redacted] correspondence re: [redacted]	3.00
07/04/19	SMA	Initial review of [redacted]	0.40
07/08/19	MS	Revisions to [redacted] correspondence regarding [redacted]	1.20

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Date		Description	Hours
07/08/19	SMA	Review of materials relating to [redacted]; Meeting with L. Ellis and M. Sassi to discuss [redacted]	1.30
07/09/19	MS	Correspondence regarding: [redacted]	0.10
07/11/19	SMA	Review of affidavit of Kurt Walter and related exhibits;	1.00
07/12/19	MS	Review of Axiom affidavits and correspond everyone with Axiom counsel; internal discussion with S. Massie regarding [redacted]	1.40
07/12/19	SMA	Completing [redacted]; Meeting with M. Sassi to discuss [redacted] Follow-up meeting with L. Ellis to [redacted]	1.80
07/16/19	SMA	Further review of [redacted];	1.20
07/17/19	MS	Call with P Welsh regarding closing and amended APA; discussion with S. Massie regarding [redacted]	0.70
07/17/19	SMA	Meeting with M. Sassi to discuss [redacted] Internal correspondence regarding [redacted]; Discussions relating to [redacted]	0.40
07/18/19	MS	Internal meeting regarding [redacted] calls and correspondence with Purchaser counsel regarding closing	0.70
07/18/19	SMA	Completing [redacted]; Meeting with M. Sassi to discuss [redacted]; Meeting with L. Ellis and M. Sassi to [redacted]	1.90
07/19/19	MS	Review and comment on [redacted]; discussion with S. Massie regarding [redacted]	0.70

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LAWYERS

Date		Description	Hours
07/19/19	SMA	Drafting, reviewing, revising and circulating [redacted]; Meeting with M. Sassi to discuss [redacted] Reviewing and revising [redacted]; Calculating [redacted];	1.50
07/22/19	MS	Correspondence regarding [redacted]	0.10
07/22/19	LCE	Review emails from team in connection with [redacted];	0.50
07/23/19	LCE	Review emails related to Peter Welsh APA; review update from Monique Sassi;	0.30
07/24/19	MS	Calls with purchaser counsel and recover regarding closing and interim financing; review of [redacted]	1.60
07/24/19	LCE	Review [redacted]; review follow up emails; call with Dan Wootton to [redacted]	0.40
07/25/19	MS	Correspondence regarding closing extension and booking court time; revisions to [redacted]	4.30
07/26/19	MS	Drafting [redacted]	5.10
07/26/19	DSW	Consider [redacted]; meeting with and instructions to Monique Sassi;	0.50
07/26/19	LCE	Review and consider [redacted]; call with client to discuss [redacted];	0.50
07/27/19	MS	Drafting [redacted]; correspondence regarding [redacted]	3.30
07/28/19	MS	Review of [redacted]	1.20
07/28/19	LCE	Review and consider [redacted]	0.60

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LAWYERS

Date		Description	Hours
07/29/19	MS	Finalization of [redacted] correspondence with counsel purchaser and counsel to Axiom and Receiver regarding [redacted] service of court documents	9.40
07/29/19	LCE	Review and consider emails from Peter Hertz in connection with update on approval and vesting order amendment; meeting with Monique Sassi [redacted]	1.30
07/30/19	MS	Filing court materials; correspondence regarding [redacted]; affidavit of service; correspondence with court regarding previous materials for motion	2.20
07/30/19	LCE	Review emails regarding service of materials and next steps for approval of amended PA and AVO;	0.60
07/31/19	MS	Correspondence with court office regarding previous court materials and filed materials; correspondence regarding court materials	0.70

Time Summary

Timekeeper	Hours	Rate	Fees
David S. Ward	0.50	880.00	440.00
Larry Ellis	4.20	780.00	3,276.00
Monique Sassi	41.20	550.00	22,660.00
Samuel Massie	10.50	395.00	4,147.50

Our Fee		30,523.50
HST on Fees		3,968.06
Total Fees & Tax	**CAD**	**34,491.56**

This is our account herein
Cassels Brock & Blackwell LLP

Larry Ellis

E&OE

CASSELS BROCK
LAWYERS

GRANT THORNTON LLP
ATTN: DAN WOOTTON
200 KING STREET WEST, 11TH FLOOR, BOX 11
TORONTO, ON M5H 3T4

Date: 09/16/19
Our File #: 025614-00032
Invoice #: 2088398
HST/GST #: R121379572

Re: KD Quality Pellets Adverse to BioNorth Technologies Group et al

TO PROFESSIONAL SERVICES RENDERED up to and including AUGUST 31, 2019, as described below:

Date		Description	Hours
08/01/19	MS	Preparation for hearing and call with P. Welsh regarding court hearing; correspondence with court regarding previous motion materials for hearing;	1.40
08/02/19	MS	Preparation for hearing	0.90
08/02/19	LCE	Review and consider [redacted] review email from counsel for Axiom and [redacted]	0.40
08/05/19	MS	Preparation for hearing to amend approval and vesting order; correspondence regarding same	1.10
08/05/19	LCE	Review and consider [redacted] review court material to prepare for hearing tomorrow;	0.30
08/06/19	MS	Preparation for hearing; attending hearing re: amendment to approval and vesting order and correspondence and service of same	3.80
08/06/19	LCE	Review updates regarding court hearing; call with Dan Wootton to [redacted];	0.50
08/07/19	MS	Correspondence regarding closing and next steps; review of [redacted]	0.70

CASSELS BROCK
LAWYERS

Date		Description	Hours
08/07/19	LCE	Meeting with Monique Sassi to consider [redacted];	0.40
08/08/19	LCE	Review and respond to emails in connection with [redacted]	0.50
08/09/19	LCE	Review and consider update from purchaser in connection with the financing and other outstanding issues; follow up call with client and [redacted]; review draft email and provide comment;	0.70
08/09/19	MS	Review of Axiom documents regarding [redacted] preparation for closing call; discussion with counsel to Axiom about [redacted]; discussion with Receiver regarding [redacted]; call with purchaser and respective counsel regarding closing	2.90
08/12/19	MS	Call with Purchaser and respective counsel regarding closing update; internal correspondence regarding [redacted]	1.50
08/12/19	LCE	Review updates from Peter Welsh and consider [redacted] prepare for and attend on call with all hands; update to client regarding [redacted]	0.60
08/13/19	LCE	Review and consider next steps in connection with [redacted]; report to client in connection with [redacted]	0.50
08/13/19	MS	Call with purchaser counsel regarding closing; correspondence with purchase counsel regarding closing; discussion with [redacted];	1.00
08/14/19	MS	Calls with purchaser counsel regarding closing and financing; call with Receiver regarding [redacted]; correspondence regarding closing and financing	1.10
08/14/19	LCE	Review and consider [redacted] update regarding [redacted] update regarding closing of transaction from purchaser;	0.40

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LAWYERS

Date		Description	Hours
08/15/19	MS	Correspondence regarding closing extension and proposal by purchaser; review of closing documents; correspondence with Axiom counsel regarding [redacted]	1.20
08/15/19	LCE	Review and consider email from Axiom's lawyer in connection with [redacted] call to client to [redacted];	0.30
08/16/19	MS	Correspondence regarding closing and Axiom dispute; correspondence with Receiver regarding [redacted]; correspondence with Axiom counsel regarding [redacted]	1.80
08/16/19	LCE	Meeting with Monique Sassi to consider [redacted]; Call with buyer to understand next steps to complete the transaction in connection with the sale of the business; call with client to [redacted]	0.90
08/19/19	MS	Update call with purchaser and counsel regarding closing; call with Receiver regarding [redacted]; discussion with L. Ellis regarding [redacted]	1.20
08/19/19	LCE	Call with client to [redacted] call with purchaser to receive update; review materials in advance of call tomorrow;	1.20
08/20/19	LCE	Call with purchaser to receive update; call with lenders to provide receivership update and to request input on [redacted]; follow up with client to discuss [redacted]	2.00
08/20/19	MS	Call with Purchasers and counsel regarding closing; call with Receiver and call with lenders regarding [redacted]	1.60
08/20/19	SMA	Discussions with L. Ellis regarding [redacted];	0.20
08/22/19	MS	Call with a purchaser counsel; drafting and commenting on [redacted] drafting [redacted]	4.60

CASSELS BROCK
LAWYERS

Date		Description	Hours
08/22/19	LCE	Prepare for and attend on call with purchaser; update call with client to [redacted] review emails from team in connection with [redacted]; review summary to lenders; review responses thereto;	1.00
08/23/19	MS	Predation and comment on [redacted] call with purchaser counsel regarding closing documents; call with Receiver regarding [redacted] correspondence with Receiver regarding [redacted]	3.80
08/23/19	LCE	Meeting with team to review [redacted], [redacted] call with client to [redacted]	1.00
08/23/19	SMA	Attending meeting with M. Sassi and L. Ellis to discuss [redacted]; Call with D. Wootton to discuss [redacted] Meeting with M. Sassi to discuss [redacted]; Attending call with Purchasers counsel to discuss same;	1.50
08/25/19	MS	Drafting [redacted]	0.50
08/26/19	MS	Calls with purchaser and counsel regarding extension; correspondence and discussion regarding extension terms; correspondence regarding [redacted]; review, comment on and correspondence regarding [redacted]	2.80
08/26/19	SMA	Detailed review of [redacted]; Review of [redacted] Meeting with L. Ellis to discuss [redacted] Meeting with M. Sassi to [redacted]; Further reviewing and revising [redacted] Updating and circulating [redacted]; Drafting email to P. Welsh regarding closing documents and next steps; Meeting with M. Sassi and L. Ellis to discuss [redacted];	5.50

CASSELS BROCK
LAWYERS

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Date		Description	Hours
08/26/19	LCE	Review [redacted]; review [redacted]; call to client to request [redacted]	1.50
08/27/19	SMA	Correspondence regarding HST election; Internal correspondence and discussions relating to [redacted]	0.40
08/27/19	MS	Correspondence and call with purchaser regarding closing documents; correspond e with Axiom regarding [redacted]	0.80
08/27/19	LCE	Calls and emails during the day in connection with advancing the extension;	0.70
08/28/19	MS	Call regarding HST/ tax treatment; call and correspondence regarding closing; correspondence regarding update for secured lenders.	1.10
08/28/19	SMA	Initial drafting of [redacted]; Discussions with L. Ellis regarding [redacted];	0.40
08/28/19	LCE	Meeting with Monique Sassi to provide guidance in connection with the [redacted];	0.40
08/29/19	MS	Call with Purchaser's counsel regarding closing; correspondence with Axiom leasing; correspondence regarding insurance	0.70
08/29/19	LCE	Review and consider [redacted] monitor correspondence with the buyer in connection with extension deposit;	0.30
08/29/19	SMA	Review of comments on closing documents received from P. Welsh; Discussions with M. Sassi regarding [redacted];	0.40

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LAWYERS

Date		Description	Hours
08/30/19	MS	QCall with purchaser and counsel regarding closing update; review and comment on [redacted] correspondence regarding hydro one; correspondence regarding [redacted]	1.80
08/30/19	LCE	Review update from receiver [redacted]	0.30
08/30/19	SMA	Drafting, reviewing, revising and circulating [redacted]; Correspondence with M. Sassi to discuss [redacted] Final review of [redacted]; Review of [redacted];	3.40

Time Summary

Timekeeper	Hours	Rate	Fees
Larry Ellis	13.90	780.00	10,842.00
Monique Sassi	36.30	550.00	19,965.00
Samuel Massie	11.80	395.00	4,661.00

Our Fee	35,468.00
HST on Fees	4,610.84
Total Fees and Tax	**40,078.84**

Taxable Disbursements

Binding, Tabs, Disks, etc	57.09	
Delivery	167.77	
Agency Fees and Disbursements	70.00	
Total Taxable Disbursements		294.86
HST on Disbursements		38.33
Total Taxable Disbursements and Tax		333.19

Accounts are due when rendered. Pursuant to the Solicitors' Act, interest will be charged on any unpaid balance of this account from one month after the date rendered, at the rate of 1.30 % per annum until paid.

CASSELS BROCK
LAWYERS

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Non-Taxable Disbursements		
Delivery - External	176.65	
Agency Fees and Disbursements	320.00	
Sub-total		496.65
Total Disbursements and Tax		**829.84**
Total Fees, Disbursements & Tax	**CAD**	**40,908.68**

This is our account herein
Cassels Brock & Blackwell LLP

Larry Ellis
E&OE

CASSELS BROCK
LAWYERS

GRANT THORNTON LLP
ATTN: DAN WOOTTON
200 KING STREET WEST, 11TH FLOOR, BOX 11
TORONTO, ON M5H 3T4

Date: 10/07/19
Our File #: 025614-00032
Invoice #: 2090192
HST/GST #: R121379572

Re: KD Quality Pellets Adverse to BioNorth Technologies Group et al.

TO PROFESSIONAL SERVICES RENDERED up to and including SEPTEMBER 30, 2019, as described below:

Date		Description	Hours
09/03/19	MS	Call with Purchaser's counsel regarding closing documents	1.20
09/03/19	ALS	Attended to corporate due diligence request matters on behalf of 1793082 Ontario Ltd.; Ontario personal property security act searches conducted, further to same;	0.30
09/03/19	SMA	Calls and meetings with M. Sassi to discuss [redacted] Attending call with P. Welsh to discuss same; Reviewing and revising [redacted]; Circulating [redacted] Ordering searches; Revising [redacted]; Meeting with L. Ellis to [redacted] Attending second call with P. Welsh to discuss status of closing documents; Updating and circulating [redacted]; Compiling [redacted]	3.30
09/03/19	LCE	Update call with client and with team to [redacted]; direction to Monique Sassi in terms of [redacted]	0.40

CASSELS BROCK
LAWYERS

Date		Description	Hours
09/04/19	ALS	Attended to ongoing corporate due diligence request matters on behalf of 1793082 Ontario Ltd.; Ontario personal property security act searches obtained, reviewed and finalized, further to same;	0.30
09/04/19	MS	Calls and correspondence regrading closing and extension to closing	1.10
09/04/19	BEL	Review and analysis regarding [redacted] correspondence with purchaser's counsel.	0.30
09/04/19	SMA	Review of new PPSA search results and revising [redacted]; Circulating [redacted]; Review, revising and circulating [redacted] Review of correspondence relating to closing; Calls with P. Welsh to discuss search results, revised documents and closing generally; Calls and correspondence with M. Sassi to discuss [redacted] Updating and circulating [redacted]	3.10
09/05/19	MS	Calls and correspondence regarding [redacted]	1.10
09/05/19	SMA	Meeting with L. Ellis to discuss [redacted]; Correspondence with B. Leith to discuss [redacted]; Attending call with Hydro to discuss Hydro Agreement and correspondence relating to same; Discussions with L. Ellis relating to [redacted]; Review of commitment letter for Purchaser's funding; Correspondence with P. Welsh regarding outstanding closing issues; Review of correspondence received [redacted] and discussions with M. Sassi;	1.40
09/05/19	LCE	Call with Hydro to discuss and consider next steps related to the hydro transfer; review and consider email from Axiom and discuss/consider [redacted]	0.40
09/06/19	RL	Review [redacted]	1.80

CASSELS BROCK
LAWYERS

Date		Description	Hours
09/06/19	MS	Calls with purchaser and correspondence regarding extension to closing date; call with Receiver regarding [redacted] correspondence regarding real estate closing documents	1.50
09/06/19	SMA	Review of correspondence received from P. Welsh; Calls and correspondence to discuss real property charges and releases; Reviewing, revising and recirculating [redacted] and correspondence with P. Welsh to discuss same; Updating [redacted] meeting with M. Sassi [redacted] Attending calls with P. Welsh and M. Sassi to discuss [redacted]; Call with client to discuss [redacted];	2.60
09/06/19	BEL	Title review; discussions with Purchaser's real estate counsel; preparing [redacted] drafting [redacted].	1.80
09/07/19	SMA	Correspondence regarding terms for extension of closing;	0.20
09/09/19	RL	Review [redacted]	0.40
09/09/19	MS	Correspondence regarding closing and addition of Deposit for extension	0.30
09/09/19	BEL	Reviewing [redacted].	0.40
09/09/19	SMA	Correspondence with M. Sassi regarding [redacted]; Drafting, reviewing, revising and circulating [redacted] Updating and circulating [redacted]; Attending call with Purchaser to discuss additional deposits and correspondence regarding same; Meeting with M. Sassi to discuss [redacted]; Correspondence with R. Lysy to discuss [redacted]	1.90
09/10/19	MS	Calls and correspondence with purchaser regarding	1.00

CASSELS BROCK
LAWYERS

Date		Description	Hours
09/10/19	SMA	Reviewing and compiling [redacted]; Calls with M. Sassi to discuss [redacted] Coordinating, preparing for and attending meeting with Purchaser; Follow-up call with L. Ellis to discuss [redacted] Meeting with M. Sassi to discuss [redacted];	2.10
09/10/19	LCE	Call with purchaser's team and consider next steps; call with our side to [redacted]	1.10
09/11/19	MS	Calls and correspondence regarding [redacted] comment on [redacted]	1.30
09/11/19	SMA	Correspondence with Hydro representative to discuss Hydro agreement; Client correspondence to discuss [redacted]; Calls with M. Sassi to discuss [redacted] Reviewing, revising and circulating [redacted]	1.00
09/11/19	LCE	Email to client [redacted]; follow up with purchaser's counsel;	0.40
09/12/19	SMA	Calls and discussions with M. Sassi regarding [redacted]; Reviewing comments [redacted] correspondence with M. Sassi regarding [redacted] Review and revising [redacted] Meeting with L. Ellis regarding [redacted] Drafting, reviewing, revising and circulating [redacted] Discussions with L. Ellis and M. Sassi regarding [redacted]	1.30
09/12/19	LCE	Review emails related to bill of sale and review [redacted]; provide comments regarding [redacted] email to Peter Hertz regarding [redacted]	0.50
09/13/19	MS	Call with purchaser regarding sale of loader	0.20
09/13/19	LCE	Review draft email and attached bill of sale; review [redacted];	0.40
09/13/19	SMA	Drafting, reviewing, revising and circulating [redacted] Calls and correspondence with M. Sassi to discuss [redacted]	0.40

CASSELS BROCK
LAWYERS

Date		Description	Hours
09/14/19	MS	Correspondence regarding update for Term lenders	0.20
09/15/19	LCE	Review and respond to emails from Peter Welsh in connection with the bill of sale;	0.30
09/16/19	LCE	Review [redacted] from Peter Hertz and consider [redacted]; review emails from Peter Welsh and consider [redacted] respond to emails;	1.10
09/18/19	MS	Correspondence and discussion with S. Massie regarding [redacted]	0.40
09/18/19	SMA	Internal discussions and correspondence related to [redacted]; Reviewing and revising documents for [redacted]; Meeting with M. Sassi to [redacted]	1.30
09/19/19	MS	Internal meeting regarding [redacted]; correspondence with Receiver regarding [redacted]	0.80
09/19/19	LCE	Work with team to [redacted]; call with client;	0.50
09/19/19	SMA	Drafting, reviewing and revising [redacted]; Reviewing and revising [redacted]; Meeting with L. Ellis and M. Sassi to review and discuss [redacted]; Attending call with client to discuss [redacted] Further review of and revisions to [redacted];	3.30
09/20/19	MS	Discussion with L. Ellis and S. Massie regarding [redacted]	2.50

CASSELS BROCK
LAWYERS

Date		Description	Hours
09/20/19	SMA	Completing and circulating [redacted] Meeting with L. Ellis and M. Sassi to [redacted]; Drafting, reviewing, revising and circulating [redacted]; Reviewing, revising, finalizing and circulating [redacted] Drafting, reviewing and circulating [redacted] Drafting email to client to [redacted]; Discussions with M. Sassi regarding [redacted]	5.60
09/23/19	MS	Review and drafting Axiom [redacted] correspondence with Receiver, Axiom and Purchaser regarding same	3.20
09/23/19	SMA	Correspondence with M. Sassi regarding [redacted]; Reviewing and revising [redacted] Correspondence with R. Householder regarding Hydro account;	0.60
09/24/19	SMA	Review of correspondence received relating to [redacted]; Calls and correspondence with M. Sassi regarding [redacted] Meeting with M. Sassi to discuss [redacted] Review of correspondence with D. Wootton and P. Welsh;	0.60
09/24/19	MS	Correspondence regarding [redacted]	1.10
09/25/19	MS	Correspondence regarding [redacted]	0.90
09/25/19	SMA	Review of correspondence from P. Hertz relating to settlement documents; Reviewing [redacted] Reviewing and finalizing [redacted] Discussions and correspondence with M. Sassi [redacted]	0.70

CASSELS BROCK
LAWYERS

Date		Description	Hours
09/26/19	MS	Correspondence and call with P. Hertz regarding [redacted] revisions to [redacted] call with counsel to the Purchaser regarding closing update and [redacted]	1.20
09/26/19	SMA	Review of correspondence with P. Hertz relating to [redacted]; Review of documents and discussions with M. Sassi [redacted]	0.40
09/27/19	SMA	Review of [redacted]	0.50

Time Summary

Timekeeper	Hours	Rate	Fees
Alex Slota	0.60	250.00	150.00
Ben Leith	2.50	575.00	1,437.50
Larry Ellis	5.10	780.00	3,978.00
Monique Sassi	18.00	550.00	9,900.00
Robert Lysy	2.20	710.00	1,562.00
Samuel Massie	30.30	395.00	11,968.50

Our Fee	28,996.00
HST on Fees	3,769.48
Total Fees and Tax	**32,765.48**

Taxable Disbursements

Binding, Tabs, Disks, etc	9.70	
Electronic Due Diligence	13.20	
Agency Fees and Disbursements	85.15	
Parcel Register	21.45	
Total Taxable Disbursements		129.50
HST on Disbursements		16.84
Total Taxable Disbursements and Tax		146.34

Accounts are due when rendered. Pursuant to the Solicitors' Act, interest will be charged on any unpaid balance of this account from one month after the date rendered, at the rate of 1.30 % per annum until paid.

CASSELS BROCK
LAWYERS

Non-Taxable Disbursements

Electronic Due Diligence	8.00	
Parcel Register	8.60	
Sub-total		16.60
Total Disbursements and Tax		**162.94**
Total Fees, Disbursements & Tax	**CAD**	**32,928.42**

This is our account herein
Cassels Brock & Blackwell LLP

Larry Ellis
E&OE

FEE DETAIL

Date	Name	Description	Hours
Nov-15-19	S. Massie	Review of correspondence received regarding extension agreement; Multiple calls, meetings and discussions with internal team and purchaser's counsel to confirm terms of extension agreement and discuss next steps; Correspondence and calls with community lenders to clarify certain points in extension agreement;	1.50
Nov-18-19	S. Massie	Review of [redacted]; Call with M. Sassi to discuss [redacted] Attending call with P. Welsh to discuss extension agreement, assignment of security and immediate next steps; Drafting, reviewing and revising [redacted]; Circulating [redacted]; Internal discussions and calls [redacted];	5.20
Nov-19-19	S. Massie	Meeting with M. Sassi to discuss [redacted] Reviewing, revising and finalizing [redacted] Circulating [redacted] internally and to counsel; Correspondence with counsel regarding negotiations for purchase agreement;	1.40
Nov-20-19	S. Massie	Correspondence regarding payment of outstanding receivership costs; Call with M. Sassi to discuss [redacted] Meeting with L. Ellis to discuss [redacted]	0.50
Nov-21-19	S. Massie	Correspondence and calls with client, purchaser and internal team regarding [redacted] Internal correspondence and discussions regarding [redacted]; Meeting with Purchaser to collect cheque and discuss other outstanding items;	0.70
Nov-22-19	S. Massie	Meeting with L. Ellis to discuss [redacted] Drafting, reviewing, revising and circulating [redacted] Attending call with purchaser and counsel to discuss same; Follow-up meeting with M. Sassi to discuss [redacted]	1.50
Nov-22-19	L. Ellis	Review and consider [redacted];	1.00
Nov-25-19	S. Massie	Meeting with L. Ellis to discuss [redacted]; Call with M. Sassi to discuss [redacted] Meeting with L. Ellis and M. Sassi to discuss [redacted] Review of draft correspondence regarding [redacted]	0.50
Nov-25-19	M. Sassi	Internal discussion regarding [redacted]; correspondence with Purchaser's counsel regarding same;	0.50
Nov-26-19	S. Massie	Calls, correspondence and discussions regarding overdue payment, overdue comments and next steps;	0.30
Nov-26-19	M. Sassi	Correspondence with purchasers counsel;	0.10
Nov-27-19	S. Massie	Attending call with purchaser to discuss payment of funds and next steps; Internal calls and correspondence to discuss	0.50

Date	Name	Description	Hours
		[redacted] Drafting and circulating email to all parties to confirm status and next steps;	
Nov-27-19	M. Sassi	Call with Purchaser counsel regarding closing and correspondence regarding same;	0.03
Nov-28-19	S. Massie	Internal correspondence and calls regarding [redacted]	0.20
Nov-29-19	S. Massie	Meeting with L. Ellis to discuss [redacted]; Meeting with purchaser to discuss same; Correspondence with client regarding [redacted] Circulating wire instructions and coordinating transfer of funds;	0.50

FEE SUMMARY

Name	Title	Hours	Rate	Amount
Ellis, Larry	Partner	1.00	780.00	780.00
Massie, Samuel	Associate	12.80	395.00	5,056.00
Sassi, Monique	Associate	0.63	550.00	346.50
Total (CAD)		**14.43**		**6,182.50**

Our Fees	6,182.50	
HST @ 13.00%	803.73	
TOTAL FEES & TAXES (CAD)		**6,986.23**

TOTAL FEES	**6,182.50**
TOTAL TAXES	**803.73**
TOTAL FEES & TAXES (CAD)	**6,986.23**

FEE DETAIL

Date	Name	Description	Hours
Dec-02-19	S. Massie	Meetings and calls with L. Ellis and M. Sassi to discuss [redacted]; Correspondence with purchaser to discuss same;	0.50
Dec-03-19	S. Massie	Internal calls to discuss [redacted]; Correspondence with client [redacted];	0.20
Dec-04-19	S. Massie	Attending call with purchaser to discuss next installment of funds and next steps; Correspondence with counsel regarding same; Internal calls and correspondence regarding [redacted] Coordinating meeting to [redacted]	0.60
Dec-05-19	S. Massie	Review of correspondence from Lenders; Calls and meeting with purchaser to discuss funding; Call with M. Sassi to discuss [redacted] Meeting with Purchaser to collect cheque and discuss outstanding items, upcoming deadlines, extension agreement defaults and next steps; Drafting and circulating [redacted];	1.50
Dec-09-19	S. Massie	Correspondence to coordinate call with lenders and internal discussions [redacted]	0.30
Dec-10-19	S. Massie	Meeting with L. Ellis to discuss [redacted] Correspondence with P. Welsh regarding same; Preparing for and attending call with lenders to discuss status of file, extension agreement defaults and next steps; Follow-up call with receiver to [redacted]; Follow-up internal call to [redacted]	1.80
Dec-11-19	S. Massie	Further drafting [redacted]; Meeting with L. Ellis to [redacted] Reviewing, revising, finalizing [redacted]	1.80
Dec-12-19	S. Massie	Client correspondence regarding [redacted];	0.20
Dec-13-19	S. Massie	Internal calls and correspondence regarding [redacted]; Review of [redacted] Preparing for and attending client meeting to [redacted]; Drafting, reviewing, revising and circulating [redacted]	2.80
Dec-14-19	S. Massie	Correspondence with purchaser's counsel regarding status of file, status of funding and next steps;	0.30
Dec-16-19	S. Massie	Internal calls and correspondence regarding [redacted] Client correspondence to [redacted] Correspondence with purchaser's counsel regarding same and regarding statement of adjustments;	0.50
Dec-17-19	S. Massie	Call with L. Ellis to discuss [redacted]; Call with client to [redacted]; Correspondence with purchaser's counsel regarding previous payments; Drafting, reviewing, revising and circulating [redacted] Call with J. Kanji to [redacted] Circulating same to purchaser's counsel;	2.30

Date	Name	Description	Hours
Dec-18-19	S. Massie	Reviewing and revising [redacted]; Calls with multiple parties to finalize same; Correspondence with counsel regarding same;	1.00

FEE SUMMARY

Name	Title	Hours	Rate	Amount
Massie, Samuel	Associate	13.80	395.00	5,451.00
Total (CAD)		**13.80**		**5,451.00**

Our Fees	5,451.00	
HST @ 13.00%	708.63	
TOTAL FEES & TAXES (CAD)		**6,159.63**

TOTAL FEES	**5,451.00**
TOTAL TAXES	**708.63**
TOTAL FEES & TAXES (CAD)	**6,159.63**

This is **Exhibit "B"** to the
Affidavit of Larry Ellis
Sworn on April 21, 2020

David Ward

A Commissioner, etc.

EXHIBIT "B"

Summary of Lawyers Services per Invoice Issued

Invoice No. 2079918 (for the period from May 1, 2019 to May 31, 2019)

Year of Call	Lawyer	Billed Rate ($)	Fees Billed ($)	Hours Worked
1979	Alison R. Manzer	950.00	760.00	0.80
2012[1]	Erin Craddock	630.00	126.00	0.20
2004	Larry Ellis	780.00	16,458.00	21.10
2013	Monique Sassi	550.00	40,315.00	73.30
2017	Samuel Massie	395.00	4,819.00	12.20
Student	William Onyeaju	125.00	312.50	2.5
Actual Fees Incurred			62,790.50	
Total Fees Billed with HST			**$70,953.27**	**110.10**

Invoice No. 2082429 (for the period from May 30, 2019 to June 30, 2019)

Year of Call	Lawyer	Billed Rate ($)	Fees Billed ($)	Hours Worked
1992	David S. Ward	880.00	4,048.00	4.60
2004	Larry Ellis	780.00	10,296.00	13.20
2013	Monique Sassi	550.00	16,940.00	30.80
2017	Samuel Massie	395.00	118.50	0.30
Student	William Onyeaju	125.00	1,137.50	9.10
Actual Fees Incurred			32,540.00	
Total Fees Billed with HST			**$36,770.20**	**58.00**

[1] Ontario (2012), New York (2009)

Invoice No. 2084395 (for the period from July 1, 2019 to July 31, 2019)

Year of Call	Lawyer	Billed Rate ($)	Fees Billed ($)	Hours Worked
1992	David S. Ward	880.00	440.00	0.50
2004	Larry Ellis	780.00	3,276.00	4.20
2013	Monique Sassi	550.00	22,660.00	41.20
2017	Samuel Massie	395.00	4,147.50	10.50
Actual Fees Incurred			30,523.50	
Total Fees Billed with HST			**$34,491.56**	**56.40**

Invoice No. 2088398 (for the period from August 1, 2019 to August 31, 2019)

Year of Call	Lawyer	Billed Rate ($)	Fees Billed ($)	Hours Worked
2004	Larry Ellis	780.00	10,842.00	13.90
2013	Monique Sassi	550.00	19,965.00	36.30
2017	Samuel Massie	395.00	4,661.00	11.80
Actual Fees Incurred			35,468.00	
Total Fees Billed with HST			**$40,078.84**	**62.00**

Invoice No. 2090192 (for the period from September 1, 2019 to September 30, 2019)

Year of Call	Lawyer	Billed Rate ($)	Fees Billed ($)	Hours Worked
Law Clerk	Alex Slota	250.00	150.00	0.60
2008	Ben Leith	575.00	1,437.50	2.50
2004	Larry Ellis	780.00	3,978.00	5.10
2013	Monique Sassi	550.00	9,900.00	18.00
2002	Robert Lysy	710.00	1,562.00	2.20
2017	Samuel Massie	395.00	11,968.50	30.30
Actual Fees Incurred			28,996.00	
Total Fees Billed with HST			**$32,765.48**	**58.70**

Invoice No. 2097487 (for the period from November 1, 2019 to November 30, 2019)

Year of Call	Lawyer	Billed Rate ($)	Fees Billed ($)	Hours Worked
2004	Larry Ellis	780.00	780.00	1.00
2013	Monique Sassi	550.00	346.50	0.63
2017	Samuel Massie	395.00	5,056.00	12.80
Actual Fees Incurred			6,182.50	
Total Fees Billed with HST			**$6,986.23**	**14.43**

Invoice No. 2099923 (for the period from December 1, 2019 to December 31, 2019)

Year of Call	Lawyer	Billed Rate ($)	Fees Billed ($)	Hours Worked
2017	Samuel Massie	395.00	5,451.00	13.80
Actual Fees Incurred			5,451.00	
Total Fees Billed with HST			**$6,159.63**	**13.80**

This is **Exhibit "C"** to the
Affidavit of Larry Ellis
Sworn on April 21, 2020

David Ward

A Commissioner, etc.

EXHIBIT "C"

Calculation of Average Hourly Billing Rates of Counsel for the Receiver
For the period May 1, 2019 to December 31, 2019

Invoice	Fees ($)	Disbursements ($)	HST ($)	Total Fees, Disbursements and HST ($)	Hours Billed	Average Billed Rate ($)
Invoice No. 2079918 (May 1 to 31, 2019)	62,790.50	995.65	8,250.60	72,036.75	110.10	570.30
Invoice No. 2082429 (May 30, 2019 to June 30, 2019)	32,540.00	580.71	4,259.10	37,380.41	58.00	561.03
Invoice No. 2084395 (July 1 to 31, 2019)	30,523.50	0	3,968.06	34,491.56	56.40	541.20
Invoice No. 2088398 (August 1 to 31, 2019)	35,468.00	791.51	4,649.17	40,908.68	62.00	572.06
Invoice No. 2090192 (September 1 to 30, 2019)	28,996.00	146.10	3,786.32	32,928.42	58.70	493.97
Invoice No. 2097487 (November 1 to 30, 2019)	6,182.50	0	803.73	6,986.23	14.43	428.45
Invoice No. 2099923 (December 1, to 31, 2019)	5,541.00	0	708.63	6,159.63	13.80	395
TOTAL	**$201,951.50**	**$2,513.97**	**$26,426.21**	**$230,891.68**	**373.43**	**$540.80**

TEMISKAMING DEVELOPMENT FUND CORPORATION Applicant	and	1793082 ONTARIO LTD. ET AL. Respondent	Court File No.: CV-19-00612265-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

AFFIDAVIT OF LARRY ELLIS

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Lawyers for Grant Thornton Limited, in its capacity as receiver of 17930823 Ontario Lt
o/a K.D. Quality Pellets