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

Respondent

MOTION RECORD
(returnable August 6, 2019)

July 29, 2019

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

Larry C. Ellis LSO# 49313K
Tel: 416.869.5406
Fax: 416.350.6923
lellis@casselsbrock.com

Monique Sassi LSO# 63638L
Tel: 416.860.6886
Fax: 416.640.3005
msassi@casselsbrock.com

Lawyers for the Receiver, Grant Thornton Limited

TO: THE SERVICE LIST

INDEX

Confidential Appendices (filed separately)

TAB 1

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

Respondent

NOTICE OF MOTION

Grant Thornton Limited ("**GTL**"), the court appointed receiver and manager of the undertaking, property and assets (the "**Property**") of 1793082 Ontario Ltd., o/a K.D. Quality Pellets (the "**Company**" or the "**Debtor**") in these proceedings (in such capacities, the "**Receiver**"), will make a motion to a judge of the Commercial List on August 6, 2019 at 10:00 a.m., or as soon after that time as the motion can be heard, a the Court House at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The Motion is to be heard orally.

THE MOTION IS FOR:

(a) an Order substantially in the form attached hereto as Schedule "A" (the "**Amended Approval and Vesting Order**"), *inter alia*:

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

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

(iii) sealing Confidential Appendix "1", to the Second Report of the Receiver dated July 29, 2019.

(b) Such further and other relief as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE

(c) On January 9, 2019 the Applicant served a motion record returnable on January 10, 2019 which sought, among other things an order (the "**Receivership Order**") appointing GTL as receiver and manager over the property of the Debtor (the "**Property**") pursuant to section 243 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.

(d) On February 22, 2019 the Court granted the Applicant the full Receivership Order which appointed GTL as Receiver over the Property of the Debtor and approved a marketing and sale process ("**Sale Process**") for the Property.

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

(f) Bionorth was selected by the Receiver as the “successful bidder” under the Sale Process and on April 17, 2019 the Receiver and Bionorth entered into a sale agreement (the “**Sale Agreement**”) for the sale of all of the Debtor’s Property, pending court approval and the granting of an approval and vesting order.

(g) On May 22, 2019 the Receiver sought and obtained the Approval and Vesting Order vesting all of the Debtor’s rights, title and interest in and to the Purchased Assets, as set out and described in the Sale Agreement, in Bionorth, free and clear of and from all Claims (as defined in the Approval and Vesting Order), pending receipt of the Receiver’s Certificate as described therein.

(h) The Approval and Vesting Order provided a carve out for certain pieces of equipment (the “**Disputed Collateral**”). There were competing claims to the Disputed Collateral including registrations made under the *Personal Property Security Act* (Ontario), as of March 7, 2019 by Klad Rentals Inc. and Axiom Leasing Inc. (collectively, “**Axiom**”).

(i) Due to these competing claims, at the time of seeking the Approval and Vesting Order, the Receiver was unable to ascertain who had the first priority security interest in the Disputed Collateral. As such the Receiver, Bionorth and Axiom mutually agreed that the motion for the Approval and Vesting Order could proceed uncontested with the provision that the Receiver would hold an amount of $300,000 from the sale proceeds on account of the Disputed Collateral as well as the Disputed Collateral in escrow pending resolution of the claims to the Disputed Collateral.

Subsequent Developments

(j) Bionorth advised the Receiver that it wished to assign the Sale Agreement to number company, 2576642 Ontario Limited, (the "**Purchaser**") and requested that the Sale Agreement and the Approval and Vesting Order be amended accordingly in order to provide a clean Court order to the Land Titles office pursuant to the Approval and Vesting Order.

(k) Bionorth, after inspection of the Disputed Collateral advised that it wished to include the Dipsuted Collateral as Purchased Assets under the Sale Agreement. As such, the Receiver, the Purchaser, Bionorth and Axiom have each agreed to the release of the Disputed Collateral and for the Disputed Collateral to be included as Purchased Assets under the Amended Sale Agreement. The provisions which pertain to the Disputed Collateral Escrow Amount (which relate to the proceeds of the Disputed Collateral) shall remain.

(l) The Receiver and the Purchaser agree that it will be mutually beneficial for the Sale Agreement and the Approval and Vesting Order to be amended to reflect the inclusion of the Disputed Collateral as Purchased Assets, the new Purchaser entity and certain other minor amendments to reflect factual developments. The Purchaser has agreed to increase the Purchase Price in order to contribute to the costs of these amendments (the "**Amendment Costs**").

(m) An amended and restated Sale Agreement was executed by the Receiver, Bionorth and the Purchaser on July 29, 2019 (the "**Amended Sale Agreement**") to reflect the following changes:

(i) Factual background: a brief description of the factual developments since the Approval and Vesting Order was granted,

(ii) Amended Closing Date, Purchase Price and Deposit: Bionorth had requested three extensions to close the Sale Transaction which the Receiver granted on condition that the Deposit (a defined in the Sale Agreement) was increased and Bionorth pay the costs of the Receivership during those extensions. In addition, the Purchaser agreed to pay a portion of the Amendment Costs. As such, the sections of Sale Agreement pertaining to the Closing Date, Purchase Price and the Deposit (each as defined in the Sale Agreement) were amended;

(iii) New Purchaser: the Sale Agreement was amended to reflect the assignment and new Purchaser;

(iv) Security Release: The Receiver and Bionorth had always agreed to include certain release of security as part of the Sale Agreement and this agreement was in the form of an offer letter attached to the Sale Agreement. For clarity the Receiver, Bionorth and the Purchaser agreed to include this language into the body of the Amended Sale Agreement;

(v) HST Numbers: The Company's and Purchaser's HST number were now able to be inserted

(n) 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; and (iv) to seal the Amended Sale Agreement.

Sealing Order

(o) The Second Report contains a redacted version of the Amended Sale Agreement which redacts the Purchase Price and Deposit amounts which are confidential and commercially sensitive information and which, if made public, would detrimentally affect the price that could be obtained on the subsequent sale of the Property should the Transaction not close. The Receiver seeks to have the unredacted version sealed until further order of the Court or the filing of the Receiver's certificate as was done previously when the Approval and Vesting Order was granted.

(p) There are no reasonable alternative measures to sealing such information from the public record pending closing of the Sale Transaction.

(q) The salutary effects of sealing such information from the public record pending closing of the Sale Transaction greatly outweigh the deleterious effects of doing so under the circumstances.

(r) Those grounds set out in the First Report, Second Report, and the Appendices thereto;

(s) The provisions of the BIA and CJA and the inherent and equitable jurisdiction of this Court;

(t) Rules 2.01, 37, 40, 59.06 of the *Rules of Civil Procedure,* R.R.O. 1990, Reg. 194, as amended; and

(u) Such further and other grounds as the lawyers may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion:

(a) The First Report;

(b) the Second Report; and

(c) such further and other evidence as the lawyers may advise and this Honourable Court may permit.

July 29, 2019

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

Larry C. Ellis LSO# 49313K
Tel: 416.869.5406
Fax: 416.350.6923
lellis@casselsbrock.com

Monique Sassi LSO# 63638L
Tel: 416.860.6886
Fax: 416.640.3005
msassi@casselsbrock.com

Lawyers for the Interim Receiver, Grant Thornton Limited

TO: THE SERVICE LIST

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

NOTICE OF MOTION

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

Larry C. Ellis LSUC# 49313K
Tel: 416.869.5406
Fax: 416.350.6923
lellis@casselsbrock.com

Monique Sassi LSO # 63638L
Tel: 416.860.6886
Fax: 416.640.3005
msassi@casselsbrock.com

Lawyers for the Interim Receiver, Grant Thornton Limited

LEGAL*48513762.2

TAB A

Court File No. CV-19-00612265-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	WEDNESDAY, THE 6th
	)	
JUSTICE	)	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 [X] sworn [X], 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.

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

Schedule C – Claims to be deleted and expunged from title to Real Property and PPSA

PPSA Registrations

	Registration File Number	Secured Party	Registration Date/ Registrations Period	Collateral
1.	680163012	South Temiskaming Community Futures Development Corporation	Registration Date: July 24, 2012 Registration Period: 5 years Expiry Date: July 24, 2027	Consumer Goods, Inventory, Equipment, Accounts, Other
2.	681452883	Northern Ontario Heritage Fund Corporation	Registration Date: September 14, 2012 Registration Period: 7 years Expiry Date: September 14, 2019	Inventory, Equipment, Accounts, Other
3.	692395722	RBC Royal Bank of Canada (assigned to BioNorth Technology Holding Corporation pursuant to Registration No. 20171026 1220 1590 5136)	Registration Date: December 5, 2013 Registration Period: 5 years Expiry Date: December 5, 2023	Inventory, Equipment, Accounts, Other, Motor Vehicle
4.	692478234	RBC Royal Bank of Canada (assigned to BioNorth Technology Holding Corporation pursuant to Registration No. 20171026 1220 1590 5138)	Registration Date: December 9, 2013 Registration Period: 10 years Expiry Date: December 9, 2023	Inventory, Equipment, Accounts, Other
5.	692478225	RBC Royal Bank of Canada (assigned to BioNorth Technology Holding Corporation pursuant to Registration No. 20171026 1220 1590 5137)	Registration Date: December 9, 2013 Registration Period: 6 years Expiry Date: December 9, 2019	Inventory, Equipment, Accounts, Other
6.	694524816	Klad Rentals Inc. and Axiom Leasing Inc.	Registration Date: March 19, 2014 Registration Period: 6 Years Expiry Date: March 19, 2020	Equipment, Other, Motor Vehicle
7.	703362582	Jules Roy and Valerie Chort	Registration Date: February 2, 2015 Registration Period:	Other

	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

	Registration File Number	Secured Party	Registration Date/ Registrations Period	Collateral
15.	748215549	Zinayida Subota	Registration Date: February 8, 2019 Registration Period: 3 years Expiry Date: February 8, 2022	Inventory, Equipment, Accounts, Other, Motor Vehicle

Real Property Registrations

	Instrument Number	Party From	Registration Date	Description
1.	DT58223	Her Majesty the Queen in Right of Canada as Represented by the Minister of National Revenue	March 7, 2017	A Lien in the amount of $253,568.76 claimed by the Her Majesty the Queen in Right of Canada as Represented by the Minister of National Revenue against the interest of 1793082 Ontario Ltd. in the Real Property
2.	DT35188	1793082 Ontario Ltd. in favour of Temiskaming Development Fund Corporation	May 5, 2012	A first in priority Charge, referencing Standard Charge Terms 200033, in favour of Temiskaming Development Fund Corporation securing the principal sum of $400,000.00
3.	DT36290	1793082 Ontario Ltd. in favour of South Temiskaming Community Futures Development Corporation	July 24, 2012	a second in priority Charge, referencing Standard Charge Terms 200033, in favour of South Temiskaming Community Futures Development Corporation securing the principal sum of $500,00.00
4.	DT38018	1793082 Ontario Ltd. in favour of Northern Ontario Heritage Fund Corporation	November 9, 2012	a third in priority Charge, referencing Standard Charge Terms 200033, in favour of Northern Ontario Heritage Fund Corporation securing the principal sum of $1,000,000.00

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

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

Larry C. Ellis LSUC# 49313K
Tel: 416.869.5406
Fax: 416.350.6923
lellis@casselsbrock.com

Monique Sassi LSO # 63638L
Tel: 416.860.6886
Fax: 416.640.3005
Email: msassi@casselsbrock.com

Lawyers for the Receiver, Grant Thornton Limited

TAB 2

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

TABLE OF CONTENTS

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.

[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"**.

<u>Sale Process</u>

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

Extensions to Closing

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

TAB 1

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 À 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

GUARDIAN LEGAL CONSULTANTS LLP
133 Richmond Street West, Suite 200
Toronto, Ontario M5H 2L3

Daniel Perlin (64194G)
Tel: 647-983-3310
Fax: 647-499-4307

Jasdeep Bal (62102A)
Tel: 647-983-3309
Fax: 647-499-4307

Lawyers for the Applicant

Court File Number: CV-19-00612265-00CL

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Temiskaming Development
Plaintiff(s)

AND

1793082 Ont Ltd
Defendant(s)

Case Management ☐ Yes ☐ No by Judge: ____________

Counsel	Telephone No:	Facsimile No:
(see attached)		

☐ Order ☐ Direction for Registrar **(No formal order need be taken out)**
☐ Above action transferred to the Commercial List at Toronto **(No formal order need be taken out)**

☐ Adjourned to: ____________
☐ Time Table approved (as follows):

I am prepared to now grant the orders sought by the Applicant.
Mr Orser, the agent of the respondent, has not been able to raise the $25000.00 described in my Feb 12/19 endorsement. He has raised some and seeks a further extension, past the order that I granted yesterday.
I am not prepared to grant any

22 Feb 19
Date

McEwen
Judge's Signature

☑ Additional Pages two in total

Court File Number: ______________________

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

further extension. The Applicant have not received any money for over 2 yrs.

If the Resp cannot raise $25,000.00 there is nothing to meaningfully suggest it can raise the necessary capital to satisfy its debt obligation to the Applic, the other secured Bronarth and other debt.

In these circumstances the parties Feb 12/19 agreement contained in my endorsement should be enforced.

The order appointing GTL and the Sales Process Order shall go as per the drafts filed & approved.

[signature]

Judges Initials [initials]

TAB 2

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

Grant Thornton

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

TABLE OF CONTENTS

APPENDICES

Appendix 10	National Post Newspaper Advertisement
Appendix 11	Canadian Biomass Magazine Advertisement
Appendix 12	Solicitation Email
Appendix 13	Information Memorandum dated March 6, 2019
Appendix 14	Partially Redacted Sale Agreement dated April 17, 2019
Appendix 15	Correspondence with Mr. Doupe dated April 2, 3, and 11, 2019
Appendix 16	Inter-Creditor Agreement dated December 13, 2013
Appendix 17	CRA Notice dated March 27, 2019
Appendix 18	Affidavit of Daniel Wootton sworn May 14, 2019
Appendix 19	Affidavit of David Ward sworn May 13, 2019

CONFIDENTIAL APPENDICES

Confidential Appendix 1	Schedule of Potential Bidders Contacted
Confidential Appendix 2	Schedule of Offers Received
Confidential Appendix 3	Sale Agreement dated April 17, 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

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"**.

Receivership Order

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.

<u>Removed Assets</u>

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**")

---

[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

LEGAL*48066530.1

TAB 3

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

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 (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Receiver and Bionorth Technology Holding Corporation (the "**Purchaser**") 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, 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, 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 May 14, 2019 filed:

SALE APPROVAL

1. **THIS COURT ORDERS AND DECLARES** that the Transaction 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.

2. **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.

3. **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.

4. **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.

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

6. **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

7. **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.

8. **THIS COURT ORDERS AND DIRECTS** that the Receiver shall hold the Disputed Collateral in escrow pending resolution of all claims in respect of the Disputed Collateral.

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

(a) an agreement reached between the Receiver, Axiom Leasing Inc., and the Purchaser; 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 or its 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 in the Disputed Collateral or 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, 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.

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

MAY 2 2 2019

PER / PAR:

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 – INTENTIONALLY REMOVED

Parcel 5 – INTENTIONALLY REMOVED

Parcel 6 – INTENTIONALLY REMOVED

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

Schedule C – Claims to be deleted and expunged from title to Real Property and PPSA

PPSA Registrations

	Registration File Number	Secured Party	Registration Date/ Registrations Period	Collateral
1.	680163012	South Temiskaming Community Futures Development Corporation	Registration Date: July 24, 2012 Registration Period: 5 years Expiry Date: July 24, 2027	Consumer Goods, Inventory, Equipment, Accounts, Other
2.	681452883	Northern Ontario Heritage Fund Corporation	Registration Date: September 14, 2012 Registration Period: 7 years Expiry Date: September 14, 2019	Inventory, Equipment, Accounts, Other
3.	692395722	RBC Royal Bank of Canada (assigned to BioNorth Technology Holding Corporation pursuant to Registration No. 20171026 1220 1590 5136)	Registration Date: December 5, 2013 Registration Period: 5 years Expiry Date: December 5, 2023	Inventory, Equipment, Accounts, Other, Motor Vehicle
4.	692478234	RBC Royal Bank of Canada (assigned to BioNorth Technology Holding Corporation pursuant to Registration No. 20171026 1220 1590 5138)	Registration Date: December 9, 2013 Registration Period: 10 years Expiry Date: December 9, 2023	Inventory, Equipment, Accounts, Other
5.	692478225	RBC Royal Bank of Canada (assigned to BioNorth Technology Holding Corporation pursuant to Registration No. 20171026 1220 1590 5137)	Registration Date: December 9, 2013 Registration Period: 6 years Expiry Date: December 9, 2019	Inventory, Equipment, Accounts, Other
6.	694524816	Klad Rentals Inc. and Axiom Leasing Inc.	Registration Date: March 19, 2014 Registration Period: 6 Years Expiry Date: March 19, 2020	Equipment, Other, Motor Vehicle
7.	703362582	Jules Roy and Valerie Chort	Registration Date: February 2, 2015 Registration Period:	Other

	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
15.	748215549	Zinayida Subota	Registration Date:	Inventory, Equipment,

Registration File Number	Secured Party	Registration Date/ Registrations Period	Collateral
		February 8, 2019 Registration Period: 3 years Expiry Date: February 8, 2022	Accounts, Other, Motor Vehicle

Real Property Registrations

	Instrument Number	Party From	Registration Date	Description
1.	DT58223	Her Majesty the Queen in Right of Canada as Represented by the Minister of National Revenue	March 7, 2017	A Lien in the amount of $253,568.76 claimed by the Her Majesty the Queen in Right of Canada as Represented by the Minister of National Revenue against the interest of 1793082 Ontario Ltd. in the Real Property
2.	DT35188	1793082 Ontario Ltd. in favour of Temiskaming Development Fund Corporation	May 5, 2012	A first in priority Charge, referencing Standard Charge Terms 200033, in favour of Temiskaming Development Fund Corporation securing the principal sum of $400,000.00
3.	DT36290	1793082 Ontario Ltd. in favour of South Temiskaming Community Futures Development Corporation	July 24, 2012	a second in priority Charge, referencing Standard Charge Terms 200033, in favour of South Temiskaming Community Futures Development Corporation securing the principal sum of $500,00.00
4.	DT38018	1793082 Ontario Ltd. in favour of Northern Ontario Heritage Fund Corporation	November 9, 2012	a third in priority Charge, referencing Standard Charge Terms 200033, in favour of Northern Ontario Heritage Fund Corporation securing the principal sum of $1,000,000.00

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

APPROVAL AND VESTING ORDER

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

Larry C. Ellis LSUC# 49313K
Tel: 416.869.5406
Fax: 416.350.6923
lellis@casselsbrock.com

Monique Sassi LSO # 63638L
Tel: 416.860.6886
Fax: 416.640.3005
Email: msassi@casselsbrock.com

Lawyers for the Receiver, Grant Thornton Limited

TAB 4

Carreiro, Mary

From:	Peter Welsh <peter@welshlaw.ca>
Sent:	Monday, July 29, 2019 2:19 PM
To:	Sassi, Monique; Peter A. Hertz
Cc:	Ellis, Larry
Subject:	RE: KD - Confirmation of Disputed Collateral

On behalf of our Clients, BioNorth Technology Holding Corporation and 2576642 Ontario Limited, this confirms our concurrence with and confirmation of the contents of this message

Thank you for your efforts

Ciao

Peter R. Welsh
Barrister & Solicitor
Peter R. Welsh Professional Corporation
203-1540 Cornwall Road
Oakville, ON L6J 7W5
Tel: (905) 337-3121
Fax: (905) 337-3272
www.welshlaw.ca

From: Sassi, Monique [mailto:msassi@casselsbrock.com]
Sent: July-29-19 1:42 PM
To: Peter Welsh; Peter A. Hertz
Cc: Ellis, Larry
Subject: KD - Confirmation of Disputed Collateral

All,

Capitalized terms not herein defined shall have the meaning given to them in the Approval and Vesting Order dated May 22, 2019 (the "**Approval and Vesting Order**").

As discussed, in accordance with the provisions of the Approval and Vesting Order, please can you confirm the following on behalf of your clients:

1. Axiom Leasing Inc., Bionorth Technology Holding Corporation, 2576642 Ontario Limited and the Receiver (the "**Parties**"), agree that the Disputed Collateral will be released from escrow and included as Purchased Assets in the Sale Transaction between the Purchaser and the Receiver;
2. The Parties agree that the Approval and Vesting Order shall be amended to include the Disputed Collateral in the schedule of Purchased Assets; and
3. The Disputed Collateral Escrow Amount of $300,000 will continue to be held (in place of the Disputed Collateral) to the credit of the dispute;
4. Upon the closing of the Sale Transaction (which shall include the sale of the Disputed Collateral) the Purchaser will acquire the Disputed Collateral and the Purchaser will release any claim whatsoever to the Disputed Collateral Amount.
5. Bionorth Technology Holding Corporation and/or 2576642 Ontario Limited confirm that it waives its rights to and shall not seek an order directing the Receiver to release the Disputed Collateral Amount from escrow and return the Disputed Collateral Amount to the Purchaser as per the endorsement of the Honourable Justice McEwen dated May 22, 2019.

Thank you

Monique

Monique Sassi
Direct: +1 416 860 6886 • Fax: +1 416 640 3005 • msassi@casselsbrock.com
2100 Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3C2
www.casselsbrock.com

Carreiro, Mary

From: Peter A. Hertz <phertz@kwlaw.net>
Sent: Monday, July 29, 2019 2:22 PM
To: Sassi, Monique; Peter Welsh
Cc: Ellis, Larry
Subject: RE: KD - Confirmation of Disputed Collateral

Monique:

I confirm that my client, Axiom Leasing Inc., is in agreement with this and that you may include this email in any materials filed with the Court.

Regards,

Peter A. Hertz | Duncan, Linton LLP | www.kwlaw.net | 45 Erb Street East, Waterloo, ON N2J 1L7 | t: (519) 886-3340 | f: (519) 886-8651

From: Sassi, Monique [mailto:msassi@casselsbrock.com]
Sent: July-29-19 1:42 PM
To: Peter Welsh; Peter A. Hertz
Cc: Ellis, Larry
Subject: KD - Confirmation of Disputed Collateral

All,

Capitalized terms not herein defined shall have the meaning given to them in the Approval and Vesting Order dated May 22, 2019 (the "**Approval and Vesting Order**").

As discussed, in accordance with the provisions of the Approval and Vesting Order, please can you confirm the following on behalf of your clients:

1. Axiom Leasing Inc., Bionorth Technology Holding Corporation, 2576642 Ontario Limited and the Receiver (the "**Parties**"), agree that the Disputed Collateral will be released from escrow and included as Purchased Assets in the Sale Transaction between the Purchaser and the Receiver;
2. The Parties agree that the Approval and Vesting Order shall be amended to include the Disputed Collateral in the schedule of Purchased Assets; and
3. The Disputed Collateral Escrow Amount of $300,000 will continue to be held (in place of the Disputed Collateral) to the credit of the dispute;
4. Upon the closing of the Sale Transaction (which shall include the sale of the Disputed Collateral) the Purchaser will acquire the Disputed Collateral and the Purchaser will release any claim whatsoever to the Disputed Collateral Amount.
5. Bionorth Technology Holding Corporation and/or 2576642 Ontario Limited confirm that it waives its rights to and shall not seek an order directing the Receiver to release the Disputed Collateral Amount from escrow and return the Disputed Collateral Amount to the Purchaser as per the endorsement of the Honourable Justice McEwen dated May 22, 2019.

Thank you

Monique

Monique Sassi
Direct: +1 416 860 6886 • Fax: +1 416 640 3005 • msassi@casselsbrock.com
2100 Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3C2
www.casselsbrock.com

TAB 5

AMENDED AND RESTATED AGREEMENT OF PURCHASE AND SALE

Between

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

- and –

BIONORTH TECHNOLOGY HOLDING CORPORATION ("Bionorth")
a corporation existing under the laws of the Province of Ontario

- and -

2576642 ONTARIO LIMITED,
a corporation existing under the laws of the Province of Ontario
and in its capacity as assignee of Bionorth

July 29, 2019

AMENDED AND RESTATED
AGREEMENT OF PURCHASE AND SALE

THIS AMENDED AND RESTATED AGREEMENT AND PURCHASE AGREEMENT is made the 29th day of July, 2019

BETWEEN:

Grant Thornton Limited, in its capacity as the
Court-appointed receiver and manager of the assets, properties and undertakings of
1793082 Ontario Ltd., o/a K.D. Quality Pellets, and not in its personal or corporate liability

(hereinafter referred to as the "**Receiver**")

- and –

BIONORTH TECHNOLOGY HOLDING CORPORATION ("Bionorth")
a corporation existing under the laws of the Province of Ontario

- and -

2576642 ONTARIO LIMITED,
a corporation existing under the laws of the Province of Ontario and in its capacity as assignee of **Bionorth**
(hereinafter referred to as the "**Purchaser**")

WHEREAS:

(a) Pursuant to the Appointment Order (as defined herein), the Receiver was appointed as Receiver of all of the assets, properties and undertakings (collectively, the "**Assets**") of 1793082 Ontario Ltd., o/a K.D. Quality Pellets (the "**Company**");

(b) Pursuant to an order of the Court (as defined herein) dated February 22, 2019, the Court approved the sale process proposed by the Receiver for the sale of the Assets (the "**Sale Process**"); and

(c) The Receiver conducted the Sale Process, selected Bionorth as the successful bidder pursuant to the Sale Process and executed a sale agreement with Bionorth dated April 17, 2019 (the "**Original Purchase Agreement**").

(d) Pursuant to an order of the Court dated May 22, 2019, the Court, among other things approved the sale transaction contemplated in the Original Purchase Agreement (the "**Approval and Vesting Order**").

(e) Bionorth has assigned its rights under the Original Purchase Agreement to the Purchaser and the Purchaser agrees to be bound by the terms of the Original Purchase Agreement as well as this Agreement.

(f) The Purchaser has requested that the Receiver bring a motion to amend the Original Purchase Agreement and approve this Agreement as well as, amend the Approval and Vesting Order.

(g) There was a dispute regarding certain Purchased Assets namely the (i) 2012 Caterpillar Model 950K (S/N: 950KCR4A00970); (ii) 2006 Vermeer Horizontal Grinder (S/N: N1VRY4531271000225) and (iii) 2012 Caterpillar C16 Engine (S/N: BFM002822) (collectively, the "**Disputed Collateral**").

(h) The Purchaser has conducted diligence in connection with the Disputed Collateral including inspecting the Disputed Collateral and has agreed to purchase the Disputed Collateral, as Purchased Assets, as is, in accordance with the terms of this Agreement.

(i) Bionorth requested an extension to close the Sale Transaction (as defined below) on about May 16, 2019. The Receiver agreed to such extension (the "**First Extension**") and as agreed by the Parties, the Deposit was reduced by an amount of $10,944 to cover the costs of the First Extension.

(j) Bionorth requested a second extension to close the Sale Transaction (as defined below) on about June 26, 2019. The Receiver agreed to such extension (the "**Second Extension**") and as agreed by the Parties, Bionorth increased the amount of the Deposit by [redacted] to the cover the costs of the Second Extension.

(k) Bionorth requested a third extension to close the Sale Transaction (as defined below) on about July 24, 2019. The Receiver agreed to such extension (the "**Third Extension**") and as agreed by the Parties, Bionorth increased the amount of the Deposit by a further [redacted] to the cover the costs of the Third Extension.

(l) The Receiver and the Purchaser agree that it will be mutually beneficial for the Original Purchase Agreement and the Approval and Vesting Order to be amended to reflect the inclusion of the Disputed Collateral as Purchased Assets, new Purchaser entity and certain other minor amendments to reflect factual developments.

(m) The Purchaser has agreed to increase the Purchase Price by $7,500 in order to contribute to the costs of these amendments (the "**Amendment Costs**").

(n) Therefore, the Receiver, Bionorth and the Purchaser have agreed to amend and restate the Original Purchase Agreement to effect certain amendments such as reflected in this Agreement.

(o) Subject to an Order being issued by the Court approving the sale of the Purchased Assets (as defined herein) and pursuant to the terms of this Agreement (as defined herein), the Purchaser, as assignee, has offered to purchase the Purchased Assets and the Receiver has accepted such offer on the terms and conditions contained herein.

NOW THEREFORE THIS AGREEMENT WITNESSETH that, in consideration of the mutual premises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties agree as follows:

1. DEFINITIONS

1.01 In this Agreement, the following terms shall have the meanings set out below unless the context requires otherwise:

"**Agreement**" means this agreement and all schedules and instruments in amendment or confirmation of it; and the expressions "article" and "section" followed by a number mean and refer to the specified article or section of this agreement. The words "herein", "hereof", "hereto" and "hereunder" refer to this Agreement.

"**Appointment Order**" means the order of the Court dated February 22, 2019 appointing Grant Thornton Limited as the receiver of the Assets.

"**Approval & Vesting Order**" means an order of the Court (i) approving this Agreement and authorizing and directing the Receiver to complete the terms of this Agreement and (ii) providing for the vesting and/or the transfer of the Purchased Assets in and to the Purchaser free and clear of all claims, liabilities and encumbrances. For greater certainty, the Approval & Vesting Order shall be substantially in the form of the model order approved by the "Ontario Commercial List Users Committee".

"**Assets**" has the meaning ascribed thereto in Recital A of this Agreement.

"**Authorization**" means, with respect to any Person, any order, permit, approval, waiver, licence or similar authorization of any Governmental Entity having jurisdiction over the Person.

"**Best Efforts**" means the reasonable efforts that a prudent Person who desires to achieve a specified result would use in similar circumstances to ensure that the result is achieved as expeditiously as possible without the necessity of assuming any material obligations or paying any material amounts to any unrelated third party.

"**Books and Records**" means all sales and purchase records, customer and supplier lists, lists of potential customers, referral sources, research and development reports and records, production reports and records, accounting records, equipment logs, operating guides and manuals, business reports and all other documents, files, correspondence and other information (whether in written, printed, electronic or computer printout form) relating to that part of the Business which was carried on by the Company utilizing the Purchased Assets.

"**Business**" means all aspects, direct and indirect, of the management, conduct and operation of the business conducted by the Company at 999562 Highway 11 North, Harley, Ontario, including, without limitation, the management, conduct and operation of the business carried on using or related to the registered business names.

"**Business Day**" means any day of the year, other than a Saturday, Sunday or any day on which banks are required or authorized to close in Toronto, Ontario.

"**Closing**" means the closing of the transaction contemplated by this Agreement.

"**Closing Date**" means August 26, 2019., and such closing may be extended by the mutual agreement of each of the Purchaser and the Receiver.

"**Company**" has the meaning ascribed thereto in Recital A of this Agreement.

"**Conditions Precedent**" means those conditions in favour of the Purchaser set out in **Section 7.01**, those conditions in favour of the Receiver set out in **Section 8.01** and those conditions in favour of the Purchaser and Receiver set out in **Section 9.01**.

"**Conditions of Sale**" means the conditions of sale pursuant to which certain of the Assets, including the Purchased Assets have been offered for sale by the Receiver.

"**Contracts**" means any contracts, personal property leases, licenses from any Person, development agreements, distribution agreements and any other similar agreement between any of the Company or the Receiver and any Person relating in any way to the Purchased Assets.

"**Court**" means the Ontario Superior Court of Justice (Commercial List).

"**Deposit**" has the meaning ascribed thereto in **Section 2.06**.

"**Excluded Assets**" has the meaning ascribed thereto in **Section 2.02**.

"**Excluded Contracts**" means any and all Contracts other than those specified in **Schedule "A"**.

"**Governmental Entity**" means (i) any multinational, federal, provincial, state, municipal, local or other government or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign (ii) any subdivision or authority of any of the foregoing, or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above.

"**Intellectual Property**" means any and all right, title and interest of the Company in and to (i) the trade marks, trade names, business names, brand names, service marks, telephone numbers, facsimile numbers, copyrights, including any performing, author or moral rights, designs, inventions, industrial designs, logos, patents, formulas, recipes, processes, know-how, trade secrets, technology, shelf-space listings, films, plates and advertising materials (wheresoever situate) owned by the Company relating to the Purchased Assets and all goodwill related to any of the foregoing; and (ii) any applications, registrations, renewals, extensions, continuations, divisions or reissues thereof now or hereafter in force.

"**Laws**" means any and all applicable federal or provincial laws including all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, ruling or awards, policies, guidelines and general principles of common and civil law and equity, binding on or affecting the Person referred to in the context in which the word is used.

"**Premises**" means the following premises owned and occupied by the Company at which the Business was carried on: 999562 Highway 11 North, Harley, Ontario together with any other real property upon which the Company carried on the Business.

"**Lien**" means any mortgage, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), title retention agreement or arrangement, restrictive covenant or other encumbrance of any nature or any other arrangement or condition which, in substance, secures payment or performance of an obligation.

"**Offer Form**" means the form attached as Appendix "A" to the confidential information memorandum dated March 6, 2019 prepared and distributed by the Receiver.

"**Parties**" means the Receiver, the Purchaser, Bionorth and any other Person who may become a party to this Agreement.

"**Permitted Liens**" means the security interests listed in **Schedule "B"**.

"**Person**" is to be broadly interpreted and includes a natural person, partnership, limited liability partnership, corporation, joint stock company, trust, unincorporated association, joint venture or other entity or Governmental Entity, and pronouns have a similarly extended meaning.

"**Purchased Assets**" has the meaning ascribed thereto in **Section 2.01**.

"**Receiver**" has the meaning ascribed thereto on the face page of this Agreement.

"**Removal Period**" means the period from the date of the issuance of the Approval and Vesting Order until ● days later or such other period as agreed to in writing by the Receiver and the Purchaser and with respect to the Premises.

"**Removing Parties**" has the meaning ascribed thereto in Section 4.04

"**Rights**" has the meaning ascribed thereto in **Section 2.03** of this Agreement.

"**Taxes**" means all federal, provincial and municipal taxes levied by any Governmental Entity including, without limitation, land transfer taxes and Ontario harmonized sales tax ("**HST**").

2. PURCHASE AND SALE OF ASSETS

The Purchased Assets

2.01 Upon the terms and subject to the conditions set forth in this Agreement, on the Closing Date, the Receiver shall sell, assign and transfer to the Purchaser (the "**Sale Transaction**") all of the Receiver's and all of the Company's right, title and interest, if any, in and to those Assets set forth and described in **Schedule "A"** which are set out in Schedules "1" to "9" attached hereto (collectively, the "**Purchased Assets**"). The Purchased Assets shall not include the Excluded Assets.

2.02 The Excluded Assets shall consist of the following Assets:

(a) all cash, bank balances, funds on deposit with banks or other depositories and other similar items owned or held by or for the account of the Receiver the Company as at the Closing Date, including the Purchase Price;

(b) all accounts receivable, choses in action, book debts and any other amounts due, owing or accruing due to the Receiver or the Company in connection with or arising from any part of the Business up to the Closing Date and the benefit of all security (including cash deposits), guarantees and other collateral held by the Company or the Receiver in respect thereof;

(c) all amounts owing to the Company by any and all federal, provincial, municipal and other governmental authorities whatsoever;

(d) all extra-provincial sales, excise or other Licences or registrations issued to or held by the Company, other than exclusively in respect of the Purchased Assets;

(e) any refunds in respect of reassessments for any Taxes paid or payable by the Company or the Receiver on or prior to the Closing Date with respect to the Business;

(f) refundable Taxes;

(g) all amounts owing from any director, officer, former director or officer, shareholder, employee or any affiliate;

(h) insurance policies of the Company or the Receiver relating to the Premises and the Purchased Assets and all rights in connection therewith including any rights to payments thereunder upon the occurrence of an insured event or refunds of insurance payments except for insured events in respect of the Purchased Assets for which proceeds of insurance shall be paid to the Purchaser;

(i) the Books and Records; and

(j) all Excluded Contracts.

2.03 To the extent that any of the Purchased Assets to be transferred to the Purchaser on the Closing, or any claim, right or benefit arising under or resulting from such Purchased Assets (collectively, the "**Rights**") is not capable of being transferred without the approval, consent or waiver of any third Person, or if the transfer of a Right would constitute a breach of any obligation under, or a violation of, any applicable Law unless the approval, consent or waiver of such third Person or an order of the Court is obtained, then, except as expressly otherwise provided in this Agreement and without limiting the rights and remedies of the Purchaser contained elsewhere in this Agreement, this Agreement shall not constitute an agreement to transfer such Rights unless and until such approval, consent, waiver or order of the Court has been obtained. It shall be the Purchaser's sole responsibility to obtain, at its own expense, any consent, approval, waiver or any further documentation or assurances which may be required to transfer any Right to the Purchaser except the Approval & Vesting Order which shall be the Receiver's sole responsibility to obtain at its own expense.

2.04 In order that the full value of the Rights may be realized for the benefit of the Purchaser, the Receiver shall, at the request and expense and under the direction of the Purchaser, in the name of the Receiver or otherwise as the Purchaser and Receiver agree, take all such action and do or cause to be done all such things as are, in the reasonable opinion of the Purchaser and the Receiver, necessary or proper in order that the value of such Rights is preserved and enures to the benefit of the Purchaser, and that any moneys due and payable and to become due and payable to the Purchaser in and under the Rights are received by the Purchaser. The Receiver shall promptly pay to the Purchaser all moneys collected by or paid to the Receiver in respect of every such Right. To the extent that such approval, consent, waiver or order of the Court has not been obtained by the 30th day following the Closing, such Right shall deemed to be an Excluded Asset and the Receiver may terminate any agreement pertaining to such Right. The Purchaser shall indemnify and hold the Receiver harmless from and against any claim or liability under or in respect of such Rights arising because of any action of the Receiver taken at the request of the Purchaser and in accordance with this Section. After the Closing and for a period of thirty (30) days following the Closing, the Receiver shall:

(a) maintain its existence and hold the Rights in trust for the Purchaser;

(b) comply with the terms and provisions of the Rights as agent for the Purchaser at the Purchaser's cost and for the Purchaser's benefit;

(c) cooperate with the Purchaser in any reasonable and lawful arrangements designed to provide the benefits of such Rights to the Purchaser; and

(d) enforce, at the reasonable request of the Purchaser and at the expense and for the account of the Purchaser, any rights of the Receiver arising from such Rights against any third Person, including the right to elect to terminate any such rights in accordance with the terms of such rights upon the written direction of the Purchaser.

Purchase Price

2.05 The purchase price payable by the Purchaser to the Receiver in consideration of the transfer of the Purchased Assets shall be the aggregate of ([redacted] plus $7,500 in connection with the Amendment Costs plus $38,832 in connection with the First Extension, the Second Extension and the Third Extension) for a total of [redacted] (the "**Purchase Price**"). The Purchase Price shall be exclusive of all applicable federal, provincial and municipal sales and other transfer Taxes.

2.06 The Purchaser and the Receiver acknowledge that the Receiver is holding a deposit in trust and without interest as a deposit in the sum of:

(a) [redacted] (10% of the Purchase Price);

(b) [redacted] (in respect of the Second Extension); and

(c) [redacted] (in respect of the Third extension)

(collectively, the "**Deposit**").

2.07 The Purchase Price shall be satisfied by the Purchaser on Closing as follows:

(a) the Receiver shall credit the Deposit against the Purchase Price; and

(b) the Purchaser shall pay the balance of the Purchase Price the Receiver by way of certified cheque or bank draft drawn on a Schedule 1 Canadian Chartered Bank or wire transfer, or as the Receiver may otherwise direct in writing.

2.08 On or before the Closing Date, the Purchaser and the Receiver shall agree upon the allocation of the Purchase Price among the Purchased Assets, which allocation shall be set out in the Offer Form. The Purchaser and the Receiver agree to file all necessary information returns, income tax returns and other similar documents with the applicable taxing authorities in a manner which is consistent with the allocation set forth in the Offer Form.

2.09 The Purchaser shall assume, fulfil, perform and be responsible for all liabilities and obligations relating to the Purchased Assets in respect of the period from and after the time of Closing, and the Purchaser shall indemnify and save harmless the Receiver and its directors, officers, servants, agents and employees in respect of all losses which may be brought against or suffered by the Receiver, its directors, officers, servants, agents or employees or which any of them may suffer, sustain, pay or incur as a result of any matter or thing arising out of, or resulting from, attributable to or connected with or relating to the Purchased Assets in respect of the period from and after the time of Closing. The covenants and agreements to indemnify made by the Purchaser in this **Section 2.10** shall survive Closing and not be subject to any limitation periods.

Releases

2.10 In addition to the Purchase Price to be paid by the Purchaser, the Purchaser, as assignee, confirms it has secured and will deliver to the Receiver on Closing (subject only to the delivery by the Receiver to the Purchaser or as it shall direct of the Purchased Assets) releases of the claims and the security held by four (4) secured creditors of the Company with combined claims against the Company of [redacted] in addition to delivery to the Receiver of the Purchase Price, in aggregate representing CDN [redacted] credit to the Receiver for distribution to the remaining secured creditors of the Purchase Price including:

(a) the Full and Final Release of BioNorth Technology Holding Corporation of its outstanding security from the Company in the current amount of approximately [redacted]

(b) the Full and Final Release of Jules Roy and Valerie Chort of their outstanding security from the Company in the current amount of approximately [redacted]; and

(c) the Full and Final Release of RJM and SARJ Equipment of their outstanding security from the Company in the current amount of approximately [redacted].

2.11 The Purchaser, as assignee, shall deliver the Full and Final Release of BioNorth of its subrogated rights pursuant to the *Mercantile Law Amendment Act* or otherwise of its claims arising from its payments to Hydro One Networks Inc. as recorded by Hydro One Networks Inc. by its letter dated March 5, 2019 representing a further release in the amount of [redacted].

Taxes

2.12 In addition to the Purchase Price, the Purchaser shall pay to the Receiver by way of certified cheque or bank draft drawn on a Schedule 1 Canadian Chartered Bank on the Closing Date any and all applicable, federal, provincial and municipal Taxes exigible in connection with the sale of the Purchased Assets by the Receiver to the Purchaser pursuant to this Agreement, including, without limitation, sales taxes. With respect to HST only, the Purchaser shall have the option of furnishing the Receiver at closing with an election under section 167 of the *Excise Tax Act* (Canada), which is in form and content satisfactory to the Receiver, acting reasonably, and the Purchaser shall file such election with its HST return for the reporting period in which the sale of the Purchased Assets takes place. The Purchaser shall indemnify and hold the Receiver harmless from any costs, expenses or damages suffered by the Receiver in the event an election or exemption was not, in fact, available under the *Excise Tax Act* (Canada) in relation to the sale of the Purchased Assets and as a result of the failure by the Purchaser to pay any Taxes exigible in accordance with this section, whether arising from reassessment required of it, or pursuant to the taxation or statutes governing the granting of such election or exemptions.

Approval and Vesting Order

2.13 As soon as practicable after the execution and delivery of this Agreement by the Purchaser and the acceptance thereof by the Receiver, the Receiver shall file an application with the Court for the Approval & Vesting Order and upon the delivery of the Receiver's Certificate (as referred to in the Approval & Vesting Order) to the Purchaser, all right, title and interest of the Receiver and the Company in and to the Purchased Assets shall be transferred to the Purchaser, free and clear of all Liens pursuant to the terms and conditions of this Agreement.

2.14 The Purchaser shall promptly cooperate with the Receiver in connection with the Receiver's attempt to obtain the Approval and Vesting Order from time to time. Without limiting the foregoing, the Purchaser shall forthwith provide such information and documentation as may be required by the Receiver, acting reasonably, from time to time in order to facilitate the granting of the Approval and Vesting Order.

2.15 If the Approval and Vesting Order has not been granted by the Court prior to the originally scheduled Closing Date, the Receiver shall have the right, by delivery of notice to the Purchaser, to extend the Closing Date to be the earlier of: (a) the first Business Day that is five days after the Approval and Vesting Order is obtained; and (b) the first Business Day that is 30 days after the originally scheduled Closing Date

3. "AS IS, WHERE IS"

3.01 As at the Closing Date, in respect of all of the Purchased Assets, the Purchaser acknowledges to and in favour of the Receiver, that it has inspected the Purchased Assets and, that the Purchased Assets are sold on an "as is, where is" basis at the dates or times specified above and that no representation, warranty or condition is expressed or implied as to title, description, fitness for purpose, location, merchantability, quantity, conditions or quality thereof or in respect of any other matter or thing whatsoever. The Purchaser acknowledges that the Receiver is not required to inspect or count, or provide any inspection or counting, of the Purchased Assets or any part thereof and the Purchaser shall be deemed, at its own expense, to have relied entirely on its own inspection and investigation. Without limiting the generality of the foregoing, any and all conditions, warranties and representations expressed or implied pursuant to the *Sale of Goods Act*, R.S.O. 1990, c. S-1, as amended from time to time, do not apply to the sale of the Purchased Assets and have been waived by the Purchaser. The Purchaser further acknowledges that the Receiver shall be under no obligation to deliver the Purchased Assets to the Purchaser and that it shall be the Purchaser's responsibility to take possession of the Purchased Assets.

3.02 The Purchaser acknowledges to and in favour of the Receiver that it has relied entirely upon its own inspection and investigation in entering into this Agreement and purchasing the Purchased Assets from the Receiver.

3.03 The Receiver shall not be required to produce any abstract of title, title deed, or documents or copies thereof or any evidence as to title, other than those in its possession.

4. REMOVAL OF ASSETS

4.01 The Purchaser acknowledges that if the Purchased Assets do not include the Premises, the Purchaser will be solely responsible for all occupancy costs, including but not limited to, taxes, maintenance, insurance, and utilities, during the Removal Period. The Purchaser will be provided with access to the Premises during the Removal Period for the purpose of removing the Purchased Assets.

4.02 The Purchaser shall indemnify and save the Receiver and its directors, officers, servants, agents and employees harmless from any and all losses which may be brought against or suffered by the Receiver, its directors, officers, servants, agents or employees or which they may sustain, pay or incur as a result or in respect of any matter or thing arising out of, resulting from, attributable to or connected with the Premises or the Purchased Assets and the Purchaser being provided access to the Premises during the Removal Period.

4.03 The covenants and agreements to indemnify made by the Purchaser in this Article shall survive the Closing and shall not be subject to any limitation periods.

4.04 At its own cost, the Purchaser (or its agents) shall remove the Purchased Assets from the Premises, ensuring that either its agents or the respective purchaser of' the Purchased Assets (the "**Removing Parties**") secure, dismantle, remove and take possession of the Purchased Assets from the Premises in a diligent, workmanlike, professional and competent manner, and in doing so will ensure that the Removing Parties exercise the care of a prudent owner, in order to ensure no damage is made to the Premises; and where damage has occurred, shall ensure that either it or the Removing Parties remedy and repair any damages and condition resulting from their removal of the Equipment, including to the extent required to comply with applicable building or electrical codes, at their own cost.

4.05 The Purchaser shall ensure that all of the Purchased Assets are removed from the Premises within the Removal Period and the Premises are left in a clean, broom-swept and electrically safe condition.

4.06 The Purchaser shall not be responsible or liable for any environmental conditions or damage (except for any damage caused by the removal of the Purchased Assets from the Premises). The Purchaser shall have no obligation to deal with, store or remove any hazardous, environmentally-regulated or waste substances of any kind including hydraulic oils, lubricants etc. in, on, under or affecting the Premises, except for those accidentally spilled from the Purchased Assets.

4.07 Prior to the Purchaser being allowed to enter upon the Premises, the Purchaser will provide the Receiver with evidence satisfactory to the Receiver of comprehensive general liability insurance and such other insurance as the Receiver may reasonably require, including personal injury and property damage and such other insurance which is advisable for protection against claims, liabilities and losses arising or related to the access to be provided to the Premises hereunder in the minimum amount of $5,000,000.

5. REPRESENTATIONS AND WARRANTIES OF THE RECEIVER

5.01 The Receiver hereby represents and warrants to and in favour of the Purchaser, understanding that such are being relied upon, as follows:

(a) the Receiver was appointed as the Receiver pursuant to the Appointment Order;

(b) subject to the Receiver obtaining the Approval & Vesting Order, the Receiver has the right, power and authority to enter into and perform its obligations under this Agreement and to convey the Purchased Assets to the Purchaser;

(c) the Receiver is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada); and

(d) the Company's HST number is 81575 5897 RT0001.

6. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

6.01 The Purchaser hereby represents and warrants to and in favour of the Receiver, understanding that such is being relied upon, as follows:

(a) the Purchaser has been duly and validly incorporated under the laws of the Province of Ontario and is a valid and subsisting corporation;

(b) the Purchaser has the corporate right, power and authority to enter into this Agreement and to complete the transactions contemplated hereby;

(c) all necessary actions and approvals have been taken or obtained by the Purchaser to authorize the creation, execution, delivery and performance of this Agreement;

(d) this Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms;

(e) neither this Agreement nor closing of the transaction contemplated by this Agreement by the Receiver contravenes any law, statute, by-law, rule, regulation, order, ordinance, protocol, decree or judicial, administrative, ministerial or departmental judgment, award or requirements of any Government Entity;

(f) The Purchaser is a "registrant" under Part IX of the *Excise Tax Act* (Canada) and its registration number is 715327490RT0001 or the Purchaser will be such a "registrant" at the Closing Time and will notify the Receiver of its registration number prior to such time;

(g) there is no requirement to make any filing with, give any notice to, or obtain any Authorization of any Governmental Entity as a condition to the lawful completion of the transaction contemplated by this Agreement.

7. CONDITIONS IN FAVOUR OF THE PURCHASER

7.01 The Purchaser's obligation to complete this Agreement is subject to satisfaction of the following Conditions Precedent on or before the Closing Date, provided that any such date may be extended by the mutual agreement of each of the Purchaser and the Receiver, and which conditions are inserted for the sole benefit of the Purchaser and may be waived only by the Purchaser by notice in writing to the Receiver on or before the Closing Date:

(a) the representations and warranties of the Receiver shall be true and correct as at the Closing Date; and

(b) as at the Closing Date, all of the terms, covenants and conditions of this Agreement to be performed or complied with by the Receiver at or prior to the Closing Date shall have been performed or complied with.

In the event that any of the foregoing conditions are not fulfilled or waived by the Purchaser on or before the Closing Date, this Agreement may be terminated at the Purchaser's option in accordance with **Section 11**.

8. CONDITIONS IN FAVOUR OF THE RECEIVER

8.01 The following conditions in favour of the Receiver must be fulfilled on or before the Closing Date, provided that any such date may be extended by the mutual agreement of each of the Purchaser and the Receiver, and which conditions are inserted for the sole benefit of the Receiver and may be waived only by the Receiver by notice in writing to the Purchaser on or before the Closing Date:

(a) the representations and warranties of the Purchaser shall be true and correct as of the Closing Date;

(b) the receipt of all deliveries to be made by the Purchaser as set out in **Section 14.02**;

(c) as of the Closing Date, no order shall have been made and no motion, action or proceeding shall be pending, threatened or commenced by any person, government, government authority, regulatory body or agency in any jurisdiction which seeks to restrain or prevent the sale of the Purchased Assets under this Agreement or seeks to restrict, prohibit or direct the Receiver not to complete the transaction contemplated by this Agreement; and

(d) as at the Closing Date, all of the terms, covenants and conditions of this Agreement to be performed or complied with by the Purchaser on or before the Closing Date shall have been performed or complied with.

In the event that any of the foregoing conditions are not fulfilled or waived by the Receiver on or before the Closing Date, this Agreement may be terminated by the Receiver in accordance with **Section 11**.

9. CONDITIONS IN FAVOUR OF THE RECEIVER AND THE PURCHASER

9.01 The following conditions in favour of the Receiver and the Purchaser must be fulfilled on or before the Closing Date or such other date as provided for below, provided that any such date may be extended by the mutual agreement of each of the Purchaser and the Receiver, and which conditions are inserted for the benefit of each of the Receiver and the Purchaser and may be waived only by both of the Receiver and Purchaser on or before the Closing Date or such other date as provided for below, as applicable:

(a) the Approval & Vesting Order shall have been obtained and shall not have been enjoined, restricted, stayed, varied, set aside, reversed, dismissed and/or appealed, or if appealed, such appeal shall have been dismissed and all relevant appeal periods shall have expired.

Each of the Purchaser and the Receiver covenant to and in favour of the other to use its Best Efforts to ensure that the foregoing conditions are met on or before the Closing Date or such other date as provided for under this Agreement.

In the event that any of the foregoing conditions are not waived by the Receiver and the Purchaser or fulfilled as required on or before the Closing Date or such other date as specified above, then this Agreement may be terminated by the Receiver or the Purchaser in accordance with **Section 11**.

10. CONFIDENTIALITY

10.01 Any Confidentiality Agreement between the Purchaser and the Receiver agreed to and accepted shall continue to be of full force and effect.

11. TERMINATION

11.01 This Agreement may be terminated upon the occurrence of any of the following:

(a) upon the mutual written agreement of the Receiver and the Purchaser;

(b) by the Purchaser pursuant to **Section 7.01**;

(c) by the Receiver pursuant to **Section 8.01**;

(d) by the Purchaser or the Receiver pursuant to **Section 9.01** or **12.01**; and

(e) by either of the Parties if the Approval & Vesting Order has not been issued by the Court by the Closing Date (as extended hereunder).

11.02 If this Agreement is terminated:

(a) all obligations of each of the Receiver and the Purchaser hereunder shall be at an end;

(b) the Receiver shall return the Deposit to the Purchaser, without interest, unless this Agreement is terminated by the Receiver due to a breach of conditions set out in **Sections 8.01(a)** or **8.01(c)**, in which case the Receiver shall retain the Deposit;

(c) the Purchaser shall destroy or return to the Receiver any "confidential information" in its possession in accordance with any Confidentiality Agreement as described in **Section 10.01** hereof; and

(d) neither party shall have any right to specific performance, to recover damages or expenses or to any other remedy or relief other than as provided herein.

12. RISK OF LOSS

12.01 The Purchased Assets shall be and remain at the risk of the Receiver, as its interests may appear, until 12:01 a.m. on the date immediately following the Closing Date. From and after such date and time, the Purchased Assets shall be at the risk of the Purchaser. In the event that the Purchased Assets shall be damaged prior to Closing, then the Receiver shall advise the Purchaser, in writing, within twenty-four (24) hours of the Receiver learning of same. In the event that the Purchased Assets shall be materially damaged prior to Closing then the Receiver or Purchaser shall be entitled, in its sole and absolute discretion, to elect to terminate this Agreement by notice, in writing, to the other party and in such event the Parties hereto shall be released from all obligations and liabilities hereunder. If the parties shall not elect to terminate this Agreement as set out above, then the Transaction shall be completed and the Purchaser shall be entitled to all proceeds of insurance payable in respect thereof, if any.

13. NOTICE

13.01 Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and shall be given by personal delivery, facsimile, electronic mail or similar means of recorded electronic communication addressed to the recipient as follows:

to the Receiver:

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

Attention: Dan Wootton / Jason Knight
Email: Dan.Wootton.ca.gt.com / Jason.Knight.ca.gt.com

with a copy to:

Cassels Brock & Blackwell LLP
2100 Scotia Plaza, 40 King Street West
Toronto, ON M5H 3C2
5000 Yonge Street, 10th Floor

Attention: Larry Ellis / Monique Sassi
Email: LEllis@casselsbrock.ca / MSassi@casselsbrock.com

to Bionorth:

BioNorth Technology Holding Corporation
Unit 8, 7777 Keele Street
Concorde, ON L4K 4S8

Attention: Frank Benincasa
Email: fbenincasa@bionorthgrp.com

with a copy to:

Peter R. Welsh Professional Corporation
203-1540 Cornwall Road
Oakville, ON L6J 7W5

Attention: Peter R. Welsh
Email: peter@welshlaw.ca

to Purchaser:

2576642 Ontario Limited
41 Beverlyglen Drive,
Lynden, L0R1T0

Attention: Frank Benincasa
Email: fbenincasa@bionorthgrp.com

with a copy to:

Peter R. Welsh Professional Corporation
203-1540 Cornwall Road
Oakville, ON L6J 7W5

Attention: Peter R. Welsh
Email: peter@welshlaw.ca

or to such other address as may be designated by notice given by either party to the other. Any notice or other communication given by personal delivery shall be deemed to have been given on the day of actual delivery thereof and, if given by electronic communication, on the day of transmittal thereof if given during the normal business hours of the recipient and on the business day during which such normal business hours next occur if not given during such hours on any day.

14. CLOSING DELIVERIES

14.01 At Closing, the Receiver shall surrender the Purchased Assets to the Purchaser at their then current location. On or before the Closing Date or such other date specified below, the Receiver shall deliver to the Purchaser the following:

(a) a general conveyance of the Purchased Assets to the Purchaser;

(b) a copy of the issued Approval & Vesting Order and the Receiver's Certificate (as referred to in the Approval and Vesting Order); and

(c) a joint election regarding HST, if applicable.

14.02 On or before the Closing Date or such other date as provided for below, the Purchaser shall deliver to the Receiver or such other party specified below:

(a) the payments referred to in **Sections 2.07(b)** and **2.11**;

(b) a joint election regarding HST, if applicable; and

(c) all deeds of conveyance, bills of sale, transfers, assignments, and such other agreements, documents and instruments as may be reasonably requested by the Receiver or the Receiver's solicitors to complete the transaction contemplated herein.

15. GENERAL PROVISIONS

15.01 Each of the Receiver and the Purchaser shall from time to time at the cost of the requesting party execute and deliver all such further documents and instruments and do all acts and things as the other party may, either before or after the Closing Date, reasonably require to properly give effect to the sale, assignment and transfer of the Purchased Assets to the Purchaser.

15.02 Time shall be of the essence of this Agreement.

15.03 This Agreement constitutes the entire Agreement between the parties hereto and supersedes all prior oral or written agreements, understandings, representations and warranties, and courses of conduct in dealing between the parties on the subject matter hereof. This Agreement may only be amended, modified or supplemented by an instrument in writing executed by both of the parties hereto.

15.04 This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada in force in the Province of Ontario without regard to conflict of laws principles.

15.05 All dollar amounts referred to in this Agreement are in Canadian dollars.

15.06 The representations and warranties made by each of the Receiver and Purchaser herein shall not merge on Closing and shall survive Closing.

15.07 Each of the parties hereto will be responsible for and shall pay all costs and expenses (including fees and expenses of legal counsel and any other advisors) each party incurs in connection with the negotiation, preparation and execution of this Agreement.

15.08 Subject to the Approval & Vesting Order being issued by the Court, this Agreement is intended to create binding obligations on the part of the Receiver as set forth herein and on acceptance by the Purchaser, is intended to create binding obligations on the part of the Purchaser, as set out herein.

15.09 This Agreement shall be binding upon and enure solely to the benefit of each of the parties hereto and its permitted assigns and nothing in this Agreement, express or implied, is intended to confer upon any other person any rights or remedies of any nature whatsoever under or by reason of this Agreement. Nothing in this Agreement shall be construed to create any rights or obligations except between the parties hereto, and no person or entity shall be regarded as a third party beneficiary of this Agreement. Each of the parties hereto agrees that all provisions of this Agreement, and all provisions of any and all documents and security delivered in connection herewith, shall not merge and except where otherwise expressly stipulated herein, survive the closing of the transactions contemplated by this Agreement.

15.10 The Purchaser may assign this Agreement or any rights or obligations arising under this Agreement with the prior written consent of the other Parties.

15.11 If, following the Closing Date, any of the Purchased Assets are paid to or otherwise received by the Receiver, or if any of the Excluded Assets are paid to or otherwise received by the Purchaser, then the Receiver or the Purchaser, as the case may be, shall hold such assets in trust for the other and shall promptly deliver such assets to the Receiver or the Purchaser, as the case may be.

15.12 In the event that any particular provision or provisions or a part of a provision of this Agreement is found to be void, voidable or unenforceable for any reason whatsoever, then the particular provision or provisions or part of the provision of this Agreement shall be deemed severed from the remainder of this Agreement and all other provisions shall remain in full force and effect.

15.13 Each party to this Agreement hereto acknowledges that it and its legal counsel have reviewed and participated in settling the terms of this Agreement and the parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party shall not be applicable in the interpretation of this Agreement.

15.14 Except as required by law, all public announcements concerning the transactions provided for in this Agreement or contemplated by this Agreement shall be jointly approved as to form, substance and timing by the parties to this Agreement after consultation. This Agreement shall be considered properly executed and delivered by any party if executed in counterpart and transmitted by facsimile to the other party.

15.15 The Purchaser acknowledges and agrees that the Receiver is entering into this Agreement solely in its capacity as the Receiver and the Receiver shall not incur personal or corporate liability of any kind whatsoever, in contract, in tort, or at equity as a result of its entering into this Agreement or performing, or failing to perform any of its obligations hereunder. Any claim against the Receiver shall be limited to and only enforceable against the property and assets then held by or available to it in its capacity as receiver of the undertakings, properties and assets of the Company and shall not apply to its personal property and other assets held by it in any other capacity. The term "Receiver" as used in this Agreement shall have no inference or reference to the present registered owner of the Purchased Assets.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF the parties have duly executed this Agreement this 29th day of July, 2019.

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

Per: Dan Wootton
Name: Dan Wootton
Title: Senior Vice-President

2576642 ONTARIO LIMITED

Per: ______________________________
Name: Frank Benincasa
Title: President

(I have authority to bind the Corporation)

BIONORTH TECHNOLOGY HOLDINGS CORP

Per: ______________________________
Name: Frank Benincasa
Title: President

(I have authority to bind the Corporation)

IN WITNESS WHEREOF the parties have duly executed this Agreement this 29th day of July, 2019.

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

Per: ______________________________
Name: Dan Wootton
Title: Senior Vice-President

2576642 ONTARIO LIMITED

Per: ______________________________
Name: Frank Benincasa
Title: President

(I have authority to bind the Corporation)

BIONORTH TECHNOLOGY HOLDINGS CORP

Per: ______________________________
Name: Frank Benincasa
Title: President

(I have authority to bind the Corporation)

Schedule "A"

Purchased Assets

As such items are described in the Conditions of Sale:

All of Parcels 1 to 9 set out in Schedules "1" to "9" attached

Offer Form

To: **Grant Thornton Limited,**
Court-appointed receiver and manager of
1793082 Ontario Ltd., o/a K.D. Quality Pellets
200 King Street West, 11th Floor
Toronto, Ontario,
Canada M5H 3T4
Attention: Jason Kanji

BioNorth Technology Holding Corporation

(Name of Bidder)

Unit 8, 7777 Keele Street, Concorde, ON L4K 4S8

Address of Bidder

Frank Benincasa, President

(Person to be Contacted)

(647) 707-1351

Telephone Number | Facsimile Number

fbenincasa@bionorthgrp.com

Email Address

1. Subject to and on the conditions attached hereto, I/We hereby offer to purchase from Grant Thornton Limited, as court-appointed receiver and manager (in such capacities, the "**Receiver**") of 1793082 Ontario Ltd., o/a K.D. Quality Pellets ("**Company**" or the "**KD Pellets**"), all of the right, title and interest, if any, of KD Pellets in the following assets and undertaking (the "**Assets**"), en bloc or otherwise:

PURCHASE PRICE ALLOCATION

Parcel 1	**Land & Buildings** – approximately 90 acres of land and the four (4) buildings included on same pursuant to the list attached as **Schedule "1"** to this Offer Form.	[redacted]	(CAD)
Parcel 2	**Pellet Mill Equipment** – the entire pellet press system, exterior silos and augers, and various other equipment pursuant to the list attached as **Schedule "2"** to this Offer Form.	[redacted]	(CAD)
Parcel 3	**Lab Equipment** – the various testing and quality measurement equipment pursuant to the list attached as **Schedule "3"** to this Offer Form.	[redacted]	(CAD)

Parcel 4	**Caterpillar Loader** – a 2012 Caterpillar 950K Wheel Loader pursuant to the details outlined in **Schedule "4"** attached to this Offer Form.	[redacted]	(CAD)
Parcel 5	**Train Grain Loaders** – two 2014 Lode King "Super B" Train Grain Loaders pursuant to the details outlined in **Schedule "5"** attached to this Offer Form.	[redacted]	(CAD)
Parcel 6	**Horizontal Wood Grinder** – a 2006 Vermeer Horizontal Industrial Grinder pursuant to the details outlined in **Schedule "6"** attached to this Offer Form.	[redacted]	(CAD)
Parcel 7	**Other Moveable Equipment** – other machinery and equipment located on the Premises pursuant to the list attached as **Schedule "7"** to this Offer Form.	[redacted]	(CAD)
Parcel 8	**Office Equipment** – including but not limited to desks, tables, filing cabinets, photocopiers, TV's and monitors, pursuant to the list attached as **Schedule "8"** to this Offer Form.	[redacted]	(CAD)
Parcel 9	**Other Assets** – including but not limited to shelving, kitchen appliances, and storage bins pursuant to the list attached as **Schedule "9"** to this Offer Form.	[redacted]	(CAD)

2. Enclosed is my/our certified cheque or bank draft payable to "Grant Thornton Limited, in Trust", in the total amount of [redacted] as a deposit representing ten percent (10%) of the total amount of the Purchase Price submitted herein (the "**Deposit**").

3. This Offer is:

   a) X an en-bloc offer and is therefore conditional upon acceptance of all of the specific parcels for which bids are entered above; or

   b) ☐ not an en-bloc offer whereby the Receiver may accept any, all, or any combination of the specific parcels for which bids are entered above.

   (please mark with an "X" in one of the two alternative subparagraph boxes above to indicate the type of offer)

4. In the event that I/we omit or neglect to mark one of the boxes in subparagraphs 3(a) and 3(b) above, I/we agree that my/our offer shall be an en-bloc offer and the provisions of subparagraph 3(a) shall apply as if I/we had selected and marked that same subparagraph.

5. The undersigned acknowledges and agrees that this offer shall become irrevocable on April 17, 2019 and the Deposit shall be forfeited to the Receiver on account of liquidated damages if the offer is withdrawn by the Bidder after April 17, 2019.

6. The undersigned acknowledges the receipt of the Standard Terms and Conditions as set forth in **Appendix "B"** of this Memorandum (the "**Standard Terms and Conditions**"). The undersigned acknowledges that this offer is subject to said Standard Terms and Conditions, including, without limitation, that the Receiver reserves the right not to accept the highest or any offer submitted.

7. The undersigned acknowledges that it will be submitting an executed sale agreement for the purchase of the Assets (the "**Agreement of Purchase and Sale**"), as provided by the Receiver, with this Offer, along with a blackline against the form of agreement of purchase and sale provided by the Receiver outlining any changes or conditions of the Bidder. The Agreement of Purchase and Sale provided by the undersigned may be capable of acceptance by the Receiver, in its discretion, but there shall be no obligation for the Receiver to accept the Agreement of Purchase and Sale and the Receiver may request such additional terms as are necessary or desirable in its sole discretion.

[remainder of page intentionally left blank]

DATED at Toronto, this 17th day of April, 2019.

(Signature of Witness) (Signature of Person)

– OR –

BioNorth Technology Holding Corporation
(Name of Corporation)

Authorized Signing Officer
Name: Frank Benincasa
Title: President

APPENDIX "A" ATTACHED HERETO

SCHEDULES "1" to "9" ATTACHED HERETO

AGREEMENT OF PURCHASE AND SALE ATTACHED HERETO

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

APPENDIX "A"

TO THE OFFER FORM

SUBMITTED BY:

BIONORTH TECHNOLOGY HOLDING CORPORATION

("Bidder")

April 17, 2019

1. The Bidder offers to purchase from the Receiver all of the right, title and interest in and the Receiver shall, on Closing, deliver to the Bidder or as it shall direct, all of the contents of Parcels "1" to "9", inclusive as set out in Schedules "1" to "9" inclusive as attached hereto and represented by the Receiver to be the Assets of KD Pellets available to be purchased from the Receiver free and clear of all encumbrances.

2. The Bidder offers to purchase the Assets for the cash payment on Closing of CDN [redacted] including a Deposit of [redacted] both by Bank Draft or certified cheque.

3. Upon acceptance of the Bidder's offer, the Receiver shall no later than 10 Business days before Closing obtain in form and content reasonably satisfactory to the Bidder a Vesting Order issued by the Superior Court of Justice (Ontario) in favour of the Bidder or as it shall direct such that the Assets are conveyed to the Bidder (or as it shall direct) free and clear of all encumbrances.

CREDITOR RELEASES

4. In addition to the Purchase Price to be paid by the Bidder, the Bidder confirms it has secured and will deliver to the Receiver on Closing (subject only to the delivery by the Receiver to the Bidder or as it shall direct of the Assets) releases of the claims and the security held by 4 Secured Creditors of KD Pellets with combined claims against KD Pellets of [redacted] in addition to delivery to the Receiver of the Purchase Price, in aggregate representing [redacted] credit to the Receiver for distribution to the remaining Secured Creditors of the Purchase Price including:

a) the Full and Final Release of BioNorth Technology Holding Corporation of its outstanding security from KD Pellets in the current amount of approximately [redacted]

b) the Full and Final Release of Jules Roy and Valerie Chort of their outstanding security from KD Pellets in the current amount of approximately [redacted]

c) the Full and Final Release of RJM and SARJ Equipment of their outstanding security from KD Pellets in the current amount of approximately [redacted]

5. In addition to the foregoing, the Bidder shall deliver the Full and Final Release of BioNorth Technology Holding Corporation of its subrogated rights pursuant to the *Mercantile Law Amendment Act* or otherwise of its claims arising from its payments to Hydro One Networks Inc. as recorded by Hydro One Networks Inc. by its letter dated March 5, 2019 appended hereto representing a further release in the amount of [redacted]

Schedule "B"

Permitted Liens

NIL

TAB 6

AMENDED AND RESTATED
AGREEMENT OF PURCHASE AND SALE

Between

~~**Grant Thornton Limited**~~,

GRANT THORNTON LIMITED,

in its capacity as the Court-appointed receiver and manager of the assets, properties and undertakings of 1793082 Ontario Ltd., o/a K.D. Quality Pellets, and not in its personal or corporate liability

- and ~~-~~ -

BIONORTH TECHNOLOGY HOLDING CORPORATION ("Bionorth")

a corporation existing under the laws of the Province of Ontario

~~**April 17, 2019**~~ - and -

2576642 ONTARIO LIMITED,

a corporation existing under the laws of the Province of Ontario
and in its capacity as assignee of Bionorth

July 29, 2019

AMENDED AND RESTATED
AGREEMENT OF PURCHASE AND SALE

THIS AMENDED AND RESTATED AGREEMENT AND PURCHASE AGREEMENT is made the ~~17~~29th day of ~~April~~July, 2019

BETWEEN:

Grant Thornton Limited, in its capacity as the
Court-appointed receiver and manager of the assets, properties and undertakings of
1793082 Ontario Ltd., o/a K.D. Quality Pellets, and not in its personal or corporate liability

(hereinafter referred to as the "**Receiver**")

- and -

BIONORTH TECHNOLOGY HOLDING CORPORATION ("Bionorth")
a corporation existing under the laws of the Province of Ontario

- and -

~~**BioNorth Technology Holding Corporation**~~**2576642 ONTARIO LIMITED**,
a corporation ~~incorporated~~
existing under the laws of ~~[~~the Province of Ontario~~]~~
and in its capacity as assignee of **Bionorth**
(hereinafter referred to as the "**Purchaser**")

WHEREAS:

(a) Pursuant to the Appointment Order (as defined herein), the Receiver was appointed as Receiver of all of the assets, properties and undertakings (collectively, the "**Assets**") of 1793082 Ontario Ltd., o/a K.D. Quality Pellets (the "**Company**");

(b) Pursuant to an order of the Court (as defined herein) dated February 22, 2019, the Court approved the sale process proposed by the Receiver for the sale of the Assets (the "**Sale Process**"); and

(c) The Receiver conducted the Sale Process, selected Bionorth as the successful bidder pursuant to the Sale Process and executed a sale agreement with Bionorth dated April 17, 2019 (the "**Original Purchase Agreement**").

(d) Pursuant to an order of the Court dated May 22, 2019, the Court, among other things approved the sale transaction contemplated in the Original Purchase Agreement (the "**Approval and Vesting Order**").

(e) Bionorth has assigned its rights under the Original Purchase Agreement to the Purchaser and the Purchaser agrees to be bound by the terms of the Original Purchase Agreement as well as this Agreement.

(f) The Purchaser has requested that the Receiver bring a motion to amend the Original Purchase Agreement and approve this Agreement as well as, amend the Approval and Vesting Order.

(g) There was a dispute regarding certain Purchased Assets namely the (i) 2012 Caterpillar Model 950K (S/N: 950KCR4A00970); (ii) 2006 Vermeer Horizontal Grinder (S/N: N1VRY4531271000225) and (iii) 2012 Caterpillar C16 Engine (S/N: BFM002822) (collectively, the "**Disputed Collateral**").

(h) The Purchaser has conducted diligence in connection with the Disputed Collateral including inspecting the Disputed Collateral and has agreed to purchase the Disputed Collateral, as Purchased Assets, as is, in accordance with the terms of this Agreement.

(i) Bionorth requested an extension to close the Sale Transaction (as defined below) on about May 16, 2019. The Receiver agreed to such extension (the "**First Extension**") and as agreed by the Parties, the Deposit was reduced by an amount of $10,944 to cover the costs of the First Extension.

(j) Bionorth requested a second extension to close the Sale Transaction (as defined below) on about June 26, 2019. The Receiver agreed to such extension (the "**Second Extension**") and as agreed by the Parties, Bionorth increased the amount of the Deposit by [redacted] to the cover the costs of the Second Extension.

(k) Bionorth requested a third extension to close the Sale Transaction (as defined below) on about July 24, 2019. The Receiver agreed to such extension (the "**Third Extension**") and as agreed by the Parties, Bionorth increased the amount of the Deposit by a further [redacted] to the cover the costs of the Third Extension.

(l) The Receiver and the Purchaser agree that it will be mutually beneficial for the Original Purchase Agreement and the Approval and Vesting Order to be amended to reflect the inclusion of the Disputed Collateral as Purchased Assets, new Purchaser entity and certain other minor amendments to reflect factual developments.

(m) The Purchaser has agreed to increase the Purchase Price by $7,500 in order to contribute to the costs of these amendments (the "**Amendment Costs**").

(n) Therefore, the Receiver, Bionorth and the Purchaser have agreed to amend and restate the Original Purchase Agreement to effect certain amendments such as reflected in this Agreement.

(o) ~~(c)~~ Subject to an Order being issued by the Court approving the sale of the Purchased Assets (as defined herein) and pursuant to the terms of this Agreement (as defined herein), the Purchaser, as assignee, has offered to purchase the Purchased Assets and the Receiver has accepted such offer on the terms and conditions contained herein.

NOW THEREFORE THIS AGREEMENT WITNESSETH that, in consideration of the mutual premises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties agree as follows:

1. DEFINITIONS

1.01 In this Agreement, the following terms shall have the meanings set out below unless the context requires otherwise:

"**Agreement**" means this agreement and all schedules and instruments in amendment or confirmation of it; and the expressions "article" and "section" followed by a number mean and refer to the specified article or section of this agreement. The words "herein", "hereof", "hereto" and "hereunder" refer to this Agreement.

"**Appointment Order**" means the order of the Court dated February 22, 2019 appointing Grant Thornton Limited as the receiver of the Assets.

"**Approval & Vesting Order**" means an order of the Court (i) approving this Agreement and authorizing and directing the Receiver to complete the terms of this Agreement and (ii) providing for the vesting and/or the transfer of the Purchased Assets in and to the Purchaser free and clear of all claims, liabilities and encumbrances. For greater certainty, the Approval & Vesting Order shall be substantially in the form of the model order approved by the "Ontario Commercial List Users Committee".

"**Assets**" has the meaning ascribed thereto in Recital A of this Agreement.

"**Authorization**" means, with respect to any Person, any order, permit, approval, waiver, licence or similar authorization of any Governmental Entity having jurisdiction over the Person.

"**Best Efforts**" means the reasonable efforts that a prudent Person who desires to achieve a specified result would use in similar circumstances to ensure that the result is achieved as expeditiously as possible without the necessity of assuming any material obligations or paying any material amounts to any unrelated third party.

"**Books and Records**" means all sales and purchase records, customer and supplier lists, lists of potential customers, referral sources, research and development reports and records, production reports and records, accounting records, equipment logs, operating guides and manuals, business reports and all other documents, files, correspondence and other information (whether in written, printed, electronic or computer printout form) relating to that part of the Business which was carried on by the Company utilizing the Purchased Assets.

"**Business**" means all aspects, direct and indirect, of the management, conduct and operation of the business conducted by the Company at 999562 Highway 11 North, Harley, Ontario, including, without limitation, the management, conduct and operation of the business carried on using or related to the registered business names.

"**Business Day**" means any day of the year, other than a Saturday, Sunday or any day on which banks are required or authorized to close in Toronto, Ontario.

"**Closing**" means the closing of the transaction contemplated by this Agreement.

"**Closing Date**" means ~~the tenth (10th) Business Day after the issuance of the Approval & Vesting Order~~August 26, 2019., and such closing may be extended by the mutual agreement of each of the Purchaser and the Receiver.

"**Company**" has the meaning ascribed thereto in Recital A of this Agreement.

"**Conditions Precedent**" means those conditions in favour of the Purchaser set out in **Section 7.01**, those conditions in favour of the Receiver set out in **Section 8.01** and those conditions in favour of the Purchaser and Receiver set out in **Section 9.01**.

"**Conditions of Sale**" means the conditions of sale pursuant to which certain of the Assets, including the Purchased Assets have been offered for sale by the Receiver.

"**Contracts**" means any contracts, personal property leases, licenses from any Person, development agreements, distribution agreements and any other similar agreement between any of the Company or the Receiver and any Person relating in any way to the Purchased Assets.

"**Court**" means the Ontario Superior Court of Justice (Commercial List).

"**Deposit**" has the meaning ascribed thereto in **Section 2.06**.

"**Excluded Assets**" has the meaning ascribed thereto in **Section 2.02**.

"**Excluded Contracts**" means any and all Contracts other than those specified in **Schedule "A"**.

"**Governmental Entity**" means (i) any multinational, federal, provincial, state, municipal, local or other government or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign (ii) any subdivision or authority of any of the foregoing, or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above.

"**Intellectual Property**" means any and all right, title and interest of the Company in and to (i) the trade marks, trade names, business names, brand names, service marks, telephone numbers, facsimile numbers, copyrights, including any performing, author or moral rights, designs, inventions, industrial designs, logos, patents, formulas, recipes, processes, know-how, trade secrets, technology, shelf-space listings, films, plates and advertising materials (wheresoever situate) owned by the Company relating to the Purchased Assets and all goodwill related to any of the foregoing; and (ii) any applications, registrations, renewals, extensions, continuations, divisions or reissues thereof now or hereafter in force.

"**Laws**" means any and all applicable federal or provincial laws including all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, ruling or awards, policies, guidelines and general principles of common and civil law and equity, binding on or affecting the Person referred to in the context in which the word is used.

"**Premises**" means the following premises owned and occupied by the Company at which the Business was carried on: 999562 Highway 11 North, Harley, Ontario together with any other real property upon which the Company carried on the Business.

"**Lien**" means any mortgage, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), title retention agreement or arrangement, restrictive covenant or other encumbrance of any nature or any other arrangement or condition which, in substance, secures payment or performance of an obligation.

"**Offer Form**" means the form attached as Appendix "A" to the confidential information memorandum dated March 6, 2019 prepared and distributed by the Receiver.

"**Parties**" means the Receiver, the Purchaser, Bionorth and any other Person who may become a party to this Agreement.

~~[~~"**Permitted Liens**" means the security interests listed in **Schedule "B"**.~~]~~

"**Person**" is to be broadly interpreted and includes a natural person, partnership, limited liability partnership, corporation, joint stock company, trust, unincorporated association, joint venture or other entity or Governmental Entity, and pronouns have a similarly extended meaning.

"**Purchased Assets**" has the meaning ascribed thereto in **Section 2.01**.

"**Receiver**" has the meaning ascribed thereto on the face page of this Agreement.

"**Removal Period**" means the period from the date of the issuance of the Approval and Vesting Order until ● days later or such other period as agreed to in writing by the Receiver and the Purchaser and with respect to the Premises.

"**Removing Parties**" has the meaning ascribed thereto in Section ~~**4.04**.~~4.04

"**Rights**" has the meaning ascribed thereto in **Section 2.03** of this Agreement.

"**Taxes**" means all federal, provincial and municipal taxes levied by any Governmental Entity including, without limitation, land transfer taxes and Ontario harmonized sales tax ("**HST**").

2. PURCHASE AND SALE OF ASSETS

The Purchased Assets

2.01 Upon the terms and subject to the conditions set forth in this Agreement, on the Closing Date, the Receiver shall sell, assign and transfer to the Purchaser (the "**Sale Transaction**") all of the Receiver's and all of the Company's right, title and interest, if any, in and to those Assets set forth and described in **Schedule "A"** which are set out in Schedules "1" to "9" attached hereto (collectively, the "**Purchased Assets**"). The Purchased Assets shall not include the Excluded Assets.

2.02 The Excluded Assets shall consist of the following Assets:

(a) all cash, bank balances, funds on deposit with banks or other depositories and other similar items owned or held by or for the account of the Receiver the Company as at the Closing Date, including the Purchase Price;

(b) all accounts receivable, choses in action, book debts and any other amounts due, owing or accruing due to the Receiver or the Company in connection with or arising from any part of the Business up to the Closing Date and the benefit of all security (including cash deposits), guarantees and other collateral held by the Company or the Receiver in respect thereof;

(c) all amounts owing to the Company by any and all federal, provincial, municipal and other governmental authorities whatsoever;

(d) all extra-provincial sales, excise or other Licences or registrations issued to or held by the Company, other than exclusively in respect of the Purchased Assets;

(e) any refunds in respect of reassessments for any Taxes paid or payable by the Company or the Receiver on or prior to the Closing Date with respect to the Business;

(f) refundable Taxes;

(g) all amounts owing from any director, officer, former director or officer, shareholder, employee or any affiliate;

(h) insurance policies of the Company or the Receiver relating to the Premises and the Purchased Assets and all rights in connection therewith including any rights to payments thereunder upon the occurrence of an insured event or refunds of insurance payments except for insured events in respect of the Purchased Assets for which proceeds of insurance shall be paid to the Purchaser;

(i) the Books and Records; and

(j) all Excluded Contracts.

2.03 To the extent that any of the Purchased Assets to be transferred to the Purchaser on the Closing, or any claim, right or benefit arising under or resulting from such Purchased Assets (collectively, the "**Rights**") is not capable of being transferred without the approval, consent or waiver of any third Person, or if the transfer of a Right would constitute a breach of any obligation under, or a violation of, any applicable Law unless the approval, consent or waiver of such third Person or an order of the Court is obtained, then, except as expressly otherwise provided in this Agreement and without limiting the rights and remedies of the Purchaser contained elsewhere in this Agreement, this Agreement shall not constitute an agreement to transfer such Rights unless and until such approval, consent, waiver or order of the Court has been obtained. It shall be the Purchaser's sole responsibility to obtain, at its own expense, any consent, approval, waiver or any further documentation or assurances which may be required to transfer any Right to the Purchaser except the Approval & Vesting Order which shall be the Receiver's sole responsibility to obtain at its own expense.

2.04 In order that the full value of the Rights may be realized for the benefit of the Purchaser, the Receiver shall, at the request and expense and under the direction of the Purchaser, in the name of the Receiver or otherwise as the Purchaser and Receiver agree, take all such action and do or cause to be done all such things as are, in the reasonable opinion of the Purchaser and the Receiver, necessary or proper in order that the value of such Rights is preserved and enures to the benefit of the Purchaser, and that any moneys due and payable and to become due and payable to the Purchaser in and under the Rights are received by the Purchaser. The Receiver shall promptly pay to the Purchaser all moneys collected by or paid to the Receiver in respect of every such Right. To the extent that such approval, consent, waiver or order of the Court has not been obtained by the 30th day following the Closing, such Right shall deemed to be an Excluded Asset and the Receiver may terminate any agreement pertaining to such Right. The Purchaser shall indemnify and hold the Receiver harmless from and against any claim or liability under or in respect of such Rights arising because of any action of the Receiver taken at the request of the Purchaser and in accordance with this Section. After the Closing and for a period of thirty (30) days following the Closing, the Receiver shall:

(a) maintain its existence and hold the Rights in trust for the Purchaser;

(b) comply with the terms and provisions of the Rights as agent for the Purchaser at the Purchaser's cost and for the Purchaser's benefit;

(c) cooperate with the Purchaser in any reasonable and lawful arrangements designed to provide the benefits of such Rights to the Purchaser; and

(d) enforce, at the reasonable request of the Purchaser and at the expense and for the account of the Purchaser, any rights of the Receiver arising from such Rights against any third Person, including the right to elect to terminate any such rights in accordance with the terms of such rights upon the written direction of the Purchaser.~~2.05~~

Purchase Price

2.05 ~~**2.06**~~ The purchase price payable by the Purchaser to the Receiver in consideration of the transfer of the Purchased Assets shall be the aggregate of [redacted] plus $7,500 in connection with the Amendment Costs plus $38,832 in connection with the First Extension, the Second Extension and the Third Extension) for a total of [redacted] (the "**Purchase Price**"). The Purchase Price shall be exclusive of all applicable federal, provincial and municipal sales and other transfer Taxes.

2.06 ~~**2.07**~~ The Purchaser and the Receiver acknowledge that the Receiver is holding a deposit in trust and without interest as a deposit in the sum of: ~~$~~

(a) [redacted] (10% of the Purchase Price)~~, in trust and without interest as a deposit~~;

(b) [redacted](in respect of the Second Extension); and

(c) [redacted] (in respect of the Third extension)

(collectively, the "**Deposit**").

2.07 ~~**2.08**~~ The Purchase Price shall be satisfied by the Purchaser on Closing as follows:

(a) the Receiver shall credit the Deposit against the Purchase Price; and

(b) the Purchaser shall pay the balance of the Purchase Price the Receiver by way of certified cheque or bank draft drawn on a Schedule 1 Canadian Chartered Bank or wire transfer, or as the Receiver may otherwise direct in writing.

2.08 ~~**2.09**~~ On or before the Closing Date, the Purchaser and the Receiver shall agree upon the allocation of the Purchase Price among the Purchased Assets, which allocation shall be set out in the Offer Form. The Purchaser and the Receiver agree to file all necessary information returns, income tax returns and other similar documents with the applicable taxing authorities in a manner which is consistent with the allocation set forth in the Offer Form.

2.09 ~~2.10~~ The Purchaser shall assume, fulfil, perform and be responsible for all liabilities and obligations relating to the Purchased Assets in respect of the period from and after the time of Closing, and the Purchaser shall indemnify and save harmless the Receiver and its directors, officers, servants, agents and employees in respect of all losses which may be brought against or suffered by the Receiver, its directors, officers, servants, agents or employees or which any of them may suffer, sustain, pay or incur as a result of any matter or thing arising out of, or resulting from, attributable to or connected with or relating to the Purchased Assets in respect of the period from and after the time of Closing. The covenants and agreements to indemnify made by the Purchaser in this **Section 2.10** shall survive Closing and not be subject to any limitation periods.

Releases

2.10 In addition to the Purchase Price to be paid by the Purchaser, the Purchaser, as assignee, confirms it has secured and will deliver to the Receiver on Closing (subject only to the delivery by the Receiver to the Purchaser or as it shall direct of the Purchased Assets) releases of the claims and the security held by four (4) secured creditors of the Company with combined claims against the Company of [redacted] in addition to delivery to the Receiver of the Purchase Price, in aggregate representing CDN [redacted] credit to the Receiver for distribution to the remaining secured creditors of the Purchase Price including:

(a) the Full and Final Release of BioNorth Technology Holding Corporation of its outstanding security from the Company in the current amount of approximately [redacted]

(b) the Full and Final Release of Jules Roy and Valerie Chort of their outstanding security from the Company in the current amount of approximately [redacted]; and

(c) the Full and Final Release of RJM and SARJ Equipment of their outstanding security from the Company in the current amount of approximately [redacted].

2.11 The Purchaser, as assignee, shall deliver the Full and Final Release of BioNorth of its subrogated rights pursuant to the *Mercantile Law Amendment Act* or otherwise of its claims arising from its payments to Hydro One Networks Inc. as recorded by Hydro One Networks Inc. by its letter dated March 5, 2019 representing a further release in the amount of [redacted].

Taxes

2.12 ~~2.11~~ In addition to the Purchase Price, the Purchaser shall pay to the Receiver by way of certified cheque or bank draft drawn on a Schedule 1 Canadian Chartered Bank on the Closing Date any and all applicable, federal, provincial and municipal Taxes exigible in connection with the sale of the Purchased Assets by the Receiver to the Purchaser pursuant to this Agreement, including, without limitation, sales taxes. With respect to HST only, the Purchaser shall have the option of furnishing the Receiver at closing with an election under section 167 of the *Excise Tax Act* (Canada), which is in form and content satisfactory to the Receiver, acting reasonably, and the Purchaser shall file such election with its HST return for the reporting period in which the sale of the Purchased Assets takes place. The Purchaser shall indemnify and hold the Receiver harmless from any costs, expenses or damages suffered by the Receiver in the event an election or exemption was not, in fact, available under the *Excise Tax Act* (Canada) in relation to the sale of the Purchased Assets and as a result of the failure by the Purchaser to pay any Taxes exigible in accordance with this section, whether arising from reassessment required of it, or pursuant to the taxation or statutes governing the granting of such election or exemptions.

Approval and Vesting Order

2.13 ~~2.12~~ As soon as practicable after the execution and delivery of this Agreement by the Purchaser and the acceptance thereof by the Receiver, the Receiver shall file an application with the Court for the Approval & Vesting Order and upon the delivery of the Receiver's Certificate (as referred to in the Approval & Vesting Order) to the Purchaser, all right, title and interest of the Receiver and the Company in and to the Purchased Assets shall be transferred to the Purchaser, free and clear of all Liens pursuant to the terms and conditions of this Agreement.

2.14 ~~2.13~~ The Purchaser shall promptly cooperate with the Receiver in connection with the Receiver's attempt to obtain the Approval and Vesting Order from time to time. Without limiting the foregoing, the Purchaser shall forthwith provide such information and documentation as may be required by the Receiver, acting reasonably, from time to time in order to facilitate the granting of the Approval and Vesting Order.

2.15 ~~2.14~~ If the Approval and Vesting Order has not been granted by the Court prior to the originally scheduled Closing Date, the Receiver shall have the right, by delivery of notice to the Purchaser, to extend the Closing Date to be the earlier of: (a) the first Business Day that is five days after the Approval and Vesting Order is obtained; and (b) the first Business Day that is 30 days after the originally scheduled Closing Date.~~2.15~~

3. "AS IS, WHERE IS"

3.01 As at the Closing Date, in respect of all of the Purchased Assets, the Purchaser acknowledges to and in favour of the Receiver, that it has inspected the Purchased Assets and, that the Purchased Assets are sold on an "as is, where is" basis at the dates or times specified above and that no representation, warranty or condition is expressed or implied as to title, description, fitness for purpose, location, merchantability, quantity, conditions or quality thereof or in respect of any other matter or thing whatsoever. The Purchaser acknowledges that the Receiver is not required to inspect or count, or provide any inspection or counting, of the Purchased Assets or any part thereof and the Purchaser shall be deemed, at its own expense, to have relied entirely on its own inspection and investigation. Without limiting the generality of the foregoing, any and all conditions, warranties and representations expressed or implied pursuant to the *Sale of Goods Act*, R.S.O. 1990, c. S-1, as amended from time to time, do not apply to the sale of the Purchased Assets and have been waived by the Purchaser. The Purchaser further acknowledges that the Receiver shall be under no obligation to deliver the Purchased Assets to the Purchaser and that it shall be the Purchaser's responsibility to take possession of the Purchased Assets.

3.02 The Purchaser acknowledges to and in favour of the Receiver that it has relied entirely upon its own inspection and investigation in entering into this Agreement and purchasing the Purchased Assets from the Receiver.

3.03 The Receiver shall not be required to produce any abstract of title, title deed, or documents or copies thereof or any evidence as to title, other than those in its possession.

4. REMOVAL OF ASSETS

4.01 The Purchaser acknowledges that if the Purchased Assets do not include the Premises, the Purchaser will be solely responsible for all occupancy costs, including but not limited to, taxes, maintenance, insurance, and utilities, during the Removal Period. The Purchaser will be provided with access to the Premises during the Removal Period for the purpose of removing the Purchased Assets.

4.02 The Purchaser shall indemnify and save the Receiver and its directors, officers, servants, agents and employees harmless from any and all losses which may be brought against or suffered by the Receiver, its directors, officers, servants, agents or employees or which they may sustain, pay or incur as a result or in respect of any matter or thing arising out of, resulting from, attributable to or connected with the Premises or the Purchased Assets and the Purchaser being provided access to the Premises during the Removal Period.

4.03 The covenants and agreements to indemnify made by the Purchaser in this Article shall survive the Closing and shall not be subject to any limitation periods.

4.04 At its own cost, the Purchaser (or its agents) shall remove the Purchased Assets from the Premises, ensuring that either its agents or the respective purchaser of' the Purchased Assets (the "**Removing Parties**") secure, dismantle, remove and take possession of the Purchased Assets from the Premises in a diligent, workmanlike, professional and competent manner, and in doing so will ensure that the Removing Parties exercise the care of a prudent owner, in order to ensure no damage is made to the Premises; and where damage has occurred, shall ensure that either it or the Removing Parties remedy and repair any damages and condition resulting from their removal of the Equipment, including to the extent required to comply with applicable building or electrical codes, at their own cost.

4.05 The Purchaser shall ensure that all of the Purchased Assets are removed from the Premises within the Removal Period and the Premises are left in a clean, broom-swept and electrically safe condition.

4.06 The Purchaser shall not be responsible or liable for any environmental conditions or damage (except for any damage caused by the removal of the Purchased Assets from the

Premises). The Purchaser shall have no obligation to deal with, store or remove any hazardous, environmentally-regulated or waste substances of any kind including hydraulic oils, lubricants etc. in, on, under or affecting the Premises, except for those accidentally spilled from the Purchased Assets.

4.07 Prior to the Purchaser being allowed to enter upon the Premises, the Purchaser will provide the Receiver with evidence satisfactory to the Receiver of comprehensive general liability insurance and such other insurance as the Receiver may reasonably require, including personal injury and property damage and such other insurance which is advisable for protection against claims, liabilities and losses arising or related to the access to be provided to the Premises hereunder in the minimum amount of $5,000,000.

5. REPRESENTATIONS AND WARRANTIES OF THE RECEIVER

5.01 The Receiver hereby represents and warrants to and in favour of the Purchaser, understanding that such are being relied upon, as follows:

(a) the Receiver was appointed as the Receiver pursuant to the Appointment Order;

(b) subject to the Receiver obtaining the Approval & Vesting Order, the Receiver has the right, power and authority to enter into and perform its obligations under this Agreement and to convey the Purchased Assets to the Purchaser;

(c) the Receiver is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada); and

(d) the Company's HST number is ~~►.~~81575 5897 RT0001.

6. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

6.01 The Purchaser hereby represents and warrants to and in favour of the Receiver, understanding that such is being relied upon, as follows:

(a) the Purchaser has been duly and validly incorporated under the laws of the Province of Ontario and is a valid and subsisting corporation;

(b) the Purchaser has the corporate right, power and authority to enter into this Agreement and to complete the transactions contemplated hereby;

(c) all necessary actions and approvals have been taken or obtained by the Purchaser to authorize the creation, execution, delivery and performance of this Agreement;

(d) this Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms;

(e) neither this Agreement nor closing of the transaction contemplated by this Agreement by the Receiver contravenes any law, statute, by-law, rule, regulation, order, ordinance, protocol, decree or judicial, administrative, ministerial or departmental judgment, award or requirements of any Government Entity;

(f) The Purchaser is a "registrant" under Part IX of the *Excise Tax Act* (Canada) and its registration number is ~~R   ~~715327490RT0001 or the Purchaser will be such a "registrant" at the Closing Time and will notify the Receiver of its registration number prior to such time;

(g) there is no requirement to make any filing with, give any notice to, or obtain any Authorization of any Governmental Entity as a condition to the lawful completion of the transaction contemplated by this Agreement.

7. CONDITIONS IN FAVOUR OF THE PURCHASER

7.01 The Purchaser's obligation to complete this Agreement is subject to satisfaction of the following Conditions Precedent on or before the Closing Date, provided that any such date may be extended by the mutual agreement of each of the Purchaser and the Receiver, and which conditions are inserted for the sole benefit of the Purchaser and may be waived only by the Purchaser by notice in writing to the Receiver on or before the Closing Date:

(a) the representations and warranties of the Receiver shall be true and correct as at the Closing Date; and

(b) as at the Closing Date, all of the terms, covenants and conditions of this Agreement to be performed or complied with by the Receiver at or prior to the Closing Date shall have been performed or complied with.

In the event that any of the foregoing conditions are not fulfilled or waived by the Purchaser on or before the Closing Date, this Agreement may be terminated at the Purchaser's option in accordance with **Section 11**.

8. CONDITIONS IN FAVOUR OF THE RECEIVER

8.01 The following conditions in favour of the Receiver must be fulfilled on or before the Closing Date, provided that any such date may be extended by the mutual agreement of each of the Purchaser and the Receiver, and which conditions are inserted for the sole benefit of the Receiver and may be waived only by the Receiver by notice in writing to the Purchaser on or before the Closing Date:

(a) the representations and warranties of the Purchaser shall be true and correct as of the Closing Date;

(b) the receipt of all deliveries to be made by the Purchaser as set out in **Section 14.02**;

(c) as of the Closing Date, no order shall have been made and no motion, action or proceeding shall be pending, threatened or commenced by any person, government, government authority, regulatory body or agency in any jurisdiction which seeks to restrain or prevent the sale of the Purchased Assets under this Agreement or seeks to restrict, prohibit or direct the Receiver not to complete the transaction contemplated by this Agreement; and

(d) as at the Closing Date, all of the terms, covenants and conditions of this Agreement to be performed or complied with by the Purchaser on or before the Closing Date shall have been performed or complied with.

In the event that any of the foregoing conditions are not fulfilled or waived by the Receiver on or before the Closing Date, this Agreement may be terminated by the Receiver in accordance with **Section 11**.

9. CONDITIONS IN FAVOUR OF THE RECEIVER AND THE PURCHASER

9.01 The following conditions in favour of the Receiver and the Purchaser must be fulfilled on or before the Closing Date or such other date as provided for below, provided that any such date may be extended by the mutual agreement of each of the Purchaser and the Receiver, and which conditions are inserted for the benefit of each of the Receiver and the Purchaser and may be waived only by both of the Receiver and Purchaser on or before the Closing Date or such other date as provided for below, as applicable:

(a) the Approval & Vesting Order shall have been obtained and shall not have been enjoined, restricted, stayed, varied, set aside, reversed, dismissed and/or appealed, or if appealed, such appeal shall have been dismissed and all relevant appeal periods shall have expired.

Each of the Purchaser and the Receiver covenant to and in favour of the other to use its Best Efforts to ensure that the foregoing conditions are met on or before the Closing Date or such other date as provided for under this Agreement.

In the event that any of the foregoing conditions are not waived by the Receiver and the Purchaser or fulfilled as required on or before the Closing Date or such other date as specified above, then this Agreement may be terminated by the Receiver or the Purchaser in accordance with **Section 11**.

10. CONFIDENTIALITY

10.01 Any Confidentiality Agreement between the Purchaser and the Receiver agreed to and accepted shall continue to be of full force and effect.

11. TERMINATION

11.01 This Agreement may be terminated upon the occurrence of any of the following:

(a) upon the mutual written agreement of the Receiver and the Purchaser;

(b) by the Purchaser pursuant to **Section 7.01**;

(c) by the Receiver pursuant to **Section 8.01**;

(d) by the Purchaser or the Receiver pursuant to **Section 9.01** or **12.01**; and

(e) by either of the Parties if the Approval & Vesting Order has not been issued by the Court by the Closing Date (as extended hereunder).

11.02 If this Agreement is terminated:

(a) all obligations of each of the Receiver and the Purchaser hereunder shall be at an end;

(b) the Receiver shall return the Deposit to the Purchaser, without interest, unless this Agreement is terminated by the Receiver due to a breach of conditions set out in **Sections 8.01(a)** or **8.01(c)**, in which case the Receiver shall retain the Deposit;

(c) the Purchaser shall destroy or return to the Receiver any "confidential information" in its possession in accordance with any Confidentiality Agreement as described in **Section 10.01** hereof; and

(d) neither party shall have any right to specific performance, to recover damages or expenses or to any other remedy or relief other than as provided herein.

12. RISK OF LOSS

12.01 The Purchased Assets shall be and remain at the risk of the Receiver, as its interests may appear, until 12:01 a.m. on the date immediately following the Closing Date. From and after such date and time, the Purchased Assets shall be at the risk of the Purchaser. In the event that the Purchased Assets shall be damaged prior to Closing, then the Receiver shall advise the Purchaser, in writing, within twenty-four (24) hours of the Receiver learning of same. In the event that the Purchased Assets shall be materially damaged prior to Closing then the Receiver or Purchaser shall be entitled, in its sole and absolute discretion, to elect to terminate this

Agreement by notice, in writing, to the other party and in such event the Parties hereto shall be released from all obligations and liabilities hereunder. If the parties shall not elect to terminate this Agreement as set out above, then the Transaction shall be completed and the Purchaser shall be entitled to all proceeds of insurance payable in respect thereof, if any.

13. NOTICE

13.01 Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and shall be given by personal delivery, facsimile, electronic mail or similar means of recorded electronic communication addressed to the recipient as follows:

to the Receiver:

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

Attention: Dan Wootton / Jason Knight
Email: Dan.Wootton.ca.gt.com / Jason.Knight.ca.gt.com

with a copy to:

Cassels Brock & Blackwell LLP
2100 Scotia Plaza, 40 King Street West
Toronto, ON M5H 3C2
5000 Yonge Street, 10th Floor

Attention: Larry Ellis / Monique Sassi
Email: LEllis@casselsbrock.ca / MSassi@casselsbrock.com

to ~~the Purchaser:~~Bionorth:

~~[~~BioNorth Technology Holding Corporation~~]~~
Unit 8, 7777 Keele Street
Concorde, ON L4K 4S8

Attention: Frank Benincasa
Email: fbenincasa@bionorthgrp.com

with a copy to:

Peter R. Welsh Professional Corporation
203-1540 Cornwall Road

Oakville, ON L6J 7W5

Attention: Peter R. Welsh
Email: peter@welshlaw.ca

to Purchaser:

2576642 Ontario Limited
41 Beverlyglen Drive,
Lynden, L0R1T0

Attention: Frank Benincasa
Email: fbenincasa@bionorthgrp.com

with a copy to:

Peter R. Welsh Professional Corporation
203-1540 Cornwall Road
Oakville, ON L6J 7W5

Attention: Peter R. Welsh
Email: peter@welshlaw.ca

or to such other address as may be designated by notice given by either party to the other. Any notice or other communication given by personal delivery shall be deemed to have been given on the day of actual delivery thereof and, if given by electronic communication, on the day of transmittal thereof if given during the normal business hours of the recipient and on the business day during which such normal business hours next occur if not given during such hours on any day.

14. CLOSING DELIVERIES

14.01 At Closing, the Receiver shall surrender the Purchased Assets to the Purchaser at their then current location. On or before the Closing Date or such other date specified below, the Receiver shall deliver to the Purchaser the following:

(a) a general conveyance of the Purchased Assets to the Purchaser;

(b) a copy of the issued Approval & Vesting Order and the Receiver's Certificate (as referred to in the Approval and Vesting Order); and

(c) a joint election regarding HST, if applicable.

14.02 On or before the Closing Date or such other date as provided for below, the Purchaser shall deliver to the Receiver or such other party specified below:

(a) the payments referred to in **Sections 2.07(b)** and **2.11**;

(b) a joint election regarding HST, if applicable; and

(c) all deeds of conveyance, bills of sale, transfers, assignments, and such other agreements, documents and instruments as may be reasonably requested by the Receiver or the Receiver's solicitors to complete the transaction contemplated herein.

15. GENERAL PROVISIONS

15.01 Each of the Receiver and the Purchaser shall from time to time at the cost of the requesting party execute and deliver all such further documents and instruments and do all acts and things as the other party may, either before or after the Closing Date, reasonably require to properly give effect to the sale, assignment and transfer of the Purchased Assets to the Purchaser.

15.02 Time shall be of the essence of this Agreement.

15.03 This Agreement constitutes the entire Agreement between the parties hereto and supersedes all prior oral or written agreements, understandings, representations and warranties, and courses of conduct in dealing between the parties on the subject matter hereof. This Agreement may only be amended, modified or supplemented by an instrument in writing executed by both of the parties hereto.

15.04 This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada in force in the Province of Ontario without regard to conflict of laws principles.

15.05 All dollar amounts referred to in this Agreement are in Canadian dollars.

15.06 The representations and warranties made by each of the Receiver and Purchaser herein shall not merge on Closing and shall survive Closing.

15.07 Each of the parties hereto will be responsible for and shall pay all costs and expenses (including fees and expenses of legal counsel and any other advisors) each party incurs in connection with the negotiation, preparation and execution of this Agreement.

15.08 Subject to the Approval & Vesting Order being issued by the Court, this Agreement is intended to create binding obligations on the part of the Receiver as set forth herein and on acceptance by the Purchaser, is intended to create binding obligations on the part of the Purchaser, as set out herein.

15.09 This Agreement shall be binding upon and enure solely to the benefit of each of the parties hereto and its permitted assigns and nothing in this Agreement, express or implied, is intended to confer upon any other person any rights or remedies of any nature whatsoever under or by reason of this Agreement. Nothing in this Agreement shall be construed to create any rights or obligations except between the parties hereto, and no person or entity shall be regarded as a third party beneficiary of this Agreement. Each of the parties hereto agrees that all provisions of this Agreement, and all provisions of any and all documents and security delivered in connection herewith, shall not merge and except where otherwise expressly stipulated herein, survive the closing of the transactions contemplated by this Agreement.

15.10 ~~This~~The Purchaser may assign this Agreement~~, and any rights hereunder, may not be assigned by the Receiver or the Purchaser.~~ or any rights or obligations arising under this Agreement with the prior written consent of the other Parties.

15.11 If, following the Closing Date, any of the Purchased Assets are paid to or otherwise received by the Receiver, or if any of the Excluded Assets are paid to or otherwise received by the Purchaser, then the Receiver or the Purchaser, as the case may be, shall hold such assets in trust for the other and shall promptly deliver such assets to the Receiver or the Purchaser, as the case may be.

15.12 In the event that any particular provision or provisions or a part of a provision of this Agreement is found to be void, voidable or unenforceable for any reason whatsoever, then the particular provision or provisions or part of the provision of this Agreement shall be deemed severed from the remainder of this Agreement and all other provisions shall remain in full force and effect.

15.13 Each party to this Agreement hereto acknowledges that it and its legal counsel have reviewed and participated in settling the terms of this Agreement and the parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party shall not be applicable in the interpretation of this Agreement.

15.14 Except as required by law, all public announcements concerning the transactions provided for in this Agreement or contemplated by this Agreement shall be jointly approved as to form, substance and timing by the parties to this Agreement after consultation. This Agreement shall be considered properly executed and delivered by any party if executed in counterpart and transmitted by facsimile to the other party.

15.15 The Purchaser acknowledges and agrees that the Receiver is entering into this Agreement solely in its capacity as the Receiver and the Receiver shall not incur personal or corporate liability of any kind whatsoever, in contract, in tort, or at equity as a result of its entering into this Agreement or performing, or failing to perform any of its obligations hereunder. Any claim against the Receiver shall be limited to and only enforceable against the property and assets then held by or available to it in its capacity as receiver of the undertakings, properties and assets of the Company and shall not apply to its personal property and other assets held by it in any other capacity. The term "Receiver" as used in this Agreement shall have no inference or reference to the present registered owner of the Purchased Assets.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF the parties have duly executed this Agreement this ~~17~~29th day of ~~April~~July, 2019.

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

Per: ______________________________
Name: Dan Wootton
Title: Senior Vice-President

2576642 ONTARIO LIMITED

Per: ______________________________
Name: Frank Benincasa
Title: President

(I have authority to bind the Corporation)

BIONORTH ~~TECHOLOGY HOLDING CORPORATION~~TECHNOLOGY HOLDINGS CORP

Per: ______________________________
Name: Frank Benincasa
Title: President

(I have authority to bind the Corporation)

Schedule "A"

Purchased Assets

As such items are described in the Conditions of Sale:

All of Parcels 1 to 9 set out in Schedules "1" to "9" attached

Offer Form

To: **Grant Thornton Limited,**
Court-appointed receiver and manager of
1793082 Ontario Ltd., o/a K.D. Quality Pellets
200 King Street West, 11th Floor
Toronto, Ontario,
Canada M5H 3T4
Attention: Jason Kanji

BioNorth Technology Holding Corporation

(Name of Bidder)

Unit 8, 7777 Keele Street, Concorde, ON L4K 4S8

Address of Bidder

Frank Benincasa, President

(Person to be Contacted)

(647) 707-1351

Telephone Number | Facsimile Number

fbenincasa@bionorthgrp.com

Email Address

1. Subject to and on the conditions attached hereto, I/We hereby offer to purchase from Grant Thornton Limited, as court-appointed receiver and manager (in such capacities, the "**Receiver**") of 1793082 Ontario Ltd., o/a K.D. Quality Pellets ("**Company**" or the "**KD Pellets**"), all of the right, title and interest, if any, of KD Pellets in the following assets and undertaking (the "**Assets**"), en bloc or otherwise:

PURCHASE PRICE ALLOCATION

Parcel 1	**Land & Buildings** – approximately 90 acres of land and the four (4) buildings included on same pursuant to the list attached as **Schedule "1"** to this Offer Form.	[redacted]	(CAD)
Parcel 2	**Pellet Mill Equipment** – the entire pellet press system, exterior silos and augers, and various other equipment pursuant to the list attached as **Schedule "2"** to this Offer Form.	[redacted]	(CAD)
Parcel 3	**Lab Equipment** – the various testing and quality measurement equipment pursuant to the list attached as **Schedule "3"** to this Offer Form.	[redacted]	(CAD)

Parcel 4	**Caterpillar Loader** – a 2012 Caterpillar 950K Wheel Loader pursuant to the details outlined in **Schedule "4"** attached to this Offer Form.	[redacted]	(CAD)
Parcel 5	**Train Grain Loaders** – two 2014 Lode King "Super B" Train Grain Loaders pursuant to the details outlined in **Schedule "5"** attached to this Offer Form.	[redacted]	(CAD)
Parcel 6	**Horizontal Wood Grinder** – a 2006 Vermeer Horizontal Industrial Grinder pursuant to the details outlined in **Schedule "6"** attached to this Offer Form.	[redacted]	(CAD)
Parcel 7	**Other Moveable Equipment** – other machinery and equipment located on the Premises pursuant to the list attached as **Schedule "7"** to this Offer Form.	[redacted]	(CAD)
Parcel 8	**Office Equipment** – including but not limited to desks, tables, filing cabinets, photocopiers, TV's and monitors, pursuant to the list attached as **Schedule "8"** to this Offer Form.	[redacted]	(CAD)
Parcel 9	**Other Assets** – including but not limited to shelving, kitchen appliances, and storage bins pursuant to the list attached as **Schedule "9"** to this Offer Form.	[redacted]	(CAD)

2. Enclosed is my/our certified cheque or bank draft payable to "Grant Thornton Limited, in Trust", in the total amount of [redacted] as a deposit representing ten percent (10%) of the total amount of the Purchase Price submitted herein (the "**Deposit**").

3. This Offer is:

   a) **X** an en-bloc offer and is therefore conditional upon acceptance of all of the specific parcels for which bids are entered above; or

   b) ☐ not an en-bloc offer whereby the Receiver may accept any, all, or any combination of the specific parcels for which bids are entered above.

   (please mark with an "X" in one of the two alternative subparagraph boxes above to indicate the type of offer)

4. In the event that I/we omit or neglect to mark one of the boxes in subparagraphs 3(a) and 3(b) above, I/we agree that my/our offer shall be an en-bloc offer and the provisions of subparagraph 3(a) shall apply as if I/we had selected and marked that same subparagraph.

5. The undersigned acknowledges and agrees that this offer shall become irrevocable on April 17, 2019 and the Deposit shall be forfeited to the Receiver on account of liquidated damages if the offer is withdrawn by the Bidder after April 17, 2019.

6. The undersigned acknowledges the receipt of the Standard Terms and Conditions as set forth in **Appendix "B"** of this Memorandum (the "**Standard Terms and Conditions**"). The undersigned acknowledges that this offer is subject to said Standard Terms and Conditions, including, without limitation, that the Receiver reserves the right not to accept the highest or any offer submitted.

7. The undersigned acknowledges that it will be submitting an executed sale agreement for the purchase of the Assets (the "**Agreement of Purchase and Sale**"), as provided by the Receiver, with this Offer, along with a blackline against the form of agreement of purchase and sale provided by the Receiver outlining any changes or conditions of the Bidder. The Agreement of Purchase and Sale provided by the undersigned may be capable of acceptance by the Receiver, in its discretion, but there shall be no obligation for the Receiver to accept the Agreement of Purchase and Sale and the Receiver may request such additional terms as are necessary or desirable in its sole discretion.

[remainder of page intentionally left blank]

DATED at Toronto, this 17th day of April, 2019.

(Signature of Witness)

(Signature of Person)

– OR –

BioNorth Technology Holding Corporation
(Name of Corporation)

Authorized Signing Officer
Name: Frank Benincasa
Title: President

APPENDIX "A" ATTACHED HERETO

SCHEDULES "1" to "9" ATTACHED HERETO

AGREEMENT OF PURCHASE AND SALE ATTACHED HERETO

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 – ~~INTENTIONALLY REMOVED~~ 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 – ~~INTENTIONALLY REMOVED~~

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

APPENDIX "A"

TO THE OFFER FORM

SUBMITTED BY:

BIONORTH TECHNOLOGY HOLDING CORPORATION

("Bidder")

April 17, 2019

1. The Bidder offers to purchase from the Receiver all of the right, title and interest in and the Receiver shall, on Closing, deliver to the Bidder or as it shall direct, all of the contents of Parcels "1" to "9", inclusive as set out in Schedules "1" to "9" inclusive as attached hereto and represented by the Receiver to be the Assets of KD Pellets available to be purchased from the Receiver free and clear of all encumbrances.

2. The Bidder offers to purchase the Assets for the cash payment on Closing of CDN [redacted] including a Deposit of [redacted] both by Bank Draft or certified cheque.

3. Upon acceptance of the Bidder's offer, the Receiver shall no later than 10 Business days before Closing obtain in form and content reasonably satisfactory to the Bidder a Vesting Order issued by the Superior Court of Justice (Ontario) in favour of the Bidder or as it shall direct such that the Assets are conveyed to the Bidder (or as it shall direct) free and clear of all encumbrances.

CREDITOR RELEASES

4. In addition to the Purchase Price to be paid by the Bidder, the Bidder confirms it has secured and will deliver to the Receiver on Closing (subject only to the delivery by the Receiver to the Bidder or as it shall direct of the Assets) releases of the claims and the security held by 4 Secured Creditors of KD Pellets with combined claims against KD Pellets of [redacted] in addition to delivery to the Receiver of the Purchase Price, in aggregate representing [redacted] credit to the Receiver for distribution to the remaining Secured Creditors of the Purchase Price including:

a) the Full and Final Release of BioNorth Technology Holding Corporation of its outstanding security from KD Pellets in the current amount of approximately [redacted]
b) the Full and Final Release of Jules Roy and Valerie Chort of their outstanding security from KD Pellets in the current amount of approximately [redacted]
c) the Full and Final Release of RJM and SARJ Equipment of their outstanding security from KD Pellets in the current amount of approximately [redacted]

5. In addition to the foregoing, the Bidder shall deliver the Full and Final Release of BioNorth Technology Holding Corporation of its subrogated rights pursuant to the *Mercantile Law Amendment Act* or otherwise of its claims arising from its payments to Hydro One Networks Inc. as recorded by Hydro One Networks Inc. by its letter dated March 5, 2019 appended hereto representing a further release in the amount of [redacted]

Schedule "B"

Permitted Liens

NIL

TAB 3

Court File No. CV-19-00612265-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE ~~MR.~~	)	WEDNESDAY, THE ~~22ND~~6th
	)	
JUSTICE ~~MCEWEN~~	)	DAY OF ~~MAY~~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 ~~(the "**Transaction**")~~ contemplated by an agreement of purchase and sale ~~(the "**Sale Agreement**")~~ between the Receiver and Bionorth Technology Holding Corporation ~~(the "**Purchaser**")~~ 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, ~~and~~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~~ [X] sworn ~~May 14,~~[X], 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. ~~1.~~ **THIS COURT ORDERS AND DECLARES** that the ~~Transaction~~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. ~~2.~~ **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. ~~3.~~ **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. ~~4.~~ **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. ~~5.~~ **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

7. ~~6.~~ **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. ~~7.~~ **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.

~~8. **THIS COURT ORDERS AND DIRECTS** that the Receiver shall hold the Disputed Collateral in escrow pending resolution of all claims in respect of the Disputed Collateral.~~

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

(a) ~~(a)~~ an agreement reached between the Receiver~~,~~ and Axiom Leasing Inc~~., and the Purchaser~~; or~~,~~

(b) ~~(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~~ or its~~'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~~ in the Disputed Collateral or~~ 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.

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 – ~~INTENTIONALLY REMOVED~~ 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 – ~~INTENTIONALLY REMOVED~~

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

Schedule C – Claims to be deleted and expunged from title to Real Property and PPSA

PPSA Registrations

	Registration File Number	Secured Party	Registration Date/ Registrations Period	Collateral
1.	680163012	South Temiskaming Community Futures Development Corporation	Registration Date: July 24, 2012 Registration Period: 5 years Expiry Date: July 24, 2027	Consumer Goods, Inventory, Equipment, Accounts, Other
2.	681452883	Northern Ontario Heritage Fund Corporation	Registration Date: September 14, 2012 Registration Period: 7 years Expiry Date: September 14, 2019	Inventory, Equipment, Accounts, Other
3.	692395722	RBC Royal Bank of Canada (assigned to BioNorth Technology Holding Corporation pursuant to Registration No. 20171026 1220 1590 5136)	Registration Date: December 5, 2013 Registration Period: 5 years Expiry Date: December 5, 2023	Inventory, Equipment, Accounts, Other, Motor Vehicle
4.	692478234	RBC Royal Bank of Canada (assigned to BioNorth Technology Holding Corporation pursuant to Registration No. 20171026 1220 1590 5138)	Registration Date: December 9, 2013 Registration Period: 10 years Expiry Date: December 9, 2023	Inventory, Equipment, Accounts, Other
5.	692478225	RBC Royal Bank of Canada (assigned to BioNorth Technology Holding Corporation pursuant to Registration No. 20171026 1220 1590 5137)	Registration Date: December 9, 2013 Registration Period: 6 years Expiry Date: December 9, 2019	Inventory, Equipment, Accounts, Other
6.	694524816	Klad Rentals Inc. and Axiom Leasing Inc.	Registration Date: March 19, 2014 Registration Period: 6 Years	Equipment, Other, Motor Vehicle

	Registration File Number	Secured Party	Registration Date/ Registrations Period	Collateral
			Expiry Date: March 19, 2020	
7.	703362582	Jules Roy and Valerie Chort	Registration Date: February 2, 2015 Registration Period: 5 years Expiry Date: February 2, 2020	Other
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

	Registration File Number	Secured Party	Registration Date/ Registrations Period	Collateral
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
15.	748215549	Zinayida Subota	Registration Date: February 8, 2019 Registration Period: 3 years Expiry Date: February 8, 2022	Inventory, Equipment, Accounts, Other, Motor Vehicle

Real Property Registrations

	Instrument Number	Party From	Registration Date	Description
1.	DT58223	Her Majesty the Queen in Right of Canada as Represented by the Minister of National Revenue	March 7, 2017	A Lien in the amount of $253,568.76 claimed by the Her Majesty the Queen in Right of Canada as Represented by the Minister of National Revenue against the interest of 1793082 Ontario Ltd. in the Real Property
2.	DT35188	1793082 Ontario Ltd. in favour of Temiskaming Development Fund Corporation	May 5, 2012	A first in priority Charge, referencing Standard Charge Terms 200033, in favour of Temiskaming Development Fund Corporation securing the principal sum of $400,000.00
3.	DT36290	1793082 Ontario Ltd. in favour of South Temiskaming Community Futures Development Corporation	July 24, 2012	a second in priority Charge, referencing Standard Charge Terms 200033, in favour of South Temiskaming Community Futures Development Corporation

				securing the principal sum of $500,00.00
4.	DT38018	1793082 Ontario Ltd. in favour of Northern Ontario Heritage Fund Corporation	November 9, 2012	a third in priority Charge, referencing Standard Charge Terms 200033, in favour of Northern Ontario Heritage Fund Corporation securing the principal sum of $1,000,000.00

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

AMENDED APPROVAL AND VESTING ORDER

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

Larry C. Ellis LSUC# 49313K
Tel: 416.869.5406
Fax: 416.350.6923
lellis@casselsbrock.com

Monique Sassi LSO # 63638L
Tel: 416.860.6886
Fax: 416.640.3005
Email: msassi@casselsbrock.com

Lawyers for the Receiver, Grant Thornton Limited

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

MOTION RECORD

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

Larry C. Ellis LSUC# 49313K
Tel: 416.869.5406
Fax: 416.350.6923
lellis@casselsbrock.com

Monique Sassi LSO # 63638L
Tel: 416.860.6886
Fax: 416.640.3005
msassi@casselsbrock.com

Lawyers for the Receiver, Grant Thornton Limited

LEGAL*48513769.1