

COURT FILE NUMBER 2201-12935
 COURT COURT OF KING'S BENCH OF ALBERTA
 JUDICIAL CENTRE CALGARY
 PLAINTIFF FORAGE SUBORDINATED DEBT LP III
 DEFENDANTS ENTERRA FEED CORPORATION, ENTERRA FEED US CORPORATION, ENTERRA FEED US SALES CORPORATION, and ENTERRA FEED MARION CORPORATION

ENTERED



COM
Nov 8 2022

DOCUMENT **AFFIDAVIT OF JIM TAYLOR**
 ADDRESS FOR SERVICE AND CONTACT McCarthy Tétrault LLP
 Suite 4000, 421 7th Avenue SW
 INFORMATION OF PARTY Calgary AB T2P 4K9
 FILING THIS DOCUMENT Attention: Walker MacLeod / Nathan Stewart
 Phone: 403 260 3710 / 3534
 Fax: 403 260 3501
 Email: wmacleod@mccarthy.ca / nstewart@mccarthy.ca

AFFIDAVIT OF JIM TAYLOR
Sworn on November 7, 2022

I, Jim Taylor, of the City of Calgary, in the Province of Alberta, **SWEAR AND SAY THAT:**

1. I am the managing director of Forage Capital Partners, an affiliate of Forage Subordinated Debt LP III, which was formerly known as Avrio Subordinated Debt LP III (the "Lender"). The Lender is engaged in the business of investing in various agricultural and food industry companies. I have an MBA from the Rotman School of Management at the University of Toronto, an undergraduate degree in Economics from the University of Alberta and I have significant experience in financing companies in the agricultural sector. Over the last twenty years I have created and managed multiple debt and equity investment funds prior to my involvement with Forage Capital Partners.
2. I have primary responsibility for managing the Lender's credit relationship with Enterra Feed Corporation ("Enterra" or the "Company"). I have personal knowledge of the matters and facts hereinafter sworn to except where stated to be based on information and belief and in such cases I verily believe such facts and information to be true.

JD

The Company

3. The Company does not oppose the appointment of a receiver and manager (the "**Receiver**") over its assets, properties and undertakings by way of order of the Court of King's Bench of Alberta (the "**Receivership Order**"). The Company currently has two directors, being Mr. Anthony James and Mr. Monty Bayer, and its day-to-day operations are managed by a Chief Restructuring Officer, Mr. Keith Driver. Each of Messrs. James, Bayer and Driver have tendered their resignations from their respective director and officer roles with the Company effective on the earlier of: (a) the entry of the Receivership Order; or (b) 4:30 pm (Calgary Time) on November 9, 2022. If the Receiver is not appointed there will be no one in control of the Company or its assets and chaotic enforcement of rights by creditors will result. While this fact alone may be sufficient to justify the appointment of the Receiver, the purpose of this Affidavit is to provide this Honourable Court with some additional background on the Company and various recent developments in further support of the entry of the Receivership Order.
4. The Company is incorporated pursuant to the laws of the Province of British Columbia and is engaged in the business of sustainable insect production for the purposes of selling animal feed and pet food to various agriculture customers. The Company currently employs approximately 34 people and carries on business at a 180,000 square foot leased facility in Balzac, Alberta where it houses approximately 150 million living insects for the purposes of its business operations. Mr. Driver, who resides in Calgary, Alberta and manages the Company's operations out of the leased premises in Balzac, Alberta, is the sole senior officer of the Company.

The Secured Indebtedness

5. The Lender is the senior secured creditor of the Company pursuant to a loan agreement made between the Lender and the Company and dated May 15, 2019 (the "**Loan Agreement**"). As of September 8, 2022, the Company was indebted to the Lender in the amount of \$9,951,781, plus interest, fees and other expenses under the Loan Agreement (the "**Secured Indebtedness**"). The Loan Agreement is secured by a General Security Agreement dated May 15, 2019, as granted by the Company to the Lender.
6. On September 8, 2022, Enterra delivered a "Notice of Event of Default" to the Lender wherein it advised that it had resolved to proceed with an orderly winding down of its

JST

business and operations due to lack of funding and this would result in an Event of Default (as defined in the Loan Agreement) under the Loan Agreement. Enterra's then management team, which consisted of Mr. David Lemmon as Chief Executive Officer and Mr. Michael Devon as Chief Financial Officer, did not engage in discussions with the Lender in respect of its proposed path forward. On the same day, and following the receipt of the "Notice of Event of Default", the Lender delivered a demand for repayment and notice of intention to enforce security under section 244 of the *Bankruptcy and Insolvency Act* (Canada) to the Company (the "**Demand**"). A copy of the Demand is attached hereto and marked as **Exhibit "A"** to this my Affidavit.

The Chief Restructuring Officer

7. Following the issuance of the Demand, Enterra's board of directors made the decision to terminate the employment of Mr. Lemmon and Mr. Devon and to retain Mr. Driver as the Company's Chief Restructuring Officer. Mr. Driver had previously been employed in senior management positions with the Company, including as Chief Operating Officer and Chief Executive Officer, in the period March 2017 to January 2021. Mr. Driver is a registered P.Eng and has an MBA focused on Sustainability from the University of Calgary and a Masters in Engineering from University of Guelph.
8. Mr. Driver has successfully stabilized the operations of the Company since his appointment as Chief Restructuring Officer, including by:
 - (a) obtaining subordinated secured financing in the amount of \$450,000 from certain of the Company's shareholders to provide immediate liquidity to the Company; and
 - (b) marketing the Company and its assets to potentially interested parties for the purposes of pursuing a transaction that will maximize the value of the Company for the benefit of its stakeholders (the "**Sales Process**").

The Sales Process and Recent Developments

9. The Lender is not intending to make a bid for the Company or its assets. As a result, I have been involved in discussions with Mr. Driver and with various persons who are contemplating making a bid for the Company in the Sales Process. I have avoided giving detailed testimony about the Sales Process due to the confidential nature of such discussions and the potential prejudice that would result to creditors from the public

disclosure of such information; I do believe, however, that if Mr. Driver is afforded additional time to continue the Sales Process there is a realistic possibility that a transaction or transaction(s) will result and that such transactions would result in a higher recovery on the Secured Indebtedness and a better outcome for other stakeholders (and, in particular, various employees of the Company) than a liquidation of the Company's assets. The Receivership Order contemplates that the Receiver will retain Mr. Driver as the Chief Restructuring Officer of the Company and that he will continue to manage the day-to-day operations of the Company under the authority and control of the Receiver.

10. Since the issuance of the Demand in September 2022 the Lender has always expected that an insolvency process would be required to complete a transaction involving the Company. The Lender was hopeful that the Company would be able to enter into a definitive agreement with one of the participants in the Sales Process and then commence insolvency proceedings for the purposes of implementing such a transaction. While the Sales Process is continuing, it has become apparent that the Company needs the benefit of a stay of proceedings as various unsecured creditors are threatening to immediately exercise rights against the Company.
11. The Company's supplier of electricity, ENMAX Corporation ("ENMAX"), is owed several months of accounts and had demanded payment of \$638,449 from the Company. ENMAX has further threatened to terminate the services it provides to the Company if such payment is not made by Wednesday, November 9, 2022. A copy of the demand letter delivered to the Company by ENMAX is attached and marked as **Exhibit "B"** to this my Affidavit. The Company does not have sufficient funds or available credit to pay the amount demanded by ENMAX. The Company's current cash flow projection is that it will exhaust, or come very close to exhausting, its available liquidity in the next one to two weeks (and for certainty, the cash flow projection does not contemplate payment of the amount demanded by ENMAX such that if the payment was made the Company would have projected a negative cash balance). The Receivership Order will provide the Company with secured priority funding to address its projected go-forward cash expenditures.
12. As noted above, the Company's business involves raising insects which are eventually processed into feed, which requires sufficient capital to ensure that the insects are fed and that certain conditions conducive to their growth are maintained. The loss of the insects

could have a significant negative effect on the value of the Lender's collateral and preclude the sale of the business as a going concern, to the detriment of its creditors and other stakeholders. Accordingly, there is urgency in locating a purchaser for Enterra's business.

Conclusion

13. I believe it is just and convenient that the Receiver be appointed for the following reasons:

- (a) the Company does not oppose the entry of the Receivership Order;
- (b) the directors and Chief Restructuring Officer of the Company have resigned and, absent the granting of the Receivership Order, the Company will not have anyone in control of its day to day operations;
- (c) the Receivership Order will allow for the Company to continue the Sales Process under the direction of Mr. Driver and supervision of the Receiver;
- (d) the Receivership Order will provide the Company with the benefit of a stay of proceedings which, given recent developments with certain unsecured creditors, is urgently needed; and
- (e) the Receivership Order will ensure that the Company has funding to continue its current operations, including paying payroll obligations to current employees.

14. I swear this Affidavit in support of the Lender's application to appoint the Receiver.

15. I am not physically present before the Commissioner for Oaths (the "**Commissioner**") taking this Affidavit, but I am linked with the Commissioner by video technology. The following steps have been or will be taken by me and the Commissioner:

- (a) I have shown the Commissioner the front and back of my current government-issued photo identification ("ID") and the Commissioner has compared my video image to the information on my ID;
- (b) the Commissioner has taken a screenshot of the front and back of my ID to retain it;
- (c) the Commissioner and I have a paper copy of this Affidavit before us;

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CERTIFICATE

CANADA)
)
PROVINCE OF)
)
ALBERTA)
)
)
)
)
)

FORAGE SUBORDINATED DEBT LP III

v.

ENTERRA FEED CORPORATION, ENTERRA FEED US CORPORATION, ENTERRA FEED US SALES CORPORATION, AND ENTERRA FEED MARION CORPORATION

I, Sam Platt, of the City of Calgary, in the Province of Alberta, Student-At-Law, **DO CERTIFY** that:

1. I remotely commissioned the affidavit of Jim Taylor dated November 7, 2022, attached hereto, using videoconferencing software in accordance with the procedure set out in the Court of Queen's Bench of Alberta Notice to the Profession and Public NPP#2020-02 regarding Remote Commissioning of Affidavits for Use in Civil and Family Proceedings During The COVID-19 Pandemic.
2. The remote commissioning process was necessary because it was impossible or unsafe, for medical reasons, for the deponent and I to be physically present together.

IN TESTIMONY WHEREOF I have hereunto subscribed my name and affixed my seal of office at the City of Calgary, in the Province of Alberta, this 7th day of November, 2022.

Sam Platt
A Commissioner for Oaths in and for the
Province of Alberta



This is Exhibit "A" referred to in the Affidavit of Jim Taylor
sworn before me by two-way video conference this 7th day of November, 2022.

A Commissioner for Oaths in and for the Province of Alberta

JDT



McCarthy Tétrault LLP
Suite 4000
421-7th Avenue S.W.
Calgary AB T2P 4K9
Canada
Tel: 403-260-3500
Fax: 403-260-3501

Walker W. MacLeod
Direct Line: (403) 260-3710
Direct Fax: (403) 260-3501
Email: wmacleod@mccarthy.ca

Assistant: *Katie Hynne*
Direct Line: (403) 260-3560
Email: khynne@mccarthy.ca

September 8, 2022

Via Email, Courier and Registered Mail

Enterra Feed Corporation
#7383, 216th Street
Langley, BC V2Y 2S3

Attention: David Lemmon
Michael Devon

Dear Sirs:

Re: Secured credit facility granted by Forage Subordinated Debt LP III (formerly Avrio Subordinated Debt Limited Partnership III, by its general partner, Avrio Subordinated Debt General Partner III Ltd.) (the "Lender") to Enterra Feed Corporation (the "Borrower")

DEMAND AND NOTICE OF INTENTION TO ENFORCE

We are counsel to the Lender in connection with the above referenced secured credit facility (the "**Credit Facility**") granted to Borrower pursuant to the Loan Agreement, dated May 15, 2019, between the Lender, as lender, the Borrower, as borrower, and Enterra Feed US Corporation, Enterra Feed US Sales Corporation, and Enterra Feed Marion Corporation (collectively, the "**Guarantors**"), as guarantors (as subsequently amended, restated or otherwise modified from time to time, the "**Loan Agreement**").

Furthermore, reference is also made to the following security agreements:

1. General Security Agreement, May 15, 2019, as granted by the Borrower to and in favour of the Lender; and,
 2. Assignment of Intellectual Property, dated May 15, 2019, as granted by the Borrower to and in favour of the Lender,
- (collectively, the "**Security**").

As of September 8, 2022, the Borrower is indebted to the Lender, pursuant to the Loan Agreement, in the following amounts:

| Term Loan Facility | |
|----------------------------------|-----------------|
| Outstanding Principal | \$10,000,000.00 |
| Interest prepaid on July 4, 2022 | -\$201,643.84 |

| | |
|---------------------------------------|-----------------------|
| Interest expense to September 8, 2022 | \$153,424.66 |
| TOTAL INDEBTEDNESS | \$9,951,780.82 |

(collectively, the "Indebtedness").

The Indebtedness continues to accrue interest at an approximate total *per diem* rate of \$2,191.78.

Pursuant to the Borrower's Notice of Event of Default, dated September 8, 2022, the Borrower provided notice to the Lender that the Borrower has resolved to proceed with an orderly winding down of its business and operations due to a lack of funding which would result in an Event of Default under Sections 9.1(i)(c), (h), and/or (i) of the Loan Agreement (the "Default Event"). Following the Default Event and, furthermore, in accordance with the demand nature of the Credit Facility, which is repayable upon demand by the Lender, on behalf of the Lender, we hereby demand repayment of the Indebtedness, plus any and all interest, standby fees, costs, and expenses, which continue to accrue in accordance with the terms and conditions of the Loan Agreement, the Security, and the various other agreements, documents, and instruments entered into and between the Borrower or any of its predecessors and the Lender. Please contact us on the date repayment is to be made and we shall provide the then outstanding balance, inclusive of professional fees and costs.

Furthermore, to the extent any availability remains or becomes available under the Loan Agreement or the Credit Facility, we hereby provide notice, in accordance with the terms of the Loan Agreement, that all availability under the Loan Agreement and the Credit Facility is hereby terminated.

If full payment, as set forth above, is not made within ten (10) days from the date hereof, the Lender will take whatever steps it deems necessary or appropriate to secure payment of all amounts outstanding. To this end, we enclose for service upon the Borrower a Notice of Intention to Enforce Security in accordance with Section 244(1) of the *Bankruptcy and Insolvency Act*. The Lender kindly requests that the Borrower provide its consent to the Lender enforcing any and all of the Lender's security interests prior to the expiration of the statutorily mandated ten (10) day period and that, in the event that the Borrower determines it advisable to provide such consent, the Borrower endorse the consent attached to its Notice of Intention to Enforce Security, all as enclosed herein.

Reference is also made to the following guarantees:

1. Guarantee, dated May 15, 2019, as granted by Enterra Feed US Sales Corporation to and in favour of the Lender;
2. Guarantee, dated May 15, 2019, as granted by Enterra Feed US Corporation to and in favour of the Lender; and,
3. Guarantee, dated May 15, 2019, as granted by Enterra Feed Marion Corporation to and in favour of the Lender;

(collectively, the "Guarantees").

By way of copy of this letter to the Guarantors, the Lender hereby demands that the Guarantors perform their obligations, as set out under the Guarantees, within the time stipulated for repayment by the Borrower, as set out herein.

The Lender expressly reserves any and all of its rights and remedies as against the Borrower and the Guarantors, including, but not limited to, those in connection with any further amounts that may become due and owing to the Lender and the Lender's right to make an immediate application to the Court of Queen's Bench for the appointment of an interim receiver or for the appointment of a receiver and manager, prior to the expiration of the prescribed 10 day notice period, if the Lender determines that the collateral subject to the Loan Agreement, the Security, or the Guarantees, is in jeopardy. This notice is without prejudice to any and all rights, powers, privileges, and remedies of the Lender under the Loan Agreement, the Security, the Guarantees, any other agreements, documents, instruments, or assignments between the Lender, the Borrower, or the Guarantors, or any applicable laws, including with respect to any defaults committed by the Borrower or the Guarantors under any of the Loan Agreement, the Security, or the Guarantees, any other agreements, documents, instruments, or assignments between the Lender, the Borrower, or the Guarantors, all of which rights, powers, privileges, and remedies, are expressly reserved, and nothing herein shall act as a waiver thereof.

Yours truly,

McCarthy Tétrault LLP



Walker W. MacLeod

WWM/kh
Enclosures

cc: Torys LLP
Attention: Kyle Kashuba and Janan Paskaran

Enterra Feed US Corporation
#7383, 216th Street
Langley, BC V2Y 2S3

Enterra Feed US Sales Corporation
#7383, 216th Street
Langley, BC V2Y 2S3

Enterra Feed Marion Corporation
#7383, 216th Street
Langley, BC V2Y 2S3



FORM 86
Notice of Intention to Enforce Security
(Rule 124)

TO: Enterra Feed Corporation (the "Debtor"), an insolvent corporation

TAKE NOTICE THAT:

1. Forage Subordinated Debt LP III (the "**Lender**"), a secured creditor, intends to enforce its security on the Debtor's property, being all of the Debtor's present and after acquired personal and real property, assets, and undertakings.
2. The security that is to be enforced is in the form of, *inter alia*:
 - (a) General Security Agreement, May 15, 2019, as granted by the Borrower to and in favour of the Lender; and,
 - (b) Assignment of Intellectual Property, dated May 15, 2019, as granted by the Borrower to and in favour of the Lender,(collectively, the "**Security**").
3. The total amount of indebtedness secured by the Security, as of as of September 8, 2022, is \$9,951,780.82, plus all accruing interest, costs, expenses and fees, including, without limitation, solicitor and their own client costs, on a full indemnity basis.
4. The Lender will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent, unless the Debtor consents to an earlier enforcement.

DATED at Calgary, Alberta, this 8th day of September, 2022.

FORAGE SUBORDINATED DEBT LP III
by its duly authorized solicitors and agents
McCarthy Tétrault LLP

Per:


Walker W. MacLeod



CONSENT TO EARLY ENFORCEMENT

The undersigned, Enterra Feed Corporation, being the Debtor referenced in the Notice of Intention to Enforce Security to which this consent is annexed to, does hereby consent, in accordance with Section 244(2) of the *Bankruptcy and Insolvency Act* (Canada), to the early enforcement by Forage Subordinated Debt LP III, the secured creditor, of any and all securities and related interests held by Forage Subordinated Debt LP III, notwithstanding the fact that the requisite 10-day period, as prescribed by Section 244(2) of the *Bankruptcy and Insolvency Act* (Canada), has not yet elapsed.

DATED at _____, Alberta, this ____ day of _____, 2022.

ENTERRA FEED CORPORATION

Per: _____
Name:
Title:



This is Exhibit "B" referred to in the Affidavit of Jim Taylor
sworn before me by two-way video conference this 7th day of November, 2022.

A Commissioner for Oaths in and for the Province of Alberta

JDT



ENMAX Corporation
141 – 50 Avenue SE
Calgary, AB T2G 4S7
Tel: (403) 514-3000
enmax.com

November 1, 2022

via mail & email

Enterra Feed Corporation
20240 Stewart Crescent
Maple Ridge, BC V2X 0T4

Enterra Feed Corporation
c/o Head Office Address
7383 – 216 Street
Langley, BC V2Y 2S3

Enterra Feed Corporation
c/o Primary Agent for Service
Tingle Merrett LLP
Attention: Jeffrey A. Helper
1250, 639 – 5 Avenue SW
Calgary, AB T2P 0M9

Enterra Feed Corporation
101, 260184 Nose Creek Blvd
Rocky View County, AB T4A 0W9

Dear Sir or Madam:

Re: Enterra Feed Corporation - Demand for Payment

Account Number: A10195493

Site IDs/Addresses: 0003043216776 / NE-4-26-29-W4

003042504021 / NE-4-26-29-W4

0020008319230 / C, 260184 Nose Creek Blvd, Rockyview County

0020008319226 / B, 260184 Nose Creek Blvd, Rockyview County

(the "Sites")

Further to the invoices sent from ENMAX Energy Corporation to Enterra Feed Corporation, we note that this account remains in arrears. We can confirm that we have conducted an extensive search of our records and were unable to locate evidence of a new contract being entered into as indicated by Kevin Suga. We can advise that any new contracts being entered into would be finalized and executed by both ENMAX and its customer on a detailed formal contract document and our records do not evidence this being in place.

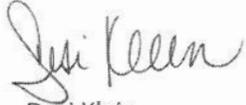
We write to make formal demand upon Enterra Feed Corporation for payment of the outstanding balance of **\$398,757.82**. Please note that there are additional current charges of \$239,691.28, which are due by November 9, 2022 under Invoice Number: 22-3070260, for a total owing of **\$638,449.10**.

Should you not make payment in the amount of **\$638,449.10** to ENMAX Energy Corporation by way of certified cheque or bank draft by 4:00 p.m., on **Wednesday, November 09, 2022**, we will, if necessary, take legal action to collect the outstanding balance, legal costs and interest. **Under the terms of the Agreements, ENMAX Energy Corporation hereby notifies you that if payment for the account balance is not made as above, your services may be terminated at the Sites noted above in accordance with Sections 10.1 and 11.1 of the Agreements.**

Please only contact me within ENMAX at dklein@enmax.com or (403) 514-1633 as I have conduct of this matter going forward. All other parties you may have dealt with within ENMAX have referred this matter to me.

Yours truly,

ENMAX Corporation

A handwritten signature in black ink, appearing to read "Desi Klein". The signature is written in a cursive, flowing style.

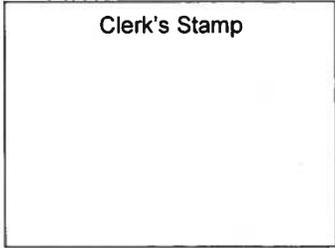
Desi Klein

Collections and Litigation Paralegal, Legal Services

/dk

Handwritten initials "JDT" in blue ink, with a long horizontal line extending to the right from the top of the "T".

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ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
McCarthy Tétrault LLP
Suite 4000, 421 7th Avenue SW
Calgary AB T2P 4K9
Attention: Walker MacLeod / Nathan Stewart
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10. Since the issuance of the Demand in September 2022 the Lender has always expected that an insolvency process would be required to complete a transaction involving the Company. The Lender was hopeful that the Company would be able to enter into a definitive agreement with one of the participants in the Sales Process and then commence insolvency proceedings for the purposes of implementing such a transaction. While the Sales Process is continuing, it has become apparent that the Company needs the benefit of a stay of proceedings as various unsecured creditors are threatening to immediately exercise rights against the Company.
11. The Company's supplier of electricity, ENMAX Corporation ("**ENMAX**"), is owed several months of accounts and had demanded payment of \$638,449 from the Company. ENMAX has further threatened to terminate the services it provides to the Company if such payment is not made by Wednesday, November 9, 2022. A copy of the demand letter delivered to the Company by ENMAX is attached and marked as **Exhibit "B"** to this my Affidavit. The Company does not have sufficient funds or available credit to pay the amount demanded by ENMAX. The Company's current cash flow projection is that it will exhaust, or come very close to exhausting, its available liquidity in the next one to two weeks (and for certainty, the cash flow projection does not contemplate payment of the amount demanded by ENMAX such that if the payment was made the Company would have projected a negative cash balance). The Receivership Order will provide the Company with secured priority funding to address its projected go-forward cash expenditures.
12. As noted above, the Company's business involves raising insects which are eventually processed into feed, which requires sufficient capital to ensure that the insects are fed and that certain conditions conducive to their growth are maintained. The loss of the insects

could have a significant negative effect on the value of the Lender's collateral and preclude the sale of the business as a going concern, to the detriment of its creditors and other stakeholders. Accordingly, there is urgency in locating a purchaser for Enterra's business.

Conclusion

13. I believe it is just and convenient that the Receiver be appointed for the following reasons:

- (a) the Company does not oppose the entry of the Receivership Order;
- (b) the directors and Chief Restructuring Officer of the Company have resigned and, absent the granting of the Receivership Order, the Company will not have anyone in control of its day to day operations;
- (c) the Receivership Order will allow for the Company to continue the Sales Process under the direction of Mr. Driver and supervision of the Receiver;
- (d) the Receivership Order will provide the Company with the benefit of a stay of proceedings which, given recent developments with certain unsecured creditors, is urgently needed; and
- (e) the Receivership Order will ensure that the Company has funding to continue its current operations, including paying payroll obligations to current employees.

14. I swear this Affidavit in support of the Lender's application to appoint the Receiver.

15. I am not physically present before the Commissioner for Oaths (the "**Commissioner**") taking this Affidavit, but I am linked with the Commissioner by video technology. The following steps have been or will be taken by me and the Commissioner:

- (a) I have shown the Commissioner the front and back of my current government-issued photo identification ("**ID**") and the Commissioner has compared my video image to the information on my ID;
- (b) the Commissioner has taken a screenshot of the front and back of my ID to retain it;
- (c) the Commissioner and I have a paper copy of this Affidavit before us;



- (d) the Commissioner and I have reviewed each page of this Affidavit to verify that the pages are identical and have initialed each page in the lower right corner;
- (e) at the conclusion of our review of the Affidavit, the Commissioner administered the oath to me, and the Commissioner watched me sign my name to this Affidavit; and
- (f) I will send this signed Affidavit electronically to the Commissioner.

SWORN BEFORE ME at the City of)
Calgary, in the Province of Alberta, this)
7th day of November, 2022.)



A COMMISSIONER FOR OATHS)
in and for the Province of Alberta)

JIM TAYLOR

Samuel D.T. Platt
Student-at-Law



CERTIFICATE

CANADA)
)
PROVINCE OF)
)
ALBERTA)
)
)
)
)
)

FORAGE SUBORDINATED DEBT LP III

v.

ENTERRA FEED CORPORATION, ENTERRA FEED US CORPORATION, ENTERRA FEED US SALES CORPORATION, AND ENTERRA FEED MARION CORPORATION

I, Sam Platt, of the City of Calgary, in the Province of Alberta, Student-At-Law, **DO CERTIFY** that:

1. I remotely commissioned the affidavit of Jim Taylor dated November 7, 2022, attached hereto, using videoconferencing software in accordance with the procedure set out in the Court of Queen’s Bench of Alberta Notice to the Profession and Public NPP#2020-02 regarding Remote Commissioning of Affidavits for Use in Civil and Family Proceedings During The COVID-19 Pandemic.

2. The remote commissioning process was necessary because it was impossible or unsafe, for medical reasons, for the deponent and I to be physically present together.

IN TESTIMONY WHEREOF I have hereunto subscribed my name and affixed my seal of office at the City of Calgary, in the Province of Alberta, this 7th day of November, 2022.



 Sam Platt
 A Commissioner for Oaths in and for the
 Province of Alberta

Samuel D.T. Platt
Student-at-Law



This is Exhibit "A" referred to in the Affidavit of Jim Taylor
sworn before me by two-way video conference this 7th day of November, 2022.



A Commissioner for Oaths in and for the Province of Alberta

Samuel D.T. Platt
Student-at-Law





McCarthy Tétrault LLP
Suite 4000
421-7th Avenue S.W.
Calgary AB T2P 4K9
Canada
Tel: 403-260-3500
Fax: 403-260-3501

Walker W. MacLeod
Direct Line: (403) 260-3710
Direct Fax: (403) 260-3501
Email: wmacleod@mccarthy.ca

Assistant: Katie Hynne
Direct Line: (403) 260-3560
Email: khynne@mccarthy.ca

September 8, 2022

Via Email, Courier and Registered Mail

Enterra Feed Corporation
#7383, 216th Street
Langley, BC V2Y 2S3

**Attention: David Lemmon
Michael Devon**

Dear Sirs:

Re: Secured credit facility granted by Forage Subordinated Debt LP III (formerly Avrio Subordinated Debt Limited Partnership III, by its general partner, Avrio Subordinated Debt General Partner III Ltd.) (the "Lender") to Enterra Feed Corporation (the "Borrower")

DEMAND AND NOTICE OF INTENTION TO ENFORCE

We are counsel to the Lender in connection with the above referenced secured credit facility (the "**Credit Facility**") granted to Borrower pursuant to the Loan Agreement, dated May 15, 2019, between the Lender, as lender, the Borrower, as borrower, and Enterra Feed US Corporation, Enterra Feed US Sales Corporation, and Enterra Feed Marion Corporation (collectively, the "**Guarantors**"), as guarantors (as subsequently amended, restated or otherwise modified from time to time, the "**Loan Agreement**").

Furthermore, reference is also made to the following security agreements:

1. General Security Agreement, May 15, 2019, as granted by the Borrower to and in favour of the Lender; and,
2. Assignment of Intellectual Property, dated May 15, 2019, as granted by the Borrower to and in favour of the Lender,

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

As of September 8, 2022, the Borrower is indebted to the Lender, pursuant to the Loan Agreement, in the following amounts:

| | |
|----------------------------------|-----------------|
| Term Loan Facility | |
| Outstanding Principal | \$10,000,000.00 |
| Interest prepaid on July 4, 2022 | -\$201,643,84 |



| | |
|---------------------------------------|-----------------------|
| Interest expense to September 8, 2022 | \$153,424.66 |
| TOTAL INDEBTEDNESS | \$9,951,780.82 |

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

The Indebtedness continues to accrue interest at an approximate total *per diem* rate of \$2,191.78.

Pursuant to the Borrower's Notice of Event of Default, dated September 8, 2022, the Borrower provided notice to the Lender that the Borrower has resolved to proceed with an orderly winding down of its business and operations due to a lack of funding which would result in an Event of Default under Sections 9.1(i)(c), (h), and/or (i) of the Loan Agreement (the "**Default Event**"). Following the Default Event and, furthermore, in accordance with the demand nature of the Credit Facility, which is repayable upon demand by the Lender, on behalf of the Lender, we hereby demand repayment of the Indebtedness, plus any and all interest, standby fees, costs, and expenses, which continue to accrue in accordance with the terms and conditions of the Loan Agreement, the Security, and the various other agreements, documents, and instruments entered into and between the Borrower or any of its predecessors and the Lender. Please contact us on the date repayment is to be made and we shall provide the then outstanding balance, inclusive of professional fees and costs.

Furthermore, to the extent any availability remains or becomes available under the Loan Agreement or the Credit Facility, we hereby provide notice, in accordance with the terms of the Loan Agreement, that all availability under the Loan Agreement and the Credit Facility is hereby terminated.

If full payment, as set forth above, is not made within ten (10) days from the date hereof, the Lender will take whatever steps it deems necessary or appropriate to secure payment of all amounts outstanding. To this end, we enclose for service upon the Borrower a Notice of Intention to Enforce Security in accordance with Section 244(1) of the *Bankruptcy and Insolvency Act*. The Lender kindly requests that the Borrower provide its consent to the Lender enforcing any and all of the Lender's security interests prior to the expiration of the statutorily mandated ten (10) day period and that, in the event that the Borrower determines it advisable to provide such consent, the Borrower endorse the consent attached to its Notice of Intention to Enforce Security, all as enclosed herein.

Reference is also made to the following guarantees:

1. Guarantee, dated May 15, 2019, as granted by Enterra Feed US Sales Corporation to and in favour of the Lender;
2. Guarantee, dated May 15, 2019, as granted by Enterra Feed US Corporation to and in favour of the Lender; and,
3. Guarantee, dated May 15, 2019, as granted by Enterra Feed Marion Corporation to and in favour of the Lender;

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

By way of copy of this letter to the Guarantors, the Lender hereby demands that the Guarantors perform their obligations, as set out under the Guarantees, within the time stipulated for repayment by the Borrower, as set out herein.

The Lender expressly reserves any and all of its rights and remedies as against the Borrower and the Guarantors, including, but not limited to, those in connection with any further amounts that may become due and owing to the Lender and the Lender's right to make an immediate application to the Court of Queen's Bench for the appointment of an interim receiver or for the appointment of a receiver and manager, prior to the expiration of the prescribed 10 day notice period, if the Lender determines that the collateral subject to the Loan Agreement, the Security, or the Guarantees, is in jeopardy. This notice is without prejudice to any and all rights, powers, privileges, and remedies of the Lender under the Loan Agreement, the Security, the Guarantees, any other agreements, documents, instruments, or assignments between the Lender, the Borrower, or the Guarantors, or any applicable laws, including with respect to any defaults committed by the Borrower or the Guarantors under any of the Loan Agreement, the Security, or the Guarantees, any other agreements, documents, instruments, or assignments between the Lender, the Borrower, or the Guarantors, all of which rights, powers, privileges, and remedies, are expressly reserved, and nothing herein shall act as a waiver thereof.

Yours truly,

McCarthy Tétrault LLP



Walker W. MacLeod

WWM/kh
Enclosures

cc: Torys LLP
Attention: Kyle Kashuba and Janan Paskaran

Enterra Feed US Corporation
#7383, 216th Street
Langley, BC V2Y 2S3

Enterra Feed US Sales Corporation
#7383, 216th Street
Langley, BC V2Y 2S3

Enterra Feed Marion Corporation
#7383, 216th Street
Langley, BC V2Y 2S3



FORM 86
Notice of Intention to Enforce Security
(Rule 124)

TO: Enterra Feed Corporation (the "Debtor"), an insolvent corporation

TAKE NOTICE THAT:

1. Forage Subordinated Debt LP III (the "**Lender**"), a secured creditor, intends to enforce its security on the Debtor's property, being all of the Debtor's present and after acquired personal and real property, assets, and undertakings.
2. The security that is to be enforced is in the form of, *inter alia*:
 - (a) General Security Agreement, May 15, 2019, as granted by the Borrower to and in favour of the Lender; and,
 - (b) Assignment of Intellectual Property, dated May 15, 2019, as granted by the Borrower to and in favour of the Lender,(collectively, the "**Security**").
3. The total amount of indebtedness secured by the Security, as of as of September 8, 2022, is \$9,951,780.82, plus all accruing interest, costs, expenses and fees, including, without limitation, solicitor and their own client costs, on a full indemnity basis.
4. The Lender will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent, unless the Debtor consents to an earlier enforcement.

DATED at Calgary, Alberta, this 8th day of September, 2022.

FORAGE SUBORDINATED DEBT LP III
by its duly authorized solicitors and agents
McCarthy Tétrault LLP

Per: 
Walker W. MacLeod



CONSENT TO EARLY ENFORCEMENT

The undersigned, Enterra Feed Corporation, being the Debtor referenced in the Notice of Intention to Enforce Security to which this consent is annexed to, does hereby consent, in accordance with Section 244(2) of the *Bankruptcy and Insolvency Act* (Canada), to the early enforcement by Forage Subordinated Debt LP III, the secured creditor, of any and all securities and related interests held by Forage Subordinated Debt LP III, notwithstanding the fact that the requisite 10-day period, as prescribed by Section 244(2) of the *Bankruptcy and Insolvency Act* (Canada), has not yet elapsed.

DATED at _____, Alberta, this ____ day of _____, 2022.

ENTERRA FEED CORPORATION

Per: _____
Name:
Title:



This is Exhibit "B" referred to in the Affidavit of Jim Taylor
sworn before me by two-way video conference this 7th day of November, 2022.



A Commissioner for Oaths in and for the Province of Alberta

Samuel D.T. Platt
Student-at-Law





ENMAX Corporation
141 – 50 Avenue SE
Calgary, AB T2G 4S7
Tel. (403) 514-3000
enmax.com

November 1, 2022

via mail & email

Enterra Feed Corporation
20240 Stewart Crescent
Maple Ridge, BC V2X 0T4

Enterra Feed Corporation
c/o Head Office Address
7383 – 216 Street
Langley, BC V2Y 2S3

Enterra Feed Corporation
c/o Primary Agent for Service
Tingle Merrett LLP
Attention: Jeffrey A. Helper
1250, 639 – 5 Avenue SW
Calgary, AB T2P 0M9

Enterra Feed Corporation
101, 260184 Nose Creek Blvd
Rocky View County, AB T4A 0W9

Dear Sir or Madam:

Re: Enterra Feed Corporation - Demand for Payment
Account Number: A10195493
Site IDs/Addresses: 0003043216776 / NE-4-26-29-W4
003042504021 / NE-4-26-29-W4
0020008319230 / C, 260184 Nose Creek Blvd, Rockyview County
0020008319226 / B, 260184 Nose Creek Blvd, Rockyview County
(the "Sites")

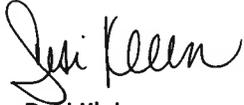
Further to the invoices sent from ENMAX Energy Corporation to Enterra Feed Corporation, we note that this account remains in arrears. We can confirm that we have conducted an extensive search of our records and were unable to locate evidence of a new contract being entered into as indicated by Kevin Suga. We can advise that any new contracts being entered into would be finalized and executed by both ENMAX and its customer on a detailed formal contract document and our records do not evidence this being in place.

We write to make formal demand upon Enterra Feed Corporation for payment of the outstanding balance of **\$398,757.82**. Please note that there are additional current charges of \$239,691.28, which are due by November 9, 2022 under Invoice Number: 22-3070260, for a total owing of **\$638,449.10**.

Should you not make payment in the amount of **\$638,449.10** to ENMAX Energy Corporation by way of certified cheque or bank draft by 4:00 p.m., on **Wednesday, November 09, 2022**, we will, if necessary, take legal action to collect the outstanding balance, legal costs and interest. **Under the terms of the Agreements, ENMAX Energy Corporation hereby notifies you that if payment for the account balance is not made as above, your services may be terminated at the Sites noted above in accordance with Sections 10.1 and 11.1 of the Agreements.**

Please only contact me within ENMAX at dklein@enmax.com or (403) 514-1633 as I have conduct of this matter going forward. All other parties you may have dealt with within ENMAX have referred this matter to me.

Yours truly,
ENMAX Corporation

A handwritten signature in black ink, appearing to read "Desi Klein".

Desi Klein
Collections and Litigation Paralegal, Legal Services

/dk

A small, red, handwritten mark or signature in the bottom right corner of the page.