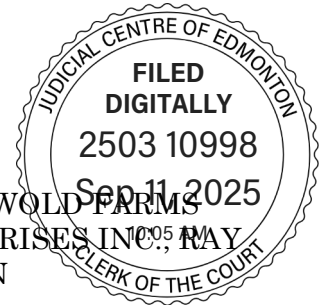


COURT FILE NUMBER	2503-10998
COURT	COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
PLAINTIFF/DEFENDANT BY COUNTERCLAIM	COMPEER FINANCIAL, PCA
DEFENDANTS/PLAINTIFFS BY COUNTERCLAIM	SUNTERRA FARMS LTD., SUNWOLD FARMS LIMITED, SUNTERRA ENTERPRISES INC., RAY PRICE and DEBBIE UFFELMAN
DOCUMENT	COUNTERCLAIM
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Blue Rock Law LLP 700, 215-9 th Ave SW Calgary, AB T2P 1K3



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File: 1375-00001

NOTICE TO DEFENDANT BY COUNTERCLAIM

You are being sued. You are a Defendant. Please go to the end of this document to see what you can do and when you must do it.

Statement of facts relied on:

The Parties

1. The Plaintiffs by Counterclaim, Sunterra Farms Ltd. ("Suntterra Canada"), Sunwold Farms Limited ("Sunwold Canada"), (collectively "Suntterra Plaintiffs") Sunterra Enterprises Inc. ("SEI") (collectively the "Corporate Plaintiffs by Counterclaim"), Ray price ("Ray") and Debbie Uffelman ("Debbie") repeat and adopt the facts pled, facts admitted, and definitions adopted or set out in their Statement of Defence unless expressly defined otherwise herein.
2. The Defendant, Compeer Financial, PCA ("Compeer"), is a member-owned, Farm Credit Cooperation serving agricultural and rural communities in the United States.

Compeer provides loans, leases, risk management, and other financial services throughout 144 counties in Illinois, Minnesota, and Wisconsin. Compeer has specialized knowledge of the swine and banking industries.

3. The Corporate Plaintiffs by Counterclaim plead and rely on the allegations as set out in the Defendants Statement of Defense and adopt the defined terms therein.

Background

4. The Corporate Plaintiffs by Counterclaim are private corporations incorporated in Alberta and are members of the Sunterra Group – a series of companies ultimately owned and operated by members of the Price family. The Sunterra Group has operations dating back over 50 years, spanning multiple sectors of the agricultural and food distribution industries.
5. The Corporate Plaintiffs by Counterclaim are essential parts of the Sunterra group and are involved with three US entities of the Sunterra Group: Sunwold Farms Inc. (“Sunwold US”), Sunterra Farms Iowa Inc. (“Sunterra US”) and Lariagra Farms South Inc. (Lariagra US”) (collectively the “US Hog Farm Entities”).
6. The US Hog Farm Entities work with the Corporate Plaintiffs by Counterclaim with respect to a pig farming business. Piglets are born in Canada and sold to the US Hog Farm Entities. These piglets are produced to No Antibiotics Ever or NAE standards, and as such attract a premium price once they mature into hogs.
7. Sunwold US purchased approximately 5,500-6,000 piglets per week, and each piglet took about 20-26 weeks to mature and reach market weight. At any time, there were approximately 130,000 swine on hand. Sunterra US manages and cares for an additional 195,000 hogs owned by The Pig Group (“TPG”), a company owned by Tyson Fresh Meats (“Tyson”).
8. Since 2018, Sunwold US and Lariagra US have had agreements in place with Tyson whereby Tyson was bound to purchase a fixed minimum number of hogs at a premium price. A similar agreement was entered into with another entity called Sioux Preme.

9. SEI denies that it is the guarantor of certain loans to the US Hog Farm Entities pursuant to an agreement with Compeer (“SEI Contract”) however in the alternative it pleads that if it is then it has a contractual relationship with Compeer such that Compeer owes it a contractual duty of good faith and fair dealing.
10. The Sunterra Plaintiffs do not have a contractual relationship with Compeer.

Business relationship among the parties

11. Compeer has been the primary lender to the US Hog Farm Entities since their inception and as such has at all material times had resultant contractual duties of good faith and honest performance of contractual obligations. Prior to the Insolvency Compeer had made a profit off of the US Hog Farm Entities for each and every year they have done business.
12. Compeer and members of the Sunterra Group, including the Corporate Plaintiffs by Counterclaim, have had a considerable number of material conversations over the years such that Compeer completely understands the interconnected nature of the Sunterra Groups hog business, its international nature, and the relationships between the companies – including the financial relationship.
13. Compeer extended RLOCs to the US Hog Farm Entities and afforded at its own discretion considerable flexibility in terms of daily extensions of credit. Compeer holds itself out as an expert in the agricultural and banking business, and knew or ought to have known of the integrated nature of pig production and the ability to monetize the NAE premiums.

Tenor Change in February 2025

14. On or around February 10, 2025, Compeer froze all cheques for the US Hog Farm Entities, citing an overdraft - the occurrence of which was common in the over 20-year business relationship (“Compeer Freeze”).
15. As a result, certain loan covenants in place with NBC, the lender for the Canadian arms of the Sunterra Group including the Canadian Hog Farms, were temporarily

breached. This temporary breach caused a transient event of default under a loan agreement with NBC.

16. Compeer's conduct with respect to the Compeer Freeze was completely commercially unreasonable. It had known about and in fact had consented to and endorsed all conduct of the Defendants with respect to intercompany loans between the companies as well as any overdrafts.

Breach of Duties

17. The Price Proposal was presented to Compeer prior to the US Insolvency. The Price Proposal would have not only been sufficient to settle the debts of the US Hog Farm Entities, but it would have prevented the US insolvency altogether. The US receiver made no attempts to explore the Price Proposal or any similar alternatives or options following its appointment.
18. If, in the alternative, Sunterra Enterprises is found to be a guarantor of the US Hog Farm Entities debts to Compeer, then Compeer owes Sunterra Enterprises a duty of contractual good faith and fair dealing which it breached by failing to accept the Price Proposal or to even engage in good faith discussions.
19. Compeer disregarded the legitimate business interests and reasonable expectations of the Plaintiffs by Counterclaim by rejecting the Price Proposal and causing the US Insolvency ("Compeer Breach").
20. Further, both Compeer and the US Receiver breached their duty of good faith and failed to act in good faith and acted with complete disregard for the legitimate business interests of the Corporate Plaintiffs by Counterclaim and the Sunterra Group in general. Specifically, among other things:
 - a. In February 2025, payments of approximately \$500,000 USD had been received by the US Hog Farm Entities due to various agreements with third parties, and such funds were to be paid out to various farmers (the "Trust Proceeds"). These Trust Proceeds did not belong to the US Hog Farm Entities, but instead were held on behalf of Tyson, thereby creating a constructive trust. The US Hog Farm

Entities wrote cheques to pay out the Trust Proceeds to the respective farmer recipients, but such cheques were returned NSF. The Plaintiffs by Counterclaim raised concerns with Compeer about these cheques, Compeer agreed to clear new cheques once they were issued, and instead Compeer again bounced those new cheques as NSF and retained the Trust Funds; and

- b. Compeer agreed to make certain payments during the receivership process to continue the supply of piglets from Canada to the US Hog Farm Entities (the “Placed Pigs”). Despite this agreement, Compeer then reneged, and the requisite payments for the Placed Pigs were not made, such that title to those animals remained in the hands of Canadian Sunterra entities, specifically Sunwold Canada and Sunterra Canada. Despite this fact, those Placed Pigs were later sold at a discount with Compeer taking those funds, absent any legal or equitable right to them (“Pig Non-payment”).
21. The rejection of the Price Proposal, Compeer Freeze, and Pig Non-payment were breaches of Compeer’s contractual and common law duties of good faith to the Corporate Plaintiffs by Counterclaim (“Breaches”).

Damages

22. As a result of the Breaches the Plaintiffs by Counterclaim have suffered loss and damage including but not limited to;
- a. Damages arising from the US Insolvency and the failure to make profits arising from joint operations with the US Sunterra Entities;
 - b. Loss and damages because of lost business opportunities arising from the US Insolvencies;
 - c. Loss and damage relating to claims from third parties as a direct result of the Breaches including the Pig Non-payment; and
 - d. Reputational damage to the Plaintiffs by counterclaim arising from Compeer’s conduct.

Knowing Assistance and Knowing Receipt

23. Compeer has been in business with the US Hog Farm Entities and by extension the Sunterra Group for years. Compeer helped implement the intercompany transactions and had day to day oversight over all funds moved between Canada and the US at all material times. The Account Coverage Practice, which Compeer alleges is some sort of illicit scheme, could not have been implemented or utilized for years without issue if not for the actions and approval of Compeer. To the extent any liability is established in the main claim, which is denied, then Compeer ought to be prohibited from profiting from their contribution to those impugned actions.

Breach of Trust and Conversion

24. Certain assets and proceeds realized because of the receivership process, including but not limited to the Trust Proceeds and the Placed Pigs and related proceeds, were obtained that did not belong to Compeer or any debtor of Compeer. Compeer has been enriched, to the corresponding deprivation of the Plaintiffs by Counterclaim, or others, absent juristic reason. Accordingly, such proceeds are subject to constructive trust for their benefit.
25. In breach of trust, those proceeds have been distributed to Compeer despite the fact they did not form part of the estate that was created because of the US Receivership. These Plaintiffs by Counterclaim seek a tracing of all such funds and disgorgement of all funds traced.
26. Further or in the alternative, Compeer has wrongfully taken, detained, and disposed of property that belongs to the Plaintiffs by Counterclaim absent legal right, and is liable to compensate the Plaintiffs by Counterclaim for conversion.

Intentional Intereference with Economic Relations

27. In March 2025, Compeer intended to and did injure the economic interests of the Corporate Plaintiffs by Counterclaim. Compeer achieved this end by seizing and selling security, including piglets and various related swine assets that did not belong to US Hog Farm Entities, and fire selling those assets knowing full well that

this was not in good faith or Compeer's best interests. Compeer knew that they had no right to seize and sell such security, but proceeded nonetheless. Moreover, the intention of Compeer's actions was not to recoup any purported losses, but to punitively harm the interests of the Corporate Plaintiffs by Counterclaim.

Remedy sought:

28. The Plaintiffs by Counterclaim seek an Order from this Honourable Court granting the following relief:
- a. Judgment against Compeer Financial, PCA in the amount of \$30,000,000 USD or such other amount as shall be proven at trial.
 - b. an Order granting a tracing of all funds received by Compeer Financial, PCA and disgorgement of all amounts improperly withheld;
 - c. solicitor and his own client (full-indemnity) costs, inclusive of all disbursements incurred to prosecute the action;
 - d. pre and post-judgment interest pursuant to the *Judgment Interest Act*, RSA 2000, c J-1, as amended; and
 - e. such further and other relief as this Honourable Court deems just and equitable in the circumstances.

NOTICE TO THE DEFENDANT BY COUNTERCLAIM

You only have a short time to do something to defend yourself against this claim:

- 20 days if you are served in Alberta
- 1 month if you are served outside Alberta but in Canada
- 2 months if you are served outside Canada.

You can respond by filing a statement of defence or a demand for notice in the office of the clerk of the Court of King's Bench at Edmonton, Alberta, and serving your statement of defence or a demand for notice on the plaintiff's' address for service.

WARNING

If you do not file and serve a statement of defence or a demand for notice within your time period, you risk losing the lawsuit automatically. If you do not file, or do not serve, or are late in doing either of these things, a court may give a judgment to the plaintiffs against you.