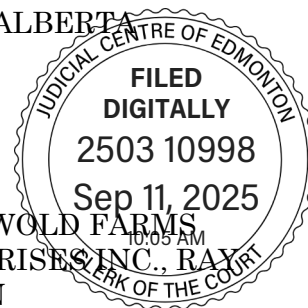


COURT FILE NUMBER	2503-10998
COURT	COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
PLAINTIFF	COMPEER FINANCIAL, PCA
DEFENDANTS	SUNTERRA FARMS LTD., SUNWOLD FARMS LIMITED, SUNTERRA ENTERPRISES INC., RAY PRICE and DEBBIE UFFELMAN
DOCUMENT	STATEMENT OF DEFENCE
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Blue Rock Law LLP 700, 215-9 th Ave SW Calgary, AB T2P 1K3 Scott Chimuk and David W. Mann, KC. T. 587.390.7041 and 403.605.3992 E. scott.chimuk@bluerocklaw.com / david.mann@bluerocklaw.com File: 1375-00001



Note: State below only facts and not evidence (Rule 13.6)

Statement of facts relied on:

General denial and overview of Defence

1. The Defendants, Sunterra Farms Ltd. (“Sunterra Canada”), Sunwold Farms Limited (“Sunwold Canada”), Sunterra Enterprises Inc. (“SEI”) (collectively the “Corporate Defendants”), Ray Price (“Ray”) and Debbie Uffelman (“Debbie”), deny every allegation of fact unless expressly admitted herein.
2. The Defendants admit the facts as alleged at paragraph 15 of the within Statement of Claim.

Key facts

3. The Corporate Defendants 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.

4. The Defendants do not bank with and have never banked with Compeer.
5. 3 US Sunterra entities banked with Compeer: 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 Canadian hog farm entities of the Sunterra Group in a large 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 and are sold in USD in the US. But to achieve that premium, significant time and resources are required.
7. Compeer, wrongfully and without warning cancelled all the credit facilities of the US Hog Entities in February 2025. This cancellation of credit caused the US Hog Farm Entities to experience liquidity issues which ultimately resulted in an insolvency (“US Insolvency”). After the cancellation of the credit facilities but prior to the US Insolvency, Art Price of the Sunterra Group met with Compeer and presented them with a proposal that would have solved any issues relating to the repayment of the Compeer debt (“Price Proposal”). The Price Proposal included defined participation in positive cash flows arising from the continued business operation of the Hog business and taking advantage of certain premiums which were attainable through the continued operation of the US entities in conjunction with pig purchases from the Canadian entities.

Specific Responses

8. The Defendants deny that they owe the Plaintiff any duties as alleged or at all, or alternatively that to the extent that they owed any duties that they breached any duties as alleged or at all.
9. The Defendants deny that they caused any losses as alleged or at all.

10. In specific response to paragraph 1 of the Statement of Claim the Defendants deny that the Plaintiff suffered any losses as alleged or at all.
11. In the alternative if any losses were suffered, which is not admitted but denied, then those losses are exorbitant and exaggerated and the Defendants are not liable for them.
12. In the further alternative if any losses were suffered, which is not admitted but denied, then there is a failure to mitigate.
13. In the further alternative, if any losses were suffered, which is not admitted but denied, then those losses were not caused by the Defendants but were solely or partially caused by the Plaintiff such that it is contributorily negligent, or were all or partially caused by third parties including but not limited to the National Bank of Canada.
14. The Defendants deny that they participated in any fraudulent scheme as alleged. Further, or in the alternative, the Defendants state that to the extent that there was any such scheme as alleged or at all, which is denied, that Compeer was a knowing participant and cooperated in the scheme. At all material times hereto Compeer consented to, endorsed, and/or tacitly or expressly endorsed the actions of the Defendants. Specifically, Compeer knew about and authorized the financial practices of the Defendants including any intercompany loans or transfers.
15. In response to paragraph 4 of the Statement of Claim, Price and Uffelman did not cause or conceal anything as alleged.
16. In response to paragraph 5 of the Statement of Claim, SEI denies that it was a guarantor of any loans as alleged. In the alternative, to the extent that it was a guarantor of any loans as alleged, SEI claims set off and alleges that the refusal to accept the Price Proposal constituted a breach of Compeer's contractual duty of good faith and both caused any losses that Compeer may have suffered as well as caused additional loss and damage to SEI, as well as to the other Sunterra defendants.
17. In response to paragraph 12 of the Statement of Claim, Ray denies that he is the beneficial owner of the Sunterra Entities as alleged and further states that at all times he exercised reasonable diligence when acting as an officer and director of any of the

entities as alleged. Ray further denies wrongful conduct and denies that he owes the Plaintiff any duty as alleged or at all.

18. In response to paragraph 13 of the Statement of Claim, Uffelman states that she exercised reasonable diligence when acting as an officer of any of the entities at all times. She further denies wrongful conduct and denies that she owes the Plaintiff any duty as alleged or at all.
19. In specific response to paragraphs 33-43 of the Statement of Claim, the Defendants deny that the intercompany transactions occurred as alleged. In the alternative, to the extent that intercompany transactions occurred, they occurred with full transparency to and with the tacit and/or express consent and knowledge of Compeer.
20. In specific response to paragraphs 87-90 of the Statement of Claim the Defendants deny that there was any deceit, fraud, or fraudulent misrepresentations. In the alternative, and as set out herein, the Defendants state that at all times Compeer knew or ought to have known of the Defendants banking practices. Further, there was no misrepresentation, and alternatively if there was a misrepresentation, there was no reasonable reliance to the detriment of the Plaintiff.
21. In specific response to paragraphs 91-94 of the Statement of Claim, the Defendants deny that there was any conspiracy. Alternatively, even if there was, which is vehemently denied, Compeer was either a participant in, or willfully blind to any such conspiracy.
22. In response to paragraph 95, the Defendants deny that there was any oppressive conduct, but further and in the alternative state that Compeer is not a creditor or complainant within the meaning of the Alberta *Business Corporations Act* as it was not a lender to any of the Defendants.

No knowledge and no profit

23. In specific reply to paragraphs 67 and 68 of the Statement of Claim, the Defendants specifically deny that they had any such knowledge with respect to the cheque verification, clearing, and settlement process of Compeer, nor did any Defendant have

knowledge of insufficient funds in any account. The fact is that the accounts were in such a state of flux that the knowledge alleged to be had by the Defendants is impossible to have at any one point in time, save for month end reconciliations.

24. Further, the fact is that Compeer and NBCs back-office operations automatically, and without input from the Defendants, applied or removed funds and thereby varied amounts in various accounts – therefore any overdraft or default is due to their systems and processes, and not the Defendants. As well, in respect of paragraph 68(b) of the Statement of Claim, the Defendants specifically deny that the sub \$1 Million cheques were sent for the purposes alleged.
25. In reply to the allegations at paragraphs 65-78 and the entirety of the Statement of Claim generally, the fact is that none of the Defendants profited because of the alleged impugned conduct.

Any matters that defeat the Plaintiff's Claim

Waiver, Acquiescence, Laches, Estoppel

26. In reply to the Statement of Claim generally, even if the alleged facts were true, which is denied, in the alternative these facts would all have been known and consented to by Compeer for years and were not in issue. The Defendants plead and rely upon the doctrines of waiver, acquiescence, laches, and estoppel. Compeer acquiesced to the conduct it now complains of, and seeks redress for, years prior to advancing this claim. Compeer waived its rights to demand strict performance with the loan agreements among the US Hog Farm Entities, and is estopped from enforcing the express terms of its loan agreements or seeking recovery from the Defendants herein.

Guarantees unenforceable

27. In specific reply to paragraph 25 of the Statement of Claim, the Guarantees are non-compliant with the Alberta *Guarantees Acknowledgment Act*, RSA 2000, c G-11 (the “GAA”). The Guarantees do not have the requisite certificates as proscribed by section 4 of the GAA, and as such are unenforceable pursuant to section 3 of the GAA.

Any alleged loss caused by National Bank of Canada

28. If damages were suffered, which is denied, the damages alleged to be caused by these Defendants are more properly attributable to the freezing actions of NBC, not any of the Defendants. The Defendants seek contribution and indemnity from NBC pursuant to a third-party claim that will be filed by the Defendants.

Limitations

29. In the alternative, all the foregoing facts were known by Compeer more than two years prior to filing the Statement of Claim. The fact is that the US Hog Farm Entities have been in an overdraft position with Compeer many times in the past because their business necessarily relies on credit, and that credit varies from day to day. While the merits of the causes of action are denied, the fact is that the Plaintiff knew or ought to have known of the facts giving rise to the within causes of action, and that such causes of action would have warranted a proceeding seeking a remedial order, more than two years prior to the filing of the within Statement of Claim, and the Defendants plead and rely on the Alberta *Limitations Act*, RSA 2000, c L-12 as a complete defence.

Set-Off

30. The actions of the Plaintiff have caused the Defendants loss and damage as particularized in the Counterclaim. Accordingly the Defendants plead set off.

Remedy sought:

31. The Defendants, Sunterra Farms Ltd., Sunwold Farms Limited, Sunterra Enterprises Inc., Ray price, and Debbie Uffelman, respectively request this Honourable Court to dismiss the within Claim with solicitor and his own client (full-indemnity) costs payable to the Defendants, and such further and other relief as this Honourable Court deems just and equitable in the circumstances.