

Clerk's Stamp:

COURT FILE NUMBER 2601 07148
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF THE COMPROMISE OF A PLAN OF COMPROMISE OR ARRANGEMENT OF MONETTE FARMS LTD., MONETTE FARMS ONTARIO CORP., NEXGEN SEEDS LTD., MONETTE PRODUCE LTD., MONETTE SEEDS LTD., MONETTE LAND CORP., DMO HOLDINGS LTD., DMO HOLDINGS USA, INC., MONETTE SEEDS USA, LLC, MONETTE FARMS ARIZONA, LLC, MONETTE FARMS USA, INC., 1012595 DE INC., MONETTE PRODUCE, LLC, GOAT'S PEAK WINERY LTD., MONETTE FARMS BC LTD., MONETTE FARMS LAND GP LTD., MONETTE FARMS LAND II GP LTD., AND MONETTE FARMS BC GP LTD.

APPLICANTS THE BANK OF NOVA SCOTIA

DOCUMENT **APPLICATION by The Bank of Nova Scotia**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

DARREN R. BIEGANEK, KC/
ZACHARY SOPROVICH
Barrister & Solicitor
Phone: 780.441.4386
Fax: 780.428.9683
Email: dbieganek@dclp.com/
zsoprovich@dclp.com

File # 204-223327
DUNCAN CRAIG LLP
LAWYERS MEDIATORS
2800 Rice Howard Place
10060 Jasper Avenue
Edmonton, Alberta T5J 3V9

NOTICE TO RESPONDENT(S)

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the Court.

To do so, you must be in Court when the application is heard as shown below:

Date: May 1, 2026
Time: 3:00 PM
Where: Via WebEx: www.albertacourts.webex.com/meet/virtual.courtroom86
Before Whom: The Honourable Justice M.H. Bourque

Go to the end of this document to see what else you can do and when you must do it.

Remedy claimed or sought:

1. The Applicant, The Bank of Nova Scotia ("**BNS**" or **Scotia Wealth**"), seeks to be excluded from the Stay Period (as defined in the Amended and Restated Initial Order) for the following purposes:
 - (a) Making demand upon Monette Farms Ltd. (the "**Company**") related to the Facility Agreement dated September 17, 2024 (and any subsequent amendments thereto) between BNS and Monette Farms Ltd.;
 - (b) Taking steps to collapse or cause surrender of Sun Life Assurance Company of Canada Policy No. W876,939-9 and The Manufacturers Life Insurance Company Policy No. 3941850 (collectively the "**Life Insurance Policy**");
 - (c) Taking steps to have the cash surrender value ("**CSV**") under the Life Insurance Policy paid to BNS; and
 - (d) Any other actions or steps that are related to, or necessary to give effect to, the above, including requiring the Company to execute any forms to cause the collapse or surrender of the Life Insurance Policy or effect payment of the CSV to BNS.
2. Such further and other relief as this Honourable Court deems just.

Grounds for making this application:

The Debtor Companies

3. The Company, together with Monette Land Corp., DMO Holdings Ltd., Goat's Peak Winery Ltd., Monette Farms BC Ltd., Monette Farms Ontario Corp., Nexgen Seeds Ltd., Monette Produce Ltd., Monette Seeds Ltd., Monette Farms Land GP Ltd., Monette Farms Land II GP Ltd., DMO Holdings USA, Inc., Monette Seeds USA LLC, Monette Farms Arizona, LLC, Monette Farms USA, Inc., 1012595 DE INC., Monette Produce, LLC, and Monette Farms BC GP Ltd. (collectively, the "**Debtor Companies**"), comprise the debtor companies in these proceedings commenced pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended ("**CCAA**").
4. The Debtor Companies are corporations controlled by Darrel Monette ("**Mr. Monette**").

The Life Insurance Policies and Cash Surrender Value

5. The Company maintains two key-man life insurance policies: one with Sun Life Assurance Company of Canada Policy No. W876,939-9 and a second with The Manufacturers Life Insurance Company Policy No. 3941850 (the "**Life Insurance Policies**"). The Company is both the policy holder and beneficiary under the Life Insurance Policies.
6. The Life Insurance Policies are both universal life products with a net value of \$130 million payable upon the death of Mr. Monette.
7. The Life Insurance Policies contain CSV components which provide that, should the Life Insurance Policies be terminated before Mr. Monette dies, certain CSV amounts become payable to the beneficiary of the Life Insurance Policies.
8. The Life Insurance Policies have premiums payable in the amount of \$2.1 million due on May 4, 2026 (the "**Premium Payment**"). No mechanism to pay said premium has been provided for in these CCAA proceedings.

9. The current CSV of the Life Insurance Policies is \$6,794,951.00.
10. If the Life Insurance Policies remain in effect until May 4, 2026, the CSV of the Life Insurance Policies would increase to \$7,239,185.00.

The Scotia Wealth Credit Facility and Security

11. For the Company to fund payment of the premiums under the Life Insurance Policies, the Company entered into the Facility Agreement whereby, among other things, Scotia Wealth granted to the Company a credit facility in the amount of \$5,616,560.00.
12. On May 2, 2025, the credit facility under the Facility Agreement was increased to \$7,721,867.00.
13. As security under the Facility Agreement, the Company assigned all right, title, interest and benefit in the Life Insurance Policies to Scotia Wealth on September 17, 2024 (the "**Assignments**").
14. Additionally, the CSV accounts of the Company and a limited \$1,110,000.00 personal guarantee given by Mr. Monette (the "**Guarantee**") were taken as security by Scotia Wealth under the Facility Agreement.
15. On or about September 17, 2024, Scotia Wealth perfected its security interest in the Life Insurance Policies by providing the Assignments to the applicable insurance companies.
16. Currently, there remains \$7,747,772.27 owing by the Company to Scotia Wealth under the Facility Agreement (the "**Life Insurance Policy Debt**").

Excluding Scotia Wealth from the Stay of Proceedings for a Limited Purpose

17. Scotia Wealth canvassed with both the Company and the debtor-in-possession ("**DIP**") lender with respect to the potential of Scotia Wealth paying the further \$2.1 million premium under the Life Insurance Policies. The DIP financing is not intended to be used to pay the further \$2.1 million premium.
18. Ultimately after those discussions, it has been determined that said further payment will not be made and that Scotia Wealth will take the requisite steps to have the Life Insurance Policies collapsed and surrendered, with the CSV paid to Scotia Wealth.
19. It is reasonable in the circumstances for the Court to lift or exclude Scotia Wealth from the stay of proceedings, so that Scotia Wealth may enforce upon its security under the Facility Agreement and recoup the CSV.
20. Scotia Wealth is in a priority position in relation to the security under the Facility Agreement.
21. The balance of convenience favours excluding Scotia Wealth from the stay. Scotia Wealth receiving the CSV will reduce the debt owing by the Company.
22. No Debtor Companies would be materially prejudiced, or prejudiced at all, by Scotia Wealth seeking to recoup the CSV. The CSV is not otherwise available to the Debtor Companies, is a passive asset, and steps of Scotia Wealth to recover the CSV would have no impact on operations of the Debtor Companies.
23. No other creditors would be adversely impact by Scotia Wealth enforcing upon its security as the Life Insurance Policies will have been allowed to lapse through a failure to maintain the policies or pay the further \$2.1 million premium.

24. Such further and other grounds as counsel for Scotia Wealth may advise and this Honourable Court may permit.

Material or evidence to be relied on:

25. Affidavit of Cian McDonnell, sworn April 30, 2026.
26. Such further and other material as counsel may advise.

Applicable rules:

27. Rules 1.3(1), 6.3, 6.11 and 13.5 of the *Alberta Rules of Court*.
28. Such further and other Rules as counsel may advise as this Honourable Court may permit.

Applicable Acts and regulations:

29. *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended.

Any irregularity complained of or objection relied on:

30. None.

How the application is proposed to be heard or considered:

31. Via Webex.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.