

COURT FILE NUMBER

2601-07148

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

IN THE MATTER OF THE COMPANIES' CREDITORS AS AMENDED
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.



DOCUMENT

PRE-FILING REPORT OF FTI CONSULTING CANADA INC., IN ITS CAPACITY AS PROPOSED MONITOR

April 18, 2026

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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PRE-FILING REPORT OF THE PROPOSED MONITOR

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INTRODUCTION

1. FTI Consulting Canada Inc. (“**FTI**”) is aware that 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 GP II Ltd., and Monette Farms BC GP Ltd. (the “**Applicants**”), intend to make an application before the Court of King’s Bench of Alberta (the “**Court**”) seeking certain relief under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”). In particular, the Applicants are seeking an Order (the “**Initial Order**”) granting, among other things, a stay of proceedings up to and including May 1, 2026 (the “**Stay Period**”), and appointing FTI as the court-appointed monitor (the “**Proposed Monitor**”) pursuant to the provisions of the CCAA (the “**CCAA Proceedings**”).

2. The Applicants are applying to this Honourable Court seeking:
 - (a) the Initial Order pursuant to the CCAA, among other things:
 - (i) declaring that the Applicants are companies to which the CCAA applies;
 - (ii) declaring that Monette Farm I LP, Monette Farms Land II LP, and Monette Farms BC LP (together, the “**Non-Applicant Stay Parties**”, and together with the Applicants, the “**Group**”) shall have the same benefit and protections provided to the Applicants as they are related to the Applicants’ business;
 - (iii) appointing FTI to monitor the business and affairs of the Applicants pursuant to section 11.7 of the CCAA;
 - (iv) authorizing the Applicants to carry on business in a manner consistent with the preservation of its business and property;

- (v) authorizing the Applicants to continue to use their existing cash management system;
- (vi) authorizing the Applicants to pay the reasonable expenses incurred by them in carrying out their business in the ordinary course;
- (vii) staying all proceedings, rights and remedies against the Applicants or their business or property, except as otherwise set forth in the Initial Order;
- (viii) entitling the Applicants to make payment of all obligations owing in respect of employee wages and benefits and applicable source deductions, whether incurred prior to or after the commencement of the CCAA proceedings;
- (ix) authorizing the Applicants to pay the reasonable fees and disbursements of the Proposed Monitor and its counsel;
- (x) approving the debtor-in-possession financing facility (the “**DIP Facility**”) to be provided by members of the Syndicate (as defined below, in such capacity, the “**DIP Lenders**”) to finance the Applicants’ working capital requirements and other corporate purposes during the CCAA Proceedings. The DIP Facility will be in the initial principal amount of \$40 million with the ability to borrow up to \$90 million (the “**Maximum Amount**”) upon the satisfaction of certain conditions;
- (xi) granting a charge in favour of the Proposed Monitor, its legal counsel, the Applicant’s legal counsel, and the Syndicate’s financial advisor, PricewaterhouseCoopers Inc. (the “**Syndicate’s Financial Advisor**”) in respect of their fees and disbursements, to a maximum amount of \$1.5 million under section 11.52 of the CCAA (the “**Administrative Charge**”);

- (xii) granting a charge in favour of the DIP Lenders, to a maximum amount of \$95 million (the “**DIP Lenders’ Charge**”);
 - (xiii) entitling the Applicants to pay reasonable expenses incurred by them in operating the business in the ordinary course, including making payment of obligations owing in respect of goods and services supplied to the Applicants prior to the date of the Initial Order by critical vendors to the extent required to ensure ongoing supply of critical goods and services, as permitted by the Initial Order, subject to approval by the Proposed Monitor, up to a maximum aggregate amount of \$3 million; and
 - (xiv) such further and other relief as may be sought by the Applicants and this Honourable Court may deem appropriate; and
- (b) an Order sealing the confidential affidavit of Darrel Monette, sworn on April 17, 2026 (the “**Confidential Affidavit**”), until the earlier of one year from the termination of the CCAA Proceedings, should the Initial Order be granted, or further order of this Court.
3. If the proposed Initial Order is granted, the Applicants intend to bring an application on May 1, 2026 (the “**Comeback Hearing**”) to, among other things:
- (a) extend the Stay Period;
 - (b) approve an increase in the maximum principal amount available under the DIP Facility from \$40 million to \$90 million; and
 - (c) approve increases to the amounts of the Administration Charge and the Director’s Charge.
4. At a subsequent date, but in any event within 45 days of the Comeback Hearing, the Applicants will seek a court order to approve a sale and investment solicitation process in form and substance satisfactory to the DIP Agent and the SFA Agent (as defined herein) that will implement the orderly sale of all or substantially all of the Applicants’ assets and seek investment in the Group

and refinancing opportunities sufficient to repay all obligations owing pursuant to the Senior Facilities Agreement (as defined herein) in accordance with the milestones set out in the DIP Term Sheet.

5. Should the Initial Order be granted on the terms requested, the Proposed Monitor in its capacity as “Foreign Representative” of the Applicants intends to seek an order under chapter 15 of Title 11 of the *United States Bankruptcy Code* (the “**US Bankruptcy Code**”) in the United States Bankruptcy Court for the District of Delaware recognizing the CCAA Proceedings as a foreign main proceeding, recognizing the Initial Order, and certain ancillary relief to ensure that the stay of proceedings is afforded to the Applicants in the United States.
6. Electronic copies of all materials filed by the Applicants in connection with the Applicants’ April 21, 2026 application (“**April 21 Application**”) and other statutory materials are available on the Proposed Monitor’s website at: <http://cfcanada.fticonsulting.com/MonetteFarms/>.

PURPOSE

7. FTI has reviewed the Court materials filed by the Applicants in support of the April 21 Application. The purpose of this report (this “**Report**”) is to provide this Honourable Court and the Applicants’ stakeholders with information and the Proposed Monitor’s comments with respect to the following:
 - (a) the qualifications of FTI to act as Monitor in the CCAA Proceedings;
 - (b) background information with respect to the Applicants;
 - (c) the Applicants statement of projected cash flow (the “**Cash Flow Statement**”) for the 10-day period ending May 1, 2026 and the 13-week period from April 18, 2026 to July 17, 2026 (the “**Forecast Period**”);

- (d) the relief sought by the Applicants in the Initial Order and the Proposed Monitor’s recommendations in respect of same, including, among other things:
 - (i) granting the Stay Period up to and including May 1, 2026;
 - (ii) approving the proposed DIP Term Sheet; and
 - (iii) granting the Administrative Charge, the DIP Lenders’ Charge, and the Director’s sought by the Applicants;
- 8. This Report should be read in conjunction with the Affidavit of Darrel Monette, sworn on April 17, 2026 (the “**Monette Affidavit**”), which describes in more detail the Applicants’ operations and circumstances leading to their current situation.

TERMS OF REFERENCE

- 9. Capitalized terms used but not defined herein are given the meaning ascribed to them in the Monette Affidavit and the Initial Order.
- 10. In preparing this Report, the Proposed Monitor has relied upon unaudited financial information, other information available to the Proposed Monitor and, where appropriate, the Applicants’ books and records and discussions with various parties (collectively, the “**Information**”).
- 11. Except as described in this Report:
 - (a) the Proposed Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants of Canada Handbook*;

- (b) the Proposed Monitor has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the *Chartered Professional Accountants of Canada Handbook*; and
 - (c) future oriented financial information reported or relied on in preparing this Report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.
12. The Proposed Monitor has prepared this Report in connection with the Applicants' April 21 Application. This Report should not be relied on for other purposes.
13. Information and advice described in this Report that has been provided to the Proposed Monitor by its legal counsel, Osler, Hoskin & Harcourt LLP (the "**Proposed Monitor's Counsel**"), was provided to assist the Proposed Monitor in considering its course of action, is not intended as legal or other advice to, and may not be relied upon by, any other person.
14. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

QUALIFICATIONS OF FTI TO ACT AS MONITOR

15. FTI is a trustee within the meaning of section 2(1) of the *BIA*, as amended, and with respect to the Applicants is not subject to any of the restrictions on who may be appointed as monitor as set out in section 11.7(2) of the *CCAA*. FTI has provided its consent to act as Monitor in the *CCAA* Proceedings, a copy of which is attached as hereto as Appendix "A".
16. FTI has acquired knowledge of the business and operations of the Applicants, including its key personnel, stakeholders and key issues in the proposed *CCAA* Proceedings. As a result, FTI is in a position to immediately act as Proposed Monitor in the *CCAA* Proceedings, if so appointed by this Court.

17. The senior FTI personnel with carriage of the matter are *Chartered Insolvency and Restructuring Professionals* and *Licensed Insolvency Trustees* who have acted in numerous restructurings and CCAA matters of this nature and scale.

18. Neither FTI, nor any of its representatives, have been, at any time in the two proceeding years:
 - (a) a director, officer or employee of the Applicants;
 - (b) related to the Applicants or to any director or officer of the Applicants; or
 - (c) the auditor, accountant or legal counsel, or a partner or employee of the auditor, accountant or legal counsel, of the Applicants.

19. FTI was initially engaged as financial advisor of the Applicants on April 16, 2025. During the course of this mandate, FTI has, among other things:
 - (a) assisted the Applicants' senior management in reviewing financial forecasts, the underlying assumptions and assisting with presenting various financial plans to the Syndicate and its financial advisor;
 - (b) engaged with the advisors to the Syndicate on various restructuring alternatives including the development and preparation of financial models and forecasts, as well as cash flow reporting;
 - (c) advised the Applicants during negotiations with the Syndicate of forbearance agreements and extensions to the Senior Facilities Agreement (as defined below);
 - (d) advised the Applicants with respect to certain sale transactions that have been completed in advance of these CCAA Proceedings to reduce leverage;

- (e) participated in numerous meetings and discussions with the Applicants' senior management and legal advisors in connection with the Applicants' business and financial affairs generally and in connection with the preparation of the Cash Flow Statement;
- (f) participated in numerous meetings and discussions with the Applicants and their respective legal advisors in connection with relief to be requested in these CCAA Proceedings;
- (g) engaged legal counsel who have also participated in certain of the above meetings;
- (h) obtained and reviewed financial and certain other information produced by the Applicants relating to its operations, cash flow forecast and financial situation; and
- (i) prepared this Report.

BACKGROUND INFORMATION

Overview

- 20. The Group's business, operations and financial performance and the causes of its insolvency are detailed in the Monette Affidavit, a copy of which is available on the Proposed Monitor's website. The comments below are intended to provide a summary of the background of the CCAA Proceedings.
- 21. The Group, comprised of eighteen companies and three limited partnerships, is a privately owned agricultural enterprise with operations in Alberta, British Columbia, Saskatchewan, Manitoba, Arizona, Montana and Colorado. Since beginning as a family farm in 1912, the Group has grown into one of the largest private farming operations in North America operating on owned and leased farmland land of over 500,000 acres.
- 22. The Applicants' business, at a high level, can be broken down into four main business segments, or "pillars"; grain, cattle, produce and seeds (the "**Farm Operations**");

- (a) farming operations are focused on grain production, primarily canola, wheat and durum which accounted for approximately 50% of revenue in 2025. Grain is the largest ‘pillar’ in the Farm Operations in terms of both revenue and geographic footprint;
 - (b) cattle ranching with herd breeding in British Columbia and feedlots in Alberta and Saskatchewan that accounted for approximately 17% of revenue in 2025;
 - (c) seed processing occurring at two facilities located in Swift Current, Saskatchewan, and a third in Tonopah, Arizona. Approximately 50% of seed processing capacity is allocated to supporting the grain segment and seed processing accounted for approximately 16% of revenue in 2025; and
 - (d) farming operations (primarily in Saskatchewan, British Columbia and Arizona) that generate seasonal produce crops including carrots, squash, broccoli, cabbage, pumpkin, cauliflower and watermelon, and accounted for approximately 15% of revenue in 2025.
23. In 2025, the Group employed an average of approximately 425 employees across Canada and the United States (approximately 92% employed in Canada). The number of employees can fluctuate to over 600 during the peak seeding season and as low as 300 during the winter. The Group’s employees are not unionized.

Financial Situation

24. As more fully described in the Monette Affidavit, the Group's financing is provided primarily by a syndicate of lenders (together, the "**Syndicate**") pursuant to a \$930 million credit facility (\$950 million including an accordion) dated December 5, 2018, which matured on April 15, 2026 (as amended from time to time, the "**Senior Facilities Agreement**") between, amongst others, Monette Farms as Canadian Borrower, Monette Farms USA, Inc. ("**Monette USA**") as US Borrower, Darrel Monette as Individual Borrower, each member of the Group, Darrel Monette and Monette Farm Family Trust as guarantors, The Bank of Nova Scotia as Agent (the "**SFA Agent**") and the Syndicate. Since October 2024, the Senior Facilities Agreement was amended pursuant to two covenant and waiver agreements, eight separate amending agreements and a forbearance agreement.
25. The Senior Facilities Agreement provided for two revolving credit facilities: (i) a \$180,000,000 (or equivalent) revolving credit facility (the "**Operating Facility**") for general corporate purposes, which Operating Facility included a swingline sub-facility to a maximum of \$10,000,000 (the "**Swingline**"); and a \$719,500,000 revolving credit facility (the "**Capital Facility**") for certain permitted capital expenditures (the Operating Facility and Capital Facility, together the "**Senior Facilities**" and each a "**Senior Facility**").
26. The obligations of each member of the Group as borrowers or guarantors under the Senior Facilities Agreement are secured by security interests in substantially all of the personal and real property of the Group in Canada and the United States, including by way of general security agreements.
27. Significant expansion, primarily funded from debt, has resulted in significant levels of indebtedness. Between 2017 and 2022, the Group's revenue grew from \$45 million to \$198 million and EBITDA from \$20 million to \$83 million. However, despite an increase in farmed acres and revenues, beginning in 2024 the Group's EBITDA from the Farm Operations has not been sufficient to cover interest payments under the Senior Facilities Agreement.

28. As at October 31, 2025 (the Group's fiscal year end which aligns with harvests), based on the Applicants' financial statements, the Applicants had current assets of \$303 million, total assets of \$1.2 billion and total liabilities of \$1.1 billion including:
- (a) accounts receivable of \$25 million;
 - (b) inventories of \$268 million generated from Farm Operations;
 - (c) \$862 million of property and equipment;
 - (d) \$50 million of livestock;
 - (e) \$74 million of accounts payable and accrued liabilities; and
 - (f) long term debt of approximately \$784 million (primarily the obligations under the Senior Facilities Agreement of \$717 million, which matured on April 15, 2026).
29. The group owns approximately 274,000 acres of land across Western Canada and the United States and leases approximately 175,000 acres in Canada and 43,000 in the United States.
30. The Applicants have provided evidence for the benefit of the Court in support of the valuation of the Group's real property as supported by third party appraisals. This information is contained within the Confidential Affidavit due to the confidential and commercially sensitive nature of the information contained therein. The Applicants are seeking a sealing order over the Confidential Affidavit.
31. The ability of the Group to continue as a going concern depends on having sufficient liquidity in advance of the spring seeding season. There are significant upfront expenditures required for pre-soil treatment, fertilizer, chemicals, seed and related inputs, all of which must be incurred before revenue is realized in the fall. Seeding typically costs in excess of \$40 million annually for the Applicants. The Applicants do not have sufficient liquidity at this time to pay those costs and

would be unable to seed substantial portions of the Group’s farmland which would significantly impair the value of the Farm Operations and Property.

32. As a result of the maturity of the Senior Facilities Agreement the Applicants do not have sufficient liquidity to pay the input costs described above and are projecting an immediate need for additional financing. The liquidity needs and proposed DIP Facility are described in further detail below.

CASH FLOW STATEMENT

33. The Applicants, with the assistance of the Proposed Monitor, have prepared the Cash Flow Statement to set out the liquidity requirements of the Applicants during the Forecast Period. The Cash Flow Statement and management’s report on the cash-flow statement as required by section 10(2)(b) of the CCAA are attached hereto as Appendix “B” and summarized below.

Monette Farms et al
Consolidated Weekly Cash Flow Forecast
 April 18, 2026 to July 17, 2026

<i>CAD millions</i>	Apr 18 to May 1	May 2 to Jul 17	Forecast Period
Operating receipts	\$ 9.9	\$ 51.8	\$ 61.7
Operating disbursements	(41.9)	(80.5)	(122.4)
Net change in cash from operations	(32.0)	(28.7)	(60.7)
Senior Secured Debt Interest	(5.2)	(14.0)	(19.2)
Restructuring costs	(2.7)	(5.6)	(8.4)
DIP Facility (net of repayments)	39.8	48.4	88.2
Total net change in cash flow	(0.1)	-	(0.1)
Opening cash	2.1	2.0	2.1
Total net change in cash flow	(0.1)	-	(0.1)
Ending cash	\$ 2.0	\$ 2.0	\$ 2.0

34. The Cash Flow Statement indicates that, during the Stay Period the Applicants will have a net loss from operations of \$32.0 million with total receipts of approximately \$9.9 million, and total disbursements of approximately \$41.9 million including critical input costs (fertilizer, chemical, and seed) of \$25.7 million, interest under the Senior Facilities Agreement of \$5.2 million and restructuring costs of \$2.7 million inclusive of professional fees and fees under the DIP Facility.

35. During the Forecast Period, the Applicants will have a net loss from operations of \$60.7 million with total receipts of approximately \$61.7 million, and total disbursements of approximately \$122.4 million including critical input costs (fertilizer, chemical, and seed) of \$62.0 million, interest under the Senior Facilities Agreement of \$19.2 million and restructuring costs of \$8.4 million inclusive of professional fees and fees under the DIP Facility.
36. The Cash Flow Statement and notes detailing the underlying assumptions of the Cash Flow Statement is provided in Appendix “B”.

Proposed Monitor's Comments on the Cash Flow Statement

37. Section 23(1)(b) of the CCAA states that the Proposed Monitor shall, “review the company’s cash-flow statement as to its reasonableness and file a report with the court on the Proposed Monitor’s findings”.
38. Pursuant to section 23(1)(b) of the CCAA, and in accordance with the Canadian Association of Insolvency and Restructuring Professionals Standard of Practice 09-1, the Proposed Monitor hereby reports as follows:
- (a) the Cash Flow Statement has been prepared by management of the Applicants for the purpose described in the notes to the Cash Flow Statement, using the probable assumptions and the hypothetical assumptions set out therein;
 - (b) the Proposed Monitor’s review consisted of inquiries, analytical procedures and discussion related to information supplied by certain of the management and employees of the Applicants. Since hypothetical assumptions need not be supported, the procedures with respect to those assumptions were limited to evaluating whether they were consistent with the purpose of the Cash Flow Statement. The Proposed Monitor has also reviewed the support provided by management of the Applicants’ for the probable assumptions, and the preparation and presentation of the Cash Flow Statement;

39. Based on its review, and as at the date of this Report, nothing has come to the attention of the Proposed Monitor that causes it to believe that, in all material respects:
- (a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow Statement;
 - (b) the probable assumptions developed by management are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Cash Flow Statement, given the hypothetical assumptions; or
 - (c) the Cash Flow Statement does not reflect the probable and hypothetical assumptions;
40. Since the Cash Flow Statement is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Proposed Monitor expresses no assurance as to whether the Cash Flow Statement will be achieved. The Proposed Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information present in this Report, or relied upon by the Proposed Monitor in preparing this Report.
41. The Cash Flow Statement has been prepared solely for the purpose of estimating liquidity requirements of the Applicants during the forecast period. The Cash Flow Statement should not be relied upon for any other purpose.

RELIEF SOUGHT IN THE INITIAL ORDER

Implementing the Stay Period

42. The Applicants are seeking a Stay Period up to and including May 1, 2026.
43. As a result of, among other things, their insolvent status, the Applicants require the Stay Period and other protections provided by the CCAA. In particular, the Stay Period is needed to maintain the status quo and provide time for the Applicants to consider their restructuring alternatives.

Proposed DIP Financing

44. As demonstrated by the Cash Flow Statement, the Applicants are in immediate need of funding and are therefore seeking approval of the DIP Term Sheet between the Applicants as borrowers (in such capacity, the “**Borrowers**”) and the DIP Lenders, pursuant to which the DIP Lenders will make the DIP Facility available to the Borrowers, subject to the terms and conditions set out in the DIP Term Sheet, in the maximum principal amount of \$90 million. A redacted copy of the DIP Term Sheet is attached at Appendix “C” and a summary of the key terms is below:
- (a) **Maximum facility:** a revolving credit facility of up to \$90 million;
 - (b) **Fees:** a commitment fee of \$900,000 equal to 100 bps on the maximum amount of the DIP Facility payable from the first advance under the DIP Facility, an arranger fee payable to the DIP Agent upon the granting of the Initial Order and an ongoing monthly DIP Agent fee payable to the DIP Agent;
 - (c) **DIP Lenders’ Charge:** the DIP Lenders’ Charge must have been granted in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise, with the exception of the Administration Charge and certain other Permitted Priority Liens described in the DIP Term Sheet;
 - (d) **Interest:** annual interest rate will accrue on the principal amounts outstanding under the DIP Facility at a rate equal to CAD Prime Rate or US Base Rate plus 4% per annum (currently 8.45% for CAD Prime Rate loans); and
 - (e) **Maturity Date:** the DIP Facility will be available until the earliest of (i) the date of the acceleration of the DIP Loans (as defined in the DIP Term Sheet) and the termination of the DIP Commitments (as defined in the DIP Term Sheet) due to an event of default under the DIP Term Sheet; (ii) the effective date of any plan of reorganization or arrangement confirmed by the Court (iii) date on which the stay of proceedings in the Initial Order or

the ARIO expires without being extended or the CCAA Proceedings are dismissed or converted into a proceeding under the *Bankruptcy and Insolvency Act*; (iv) or the date on which the US Provisional Recognition Order expires without the US Bankruptcy Court granting a US Recognition Order, the stay specified in the US Recognition Order expires or the US Chapter 15 Proceedings are dismissed or converted into a proceeding under Chapter 7 of the US Bankruptcy Code (v) or March 31, 2027.

45. The DIP Term Sheet provides that while the Maximum Amount under the DIP Facility is \$90 million, the Applicants would only make the initial draw request of \$40 million until the granting of the Amended and Restated Initial Order and the satisfaction of certain other conditions.
46. The Applicants require access to the initial draw under the DIP Facility to, among other things, provide stability, and continue ongoing Farm Operations including immediate working capital needs for input costs for the 2026 growing season. The Group is currently in the spring planting season on many of its farms and is in urgent need of liquidity to meet the current planning season.
47. The liquidity provided under the DIP Facility will allow the Applicants to generate significant revenue during the 2026 growing season which is expected to be in excess of the DIP Facility. Without the availability of DIP Facility, there would be a deterioration in the value of the Farm Operations and real property which would be detrimental to all stakeholders.
48. The DIP Facility provides for the use of funds to pay amounts owing to Farm Credit Canada (“FCC”) pursuant to the Loan and Security Agreement (Livestock), dated December 4, 2024, and therefore does not prejudice the security or ‘prime’ FCC in relation to its priority lien against the Applicants feeder cattle financing debt (currently estimated at approximately \$11.8 million).
49. In the Proposed Monitor’s view:
 - (a) the financing contemplated by the DIP Term Sheet is necessary to fund the Applicants' operations and restructuring and will enhance the Applicants' prospect of achieving a viable

restructuring outcome or sale. Absent the funding available under the DIP Term Sheet, the Group would be forced to cease substantially all Farm Operations due to lack of liquidity;

- (b) the Proposed Monitor reviewed a database of recent DIP financings approved in insolvency proceedings and can advise that proposed terms (interest rate, fees, etc.) in the DIP Term Sheet are customary and in line with those approved in prior CCAA restructuring proceedings of similar size and/or complexities; and
- (c) based on the projected Cash Flow Statement, if the DIP facility is approved, the Applicants are expected to have sufficient liquidity through the Comeback Hearing, based on the limited initial advance under the DIP Facility, and sufficient liquidity to allow the Group to complete its overall restructuring proceedings upon with approval of the Maximum Amount under the DIP Facility of \$90 million.

50. Accordingly, the Proposed Monitor supports the Applicants' request for approval of the DIP Term Sheet and the DIP Charge. The Proposed Monitor is of the view that the DIP Facility is reasonable in the circumstances and will provide overall benefit to all the Applicants stakeholders.

51. The Proposed Monitor supports limiting the initial advances under the DIP Term Sheet to \$40 million as this amount will adequately fund the Applicant's liquidity needs through to the Comeback Hearing.

Amount and Priority of Court Ordered Charges

Administration Charge

52. The proposed form of Initial Order provides for a charge in the amount of up to \$1.5 million (the "Administration Charge"), covering the period until the Comeback Hearing charging the assets of the Applicants, in favour of the Proposed Monitor, the Proposed Monitor's Counsel, and the

Applicants' legal counsel as security for their professional fees and disbursements incurred both before and after the commencement of the CCAA Proceedings.

53. The Administration Charge currently only secures the fees expected to be incurred by the foregoing professionals prior to and during the 10-day stay period prior to the Comeback Hearing.
54. The Proposed Monitor has reviewed (i) the underlying assumptions upon which the Applicants have based the quantum of the proposed Administration Charge, (ii) the anticipated complexity of the CCAA Proceedings and the services to be provided by the beneficiaries of the Administration Charge (including the requirement to seek a recognition order under chapter 15 of the US Bankruptcy Code) and is of the view that the proposed quantum of the Administration Charge is reasonable and appropriate in the circumstances.
55. The Proposed Monitor believes it is appropriate for the beneficiaries to be afforded the Administration Charge as they will be undertaking a necessary and integral role in the CCAA Proceedings.

DIP Charge

56. It is a condition of the DIP Term Sheet that the Applicants obtain the DIP Charge pursuant to the Initial Order over all of the present and future assets, property and undertaking of the Applicants, in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise, subject only to the Administration Charge and certain other Permitted Priority Liens. The DIP Charge will secure all obligations owing to the DIP Lenders under the DIP Facility.
57. The Proposed Monitor is of the view that the DIP Facility represents the necessary financing which will allow the Applicants to pay certain critical payables and maintain ongoing operations.

58. The Proposed Monitor recommends that the Court approve the DIP Facility and accordingly, after consideration of the factors contained in s. 11.2(4) of the CCAA also supports the granting of the DIP Charge.

Director's Charge

59. The Initial Order provides for the charge over the Applicants' property in favour of the directors and officers of the Applicants as security for the indemnity contained in the Initial Order in respect of specified obligations and liabilities that the directors and officers may incur after the commencement of the CCAA Proceeding (the "**Director's Charge**"). The Director's Charge will not exceed an aggregate amount of \$1,500,000.

60. As described in the Monette Affidavit, the Applicants do not maintain any insurance coverage for the directors and officers to cover the potential statutory liabilities of the beneficiaries of the Director's Charge.

61. The proposed Director's Charge represents the amount applicable during the initial 10-day stay period prior to the Comeback Hearing. The Director's Charge has been sized based on potential obligations that could give rise to Director's liability considering projected employee wages, other employee related liabilities (source deductions) and GST/HST. The proposed Director's Charge is based on 2 weeks]of such liabilities and the calculation methodology is consistent with other CCAA proceedings.

62. The Proposed Monitor will comment on any proposed amendment to increase the amount of the Director's Charge at the Comeback Hearing as part of a further report to this Court.

63. The Applicants' directors and officers have the necessary background and knowledge that will be beneficial to the Applicants' efforts to preserve value and maximize recoveries for stakeholders through completion of the CCAA Proceedings.

64. The Proposed Monitor is of the view that the amount of the Director's Charge is reasonable in relation to the quantum of the estimated potential liability of the Applicants' directors and officers.

Summary of the Proposed Rankings of the Court-Ordered Charges

65. If the Initial Order is granted, the Charges would have the following ranking:

- (a) First – the Administration Charge in the maximum amount of \$1.5 million;
- (b) Second – the DIP Charge in the maximum amount of \$95 million; and
- (c) Third – the Director's Charge in the maximum amount of \$1.5 million.

66. The Proposed Monitor believes that the Charges, including their proposed quantum and ranking, are required and reasonable in the circumstances of these CCAA Proceedings in order to preserve the going concern operations of the Applicants and to maintain its enterprise value and, as a result, supports the granting of the granting of Charges as proposed by the Applicants.

CONCLUSIONS AND RECOMMENDATIONS

67. The Proposed Monitor is of the view that the assumptions and projections underlying the Applicants' Cash Flow Statement are reasonable and that the DIP Facility is sufficient to fund the Applicants' operations though the initial Stay Period and throughout the Forecast Period.

68. The Proposed Monitor is of the view that the relief requested by the Applicant pursuant to the Initial Order is necessary, reasonable and justified in the circumstances. The Initial Order and Stay of Proceedings will provide the Applicants with stability and the best opportunity to preserve value and maximize recoveries for its stakeholders.

69. Accordingly, the Proposed Monitor respectfully recommends that the Applicant's request for the Initial Order and the Sealing Order over the Confidential Affidavit be granted.

All of which is respectfully submitted this 18th day of April 2026.

**FTI Consulting Canada Inc. in its capacity as
Proposed Monitor of the Applicants and not
in its personal or corporate capacity**



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