

COURT FILE NUMBER *1401 - 11768*

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE COMPANIES'  
CREDITORS ARRANGEMENT ACT, R.S.C.  
1985, c. C-36, as amended

APPLICANT AND IN THE MATTER OF A PLAN OF  
COMPROMISE OR ARRANGEMENT OF  
BROADACRE AGRICULTURE INC., and  
WIGMORE FARMS LTD.

DOCUMENT **AFFIDAVIT**

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**AFFIDAVIT OF ANDREW MARSHALL**  
**(Sworn November 3, 2014)**

I, Andrew Marshall, of the City of Calgary, in the Province of Alberta, Chief Financial Officer of Broadacre Agriculture Inc. ("Broadacre" or the "Company"), MAKE OATH AND SAY:

1. I have been the Chief Financial Officer of Broadacre since June 2012 and have extensive experience in the agricultural sector having previously been employed with CNH Global (a multi-national manufacturer of agricultural equipment) for approximately 20 years. I therefore have personal knowledge of the matters deposed to herein. Where I have relied upon other sources of information, I have specifically referred to said sources and verily believe them to be true.
2. This affidavit is sworn in support of an Application by Broadacre and its wholly-owned subsidiary, Wigmore Farms Ltd. ("Wigmore Ltd.") for certain relief under the

Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the "CCAA").

## **INTRODUCTION**

3. Broadacre is incorporated under the *Business Corporation Act* (Alberta). It is also registered as an extra-provincial corporation under the laws of Saskatchewan.
4. Wigmore Ltd. is incorporated under the laws of Saskatchewan. It holds title to the Wigmore farm located in that province and does not actively carry on business.
5. The Company's head office is located at 8561 8A Avenue S.W. in the City of Calgary, Alberta. There are currently eight full-time head office employees and all management decisions and functions are executed from this location.

## **THE BROADACRE BUSINESS**

6. Broadacre was incorporated in 2010 to pursue opportunities in farm land ownership and large scale precision farming operations. It has a diversified portfolio comprising in excess of 65,000 acres of farm land under management in the province of Saskatchewan with over 9,000 acres being company owned and the remaining 56,000 acres leased from various entities or individual land owners. A variety of crops are grown on the managed farm lands including canola, wheat, lentils, chickpeas, mustard, flax seeds, peas and hemp.
7. The Company's strategy was to acquire farm land over time and transform the lands into their highest productive use while exploiting the benefits of scaled operations to significantly reduce operating costs. In the interim, the Company acquired leased farm lands to leverage the scaled operational efficiencies in conjunction with the owned lands, including:
  - maximizing opportunities for crop rotation/planting strategies;
  - utilization of input purchasing synergies (i.e. seed and fertilizer) including bulk purchases;
  - increased integration of logistical requirements for finished products;

- efficient management of equipment and utilization of labour resources; and
  - cost-effective hedging strategies.
8. The Company has farming operations under management in five core areas of Saskatchewan to concentrate operational efficiencies. These core areas include:
- Lake Diefenbaker – 2,500 leased irrigated acres with primary crops of canola, durum and hemp;
  - Gravelbourg – 12,000 leased acres with primary crops of chick peas, canola, wheat and mustard;
  - Torquay – 9,800 leased acres and 450 owned acres growing mustard, chickpeas, lentils;
  - Abernathy – 22,400 leased acres and 3,200 owned acres growing canola, peas and hemp, spring wheat; and
  - Regina – 11,400 leased acres and 5,300 owned acres primarily growing canola, durum, lentils and green peas.
9. With respect to farm lands leased by Broadacre, they are, for the most part, subject to standard lease agreement terms providing Broadacre the exclusive farming rights with rental payments during the lease term payable on a semi-annual basis. In total, Broadacre has approximately 50 current land leases with various expiry dates out as far as 2018. A copy of a sample lease (with the landlord's name and rental amounts deleted for confidentiality) is attached as Exhibit "A".
10. Broadacre has developed close relationships with and is dependent upon suppliers to supply seeds, fertilizer and other crop inputs to start the new crop season. The Company's primary suppliers are Wigmore Crop Productions Products Ltd. ("Wigmore Crop Ltd.") and Crop Production Services Canada Inc., formerly Viterra Inc. ("Crop Services Inc."). In practice, these suppliers are paid after the annual harvest to accommodate the Company's improved cash flow position after crop revenues are realized.
11. The Company also has material contractual relationships with customers including Richardson Pioneer Limited (canola), Viterra Inc. (wheat), Louis Dreyfus Commodities Canada Ltd. (canola), Cargill Inc. (wheat), Alliance Grain Traders Inc. (lentils), Schluter

& Maack Canada (mustard), Manitoba Harvest (hemp) and Hemp Oil Company (hemp). These customer relationships have been carefully nurtured over several years and represent a vital part of the Company's future.

12. Fluctuations in commodity prices caused by market uncertainties is safeguarded against by forward contract pricing and the hedging of up to 2/3 of the Company's forecasted annual revenue. For example, 4,500 tonnes of canola has been committed to Richardson Pioneer Limited with deliveries scheduled over a 3 month period. Similar arrangements are in place for other crops.
13. In total, the Company harvested crop production of 75,000 tonnes in fiscal 2014 (for 2013 crop year) generating approximately \$23 million in revenue. The harvest requires approximately 60 farm employees during the seasonal peak. In addition, there are 4 farm managers hired as contract consultants paid on a monthly basis. Once the current harvest is completed, the only employees remaining will be the head office salaried employees, the contract farm managers together with various farm employees required to deliver grain and clean/sort product in the company's processing facility.
14. The Company offers a benefits package to its employees but there is no pension plan. The Company is current in respect of all employee obligations.

## **CAPITAL STRUCTURE**

15. The Company raised approximately \$40 million for working capital requirements through the issuance of equity, shareholder loans and a private placement of Profit Participating Notes ("PPN") under a Note Purchase Agreement with the Canadian Imperial Bank of Commerce on April 16, 2012. The PPN were structured to facilitate investment in the Company by foreign investors in compliance with the relatively restrictive Saskatchewan farm land ownership regulatory environment.
16. The Company's authorised share capital was an unlimited number of shares, without par value, in each of the following categories:
  - Class A common shares, voting (18,156,390 issued and outstanding);

- Class B common shares, non-voting, non-cumulative dividend (9,356,279 issued and outstanding); and
- Class C preferred shares, voting and cumulative dividend of 15% (7,875,000 issued).

17. In addition, the Company issued certain warrants and options as follows:

- 7,687,500 Class A common share purchase warrants issued with each warrant holder entitled to purchase a Class A common share at an exercise price of \$0.80 per share. These warrants have no expiry date;
- 50,000 Class B common shares and 750,000 Class B common share purchase warrants issued to a consultant for consulting services. Each warrant authorizes the acquisition of one Class B common share for \$0.90 per share with warrant rights expiring on February 23, 2021; and
- Options to purchase Class A common shares at an exercise price of \$0.01 per share based on the completion of future financing or acquisition of assets were granted to a Company executive. The Company is obliged to issue options up to 5% of the number of shares or share equivalents issued under any future financing or acquisition of assets up to \$100 million in value, 3.5% on the next \$200 million in value, and 2.5% thereafter. These options are exercisable in full or in part at any time and do not expire. The options vest on the day the requisite capital is available to the Company.

18. With respect to the PPN, these notes are unsecured and have no fixed interest payments. Interest payments are payable when dividends are paid to common shareholders in an amount equal to the dividend per common share multiplied by 14,970,852 as the reference securities. The PPN has a maturity date of April 16, 2022 when the Company is obligated to repay an adjusted principal amount calculated by the initial principal amount of \$16,310,595 adjusted for any percentage increase or decrease in the Company's book value excluding realized or unrealized gains or losses on farm land properties.

## **SECURED CREDITOR RELATIONSHIPS**

***Metropolitan Life***

19. Pursuant to an August 23, 2011 Loan Agreement, Metropolitan Life Insurance Company ("Met Life"), extended a ten-year term loan of \$7,428,000 to the Company, bearing interest at 5.25% per annum. The purpose was to provide Broadacre with capital to acquire cultivated farm land in Saskatchewan. The loan repayment obligations were secured by a Promissory Note dated August 31, 2011 in the principal amount of \$3,228,000, a Collateral Mortgage dated August 23, 2011 in the amount of \$7,428,000 in a first priority position on purchased property, a general assignment of rentals and leases respecting the purchased property, and a specific assignment of leases together with certain additional ancillary documentation.
20. In a Loan Amending Agreement dated March 12, 2012, the August 23, 2011 Loan Agreement was amended to reduce the total amount advanced to Broadacre to \$5,941,800. Additional lands were included in the Loan Amending Agreement to secure this amount together with a revised promissory note dated March 12, 2012.
21. In a letter dated September 11, 2012, Met Life notified the Company that it had assigned and transferred all of its rights, title and interests under its Broadacre loans to Farm Credit Canada ("FCC").
22. Under the Met Life loans, as currently held by FCC, \$2,383,561 is outstanding and owed from Broadacre to FCC.

***Farm Credit Canada***

23. FCC was also a direct lender to Broadacre. Pursuant to an April 27, 2012 Loan Agreement between FCC, as lender, Broadacre, as borrower, and Wigmore Farms Ltd. and Gary James Pike, as guarantors, FCC advanced \$11,500,000 to Broadacre for the purpose of purchasing land, buildings and equipment. This loan has a five year term and is subject to the FCC variable mortgage interest rate (which was previously 4.0%) plus 0.50%, paid semi-annually. It is secured by a collateral mortgage in the amount of \$26,000,000 registered as a first charge against the properties acquired by Broadacre upon the acquisition of Wigmore Farms Ltd., and a new continuing collateral mortgage in

the amount of \$26,000,000 registered as a second charge to FCC (formerly Met Life) against the property purchased by Broadacre with funding under the August 23, 2011 Loan Agreement. Moreover, pursuant to a general security agreement dated August 1, 2012, repayment of the loan is secured by a security interest registered against all of Broadacre's present and after-acquired personal property and all types and kinds of personal property which are proceeds of the collateral.

24. In an Assignment, Postponement and Subordination Agreement dated August 7, 2012, KU Farms, a shareholder and creditor of Broadacre, subordinated all debts, demands and liabilities due, owing, or accruing due and those that may become due, owing or accruing due, including all shareholder loans, dividends and other rights to withdraw capital, to FCC. KU Farms also agreed to assign and transfer its subordinated interest and all collateral and rights of any nature associated therewith to FCC.
25. Under the \$11.5 million FCC loan, \$11,135,000 is outstanding and owed from Broadacre to FCC.
26. FCC also extended a ten-year \$1,680,000 personal property loan to Broadacre, bearing interest at 4.25%, paid semi-annually, for the purpose of purchasing operating equipment. The repayment obligations of the Company under the loan is secured by a purchase money security interest in the operating equipment, which includes grain carts, air seeders, and other vehicles.

***The Agriculture Financial Services Corporation ("AFSC")***

27. Pursuant to an offer letter dated May 18, 2012, Pike Farms Ltd. ("Pike Farms") – a related party of Broadacre's by way of a common director – received a \$3,000,000 loan from AFSC guaranteed by Broadacre and by Gary and Beth Pike, the principals of Pike Farms. The loan was extended to Pike Farms due to AFSC requirements requiring the loan to be a farm in Alberta. In a Bill of Sale and Custom Farm Agreement dated July 18, 2012, Broadacre sold certain farm equipment to Pike Farms for the sum of \$4,000,000 and then leased that same equipment back. In conjunction with this transaction, Broadacre agreed to perform Pike Farms' duties and obligations in connection with the \$3,000,000 AFSC loan under a June 18, 2012 Assumption Agreement.

28. Currently, \$1,619,000 is owing under the AFSC loan.

***Related Party Loans***

29. In addition to the foregoing lending arrangements, the Company relied on shareholder and/or holders of PPN (the “Related Parties”) for financial support (collectively, the “Related Party Loans”) and the required financial assistance has materially escalated over time.
30. Pursuant to an August 1, 2012 Credit and Security Agreement, the Related Parties extended a term loan (the “2012 Related Party Loan”) to Broadacre in the aggregate principal amount not to exceed US \$6,550,000. This loan was designated for the acquisition by Broadacre of Wigmore Farms Ltd. The maturity date was nine months post-closing of this transaction and the initial interest rate was 20%.
31. The August 1, 2012 Credit and Security Agreement was amended from time to time with the last Amendment Agreement dated as of April 30, 2014 extending the maturity date to June 30, 2014. The Company was not in a position to retire the indebtedness owed under the 2012 Related Party Loan as of June 30, 2014.
32. The Company’s mounting financial losses in 2013 required the injection of additional capital and shareholder support. In this regard, Kevin Ulrich personally provided a \$5,100,000 US dollar loan (the “Ulrich Loan”) during the period from May-August 2013. On August 19, 2013, Broadacre issued a Promissory Note to Kevin Ulrich (“Ulrich”) promising to pay Ulrich the sum of \$2,400,000 US dollars, with interest thereon at a 10% per annum interest rate. On the same date, Broadacre and Ulrich entered into a Mortgage Amending Agreement whereby Broadacre agreed to increase the amount of Ulrich’s mortgaged security from \$2,000,000 (under a previous Loan Agreement) to \$2,400,000. On August 19, 2013, Wigmore Ltd., a subsidiary of Broadacre, issued a Promissory Note to Ulrich promising to pay Ulrich the sum of \$2,700,000 US dollars, with interest thereon at a 10% per annum interest rate. On the same date, Wigmore Ltd. and Ulrich entered into a Mortgage Agreement whereby Wigmore Ltd. granted a \$2,700,000 mortgage to Ulrich over certain land and buildings. The \$5,100,000 US dollar loan (i.e., the \$2,400,000 loan to Broadacre and the \$2,700,000 loan to Wigmore Ltd.) was to be repaid



as the 2013 crop was sold. The lender subsequently agreed to extend the loan term to June 30, 2014.

33. Additional capital requirements of the Company in 2014 led to a loan (the “Boyce Loan”) advanced by Alan Boyce (“Boyce”). On June 25, 2014, Broadacre issued Boyce a Promissory Note promising to pay Boyce the sum of \$1,000,000 US dollars at a 20% per annum interest rate for a \$1,000,000 loan advanced to Broadacre. This loan is secured by a General Security Agreement dated August 11, 2014 for all of Broadacre’s present and after-acquired property (in Saskatchewan.)
34. In the fall of 2014, the Company required an urgent infusion of capital as it did not have the financial resources to complete the pending harvest. It was critical that the anticipated revenues from the harvest be realized because the Company had already made the necessary expenditures to seed and maintain the crops which is an expensive endeavour.
35. Pursuant to an Amended and Restated Credit and Security Agreement dated as of September 6, 2014, the Related Parties extended a non-revolving loan (the “2014 Related Party Loan”) to Broadacre in the aggregate principal amount of US \$2,577,394.20. The Maturity Date was the earlier of “(a) September 5, 2017 and (b) the date that the Loan shall become due and payable in full hereunder, whether by acceleration or otherwise”. The interest rate was 20% per annum with the Company’s repayment obligation secured by the granting of a security interest in all of the present and after-acquired personal property of the Company.
36. An event of default under these lending arrangements occurred if the Company defaulted “in its obligations under any Forbearance Agreement” which default is not waived or cured within ten (10) Business Days” which included forbearance arrangements with Wigmore Crop Ltd.
37. An additional event of default was the failure of Broadacre to conclude an “Equity Issuance” defined as “the issuance by the Borrower of equity interests in a minimum aggregate amount of US \$20 million”. A default was triggered if Broadacre failed to “(a) enter into (i) a binding agreement on or before November 1, 2014, which agreement is in

form and substance satisfactory to the Required Lenders, acting reasonably, which agreement provides for the completion of an Equity Issuance by not later than December 15, 2014; or (ii) a binding letter of intent or similar binding agreement on or before November 1, 2014, which is in form and substance satisfactory to the Required Lenders, acting reasonably, and which provides for the completion of a sale of all shares or the Borrower (or a sale of all or substantially all of its assets) (a "Sale") by not later than December 15, 2014; or (b) complete an Equity Issuance or a Sale on or before December 15, 2014.

38. The amounts outstanding under each of the Related Party Loans are referenced in recent demand letters for payment referenced in subsequent paragraphs.

### ***Equipment Financing***

39. The farming and related equipment required by the Company was made available through various capital lease facilities. The Company is current on its financial lease obligations and two charts listing the holders of security interests granted by the Company to secure its lease repayment obligations in each of the provinces of Saskatchewan and Alberta are attached as Exhibit "B".

### **EROSION OF FINANCIAL POSITION**

40. The Company encountered serious difficulties relating to its first crop harvest in 2011 which did not generate profit. Its 2012 canola harvest was severely impaired by weather events that reduced anticipated revenues of \$40 million to approximately \$24 million. As a result, the Company had to look toward shareholders for financial support in order to continue 2013 farming operations.
41. The Company's growth and profitability has been severely constrained due to the lack of sufficient capital which has, in turn, limited the ability to hedge properly and slowed expansion opportunities. At this juncture, Broadacre has the operational infrastructure to efficiently manage up to 200 thousand acres of farm operations and is therefore seriously underutilized.

42. The Company's last audited financial statements for the year ended March 31, 2014 are attached as Exhibit "C" and highlight the Company's ongoing financial problems. The Company sustained a material decline in crop revenues for the fiscal year resulting in a net operational loss of \$9,185,897. This financially crippled the Company which sustained a net operational loss of \$12,197,753 for the fiscal year ended March 31, 2013.
43. In all of the circumstances, the audited financial statements referenced a "Going Concern" note emphasizing the dependence of the Company's future viability on shareholder lender support:

At March 31, 2014 the Company has a working capital deficiency of \$5.8 million, including \$6.0 million of principal and accrued interest currently due to a shareholder and \$4.0 million of contracted repayments of other debt due in the next year. The Company is currently attempting to raise funds needed to repay the shareholder loans by the sale of 464 acres of land adjacent to the City of Regina. In addition, the Company is working with its agent to sell equity to fund farm land purchases as well as the payment of certain other debts. The Company's ability to continue as a going concern is dependent upon the continued forbearance of its shareholder lenders as it proceeds with the proposed land sale and the raising of additional capital. In the case where these measures are not successful, there may be significant doubt that the Company's ability to generate sufficient cash flows from the operations to fund its debt obligations. These consolidated financial statements do not include any adjustments that might result should the going concern principle not be applicable.

44. The Company has been proactive to the extent possible to address its liquidity issues. Certain owned lands were listed for sale including 313 acres (comprising part of the Wigmore Farm) located adjacent to the Regina Global Transportation Hub. It is anticipated that these lands will generate enhanced returns but the timing for completion of the proposed sales remains uncertain.
45. In addition, the Company retained Origin Merchant Partners in the spring of 2014 with a mandate to locate a significant equity partner to ease the Company's working capital impairment and to allow for expansion of operations as required to achieve profitability. This search for a strategic investor has been ongoing for several months and although discussions with certain investors were relatively advanced, no financial commitments

were secured. As noted earlier, it is a default under the 2014 Related Party Loan if Broadacre fails to conclude a binding agreement for the injection of additional equity on or before November 1, 2014.

46. The Company's interim unaudited financial statements for the period ending June 30, 2014 and September 30, 2014 are also attached as Exhibits "D" and "E" respectively. The Company's overall financial position has continued to be impaired which is to be expected because of the cyclical nature of the farming business which requires significant financial expenditures to prepare for the new crop season but does not generate revenue until the fall harvest. This explains the continuing operational losses of \$10,667,459 for the period ending June 30, 2014 and the further operating loss of approximately \$7 million for the period ending September 30, 2014.
47. The current harvest is just being completed. Extreme weather events in June caused an anticipated 1/3 reduction in the overall harvest. As a result, the Company adjusted its anticipated crop revenue downward by 40%. At this juncture, it is estimated that the current harvest will generate crop revenues of \$14 million which is lower than the revenues from 2014 (\$16,679,987) and 2013 (\$20,502,019) crop years.
48. The financial prospects of the Company are bleak. It was already in a precarious position at the beginning of 2014 and it has continued in a downward spiral.

## **RECENT DEVELOPMENTS**

49. Notwithstanding its continuing financial woes, the Company has remained current under its equipment lease and farm land lease obligations. However, certain other creditors were not willing to wait for the Company to complete the current harvest and generate the related revenues required to satisfy outstanding financial obligations.
50. In June 2014, the Bank of Nova Scotia ("BNS") proceeded to realize on certain of its security granted by Broadacre. BNS provided financing to the Company for the purchase of products and services from Crops Services Inc., with the payment obligations of the Company secured by a security interest granted in favour of BNS. The Company was unable to make a payment due June 1, 2014. Shortly thereafter, BNS delivered a June 25,

2014 Notice of Intent to Realize on Security under the *Farm Debt Mediation Act* and Section 244 Notices under the *Bankruptcy and Insolvency Act*.

51. A Statement of Claim seeking payment from the Company of \$1,912,638.91 was filed by BNS in the Court of Queens, Province of Alberta on July 21, 2014. BNS ultimately obtained Default Judgement for the claims asserted against the Company. A copy of the Statement of Claim is attached as Exhibit "F".
52. By letter dated October 9, 2014, BNS notified Manitoba Harvest (hemp customer) that it asserted a security interest in any monies payable by Manitoba Harvest to the Company relating to hemp deliveries. A copy of the October 9, 2014 correspondence is attached as Exhibit "G".
53. Counsel for the Company responded to BNS by letter dated October 28, 2014 and the repayment of the monies owing to BNS remains an outstanding issue. A copy of the October 28, 2014 correspondence is attached as Exhibit "H".
54. The Company also endeavoured to schedule payments of monies owed to critical suppliers such as Wigmore Crop Ltd. As of September 5, 2014, the Company owed Wigmore Crop Ltd. approximately \$6.7 million and entered into forbearance arrangements contemplating the payment of amounts owed by January 15, 2015. This forbearance was negotiated in conjunction with the 2014 Related Party Loan as required to complete the recent harvest. A copy of the September 5, 2014 forbearance arrangements is attached as Exhibit "I".
55. The Company struggled to adhere to these forbearance arrangements given its financial issues. It paid \$750,000 to Wigmore Crop Ltd. on September 8, 2014 and could not fulfill its October 15, 2014 payment obligation making payment of only \$500,000. In addition, \$250,000 was paid during the week of October 20, 2014. The Company is therefore in default of the forbearance arrangements and in contravention of the 2014 Related Party Loan terms.
56. The Company was also in communication with Farm Credit Canada regarding loan payments that were in arrears but FCC ultimately transferred the Broadacre account to

the special loans group. A copy of the October 23, 2014 letter from FCC advising of this transfer is attached as Exhibit "J".

57. On October 31, 2014, the various individuals under the Related Party loans delivered a Demand for repayment of US\$8,985,901.82 and Cdn\$528,960.80 together with a Section 244 Notice of Intention to Enforce Security under the *Bankruptcy and Insolvency Act*, Notice of Intention to Take Possession and Notice of Intention to Realize on Security under the *Farm Debt Mediation Act*. Copies of the Demand and related documents are attached as Exhibit "K".
58. Lastly, Wigmore Farms Ltd. recently received a letter from Agriculture and Agri-Food Canada dated October 20, 2014 demanding payment of \$477,694.11 as a result of an alleged overpayment of certain farm subsidies in 2005 and 2006. A copy of the October 20, 2014 letter is attached as Exhibit "L".
59. The Company acknowledges its obligations under the creditor demands are currently due and owing and that it cannot satisfy them. The demands, in conjunction with the continuing operational losses, have rendered the Company hopelessly insolvent.

#### **REQUIREMENT FOR RELIEF REQUESTED**

60. The recent secured creditor demands against the Company for the repayment of outstanding loan obligations have put a stranglehold on the Company's ability to sustain operations for the foreseeable future. The unfortunate reality is that the Company has never been profitable and loss of the Related Parties' support is a vote of non-confidence in the Company's viability as a going concern business at this juncture. It is expected that the Related Parties will continue, as they have throughout, to be supportive of the Company's efforts going forward.
61. A stay of proceeding is required immediately to permit the Company to consider its options and assess strategies to maximize recoveries for creditors and stakeholders. A final decision will be made regarding: (i) continuation of the business; (ii) the prospects of accessing funding from a strategic investor; and (iii) a possible time table for the sale

of assets, including the owned farm lands. The current crop harvest is just being concluded and the Company has critical decisions to make on an urgent basis if planting for next year is a viable option.


62. From the Company's perspective, it requires an opportunity to focus on its options and to ascertain next steps given the competing interests of its stakeholder group. A stay of proceedings will ensure a "level playing field" for all creditors and stakeholders while this process moves forward. The ability of one creditor to gain an advantage over another would be extremely counter-productive and jeopardize the stable environment required for the Company to finalize a path for moving forward.
63. In preparation for this proceeding, the Company prepared cash flows attached as Exhibit "M". The cash flows established that the Company has sufficient liquidity to continue operations during the initial stay period on the basis noted. With respect to the 13 Week Cash Flow Statement for the period November 4, 2014 to January 31, 2015, I confirm that:
- The 13 Week Cash Flow Statement and the underlying assumptions are the responsibility of the Company;
  - All material information relative to the 13 Week Cash Flow Statement and to the underlying assumptions has been made to PricewaterhouseCoopers Inc., in its capacity as Monitor; and
  - Management has taken all actions that it considers necessary to ensure: (a) that the individual assumptions underlying the 13 Week Cash Flow Statement are appropriate in the circumstances; and (b) that the individual assumptions underlying the 13 Week Cash Flow Statement, taken as a whole, are appropriate in the circumstances.
64. PricewaterhouseCoopers Inc. has agreed to act as the Company's Monitor in these proceedings and a copy of the executed consent is attached as Exhibit "N".

65. The Company has exhausted all of its options in attempting to build a profitable enterprise that could execute its business strategies and exploit growth opportunities in the agricultural sector. In light of recent events, the Company will accelerate its ongoing deliberations and hopes to return to this Honourable Court prior to the expiry of the stay of proceedings sought in this Application with a course of action to enhance the financial recoveries of all interested stakeholders.
66. This affidavit is sworn in support of an Application under the CCAA and not for any improper purpose.

SWORN BEFORE ME at the City of  
Calgary, on November 3, 2014.



Commissioner for Taking Affidavits



Andrew Marshall

ADITYA M. BADAMI  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires at the pleasure  
of the Lieutenant-Governor



## INDEX

1. Affidavit of Andrew Marshall, sworn November , 2014

Exhibit "A" Sample of Land Lease

Exhibit "B" Schedule of Equipment Financing/Security Registrations

Exhibit "C" Financial Statements for year ended March 31, 2014

Exhibit "D" Interim audited financial statements for the period ended June 30, 2014

Exhibit "E" Interim unaudited financial statements for the period ended September 30, 2014

Exhibit "F" Bank of Nova Scotia Statement of Claim

Exhibit "G" October 9, 2014 correspondence from Taylor McCaffrey LLP to Manitoba Harvest

Exhibit "H" October 28, 2014 correspondence from Osler, Hoskin & Harcourt LLP to Fric, Lowenstein & Co. LLP

Exhibit "I" September 5, 2014 Forbearance arrangements with Wigmore Crop Productions Products Ltd.

Exhibit "J" October 23, 2014 letter from Farm Credit Canada

Exhibit "K" October 31, 2014 Related Party Demands

Exhibit "L" October 20, 2014 letter to Wigmore Farms Ltd. from Agriculture and Agri-Food Canada

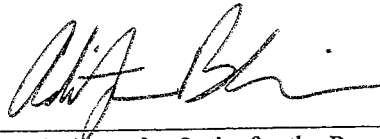
Exhibit "M" CCAA cash flows

Exhibit "N" Consent to act as Monitor

This is Exhibit "A" referred to in the affidavit of

Andrew Marshall

sworn before me on November 3, 2014

A handwritten signature in black ink, appearing to read "A. J. Blair", is written over a horizontal line.

(Commissioner for Oaths for the Province of Alberta)

# BROADACRE

## LAND RENTAL AGREEMENT

This Rental Agreement is entered into on this 31<sup>st</sup> day of January, 2014:

By:

**Broadacre Agriculture Inc.**  
330-333 24<sup>TH</sup> Ave SW  
Calgary, Alberta T2S 3E6  
("TENANT")

And:

WHEREAS the Landlord desires to rent farm land to the Tenant excepting and reserving unto the Landlord all yard sites, all buildings, all machinery lots, all trees and shrubs, including appropriate access to those which are located within the fields unless specified in this Agreement.

### 1. TERM

- 1.1. This Rental Agreement shall continue in force on the said land (Schedule A) for the period – **January 31<sup>st</sup>, 2014 to December 31<sup>st</sup>, 2016**, subject to renewal, or cancellation as per the terms of this Rental Agreement.

### 2. LAND

- 2.1. The land location(s) is attached in Schedule A.
- 2.2. The rental amount shall be based on acreage and soil classes that are listed and calculated in the attached Schedule A.

### 3. RENTAL PAYMENT

- 3.1. The Tenant will pay a yearly rental of \_\_\_\_\_ . The Tenant shall pay 50% of the anticipated annual rental on or before May 1<sup>st</sup> with the balance to be paid on or before November 30<sup>st</sup> for each year of this Rental Agreement.

### 4. STORAGE OF GRAIN

- 4.1. The grain storage included in the terms of this Rental Agreement is attached in Schedule B.

## **5. CROPPING PLANS**

- 5.1. The Tenant shall make all decisions with respect to growing crops on the land unless stated otherwise in this Agreement, and the Tenant shall be responsible for all costs of farming the said land unless stated otherwise in the Agreement.

## **6. RESOURCE PROTECTION**

- 6.1. The Tenant shall:
- 6.1.1. Cultivate, seed, control weeds, insects and disease, harvest crops on the land in a sustainable manner;
  - 6.1.2. Use pesticides in accordance with labelled directions; and
  - 6.1.3. Comply in all respects with all applicable environmental laws.

## **7. PESTICIDES**

- 7.1. The Tenant shall make decisions on which herbicides and insecticides are to be used on crops grown on the land.
- 7.2. The Tenant shall be responsible for any damage caused by spills or spray drift. All chemical containers must be promptly removed from the land.
- 7.3. The Tenant shall not use gopher poison unless mutually agreed upon.

## **8. USE OF THE LAND**

- 8.1. The Tenant shall use the lands for the purpose of growing crops and the Tenant shall not, without the written consent of the Landlord:
- 8.1.1. Sublease, or assign this Agreement without the written consent of the Landlord;
  - 8.1.2. Change the natural course of any waterways;
  - 8.1.3. Cut down or intentionally kill any trees or shrubs;
  - 8.1.4. Remove any sand, gravel, soil, or clay;
  - 8.1.5. Bring into cultivation any new lands; or
  - 8.1.6. Use the land for hunting, snowmobiling, or any other recreational activity.

## **9. CROP INSURANCE**

- 9.1. The Tenant is free to make his own arrangements regarding Crop Insurance and other production and all risk insurance, and in so doing shall absorb the total cost of coverage and receive all the benefits.

## **10. GOVERNMENT INCOME SUPPORT PAYMENTS AND SUBSIDIES**

- 10.1. In the event that any payment, subsidy or other reimbursement is made under any government agency or any marketing agency in connection with income support to the actual producer of crops grown on the rented lands during the term of this Agreement, the payments identified with the rented land shall be paid to the Tenant unless otherwise agreed upon.

## **11. CROP RESIDUES AND FIRE**

- 11.1. Crop residues including straw, chaff and stubble remaining after the harvest shall not be burned, baled or otherwise removed without the consent of the Landlord.

## **12. COMPENSATION FOR OIL & GAS, UTILITIES, ROADS, AND RIGHT-OF-WAY**

12.1. Compensation for reasons such as, but not limited to, property damage and inconvenience from oil and gas exploration, pipeline development, power and telephone line installations, or road construction, shall accrue to the party that has suffered the loss. The Landlord will have the final say on who has suffered the loss except as follows:

12.1.1. Where the compensation is for crop damage, the compensation will be paid to the Tenant;

12.1.2. Where the compensation is for work completed by the Tenant such as, but not limited to, grass reseeding or top soil levelling, the compensation will be paid to the Tenant;

12.1.3. Where the compensation is for creation of a nuisance situation such as, but not limited to, dust or noise the compensation will be paid to the Landlord;

12.1.4. Where the compensation is for a decrease in the land's value such as a loss of acres from the development or severing a parcel of land the payment shall be made to the Landlord.

## **13. TAXES**

13.1. The cost of all municipal and school taxes on the land included in this Rental Agreement shall be paid by the Landlord.

## **14. IMPROVEMENTS**

14.1. The Tenant shall not make any major improvements to the rented land without written permission of the Landlord. Major improvements, which without restricting the generality of the term, shall include: erosion control, fencing, placing any structure upon the land, building construction or seeding to pasture or hay land. Such consent shall be attached to and form part of the Rental Agreement. The amount of compensation shall be an amount agreed upon by the Landlord and the Tenant.

14.2. Title to all improvements shall vest in the Landlord and no improvements shall be sold, removed, disposed of or encumbered without the consent of the Landlord.

## **15. RIGHTS**

15.1. If the Tenant fulfils the terms and conditions of this Rental Agreement, the Tenant shall and may peaceably possess and enjoy the said land for the said term.

## **16. RENEWAL**

16.1. The term of this Rental Agreement may be extended by mutual agreement between the Landlord and Tenant for a further period upon the same terms and conditions as contained herein, except as otherwise agreed in writing by the parties executing a renewal statement.

## **17. DISPUTES RESOLUTION**

17.1. If either party has any controversy, claim or dispute arising out of or relating to this Agreement, they must let the other party know in writing within 15 calendar days. The parties have an additional 15 calendar days to resolve any controversy, claim or dispute arising out of or relating to this Agreement.

17.2. If the parties cannot come to a resolution, than either party may request binding arbitration as government by *The Arbitration Act 1992* in Saskatchewan.

17.3. Each party will pay its pro rata share of the expenses and fees of the arbitrator, together with other expenses of the arbitration incurred or approved by the arbitrator.

17.4. The parties agree to abide by all decisions and awards rendered.

#### **18. INDEMNIFICATION**

18.1. The Tenant shall indemnify and save harmless the Landlord against all claims, liabilities, demands, damages or rights of action whatever made or asserted by anyone arising out of or incidental to this indenture or used of the said lands. The Tenant shall provide proof of such by providing the Landlord with a copy of any appropriate insurance policy.

#### **19. SALE OF LAND**

19.1. In the event the Landlord sells a portion of the land after the crop has been seeded, the Tenant will have the right to that crop, after which the Rental Agreement on that portion of land will be deemed to have expired. In the event a portion of the land is sold before or after the cropping season, the Rental Agreement on that portion is immediately terminated. For this clause to be invoked, the sale of land has to be to a non-arm's length buyer.

#### **20. CARBON CREDITS**

20.1. Any and all rights the Tenant or Landlord may have to any carbon credits or offsets arising from the farming practices used on the Land by the Tenant are hereby shared 50% by the Tenant and 50% by the Landlord.

#### **21. GENERAL**

21.1. All notices or communications required or given in connection with this Agreement will be given by delivering or mailing such notices or communications by first class airmail, postage prepaid, properly addressed to the address of the party indicated herein above, or such other address as may hereinafter be designated in writing by either party. Such notices will be deemed to have been given as of the date mailed.

21.2. No delay, omission or failure to exercise any right or remedy provided for in this Agreement will operate to limit, impair, waive or otherwise affect a parties future right to enforce such right or remedy.

21.3. This Agreement constitutes the entire agreement between the parties herein, and supersedes any prior agreements, discussions and understanding between them.

21.4. In the event that any provision of this Agreement will be deemed unlawful or otherwise unenforceable by a court of competent jurisdiction, such provision will be separate from this Agreement and the balance of the Agreement will continue in full force and effect.

21.5. This Agreement will be governed by and interpreted in accordance with the laws of the Province of Saskatchewan, Canada.

21.6. The parties may execute this Agreement by facsimile or other electronic means and in separate counterparts each of which when so executed and delivered will be an original, and all such counterparts taken together will constitute one instrument.

IN WITNESS WHEREOF, this Agreement is signed below by the duly authorized representative of the parties.

**LANDLORD**

---

Signature

---

Print Name

---

Title

---

Date**TENANT**

---

Signature

---

Print Name

---

Title

---

Date

This is Exhibit "B" referred to in the affidavit of

Andrew Marshall

sworn before me on November 3, 2014

A handwritten signature in black ink, appearing to read "Alia Bli", written over a horizontal line.

(Commissioner for Oaths for the Province of Alberta)



# EQUIPMENT LEASES

Registration Numbers

Lease

Description of Goods

Alberta

Lease agreement between Broadacre Agriculture Inc., as lessee, and Agricredit Acceptance Canada, a division of De Lage Landen Financial Services Canada Inc., as lessor, dated August 1, 2012, as amended, restated or renewed from time to time

Motor vehicles including all tractors, trailers, combine vehicles and all goods supplied by the lessor to the lessee, as identified in the lease agreement, as amended, restated or renewed from time to time, together with all attachments, accessories, replacements, substitutions, additions and improvements to the foregoing and proceeds including goods, chattel paper, securities, money, crops, licences and intangibles

Lease agreement between Broadacre Agriculture Inc., as lessee, and Farm Credit Canada, as lessor, as amended, restated or renewed from time to time

Motor vehicles including 2007 New Holland air carts and air drills, and any proceeds claimed and all accessions thereto, all of which constitutes a Purchase Money Security Interest

Master lease agreement between Broadacre Agriculture Inc., as lessee, and Royal Bank of Canada, as lessor, undated, as amended, restated or renewed from time to time

All after acquired goods and equipment subject to any interim funding agreement(s) and any lease schedules attached to and forming part of such master lease agreement, together with all attachments, accessories and substitutions placed on or forming part of such goods and any proceeds derived from the sale or disposition of such goods, all of which constitutes a Purchase Money Security Interest

Lease agreement between Broadacre Agriculture Inc., as lessee, and Royal Bank of Canada, as lessor, dated May 10, 2011, as amended, restated or renewed from time to time

All trailers, extractors, and grain baggers of every nature or kind described in the lease agreement, together with all attachments, accessories and substitutions placed on or forming part of such goods and any proceeds derived from the sale or disposition of such goods, all of which constitutes a Purchase Money Security Interest

Lease agreement between Broadacre Agriculture Inc., as lessee, and Royal Bank of Canada, as lessor, dated May 11, 2011, as amended, restated or renewed from time to time

All conveyors of every nature or kind described in the lease agreement, together with all attachments, accessories and substitutions placed on or forming part of such goods and any proceeds derived from the sale or disposition of such goods, all of which constitutes a Purchase Money Security Interest

Lease agreement between Broadacre Agriculture Inc., as lessee, and Royal Bank of Canada, as lessor, dated May 12, 2011, as amended, restated or renewed from

All agriculture equipments of every nature or kind described in the lease agreement, together with all attachments, accessories and substitutions placed on or forming part of such goods and any

11042526077  
11082912954  
12010322266  
12011127506  
12041819192  
12051602864  
12051602885  
12080714074  
12080714085  
11052634611

11050517688  
11050618844

11051120027  
11051121427

11051121596

11051322317

Registration Numbers

Lease

time to time

Description of Goods

proceeds derived from the sale or disposition of such goods, all of which constitutes a Purchase Money Security Interest

11051812153

All conveyors of every nature or kind described in the lease agreement, together with all attachments, accessories and substitutions placed on or forming part of such goods and any proceeds derived from the sale or disposition of such goods, all of which constitutes a Purchase Money Security Interest

11072510472

All combines and headers of every nature or kind described in the lease agreement, together with all attachments, accessories and substitutions placed on or forming part of such goods and any proceeds derived from the sale or disposition of such goods, all of which constitutes a Purchase Money Security Interest

11080822679

All trucks of every nature or kind described in the lease agreement, together with all attachments, accessories and substitutions placed on or forming part of such goods and any proceeds derived from the sale or disposition of such goods, all of which constitutes a Purchase Money Security Interest

11082303879

All trailers of every nature or kind described in the lease agreement, together with all attachments, accessories and substitutions placed on or forming part of such goods and any proceeds derived from the sale or disposition of such goods, all of which constitutes a Purchase Money Security Interest

11083021241

All headers of every nature or kind described in the lease agreement, together with all attachments, accessories and substitutions placed on or forming part of such goods and any proceeds derived from the sale or disposition of such goods, all of which constitutes a Purchase Money Security Interest

11062217196

All Case IH Titan Floater with fertilizer applicator of every nature or kind together with all attachments, accessories and substitutions placed on or forming part of such goods and any proceeds derived from the sale or disposition of such goods, all of which constitutes a Purchase Money Security Interest

11062912655

11 WST Magnum 1620f, 147t Epoxy Bin, 11 WST Foundation and all present and after-acquired attachments, accessories, repair parts and other goods placed on the equipment, and all proceeds

Lease agreement between Broadacre Agriculture Inc., as lessee, and Royal Bank of Canada, as lessor, dated May 17, 2011, as amended, restated or renewed from time to time

Lease agreement between Broadacre Agriculture Inc., as lessee, and Royal Bank of Canada, as lessor, dated July 25, 2011, as amended, restated or renewed from time to time

Lease agreement between Broadacre Agriculture Inc., as lessee, and Royal Bank of Canada, as lessor, dated August 8, 2011, as amended, restated or renewed from time to time

Lease agreement between Broadacre Agriculture Inc., as lessee, and Royal Bank of Canada, as lessor, dated August 23, 2011, as amended, restated or renewed from time to time

Lease agreement between Broadacre Agriculture Inc., as lessee, and Royal Bank of Canada, as lessor, dated August 30, 2011, as amended, restated or renewed from time to time

Lease agreement between Broadacre Agriculture Inc., as lessee, and National Leasing Group Inc., as lessor, dated June 21, 2011, as amended, restated or renewed from time to time

Lease agreement between Broadacre Agriculture Inc., as lessee, and Bank of Nova Scotia, as lessor, as amended, restated or renewed from time to time

Registration Numbers

Description of Goods

that are present or after-acquired personal property (particulars registered by Viterro Inc.)

Lease

Lease agreements between Broadacre Agriculture Inc., as lessee, and Ford Credit Canada Leasing, a division of Canadian Road Leasing Company, as lessor, dated August 24, 2011, as amended, restated or renewed from time to time

2011 Ford F350 motor vehicles

11082909480  
11082909493

2011 Ford F350, and 2013 Peterbilt 388 Sleeper motor vehicles

12042322198  
12042326894  
12042327053  
12042327223  
12042327395  
12050300279  
12050300286  
12050300299  
12050300304,  
12050300317  
12050300504  
12071703130

Case IH Combine 9230 and Case IH Head 3016 motor vehicles

Lease agreements between Broadacre Agriculture Inc., as lessee, and CNH Capital Ltd., as distributor and secured party, and Redhead Equipment Leasing Ltd., as lessor, dated July 12, 2012, as amended, restated or renewed from time to time

*Saskatchewan*

Motor vehicles including all tractors, trailers, combine vehicles and all goods supplied by the lessor to the lessee, as identified in the lease agreement, as amended, restated or renewed from time to time, together with all parts and accessories relating thereto, all attachments, accessories and accessions thereto or thereon, all replacements, substitutions, additions and improvements of all or any part of the foregoing and all proceeds of any form derived therefrom, and, with respect to proceeds, all of the debtor's present and after acquired personal property which is derived, directly or indirectly, from any

300713997  
300815438  
300818803  
300856101  
300869459  
300869460  
300907412

<u>Lease</u>	<u>Description of Goods</u>	<u>Registration Numbers</u>
	dealing or disposition of the above-described collateral, including without limitation, all insurance and other payments payable as indemnity or compensation for loss or damage thereto, accounts, rents or other payments arising from the lease of the above-described collateral, goods, chattel paper, investment property, documents of title, instruments, money, cheques, deposits, securities and intangibles	300907413 301151589
Lease agreement between Broadacre Agriculture Inc. and Wignmore Farms Ltd., as lessees, and John Deere Credit Inc. as lessor, as amended, restated or renewed from time to time	Bourgault 6550 and Bourgault 3310 air seeders, together with all attachments, accessories, accessions, replacements, substitutions, additions and improvements thereto and all proceeds of every type, item or kind in any form derived directly or indirectly from any dealing with the collateral, including without limitation, trade-ins, equipment, inventory, goods, notes, chattel paper, contract rights, accounts, rental payments, securities, intangibles, documents of title and money and all proceeds of proceeds and a right to any insurance payment and any other payment that indemnifies or compensates for loss or damage to the collateral or the proceeds of the collateral	300715218
Master lease agreement between Broadacre Agriculture Inc., as lessee, and Royal Bank of Canada, as lessor, undated, as amended, restated or renewed from time to time	All after acquired goods and equipment subject to any interim funding agreement(s) and any lease schedules attached to and forming part of such master lease agreement, together with all attachments, accessories and substitutions placed on or forming part of such goods and any proceeds derived from the sale or disposition of such goods	300716086 300719037
Lease agreement between Broadacre Agriculture Inc., as lessee, and Royal Bank of Canada, as lessor, dated May 5, 2011, as amended, restated or renewed from time to time	All equipment and resource equipment of every nature or kind described in the lease agreement together with all attachments, accessories and substitutions placed on or forming part of such goods and any proceeds derived from the sale or disposition of such goods	300719724 300719726
Lease agreement between Broadacre Agriculture Inc., as lessee, and Royal Bank of Canada, as lessor, dated May 10, 2011, as amended, restated or renewed from time to time	All resource equipment and trailers of every nature or kind described in the lease agreement together with all attachments, accessories and substitutions placed on or forming part of such goods and any proceeds derived from the sale or disposition of such goods	300721140 300721732
Lease agreement between Broadacre Agriculture Inc., as lessee, and Royal Bank of Canada, as lessor, dated May 11, 2011, as amended, restated or renewed from	All conveyors of every nature or kind described in the lease agreement together with all attachments, accessories and substitutions placed on or forming part of such goods and any proceeds derived from the sale or disposition of such goods	300721533

Registration Numbers

Description of Goods

Lease

time to time

Lease agreement between Broadacre Agriculture Inc., as lessee, and Royal Bank of Canada, as lessor, dated May 12, 2011, as amended, restated or renewed from time to time

Lease agreement between Broadacre Agriculture Inc., as lessee, and Royal Bank of Canada, as lessor, dated June 21, 2011, as amended, restated or renewed from time to time

Lease agreement between Broadacre Agriculture Inc., as lessee, and Royal Bank of Canada, as lessor, dated June 29, 2011, as amended, restated or renewed from time to time

Lease agreement between Broadacre Agriculture Inc., as lessee, and Royal Bank of Canada, as lessor, dated July 25, 2011, as amended, restated or renewed from time to time

Lease agreement between Broadacre Agriculture Inc., as lessee, and Royal Bank of Canada, as lessor, dated August 8, 2011, as amended, restated or renewed from time to time

Lease agreement between Broadacre Agriculture Inc., as lessee, and Royal Bank of Canada, as lessor, dated September 2, 2011, as amended, restated or renewed from time to time

Lease agreements between Broadacre Agriculture Inc., as lessee, and Jim Peplinski Leasing Inc., as lessor, as amended, restated or renewed from time to time

All tractors, headers, sprayers, and loaders of every nature or kind described in the lease agreement together with all attachments, accessories and substitutions placed on or forming part of such goods and any proceeds derived from the sale or disposition of such goods

All Case IH Titan Floaters with fertilizer applicator of every nature or kind described in the lease agreement together with all attachments, accessories and substitutions placed on or forming part of such goods and any proceeds derived from the sale or disposition of such goods

All headers and combines of every nature or kind described in the lease agreement together with all attachments, accessories and substitutions placed on or forming part of such goods and any proceeds derived from the sale or disposition of such goods

All headers and combines of every nature or kind described in the lease agreement together with all attachments, accessories and substitutions placed on or forming part of such goods and any proceeds derived from the sale or disposition of such goods

All trucks of every nature or kind described in the lease agreement together with all attachments, accessories and substitutions placed on or forming part of such goods and any proceeds derived from the sale or disposition of such goods

All trailers of every nature or kind described in the lease agreement together with all attachments, accessories and substitutions placed on or forming part of such goods and any proceeds derived from the sale or disposition of such goods

2011 Ford F350, and 2013 Peterbilt 388 Sleeper motor vehicles

300723179

300739532

300742496

300752426

300758610

300771239

300858224

300858234

300858243

300858251

300863507

300863512

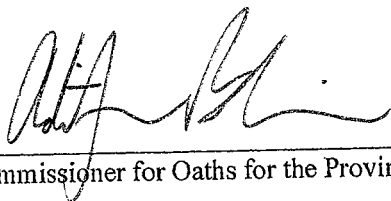
300863513

<u>Lease</u>	<u>Description of Goods</u>	<u>Registration Numbers</u>
Lease agreement between Broadacre Agriculture Inc., as lessee, and Redhead Equipment Canada, as lessor, as amended, restated or renewed from time to time	Case 9230 Combine vehicle with a commercial lien registration type according to the terms and conditions of the <i>Commercial Liens Act</i> and proceeds resulting from the disposal of the collateral insurance proceeds concerning the collateral	300863514 300863515 301256854
Lease agreement between Broadacre Agriculture Inc., as lessee, and Farm Credit Canada, as lessor, dated May 10, 2011, as amended, restated or renewed from time to time	Motor vehicles including 2011 Parker 1348 grain carts, 2011 Bourgault 3310 air seeders, 2011 Bourgault 6700 air tanks, 2011 Bourgault 7200 harrow vehicles and any claimed proceeds owned now or hereafter acquired or re-acquired by the debtor and all proceeds, all substitutions, replacements thereof and accessions thereto, all of which constitutes a Purchase Money Security Interest	300727481

This is Exhibit "C" referred to in the affidavit of

Andrew Marshall

sworn before me on November 3, 2014

A handwritten signature in black ink, appearing to be 'A. H. B.', is written over a horizontal line.

(Commissioner for Oaths for the Province of Alberta)



**Consolidated Financial Statements of**  
**Broadacre Agriculture Inc.**  
**For the year ended March 31, 2014**



## INDEPENDENT AUDITORS' REPORT

To the Shareholders of Broadacre Agriculture Inc.

We have audited the accompanying consolidated financial statements of Broadacre Agriculture Inc., which comprise the consolidated balance sheet as at March 31, 2014, the consolidated statements of operations and deficit and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Broadacre Agriculture Inc. as at March 31, 2014, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

### *Emphasis of Matter*

Without modifying our opinion, we draw attention to Note 2 in the consolidated financial statements which indicates that Broadacre Agriculture Inc. is dependent upon the generation of necessary funds to meet current operating requirements, pursue planned growth, and to service shareholder and other loans. The Company is dependent on the continued forbearance of its shareholder lenders. These conditions, along with other matters as set forth in Note 2 in the consolidated financial statements, indicate the existence of a material uncertainty that may cause significant doubt about Broadacre Agriculture Inc.'s ability to continue as a going concern.

*Other Matter*

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in Schedules 1 to 3 are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

June 25, 2014

Calgary, Canada

Broadacre Agriculture Inc.  
Consolidated Balance Sheet  
As at March 31, 2014, with comparative figures for 2013

	March 31 2014	March 31 2013
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (note 5)	\$ 367,791	\$1,189,783
Accounts receivable (note 6)	2,115,501	759,844
Prepaid expenses (note 7)	230,433	743,828
Refundable deposit	40,794	13,047
Inventories (note 8)	8,685,078	5,078,464
Assets held for sale (note 9)	3,880,500	496,511
	15,320,097	8,281,477
Property and equipment (note 10)	46,607,547	56,545,438
Interest in farming operations (note 19)	1,440,000	2,160,000
Deposit on assets	-	28,000
Investment	-	25,000
	\$63,367,644	\$67,039,915
<b>Liabilities and Shareholders' Equity (Deficiency)</b>		
Current liabilities:		
Accounts payable	\$800,112	\$1,457,949
Crop input facilities	3,231,749	224,957
Accrued interest	2,895,899	1,347,587
Deferred revenue	67,346	84,438
Shareholder loan (note 11)	5,638,050	-
Current portion of consideration payable (note 12)	215,722	215,722
Current portion of other liability	279,704	269,794
Current portion of mortgage payable (note 13)	460,936	625,053
Current portion of equipment leases (note 14)	3,026,827	3,139,346
Current liabilities before undernoted	16,616,345	7,364,846
Mortgage payable (note 13)	13,089,893	13,506,291
Shareholder notes and accrued interest (note 11)	7,602,833	6,653,140
Total current liabilities	20,692,726	20,159,431
Consideration payable (note 12)	215,722	431,445
Other liability (note 12)	1,269,291	1,548,624
Equipment leases (note 14)	8,421,703	12,233,708
Profit participating note (note 15)	16,121,374	16,097,721
	26,028,090	30,311,498
<b>Shareholders' Equity (Deficiency)</b>		
Share capital (note 16)	26,775,197	26,762,957
Contributed surplus (note 16)	2,451,570	2,451,570
Warrants (note 16(c))	1,758,683	1,758,683
Deficit	(30,954,967)	(21,769,070)
	30,483	9,204,140
Going concern (note 2)		
Commitments (note 20)		
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$63,367,644</b>	<b>\$67,039,915</b>
See accompanying notes to the consolidated financial statements.		

Broadacre Agriculture Inc.  
Consolidated Statement of Operations and Deficit  
For the year ended March 31, 2014, with comparative figures for 2013

	2014	2013
Revenue:		
Crop (note 3)	\$16,679,987	\$20,502,019
Consulting	149,559	211,993
AgriInvest	22,500	-
Interest	4,859	54,796
	16,856,905	20,768,808
Increase in inventory (note 3)	6,211,093	1,235,251
	23,067,998	22,004,059
Expenses:		
Farm	7,825,847	10,350,184
Crop inputs	3,175,154	3,582,243
Manager salaries and labourer wages	2,869,941	2,976,130
Land lease	1,253,618	1,313,624
Fuel and lubricants	1,105,538	1,087,461
Equipment repair and maintenance	379,537	702,626
Equipment lease	351,708	1,557,264
Insurance	432,326	379,048
Farm maintenance	337,109	292,317
Farm vehicle	208,363	908,712
Spraying/soil testing	106,768	96,033
Other	18,045,909	23,245,642
	4,396,573	4,359,330
Amortization of property and equipment	720,000	720,000
Amortization of interest in farming operations	924,790	876,779
Interest on equipment leases	696,383	769,499
Mortgage interest	6,737,746	6,725,608
	3,323,954	6,171,498
General and administrative (schedule 1)	3,615,572	3,031,598
Financing and other interest costs (schedule 2)	506,599	(1,988,818)
Loss (gain) on disposal of assets	24,115	-
Loss on sale of Agshare	-	(2,983,716)
Gain on purchase of Wigmore Farms	(9,185,897)	(12,197,753)
Net loss	(21,769,070)	(9,571,317)
Deficit, beginning of year	\$(30,954,967)	\$(21,769,070)
Deficit, end of year	\$1,698,135	\$(7,413,081)
*EBITDA (schedule 3)		

See accompanying notes to the consolidated financial statements.

Broadacre Agriculture Inc.  
Consolidated Statement of Cash Flows  
For the year ended March 31, 2014, with comparative figures for 2013

	2014	2013
Cash provided by (used in) operations:		
Operations:		
Net loss	\$(9,185,897)	\$(12,197,753)
Items not involving cash:		
Amortization of property and equipment	4,396,573	4,359,330
Stock based compensation	-	1,902,120
Amortization of interest in farming operations	720,000	720,000
Loss (gain) on disposal of assets	506,599	(1,988,818)
Loss on disposal of Agshare	24,115	-
Unrealized foreign exchange losses on shareholder loans	1,124,275	117,900
Amortization of finance costs	36,896	5,517
Share issuance cost	-	(728)
	(2,377,439)	(7,082,432)
Change in working capital:		
Accounts receivable	(1,355,657)	(650,410)
Prepaid expenses	513,395	(205,338)
Refundable deposit	(27,747)	-
Inventories	(3,606,614)	(2,255,488)
Accounts payable	(882,794)	(315,242)
Crop input facilities	3,231,749	-
Accrued interest	1,910,120	1,347,587
Deferred revenue	(17,092)	(41,237)
	(2,612,079)	(9,202,560)
Cash flows from (used in) investing activities		
Purchase of property and equipment	(324,147)	(20,998,376)
Proceeds on disposal of property and equipment	1,974,877	5,114,681
Deposit on assets	28,000	1,990,400
Disposal of investment in Agshare	885	-
Profit participating note	-	16,097,721
	1,679,615	2,204,426
Cash flows from (used in) financing activities		
Mortgage payments	(580,948)	(213,683)
Capital lease payments	(3,924,524)	(2,382,351)
Other liability payments	(280,574)	(463,511)
Consideration payable	(215,722)	647,167
Shareholder loan	5,100,000	-
Shareholder note	-	6,536,900
Share capital	12,240	2,859,809
	110,472	6,984,331
Decrease in cash position	(821,992)	(13,803)
Cash and cash equivalents, beginning of year	1,189,783	1,203,586
Cash and cash equivalents, end of year	\$367,791	\$1,189,783

See accompanying notes to the consolidated financial statements.

**Broadacre Agriculture Inc.**  
**Notes to Consolidated Financial Statements**  
**For the year ended March 31, 2014, with comparative figures for 2013**

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**Incorporation and principle activity:**

Broadacre Agriculture Inc. (the "Company") was incorporated under the Business Corporation Act (Alberta) on August 11, 2010. The Company's activities include farm land leasing, agriculture consulting and the growing and selling of cereal, pulse and oilseed crops.

**1. Accounting Standards for Private Enterprises:**

The consolidated financial statements are prepared in accordance with Canadian accounting standards for private enterprises ("ASPE"). The significant accounting policies are described in note 4.

**2. Going Concern:**

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company realized a loss for the year of \$9,185,897 (2013 - \$12,197,753) and used cash in its operations of \$2,612,079 (2013 - \$9,202,560).

At March 31, 2014 the Company has a working capital deficiency of \$5.8 million, including \$6.0 million of principal and accrued interest currently due to a shareholder and \$4.0 million of contracted repayments of other debt due in the next year. The Company is currently attempting to raise funds needed to repay the shareholder loans by the sale of 464 acres of land adjacent to the City of Regina. In addition, the Company is working with its agent to sell equity to fund farm land purchases as well as the payment of certain other debts. The Company's ability to continue as a going concern is dependent upon the continued forbearance of its shareholder lenders as it proceeds with the proposed land sale and the raising of additional capital. In the case where these measures are not successful, there may be significant doubt that the Company's ability to generate sufficient cash flows from operations to fund its debt obligations. These consolidated financial statements do not include any adjustments that might result should the going concern principle not be applicable.

**3. Cyclical nature of industry:**

The Company is primarily an agricultural producer; as such, revenue is derived through the sale of harvested crops. The purchase of crop inputs and the application of those inputs occur primarily in the first quarter of the fiscal year. Crops are harvested and sold in the remainder of the fiscal year. The Company's accounting policy is to recognize revenue on harvested crops at the time of harvest. As a result, revenue recognized for the year is based on harvested crops. Crops harvested but not sold are included in inventory and are valued at the current contract rate or market rate.

**4. Significant accounting policies:**

**(a) Basis for consolidation:**

The consolidated financial statements include the accounts of the Company and its wholly owned active subsidiaries, Pike Management Group Inc. and Wigmore Farms Ltd. All intercompany transactions and balances have been eliminated.

**(b) Cash and cash equivalents:**

The Company's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts and term deposits.

**Broadacre Agriculture Inc.**  
**Notes to Consolidated Financial Statements**  
**For the year ended March 31, 2014, with comparative figures for 2013**

**4. Significant accounting policies (continued):**

**(c) Inventory:**

The Company measures inventory at net realizable value in accordance with well-established practices in its industry. The changes in the net realizable value are recognized in net earnings in the period of the change.

Net realizable value was determined by an estimate of recoverable amount determined by management considering spot prices at year end, current bids and contracts for the commodities, and other factors impacting the inventory value.

**(d) Property and equipment:**

Property and equipment are amortized on the basis of their useful life using the straight-line method at rates:

Asset	Rate
Land	No amortization
Agriculture equipment	3 – 25 years
Vehicles	1 - 10 years
Buildings	25 years
Software	3 years

**(e) Interest in farming operations:**

In March, 2011 the Company entered into a master farmer agreement acquiring the interest in certain farm lands in Saskatchewan. Under the terms of the agreement a separate independent contractor agreement, the Company has acquired the right to direct farming operations on the leased lands.

The interest in lands asset will be amortized over the term of the related leases. This asset is amortized over five years.

**(f) Impairment of long-lived assets:**

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

**(g) Leases:**

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation is recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital lease are amortized on a straight line basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

Broadacre Agriculture Inc.  
 Notes to Consolidated Financial Statements  
 For the year ended March 31, 2014, with comparative figures for 2013

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4. Significant accounting policies (continued):

(h) Revenue recognition:

The Company earns revenue through farm land leasing, agricultural consulting, the growing and selling of cereal, pulse and oilseed crops and licensing fees.

Land leasing revenue, agricultural consulting revenue and revenue generated through the growing and selling of crops is recognized when there is persuasive evidence that an arrangement exists, goods or services have been fully provided, the price is fixed or determinable, and collection is reasonably assured.

Licensing fee revenue is accounted for at the end of each month for the period of the licensing agreement when services have been fully provided and collection is reasonably assured. All unearned revenue is reflected on the Company's consolidated balance sheet as deferred revenue and is comprised of license fees received for services not yet provided.

Interest income is recognized as earned.

(i) Income taxes:

The Company uses the taxes payable method to account for income taxes whereby the expense (income) for the year consist only of the provision for (recovery of) current income taxes for that year, determined with the rules established by taxation authorities.

(j) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Company has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Company determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial assets is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Company expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement not exceeding the initial carrying value.

(k) Use of estimates:

The preparation of the financial statements in conformity with ASPE requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the year.



**Broadacre Agriculture Inc.**  
**Notes to Consolidated Financial Statements**  
**For the year ended March 31, 2014, with comparative figures for 2013**

**4. Significant accounting policies (continued):**

Significant items requiring the use of management estimates relate to inventory valuation. The value of inventory was determined using the estimated market value at year end. Significant changes in the market value of the inventory could result in the impairment of inventory. Actual results could differ from those estimates.

**(i) Investment:**

The investment in a company subject to significant influence is accounted for using the cost method.

**5. Cash and equivalents:**

The major components of cash and cash equivalents are as follows:

	March 31, 2014	March 31, 2013
Cash	\$171,791	\$993,783
Guaranteed investment certificate	196,000	196,000
	<b>\$367,791</b>	<b>\$1,189,783</b>

The guaranteed investment certificate amount is related to the requirements of a facility agreement for a letter of guarantee in the amount of \$196,000 as security on a revolving demand facility.

**6. Accounts receivable:**

	March 31, 2014	March 31, 2013
Accounts receivable	\$1,344,004	\$350,204
GST receivable	771,497	409,640
	<b>\$2,115,501</b>	<b>\$759,844</b>

**7. Prepaid expenses:**

The significant items in prepaid expenses relate to \$137,851 (2013 - \$108,204) for prepaid land leases and \$nil (2013 - \$539,976) for inputs relating to the next crop year.

**8. Inventories:**

	March 31, 2014	March 31, 2013
Chemical	\$328,921	\$385,578
Fertilizer	60,866	1,529,835
Harvested crops	7,654,601	2,448,412
Seed	640,690	714,639
	<b>\$8,685,078</b>	<b>\$5,078,464</b>

**Broadacre Agriculture Inc.**  
**Notes to Consolidated Financial Statements**  
**For the year ended March 31, 2014, with comparative figures for 2013**

**9. Assets held for sale:**

Three quarter-sections of land have been put up for sale in the greater Regina area. One quarter-section, representing 151 acres, has been annexed into the City of Regina. The two remaining quarter-sections, representing 313 acres, are adjacent to the Global Transportation Hub. An offer on the land is expected in the first quarter of fiscal 2015.

**10. Property and equipment:**

March 31, 2014	Cost	Accumulated Amortization	Net book value
Land	\$24,601,455	\$-	\$24,601,455
Agricultural equipment	24,275,740	7,691,562	16,584,178
Vehicles	2,864,422	1,087,442	1,776,980
Buildings	3,810,548	241,233	3,569,315
Computer Software	129,440	53,821	75,619
	<b>\$55,681,605</b>	<b>\$9,074,058</b>	<b>\$46,607,547</b>

March 31, 2013	Cost	Accumulated Amortization	Net book value
Land	\$28,481,955	\$-	\$28,481,955
Agricultural equipment	26,782,370	4,549,918	22,232,452
Vehicles	2,864,422	671,249	2,193,173
Buildings	3,705,249	93,024	3,612,225
Computer Software	47,265	21,632	25,633
	<b>\$61,881,261</b>	<b>\$5,335,823</b>	<b>\$56,545,438</b>

**11. Shareholder loans:**

To partially fund the 2012 acquisition of Wigmore Farms Ltd., the Company borrowed USD \$6.55 million (CAD \$7.2 million as at March 31, 2014) from certain shareholders. The 20% interest-bearing unsecured loan was due December 31, 2013 but the lenders have agreed to extend the term of the note to June 30, 2014. The Company has the right to convert the principal and interest due on the shareholder note into shares or share equivalents at CAD \$0.40 per share. The principal balance due has been reflected as a current liability as at March 31, 2014.

To fund ongoing operations, the Company borrowed an aggregate of USD \$5.1 million (CAD \$5.6 million as at March 31, 2014) from the majority shareholder during the period from May to August 2013. The 10% interest-bearing loan was to be repaid as the 2013 crop was sold. The loan is partially secured by certain land and buildings. The lender has agreed to extend the loan term to June 30, 2014.

**12. Other long term liabilities:**

As part of the Wigmore acquisition (note 11), a promissory note payable of \$0.6 million was issued. The note is due in three equal installments of \$215,722 on each of August 27, 2013, 2014, and 2015.

Broadacre Agriculture Inc.  
Notes to Consolidated Financial Statements  
For the year ended March 31, 2014, with comparative figures for 2013

12. Other long term liabilities (continued):

	March 31, 2014	March 31, 2013
3.62% loan, secured by equipment, annual payments of \$347,304, including interest, due December 1, 2014	\$1,548,995	\$1,818,418
Less: current portion	279,704	269,794
	\$1,269,291	\$1,548,624

A loan was obtained from Agriculture Financial Services Corporation ("AFSC") in the name of Pike Farms Ltd ("Pike Farms"), a related party by way of a common director. The loan was extended to Pike Farms rather than Broadacre due to AFSC requirements which include the recipient being a farm in Alberta. Pike Farms is an Alberta farm, whereas Broadacre farms in Saskatchewan. Gary and Beth Pike, the principals of Pike Farms, have provided guarantees on the loan. Equipment owned by Broadacre is used as collateral for the loan. Broadacre is making the payments on the loan.

Principal repayments on the AFSC loan in each of the next five years are estimated as follows:

	\$279,704
2015	298,498
2016	312,161
2017	323,461
2018	335,171
2019	

13. Mortgage:

	March 31, 2014	March 31, 2013
5.25% per annum mortgage, secured by land, 10 year term, semi-annual payments of \$241,709, including interest, due June 15, 2021	\$2,415,691	\$2,631,344
Mortgage, secured by land, FCC variable mortgage rate of Bank of Canada prime rate plus 0.5% per annum, 20 year amortization, semi-annual payments of \$439,040 including interest, due November 15, 2017	11,135,138	11,500,000
Less: current portion	460,936	625,053
	\$13,089,893	\$13,506,291

Principal repayments on mortgages payable in each of the next five years, assuming the lender does not demand repayment, under the terms of the mortgage agreements, are estimated as follows:

	\$460,936
2015	482,546
2016	505,173
2017	528,864
2018	553,670
2019	11,019,640
Thereafter	

Broadacre Agriculture Inc.  
Notes to Consolidated Financial Statements  
For the year ended March 31, 2014, with comparative figures for 2013

13. Mortgage (continued):

The covenants of the mortgages were not met as of March 31, 2014. In accordance with the terms of the agreement the lender can terminate some or all of the loans, demand immediate repayment of any outstanding loan balances and other amounts under the agreement, or assess a 35 basis points fee based off the current principal balance outstanding. In the prior year, the violation of the covenant did not result in a calling of the loan. While the covenants are not met in the current year and the lender's response is not determinable, management does not expect the loan will be called.

14. Equipment leases:

	March 31, 2014	March 31, 2013
Capital lease, secured by equipment, 5.99% per annum interest, 5 year term, semi-annual payments of \$171,661, including interest, due May 1, 2012	\$-	\$1,068,959
Capital lease, secured by equipment, 6.50% per annum interest, 5 year term, semi-annual payments of \$437,425, including interest due May 1, 2017	2,711,160	3,377,151
Capital lease, secured by equipment, 5.99% per annum interest, 4 year term, semi-annual payments of \$15,265, including interest, due June 1, 2021	42,977	69,725
Capital lease, secured by equipment, 6.45% per annum interest, 5 year term, semi-annual payments of \$153,283, including interest, due December 31, 2016	823,469	1,065,168
Capital lease, secured by equipment, 6.56% per annum interest, 5 year term, semi-annual payments of \$90,791, including interest, due May 1, 2017	562,096	699,977
Capital lease, secured by equipment, 6.60% per annum interest, 5 year term, semi-annual payments of \$354,654, including interest, due August 1, 2017	2,185,030	2,723,141
Capital lease, secured by equipment, 4.25% per annum interest, 10 year term, semi-annual payment of \$103,994, including interest, due June 1, 2021	1,323,822	1,470,748
Capital lease, secured by equipment, 9.10% per annum interest, 4 year term, monthly payment of \$16,264, including interest, due May 1, 2016	461,508	607,407
Capital lease, secured by equipment, 8.02% per annum interest, 4 year term, monthly payment of \$6,434, including interest, due April 1, 2015	128,091	192,211
Capital lease, secured by equipment, 7.01% per annum interest, 5 year term, monthly payments of \$29,614, including interest, due February 11, 2018	1,329,458	1,582,017
Capital lease, secured by equipment, 3.17% per annum interest, 5 year term, monthly payment of \$17,741, including interest, due August 1, 2016	615,932	806,017
Capital lease, secured by equipment, 3.18% per annum interest, 5 year term, monthly payment of \$41,111, including interest, due August 1, 2016	1,264,987	1,710,533
	11,448,530	15,373,054
	3,026,827	3,139,346
Less: current portion	\$8,421,703	\$12,233,708

Broadacre Agriculture Inc.  
Notes to Consolidated Financial Statements  
For the year ended March 31, 2014, with comparative figures for 2013

14. Equipment leases (continued):

Principal repayments on equipment leases in each of the next five years are estimated as follows:

	\$3,026,827
2015	3,176,789
2016	3,072,575
2017	1,502,529
2018	181,428
2019	488,382
Thereafter	

15. Profit participating note:

On April 16, 2012, the Company issued a Profit Participating Note ("PPN") with an initial principal amount of \$16,310,595. The PPN is unsecured and has no fixed interest payments. Interest payments will be made on the same date that dividend payments are made to common shareholders in an amount equal to the dividend per share paid to common shareholders multiplied by 14,970,852, the reference securities related to the PPN. The PPN has a maturity date of April 16, 2022, at which date, the Company will repay an adjusted principal amount as determined by the initial principal amount adjusted for any percentage increase or decrease in the book value of the Company excluding any change in book value of the Company related to realized or unrealized gains or losses on farmland properties.

Certain finance and legal costs of \$236,527 associated with the PPN have been capitalized and are accreted over the term of the notes. During the year ended March 31, 2014, \$23,653 (2013 - \$23,653) has been recorded as accretion expense in the consolidated statement of operations and deficit.

16. Share capital:

(a) Authorized:

An unlimited number of shares, without par value, in each of the following categories:

Class A common shares, voting

Class B common shares, non-voting, non-cumulative dividend

Class C preferred shares, voting, and cumulative dividend of 15%

Broadacre Agriculture Inc.  
Notes to Consolidated Financial Statements  
For the year ended March 31, 2014, with comparative figures for 2013

16. Share capital (continued):  
(b) Issued and outstanding:

	March 31, 2014		March 31, 2013	
	Number of Shares	Amount	No of Shares	Amount
<b>Class A</b>				
Issued for cash	8,382,456	\$5,722,708	8,382,456	\$5,722,708
To be issued for cash received (note 16(d))	1,239,290	12,240	-	-
Issued on acquisition of interest in lands	3,600,000	3,600,000	3,600,000	3,600,000
Issued on acquisition of interest in lands	2,151,075	-	2,151,075	-
Options exercised	1,575,000	15,750	1,575,000	15,750
Stock based comp	-	1,559,250	-	1,559,250
Balance	16,947,821	10,909,948	15,708,531	10,897,708
<b>Class B</b>				
Issued for cash	8,957,353	8,977,353	8,957,353	8,977,353
Issued on acquisition	348,926	-	348,926	-
Issued for services provided	50,000	50,000	50,000	50,000
	9,356,279	9,027,353	9,356,279	9,027,353
<b>Class C</b>				
Issued for Cash	7,875,000	7,875,000	7,875,000	7,875,000
Total	7,875,000	7,875,000	7,875,000	7,875,000
	34,179,100	27,812,301	32,939,810	27,800,061
Less share issuance costs		(1,037,104)		(1,037,104)
		\$26,775,197		\$26,762,957

(c) Warrants:

In connection with the issuance of class A common shares for cash during the period ended March 31, 2011, the Company issued 7,687,500 class A common share purchase warrants. Each warrant entitles the holder to purchase a class A common share at an exercise price of \$0.80 per share and is exercisable at the option of the holder with no expiry date. None of these warrants had been exercised to March 31, 2014.

Broadacre Agriculture Inc.  
Notes to Consolidated Financial Statements  
For the year ended March 31, 2014, with comparative figures for 2013

16. Share capital (continued):

(c) Warrants (continued):

The Company has estimated the fair value of these warrants on the date of issuance using the Black-Scholes model and the following assumptions:

Expected life	2.0 years
Stock price	\$0.80
Volatility	44%
Risk free interest rate	0.97%
Dividends	nil

The Company had previously estimated the value of these warrants at \$1,584,747. As a result, the total cash received on issuance of class A common shares to March 31, 2011 of \$3,007,456 has been allocated to class A common shares and warrants in the amount of \$1,422,709 and \$1,584,747 respectively.

The Company has entered into a consulting agreement for the receipt of services associated with ongoing initiatives. The Company issued 50,000 class B common shares and 750,000 class B common share purchase warrants to this consultant. Each warrant entitles the consultant to acquire one class B common share for \$0.90 per share expiring on February 23, 2021.

The Company estimated the fair value of these warrants on the date of issuance using the Black-Scholes model and the following assumptions:

Expected life	2.0 years
Stock price	\$0.90
Volatility	44%
Risk free interest rate	0.97%
Dividends	nil

These class B common shares and class B common share purchase warrants have been valued at \$50,000 and \$173,936, respectively, and were included in share issue costs. None of these warrants had been exercised to March 31, 2014.

(d) Share incentive arrangement:

On February 23, 2011, the Company entered into an agreement with two executives committing the Company to grant options to purchase class A common shares of the Company at an exercise price of \$0.01 per share based on the completion of future financing or acquisition of assets. Under this arrangement, the Company is required to issue options up to 5% of the number of shares or share equivalents issued under any future financing or acquisition of assets up to \$100 million in value, 3.5% on the next \$200 million in value, and 2.5% thereafter, to each of the two executives. The options are exercisable in full or in part at any time and from time to time and do not expire. Vesting of options is on the day such capital is available for the use of the Company. On March 31, 2014, the Company received a cheque from one of the executives for the purchase of shares (note 16(d)). The shares will be issued in fiscal 2015.

17. Income taxes:

Broadacre Agriculture Inc.  
Notes to Consolidated Financial Statements  
For the year ended March 31, 2014, with comparative figures for 2013

The Company's income tax expense varies from the amount that would otherwise result from the application of the statutory income tax rates as set out below:

	2014	2013
Net loss before income taxes	\$(9,185,897)	\$ (12,197,753)
Expected income tax expense at the combined tax rate of 25.00% (2013 – 25.00%)	(2,296,474)	(3,049,438)
Excess capital cost allowance over depreciation	210,554	353,315
Stock based compensation	-	475,530
Meals and entertainment	(53,993)	(72,749)
Effect of accounting gains/losses	420,497	(943,685)
Losses carried forward	1,719,417	3,237,027
	\$ -	\$ -

At March 31, 2014, the Company has net operating losses carried forward for income tax purposes of \$34,615,485 (2013 - \$21,103,524), which are available to offset future taxable income. These losses will expire between 2032 and 2034.

18. Related party transactions:

At March 31, 2014, there were outstanding loans to shareholders. For more details, see note 11.

To fund ongoing operations, the Company borrowed an aggregate of \$250,000 from officers and executives of the Company during the period from June to August 2013. The unsecured and non-interest loans were repaid in November 2013.

A shareholder and director of the Company is engaged as an independent contractor, responsible for managing one of the Company's four farming pods. Under the terms of the agreement, the Company is committed to monthly farm management fees of \$25,000 through to March 31, 2015. The Company may elect to renew the agreement on or before October 31 of the year prior to the expiration of the contract. The Company also rents 1,450 acres of farmland at a rate of \$35 per acre on an annual basis from this contractor.

The Company earned licensing revenue from a Company under significant influence of \$11,000 (2013 - \$11,000). This is a result of a 60 month licensing agreement. The licensing agreement expires April 10, 2015.

Related party transactions were measured at exchanged amounts, which were established and agreed to by the related parties.



**Broadacre Agriculture Inc.**  
**Notes to Consolidated Financial Statements**  
**For the year ended March 31, 2014, with comparative figures for 2013**

**19. Financial instruments (continued):**

The Company is exposed to various risks through its financial instruments. The following analysis provides a measure of the Company's risk exposure and concentrations as of the balance sheet date.

(a) Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to this risk mainly in respect of its accounts payable, equipment leases, and loans and mortgage payable (note 2).

(b) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's main credit risks relate to its accounts receivable. The Company provides credit to its clients in the normal course of the operations.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to this risk in its variable rate loans. However, this risk has been minimized as the majority of loans are fixed rate loans.

**20. Commitments:**

The Company has a number of land lease agreements with expiry dates between October 2014 and December 2018, in which the Company has committed to lease payments in exchange for the use of land.

Lease payments in each of the next five years are estimated as follows:

	\$2,032,330
2015	1,179,214
2016	786,222
2017	213,604
2018	23,475
2019	

The Company also has several operating leases for office rent and equipment leases with expiry dates between May 2014 and August 2021.

Lease payment in each of the next five years are estimated as follows:

	\$470,588
2015	419,065
2016	263,345
2017	121,942
2018	298,495
Thereafter	

**21. Comparative figures:**

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current period.

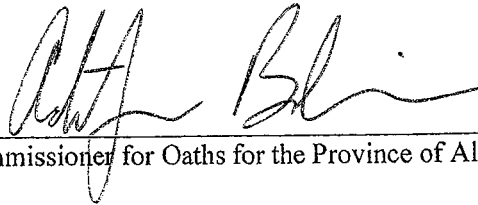
**Broadacre Agriculture Inc.**  
**Administrative Expenses**  
**For the year ended March 31, 2014, with comparative figures for 2013**

General and Administrative Expenses	Schedule 1	
	2014	2013
Salaries	\$2,043,468	\$2,521,547
Professional fees	621,269	896,563
Office expense	394,243	556,265
Travel	116,340	170,667
Tradeshows	63,897	10,081
Vehicles	55,917	62,983
Insurance	25,838	34,046
Advertising and promotion	2,982	17,226
Stock based compensation	-	1,902,120
	<b>\$3,323,954</b>	<b>\$6,171,498</b>
Financing and Interest Costs	Schedule 2	
	2014	2013
Shareholder notes interest	\$1,762,578	\$866,811
Bank charges and interest	685,795	630,520
Foreign exchange loss	1,167,199	117,900
Other Costs	-	1,416,367
	<b>\$3,615,572</b>	<b>\$3,031,598</b>
EBITDA	Schedule 3	
	2014	2013
Loss for the year	\$(9,185,897)	\$(12,197,753)
Gain on purchase of Wigmore farm	-	(2,983,716)
Loss on sale of Agshare	24,115	-
Loss (gain) on disposal of assets	506,599	(1,988,818)
Shareholder notes interest	\$1,762,578	\$866,811
Bank charges and interest	685,795	630,520
Foreign exchange loss	1,167,199	117,900
Other Costs	-	1,416,367
Interest on equipment leases	924,790	876,779
Mortgage interest	696,383	769,499
Amortization of property and equipment	4,396,573	4,359,330
Amortization of interest in farming operations	720,000	720,000
	<b>\$1,698,135</b>	<b>\$(7,413,081)</b>

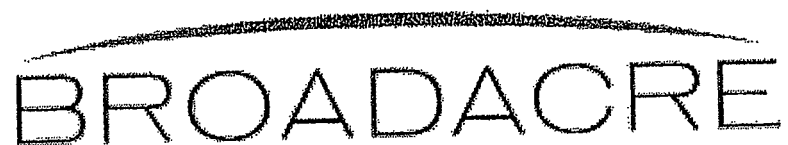
This is Exhibit "D" referred to in the affidavit of

Andrew Marshall

sworn before me on November 3, 2014

A handwritten signature in black ink, appearing to read "Adrian Blin", is written over a horizontal line.

(Commissioner for Oaths for the Province of Alberta)



**Consolidated Financial Statements of**  
**Broadacre Agriculture Inc.**  
**For the year ended June 30, 2014**

**Broadacre Agriculture Inc.**  
**Consolidated Balance Sheet**  
**As at June 30, 2014**

	June 30 2014	March 31 2014
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$1,119,544	\$367,791
Accounts receivable	532,512	2,115,501
Prepaid expenses	483,529	230,433
Refundable deposit	51,354	40,794
Inventories	6,683,589	8,685,078
Assets held for sale	3,880,500	3,880,500
	12,751,028	15,320,097
Property and equipment	45,692,310	46,607,547
Interest in farming operations	1,260,000	1,440,000
	\$59,703,338	\$63,367,644
<b>Liabilities and Shareholders' Equity (Deficiency)</b>		
Current liabilities:		
Accounts payable	\$1,487,010	\$800,112
Crop input facilities	9,334,690	3,231,749
Accrued interest	498,934	454,160
Deferred revenue	41,453	67,346
Shareholder loan and accrued interest	5,963,419	6,038,029
Loan payable and accrued interest	1,069,338	-
Current portion of consideration payable	215,722	215,722
Current portion of other liability	290,731	279,704
Current portion of mortgage payable	463,471	460,936
Current portion of equipment leases	2,758,056	3,026,827
Current liabilities before undernoted	22,122,824	14,574,586
	13,047,921	13,089,893
Mortgage payable	9,656,500	9,644,593
Shareholder notes and accrued interest	22,704,421	22,734,486
Total current liabilities	215,722	215,722
Consideration payable	1,261,021	1,269,291
Other liability	7,909,489	8,421,703
Equipment leases	16,127,287	16,121,374
Profit participating note	25,513,519	26,028,090
Shareholders' Equity (Deficiency)		
Share capital	26,774,742	26,775,197
Contributed surplus	2,451,570	2,451,570
Warrants	1,758,683	1,758,683
Deficit	(41,622,421)	(30,954,967)
	(10,637,426)	30,483
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$59,703,338</b>	<b>\$63,367,644</b>

**Broadacre Agriculture Inc.**  
**Consolidated Statement of Operations and Deficit**  
**For the period ended June 30, 2014**

	June 30 2014
Revenue:	\$3,748,283
Crop	37,004
Consulting	468
Interest	3,785,755
	(3,739,475)
Increase in crop inventory	46,280
Expenses:	
Farm	5,172,422
Crop inputs	918,206
Land lease	948,966
Manager salaries and labourer wages	456,670
Fuel and lubricants	440,627
Equipment repair and maintenance	100,908
Farm maintenance	153,958
Farm vehicle	47,201
Field mapping	15,746
Equipment lease	20,204
Insurance	11,696
Spraying/soil testing	17,967
Other	8,304,571
	1,053,631
Amortization of property and equipment	180,000
Amortization of interest in farming operations	305,134
Interest on equipment leases	1,538,765
	656,846
General and administrative (schedule 1)	214,523
Financing and other interest costs (schedule 2)	(966)
Gain on sale of Agshare	(10,667,459)
Net loss	(30,954,967)
Deficit, beginning of year	\$(41,622,426)
Deficit, end of year	\$(8,914,171)
*EBITDA (schedule 3)	

Broadacre Agriculture Inc.  
Administrative Expenses  
For the period ended June 30, 2014

	2014
Cash provided by (used in) operations:	
Operations:	
Net loss	\$(10,667,459)
Items not involving cash:	
Amortization of property and equipment	1,053,631
Amortization of interest in farming operations	180,000
Unrealized foreign exchange gain on shareholder loans	(448,656)
Gain on disposition of Agshare	(966)
Amortization of finance costs	8,778
Share issuance cost	(455)
	(9,875,127)
Change in working capital:	
Accounts receivable	1,582,989
Prepaid expenses	(253,096)
Refundable deposit	(10,560)
Inventories	2,001,489
Accounts payable	686,898
Crop input facilities	6,102,942
Accrued interest	44,773
Deferred revenue	(25,893)
	254,415
Cash flows from (used in) investing activities	
Purchase of property and equipment	(138,394)
Disposal in investment in Agshare	966
	(137,428)
Cash flows from (used in) financing activities	
Capital lease payments	(820,530)
Shareholder loans	1,455,292
	634,762
	751,749
Decrease in cash position	367,791
Cash and cash equivalents, beginning of year	
Cash and cash equivalents, end of year	\$1,119,540

Broadacre Agriculture Inc.  
Consolidated Statement of Operations and Deficit  
For the period ended June 30, 2014

Schedule 1	
General and Administrative Expenses	2014
	\$445,100
Salaries	80,942
Professional fees	86,897
Office expense	18,329
Travel	(936)
Tradeshows	17,298
Vehicles	4,810
Insurance	4,406
Advertising and promotion	\$656,846

Schedule 2	
Financing and Interest Costs	2014
	\$455,292
Shareholder notes interest	275,019
Bank charges and interest	(515,788)
Foreign exchange gain	\$214,523

Schedule 3	
Earnings before Interest, Depreciation, Tax, Amortization and Other Items	2014
	\$(10,667,459)
Loss for the year	455,292
Shareholder notes interest	275,019
Bank charges and interest	(515,788)
Foreign exchange loss	305,134
Interest on equipment leases	1,053,631
Amortization of property and equipment	180,000
Amortization of interest in farming operations	\$(8,914,171)



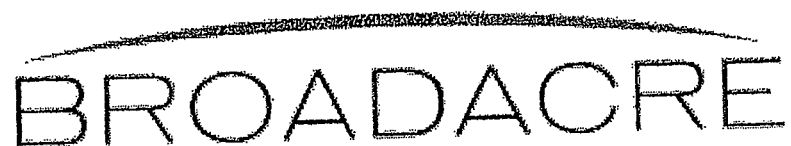
This is Exhibit "E" referred to in the affidavit of

Andrew Marshall

sworn before me on November 3, 2014

A handwritten signature in black ink, appearing to read "Adrian B. ...", is written over a horizontal line.

(Commissioner for Oaths for the Province of Alberta)



**Consolidated Financial Statements of**

**Broadacre Agriculture Inc.**

**For the half-year ended September 30, 2014**

**Broadacre Agriculture Inc.**  
**Consolidated Balance Sheet**  
**As at September 30, 2014**

	September 30 2014	March 31 2014
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$589,557	\$367,791
Accounts receivable	497,693	2,115,501
Prepaid expenses	57,234	230,433
Refundable deposit	24,598	40,794
Inventories	6,060,333	8,685,078
Assets held for sale	3,880,500	3,880,500
	11,109,915	15,320,097
Property and equipment	44,646,203	46,607,547
Interest in farming operations	1,080,000	1,440,000
	<u>\$56,836,118</u>	<u>\$63,367,644</u>
<b>Liabilities and Shareholders' Equity (Deficiency)</b>		
<b>Current liabilities:</b>		
Accounts payable	\$1,571,271	\$800,112
Crop input facilities	8,655,617	3,231,749
Accrued interest	690,740	454,160
Deferred revenue	36,540	67,346
Shareholder loan and accrued interest	10,051,133	6,038,029
Loan payable and accrued interest	1,125,915	-
Current portion of consideration payable	215,722	215,722
Current portion of other liability	290,731	279,704
Current portion of mortgage payable	463,471	460,936
Current portion of equipment leases	2,688,403	3,026,827
Current liabilities before undernoted	25,789,543	14,574,585
	13,048,029	13,089,893
Mortgage payable	10,505,723	9,644,593
Shareholder notes and accrued interest	23,553,752	22,734,486
Total current liabilities	215,722	215,722
Consideration payable	1,263,777	1,269,291
Other liability	7,268,759	8,421,703
Equipment leases	16,133,200	16,121,374
Profit participating note	24,881,458	26,028,090
<b>Shareholders' Equity (Deficiency)</b>		
Share capital	26,774,742	26,775,197
Contributed surplus	2,451,570	2,451,570
Warrants	1,758,683	1,758,683
Deficit	(48,373,630)	(30,954,967)
	(17,388,635)	30,483
<b>Total Liabilities and Shareholders' Equity</b>	<u>\$56,836,118</u>	<u>\$63,367,644</u>

Broadacre Agriculture Inc.  
Consolidated Statement of Operations and Deficit  
For the period ended September 30, 2014

	September 30 2014
Revenue:	\$4,935,594
Crop	52,887
Consulting	780
Interest	4,989,261
	(2,165,876)
Increase in crop inventory	2,823,385
Expenses:	
Farm	7,328,930
Crop inputs	1,812,883
Land lease	1,693,527
Manager salaries and labourer wages	783,199
Fuel and lubricants	737,017
Equipment repair and maintenance	258,671
Farm maintenance	270,472
Farm vehicle	47,351
Agronomy services	320,007
Equipment lease	171,665
Insurance	157,134
Spraying/soil testing	32,994
Other	13,613,850
	2,154,927
Amortization of property and equipment	360,000
Amortization of interest in farming operations	710,192
Interest on equipment leases	3,225,119
	1,405,061
General and administrative (schedule 1)	1,998,984
Financing and other interest costs (schedule 2)	(966)
Gain on sale of Agshare	(17,418,663)
Net loss	(30,954,967)
Deficit, beginning of year	\$(48,373,630)
Deficit, end of year	\$(12,196,560)
*EBITDA (schedule 3)	

*for*

Broadacre Agriculture Inc.  
Administrative Expenses  
For the period ended September 30, 2014

	2014
Cash provided by (used in) operations:	
Operations:	
Net loss	\$(17,418,663)
Items not involving cash:	
Amortization of property and equipment	2,154,927
Amortization of interest in farming operations	360,000
Unrealized foreign exchange gain on shareholder loans	(779,079)
Gain on disposition of Agshare	(966)
Amortization of finance costs	17,556
Share issuance cost	(455)
	<u>(14,108,522)</u>
Change in working capital:	
Accounts receivable	1,617,808
Prepaid expenses	173,199
Refundable deposit	16,196
Inventories	2,624,745
Accounts payable	771,159
Crop input facilities	5,423,868
Accrued interest	236,580
Deferred revenue	(30,806)
	<u>(3,275,773)</u>
Cash flows from (used in) investing activities	
Purchase of property and equipment	(193,584)
Disposal in investment in Agshare	966
	<u>(192,618)</u>
Cash flows from (used in) financing activities	
Capital lease payments	(1,530,911)
Shareholder loans	5,221,070
	<u>3,690,159</u>
	221,768
Increase in cash position	367,791
Cash and cash equivalents, beginning of year	
Cash and cash equivalents, end of year	<u>\$589,559</u>

**Broadacre Agriculture Inc.**  
**Consolidated Statement of Operations and Deficit**  
**For the period ended September 30, 2014**

General and Administrative Expenses	Schedule 1
	2014
	\$867,877
Salaries	274,070
Professional fees	166,246
Office expense	49,407
Travel	(151)
Tradeshows	33,587
Vehicles	9,619
Insurance	4,406
Advertising and promotion	\$1,405,061

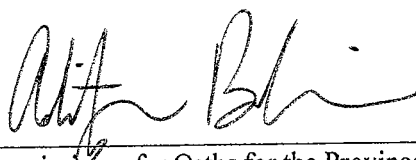
Financing and Interest Costs	Schedule 2
	2014
	\$1,003,679
Shareholder notes interest	549,836
Bank charges and interest	443,469
Foreign exchange gain	2,000
Finance costs	\$1,998,984

Earnings before Interest, Depreciation, Tax, Amortization and Other Items	Schedule 3
	2014
	\$(17,418,663)
Loss for the year	1,003,679
Shareholder notes interest	549,836
Bank charges and interest	449,469
Foreign exchange loss	710,192
Interest on equipment leases	2,154,927
Amortization of property and equipment	360,000
Amortization of interest in farming operations	\$(12,196,560)

This is Exhibit "F" referred to in the affidavit of

Andrew Marshall

sworn before me on November 3, 2014

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

(Commissioner for Oaths for the Province of Alberta)

COURT FILE NO.

1401-07941

COURT

Court of Queen's Bench of Alberta

JUDICIAL CENTRE

CALGARY

PLAINTIFF(S)

THE BANK OF NOVA SCOTIA

DEFENDANT(S)

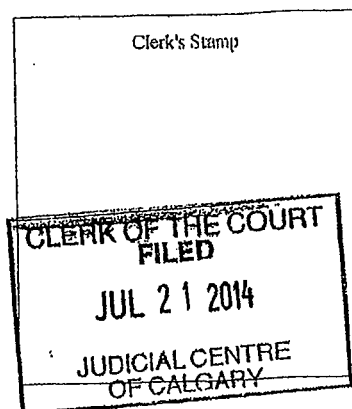
BROADACRE AGRICULTURE INC.

DOCUMENT

STATEMENT OF CLAIM

ADDRESS FOR  
SERVICE AND  
CONTACT  
INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

Fric, Lowenstein & Co. LLP  
Barristers and Solicitors  
420, 1935 18th Ave. N. E.  
Calgary, AB T2E 7T8  
Tel: 403-291-2594  
Fax: 403-291-2668  
File: 102934/WHF



### NOTICE TO DEFENDANT(S)

You are being sued. You are a Defendant.

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

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

### Statement of facts relied on:

1. The Plaintiff is a body corporate pursuant to the laws of Alberta and carries on business in Calgary, and elsewhere in the Province of Alberta.
2. To the knowledge of the Plaintiff, the Defendant is a body corporate pursuant to the laws of Alberta and carries on business in Calgary and elsewhere in the Province of Alberta.



3. As of June 1, 2014 there is due and owing to the Plaintiff by the Defendant, for goods and services supplied by Crop Production Services Canada Inc., formerly Viterra Inc. to the Defendant at the Defendant's request, the amount of \$1,912,638.91 together with interest thereon as hereinafter described and which debt is payable to the Plaintiff pursuant to a Credit Agreement made by the Defendant with the Plaintiff and Crop Production Services Canada Inc., formerly Viterra Inc.
4. The Plaintiff has demanded payment of the Defendant but the Defendant has refused or neglected to pay the same and the same remains a just debt due and owing and improperly withheld.
5. The Plaintiff and the Defendant agreed that the Defendant would pay to the Plaintiff interest at the rate of 19.562% per annum on any monies due and owing to the Plaintiff by the Defendant for goods and services delivered, in return for the extension of credit to the Defendant by the Plaintiff. In the alternative, the Plaintiff claims interest pursuant to the terms of the Judgment Interest Act, R.S. A. 2000, c. J - 1.
6. The Defendant has agreed pursuant to a written account agreement to pay to the Plaintiff, the Plaintiff's entire costs of enforcing collection of this debt on a solicitor and client basis.
7. The Plaintiff proposes that the trial of this action be held at the City of Calgary, in the Province of Alberta and states that the trial of this matter will take less than 25 days.

**Remedy sought:**

8. WHEREFORE THE PLAINTIFF CLAIMS AGAINST THE DEFENDANT:
  - (a) Judgment in the amount of \$1,912,638.91;
  - (b) Judgment for interest at the rate of 19.562% per annum on the amount of

\$1,912,638.91 from June 1, 2014 until the date of payment in full;

(c) Costs of this action, including costs on a solicitor and client basis.

**NOTICE TO DEFENDANT(S)**

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

- 20 days after 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 Queen's Bench at CALGARY, 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 law suit 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 Plaintiff(s) against you.

This is Exhibit "G" referred to in the affidavit of

Andrew Marshall

sworn before me on November 3, 2014

A handwritten signature in black ink, appearing to read "Aditya Bhargava". The signature is fluid and cursive, with the first name "Aditya" and the last name "Bhargava" clearly distinguishable.

(Commissioner for Oaths for the Province of Alberta)

10-09-14 17:02 FROM- Taylor McCaffrey LLP 2049575497

T-406 P0001/0002 F-046



**Taylor McCaffrey LLP**  
Barristers & Solicitors

**Taylor McCaffrey LLP**

**David R.M. Jackson\***

\*Professional services provided through

D.R.M. Jackson Law Corporation

Direct Line: 204 988-0375

Direct Fax: 204 953-7178

E-Mail: [djackson@tmnlawyers.com](mailto:djackson@tmnlawyers.com)

Assistant: Laura Leigh Buley

Direct Line: 204 988-0374

October 9, 2014

**VIA FACSIMILE & REGISTERED MAIL**

Manitoba Harvest  
69 Eagle Drive  
Winnipeg, Manitoba  
R2R 1V4

Dear Sirs:

**Re: The Bank of Nova Scotia v. Broadacre Agriculture Inc.  
("Broadacre")**

Please be advised that we are the Manitoba solicitors for The Bank of Nova Scotia with respect to the above-noted matter.

For your information, The Bank of Nova Scotia has a perfected security interest over all of the assets and undertaking of Broadacre, including a priority claim pursuant to Section 34(10) of the *Personal Property Security Act* arising from The Bank of Nova Scotia's financing of inputs to generate Broadacre's crops including hemp. This has priority over any other security interest in hemp and its proceeds save and except a prior perfected security interest.

We understand that Broadacre has contracted to sell and deliver hemp to your facility.

We hereby put you on formal notice of The Bank of Nova Scotia's perfected security interest in any proceeds due and payable by your company to Broadacre arising from delivery of hemp and hereby direct that you remit to The Bank of Nova Scotia all such proceeds together with an accounting of same.

We can further confirm that Broadacre is in default of its credit obligations with The Bank of Nova Scotia and that all applicable statutory Notices of Intention to Enforce Security pursuant to Section 21 of the *Farm Debt Mediation Act* and Section 244 of the *Bankruptcy and Insolvency Act* have been served and notice periods expired.

10-09-'14 17:02 FROM- Taylor McCaffrey LLP 2049575497

T-406 P0002/0002 F-046

- 2 -

If you require a copy of The Bank of Nova Scotia's security or any other information please do not hesitate to contact the undersigned.

Yours truly,

TAYLOR McCAFFREY LLP

DAVID R. M. JACKSON

DJAC/lb

cc CPS, Attn: Dennis Vance (e-mail)

cc Fric, Lowenstein & Co. LLP, Attn: Anthony J. Di Lello (e-mail)

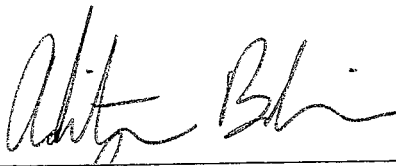
cc WMCZ Lawyers, Attn: Michael J. Krawchuk (e-mail)

Gary Pike  
Andy Marshall

This is Exhibit "H" referred to in the affidavit of

Andrew Marshall

sworn before me on November 3, 2014

A handwritten signature in black ink, appearing to read "Alty Bhi". The signature is written in a cursive, flowing style. The first part "Alty" is more compact, while "Bhi" has a long, sweeping horizontal stroke that extends to the right.

(Commissioner for Oaths for the Province of Alberta)

Osler, Hoskin & Harcourt LLP  
 Box 50, 1 First Canadian Place  
 Toronto, Ontario, Canada M5X 1B8  
 416.362.2111 MAIN  
 416.862.6666 FACSIMILE

OSLER

October 28, 2014

Without Prejudice

**Sent By Electronic Mail**

Mr. Anthony Di Lello  
 Fric, Lowenstein & Co. LLP  
 1925 18 Avenue NE  
 Suite 420  
 Calgary, AB  
 T2E 7T8

**Re: The Bank of Nova Scotia ("BNS") and Broadacre Agriculture Inc. ("Broadacre")**

Dear Mr. Di Lello:

As you know, we are counsel to Broadacre.

When we first contacted your firm regarding the above-noted matter, we were advised that BNS was willing to work with Broadacre as it navigates through its current financial situation. Unfortunately, BNS' actions to date reflect an apparent unwillingness to work towards a positive solution with our client.

On September 11, 2014, you and Dave Rosenblat of our office discussed the possibility of a forbearance arrangement whereby BNS would refrain from taking any enforcement steps against Broadacre. Shortly after this call, we proposed a payment schedule whereby Broadacre would make scheduled payments to BNS in exchange for BNS entering into a forbearance agreement. Despite ongoing discussions regarding a potential forbearance and related payments, and to our complete surprise, BNS registered a lien (the "**Lien**") against certain Broadacre property on September 23, 2014. Additionally, BNS seized crops (the "**Seized Crops**") on September 26, 2014. You did not call us as a courtesy to advise us that these steps had been taken.

In spite of Broadacre readily agreeing to fully cooperate with your client and to direct all proceeds from the Seized Crops to your client, BNS sent Manitoba Harvest a letter on October 9, 2014, demanding that any proceeds due and payable to Broadacre be remitted directly to BNS. This was a completely unnecessary action by BNS and served to further destabilize Broadacre's situation.

As we have previously advised you, the Seized Crops, the majority of which are subject to forward contracts, have an approximate market value of \$1,842,690. BNS' default judgment (the "**Judgment**") provides that it shall recover \$1,993,618.65, plus costs to be assessed, from Broadacre. Any further seizure by BNS beyond this value will constitute excessive seizure, and

- 2 -

BNS will be liable for all damages resulting from such action. The combined actions taken by your client have resulted in BNS holding collateral significantly in excess of the value of the Judgment.

Broadacre requires that BNS refrain from taking any further seizure actions or other steps against its property, assets and undertaking. Moreover, Broadacre requires that BNS immediately discharge the Lien.

BNS is more than adequately protected in respect of its realization on the Judgment. Broadacre is expending significant time, effort and resources in order to ensure full realization on its current crop and to repay its creditors for all debts owing. Broadacre anticipates that it will complete the harvest this week. Any further enforcement action by your client, including further seizures or lien registrations, will undermine and prejudice Broadacre's efforts and may harm its operations and the potential recoveries of its stakeholders.

Please be advised that Broadacre will hold BNS liable for any damages suffered arising from its current actions and, accordingly, reserves all of its rights, remedies and recourses.

Yours very truly,

Tracy C. Sandler  
Partner and National Chair  
Insolvency & Restructuring  
TCS:DR

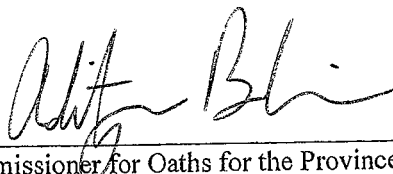
c: Andrew Marshall, *Broadacre Agriculture Inc.*  
Paul Darby, *PricewaterhouseCoopers LLP*  
Dennis Vance, *CPS*  
Dave Rosenblat, *Osler, Hoskin & Harcourt LLP*



This is Exhibit "I" referred to in the affidavit of

Andrew Marshall

sworn before me on November 3, 2014

A handwritten signature in black ink, appearing to read "Aditya Bhat". The signature is written in a cursive style with a horizontal line underneath the name.

(Commissioner for Oaths for the Province of Alberta)

# BROADACRE

Wigmore Crop Production Products Ltd.  
P.O. Box 359  
Avonlea, SK, S0H 0C0

September 05, 2014

Attention: Mr. Jeff Wigmore

Re: Broadacre Crop Input Account

Dear Jeff,

In accordance with your request we are writing you to confirm Broadacre's proposal for repayment of the crop input facility through Wigmore Crop Production Products Ltd. (WCP).

To confirm, Broadacre continues to be in a position where it is selling and delivering the remaining 2013 crop and has begun to harvest in certain parts of the Province. In order to successfully navigate the cash requirements for harvest and understanding there is still a significant sum outstanding to Wigmore Crop Production (WCP), management has asked its shareholders to provide the necessary capital in the form of a secured loan bridge financing with which to move forward ensuring the harvest operations come to completion. In order to obtain this bridge financing, and to enable the Company to complete its harvest operations, the Company requires and is asking for cooperation from WCP. Although it is difficult to predict the financial position of the Company in October and November 2014, due in large part to the potential fluctuation of quantity and quality of grains resulting from weather events that may or may not occur, early crop indications are quite normal.

As per our numerous discussions, Broadacre is acknowledging the current statement of account valued at approximately \$6.7 million and is proposing payment to WCP of the amount outstanding in accordance with the following payment schedule:

Date	Amount	Comments
September 5-8, 2014	\$750,000.00	Initial Payment
October 15, 2014	\$1,000,000.00	To be paid as grain deliveries occur throughout the month
October 31, 2014	\$1,000,000.00	To be paid as grain deliveries occur throughout the month
November 15, 2014	\$1,000,000.00	To be paid as grain deliveries occur throughout the month
November 30, 2014	\$1,000,000.00	To be paid as grain deliveries occur throughout the month
December 15, 2014	\$1,000,000.00	To be paid as grain deliveries occur throughout the month
January 15, 2015	Remaining Bal	Value will be dependent upon pending interest and returns

Broadacre Agriculture Inc.  
2304, 8561 - 8A Avenue SW  
Calgary, AB, T3H 0V5

Further to the above, WCP agrees that it will forbear from taking any steps against Broadacre to pursue the amount outstanding to WCP until close of business on October 15, 2014.

Kindly confirm your acceptance and agreement in writing below and return via email to my attention.

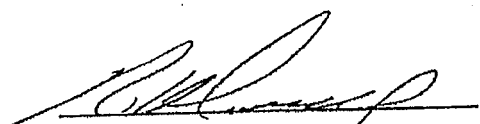
Trusting this is satisfactory, we appreciate WCP's ongoing cooperation. Please let me know if you have any questions at all.

Kind Regards,

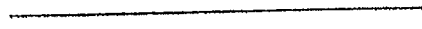
Broadacre Agriculture Inc.

Per: Andrew Marshall  
Chief Financial Officer

Acknowledgement and Acceptance:



Andrew Marshall  
Broadacre Agriculture Inc



Jeff Wigmore  
Wigmore Crop Production Products Ltd

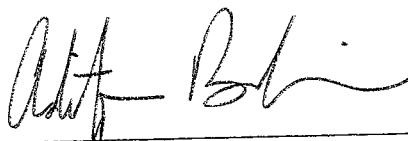
Copy: Tracy Sandler, Osler Hoskin & Harcourt LLP  
Clinton Roberts, PricewaterhouseCoopers Inc.

Broadacre Agriculture Inc.  
2304, 8561 - 8A Avenue SW  
Calgary, AB, T3H 0V5

This is Exhibit "J" referred to in the affidavit of

Andrew Marshall

sworn before me on November 3, 2014

A handwritten signature in black ink, appearing to read "Atty. Gen.", written over a horizontal line.

(Commissioner for Oaths for the Province of Alberta)



Gary Stooshinoff, P.Ag.  
Senior Account Manager, Special Credit  
gary.stooshinoff@fcc.ca  
fcc.ca

1800 Hamilton Street, PO Box 4320  
Regina SK S4P 4L3  
T: 306-780-8485  
F: 306-780-3491  
C: 306-535-6601  
Extended hours: 1-888-332-3301



Canada

October 23, 2014

Broadacre Agriculture Inc.  
Suite 400, 604 1<sup>st</sup> Street  
Calgary, AB  
T2P 1M7

Dear Sir/Madam:

**RE: FCC FILE TRANSFER – SPECIAL CREDIT**

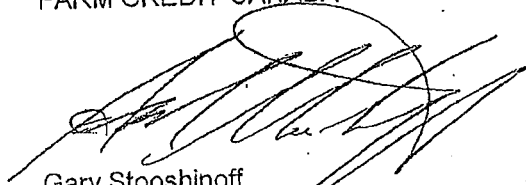
This is to advise you that your account has been transferred to our Farm Credit Canada (FCC) Special Credit department for future management.

All inquiries on your loans should be directed to me. I have enclosed a business card.

I will contact you in the coming weeks to work with you on your account. In the meantime I can be contacted at 1-306-780-8485.

Respectfully,

FARM CREDIT CANADA



Gary Stooshinoff  
Sr. Account Manager, Special Credit

GMS/ch

Enc.

This is Exhibit "K" referred to in the affidavit of

Andrew Marshall

sworn before me on November 3, 2014

A handwritten signature in black ink, appearing to be 'Aty B.', written over a horizontal line.

(Commissioner for Oaths for the Province of Alberta)

October 31, 2014

Broadacre Agriculture Inc.  
330, 333 - 24<sup>th</sup> Ave. SW  
Calgary, Alberta  
T2S 3E6

## NORTON ROSE FULBRIGHT

Barristers & Solicitors / Patent & Trade-mark Agents

Norton Rose Fulbright Canada LLP  
400 3rd Avenue SW, Suite 3700  
Calgary, Alberta T2P 4H2 Canada

F: +1 403.264.5973  
nortonrosefulbright.com

Howard A. Gorman, Q.C.  
+1 403.267.8144  
howard.gorman@nortonrosefulbright.com

Assistant  
+1 403 267 8194  
roberta.savard@nortonrosefulbright.com

Our Reference  
01027943-0001

Dear Sirs:

### Secured Indebtedness owing by Broadacre Agriculture Inc. ("Broadacre")

Our offices are the solicitors who act on behalf of the series of Lenders set out in Schedule 1 hereto in connection with the amounts owed to it pursuant to various loans and advances made to Broadacre by the Lenders as secured by various secured loan agreements and various secured Promissory Notes and other security.

As at October 30, 2014, the principal amounts outstanding and owing to the Lenders are as follows:

#### Principal Amounts

US\$8,985,901.82  
CDN\$528,960.80

In addition to the accrued and accruing interest, the amounts owing will be increased by any costs incurred by the Lenders.

Demand is hereby made upon Broadacre for payment in full of the amounts outstanding together with any accrued interest and other legal fees or charges that may arise. In the event that payment is not made in full by close of business on November 10, 2014 or the Lenders determine that their collateral is at risk, the Lenders will take such steps as they may consider necessary to protect their position.

Also enclosed for service upon you is a Notice of Intention to Enforce Security provided in accordance with the provisions of the *Bankruptcy and Insolvency Act*. If you consent to the Lenders taking earlier enforcement, please return the consent executed by a duly authorized officer.

Kindly govern yourself accordingly.

Yours truly,

Norton Rose Fulbright Canada LLP

Howard A. Gorman, Q.C.

Norton Rose Fulbright Canada LLP is a limited liability partnership established in Canada.

Norton Rose Fulbright Canada LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright South Africa (incorporated as Donayo Reitz Inc) and Fulbright & Jaworski LLP, each of which is a separate legal entity, are members of Norton Rose Fulbright Verein, a Swiss Verein. Details of each entity, with certain regulatory information, are at nortonrosefulbright.com. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients.  
01027943\0001\CALGARY:2360111v1

## SCHEDULE 1

Name of Lender	January 28, 2014 Amended and Restated Agreement	August 13, 2014 Second Notes	August 27, 2014 Second Notes	September 5, 2014 Credit And Security Agreement
Kevin Ulrich	US\$1,201,646	CDN\$51,500.52	CDN\$190,286.05	US\$979,168.63
His Will Foundation	US\$1,824,242	CDN\$64,057.34	CDN\$31,028.37	US\$471,950.35
Geoffrey & Vicki Gold	US\$693,257	CDN\$24,343.37		
Geoffrey Gold			CDN\$3,259.20	US\$81,220.03
Daniel Allen	US\$369,737	CDN\$16,670.15	CDN\$27,212.13	US\$100,937.89
GuanaCay Capital	US\$462,171			US\$141,906.49
Berritto Enterprises	US\$231,086			
Jonathan Lewinsohn	US\$231,086			
Hal Goltz	US\$92,434			
Scott Goodwin	US\$92,434			
Jon Weber & Eliza Srebnick	US\$184,868			
Anthony Davis	US\$647,040	CDN\$22,720.48	CDN\$97,883.19	US\$660,718.43
Peter Darbee	US\$40,000			
Sean Meeker	US\$55,000			
Jeff Bahl	US\$40,000			
Harvey Schwartz	US\$210,000			
Huertas Group Ltd.	US\$105,000			
Green Earth Investments Inc.	US\$55,000			
Jason Brauth	US\$15,000			
<b>TOTAL</b>	<b>US\$6,550,000</b>	<b>CDN\$179,291.86</b>	<b>CDN\$349,668.94</b>	<b>US\$2,435,901.82</b>

## NOTES:

- 1) The above amounts are principal only and do not include accrued or accruing costs or interest.
- 2) Various of the above Secured Lenders have other secured or unsecured loan or other amounts owing from the Debtor not included in these demands.



S-17.1 REG 1

## SASKATCHEWAN FARM SECURITY

## FORM C

PART I  
NOTICE OF INTENTION TO TAKE POSSESSION

(Section 48)

To: Broadacre Agriculture Inc.

## Take notice:

1. That on account of your failure to make the payments due under the security agreements, particulars of which are set out in paragraph 6, the secured lenders as set out in **Schedule 1** attached hereto intend to take possession of the implement (or implements) that are collateral under the security agreements.
2. That if you object to the secured lenders taking possession of the implement (or implements) and applying for a hearing by a judge of Her Majesty's Court of Queen's Bench for Saskatchewan (the court), the secured lenders are prohibited by *The Saskatchewan Farm Security Act* from taking possession of the implement (or implements) until authorized to do so by the court.
3. That an application for a hearing by the court shall be made by serving Part II of this notice, completed and executed by you within 30 days after the date on which this notice is served on or received by you, on the local registrar at the judicial centre that is nearest the place where you reside, or, if you do not reside in the province, at the judicial centre that is nearest to the place where the secured party resides or carries on business.
4. That unless you apply for a hearing by the court the secured lenders may, after the expiration of 40 days from the date on which this notice is served on you, take possession of the implement (or implements).
5. That if the secured lenders take possession of the implement (or implements) after the period of time mentioned in paragraph 4 without a hearing by the court you may apply for a hearing by the court in the manner mentioned in paragraph 3 within 30 days after the date on which a notice of possession is served on or received by you.
6. (a) the security of the secured lenders is described in **Schedule "A"** attached hereto.  
(b) the principal amounts owing by Broadacre to the secured lenders are set out in **Schedule 1** attached hereto.

Further take notice that the secured lenders intend to take possession of the following implement (or implements) referred to in the security agreements:

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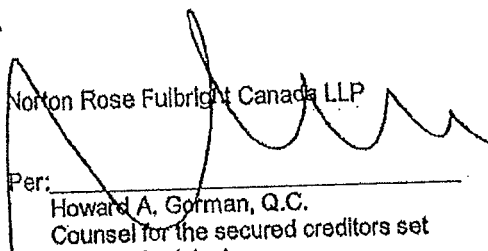


---

Further take notice that the address for service of the secured lenders is care of their solicitors:

Attention: Howard A. Gorman, Q.C.  
 Norton Rose Fulbright Canada LLP  
 400 3rd Avenue SW, Suite 3700,  
 Calgary Alberta T2P 4H2  
 Canada  
 T: +1 403.267.8144 | F: +1 403.264.5973  
[howard.gorman@nortonrosefulbright.com](mailto:howard.gorman@nortonrosefulbright.com).

Dated at Calgary, Alberta, this 31<sup>st</sup> day of October, 2014.

Norton Rose Fulbright Canada LLP  
 Per:   
 Howard A. Gorman, Q.C.  
 Counsel for the secured creditors set  
 out in Schedule 1

Pursuant to the *Saskatchewan Farm Security Act*:

If you agree to waive your rights under the *Saskatchewan Farm Security Act* to allow immediate enforcement of security by the secured lenders, we would request that you confirm your waiver and consent by returning the consent and waiver set out below.

Broadacre Agriculture Inc. does hereby waive all of its rights under the *Farm Debt Mediation Act* and does hereby consent to the secured creditors set out in Schedule 1 hereto in taking immediate steps to realize upon its security as against Broadacre Agriculture Inc.'s assets:

Broadacre Agriculture Inc. by its duly  
 authorized officer

Per:   
 Authorized Signatory

## PART II

APPLICATION FOR HEARING  
[Section 50]

To the Local Registrar of the Court of Queen's Bench at the Judicial Centre of \_\_\_\_\_

You are hereby requested to fix a time and place for a hearing by the court with respect to the notice of intention set out above.

At the time the security agreement was executed by me I resided at \_\_\_\_\_

I now reside at \_\_\_\_\_

Dated at \_\_\_\_\_ in the Province of Saskatchewan this \_\_\_\_\_ day of November, 2014.

\_\_\_\_\_  
Farmer

The names of the secured lenders  
are set out in Schedule 1 attached hereto.

The mailing address for the secured lenders  
is as follows:

Attention: Howard A. Gorman, Q.C.  
Norton Rose Fulbright Canada LLP  
400 3rd Avenue SW, Suite 3700,  
Calgary Alberta T2P 4H2  
Canada  
T: +1 403.267.8144 | F: +1 403.264.5973  
[howard.gorman@nortonrosefulbright.com](mailto:howard.gorman@nortonrosefulbright.com).

## SCHEDULE 1

Name of Lender	January 28, 2014 Amended and Restated Agreement	August 13, 2014 Second Notes	August 27, 2014 Second Notes	September 5, 2014 Credit And Security Agreement
Kevin Ulrich	US\$1,201,645	CDN\$51,500.52	CDN\$190,286.05	US\$979,168.63
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Geoffrey & Vicki Gold	US\$693,257	CDN\$24,343.37		
Geoffrey Gold			CDN\$3,259.20	US\$81,220.03
Daniel Allen	US\$369,737	CDN\$16,670.15	CDN\$27,212.13	US\$100,937.89
GuanaCay Capital	US\$462,171			US\$141,906.49
Berritto Enterprises	US\$231,086			
Jonathan Lewinsohn	US\$231,086			
Hal Goltz	US\$92,434			
Scott Goodwin	US\$92,434			
Jon Weber & Eliza Srebnick	US\$184,868			
Anthony Davis	US\$647,040	CDN\$22,720.48	CDN\$97,883.19	US\$660,718.43
Peter Darbee	US\$40,000			
Sean Meeker	US\$55,000			
Jeff Bahl	US\$40,000			
Harvey Schwartz	US\$210,000			
Huertas Group Ltd.	US\$105,000			
Green Earth Investments Inc.	US\$55,000			
Jason Brauth	US\$15,000			
<b>TOTAL</b>	<b>US\$6,550,000</b>	<b>CDN\$179,291.86</b>	<b>CDN\$349,668.94</b>	<b>US\$2,435,901.82</b>

## NOTES:

- 1) The above amounts are principal only and do not include accrued or accruing costs or interest.
- 2) Various of the above Secured Lenders have other secured or unsecured loan or other amounts owing from the Debtor not included in these demands.

## SCHEDULE "A"

1. January 28, 2014 Amended and Restated Credit and Security Agreement,
2. Series of August 13, 2014 Secured Promissory Notes,
3. Series of August 27, 2014 Secured Promissory Notes,
4. September 5, 2014 Credit and Security Agreement.

**NOTICE OF INTENT TO REALIZE ON SECURITY**  
***Farm Debt Mediation Act***

As required under Section 21 of the *Farm Debt Mediation Act*, you are hereby notified that it is the intent of the secured creditors set out in **Schedule 1** hereto to realize upon the security of Broadacre Agriculture Inc. ("Broadacre").

Broadacre's address is:

330, 333 - 24<sup>th</sup> Ave. SW  
 Calgary, Alberta  
 T2S 3E6

The security of the secured creditors includes the following:

1. January 28, 2014 Amended and Restated Credit and Security Agreement,
2. Series of August 13, 2014 Secured Promissory Notes,
3. Series of August 27, 2014 Secured Promissory Notes,
4. September 5, 2014 Credit and Security Agreement.

Dated this 31<sup>st</sup> day of October, 2014 at Calgary, Alberta.

Norton Rose Fulbright Canada LLP

Per: \_\_\_\_\_

Howard A. Gorman, Q.C.  
 Counsel for the secured creditors set  
 out in Schedule 1

Contact:

Norton Rose Fulbright Canada LLP  
 400 3rd Avenue SW, Suite 3700,  
 Calgary Alberta T2P 4H2  
 Canada  
 T: +1 403.267.8144 | F: +1 403.264.5973  
[howard.gorman@nortonrosefulbright.com](mailto:howard.gorman@nortonrosefulbright.com)

Pursuant to the *Farm Debt Mediation Act*:

If you agree to waive your rights under the *Farm Debt Mediation Act* to allow immediate enforcement of security by the secured lenders, we would request that you confirm your waiver and consent by returning the consent and waiver set out below.

Broadacre Agriculture Inc. does hereby waive all of its rights under the *Farm Debt Mediation Act* and does hereby consent to the secured creditors set out in **Schedule 1** hereto in taking immediate steps to realize upon its security as against Broadacre Agriculture Inc.'s assets:

Broadacre Agriculture Inc. by its duly  
 authorized officer

Per: \_\_\_\_\_

Authorized Signatory

You are hereby notified of your right to make application under Section 5 of the *Farm Debt Mediation Act* for a review of your financial affairs, mediation with your creditors, and to obtain a stay of proceedings against this action. Provided you are:

1. currently engaged in farming for commercial purposes; and
2. Insolvent, meaning that you are:
  - o unable to meet your obligations as they generally become due; or
  - o have ceased paying your current obligations in the ordinary course of business as they generally become due; or
  - o the aggregate of your property is not, at fair valuation, sufficient, or if disposed of at a fairly conducted sale under legal process would not be sufficient, to enable payment of all your obligations, due and accruing due.

**A secured creditor must wait 15 business days after this notice has been deemed served before beginning action to realize on their security. You may apply for mediation and a stay of proceedings at any time, before, during, or after the 15 business day period, by making an application to the Farm Debt Mediation Service.**

The Farm Debt Mediation Service provides qualified farm financial counselors to conduct a financial review and to prepare a recovery plan for your mediation meeting. Qualified mediators are provided to help you and your creditors reach a mutually satisfactory arrangement.

Application forms and more information about the service can be obtained from:

**Farm Debt Mediation Service**  
1-866-452-5556

## SCHEDULE 1

Name of Lender	January 28, 2014 Amended and Restated Agreement	August 13, 2014 Second Notes	August 27, 2014 Second Notes	September 5, 2014 Credit And Security Agreement
Kevin Ulrich	US\$1,201,645	CDN\$51,500.52	CDN\$190,286.05	US\$979,168.63
His Will Foundation	US\$1,824,242	CDN\$64,057.34	CDN\$31,028.37	US\$471,950.35
Geoffrey & Vicki Gold	US\$693,257	CDN\$24,343.37		
Geoffrey Gold			CDN\$3,259.20	US\$81,220.03
Daniel Allen	US\$369,737	CDN\$16,670.15	CDN\$27,212.13	US\$100,937.89
GuanaCay Capital	US\$462,171			US\$141,906.49
Berritto Enterprises	US\$231,086			
Jonathan Lewinsohn	US\$231,086			
Hal Goltz	US\$92,434			
Scott Goodwin	US\$92,434			
Jon Weber & Eliza Srebnick	US\$184,868			
Anthony Davis	US\$647,040	CDN\$22,720.48	CDN\$97,883.19	US\$660,718.43
Peter Darbee	US\$40,000			
Sean Meeker	US\$55,000			
Jeff Bahl	US\$40,000			
Harvey Schwartz	US\$210,000			
Huerfas Group Ltd.	US\$105,000			
Green Earth Investments Inc.	US\$55,000			
Jason Brauth	US\$15,000			
<b>TOTAL</b>	<b>US\$6,550,000</b>	<b>CDN\$179,291.86</b>	<b>CDN\$349,668.94</b>	<b>US\$2,435,901.82</b>

## NOTES:

- 1) The above amounts are principal only and do not include accrued or accruing costs or interest.
- 2) Various of the above Secured Lenders have other secured or unsecured loan or other amounts owing from the Debtor not included in these demands.



**NOTICE OF INTENTION TO ENFORCE SECURITY**  
**(Subsection 244(1))**

To: Broadacre Agriculture Inc.

Take notice that:

1. A series of secured lenders as set out in **Schedule 1** (the "Lenders"), secured creditors, intend to enforce their security on the property of the above insolvent person which encompasses all of its property and assets;
2. The security that is to be enforced includes security granted by the insolvent person in favour of the Lenders as set out in the **Schedule A** attached hereto;
3. The principal amount of the indebtedness secured by the security is US\$8,985,901.82 and CDN\$528,960.80 plus accrued interest and other costs and expenses; and
4. The secured creditors (the Lenders) will not have the right to enforce the security until after November 10, 2014 unless the insolvent person consents to an earlier enforcement.

Dated at Calgary, Alberta, this 31st day of October, 2014.

The Schedule 1 list of lenders by their solicitors  
and agents, Norton Rose Fulbright Canada LLP

Per:

Howard A. Gorman, Q.C.

2

Broadacre hereby:

- (a) consents to the immediate enforcement by the Lenders as a secured party of the security described in paragraph 2 above pursuant to Section 244(2) of the *Bankruptcy and Insolvency Act* (Canada);
- (b) consents to the secured parties' (the Lenders') disposition of any or all collateral subject to the secured parties' security immediately or otherwise as the secured party may determine in its sole discretion, without notice as required by the *Personal Property Security Act* (Alberta);
- (c) consents to the Lenders' immediate appointment of a Receiver, or a Receiver-Manager in accordance with the provisions of the abovenoted security.

Broadacre Agriculture Inc. by its duly  
authorized officer

Per: 

Authorized Signatory

## SCHEDULE 1

Name of Lender	January 28, 2014 Amended and Restated Agreement	August 13, 2014 Second Notes	August 27, 2014 Second Notes	September 5, 2014 Credit And Security Agreement
Kevin Ulrich	US\$1,201,645	CDN\$51,500.52	CDN\$190,286.05	US\$979,168.63
His Will Foundation	US\$1,824,242	CDN\$64,057.34	CDN\$31,028.37	US\$471,950.35
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Geoffrey Gold			CDN\$3,259.20	US\$81,220.03
Daniel Allen	US\$369,737	CDN\$16,670.15	CDN\$27,212.13	US\$100,937.89
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Jeff Bahl	US\$40,000			
Harvey Schwartz	US\$210,000			
Huertas Group Ltd.	US\$105,000			
Green Earth Investments Inc.	US\$55,000			
Jason Brauth	US\$15,000			
<b>TOTAL</b>	<b>US\$6,550,000</b>	<b>CDN\$179,291.86</b>	<b>CDN\$349,668.94</b>	<b>US\$2,435,901.82</b>

## NOTES:

- 1) The above amounts are principal only and do not include accrued or accruing costs or interest.
- 2) Various of the above Secured Lenders have other secured or unsecured loan or other amounts owing from the Debtor not included in these demands.

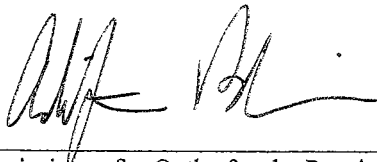
**SCHEDULE "A"**

1. January 28, 2014 Amended and Restated Credit and Security Agreement,
2. Series of August 13, 2014 Secured Promissory Notes,
3. Series of August 27, 2014 Secured Promissory Notes,
4. September 5, 2014 Credit and Security Agreement.

This is Exhibit "L" referred to in the affidavit of

Andrew Marshall

sworn before me on November 3, 2014

A handwritten signature in black ink, appearing to be 'A. Marshall', written over a horizontal line.

(Commissioner for Oaths for the Province of Alberta)

28 Oct 14 05:45p

Brosdacre Grand Coulee

3067573022

p.1



Agriculture and Agri-Food Canada  
Agriculture et Agroalimentaire Canada

Corporate Management Branch  
Direction générale de la gestion intégrée  
Accounts Receivable and Revenue Management Section  
Financial Policy and Transaction Processing Division  
1341 Baseline Road, Tower 4, Floor 3, Room 249  
Ottawa, ON K1A 0C5

OCT 28 2014

Your file / Votre référence  
Account # 151579  
Our file / Notre référence

WIGMORE FARMS LTD  
RR 2  
REGINA SK S4P 2Z2

**WITHOUT PREJUDICE**

October 20, 2014

Dear Sir/Madam,

**Subject: Debt owed to Agriculture and Agri-Food Canada**  
**Your debt: AgriStability (FIPD) 2005-2005 \$431,456.43, AgriStability (FIPD) 2006-2006 \$46,237.68**

A review of our financial records indicates that your account remains in arrears. As of October 20, 2014, the outstanding balance including principal and interest (if applicable) was \$477,694.11.

Accordingly, we would ask you to contact the undersigned at the telephone number noted below by December 1, 2014 to confirm that full payment has been forwarded or to arrange a repayment schedule.

Please forward payment for \$477,694.11 (plus ongoing interest if applicable) payable to the Receiver General for Canada to the following address:

Agriculture and Agri-Food Canada  
Accounts Receivable and Revenue Management Section  
1341 Baseline Road, Tower 4, Floor 3, Room 249  
Ottawa, ON K1A 0C5

Please note that if you are eligible for other payments under this program or eligible for any other payments from Agriculture and Agri-Food Canada, Canada Revenue Agency or any other department or Agency of the Crown, we may take action to have such payment held and applied against the outstanding debt.

This matter demands your immediate attention. If we do not receive full payment or we have not been contacted to arrange repayment by December 1, 2014, interest will continue to accrue on the outstanding balance and you will leave us no choice other than to pursue alternate collection measures.

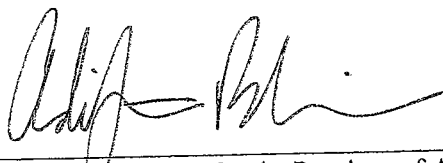
**If you have already contacted our office and arranged a mutually acceptable repayment plan please disregard this notice. If payment has already been submitted please notify our office at the toll-free telephone number listed below.**

**Canada**

This is Exhibit "M" referred to in the affidavit of

Andrew Marshall

sworn before me on November 3, 2014

A handwritten signature in black ink, appearing to read "Adip Bh", is written over a horizontal line.

(Commissioner for Oaths for the Province of Alberta)

## Broadacre Agriculture - Cash Flow

## Summary of Net Cash Position

CAD in \$000's

Summary of Net Cash Position																
CAD in \$000's																
Week	Note	2014								2015					Total	
		1	2	3	4	5	6	7	8	9	10	11	12	13		
		Nov 30-								Dec 28-						
		Nov 4-8	Nov 9-15	Nov 16-22	Nov 23-29	Dec 6	Dec 7-13	Dec 14-20	Dec 21-27	Jan 3	Jan 4-10	Jan 11-17	Jan 18-24	Jan 25-31		
Opening cash balance		30	331	550	602	1,119	1,614	2,269	2,775	3,015	2,806	3,368	3,647	3,972	30	
Crop Revenue	1	422	468	253	703	686	671	803	256	11	578	536	341	826	6,554	
Operating Expenses																
Insurance		1	23	-	-	1	-	23	-	1	-	23	-	-	72	
Payroll (incl Farm Managers)	2	-	210	-	170	-	-	150	-	110	-	110	-	110	860	
Fuel and supplies	3	10	10	10	10	10	10	10	10	10	10	10	10	10	130	
Equipment Repairs and Maintenance	3	3	3	3	3	3	3	3	3	3	3	3	3	3	39	
Office supplies		3	3	18	3	3	3	18	3	3	3	18	3	3	84	
Professional fees (PwC, Oslers)		100	-	170	-	170	-	93	-	93	-	93	-	93	812	
Consulting		4	-	-	-	4	-	-	-	-	-	-	-	-	8	
Total Operating Expenses		121	249	201	186	191	16	297	16	220	16	257	16	219	2,005	
Ending cash balance		331	550	602	1,119	1,614	2,269	2,775	3,015	2,806	3,368	3,647	3,972	4,579	4,579	

Note 1 - Pricing information for crop revenues are based on forward contracts subject to quality adjustments. Actual delivery dates and quantities for each delivery are subject to counterparty requests. Management has forecasted the crop revenue receipts based on recent deliveries and expected future deliveries.

Note 2 - employees will be paid in the normal course of business.

Note 3 - expenses required in order to keep equipment in operating condition.

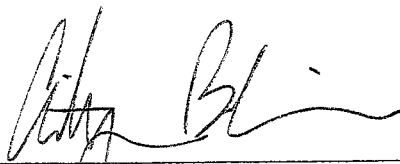
Note 4 - All lease payments (land, equipment and vehicle) will be stayed during the CCAA. Additionally all payments to secured creditors will be stayed.



This is Exhibit "N" referred to in the affidavit of

Andrew Marshall

sworn before me on November 3, 2014

A handwritten signature in black ink, appearing to read 'Ally Blin', written over a horizontal line.

(Commissioner for Oaths for the Province of Alberta)

COURT FILE NUMBER

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

IN THE MATTER OF THE COMPANIES'  
CREDITORS ARRANGEMENT ACT, R.S.C.  
1985, c. C-36, as amended

APPLICANT

AND IN THE MATTER OF A PLAN OF  
COMPROMISE OR ARRANGEMENT OF  
BROADACRE AGRICULTURE INC., and  
WIGMORE FARMS LTD.

DOCUMENT

CONSENT TO ACT AS MONITOR

ADDRESS FOR SERVICE  
AND CONTACT  
INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**Osler, Hoskin & Harcourt LLP**  
Box 50, 1 First Canadian Place  
Toronto, ON M5X 1B8  
Phone: 416.862.5890  
Fax: 416.862.6666  
Solicitors: Tracy Sandler  
Email: tsandler@osler.com

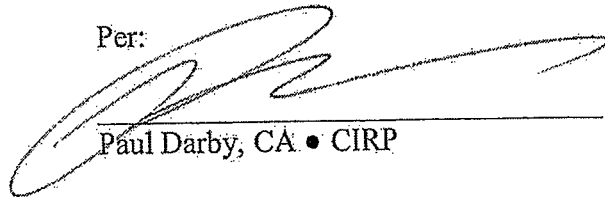
**CONSENT TO ACT AS MONITOR**

PRICEWATERHOUSECOOPERS INC. hereby consents to act as Monitor in these proceedings  
if so appointed by this Honourable Court.

DATED at Calgary, Alberta, this 3<sup>rd</sup> day of November, 2014.

**PRICEWATERHOUSECOOPERS INC.**

Per:



Paul Darby, CA • CIRP