

**In the Matter of the Receivership of
101142701 SASKATCHEWAN LTD.
of the City of Saskatoon
In the Province of Saskatchewan**

**Notice and Statement of the Receiver
(Subsection 246(2) of the Act)**

Take notice that:

On the 8th day of May, 2012, PricewaterhouseCoopers Inc. ("PwC") was appointed Interim Receiver pursuant to an Order of the Court of Queen's Bench of Saskatchewan, Judicial District of Saskatoon in respect of the inventory and all the present and future undertakings, property and assets of 101142701 SASKATCHEWAN LTD. ("101") with the authority to take possession, preserve, protect and maintain control and value the property.

On the 14th day of June, 2012, the above Order was continued and amended and wherein PricewaterhouseCoopers Inc. was appointed Receiver, without security, of all of the assets, undertakings and properties of the Company acquired for, or used in relation to the business carried on by the Debtor, including all proceeds thereof.

On the respective dates noted above PwC was also appointed Interim Receiver and Receiver of Cava Secreta Wines and Spirits Limited ("Related Company"). The 246 (2) Report for the Related Company should be read in conjunction with this report.

The assets of the company, according to the company's books and records as at May 8, 2012, were as follows*:

	<u>Book Value</u>
• Accounts Receivable	\$1,533,611
• Cash Equivalents	\$399,155
• Intercompany receivable	\$3,228
• Alcohol Inventory	\$2,391,055
• Non Beverage Inventory	\$6,818
• Furniture/Equipment/Other	\$42,159
• Computer Hardware/Software	\$95,279
• Store Equipment	\$182,338

*These figures have not been audited or otherwise evaluated due to the condition of the Company's books and records.

2. PwC, in its capacity as Interim Receiver, took possession and control of the property described above on the 8th day of May, 2012.

Secured Creditors

• Toronto Dominion Bank	\$945,817
• Gayle MacDonald	\$unknown
• 625708 Saskatchewan Ltd. (o/a Stockmens Assistance Corp)	\$unknown
• Robert Blacklock	\$unknown
• Marjorie Blacklock	\$unknown
• 1186792 Alberta Inc.	\$unknown
• Robert James Johnson	\$unknown
• Nadine Johnson	\$unknown
• Sharon Scott	\$unknown

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| • Bradley Birnie | \$unknown |
| • Wayne Brownlee | \$unknown |
| • Karen Sytnick | \$unknown |

Unsecured Creditors

A list of creditors was obtained from the books and records of the Company, a copy of which was included as Schedule "A" in the 245/246 Report filed May 18, 2012.

Plan of Action

- We took possession of both locations on May 8, 2012
- 24 Hour security was on site at the retail and warehouse locations until we vacated the premises the week of July 20, 2012. All occupation rent and relevant utilities for the period we occupied as Interim Receiver and Receiver were paid.
- An independent inventory company performed an inventory and asset count at all locations.
- We reviewed the company books and records and provided information to the Court to determine a plan of action in regards to disposition of the assets on May 16, 2012.
- Two independent appraisals were obtained to value the fixed assets and non wine inventory of the Company.
- All outstanding GST returns have now been filed.
- T4s and Records of Employment were sent to all known former employees.
- Letters explaining the *Wage Earner Protection Program Act* ("WEPPA") procedures were sent to all known former employees June 18, 2012 and the Receiver completed the required input to the WEPPA system on June 25, 2012.
- The Receiver made an application for the sale of Wine Inventory, the Wholesale Inventory and the Fixed Assets owned by the Companies to Saskatoon Brewery Ltd. ("SBL") which was approved by the Court of Queen's Bench of Saskatchewan on July 13, 2012. The transaction closed on July 20, 2012.
- A Company vehicle was sold for \$500.
- The Receiver arranged for the sale of certain wine inventory to SBL that was prepaid and stored at the Saskatchewan Liquor and Gaming Authority ("SLGA") warehouse in the amount of \$44,639.60. The transaction closed on August 2, 2012.
- The Receiver received 62 Proofs of Claim under the Claims Process. Parties whose claims were approved took possession of their personal property on June 19 and 20, 2012 and all such property has now been removed.
- The appeals of rejected Claimants John Thronberg, Christie Kurtz, and Cameron Rizos are outstanding. The Receiver will ask the Court to set a date to hear these appeals and not seek an order distributing the proceeds of the sale of the Wine Contracts until those appeals have been determined or, if a distribution is sought, will hold back sufficient funds to protect these claimants.
- The Receiver obtained an appraisal of the Wine Contracts.

- The Receiver retained counsel in France to assist with securing the Wine Contracts.
- The Receiver made an application for the sale of the Wine Contracts to 1725452 Alberta Ltd. which was approved by the Court of Queen's Bench of Saskatchewan on February 4, 2013.
- The only remaining assets, of which the Receiver is aware, are the wine contracts between the Company and vendors in North America, 44 cases of wine currently stored at SLGA's warehouse and several cases of wine inventory which is being stored in a climate controlled environment in Saskatoon.
- A Statement of Receipts and Disbursements covering the period from May 8, 2012 to January 29, 2013, is attached as Schedule "A". This statement reflects receipts of \$630,164.59 and disbursements of \$478,575.72 and the balance available to the Receiver is \$140,588.87.
- A website has been set up which will be updated regularly for the benefit of all interested parties. This website is www.pwc.com/car-cavasecretawines.
- The Receiver-Manager has engaged independent counsel, Mr. Gary Meschishnick of WMCZ Lawyers.

Other Pertinent Matters (Specify)

Contact person for Receiver:	Name:	Susan L. Shabluk
	Telephone:	403-509-7316
	Facsimile:	403-781-1825

Dated at Calgary, Alberta this 6th day of February 2013.

PricewaterhouseCoopers Inc.
Receiver of
101142701 Saskatchewan Ltd.

Per:


 Clinton L.T. Roberts
 Senior Vice President

SCHEDULE A**101142701 Saskatchewan Ltd. - In Receivership
Statement of Receipts and Disbursements
for the period May 8, 2012 to January 29, 2013
(unaudited - See Notice to Reader)****Receipts**

Accounts Receivable Collections	\$	1,162.05
Advance from Secured Creditor	\$	100,000.00
Cash on Hand	\$	1,054.78
GST Collected	\$	25.00
GST Refunds	\$	17,219.95
Interest Earned	\$	1,572.46
PST Collected	\$	25.00
Sale to Saskatchewan Brewery	\$	509,105.35
Total Receipts	\$	<u>630,164.59</u>

Disbursements

Accounting Fees	\$	3,260.25
Advance to Cava Secreta	\$	9,000.00
Advertising	\$	1,638.72
Appraisal Fees	\$	3,847.50
Computer Consultant	\$	5,797.50
Contractors	\$	8,617.50
Garbage/Janitorial/Cleaning	\$	184.62
GST Paid/Remitted	\$	19,994.41
Insurance (net of refunds)	\$	382.51
Interest on Receivers Certificate	\$	1,921.56
Inventory Costs	\$	10,359.00
Legal Fees and Disbursements	\$	89,728.38
Liquor Consumption Tax	\$	32,836.03
Moving Costs	\$	2,900.00
PST	\$	17,676.07
Receiver's Expenses	\$	19,385.52
Receiver's Fees	\$	130,810.00
Rent	\$	47,521.15
Repairs and Maintenance	\$	288.88
Security and Locksmith	\$	81,282.54
Utilities/Telephone (net of refunds)	\$	2,143.58
Total Disbursements	\$	<u>489,575.72</u>

Balance of Funds in Bank	\$	<u>140,588.87</u>
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Notice to Reader

We have compiled the accompanying Statement of Receipts and Disbursements for the period May 8, 2012 to January 29, 2013 from the receivership records which we have maintained in our capacity as Receiver of 101142701 Saskatchewan Ltd.

We have not engaged external accountants to audit, review or otherwise attempt to verify the accuracy or completeness of the Statement of Receipts and Disbursements.

Readers are cautioned that this statement may not be appropriate for their purposes.

PricewaterhouseCoopers Inc.
Receiver of
101142701 Saskatchewan Ltd.