

February 16, 2021

**TO CREDITORS OF PERFORMANCE AG GROUP CALMAR LTD., 1235962 ALBERTA LTD.
AND HAR-DE AGRI SERVICES LTD.**

Dear Sir or Madam,

Re: Receivership of Performance Ag Group Calmar Ltd., 1235962 Alberta Ltd., and, Har-De Agri Services Ltd.

As you are aware, The Bowra Group Inc. ("Bowra") was appointed as the Licensed Insolvency Trustee in the matter of the Bankruptcies of 1235962 Alberta Ltd. ("123 Alberta"), Performance Ag Group Calmar Ltd. ("Performance Ag"), and Har-De Agri Services Ltd. ("Har-De") (collectively, the "Performance Ag Group" or the "Companies") by Order of the Alberta Court of Queen's Bench (the "Court") pronounced August 1, 2019, and later as the Receiver and Manager of all current and future assets, undertakings and property of the Performance Ag Group (the "Property") by Order of the Court pronounced October 16, 2019 (the "Receivership Order") on the Application of MLS Property Group Ltd. ("MLS"), the Performance Ag Group's senior secured lender.

On February 4, 2020 and May 5, 2020, the Court granted Orders vesting title and approving the sale of the Companies' capital assets. The sales have completed, and Bowra is making efforts to finalize the administration of the receivership estate. In connection with those efforts it is applying to the Court for an Order approving the final distribution and seeking its discharge on March 18, 2021. We write firstly to provide you with notice of that Application.

Secondly, following the distribution proposed in the Receiver's Fourth Report to Court, and subject to the costs required to complete the administration of the receivership estate, Bowra anticipates that it will remain in possession of approximately \$4,000 (the "Residual Funds"). As noted in the Receiver's earlier reports, MLS Property Group Ltd. ("MLS") holds additional security registered subordinate to that under Bowra was appointed under the Receivership Order. While the additional security appears valid and enforceable on its face, in its capacity as Trustee, Bowra has identified the potential that it could be vulnerable in the event that certain impeachment powers provided to the Trustee under the *Bankruptcy and Insolvency Act* (the "BIA").

Having considered the potential risks and anticipated cost of such proceedings, and in view of the fact that the Residual Funds are insignificant when measured against those risks and costs, Bowra has, in its capacity as Trustee, concluded that it is unwilling and unable to commit the resources, time and expense necessary to undertake them.

We understand that MLS intends to apply for an Order at the March 18 application declaring the validity, enforceability, and priority of the subordinate security, and directing the Receiver to pay the Residual Funds to the credit of the indebtedness secured thereby.

Pursuant to s. 38 of the *BIA*, any one or more creditors may make application to the Court for an Order authorizing them to take proceedings in their own name and at their own expense and risk in place of the Trustee, in this case in opposition to MLS' position concerning entitlement to the Residual Funds.

As noted above, the Receiver's application is currently scheduled to be heard by the Court at 2:00 p.m. MST on March 18, 2021. Please be advised that due to procedures implemented by the Court in response to COVID-19 the application will be proceeding by way of Webex videoconference. There is no necessity for you to attend, however, should you wish to appear please contact Kristin Gray (kgray@bowragroup.com).

The materials filed by the Receiver and its counsel in connection with the application may be viewed and are available for download from the Receiver's Website:

<https://www.bowragroup.com/performance-ag>.

Alternatively, hard copies may be provided upon request made to the Receiver's office.

Yours very truly,

The Bowra Group Inc.

Receiver of 1235962 Alberta Ltd., Performance Ag Group Calmar Ltd. and Har-De Agri Services Ltd.

Per: 

Kristin Gray, CPA, CA, CIRP, LIT