

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BETWEEN:

BUSINESS DEVELOPMENT BANK OF CANADA

Applicant

- and -

ASTORIA ORGANIC MATTERS LTD. and
ASTORIA ORGANIC MATTERS CANADA LP

Respondents

IN THE MATTER OF AN APPLICATION PURSUANT TO SUBSECTION 243(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985 c. B-3, AS AMENDED; AND
SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43 AS AMENDED

FOURTH SUPPLEMENT

TO THE FOURTH REPORT TO THE COURT
SUBMITTED BY BDO CANADA LIMITED
IN ITS CAPACITY AS RECEIVER OF ASTORIA ORGANIC MATTERS LTD. and
ASTORIA ORGANIC MATTERS CANADA LP

MARCH 4, 2018

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1.1 Introduction

1.1.1 The SusGlobal Motion was returnable on February 21, 2018. However, the parties did not complete submissions and the Court requested that the parties return on February 27, 2018. Further submissions were not completed on February 27, 2018 and, as such, the Court requested that the parties to return on March 5, 2018.

1.2 Purpose of this Report

1.2.1 This report is the fourth supplement to the Receiver's Fourth Report dated December 8, 2017 (the "**Fourth Supplement to the Fourth Report**"), which is filed in these receivership proceedings and is intended to provide information to assist the Court in its review of the materials submitted in respect of the SusGlobal Motion.

1.3 Information for the Court

1.3.1 The Receiver has attempted to explain in its Supplement to the Fourth Report dated January 19, 2018 that the Dry Weight relates to the Volume mix of 3:1 (Leaf & Yard to Bio-solids) which equates to approximately 1:1 ratio by wet weight. In other words, to construct a Windrow, the actual composition of Leaf and Yard waste to Bio-Solids is on a Wet Weight basis of approximately 1:1. The Receiver provided an illustration of this composition in Schedule C to the Responding Factum dated February 17, 2018.

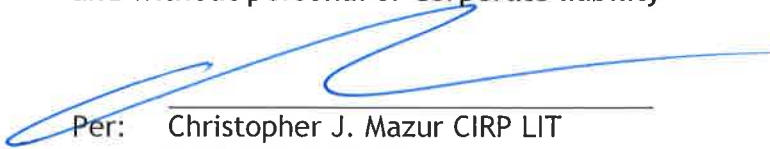
1.3.2 During the SusGlobal submissions, it appeared that SusGlobal does not understand the difference between the Dry Weight regulatory guidelines to produce Category A Compost and the actual Wet Weight basis for same.

1.3.3 Accordingly, to provide the Court with additional information in considering this matter, the Receiver contacted the developer of the Gore System ("**UTV**"), who has been involved in the construction of more than 70 organic processing facilities around the world, including the Astoria facility, to confirm the Receiver's understanding of the proper windrow construction process. Mr. Thomas Schlien, CEO of UTV, responded to the Receiver to confirm that in all of their facilities with bio-solids, UTV recommends a 3:1 mix ratio by Volume of leaf and yard waste to bio-solids and a 1:1 mix ratio by weight of leaf and yard waste to bio-solids (subject to adjustments if the moisture of the mix is too high). Attached as **Appendix A** is a copy of the e-mail correspondence between the Receiver and UTV.

The Receiver respectfully submits this Fourth Supplement to the Fourth Report to assist the Court in its review of the materials submitted in respect of the SusGlobal Motion.

All of which is respectfully submitted this 4th day of March, 2018.

BDO CANADA LIMITED,
in its capacity as **COURT-APPOINTED RECEIVER OF**
ASTORIA ORGANIC MATTERS LTD. and
ASTORIA ORGANIC MATTERS CANADA LP,
and without personal or corporate liability



Per: Christopher J. Mazur CIRP LIT
Senior Vice President

APPENDIX A

Consoli, Angelo

From: Thomas Schlien <thomas@utvag.de>
Sent: Friday, March 02, 2018 11:19 AM
To: Consoli, Angelo
Subject: AW: Astoria Organic Matters - Windrow Production

Hello Angelo,

in all our facilities with biosolids we always recommend a mix ratio of:

3 parts of structure material : 1 part of biosolids if you mix by **volume**

1 part of structure material : 1 part of biosolids if you mix by **wet weight**

This recommendation is a guideline and has to be adjusted if the moisture of the mix is too high.

Greetings



GORE® Cover System

UTV AG

Thomas Schlien

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Tel. +49 7223 8001505 . Mobil +49 177 2090160

www.utvag.de 20years@utvag.de

Von: Consoli, Angelo [mailto:aconsoli@bdo.ca]
Gesendet: Donnerstag, 1. März 2018 18:05
An: Stefan Wilkens <stefan@utvag.de>; Thomas Schlien <thomas@utvag.de>
Betreff: Astoria Organic Matters - Windrow Production

Dear Sirs, we are writing to you in our capacity as Court Appointed Receiver of Astoria Organic Matters Ltd. and Astoria Organic Matters Canada LP (collectively "Astoria").

Please be advised that the Receiver has completed various reports to the Ontario Superior Court of Justice (the "Court") to outline for the Court, the Receiver's understanding of Astoria's construction of Gore Covered Windrows in the processing of Grade A compost. In that regard the Receiver's understanding is based on its review of the Astoria operations (i.e. material receipts and production of Windrows), discussions with Mr. Al Hamilton and our understanding of the requirements under the Ontario Compost Quality Standards (the "Guidelines"). Based on the foregoing, the Receiver understands as follows:

- 1) In the case of Category A compost production the sewage biosolids, pulp and paper biosolids and domestic septage (collectively “Bio-Solids”) shall be limited to a maximum of 25% of the feedstock blend on a Dry Weight Basis (the “Dry Weight”);
- 2) The Receiver understands that the Dry Weight is a consideration of the Volume mix of the blend;
- 3) To achieve the necessary Carbon:Nitrogen (“C:N”) target ratio for Grade A Compost, Astoria used a mix of Leaf & Yard Waste (“L&Y”) to Bio-Solids of 3:1 by Volume. Meaning three parts (or 3 buckets) of L&Y (i.e. the Carbon component) to 1 part (or 1 bucket) of Bio-Solids (i.e. the Nitrogen component);
- 4) Further, the Receiver understands that a 3:1 Volume ratio of C:N on a Dry Weight Basis converts to approximately a 1:1 ratio on a Wet Weight Basis (the “Wet Weight”);
- 5) As a result, the construction of a 450 metric tonnes (“MT”) to 500 MT Windrow for Grade A compost, the estimated Wet Weight ratio is between approximately 225 MT to 250 MT of Bio-Solids and 225 MT to 250 MT of L&Y.

The Receiver understands that the conversion from Wet Weight to the Dry Weight Guidelines is industry standard. Based on our understanding, the Receiver prepared a summary calculation of the conversion of a 500 MT Wet Weight constructed Windrow to the Dry Weight Guidelines, which is summarized in the chart below:

Conversion of a Wet Weight Constructed Windrow to Dry Weight Guidelines

	<u>Leaf & Yard</u>	<u>Bio-Solids</u>	<u>Total</u>	
Wet Weight (MT)	250	250	500	(1)
Moisture % / Content	25% <u>(63)</u>	75% <u>(188)</u>	<u>(250)</u>	(2)
Dry Weight (MT)	188	63	250	(3)
Ratio of Dry Weight	75%	25%		(4)

Notes:

- (1) Wet Weight of 500 MT Windrow is split 1:1 on a weight basis.
- (2) Moisture % / Content is 25% for Leaf & Yard and 75% for Bio-Solids, therefore these percentages are to be applied to determine the Dry Weight basis.
- (3) The Dry Weight is calculated by extracting the moisture content.
- (4) The ratio of Leaf & Yard and Bio-solids is based on the Dry Weight measurement and is estimated to be 75%:25% or 3:1 as per the Ontario Compost Quality Standards.

The Receiver’s understanding is that UTV Inc. (“UTV”) is the developer of the Gore System and has constructed or consulted on more than 70 Organic Processing plants around the world with capacities between 1,000 and 1,000,000 MT / year in countries including, but not limited to, Britain, Switzerland, France, Belgium, Italy, Spain, the United States, China and Canada, including the Astoria facility. Accordingly, the Receiver hereby requests that UTV please confirm if the Receiver’s understanding of the construction of an Astoria Windrow (i.e. on a 1:1 Wet Weight Basis) is correct and if the conversion from Wet Weight to the Dry Weight is in line with the Guidelines and industry standard for the production of Grade A compost.

Kindest regards,

Angelo Consoli CA CPA CIRP LIT
 Vice President
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