Court File No. CV-26-00000193-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

B E T W E E N:

THE BANK OF NOVA SCOTIA

Applicant

and

MORGROVE HOLSTEINS LTD.

Respondent

MOTION RECORD OF THE RECEIVER

(Returnable Friday August 14,, 2026)

July 31, 2026

HARRISON PENSA LLP
Barristers & Solicitors
130 Dufferin Avenue, Suite 1101
London, ON N6A 5R2

Melinda Vine (LSO#53612R)
Thomas Masterson (LSO#76835U)

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Email: mvine@harrisonpensa.com
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Solicitors for the Receiver,
BDO Canada Limited

TO: Service List

SERVICE LIST

TO: **MORGROVE HOLSTEINS LTD.**
461 Highway 54
Brantford, ON N3T 5L9

Attention: Mark Morbrook and Robert Morbrook

Respondent

AND
TO: **ROSS & MCBRIDE LLP**
1 King Street West, 10th Floor
Hamilton, ON L8P 1A4

Attention: Shene Harris
Email: sharris@rossmcbride.com

Counsel for the Guarantor Mark Morbrook

AND
TO: **SPETTER ZEITZ KLAIMAN PC**
100 Sheppard Avenue East Suite 850
Toronto, ON M2N 6N5

Attention: Jacob Bogacki
Email: jbogacki@szklaw.ca

Counsel for the Applicant

AND
TO: **WATEROUS HOLDEN AMEY HITCHON LLP**
P.O. Box 1510
20 Wellington Street,
Brantford, ON N3T 5V6

Attention: Dennis Touesnard
Email: dtouesnard@waterousholden.com

Counsel for the Guarantor Robert Morbrook

AND
TO: **THE ESTATE OF THE LATE ARTHUR MORBROOK**
15 Cobden Court
Brantford, Ontario N3R 8B7

AND
TO: **THE ESTATE OF THE LATE ARTHUR MORBROOK**
461 Highway 54
Brantford, Ontario N3T 5L9

AND
TO: **BDO CANADA LIMITED**
20 Wellington E, Suite 500
Toronto, ON M5E 1C5

Attention: Josie Parisi
Email: jparisi@bdo.ca

Receiver

AND
TO: **CORPORATION OF THE COUNTY OF BRANT**
26 Park Avenue, P.O. Box 249
Burford, ON N0E 1A0
Email: tax@brant.ca

AND
TO: **AGCO FINANCE CANADA LTD**
P.O. BOX 2000
Johnston, Iowa 50131
Email: dsmcustomerservice@agcofinance.com

AND
TO: **ROYAL BANK OF CANADA**
36 York Mills Road, 4th Floor
Toronto, Ontario M2P 0A4

AND
TO: **FARM CREDIT CANADA**
Suite 104 - 1133 St-George Blvd
Moncton, New Brunswick E1E
Email: 4E1csc@fcc-fac.ca

AND

TO: **DEPARTMENT OF JUSTICE (CANADA)**
Ontario Regional Office
120 Adelaide Street West, Suite 400
Toronto, Ontario M5H 1T1
Email: AGC_PGC_Toronto.Lead-DCECJ@justice.gc.ca

AND

TO: **MINISTRY OF FINANCE INSOLVENCY UNIT**
6th Floor, 33 King Street West
Oshawa, Ontario L1H 8H5
Email: insolvency.unit@ontario.c

AND

TO: **CANADA REVENUE AGENCY**
1 Front Street West
Toronto, Ontario M5J 2X6
Email: AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca

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ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

THE BANK OF NOVA SCOTIA

Applicant

- and -

MORGROVE HOLSTEINS LTD.

Respondent

NOTICE OF MOTION

BDO Canada Limited ("**BDO**") in its capacity as court-appointed receiver (in such capacity, the "**Receiver**"), without security, of all the assets, undertakings and properties of the Respondent, Morgrove Holsteins Ltd. (the "**Debtor**"), will make a Motion to a Judge.

PROPOSED METHOD OF HEARING: The Motion is to be heard:

☐ In writing under subrule 37.12.1 (1) because it is on consent;

☐ In writing as an opposed motion under subrule 37.12.1 (4);

☒ In person;

☐ By telephone conference;

☐ By video conference.

at the following location:

On August 14, 2026, at 10:00 a.m., or as soon after that time as the Motion can be heard at 70 Wellington Street, Brantford, Ontario.

THE MOTION IS FOR:

1. An Order, substantially in the form at Schedule “A” to this Notice of Motion:

    a) Abridging the time for service, filing and confirmation of the Notice of Motion and the Motion Record, and validating service so that this motion is properly returnable on August 14, 2026;

    b) Approving the First Report to the Court submitted by BDO, in its capacity as the Receiver dated July 31, 2026 (the “**First Report**”), and the activities and conduct of the Receiver set out therein provided, however, that only the Receiver, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way the approval of the First Report;

    c) Approving the Receiver’s Interim Statement of Receipts and Disbursements, as detailed in the First Report;

    d) Increasing the aggregate consideration sale limit set out in paragraph 3(k) of the Appointment Order (as defined below) from $200,000 to $500,000;

    e) Approving the Proposed Sales (as defined in the First Report), and authorizing and directing the Receiver to execute the sale agreements to complete the Proposed Sales, on terms acceptable to the Receiver, and to take such steps as the Receiver deems necessary or advisable to carry out the terms thereof; and,

    f) Approving the fees and disbursements of the Receiver, and the fees and disbursements of its counsel, as detailed in the First Report, and authorizing payment of same.

2. An Order (the “**Claims Process Order**”) approving the Claims Process (as defined in the First Report) substantially in the form at Schedule “B” to this Notice of Motion, and authorizing the Receiver to commence and proceed with the Claims Process;

3. The costs of this motion on a substantial indemnity basis, if opposed; and,

4. Such further and other relief as counsel may request and this honourable court may permit.

THE GROUNDS FOR THE MOTION ARE:

The Debtor and the Appointment of the Receiver

1. Pursuant to an Order of this Court made on June 12, 2026 (the "**Appointment Order**"), BDO was appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor, acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof, including, without limitation, the property municipally known as 461 Highway 54, Brantford, Ontario (the "**Real Property**").

2. The Debtor operates a dairy farm from the Real Property.

The Receiver's Activities

3. The details of the Receiver's activities since the Appointment Order are provided in the First Report. The Receiver's activities have concentrated on, *inter alia*, the following:

    a. attending the Real Property;

    b. retaining Syl-Mar Management Group ("**Syl-Mar**") to assist the Receiver with the monitoring of the Debtor's dairy farm operation; and

    c. discussing with the Dairy Farmers of Ontario to facilitate redirection of milk proceeds to the Receiver and the proposed sale of milk quota, including a written request to market and sell 7 kilograms of milk per day, which would generate approximately $168,000 in proceeds.

4. The Receiver states that its actions, as outlined in the First Report, should be approved by this Honourable Court.

The Proposed Sales

5. The Receiver intends to market approximately 40 to 60 kilograms per day of the Debtor's milk quota, representing approximately 44% to 65% of the Debtor's total quota holdings. Based on the current quota price cap, the Receiver estimates that the proposed quota sale will generate gross proceeds of approximately $960,000 to $1,440,000.

6. Following the sale of milk quota, the Debtor will be required to correspondingly reduce its milk production, necessitating the prompt disposition of a portion of the Debtor's cattle.

7. Historically, the Debtor has marketed its cattle through the Ontario Livestock Exchange or the Hagersville Auction Centre.

8. The Receiver is of the position that sales through recognized livestock auction facilities represent the customary, commercially reasonable, and industry-accepted method of the disposition of dairy cattle in Ontario.

9. Accordingly, the Receiver intends to market the livestock through the Ontario Livestock Exchange and/or the Hagersville Auction Centre.

10. Based on estimates provided by Syl-Mar, recent livestock sales by the Debtor, and the Receiver’s own assessment, the realizable value of approximately 44% to 65% of the Debtor’s cattle is expected to range between $318,261 and $422,174, before realization costs.

11. The Receiver is seeking the approval to sell additional milk quota and cattle in the same manner as outlined above, in an amount necessary to satisfy the claims determined through the Claims Process and the Receiver's assessment of the funds required to satisfy proven creditor claims and the costs associated with the administration of the receivership, without further Order of this Court.

12. The Receiver recommends the approval and completion of the Proposed Sales for, *inter alia*, the following reasons:

    a. such represent the most practical and commercially reasonable means of realizing upon the milk quota and livestock assets;

    b. such will be conducted through established industry methods, and will involve a process with integrity and will encourage a competitive environment for the solicitation of offers; and,

    c. a reduction of the herd and corresponding quota is critical to reducing the ongoing operational burden and labour requirements of the Debtor’s business.

13. The Receiver is of the view that the Proposed Sales represent commercially reasonable transactions which will maximize the recovery and are in the best interests of all stakeholders.

Sale Limit

14. Paragraph 3(k) of the Appointment Order grants the Receiver the authorization to sell the Property (as defined in the Appointment Order), without the approval of this Court in respect of any transaction not exceeding $200,000, provided that the aggregate consideration for all such transactions does not exceed $200,000.

15. As detailed in the First Report, in the Receiver's view, the current the aggregate threshold does not appear consistent with the practical administration of the receivership estate and may have been inadvertently included.

16. To permit the Receiver to efficiently administer and realize upon the Debtor's assets without incurring the additional costs and delays associated with repeated Court attendances for routine sale transactions, the Receiver requests that the aggregate consideration sale limit set out in paragraph 3(k) of the Appointment Order be increased from $200,000 to $500,000.

Claims Procedure

17. The Receiver is of the view that the Debtor's books and records may not be complete and do not accurately record all creditors and liabilities. Accordingly, to identify the Debtor's creditors and quantify their respective claims, and to progress the receivership in an efficient manner in parallel with the proposed Sales Process, the Receiver seeks approval of the Claims Process Order.

18. The key steps of the Claims Process Order are summarized as follows:

    a. notification to all potential claimants known by the Receiver of the Claims Process, and by publishing a notice in The Brantford Expositor to inform any other potential claimant of their right to prove their claims;

    b. the Receiver will deliver a claims package to each claimant identified;

    c. the Receiver will post the notices and claims package on the Receiver's website;

d. Any claimant wishing to assert a claim must file a proof of claim to the Receiver by no later than 60 days subsequent to the issuance of the Claims Process Order, or any later date ordered by this Court;

e. the Receiver will review and evaluate the claims received, and will either accept, revise or disallow the claim set out in such proof of claim;

f. if the Receiver accepts a claim as set forth in a proof of claim submitted to the Receiver, that claim would be an eligible claim ("**Eligible Claim**");

g. if the Receiver chooses to revise or disallow a claim, the Receiver will advise the claimant by sending a Notice of Revision or Disallowance to the claimant as soon as possible, or such later date as the Court may order;

h. any creditor who disputes the amount of its claim as set forth in a Notice of Revision or Disallowance, must deliver a Notice of Dispute to the Receiver as soon as reasonably possible but in any event on or before 5:00 p.m. on the 14th day after receipt of the Notice of Revision or Disallowance or such later date as the Court may order;

i. any creditor who fails to deliver a Notice of Dispute by the deadline set forth in the sub-paragraph above, will be deemed to accept the amount of its claim as set out in the Notice of Revision or Disallowance;

j. upon receipt of a Notice of Dispute, the Receiver, may attempt to resolve the amount of the claim with the claimant by consent;

k. if a claim is resolved by consent between the Receiver and the claimant, the Receiver may accept a revised Proof of Claim setting forth the agreed amount of the claim, and such settled claim shall be an Eligible Claim;

l. in the event the Receiver and the claimant are not able to resolve the claim amount and any matters arising pursuant to the Notice of Dispute, the claimant shall file a Notice of Motion with the Court for the determination of the claim in dispute, with a copy to be sent to the Receiver immediately after filing the notice of motion; and

m. a claimant or the Receiver, may within 7 calendar days of the Court's determination of the claim in dispute under the Claims Process, appeal such determination to the Court by filing with the Court a Notice of Appeal, which appeal shall be made returnable within 14 calendar days of the filing of the Notice of Appeal, in default of which such determination by the Court shall, be deemed to be final.

19. The Receiver believes that the Claims Process is appropriate, fair and reasonable in the circumstances, and respectfully request for its approval be granted by the Court.

<u>Professional Fees</u>

20. The Appointment Order requires the Receiver and its legal counsel to pass its accounts from time to time.

21. The Receiver and its counsel have each properly incurred fees and disbursements as detailed in the First Report.

22. The Receiver seeks the approval of its fees and disbursements and its counsel's fees and disbursements, as detailed in the First Report, and payment of same.

23. Section 243 and 249 of the *Bankruptcy and Insolvency Act*.

24. Sections 100 and 137(2) of the *Courts of Justice Act*.

25. Rules 1.04, 2, 3, 37, 38, and 60.10 of the Rules of Civil Procedure.

26. Such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. The Appointment Order

2. The First Report and the Appendices thereto; and,

3. Such materials as counsel may advise and this Honourable Court may permit.

July 31, 2026

HARRISON PENSA LLP
Barristers & Solicitors
130 Dufferin Avenue, Suite 1101
London, ON N6A 5R2

Melinda Vine (LSO #53612R)
Tel: 519-679-9660
Fax: 519-667-3362
Email: mvine@harrisonpensa.com

Solicitors for the Receiver,
BDO Canada Limited

<u>Schedule “A” – Ancillary Order</u>

Court File No: CV-26-00000193-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

THE HONOURABLE JUSTICE	)))	FRIDAY, THE 14TH DAY OF AUGUST, 2026

THE BANK OF NOVA SCOTIA

Applicant

- and -

MORGROVE HOLSTEINS LTD.

Respondent

ORDER

THIS MOTION, made by BDO Canada Limited ("**BDO**"), in its capacity as the Court-appointed receiver (the "**Receiver**") without security, of all the assets, undertakings and properties of the Respondent, Morgrove Holsteins Ltd. (the "**Debtor**"), for an order approving the First Report of the Receiver dated July 31, 2026 (the "**First Report**"), and for other associated relief was heard this day in person at 70 Wellington Street, Brantford, Ontario.

ON READING the Notice of Motion dated July 31, 2026, the First Report, the appendices thereto, including the affidavits of the Receiver and its counsel as to fees (the "**Fee Affidavits**"),and on hearing the submissions of counsel for the Receiver and all other counsel for such other parties in attendance at the hearing, all properly served, as it appears from the Affidavit of Service of Sydney Inghelbrecht sworn July 31, 2026, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service, filing and confirmation of the Notice of Motion and the Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service and confirmation hereof.

CAPITALIZED TERMS

2. **THIS COURT ORDERS** that capitalized terms not defined herein, shall have the meanings ascribed thereto in the First Report.

REPORT AND ACTIVITIES OF THE RECEIVER

3. **THIS COURT ORDERS** that the First Report and the activities and conduct of the Receiver, as set out in the First Report, be and are hereby approved; provided, however, that only the Receiver, in its personal capacity only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

THE RECEIVER'S SALE LIMIT

4. **THIS COURT ORDERS** that limits set out in paragraph 3(k) in the Receivership Order, are hereby increased, with the Receiver having authorization to sell the Property, without the approval of this Court in respect of any transaction not exceeding $200,000, provided that the aggregate consideration for all such transactions does not exceed $500,000.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

5. **THIS COURT ORDERS** that the Receiver's Statement of Receipts and Disbursements as detailed in the First Report, be and is hereby approved.

THE PROPOSED SALES

6. **THIS COURT ORDERS** that the Proposed Sales are hereby approved, and the Receiver is authorized and directed to execute the sale agreements to complete the Proposed Sales, on terms acceptable to the Receiver, and to take such steps as the Receiver deems necessary or advisable to carry out the terms thereof.

PROFESSIONAL FEES

7. **THIS COURT ORDERS** that the fees and disbursements of the Receiver and its counsel, as set out in the First Report and the Fee Affidavits, and payment thereof, be and are hereby approved.

GENERAL

8. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, or any other jurisdiction, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Receiver in any foreign proceeding, or to assist the Receiver and its agents in carrying out the terms of this Order.

9. **THIS COURT ORDERS** that this Order and all of its provisions are effective from the date of this Order and is enforceable without any need for entry or filing.

____

Justice , Ontario Superior Court of Justice

THE BANK OF NOVA SCOTIA -and- MORGROVE HOLSTEINS LTD.

Applicant Respondent

Court File No. CV-26-00000193-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
BRANTFORD, ONTARIO

ORDER

HARRISON PENSA LLP
Barristers and Solicitors
130 Dufferin Avenue, Suite 1101
London, ON N6A 5R2

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Lawyers for the Receiver,
BDO Canada Limited

Schedule "B" – Claim Process Order

Court File No: CV-26-00000193-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

THE HONOURABLE	)	FRIDAY, THE 14TH DAY
	)	OF AUGUST, 2026
JUSTICE	)	

THE BANK OF NOVA SCOTIA

Applicant

- and -

MORGROVE HOLSTEINS LTD.

Respondent

CLAIMS PROCESS ORDER

THIS MOTION, made by BDO Canada Limited, in its capacity as the Court-appointed receiver (the "**Receiver**") without security, of all the assets, undertakings and properties of the Respondent, Morgrove Holsteins Ltd. (the "**Debtor**"), was heard this day in person at 70 Wellington Street, Brantford, Ontario.

ON READING the Notice of Motion dated July 31, 2026, the First Report of the Receiver dated July 31, 2026 (the "**First Report**"), and the appendices thereto, and on hearing the submissions of counsel for the Receiver and all other counsel for such other parties in attendance at the hearing, all properly served, as it appears from the Affidavit of Service of Sydney Inghelbrecht sworn July 31, 2026, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service, filing and confirmation of the Notice of Motion and the Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service and confirmation hereof.

DEFINITIONS AND INTERPRETATIONS

2. **THIS COURT ORDERS** that the following terms of this Order shall have the followings meanings ascribed thereto:

(a) **"Business Day"** means a day, other than a Saturday or a Sunday or a statutory holiday, on which banks are generally open for business in Brantford, Ontario, Canada;

(b) **"Claim"** means a creditor who has a Secured Claim, Trust Claim and/or an Unsecured Claim;

(c) **"Claimant"** means a creditor who has a Claim;

(d) **"Claims Administration Procedure"** means the procedure for the solicitation, quantification, determination and barring of certain claims against the Debtor and from the realization of the assets of the Debtor;

(e) **"Claims Bar Notice"** means the notice substantially in the form attached hereto as Schedule "A";

(f) **"Claims Notice"** means a Claimant's written notice of a Claim in the form of the Claims Notice attached as Schedule "C" to this Order;

(g) **"Claims Bar Date"** means 5:00 p.m. (Eastern Standard Time) on the date which is 60 days from the date of the Claims Process Order;

(h) **"Court"** means the Ontario Superior Court of Justice, located at 70 Wellington Street, Brantford, Ontario;

(i) **"Dispute Package"** means, with respect to any Claim, a copy of the related Claims Notice, Notice of Revision or Disallowance and Notice of Dispute, all in substantially the form attached as Schedules "C", "D" and "E" hereto;

(j) **"Instruction Letter"** means the instruction letter to Claimants, in substantially the form attached as Schedule "B" hereto, regarding the completion of the Claims Notice;

(k) **"Receivership Order"** means the Order made by this Court on June 12, 2026;

(l) **"Notice of Dispute"** means the notice that may be delivered by a Claimant who has received a Notice of Revision or Disallowance disputing such Notice of Revision or Disallowance, which notice shall be substantially in the form attached hereto as Schedule "E";

(m) **“Notice of Revision or Disallowance”** means the notice that may be delivered to a Claimant revising or rejecting such Claimant’s claim as set out in the Claims Notice in whole or in part, which notice shall be substantially in the form attached hereto as Schedule “D”;

(n) **“Secured Claim”** means a claim made by a creditor who holds valid security on the property of the Debtor;

(o) **“Person”** means any individual, corporation, limited or unlimited liability company, general or limited partnership, associating, trust, unincorporated organization, joint venture, government or any agency or instrumentality thereof or any other entity, including, without limitation, Canada Revenue Agency;

(p) **“Receiver”** means BDO Canada Limited appointed pursuant to the Receivership Order;

(q) **“Trust Claim”** means a claim made by a creditor who asserts an entitlement to be a beneficiary of a trust (actual or deemed) in respect of the property of the Debtor and/or in respect of monies paid or payable by account debtors of the Debtor, whether established by contract, agreement, custom or statute (federal or provincial);

(r) **“Unsecured Claim”** means a claim made by a creditor other than a Trust Claim or a Secured Claim.

APPROVAL OF FORMS

4. **THIS COURT ORDERS** that the Claims Bar Notice, Instruction Letter, Claims Notice, Notice of Revision or Disallowance and the Notice of Dispute, all substantially in the forms respectively attached as Schedules “A”, “B”, “C”, “D” and “E” hereto, are approved. Within twenty (20) days of the issuance of this Order, the Receiver shall cause all of these notices and forms to be posted on the Receiver’s website. Despite the foregoing, the Receiver may, from time to time, make incidental minor changes to such forms as the Receiver considers necessary or desirable.

CLAIMS BAR PROCESS

3. **THIS COURT ORDERS** within twenty (20) days of the issuance of this Order, the Receiver shall send by regular or electronic mail a copy of the Claims Bar Notice and the Instruction Letter to all Persons known to the Receiver of having a potential Claim.

4. **THIS COURT ORDERS** within twenty (20) days of the issuance of this Order, the Receiver shall publish in The Brantford Expositor to inform any potential Claimant of their right to prove their Claim and the Claims Bar Date.

5. **THIS COURT ORDERS** that a Claimant wishing to assert a Claim shall deliver to the Receiver a Claims Notice on or before the Claims Bar Date.

6. **THIS COURT ORDERS** that the Claims of all Persons who do not deliver to the Receiver a Claims Notice by the Claims Bar Date shall be and are hereby forever extinguished and barred from and after the Claims Bar Date and all such Persons shall be deemed to have fully and finally and forever released and discharged the Debtor and those persons who may be indebted to the Debtor or them individually in respect of which any such person may claim entitlement as the beneficiary of a trust, actual or deemed, established by contract, agreement or custom, or by statute (federal or provincial).

DETERMINATION OF CLAIMS

7. **THIS COURT ORDERS** that the Receiver shall review each Claims Notice received on or before the Claims Bar Date and shall accept, revise or disallow the Claim as soon as reasonably possible after the Claims Bar Date, and the Receiver is empowered and authorized to:

(a) investigate, review, and verify the quantum of any Claims and the validity of any Trust Claim or Secured Claim; and

(b) do such acts as the Receiver in its sole discretion deems appropriate to facilitate the Claims Administration Procedure.

8. **THIS COURT ORDERS** that the Receiver may attempt to consensually resolve the amount of any Claim with the Claimant, before accepting, revising, or disallowing such Claim.

9. **THIS COURT ORDERS** that if the Receiver accepts a Claim, the Receiver shall advise the Claimant of such acceptance by regular or electronic mail to the address set out in the applicable Claims Notice.

10. **THIS COURT ORDERS** that if the Receiver revises or disallows a Claim, the Receiver shall send a Notice of Revision or Disallowance to the Claimant by regular or electronic mail to the address set out in the applicable Claims Notice.

11. **THIS COURT ORDERS** that any Claimant who disputes the amount of its Claim as set forth in a Notice of Revision or Disallowance shall deliver a Notice of Dispute to the Receiver by 5:00 p.m. (Eastern Standard Time) on the day which is fourteen (14) calendar days after the date of the Notice of Revision or Disallowance or such later date as the Receiver and the Claimant may agree in writing.

12. **THIS COURT ORDERS** that any Claimant who fails to deliver a Notice of Dispute by the deadline set forth in paragraph 11 hereto, shall be deemed to accept the amount of its Claim as set out in the Notice of Revision or Disallowance.

RESOLUTION OF CLAIMS

13. **THIS COURT ORDERS** that upon receipt of a Notice of Dispute, the Receiver may:

(a) attempt to consensually resolve the amount of the Claim with the Claimant; and/or

(b) schedule an appointment with the Court for the purpose of scheduling a motion before a judge of the Court to resolve the Claim.

RECEVER'S ROLE IN CLAIMS PROCESS

14. **THIS COURT ORDERS** that the Receiver, in addition to its prescribed rights, duties, responsibilities and obligations under the Receivership Order, shall implement and oversee the Claims Administration Procedure provided for herein, and is hereby directed and empowered to take such actions and fulfill such other roles as are contemplated by this Order.

15. **THIS COURT ORDERS** that the Receiver may apply to this Court for directions regarding the carrying out of the Claims Administration Procedure.

NOTICES AND COMMUNICATIONS

16. **THIS COURT ORDERS** that any notice or other communication (including, without limitation, Claims Notices) to be given under this Order by a Claimant to the Receiver shall be in writing in substantially the form, if any, provided for in this Order and will be sufficiently given only if delivered by courier, personal delivery or electronic mail to:

BDO Canada Limited
Receiver of Morgrove Holsteins Ltd.
20 Wellington E., Suite 500
Toronto, Ontario M5E 1C5
Attention: Warren Leung
Tel: (437) 568 8260
E-Mail: wleung@bdo.ca

GENERAL

17. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, or any other jurisdiction, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable

to give effect to this Order, to grant representative status to the Receiver in any foreign proceeding, or to assist the Receiver and its agents in carrying out the terms of this Order.

18. **THIS COURT ORDERS** that this Order and all of its provisions are effective from the date of this Order and is enforceable without any need for entry or filing.

Justice , Ontario Superior Court of Justice

SCHEDULE "A"

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

THE BANK OF NOVA SCOTIA

Applicant

- and -

MORGROVE HOLSTEINS LTD.

Respondent

CLAIMS BAR
NOTICE TO CREDITORS

NOTICE IS HEREBY GIVEN that, pursuant to an Order of the Ontario Superior Court of Justice dated _________, 2026, a claims bar procedure was approved for the identification, quantification, collection and barring of certain claims against Morgrove Holsteins Ltd., its property, **and as well** with respect to claims made by creditors claiming entitlement as a beneficiary of a trust, actual or deemed, whether established by contract, agreement, custom, or statute (federal or provincial) or with respect to monies that are received or receivable from account debtors of Morgrove Holsteins Ltd.

THE CLAIMS BAR DATE IS 5:00 P.M. (EASTERN STANDARD TIME) ON [NTD: INSERT DATE 60 DAYS FROM ISSUE OF CLAIM PROCESS ORDER]. CLAIMS WHICH ARE NOT RECEIVED BY THE CLAIMS BAR DATE WILL BE BARRED AND EXTINGUISHED FOREVER.

THE CLAIMANTS REQUIRING CONFIRMATION OR CLAIM DOCUMENTATION INCLUDING THE CLAIM NOTICE MAY CONTACT:

BDO Canada Limited
Receiver of Morgrove Holsteins Ltd.
20 Wellington St. E. Suite 500
Toronto, Ontario, M5E 1C5
Attention: Warren Leung
Tel: (437) 568 8260
E-Mail: wleung@bdo.ca

Following the expiration of the Claims Bar Date the Receiver will review the Claims filed and will, in due course, submit its report to the Court and seek its advice and directions.

SCHEDULE "B"

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

THE BANK OF NOVA SCOTIA

Applicant

- and -

MORGROVE HOLSTEINS LTD.

Respondent

INSTRUCTION LETTER FOR CLAIMANTS

By Order of the Order of the Ontario Superior Court of Justice dated August 14, 2026, BDO Canada Limited (the "**Receiver**") in its capacity as Receiver of Morgrove Holsteins Ltd. (the "**Debtor**") has been authorized to conduct a procedure for the identification and quantification of any claims of creditors against the Debtor **which may include Claims** in respect of monies that have been received or are receivable from account debtors of the Debtor and the realization of assets of the Debtor. This will include any creditors of the Debtor who claim to be the beneficiary of a trust, actual or deemed, pursuant to a contract, an agreement or custom, or pursuant to a statute (federal or provincial).

This letter provides general instructions for completing the Claims Notice form which is attached. Capitalized terms not defined within this Instruction Letter shall have the meaning ascribed thereto in the Claims Bar Order.

All notices and inquiries with respect to the Claims Notice should be directed to the Receiver by prepaid registered mail, courier, personal delivery or electronic mail at the address below:

BDO Canada Limited
Receiver of Morgrove Holsteins Ltd.
20 Wellington St. E. Suite 500
Toronto, Ontario, M5E 1C5
Attention: Warren Leung
Tel: (437) 568 8260
E-Mail: wleung@bdo.ca

CLAIMANTS WITH CLAIMS

If you believe that you have a Trust Claim, a Secured Claim or an Unsecured Claim you must file a Claims Notice with the Receiver. **All Claims Notices must be received by the Receiver on or before 5:00 p.m. (Eastern Standard Time) on [NTD: INSERT DATE THAT IS 60 DAYS FROM ISSUE OF CLAIMS PROCESS ORDER] (the Claims Bar Date").**

CLAIMS WHICH ARE NOT RECEIVED BY THE CLAIMS BAR DATE WILL BE <u>BARRED</u> AND <u>EXTINGUISHED</u> FOREVER.

DATED this day of , 2026.

SCHEDULE "C"

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

THE BANK OF NOVA SCOTIA

Applicant

- and -

MORGROVE HOLSTEINS LTD.

Respondent

CLAIMS NOTICE

Please read carefully the Instruction Letter for completing this Claim Notice
Please print legibly.

1. **Particulars of Claimant:**

(a) Legal Name:____

(b) Mailing Address of Claimant:______________________________
____
____

(c) Other Contact Information of Claimant:

Telephone Number:_______________________________________

E-Mail Address:____

Facsimile Transmission:___________________________________

Attention: (Contact Person):_________________________________

2. **Proof of Claim**

I,____________________________[name of Claimant if individual, or Representative of the Claimant if a business], of ________________________[name of business] do hereby certify:

(a) I am the Claimant or a representative of the Claimant holding the position of ___________________________[state position or title];

(b) That I have knowledge of all the circumstances connecting with the Claim(s) referred to below;

(c) Morgrove Holsteins Ltd. was at of______________and still is indebted to the Claimant as follows:

TOTAL CLAIM: $________________CAD

3. **Particulars of Claim(s)**

The Receiver recognizes three categories of Claims, namely, Trust Claims, Secured Claims and Unsecured Claims. If applicable to your Claim(s) you may file in any or all of these categories.

Please mark the box or boxes which apply to your Claim.

If you require additional space to complete your Claim, please attach an additional sheet.

Please be sure to supply adequate supporting documentation to evidence your claim.

Provide all particulars of the claims and supporting documentation, invoices, statements, delivery, confirmation including amounts, dates and description of the events, transactions, statutes or* agreements *or other legal basis giving rise to the Claims.

☐ **Trust Claim**

1. The amount claimed for delivery/provision of goods and/or services to, or at the request of Morgrove Holsteins Ltd. for a project or improvement.

   $_________________

2. Address of project or improvement to which or for whose benefit the goods and/or services where provided.

____

3. Description of the goods and/or services provided.

____

4. Date(s) of the delivery/provision of goods and/or services.

____

☐ **Trust Claims that do not relate to the provision of goods and/or services.**

Amount of Claim $___________

1. Description of contract, agreement or enabling legislation (provincial or federal) which constitutes a trust or deemed trust.

____

☐ **Secured Claim** $________ dollars on a secured basis

1. I evaluate our security at $___________

Note: (This will be the amount at which you value secured claim. The difference between the secured claim amount and the value of your security, if any will be the amount or your unsecured claim).

☐ **Unsecured Claim** – other than a Trust Claim or Secured Claim.

Amount of Claim $_______________

2. **Filing of Claims**

This claims Notice must be received by the Receiver no later than 5:00 p.m. (Eastern Standard Time) on __________, 2026 by either prepaid registered mail, personal delivery, courier, facsimile transmission or electronic mail to the following address:

BDO Canada Limited
Receiver of Morgrove Holsteins Ltd.
20 Wellington St. E. Suite 500
Toronto, Ontario, M5E 1C5
Attention: Warren Leung
Tel: (437) 568 8260
E-Mail: wleung@bdo.ca

Failure to file a Claim and any required documentation by 5:00 p.m. on [insert date 60 days following issue of Claim Process Order] (Eastern Standard Time) will result in such Claim being barred and you will be prohibited from making or enforcing any Claim against Morgrove Holsteins Ltd. or any person who owes monies to Morgrove Holsteins Ltd. in

respect of which the Claimant claims as a beneficiary of a true, actual or deemed or pursuant to a contact or agreement with Morgrove Holsteins Ltd. or pursuant to statute, federal or provincial.

DATED the day of , 2026

____
Creditor's Name

____
Per: Signature

SCHEDULE "D"

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

THE BANK OF NOVA SCOTIA

Applicant

- and -

MORGROVE HOLSTEINS LTD.

Respondent

NOTICE OF REVISION OR DISALLOWANCE OF CLAIM AGAINST MORGROVE HOLSTEINS LTD.

Pursuant to the Claims Process Order dated August 14, 2026, BDO Canada Limited in in its capacity as the Court-appointed Receiver of Morgrove Holsteins Ltd. hereby gives you notice that it has reviewed your Claims Notice and has revised or rejected your Claim as follows:

____
____
____
____
____
____

If you do not agree with this Notice of Revision or Disallowance please take notice of the following:

1. If you intend to dispute the Notice of Revision or Disallowance you must, by 5:00 p.m. (Eastern Standard Time) on the day which is twenty (20) days after the date of this Notice of Revision or Disallowance, deliver a Notice of Dispute by prepaid registered mail, courier, personal delivery, electronic mail or facsimile to the address indicated herein. The form of Notice of Dispute is attached to this Notice.

2. If you do not deliver a Notice of Dispute, the value of your Claim shall be deemed to be as set out in this Notice of Revision or Disallowance.

Address for Service of Dispute Notices:

BDO Canada Limited
Receiver of Morgrove Holsteins Ltd.
20 Wellington St. E. Suite 500
Toronto, Ontario, M5E 1C5
Attention: Warren Leung
Tel: (437) 568 8260
E-Mail: wleung@bdo.ca

IF YOU FAIL TO RESPOND AS REQUIRED HEREIN WITHIN THE PRESCRIBED TIME PERIOD, THIS NOTICE OF REVISION OR DISALLOWANCE WILL BE BINDING UPON YOU.

Dated at ______________________this _________ day of _____________________ 2026.

BDO CANADA LIMITED

In its capacity as Court-appointed Receiver of Morgrove Holsteins Ltd.

SCHEDULE "E"

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

THE BANK OF NOVA SCOTIA

Applicant

- and -

MORGROVE HOLSTEINS LTD.

Respondent

NOTICE OF DISPUTE OF REVISION OR DISALLOWANCE OF CLAIM AGAINST MORGROVE HOLSTEINS LTD.

Name of Claimant:___________________________________

Pursuant to the Claim Process Order dated August 14, 2026, we hereby give you notice of our intention to dispute the Notice of Revision or Disallowance dated _____________ issued by BDO Canada Limited in its capacity as Receiver of Morgrove Holsteins Ltd.

Reasons for Dispute (attach additional sheet and copies of all supporting documentation if necessary):

____
____
____
____
____
____

Signature of Individual (I have the authority to bind the Corporation).

____

Date:_________________________

Please print name:____

Telephone Number:____

Facsimile Number:____

E-Mail Address:____

Full Mailing Address:____

THIS FORM AND SUPPORTING DOCUMENTATION TO BE RETURNED BY PREPAID REGISTERED MAIL, COURIER, PERSONAL DELIVERY, ELECTRONIC MAIL OR FACSIMILE TO THE ADDRESS INDICATED HEREIN AND TO BE RECEIVED BY 5:00 P.M. (EASTERN STANDARD TIME) ON THE DAY WHICH IS TWENTY (20) CALENDAR DAYS AFTER THE DATE OF THE NOTICE OF REVISION OR DISALLOWANCE, OR SUCH LATER DATE AS THE RECEIVER AND THE CREDITOR MAY AGREE IN WRITING OR THE COURT MAY ORDER.

Address for Service of Dispute Notices:

BDO Canada Limited
Receiver of Morgrove Holsteins Ltd.
20 Wellington St. E. Suite 500
Toronto, Ontario, M5E 1C5
Attention: Warren Leung
Tel: (437) 568 8260
E-Mail: wleung@bdo.ca

IF YOU FAIL TO TAKE ACTION WITHIN THE PRESCRIBED TIME PERIOD, THE NOTICE OF REVISION OR DISALLOWANCE WILL BE BINDING UPON YOU.

THE BANK OF NOVA SCOTIA -and- MORGROVE HOLSTEINS LTD.

Applicant Respondent

Court File No. CV-26-00000193-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
BRANTFORD, ONTARIO

CLAIMS PROCESS ORDER

HARRISON PENSA LLP
Barristers and Solicitors
130 Dufferin Avenue, Suite 1101
London, ON N6A 5R2

Melinda Vine (LSO #53612R)

Thomas Masterson (LSO#76835U)

Tel: (519) 679 9660
Fax: (519) 667 3362
Email: mvine@harrisonpensa.com
Email: tmasterson@harrisonpensa.com

Lawyers for the Receiver,
BDO Canada Limited

THE BANK OF NOVA SCOTIA	-and-	MORGROVE HOLSTEINS LTD.
Applicant		Respondent

Court File No. CV-26-00000193-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
BRANTFORD, ONTARIO

NOTICE OF MOTION

HARRISON PENSA LLP
Barristers and Solicitors
130 Dufferin Avenue, Suite 1101
London, ON N6A 5R2

Melinda Vine (LSO #53612R)

Thomas Masterson (LSO#76835U)

Tel: (519) 679 9660
Fax: (519) 667 3362
Email: mvine@harrisonpensa.com
Email: tmasterson@harrisonpensa.com

Lawyers for the Receiver,
BDO Canada Limited

Tab 2

Court File No. CV-26-00000193-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

THE BANK OF NOVA SCOTIA

Applicant

- and -

MORGROVE HOLSTEINS LTD.

Respondent

FIRST REPORT TO THE COURT
SUBMITTED BY BDO CANADA LIMITED,
IN ITS CAPACITY AS COURT APPOINTED RECEIVER OF
MORGROVE HOLSTEINS LTD.

July 31, 2026

Table of Contents

Listing of Appendices

Appendix A	-	Affidavit of Marsha Singh sworn May 4, 2026
Appendix B	-	Order of the Honourable Justice J. A. Ramsay dated June 12, 2026
Appendix C	-	Fee Affidavit of Warren Leung sworn July 28, 2026
Appendix D	-	Fee Affidavit of Jason Difruscia sworn July 30, 2026
Appendix E	-	Statement of Receipts and Disbursements dated July 26, 2026

INTRODUCTION AND PURPOSE OF REPORT

Introduction

1) On May 4, 2026, The Bank of Nova Scotia (the "Bank") brought an application before the Ontario Superior Court of Justice (the "Court") for an order appointing BDO Canada Limited ("BDO") as receiver and manager (in such capacity, the "Receiver") of the assets, undertakings and properties of Morgrove Holsteins Ltd. ("Morgrove" or the "Company") including, without limitation, the property municipally known as 461 Highway 54, Brantford, Ontario (the "Real Property").

2) The Company operates a dairy farm from the Real Property. Operations were financed through credit facilities provided by the Bank, including a term loan, a credit line and credit cards secured by a first ranking mortgage over the Real Property and personal guarantees from the directors. The Bank's indebtedness was approximately $1,152,866 as at June 12, 2026.

3) The Company was historically owned by Arthur Morbrook ("Arthur") and his sons, Mark Morbrook ("Mark") and Robert Morbrook ("Robert"). Arthur, Mark and Robert are directors of the Company. In or around 2017, Mark and Robert acquired Arthur's ownership interest and became equal shareholders and directors of the Company.

4) As outlined in the Affidavit of Marsha Singh sworn May 4, 2026 (the "Singh Affidavit"), a copy attached herein as Appendix "A", the relationship between Mark and Robert deteriorated significantly over a number of years. The dispute ultimately resulted in a breakdown in the management and operation of the Company, with Mark ceasing his active involvement in the farming operations in approximately 2020. Robert and his son Stephen Morbrook ("Stephen") continue to operate the Company. The brothers became involved in litigation concerning the affairs of the Company, including allegations relating to financial disclosure, oppression and the management of the Company.

5) The Bank's relationship with Morgrove became increasingly challenged as the Company experienced covenant breaches and failed to satisfy various reporting requirements. The Bank also noted the maturity of the term loan and the Company failing to re-new or repay its indebtedness to date. In response to these concerns, the Bank issued letters and engaged in discussions with the Company and Mark and Robert, in an effort to address the defaults and facilitate a refinancing or consensual resolution. Notwithstanding these efforts, the Company was unable to remedy the defaults or obtain refinancing. The ongoing shareholder dispute and

lack of cooperation between Mark and Robert further complicated those efforts and impeded the Company's ability to effectively address its financial challenges.

6) A mediation process was conducted pursuant to the *Farm Debt Mediation Act* in November 2024; however, the parties were unable to reach a resolution. Despite forbearance and continued engagement by the Bank, no refinancing transaction was completed and the indebtedness to the Bank remains unpaid.

7) As a result of the continuing defaults under the Bank's credit facilities, the ongoing shareholder dispute, the deterioration of the Company's operations and financial position, and the Company's inability to arrange for refinancing, the Bank commenced the receivership application. By Order of the Honourable Justice J. A. Ramsay dated June 12, 2026 (the "Receivership Order"), BDO was appointed as Receiver of the Company pursuant to Section 101 of the *Courts of Justice Act* and Section 243(1) of the *Bankruptcy and Insolvency Act* (the "BIA"). A copy of the Receivership Order is attached as Appendix "B".

8) This first report of the Receiver (the "First Report"), and other court materials and orders issued and filed in these receivership proceedings, are available on the Receiver's website at: https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/morgroveholsteinsltd

Purpose of this Report

9) The purpose of this First Report is to provide information to the Court with respect to:

   (a) the Receiver's activities since the date of its appointment; and

   (b) the Receiver's motion for an order of this Court:

      (i) approving the First Report and the activities of the Receiver as set out herein;

      (ii) approving the sale of cattle and milk quota in the manner as set out the Proposed Sale (as defined below) in an amount necessary to satisfy the claims determined through the Claims Process (as defined below) and the Receiver's assessment of the funds required to satisfy proven creditor claims and the costs associated with the administration of the Receivership without further Order of this Court;

(iii) amending the Receivership Order to increase the limit of aggregate consideration at which the Receiver can complete a sale of the Property from $200,000 to $500,000;

(iv) directing the Receiver to proceed with the Claims Process as set out herein;

(v) approving the fees and disbursements of the Receiver and its legal counsel, Harrison Pensa LLP ("Harrison Pensa"), as set out herein;

(vi) approving the Receiver's Statement of Receipts and Disbursements up to and including July 26, 2026, as set out herein; and

(vii) such further and other directions as this Court may deem appropriate.

TERMS OF REFERENCE

10) The First Report has been prepared for the use of this Court and the Company's stakeholders as general information relating to the Company and to assist the Court in making a determination on whether to grant the relief sought herein. Accordingly, the reader is cautioned that this First Report may not be appropriate for any other purpose. The Receiver will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this First Report for a purpose different than set out in this paragraph.

11) In preparing this First Report and making the comments herein, the Receiver has been provided with, and has relied upon, unaudited financial information, books and records prepared by the Company, discussions with Robert, Mark and Steven ("Management"), and information from other third-party sources (collectively, the "Information"). Except as otherwise described in this First Report:

a) The Receiver has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance contemplated under CAS in respect of the Information; and

b) Some of the information referred to in this First Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.

12) Future-oriented financial information referred to in this First Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections even if the assumptions materialize, and the variances could be significant.

13) Unless otherwise indicated, the Receiver's understanding of factual matters expressed in this First Report concerning the Company and their businesses are based on the Information, and not independent factual determinations made by the Receiver.

14) Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

ACTIVITIES OF THE RECEIVER

15) Since its appointment, the Receiver has undertaken the following activities in accordance with the terms of the Receivership Order:

a) established the Receiver's website and issued the Notice and Statement of Receiver pursuant to subsections 245(1) and 246(1) of the BIA;

b) ensured the Company's bank accounts were immediately frozen and that only deposits were accepted, and arranged for the transfer of funds to the Receiver's trust account;

c) retained Harrison Pensa as the Receiver's legal counsel;

d) held discussions with Mark and his counsel regarding the receivership proceedings;

e) held discussions with Robert and his counsel regarding the receivership proceedings;

f) attended the Real Property and met with Robert and Stephen, who provided an overview and tour of the farming operations;

g) retained Syl-Mar Management Group ("Syl-Mar") to assist the Receiver with the monitoring of the Company's dairy farm operation, including reviewing and reporting on the status and health of the livestock, inventory, and equipment. Syl-Mar has more than 25 years of experience in monitoring businesses including farming operations and has worked on prior farming receivership proceedings;

h) coordinated with the Company's external accountant to obtain the books and records of the Company and to facilitate monthly payroll;

i) notified the existing insurer, suppliers and utilities and arranged for appropriate coverage to continue;

j) communicated with Canada Revenue Agency ("CRA");

k) held discussions with the Dairy Farmers of Ontario ("DFO") to facilitate redirection of milk proceeds to the Receiver and the proposed sale of milk quota;

l) addressed additional matters as they arose from time to time; and

m) prepared this First Report.

CURRENT OPERATIONS AND PROPOSED SALES

16) Morgrove's dairy farming operations are currently managed by Robert and Stephen, with limited assistance from part-time support staff. The farm presently maintains a herd of approximately 251 cattle and holds milk quota of 91.82 kilograms per day. Based on the Receiver's observations and discussions with Syl-Mar, the herd is generally healthy, and the farm has continued to meet its milk production requirements. Since its appointment, the Receiver has redirected milk proceeds to its trust account and has utilized such proceeds to fund ongoing post-filing operating expenses, including supplier payments, utilities, payroll, insurance and other costs necessary to maintain the farming operations.

17) During the Receiver's initial discussions with Mark, he raised concerns regarding Robert's ability to continue operating the dairy farm component of the Company at its current scale. Robert similarly acknowledged challenges associated with the limited availability of labour and support staff. Notwithstanding these concerns, both Mark and Robert independently expressed the view that a reduction in herd size and corresponding milk quota would be appropriate in the circumstances. Based on discussions with Mark and Robert, input received from Syl-Mar, and the Receiver's own observations, the Receiver believes that a reduction in herd size and milk quota is necessary to better align production levels with available labour

resources, reduce operational risk, and generate proceeds for the benefit of the Company's creditors, including the Bank. The Receiver is further of the view that implementing these measures at this time will preserve the value of the Company and mitigate the risks associated with maintaining a herd and production levels that may not be sustainable given the current labour shortages at the farm.

18) The following table outlines the Receiver's estimates of proceeds from the Proposed Sales and the expected use of funds:

Morgrove Holsteins Ltd.

$CAD, unaudited

	Quantity (kg / day or head)			Average Price ($)			Realization Value ($)			Notes
Proposed Sales Estimate	Low	Base	High	Low	Base	High	Low	Base	High	
Milk Quota	60	50	40	24,000	24,000	24,000	1,440,000	1,200,000	960,000	*a*
Cattle	150	125	100	2,122	2,822	4,222	318,261	352,717	422,174	*b*
Cattle Realization Costs							- 25,000	- 10,000	- 7,500	*b*
							1,733,261	1,542,717	1,374,674	
Professional Fees										
Receiver							200,000	150,000	125,000	*c*
Receiver's Counsel							75,000	50,000	40,000	*c*
							275,000	200,000	165,000	
Surplus before Distribution to Creditors							1,458,261	1,342,717	1,209,674	
Distribution to Creditors										
Bank of Nova Scotia							1,152,866	1,152,866	1,152,866	*d*
Other Trade Creditors							250,000	100,000	50,000	*e*
							1,402,866	1,252,866	1,202,866	
Excess Funds							55,395	89,851	6,808	*f*

a) Milk Quota

i) The DFO is the regulator and sole delegated authority responsible for the marketing of milk in Ontario. Based on the Receiver's review and understanding of the DFO's Quota and Milk Transportation Policies dated July 1, 2010, as amended, and discussions with representatives of the DFO, any transfer or sale of milk quota must be approved by the DFO and completed through the monthly quota exchange administered by the

DFO. The current quota price cap established by the DFO is $24,000 per kilogram. The DFO has advised the Receiver that recent quota exchange transactions have consistently cleared at the maximum permitted price due to strong demand and limited available supply. In addition, recent quota exchange activity indicates that the number of producers seeking to acquire quota substantially exceeds the number of producers offering quota for sale. Accordingly, the Receiver expects that any quota sold through the quota exchange will realize proceeds at or near the current price cap.

ii) The Receiver intends to market approximately 40 to 60 kilograms per day of Morgrove's milk quota, representing approximately 44% to 65% of the farm's total quota holdings. Based on the current quota price cap, the Receiver estimates that the proposed quota sale will generate gross proceeds of approximately $960,000 to $1.44 million.

iii) As an initial step, the Receiver has submitted a written request to the DFO to market and sell 7 kilograms per day of Morgrove's milk quota. The Receiver estimates that the sale of this quota would generate gross proceeds of approximately $168,000 and is within the Receiver's authority to complete pursuant to paragraph 3(k)(i) of the Receivership Order without further Court approval. If successful, the transfer of the quota is expected to take effect on or around September 1, 2026.

iv) The Receiver is continuing discussions with Robert and Mark, as well as their respective counsel, regarding the extent of any additional quota to be marketed and sold through the DFO quota exchange. The Receiver is seeking the approval to sell additional quota in the same manner as outlined above, in an amount necessary to satisfy the claims determined through the Claims Process (as defined below) and the Receiver's assessment of the funds required to satisfy proven creditor claims and the costs associated with the administration of the Receivership without further Order of this Court.

b) Cattle

i) Following the sale of milk quota, Morgrove will be required to correspondingly reduce its milk production, necessitating the prompt disposition of a portion of its cattle. The Receiver understands that sales through recognized livestock auction facilities represent the customary, commercially reasonable, and industry-accepted method of disposition for dairy cattle in Ontario. Historically, Morgrove has marketed its cattle through the Ontario Livestock Exchange and the Hagersville Auction Centre.

Accordingly, the Receiver intends to market the livestock through one or both of these established auction facilities. Based on estimates provided by Syl-Mar, recent Morgrove livestock sales, and the Receiver's own assessment, the realizable value of approximately 44% to 65% of Morgrove's cattle is expected to range between $318,261 and $422,174, before realization costs.

ii) The cattle realizations costs are estimated based on discussions with Syl-Mar, Ontario Livestock Exchange and Hagersville Auction Centre and include transportation costs, commission, and other auction-related fees;

iii) The Receiver is continuing discussions with Robert and Mark, as well as their respective counsel, regarding the extent of any additional cattle to be marketed and sold. The Receiver is seeking the approval to sell additional cattle in the same manner as outlined above, in an amount necessary to satisfy the claims determined through the Claims Process (as defined below) and the Receiver's assessment of the funds required to satisfy proven creditor claims and the costs associated with the administration of the Receivership without further Order of this Court.

(18 (a) and (b) are collectively referred to as the "Proposed Sales")

c) Receiver and Receiver's Counsel: Professional fees and disbursements incurred to date, together with estimated professional fees and disbursements associated with the ongoing administration of the Receivership, including the implementation of the Proposed Sales and the Claims Process (as defined below);

d) The Bank of Nova Scotia: Outstanding indebtedness as at June 12, 2026, based on the Bank's records;

e) Other trade creditors: Estimated pre-filing indebtedness to trade creditors based on the Company's limited available records in the High Scenario, with an allowance for additional unrecorded or unidentified creditors in the Base and Low Scenarios. Due to limitations in the Company's records and uncertainty regarding the completeness and accuracy of recorded liabilities, the Claims Process (as defined and discussed further below) is necessary to identify creditors and quantify their respective claims for the purposes of distributing the proceeds from the Proposed Sales; and

f) Excess funds: Estimated funds remaining following payment of professional fees and estimated distributions to creditors.

19) The Receiver is of the view that the Proposed Sales represent the most practical and commercially reasonable means of realizing upon the milk quota and livestock assets. The Proposed Sales will be conducted through established industry mechanisms for the disposition of such assets and are expected to maximize realizable value while permitting the dairy farming operations to be downsized on an expedited basis. The Receiver considers the prompt reduction of the herd and corresponding quota to be critical to reducing the ongoing operational burden, labour requirements, and costs associated with operating the farm during the Receivership.

20) In aggregate, the Receiver estimates that proceeds from the Proposed Sales will range from approximately $1.4 million to $1.7 million, net of realization costs. The Receiver intends to market and sell approximately 54% of Morgrove's milk quota and cattle, concurrently with the implementation of the Claims Process. Based on the Receiver's current understanding of the Company's liabilities, the Receiver expects that the proceeds from the Proposed Sales will be sufficient to satisfy creditor claims and the costs associated with the administration of the Receivership. However, the ultimate quantum of creditor claims will not be known until the Claims Process has been completed. Should the Claims Process identify additional liabilities requiring funding for settlement, the Receiver may market and sell additional milk quota and cattle, increasing the overall sale to as much as 65% of the Company's milk quota and cattle. As the anticipated realization exceeds the monetary thresholds set out in the Receivership Order, the Receiver is seeking the approval of this Court to complete the Proposed Sales. The Receiver has advised counsel to Robert and counsel to Mark of its realization strategy; Robert supports the proposed approach, and Mark has not raised any objection.

21) The analysis above assumes that proceeds generated from the Proposed Sales will be sufficient to satisfy the Company's pre-filing indebtedness in full. As reflected in the Statement of Receipts and Disbursements below, the Receiver held a surplus of receipts over disbursements, before accrued receivership liabilities of $80,970.23 as at July 26, 2026, in the Receiver's trust account. The Receiver expects that this surplus will be sufficient to satisfy all unpaid obligations incurred during the course of the receivership proceedings for goods and services provided to the Company. In the event that proceeds realized from the Proposed Sales are lower than anticipated, or creditor claims exceed the Receiver's estimates, the Receiver may be required to realize upon additional assets of the Company. In such circumstances, the

Receiver proposes to exercise its authority under paragraph 3(k)(i) of the Receivership Order to market and sell additional milk quota and cattle in the same manner as the Proposed Sale in order to satisfy the Company's outstanding liabilities.

22) Notwithstanding the foregoing, the Receiver is seeking an amendment to paragraph 3(k)(i) of the Receivership Order to increase the aggregate consideration threshold for asset sales that may be completed by the Receiver without further Court approval from $200,000 to $500,000. The Receiver notes that paragraph 3(k)(i) currently provides for both an individual transaction limit of $200,000 and an aggregate transaction limit of $200,000. In the Receiver's view, the aggregate threshold does not appear consistent with the practical administration of the receivership estate and may have been inadvertently included at the same amount as the individual transaction threshold. Increasing the aggregate threshold to $500,000 will permit the Receiver to efficiently administer and realize upon the Company's assets without incurring the additional costs and delays associated with repeated Court attendances for routine sale transactions, while preserving the existing $200,000 limit applicable to individual transactions.

CLAIMS PROCESS

23) The Receiver's review of the Company's books and records indicates that the recorded liabilities may not provide a complete picture of the creditor body due to limitations associated with the Company's records and uncertainty regarding the completeness and accuracy of recorded liabilities. Accordingly, the Receiver believes a formal claims process (the "Claims Process") is necessary to identify the Company's creditors and quantify their respective claims to facilitate the settlement of the Company's liabilities using the proceeds from the Proposed Sales described above.

24) The Receiver is seeking a Claims Process Order substantially as follows:

a) notification to all claimants by the Receiver sending written notice of the Claims Process to all potential claimants identified by the Receiver from the Company's records (the "Claimant") and by publishing a notice in The Brantford Expositor to inform any other potential claimant of their right to prove their claims within a fixed time period failing which their claims would be barred;

b) the Receiver will deliver a claims package to each Claimant identified; and

c) the Receiver will post the notices and claims package on the Receiver's website.

25) The filing of proof of claims ("Proof of Claim") and the determination of such claims ("Claims") would operate under the following procedure:

a) Claimants asserting a Claim are required to deliver a Proof of Claim to the Receiver no later than 60 days subsequent to the issuance of the claims bar order (the "Claims Bar Date"), failing which, such Claimant would stand forever barred, estopped, and enjoined from asserting or enforcing any Claim against the Company, the Receiver or any other person and such claim would be forever extinguished;

b) the Receiver will review and evaluate the Claims received and will either accept, revise or disallow the Claim set out in such Proof of Claim;

c) if the Receiver accepts a Claim as set forth in a Proof of Claim submitted to the Receiver, that Claim would be an eligible claim ("Eligible Claim");

d) if the Receiver chooses to revise or disallow a Claim, the Receiver will advise the Claimant by sending a Notice of Revision or Disallowance to the Claimant as soon as possible, or such later date as the Court may order;

e) any Creditor who disputes the amount of its Claim as set forth in a Notice of Revision or Disallowance, must deliver a Notice of Dispute to the Receiver as soon as reasonably possible but in any event on or before 5:00 p.m. on the 14th day after receipt of the Notice of Revision or Disallowance or such later date as the Court may order;

f) any Creditor who fails to deliver a Notice of Dispute by the deadline set forth in the sub-paragraph above, will be deemed to accept the amount of its Claim as set out in the Notice of Revision or Disallowance;

g) upon receipt of a Notice of Dispute, the Receiver, may attempt to resolve the amount of the Claim with the Claimant by consent;

h) if a Claim is resolved by consent between the Receiver and the Claimant, the Receiver may accept a revised Proof of Claim setting forth the agreed amount of the Claim, and such settled Claim shall be an Eligible Claim;

i) in the event the Receiver and the Claimant are not able to resolve the Claim amount and any matters arising pursuant to the Notice of Dispute, the Claimant shall file a

Notice of Motion with the Court for the determination of the Claim in dispute, with a copy to be sent to the Receiver immediately after filing the notice of motion; and

j) a Claimant or the Receiver, may within 7 calendar days of the Court's determination of the Claim in dispute under this Claims Process, appeal such determination to the Court by filing with the Court a Notice of Appeal, which appeal shall be made returnable within 14 calendar days of the filing of the Notice of Appeal, in default of which such determination by the Court shall, be deemed to be final.

26) The proposed time frame for administering the Claims Process is summarized as follows:

Process	Date
Mailing to creditors	Within 20 days following the issuance of the Order
Website posting	Within 20 days following the issuance of the Order
Newspaper notice	Within 20 days following the issuance of the Order
Claims Bar Date	60 days following the issuance of the Order
Notice of Revision or Disallowance	To be delivered by the Receiver, acting reasonably
Notice of dispute	14 calendar days after the date of the Notice of Revision or Disallowance

FEES AND DISBURSEMENTS OF THE RECEIVER

27) The Receiver and its legal counsel have maintained detailed records of their professional time and costs incurred since the date of the Receivership Order.

28) The fees and disbursements of the Receiver for the period from May 4, 2026 to July 26, 2026 are detailed in the affidavit of Warren Leung sworn July 28, 2026 (the "Leung Affidavit"), a copy of which is attached hereto as Appendix "C". The Receiver's fees for the period from May 4, 2026 to July 26, 2026 encompass 103.4 hours at an average hourly rate of approximately $541.6 for a total of $56,001.50 prior to disbursements of $773.07 and applicable taxes. The

Receiver is therefore requesting that this Honourable Court approve total fees and disbursements inclusive of applicable taxes in the amount of $64,155.26.

29) The fees and disbursements of Harrison Pensa for the period from April 5, 2026 to July 27, 2026 are detailed in the affidavit of Jason Difruscia sworn July 30, 2026 (the "Difruscia Affidavit"), a copy of which is attached as Appendix "D". Harrison Pensa's fees for the period from April 5, 2026 to July 27, 2026 encompass 24.4 hours at an average hourly rate of approximately $509.75 for a total of $12,438.00 prior to disbursements of $93.40 and applicable taxes. The Receiver is therefore requesting that this Honourable Court approve Harrison Pensa's total fees and disbursements inclusive of applicable taxes in the amount of $14,160.48.

30) The detailed narratives contained in the invoices provide a fair and accurate description of the services provided and the amounts charged by the Receiver and its legal counsel. Included with the invoices is a summary of the time charges of partners and staff, whose services are reflected in the invoices, including the total fees and hours billed.

31) The Receiver respectfully submits that the Receiver's fees and disbursements, and Harrison Pensa's fees and disbursements, are reasonable in the circumstances and have been validly incurred in accordance with the provisions of the Receivership Order.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

32) The actual receipts and disbursements of the Receiver up to and including July 26, 2026 are summarized in the Receiver's Statement of Receipts and Disbursements attached to this First Report as Appendix "E". As at July 26, 2026, there is a surplus of receipts over disbursements, before accrued receivership liabilities of $80,970.23.

RECEIVER'S RECOMMENDATIONS

33) For reasons set out above, the Receiver recommends that the Court grant the proposed Order:

a) approving this First Report and activities of the Receiver described herein;

b) approving the Proposed Sales;

c) approving the amendment to the Receivership Order to increase the limit of aggregate consideration at which the Receiver can complete a sale of the Property from $200,000 to $500,000;

d) directing the Receiver to proceed with the Claims Process to be set out in an Order substantially as set out herein;

e) approving the fees and disbursements of the Receiver and its counsel, as set out in the First Report; and

f) approving the Receiver's Statement of Receipts and Disbursements up to and including July 26, 2026, as set out in the First Report.

All of which is respectfully submitted this 31st day of July, 2026

BDO CANADA LIMITED
in its capacity as Court-Appointed Receiver
of Morgrove Holsteins Ltd.
and without personal or corporate liability

J. Parisi

Name: Josie Parisi, CPA, CA, CBV, CIRP, LIT
Title: Senior Vice President

Name: Warren Leung, LIT
Title: Senior Vice President

APPENDIX A

Court File No. CV-26-00000193-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

B E T W E E N:

THE BANK OF NOVA SCOTIA

Applicant

-and-

MORGROVE HOLSTEINS LTD.

Respondent

APPLICATION UNDER 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

AFFIDAVIT OF MARSHA SINGH

I, **Marsha Singh,** of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am a Senior Litigation Officer with the Applicant, The Bank of Nova Scotia (sometimes referred to as the "**Bank**"). As such, I have knowledge of the matters to which I hereinafter depose. Where I do not have personal knowledge, I have indicated my source of information and do verily believe such information to be true. Where correspondence is adopted as an exhibit, I do verily believe it was sent and received on the date(s) indicated.

2. This Affidavit is sworn in support of an application by the Bank for the appointment of BDO Canada Limited ("**BDO**") as receiver and manager over the Respondent, Morgrove Holsteins Ltd. ("**Morgrove**").

The Respondent

3. Morgrove is an Ontario corporation carrying on business as a dairy farm in Brantford, Ontario. Attached hereto as **Exhibit "A"** is a copy of the Corporation Profile Report obtained from the Ministry of Public and Business Service Delivery (Ontario) for Morgrove dated March 26, 2026, which lists Mark Anthony Morbrook ("**Mark**") and Robert Arthur Morbrook ("**Robert**", and together with Mark, the "**Brothers**") as officers and directors, and lists Arthur Morbrook ("**Arthur**") as a director. Arthur was the Brothers' father until he died on September 29, 2023; a copy of his online obituary is attached hereto as **Exhibit "B"**.

4. Morgrove is the registered owner of the property municipally known as 461 Highway 54, Brantford, Ontario (the "**Property**"). Attached hereto as **Exhibit "C"** is a copy of the abstract of title and applicable instruments for the Property.

The Principals of Morgrove

5. On or about August 28, 2023, the Bank received a letter dated August 24, 2023, from Shene Harris of Ross & McBride LLP, counsel for Mark ("**Mark's Counsel**"), advising that cross-examinations would be taking place "with respect to the Application against Robert Morbrook and Morgrove Holsteins Ltd.". A copy of the said letter is attached hereto as **Exhibit "D"**.

6. On or about September 19, 2023, the Bank obtained a copy of the Application Record with respect to aforementioned Application, attached hereto as **Exhibit "E"**. The Application Record details the various relief that Mark seeks against Robert and Morgrove, including:

(a) a declaration that the business of Morgrove has been exercised in a manner that is oppressive, unfairly prejudicial, and unfairly disregards the interests of Mark;

(b) a declaration that the power of Robert has been carried on in a manner that is oppressive, unfairly prejudicial, or unfairly disregards the interests of Mark;

(c) an order that the Respondents produce to Mark the complete corporate records and financial documentation for Morgrove since the beginning of 2018;

(d) an order requiring Robert to purchase the shares of Mark for fair market value; and

(e) an order appointing a liquidator of Morgrove.

7. The Application Record also contains the Affidavit of Mark sworn on August 4, 2021 (the "**Mark Affidavit**"). I have reviewed the Mark Affidavit, and I note that it explains that the Brothers purchased Arthur's shares in Morgrove, and it also details the Brothers' acrimonious relationship, which details are included in the following excerpts:

> 5. In 2017, Robert and I opted to purchase and distribute our Father's shares between us so that Robert and I would each hold equal shares in Morgrove. Our Father's shares were therefore distributed as follows:
>
> a) Robert received an additional 30,380 Class A Preferred Shares, for a total of 80,000 Class A Preferred Shares, and an additional 87,680 Common Shares for a total of 231,093 Common Shares.
>
> b) I received 80,000 Class A Preferred Shares, for a total of 80,000 Class A Preferred Shares, and an additional 104,153 Common Shares for a total of 231,093 shares.
>
> …
>
> 7. I note that the above distribution does not account for one of my Father's shares, which appears to be an error in the share transfer/corporate documents. In any case, after the distribution, Robert and I each owned 50% of the Corporation's shares.

BREAKDOWN IN RELATIONSHIP

8. Robert and I had a sordid relationship as it related to the business. In fact, we used a mediator for approximately 9 years prior to the purchase of my Father's shares. This arrangement proved to be a reasonably workable solution.

9. Following the purchase and distribution of our Father's shares 2017, my relationship and communications with Robert unfortunately began to deteriorate. Robert ran the business however he saw fit and made decisions without first consulting me, while he simultaneously refused and/or resisted suggestions I made with respect to the business.

10. My working relationship with Robert worsened after the purchase of my Father's shares, when Robert refused to continue to use a mediator to deal with our disputes about the business. I also found I was working significantly more than Robert; I took only about 4-5 days' vacation in a year, while Robert took approximately 7 weeks. Combined with his insistence on running the business without considering my input, Robert's work ethic (particularly as compared to mine) left me quite displeased with our working relationship.

11. Our relationship broke down further after Robert's son, Stephen Morbrook, (hereinafter "**Stephen**") was fired from his job in and around September 2018. Stephen had anger and aggression issues growing up, which manifested in a variety of troublesome and sometimes violent ways towards me, my parents (Stephen's grandparents), and sometimes my children. In fact, I was often concerned for the safety of my children.

14. In addition to the above, I also discovered that Robert was using Morgrove's funds to pay for Stephen's personal expenses, including diesel, repairs and parts for his truck, and his clothing and shoes, among other things.

...

END OF BUSINESS RELATIONSHIP

18. Further to my discussions with Robert and our agreement end our business relationship, in June 2019, I reached out to an accountant, Mike Bossy of Bossy Nagy Group. I advised Mr. Bossy that Robert and I owned a dairy farm and no longer wished to continue with the business together. We sought Mr. Bossy's assistance with this process, and made arrangements to meet with him. Attached hereto and marked as **Exhibit "B"** is a true copy of my emails to and from Mr. Bossy and Melissa Cluett, of Mr. Bossy's office, dated June 12, 2019 through to July 5, 2019.

...

26. Robert was very upset to learn that the offer was accepted and that I intended to proceed with the purchase of the Eastern Ontario Farm. I did not anticipate Robert's reaction, as it was my understanding that he had agreed and intended to purchase my shares, or winding up the business. We had had numerous discussions with Mr. Bossy to this effect up to this point. Further, I had stopped working at the Morgrove farm in and around February 2020. The basis of our discussions and actions up to this point (including our ongoing discussions with Mr. Bossy) clearly indicated that we agreed that I would be leaving Morgrove, Robert would be purchasing my shares and that I would be looking to purchase another farm.

...

> 28. We rescheduled our meeting with Mr. Bossy on or about November 4, 2019. Mr. Bossy again provided us with the two options noted at our July meeting with respect to Morgrove: we could either wind up the business or, alternatively, Robert could buy my shares and I could move forward on my own. Robert indicated that he would need some time to think about it, and also to speak with his bank and/or look into his financing options to purchase my shares.

8. The Mark Affidavit also details Robert's lack of cooperation with Mark in purchasing Mark's shares in Morgrove, and the poor management of Morgrove by Robert that is creating financial difficulties for the business, such as the details provided in the following excerpts:

> 40. In addition to the above, Ms. Harris notes that Robert also failed to submit receipts for reimbursement within a timely manner for well work completed by Morgrove. The costs of the work was incurred by Morgrove as a result of work commenced by a neighbouring farm, for which Morgrove should have been reimbursed.
>
> 41. To clarify with respect to this issue regarding the neighbouring well, in July 2019, the neighbouring farm, North 48, drilled wells which resulted in various environmental issues for which the Ministry of Environment became involved. North 48 was ordered to pay for all costs for damages and issues to Morgrove's property as a result of said work. Robert, on behalf of Morgrove, was supposed to send its costs totaling approximately $60,000 to North 48 for repayment. For reasons entirely unknown, Robert simply failed to do so until several months later until late December 2019. As a result of this delay, the costs of these repairs to the well were carried by Morgrove and carried over into the corporation's subsequent financial year, which caused a number of issues with the corporation's bank, Scotiabank.
>
> 42. My knowledge of this issue is somewhat limited as Robert was (and is) responsible for the corporation's finances. To my knowledge, Morgrove was never reimbursed for this large expense.
>
> 43. Accordingly, Ms. Harris notes in the June 8, 2020 letter, that this issue regarding the neighbouring well negatively impacted Morgrove's financial status in 2020. Ms. Harris further notes that Robert's conduct was both inappropriate and oppressive.
>
> 44. Since February 2019, Robert has not provided any information that I have asked for pertaining to either the sale of Morgrove, or his purchase of my shares. He has also failed to provide any records pertaining to his son Stephen's employment with Morgrove and his expenses.

…

> 50. In addition to the above, Robert's mismanagement of the business has caused Morgrove to suffer financial issues. In particular, the issue with the neighbouring farm and the well work as discussed above. Again, I have limited information regarding this as it was Robert's responsibility to handle this matter. However, it is my understanding that Scotiabank also put up red flags on Morgrove's account as a result of Robert's failure to submit information and receipts in a timely manner.

9. Moreover, Kristina Hansen ("**Ms. Hansen**"), an Agriculture Market Lead – Southwestern Ontario with the Bank, who originally had carriage of the file, has advised me, and I do verily believe, that she learned the following by about May 2023:

(a) the Brothers bought-out Arthur's share of ownership in Morgrove in 2017 and the Brothers now owned it 50-50 between them, but the Bank's system still showed that Morgrove was owned by Robert, Mark, and Arthur;

(b) despite this, the details of the purchase was unclear to the Bank, and the Bank did not receive a copy of any Share Purchase Agreement;

(c) Mark walked away from Morgrove's business in 2020 and has not been on the farm since then, and does not want to be part of the business operation; and

(d) the Brothers do not speak to each other and there is evident animosity toward each other, and Ms. Hansen had to deal with them separately.

10. To the Bank's knowledge, the Brothers' legal dispute continues to date. As detailed below, no resolution has been reached between the Bank and Morgrove in-part due to this ongoing dispute.

<u>The Credit Facilities to Morgrove</u>

11. Pursuant to a Credit Agreement *for business* dated June 10, 2016, including the Schedule of Conditions and Reporting Requirements and the Addendum to Credit Agreement Scotia Flex (collectively, the "**Credit Agreement**"), a copy of which is attached hereto as **Exhibit "F"**, the Bank granted to Morgrove a ScotiaFlex For Agriculture credit facility in the total amount of $1,500,00.00, which consists of the following four (4) credit facilities:

(a) a term loan for agriculture in the authorized amount of $989,000.00, with interest to accrue thereon at the fixed rate of 2.5% per annum (the "**Term Loan**"), granted for a term of 60 months with an amortization period of 300 months, with monthly payments to be made thereon of $4,430.39 per month;

(b) a Credit Line in the authorized amount of $481,000.00, with interest to accrue thereon at the Bank's prime rate of interest in effect from time to time (the "**Prime Rate**") plus 0.5% per annum (the "**Credit Line**");

(c) a Scotia Momentum Visa Card with an authorized limit of $20,000.00, with interest to accrue thereon at the fixed rate of 19.99% per annum (the "**Visa**", and together with the Term Loan and the Credit Line, the "**Credit Facilities**"); and

(d) a Scotialine *for business* VISA card with an authorized limit of $10,000.00.

12. The terms and provisions of the 2016 Business Banking Services Agreement (the "**BBSA**"), attached hereto as **Exhibit "G"**, form part of the Credit Agreement. Among other rights and remedies, the default provisions under the BBSA provide for the appointment of a receiver or receiver and manager in the event of default of Morgrove's obligations: "If a default event occurs,

we also have the following remedies: … We may appoint a receiver or a receiver-manager if we choose to do so.”

Security for the Credit Facilities

13. Morgrove’s indebtedness to the Bank is secured by, among other things, the following (collectively, the “**Security**”):

(a) a first-ranking Mortgage/Charge granted by Morgrove in favour of the Bank in the principal sum of $1,500,000.00 registered against the Property on August 2, 2016, as Instrument No. BC299492 (the “**Mortgage**”), a copy of which is attached hereto as **Exhibit “H”**;

(b) an unlimited personal guarantee of Arthur, plus interest accruing thereon in accordance with the “Credit Agreement” section of the Bank’s Business Banking Services Agreement (the “**BBSA**”), which guarantee is located at Page 2 of 2 of the Credit Agreement (the “**Arthur Guarantee**”);

(c) an unlimited personal guarantee of Robert, plus interest accruing thereon in accordance with the “Credit Agreement” section of the BBSA, which guarantee is located at Page 2 of 2 of the Credit Agreement (the “**Robert Guarantee**”); and

(d) an unlimited personal guarantee of Mark, plus interest accruing thereon in accordance with the “Credit Agreement” section of the BBSA, which guarantee is located at Page 2 of 2 of the Credit Agreement (the “**Mark Guarantee**”).

14. The Mortgage incorporates Mortgage Standard Charge Terms 200012, which provide, among other rights and remedies, for the appointment of a receiver or receiver and manager, in the event of default of Morgrove's obligations:

> If you fail to comply with any of your obligations under the mortgage, or if any part of the obligations secured is not paid when due, or if an event of default occurs under any agreement that relates to the obligations secured, we may enforce our rights in any of the ways set out below.
>
> …
>
> We may appoint in writing a receiver (or receiver and manager), on any terms (including remuneration) that we think are reasonable, to collect any income from the property…

<u>Other Secured Creditors</u>

15. Attached hereto as **Exhibit "I"** is a copy of the Ministry of Government Services Personal Property Security Registration System Enquiry Result for Morgrove obtained on April 30, 2026, which confirms that there are three (3) registrations affecting Morgrove:

(a) a financing statement registered by AGCO Finance Canada Ltd on August 26, 2025, for a period of six (6) years indicating a collateral classification of equipment, for a 2024 Massey Ferguson MF2607H Tractor MEAD5281YR1470307;

(b) a financing statement registered by Royal Bank of Canada on October 2, 2025, for a period of five (5) years indicating a collateral classification of inventory, equipment, accounts, other, and motor vehicle included; and

(c) a financing statement registered by Farm Credit Canada on July 5, 2021, for a period of six (6) years, indicating a collateral classification of equipment and other.

16. Based on the real property abstract of the Property previously attached hereto as Exhibit "C", I note the registration of the Mortgage, registered on August 2, 2016.

17. A Tax Certificate on the Property as at April 8, 2026, a copy of which is attached as **Exhibit "J"**, shows that Morgrove owes the County of Brant approximately $3,516.58 in property taxes.

18. Based on a Clearance Certificate in the County of Brant (Brantford) for Morgrove obtained on April 30, 2026, a copy of which is attached as **Exhibit "K"**, there are no executions filed against Morgrove in the County of Brant.

19. Other than what is set out above, I am not aware of any other secured creditors of the Debtors, including any other government priority claims.

<u>Default, Reservation Letter, and Demands</u>

The Defaults

20. Ms. Hansen advises me, and I do verily believe to be true, that when she had original carriage of the file, she learned of the following defaults by the end of June 2023:

(a) Morgrove was in breach of its debt service covenant of 1.15:1 – based on the latest information it provided for the reporting period ending on December 31, 2022, its debt service ratio was at ~0.54x, using a 3-year average;

(b) Morgrove failed to provide certain financial reporting to the Bank, including (i) a T1 General tax return forms for one of the Brothers for 2022, and (ii) the same Brother's accountant confirmed that he had not filed personal taxes for 2022;

(c) a judgment from a local Co-op was discovered on the corporate bureau report for Morgrove, from 2021; and

(d) Mark advised the Bank that cows had been sold, and Morgrove's financial statements showed a significant increase in cattle sales year-over-year from 2021 to 2022.

The Reservation Letter

21. In September 2023, the Bank prepared and sent to Morgrove a Reservation of Rights Letter dated September 28, 2023 (the "**Reservation Letter**"), attached hereto as **Exhibit "L"**, detailing the following events of default:

(a) some or all of Morgrove's shares had been sold, but the Bank had not received a copy of the Share Purchase Agreement indicating the change of ownership of the business;

(b) Morgrove was in breach of its debt service covenant;

(c) Morgrove and the Brothers have failed to provide the required financial reporting; and

(d) a local Co-op obtained a judgment against Morgrove in or about 2021.

However, the Reservation Letter also provided that the Bank was prepared to forbear action on the covenant default and to continue to support Morgrove, and to keep the Credit Facilities available to it, until January 31, 2024, if certain new covenants were complied with, including the following:

(a) Morgrove was to immediately provide the Bank with a copy of the Share Purchase Agreement, with respect to the purchase of Arthur's shares in Morgrove in 2017;

(b) Morgrove's debt service covenant shall be brought back onside by December 31, 2023;

(c) as an alternative to (b), Morgrove shall present to the Bank for its consideration a plan for bringing its debt service covenant onside by November 30, 2023; and

(d) Morgrove shall provide a detailed commentary setting out why significant losses were reported in the years 2018, 2019, and 2020.

The Reservation Letter required that Morgrove and the Brothers acknowledge acceptance by signing it and returning it to the Bank's counsel by the close of business on October 12, 2023.

22. I verily believe that, in or about November 2023, Mark called the Bank and advised of, among other things, the following:

(a) he received the Reservation Letter and did not sign it because of the ongoing Application that he brought against Robert;

(b) he has been unsuccessful in his attempts to obtain Morgrove's financial information from Robert;

(c) only Robert has a copy of the Share Purchase Agreement; and

(d) the farm was still operational, but he could not confirm at what capacity, and he was unsure if the farm was meeting its milk production quota.

23. On or about November 20, 2023, the Bank received a letter (the "**Robert Letter**") from Dennis Touesnard of Waterous Holden Amey Hitchon LLP, counsel for Robert ("**Robert's Counsel**"), attached hereto as **Exhibit "M"**, confirming receipt of the Reservation Letter. The Robert Letter disputed that Morgrove was in default with the Bank and set out the reasons for this

position. It also confirmed that the “owners of the shares [Robert and Mark] are in a dispute in court file number CV-21-000076292-0000.”

24. On February 27, 2024, the Bank received a letter (the “**Mark Letter**”) from Mark’s Counsel, attached hereto as **Exhibit “N”**, confirming receipt of the Reservation Letter. The Mark Letter advised, among other things, that shares were transferred from Arthur to the Brothers, that Mark has limited knowledge of the financial status of Morgrove and understands that the Bank has requested certain information that Robert has not provided, and that he has no information in relation to a Judgment against Morgrove but he did receive notice that there were outstanding sums owed to Morgrove’s creditors.

25. The Reservation Letter was not signed and returned as required, and the additional covenants listed therein were not satisfied by January 31, 2024.

Maturity of the Term Loan

26. Moreover, the Term Loan was not paid upon its maturity on July 28, 2021. The entirety of the Term Loan is due at the end of the term specified in the Credit Agreement, as per the terms of the BBSA previously attached hereto as Exhibit “G”, as follows:

> If you borrow via a term loan, the entire amount of the indebtedness remaining unpaid is due and payable at the end of the term specified in the agreement or earlier if you default on any of the terms in the agreement, or in any other agreement with us. If you do, we can demand that you immediately pay back the entire indebtedness to us under this agreement.

27. Since the Term Loan was extended to Morgrove in 2016 for a term of 60 months, it matured on July 28, 2021, but was unpaid then and remains unpaid to date. Morgrove has not renewed the Term Loan, and it is the Bank’s understanding that the failure to do so has been, at least in-part, due to the dispute between the Brothers.

Change of Ownership

28. Further, the change in Morgrove's ownership from Robert, Mark, and Arthur, to Robert and Mark as 50-50 owners, is a "[d]efault event" pursuant to the BBSA previously attached hereto as Exhibit "G". Where a default event occurs, even if the credit facility is not a demand loan, the Bank has the right to demand immediate payment of the entire amount outstanding:

> **14. Default events**
>
> We have the right to require immediate payment at any time if the agreement specifies that a credit facility must be paid on demand.
>
> If a credit facility is not a demand loan, we still have the right to demand immediate payment of the entire amount if any of the following events happen. These events are called default events:
>
> …
>
> - in our opinion, there is any material unfavourable change in your financial condition, the financial condition of any guarantor or the operation of your business
>
> …
>
> - there is a change of control in the ownership of your business

29. This change in ownership in Morgrove, in conjunction with the dispute between the Brothers and its effect on Morgrove's business as detailed in the Mark Affidavit, can also be considered a material unfavourable change in the operation of the business – another default event.

30. Therefore, in addition to the foregoing defaults, I verily believe that the Bank was within its rights to issue the Demands (defined below).

The Demands

31. Given the continuing defaults, on September 10, 2024, the Bank, through its counsel, made demands upon Morgrove, Arthur, and the Brothers, pursuant to their respective obligations. The

Bank declared the entire amount of the indebtedness to be immediately due and payable, and enclosed Notices of Intention to Enforce Security against Morgrove pursuant to section 244(1) of the *Bankruptcy and Insolvency Act* and a Notice of Intent by Secured Creditor pursuant to the *Farm Debt Mediation Act*. Attached hereto as **Exhibit "O"** are copies of the said demand letters and notices (collectively, the "**Demands**").

The Bank's Efforts to Have the Mortgage Paid

32. Jason Spetter of Spetter Zeitz Klaiman PC, counsel for the Bank (the "**Bank's Counsel**"), has been in contact with Mark's Counsel since about November 2023. On March 25, 2024, in an email attached hereto as **Exhibit "P"**, the Bank's Counsel advised Mark's Counsel that the Mortgage has matured and the Bank is concerned with the Brothers' ongoing dispute, but that it would provide a reasonable time period for Morgrove to arrange for refinancing.

33. Also on March 25, 2024, in an email attached hereto as **Exhibit "Q"**, the Bank's Counsel advised Robert's Counsel that the Mortgage has matured and the Bank is concerned with the Brothers' ongoing dispute, but it would provide a reasonable time frame for Morgrove to refinance the Mortgage.

34. On September 24, 2024, the Bank's Counsel advised Robert's Counsel and Mark's Counsel in the same email that the Demands have expired, attached a mortgage discharge statement, asked what were the Brothers' intentions, and advised that, if the parties are unable to reach an agreement, the Bank would bring an application to appoint a receiver. Attached hereto as **Exhibit "R"** is a copy of the said email.

35. On September 24, 2024, Robert's Counsel advised the Bank's Counsel that Robert made arrangements for refinancing but would require some time to close. On September 25, 2024, he advised that Robert does not have a written commitment but is "working diligently towards same." Attached hereto as **Exhibit "S"** are copies of the emails from Robert's Counsel to Bank's Counsel.

36. On November 27, 2024, a mediation was held pursuant to the *Farm Debt Mediation Act*, the contents of which meeting are without prejudice in accordance with subsections 24(1) and 24(2) of that Act. Robert attended the mediation on behalf of Morgrove. The Bank later learned that Mark was not aware that the mediation had taken place, and there is no indication that he would have agreed to the proposed resolution discussed at the mediation.

37. By August 25, 2025, no resolution had been reached between the Bank and Morgrove, and the Mortgage had not been paid. The Bank's Counsel emailed Robert's Counsel on the same day, reiterating that the Mortgage had matured and that the Bank required payment in full. Attached hereto as **Exhibit "T"** is a copy of the said email.

38. On September 15, 2025, in an attempt to arrange a discussion with Mark's Counsel, the Bank's Counsel emailed Mark's Counsel advising that it anticipated that the Bank would give instructions to bring a receivership application, as there had been no communication for several months. Attached hereto as **Exhibit "U"** is a copy of the said email.

39. On September 26, 2025, the Bank's counsel followed-up with Mark's Counsel. On December 23, 2025, as no further movement was made from Mark on the matter, the Bank's Counsel advised Mark's Counsel that it anticipated receiving instructions to proceed with an application to appoint a receiver. Attached hereto as **Exhibit "V"** are copies of the emails on September 26 and December 23, 2025, from the Bank's Counsel to Mark's Counsel.

<u>It is Just and Convenient to Appoint a Receiver</u>

40. Morgrove is in default of the terms and conditions under the Credit Agreement and BBSA with respect to the Credit Facilities. It has failed to make payment in full of the Credit Facilities despite the Demands. To date, the Brothers' legal dispute continues and their animosity towards each other is evident, particularly with Mark leaving the business several years ago, and the Bank is concerned that this will have a material, negative effect on the operation of Morgrove's business.

41. The Mortgage and BBSA both expressly provide for the appointment of a receiver or receiver and manager in the event of default.

42. The Bank has lost confidence in the ability of Morgrove to repay its commitments.

43. It is just and convenient in the circumstances to appoint a receiver of the properties, assets, and undertakings of Morgrove, and market and sell its secured property and businesses, for the benefit of the Bank and the other stakeholders of Morgrove. This will also provide all stakeholders with an orderly, transparent, and court supervised sales process, conducted by an even-handed officer of the court, to maximize return for all stakeholders.

44. The Bank proposes that BDO be appointed as the receiver and manager. BDO has agreed to accept the appointment, and a copy of its consent is attached hereto as **Exhibit "W"**.

45. This Affidavit is sworn in support of the Bank's application for the appointment of BDO as receiver and manager over Morgrove, and for no other or improper purpose.

SWORN BEFORE ME: by the Deponent of the City of Toronto before me at the City of Toronto, in the Province of Ontario, this 4th day of May 2026, in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.	)	
	)	Marsha Singh Digitally signed by Marsha Singh Date: 2026.05.04 13:03:12 -04'00'
A Commissioner for taking oaths, etc. Jakob Bogacki, Barrister & Solicitor (LSO #85032Q)	)	**MARSHA SINGH**

APPENDIX B

Brantford Court File No. CV-26-00000193-0000

ONTARIO

SUPERIOR COURT OF JUSTICE

THE HONOURABLE	)	FRIDAY, THE 12TH
	)	
JUSTICE J. A. RAMSAY	)	DAY OF JUNE, 2026

THE BANK OF NOVA SCOTIA

Applicant

\- and -

MORGROVE HOLSTEINS LTD.

Respondent

ORDER
(appointing Receiver)

THIS APPLICATION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing BDO CANADA LIMITED as receiver and manager (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of MORGROVE HOLSTEINS LTD. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at the Hamilton Courthouse, 45 Main Street East, Hamilton, Ontario, in accordance with the Endorsement of the Honourable Regional Senior Justice Sweeney dated May 29, 2026.

ON READING the affidavit of Marsha Singh sworn May 4, 2026 and the Exhibits thereto, the Affidavit of Robert Morbrook sworn May 11, 2026, and the Exhibits thereto, the Affidavit of Kimberly Kozovski sworn May 14, 2026, the Affidavit of Jessica Hormooz sworn May 27, 2026, and the Exhibits thereto, the Affidavit of Erica C. Ryerse sworn May 27, 2026, and the Exhibits thereto, and the Supplementary Affidavit of Marsha Singh sworn May 28, 2026, and the Exhibit thereto, and on hearing the submissions of counsel for the Applicant, counsel for Robert Morbrook, and counsel for Mark Morbrook, and no one appearing for the Respondent although duly served as appears from the affidavit of service of Tiegan Kilbride sworn May 5, 2026, and the affidavit of service of Domenic Cordiano sworn May 6, 2026, and on reading the consent of BDO Canada Limited to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, BDO Canada Limited is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Property**"), including, without limitation, the property municipally known as 461 Highway 54, Brantford, Ontario, and legally described in Schedule “B” hereto (the “**Real Property**”)

RECEIVER’S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

(a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

(b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

(c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

(d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

(e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;

(f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;

(g) to settle, extend or compromise any indebtedness owing to the Debtor;

(h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;

(i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

(j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

(k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

(i) without the approval of this Court in respect of any transaction not exceeding $200,000.00, provided that the aggregate consideration for all such transactions does not exceed $200,000.00; and

(ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

(l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

(m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

(n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property, including, without limitation, the Real Property;

(o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;

(p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;

(q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and

(r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

7. THIS COURT ORDERS any and all financial institutions, banks, and their affiliates, shall produce to the Receiver any and all Records, banking documents related to the Debtor, any transaction supporting document and any of the Debtor’s records in its possession or control, having regard to the limitations of the financial institutions’ retention and storage policies and practices, notwithstanding that any disclosure may include “personal property” about third

parties as defined in the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, as amended.

8. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

9. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

10. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

11. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment,

(iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

12. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

13. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

14. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided

for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

15. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA AND CASL

16. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

17. THIS COURT ORDERS that any and all interested stakeholders in this proceeding and their counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in this proceeding, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to such other interested stakeholders in this proceeding and their counsel and advisors. For greater certainty, any such distribution or service

shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of cause 3(c) of the *Electronic Commerce Protection Regulations,* Reg. 81000-2-175 (SOR/DORS).

LIMITATION ON ENVIRONMENTAL LIABILITIES

18. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

19. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

20. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless

otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

21. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Ontario Superior Court of Justice.

22. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

23. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed $400,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

24. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

25. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

26. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

27. THIS COURT ORDERS that the Consolidated Practice Direction – Toronto Region (https://www.ontariocourts.ca/scj/practice_directions/consolidated-practice-direction-toronto-region/) applies to this proceeding, that e-service of documents shall be valid and effective service and, subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure, service of documents in accordance with the Consolidated Practice Direction – Toronto Region will be effective on transmission. This Court further orders that a Case Website shall be established with the following URL '<https://www.bdo.ca/MorgroveHolsteinsLtd>'.

28. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

29. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

30. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

31. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

32. THIS COURT ORDERS that the Receiver is authorized but not required to retain the same law firm to act as legal counsel as the Applicant, to represent and advise the Receiver in connection with the exercise of the Receiver's powers and duties, including, without limitation, those conferred by this Order, in any matter where there is no conflict arising from that firm's existing and ongoing role as counsel to the Applicant. In respect of any issue where a conflict may exist or arise in respect of the Applicant and the Receiver or a third party, the Receiver shall utilize independent counsel, in which case, the law firm may continue acting as counsel to the Applicant.

33. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

34. THIS COURT ORDERS that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's

security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

35. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

36. THIS COURT ORDERS that, notwithstanding Rule 59.05 of the *Rules of Civil Procedure*, this Order is effective from the date it is made, and is enforceable without any need for entry and filing. In accordance with Rules 77.07(6) and 1.04, no formal order need be entered and filed unless an appeal or motion for leave to appeal is brought to an appellant court in respect of this Order.

Date of issuance: June 16, 2026

____

(Signature of registrar)

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. ______________

AMOUNT $_____________________

1. THIS IS TO CERTIFY that BDO Canada Limited, the receiver (the "**Receiver**") of the assets, undertakings and properties of Morgrove Holsteins Ltd. acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (the "**Court**") dated the ___ day of ______, 2026 (the "**Order**") made in an action having Court file number CV-___________________, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of $___________, being part of the total principal sum of $___________ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _______ day of each month] after the date hereof at a notional rate per annum equal to the rate of ______ per cent above the prime commercial lending rate of Bank of _________ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of ______________, 20__.

BDO Canada Limited, solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: ___________________________________

Name:
Title:

SCHEDULE "B"

LEGAL DESCRIPTION OF THE PARCEL OF THE PROPERTY MUNICIPALLY KNOWN AS 461 HIGHWAY 54, BRANTFORD, ONTARIO

PT LT 28 RIVER RANGE ONONDAGA; PT LT 29 RIVER RANGE ONONDAGA; PT LT 30 RIVER RANGE ONONDAGA AS IN A456420 *; S/T ON3805; COUNTY OF BRANT *AMENDED 2002/12/19 BY LAND REGISTRAR #7

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

THE BANK OF NOVA SCOTIA Applicant	-and-	MORGROVE HOLSTEINS LTD. Respondent

Court File No.: CV-26-00000193-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
BRANTFORD

ORDER

SPETTER ZEITZ KLAIMAN PC
Barristers & Solicitors
100 Sheppard Avenue East, Suite 850
Toronto, Ontario M2N 6N5

JAKOB BOGACKI
LSO No. 85032Q
Tel: 416-613-8601
Email: jbogacki@szklaw.ca

Lawyers for the Applicant

APPENDIX C

Court File No. CV-26-00000193-0000

ONTARIO SUPERIOR COURT OF JUSTICE

AFFIDAVIT OF Warren Leung

I, Warren Leung, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY** that:

1. I am a Partner of BDO Canada Limited, and as such have personal knowledge of the matters referred to herein.

2. By Order of the Honourable Justice J. A. Ramsay, dated June 12, 2026 (the "Order"), BDO Canada Limited was appointed as Receiver (the "Receiver") of Morgrove Holsteins Ltd.

3. Pursuant to the Order, the Receiver has provided services and incurred disbursements which are more particularly described in the detailed accounts attached hereto and marked as **Exhibit "A"**

4. The time shown in the detailed accounts attached as **Exhibit "A"** are a fair and accurate description of the services provided and the amounts charged by the Receiver, which reflect the Receiver's time as billed at its standard billing rates.

5. The Receiver requests that the Court approve its account for the period from May 4, 2026 to July 26, 2026 in the amount of $64,155.26 inclusive of HST of $7,380.69 for the services set out in **Exhibit "A"**

6. This affidavit is sworn in support of the Receiver's motion for, among other things, approval of its fees and disbursements and for no other or improper purpose.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario, this 28th day of July, 2026.	)))))	
M. Finnegan		
Commissioner for Taking Affidavits, *etc*	))	Warren Leung, LIT

Maxine Beverly Finnegan, a Commissioner, etc.,
Province of Ontario, for BDO Canada Limited and BDO Canada LLP.
Expires May 14, 2027

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

Warren Leung

Sworn before me this 28 th day of July, 2026

M. Finnegan

A COMMISSIONER FOR TAKING AFFIDAVITS

Maxine Beverly Finnegan, a Commissioner, etc.,
Province of Ontario, for BDO Canada Limited and BDO Canada LLP.
Expires May 14, 2027

Summary of Receiver's Accounts for the period

May 4, 2026 to July 26, 2026

Invoice Date	Invoice Number	Hours Expended	Average Hourly Rate	Fees & Disbursements	HST	Invoice Total
July 27, 2026	CINV07232026	103.4	541.6	$56,774.57	$7,380.69	$64,155.26

Tel: 416 865 0210
Fax: 416 865 0904
www.bdo.ca

BDO Canada Limited
20 Wellington Street E., Suite 500
Toronto ON M5E 1C5 Canada

INVOICE

Strictly Private & Confidential

Morgrove Holsteins Ltd.
c/o BDO Canada Limited
500-20 Wellington Street
Toronto, ON M5E 1C5

Date
July 27, 2026

Invoice No.
CINV07232026

Re: Morgrove Holsteins Ltd - Court Appointed Receivership

FOR PROFESSIONAL SERVICES RENDERED for the period May 4, 2026 to July 26, 2026

For Professional Services	$ 56,001.50
Disbursements: Mileage, Postage	773.07
Sub Total	56,774.57
HST - 13.0% (#R101518124)	7,380.69
Total Due	$64,155.26

Summary of Time Charges:	Hours	Rate	Amount
J. Parisi, Partner	16.1	735.00	11,833.50
W. Leung, Partner	39.2	735.00	28,812.00
G. Cerrato, Sr. Manager	1.0	595.00	595.00
P. Stamadianos, Sr. Analyst	34.7	330.00	11,451.00
J. Hue, Administrator	1.1	275.00	302.50
T. Montesano, Administrator	7.3	275.00	2,007.50
G. Arenas, Admin	4.0	250.00	1,000.00
TOTAL	103.4		$56,001.50

BDO Canada Limited is an affiliate of BDO Canada LLP. BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO

Staff	Date	Comments	Hours
T. Montesano	4-May-26	Correspond with J. Parisi re submit request to IT to create website, prepare and send request to IT.	0.4
J. Parisi	5-May-26	Review application record.	0.8
J. Parisi	10-Jun-26	Review motion record.	1.4
J. Parisi	12-Jun-26	Review endorsement.	0.3
W. Leung	16-Jun-26	Review application materials; review order and endorsement, instructions to J. Hue re website posting; update call with J. Parisi.	1.0
P. Stamadianos	17-Jun-26	Uploading Endorsement and court order to Receiver's website; Preparation of 245 Notice; Various correspondence with W. Leung re: same.	1.3
W. Leung	17-Jun-26	Correspondences with counsel; team update discussions.	0.2
W. Leung	18-Jun-26	Correspondences with Bank's counsel; review notice of receiver; review application materials; team correspondences.	1.0
J. Parisi	18-Jun-26	Correspondence with Spetter Zeitz Klaiman regarding call. Correspondence with M. Vine regarding next steps.	0.4
J. Parisi	19-Jun-26	Call with Mark Morbrook ("Mark") and Shene Harris regarding receivership. Follow up call with W. Leung. Correspondence with M. Vine.	0.8
W. Leung	19-Jun-26	Prepare for and attend call with Mark, debrief with J. Parisi; emails to company's accountant; correspondence with counsel.	1.2
T. Montesano	19-Jun-26	Draft Bank letters.	0.8
J. Parisi	20-Jun-26	Prepare agenda for meeting with counsel and call with Robert Morbrook ("Robert").	0.3
J. Parisi	22-Jun-26	Call with Robert , call with M. Vine. Strategy call with G. Cerrato. Review and respond to email from M. Vine regarding next steps.	1.8
W. Leung	22-Jun-26	Call with Robert; team discussions; update call with counsel; finalize Notices.	1.4
T. Montesano	22-Jun-26	E-file the Receivers Notice to the OSB, mail Receiver's Notice to creditors.	1.0
P. Stamadianos	22-Jun-26	Final Review of 245; Email to T. Montesano re: Mailing of 245 Notice.	0.1
G. Cerrato	22-Jun-26	Call with J. Parisi to discuss receivership strategy.	1.0
P. Stamadianos	23-Jun-26	Calls to Diary Farmers of Ontario re: Morgrove information; Email to Dairy farmers of Ontario re: same; Finalization of Control Coversheet for 245; Retention of Management documents.	0.5
W. Leung	23-Jun-26	Team correspondences; draft info request from Dairy Farmers of Ontario ("DFO"); call and correspondences with accountants and	2.0

Staff	Date	Comments	Hours
		follow-up requests; review financial statements; review application materials.	
T. Montesano	23-Jun-26	Prepare and send bank letter to BNS.	0.7
P. Stamadianos	24-Jun-26	Discussion with W. Leung re: Cash flow, insurance letter, scanning of documents, next steps; Discussion with J. Hue re: Document scanning; Retention of Appraisal (scanned document) including review to ensure all pages appropriately scanned; Retention of bank statements.	0.5
J. Parisi	24-Jun-26	Attend the premises to meet with Robert and Stephen Morbrook. Call with Melinda Vine regarding findings. Various discussions with W. Leung.	2.9
W. Leung	24-Jun-26	Site visit: discussions and requests to Robert and son; debrief with J. Parisi; discussions with Peter; review appraisal and Libro Credit Union docs.	3.0
J. Hue	24-Jun-26	Scan the appraisal report.	0.3
T. Montesano	24-Jun-26	Review of bank statements received from Libro Credit Union, save same to the network.	0.3
T. Montesano	24-Jun-26	Draft bank letters, search branch fax number, fax bank letter to BNS.	0.7
P. Stamadianos	25-Jun-26	Correspondence with G. Arenas re: Cheque deposit; Discussions with J. Parisi and W. Leung re: operational issues; Correspondence with W. Leung re: DFO request; Review of Libro Bank statements; Email to DFO re: Receivership order and milk proceeds; Correspondence with G. Arenas re: couriered package; Calls to various creditors re: Obtaining emails and informing them of receivership order; Email to Creditors re: Informing them of Receivership Order; Retention of additional documents provided by the Company; Email to T. Montesano re: Contacting Hydro One.	4.4
J. Parisi	25-Jun-26	Call with A. Davison regarding his initial thoughts on the farm after the site visit.	0.3
W. Leung	25-Jun-26	Call with S. Morbrook on request for information and review documents provided; follow-up with S. Chapin; team update discussions.	1.0
W. Leung	26-Jun-26	Team correspondences; engagement management; follow-up with S. Chapin; call to R. Morbrook; insurance and banking matters; correspondence with counsel re contractor, update call with contractor.	1.5
P. Stamadianos	26-Jun-26	Call with T. Montesano re: Morgrove Hydro One meters; Review of new bank statements and categorizing; Email to W. Leung and J. Parisi re: Bank Statements; Retention of records; Call with Vendor re: credit letter; Call to W. Leung re: creditor call.	1.7
J. Parisi	26-Jun-26	Call with A. Davison to discuss findings from his review. Call with T. Hogan regarding agreement with A. Davison and other challenges with the engagement.	0.7
T. Montesano	26-Jun-26	Draft insurance letter, send same to W. Leung for review.	0.6

Staff	Date	Comments	Hours
P. Stamadianos	21-Jul-26	Call to auctioneers re: auction process; Emails to W. Leung summarizing the discussions; Call with auctioneer re: potential cattle sales; Insurance cheque requisition; Calculating Pre-Filing vendor credit positions.	2.3
W. Leung	21-Jul-26	Update call with J. Parisi, update report based on comments provided; review auction info from Peter S. And comment; review GL re SRD; review Claims Procedure Order.	2.0
G. Arenas	22-Jul-26	Processed cheque requisition payable to Hydro One Networks Inc. Received cheque re: cattle sales. Recorded cheque in Ascend, created deposit slip, and deposited same at the bank. Received cheque re: manure sales, recorded it in Ascend, created deposit slip, and deposited same at the bank.	0.7
J. Parisi	22-Jul-26	Call with R. Morbrook regarding various issues.	0.7
W. Leung	22-Jul-26	Update call with Robert; team discussions; review letter from counsel; review comments from counsel on First Report; review auction commentary from Peter S; engagement management; update call with Al; discussions with Peter S. Re creditors.	2.5
P. Stamadianos	22-Jul-26	Call to vendor re: outstanding equipment lease; Requisition for invoice; Review of quote relating to farm feed; Correspondence with W. Leung re: property taxes; Follow-up email to RBC re: life insurance status; Email to vendor re: Invoice bill of lading; Requisition for construction work done; Email to construction company informing them of the receivership order; Cheque requisition relating to.	1.2
T. Montesano	22-Jul-26	Prepare payment of utilities.	0.3
W. Leung	23-Jul-26	Review draft SRD; follow-up with counsel to BNS re outstanding balance; prepare for and attend update call with counsel, review comments to First Report; update with J. Parisi; call with R. Morbrook; review invoice and fee affidavit.	3.3
P. Stamadianos	23-Jul-26	Correspondence with Harwil re: invoice support.	0.1
J. Parisi	23-Jul-26	Update call with W. Leung regarding court report and motion.	0.3
W. Leung	24-Jul-26	Update First Report and distribute to counsel; correspondence with counsel to BNS; call with A. Davison regarding monitoring update; update call with J. Parisi.	0.9

APPENDIX D

Court File No: CV-26-00000193-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

THE BANK OF NOVA SCOTIA

Applicant

- and -

MORGROVE HOLSTEINS LTD.

Respondent

AFFIDAVIT OF JASON DIFRUSCIA
(Sworn July 30, 2026)

I, **JASON DIFRUSCIA**, of the City of London, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a solicitor qualified to practice law in the Province of Ontario and I am a lawyer with Harrison Pensa LLP, who acts as counsel for BDO Canada Limited, in its capacity as Court-Appointed Receiver of the Respondent, Morgrove Holsteins Ltd., in the within proceeding, and as such I have knowledge of the matters to which I hereinafter depose except for those matters based expressly upon information and belief.

2. Attached hereto and marked as **Exhibit "A"** is a summary of the time incurred by professionals at Harrison Pensa LLP, the hourly rate and fees associated with such and disbursements in relation with this matter for the period of April 5, 2026, to July 27, 2026.

3. Attached hereto and marked as **Exhibit "B"** are particulars of time spent by professionals at Harrison Pensa LLP in connection with this matter for the period of April 5, 2026, to July 27, 2026 and an account statement detailing the services provided dated July 28, 2026.

4. The hourly billing rates set out in the Exhibits are comparable to the hourly rates charged by Harrison Pensa LLP for services rendered in relation to similar proceedings.

5. The fees and disbursements of Harrison Pensa LLP in this matter to July 27, 2026, are as follows:
   a. Total Billed Fees and Disbursements from April 5, 2026, to July 27, 2026 - $14,160.48.

6. The weighted average hourly rate charged by professionals at Harrison Pensa LLP is $509.75.

7. I make this Affidavit in support of among other things, approval of fees and disbursements of the counsel for the Receiver.

Sworn before me: ☒ in person OR ☐ by video conference

by Jason DiFruscia, at the City of London, in the County of Middlesex, before me on July 30, 2026.

Commissioner for Taking Affidavits

Sydney Inghelbrecht LSO#P20593

JASON DIFRUSCIA

Court File No: CV-26-00000193-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

THE BANK OF NOVA SCOTIA

Applicant

- and -

MORGROVE HOLSTEINS LTD.

Respondent

EXHIBITS

TABS “A” TO “B” ARE THE
EXHIBITS TO THE AFFIDAVIT OF
JASON DIFRUSCIA
SWORN THIS 30th DAY OF JULY, 2026

A Commissioner for taking Affidavits

EXHIBIT A

(From April 5, 2026, to July 27, 2026)

	NAME	YEAR OF CALL	ACTUAL HOURS	HOURLY RATE	TOTAL
Partners	Timothy C. Hogan	1995	1.20	$650.00	$780.00
	Melinda Vine	2009	16.00	$600.00	$9,600.00
Associates	Thomas Masterson	2016	5.80	$315.00	$1,827.00
Clerks	Nicole Clayton		0.30	$165.00	$49.50
	Sydney Inghelbrecht		0.90	$165.00	$148.50
	Amy Broome		0.20	$165.00	$33.00
TOTAL FEES					**$12,438.00**
HST ON FEES					**$1,616.94**
TOTAL TAXABLE DISBURSEMENTS					**$93.40**
TOTAL NON – TAXABLE DISBURSEMENTS					**$0.00**
HST DISBURSEMENTS					**$12.14**
TOTAL FEES, DISBURSEMENTS AND HST					**$14,160.48**

EXHIBIT B

Harrison Pensa

LAWYERS

130 Dufferin Avenue, Suite 1101
P.O. Box 3237
London, ON N6A 4K3

Telephone: (519) 679 9660
Facsimile: (519) 667 3362

BDO Canada Limited
20 Wellington East, Suite 500
Toronto, ON

July 28, 2026
Invoice #:2267353
Account #: 2267353-223507

File#: 223507/Melinda Vine
Re: Morgrove Holsteins Ltd.

SUMMARY OF THIS INVOICE

Total Fees	$	12,438.00
Total Disbursements	$	93.40
Total Tax	$	1,629.08
TOTAL	$	14,160.48
APPLIED FROM TRUST	$	0.00
TOTAL THIS INVOICE	$	14,160.48
TOTAL PRIOR OUTSTANDING INVOICES	$	0.00
TOTAL DUE AND OWING:	$	14,160.48

GST / HST REGISTRATION NO: R867630543
Interest of 2.5% is charged based on the Courts of Justice Act at time of billing on all invoices over 30 days.

TERMS: DUE UPON RECEIPT

Harrison Pensa
LAWYERS

130 Dufferin Avenue, Suite 1101
P.O. Box 3237
London, ON N6A 4K3

Telephone: (519) 679 9660
Facsimile: (519) 667 3362

BDO Canada Limited
20 Wellington East, Suite 500
Toronto, ON

July 28, 2026
Invoice #:2267353
Account #: 2267353-223507

File#: 223507/Melinda Vine
Re: Morgrove Holsteins Ltd.

TO ALL PROFESSIONAL SERVICES RENDERED in connection with the above-noted matter, including:

DATE	DESCRIPTION	HOURS	AMOUNT	LAWYER
05-Apr-26	To correspondence with client	0.20	$120.00	MVI
20-Apr-26	To meeting with client	0.20	$120.00	MVI
05-May-26	To receipt and review of Application Record	0.50	$300.00	MVI
13-May-26	To correspondence re: counsel for guarntor	0.20	$120.00	MVI
14-May-26	To correspondence with counsel	0.20	$120.00	MVI
14-May-26	To call with counsel for principal	0.20	$120.00	MVI
14-May-26	To various correspondence re: application	0.30	$180.00	MVI
14-May-26	To various correspondence with Bank counsel and client	0.20	$120.00	MVI
01-Jun-26	To correspondence wtih client	0.20	$120.00	MVI
12-Jun-26	To draft documents	0.70	$115.50	SIN

DATE	DESCRIPTION	HOURS	AMOUNT	LAWYER
12-Jun-26	To receipt and review of endorsement	0.20	$120.00	MVI
15-Jun-26	To correspondence with client	0.20	$120.00	MVI
15-Jun-26	To correspondence with counsel	0.20	$120.00	MVI
15-Jun-26	To correspondence with client	0.20	$120.00	MVI
16-Jun-26	To correspondence with counsel	0.20	$120.00	MVI
16-Jun-26	To receipt and review of Order	0.20	$120.00	MVI
16-Jun-26	To correspondence with counsel re: next steps and call	0.20	$120.00	MVI
17-Jun-26	To correspondence with client re: insurance	0.20	$120.00	MVI
17-Jun-26	To correspondence with client	0.20	$120.00	MVI
18-Jun-26	To correspondence with client	0.20	$120.00	MVI
19-Jun-26	To correspondence with client	0.20	$120.00	MVI
19-Jun-26	To draft Security Opinion re: BNS	0.80	$252.00	THM
19-Jun-26	To draft Operator Agreement	1.50	$472.50	THM
20-Jun-26	To correspondence with client	0.30	$180.00	MVI
22-Jun-26	To organize security documents	0.30	$49.50	NCL
22-Jun-26	To meeting with client	0.20	$120.00	MVI
22-Jun-26	To meeting with client; to various correspondence with client	0.60	$360.00	MVI
22-Jun-26	To receipt and review of security from BNS	0.20	$120.00	MVI

DATE	DESCRIPTION	HOURS	AMOUNT	LAWYER
24-Jun-26	To call and emails with counsel	0.30	$180.00	MVI
25-Jun-26	To correspondence with client	0.20	$120.00	MVI
26-Jun-26	Call/e-mail with client	0.40	$260.00	TCH
26-Jun-26	Calls with client	0.40	$260.00	TCH
26-Jun-26	To various correspondence re: monitor farm	0.20	$120.00	MVI
29-Jun-26	To draft Engagement Letter	0.80	$252.00	THM
29-Jun-26	To send email correspondence to client	0.20	$63.00	THM
30-Jun-26	To revise Engagement Letter	0.20	$63.00	THM
30-Jun-26	To various correspondence re: milk quota	0.20	$120.00	MVI
02-Jul-26	Review Syl-Mar engagement, e-mail with client	0.40	$260.00	TCH
04-Jul-26	To correspondence with client	0.20	$120.00	MVI
04-Jul-26	To correspondence with clients	0.20	$120.00	MVI
04-Jul-26	To report from Syl-Mar	0.20	$120.00	MVI
04-Jul-26	To correspondence with client	0.20	$120.00	MVI
06-Jul-26	To call with clients	0.40	$240.00	MVI
07-Jul-26	To correspondence with client; to correspondence to DFO	0.30	$180.00	MVI
07-Jul-26	To correspondence from DFO; to call to Spetter	0.30	$180.00	MVI

DATE	DESCRIPTION	HOURS	AMOUNT	LAWYER
07-Jul-26	To meeting with clients	0.30	$180.00	MVI
07-Jul-26	To various correspondence re: call	0.20	$120.00	MVI
07-Jul-26	To correspondence with client re: registration on title	0.20	$120.00	MVI
12-Jul-26	To correspondence with client re: quota sale	0.20	$120.00	MVI
13-Jul-26	To correspondence with client	0.20	$120.00	MVI
14-Jul-26	To review report from Sly-Mar	0.20	$120.00	MVI
14-Jul-26	To conference with client; to conference counsel	0.80	$480.00	MVI
14-Jul-26	To call with clients	0.20	$120.00	MVI
16-Jul-26	To correspondence with client	0.20	$120.00	MVI
17-Jul-26	To correspondence re: milk quota	0.20	$120.00	MVI
17-Jul-26	To correspondence with client re: quota sale and court time	0.20	$120.00	MVI
20-Jul-26	To send e-mail correspondence to counsel	0.20	$33.00	SIN
20-Jul-26	To review Sly-Mar Report; to correspondence with client re: court dates	0.40	$240.00	MVI
20-Jul-26	To correspondence with client	0.20	$120.00	MVI
21-Jul-26	To draft letter to counsel	0.50	$157.50	THM
21-Jul-26	To draft Motion	1.50	$472.50	THM
21-Jul-26	To correspondence with client re: motion	0.20	$120.00	MVI
21-Jul-26	To various correspondence re: court date	0.20	$120.00	MVI

DATE	DESCRIPTION	HOURS	AMOUNT	LAWYER
21-Jul-26	To correspondence with client re: court dates	0.20	$120.00	MVI
21-Jul-26	To letter to counsel; to correspondence with client	0.30	$180.00	MVI
21-Jul-26	To review Receivers report	1.00	$600.00	MVI
21-Jul-26	To correspondence with client	0.20	$120.00	MVI
22-Jul-26	To correspondence with client re: letter to counsel	0.20	$120.00	MVI
22-Jul-26	To email counsel	0.20	$33.00	ABR
23-Jul-26	Conference call with client	0.30	$94.50	THM
23-Jul-26	To various email to counsel	0.40	$240.00	MVI
23-Jul-26	To meeting with client	0.30	$180.00	MVI
27-Jul-26	To correspondence to counsel for BNS	0.20	$120.00	MVI
27-Jul-26	To correspondence wtih client re: motion	0.20	$120.00	MVI
27-Jul-26	To review changes and amend Report	0.70	$420.00	MVI

Total Fees	$ 12,438.00		
Plus GST:	0.00		
Plus HST:	1,616.94		
Total Fees (INCL TAX)		**$**	**14,054.94**

FEE SUMMARY:

LAWYER	HOURS	RATE	AMOUNT
Timothy C. Hogan	1.20	650.00	$780.00
Melinda Vine	16.00	600.00	$9,600.00
Thomas Masterson	5.80	315.00	$1,827.00
Nicole Clayton	0.30	165.00	$49.50

FEE SUMMARY:

LAWYER	HOURS	RATE	AMOUNT
Sydney Inghelbrecht	0.90	165.00	$148.50
Amy Broome	0.20	165.00	$33.00

TAXABLE DISBURSEMENTS

Teranet Search		33.40	
Title Services		60.00	
	Total Taxable Disbursements	$93.40	
	Plus HST	12.14	
	Total Disbursements (INCL TAX)		**$ 105.54**
TOTAL DUE & OWING			**$ 14,160.48**

THIS IS OUR ACCOUNT HEREIN

HARRISON PENSA LLP

Per: ______________________________

Melinda Vine

E. & O.E.

Harrison Pensa
LAWYERS

130 Dufferin Avenue, Suite 1101
P.O. Box 3237
London, ON N6A 4K3

Lawyer Name	Account #	File Number	Invoice #	Amount
Melinda Vine	2267353-223507	223507	2267353	$14,160.48

Payment Method #1 – EFT/Wire (Preferred Method)

Beneficiary Customer:	Beneficiary Bank:
Harrison Pensa LLP 130 Dufferin Ave, Suite 1101 London, ON, Canada N6A 5R2	CIBC King & Wellington Banking Centre 355 Wellington Street, Unit #177 London, ON, Canada N6A 3N7

Account #: **4401212**
Bank #: **0010**
Transit #: **00082**
Account Name: **Harrison Pensa LLP General Account**
SWIFT Code: **CIBCCATT**
Canadian Clearing Code: **CC001000082**

*For international wire instructions please contact receivables@harrisonpensa.com **OR call 519-661-6779***

For Payment method #1 a payment remittance MUST be sent by email to receivables@harrisonpensa.com in order to ensure your payment is applied to your account correctly.
The payment remittance should include your file number and invoice number.

Payment Method #2 – Online Payment (Canadian funds only)

You may pay your invoice(s) through participating Canadian financial institution's online banking by selecting **Harrison Pensa LLP** as the Payee entering your **Account #** (as noted above).

Payment Method #3 – Credit Card & Visa Debit Payments

Credit card payments can be made through our online payment portal at: http://www.harrisonpensa.com/make-a-payment/

Payment Method #4 - Cheque

By Mail:
Harrison Pensa LLP
130 Dufferin Ave.
P.O. Box 3237
London, ON, Canada N6A 4K3

For additional information please contact receivables@harrisonpensa.com OR call 519-661-6779

GST / HST REGISTRATION NO: R867630543
Interest of 2.5% is charged based on the Courts of Justice Act at time of billing on all invoices over 30 days.

TERMS: DUE UPON RECEIPT

THE BANK OF NOVA SCOTIA	-and-	MONGROVE HOLSTEINS LTD.
Applicant		Respondent

Court File No. CV-26-00000193-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
BRANTFORD, ONTARIO

AFFIDAVIT OF JASON DIFRUSCIA

Harrison Pensa LLP
Barristers and Solicitors
130 Dufferin Avenue, Suite 1101
London, Ontario N6A 5R2

Melinda Vine (LSO#53612R)
Thomas Masterson (LSO#76835U)

Tel: (519) 679-9660
Fax: (519) 667-3362
Email: mvine@harrisonpensa.com
Email: tmasterson@harrisonpensa.com

Solicitors for the Receiver,
BDO Canada Limited

APPENDIX E

Appendix "E"

In the Matter of the Receivership of Morgrove Holsteins Ltd.
Statement of Receipts and Disbursements
For the Period from June 12, 2026 to July 26, 2026

Description		Amount
Receipts:		
Cash on hand	$	47,143.94
Proceeds from milk sales		56,356.17
Proceeds from cattle sales		2,277.75
Proceeds from manure sales		1,500.00
Total Receipts		**107,277.86**
Disbursements:		
Payroll		11,360.83
Operating expense		10,812.87
Insurance		2,161.06
Rent		973.45
HST paid		221.34
Filing fees		86.23
Utilities		691.85
Total Disbursements		**26,307.63**
Excess of Receipts over Disbursements	**$**	**80,970.23**

THE BANK OF NOVA SCOTIA	and	MORGROVE HOLSTEINS LTD.
Applicant		Respondent

Court File No. CV-26-00000193-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
BRANTFORD, ONTARIO

FIRST REPORT OF THE RECEIVER

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THE BANK OF NOVA SCOTIA and MORGROVE HOLSTEINS LTD.

Applicant Respondent

Court File No. CV-26-00000193-0000

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MOTION RECORD

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