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February 27, 2025

VIA EMAIL

Attention: Picture Butte Feeder Cooperative Members

Dear PBFC Members:

Re: Appointment of Restructuring Officer of assets of Picture Butte Feeder Cooperative

OVERVIEW

On January 31, 2025, a letter was delivered by Picture Butte Feeder Cooperative (“**PBFC**”) to its members (the “**Members**”) informing them of an order (“**Ministerial Order**”) that was issued on January 27, 2025, by the Minister of Agriculture and Irrigation (the “**Ministry**”) pursuant to section 6 of the *Feeders Association Guarantee Act* (Alberta) prohibiting further advances under guaranteed loans to PBFC.

On February 20, 2025, in a further letter from PBFC to its members, PBFC advised that as a result of the Ministerial Order, it would apply to the Court of King’s Bench of Alberta (the “**Court**”) to appoint Alvarez & Marsal Canada Inc. (“**A&M**”) as receiver-manager (the “**Restructuring Officer**”) pursuant to the *Cooperatives Act* (Alberta) and the *Judicature Act* (Alberta).

On February 21, 2025, an order was granted by the Court (the “**Restructuring Officer Order**”), appointing A&M as the Restructuring Officer over all of PBFC’s current and future assets, undertakings, and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the “**Property**”).

The members of PBFC’s board of directors have resigned prior to or upon the appointment of the Restructuring Officer. In addition, the Restructuring Officer advises that prior to the Restructuring Officer Order being granted, both Melanie Fleischhauer (Administrator) and Broek Murray (Supervisor) resigned their positions with PBFC. The Restructuring Officer is currently in the process of hiring an interim administrator (“**Interim Administrator**”) who will perform the duties required in the role of the vacant administrator position, as discussed further below.

We wish to re-iterate that the appointment of the Restructuring Officer and the granting of the Restructuring Officer Order does not mean that PBFC is in liquidation. Rather, its purpose is completely the contrary, which is to allow PBFC to refocus its efforts to continue to provide the critical services to its Members and resume full lending operations in short order. We can confirm that there are a significant amount of monies held within PBFC relating to Member loans and investments in possession with the Restructuring Officer.

Since February 21, 2025, the Restructuring Officer has been in direct contact and has held multiple conversations with representatives of the Minister of Agriculture and Irrigation (the “**Ministry**”), the Feeders Association of Alberta (“**FAA**”), the senior lenders (the “**Senior Lenders**”), former staff and former members of the PBFC board of directors. These discussions were centered around understanding the concerns and requirements of the Ministry, the Senior Lenders and the PBFC Members as a result of these restructuring proceedings. In these discussions, the Restructuring Officer also expressed the proposed goals of the restructuring, the roles and duties it is required to adhere to pursuant to the Restructuring Officer Order, and addressing the immediate concerns of PBFC and its Members.

Based on these discussions, the Restructuring Officer has identified the following immediate and long-term next steps that need to be addressed:

Immediate Next Steps:

1. Hiring of an Interim Administrator

- a. We are in the process of immediately engaging an Interim Administrator that will assist us in updating and reconciling the accounting records, loan books and security deposits of the Members. We expect to have an Interim Administrator in place early next week.
- b. The Restructuring Officer will be conducting a search for a permanent Administrator in due course.

2. Provincial Supervisor Inventory Audit

- a. In collaboration with the Ministry and with the support of the FAA and the Senior Lenders, the Restructuring Officer is arranging for a fulsome cattle (inventory) audit (the “**Audit**”) of all feedlots and pens ***next week starting Tuesday, March 4, 2025*** and this process should take less than a week. We will reach out to all owners and managers of each feedlot to advise on timing of these inventory audits.
- b. The Audit will be a critical step for the Restructuring Officer to complete, which is intended to provide the Minister and the Senior Lenders the comfort they require to verify the existence of the Senior Lenders’ collateral, which in turn will assist in the Ministry in its consideration concerning the lifting of the Ministerial Order.
- c. PBFC’s former Supervisor, Mr. Broek Murray, has agreed to assist the Restructuring Officer to transition his role to an interim supervisor(s) and we thank Mr. Murray for his assistance. PBFC’s existing contract supervisors (Mr. Curtis Van Vaerenbergh and Mr. Ryan Cleghorn), will continue to assist the Restructuring Officer, as required.
- d. The Provincial Supervisor will be arranging for three supervisors from the Ministry to assist the Restructuring Officer in the completion of the Audit.

3. Member Deposits, Equity Proceeds and Continued Loans

- a. The top priority of the Restructuring Officer is to resume PBFC operations back to normal expeditiously.
- b. The Ministry, the FAA and the Senior Lenders have expressed their support of PBFC to resume full operations as soon as possible. We are optimistic the Ministry may consider lifting the Ministerial Order, provided that the Restructuring Officer is able to achieve satisfactory results from the Audit, the engaging of the Interim Administrator and interim supervisor and can demonstrate that PBFC’s operations have been stabilized under the supervision of the Restructuring Officer.
- c. ***In the interim, while we continue to review PBFC’s banks accounts and books and records, we wish to reassure Members that nothing has come to our attention that would suggest that the Members security deposits are not safe or not intact and are currently being held under the control of the Restructuring Officer.***
- d. Please be also advised that should any Member be in possession of a physical cheque or funds from the sale of cattle, please continue to either make deposits at the BMO bank or deliver them to PBFC so that our team members can arrange for the deposit.

Long-term Focus

The Restructuring Officer's mandate is to make the necessary changes within PBFC to ensure that PBFC is best positioned for continued operational success going forward and will address the following:

- the development of a comprehensive set of corporate governance policies and procedures (collectively, the “**Policies**”) that will address the concerns of the Ministry;
- the hiring of a permanent administrator and supervisor;
- the implementation of the Policies, which PBFC anticipates will include running a fair and transparent election to appoint a new board of directors of PBFC at an appropriate time; and
- the transition of PBFC out of the control of the Restructuring Officer into the control of a newly elected board of directors, so that PBFC can resume its normal operations with the revised Policies in place.

FUTURE COMMUNICATION

Restructuring Officer's Contact Information

The Restructuring Officer will be working from the PBFC office over the next several weeks and remotely from its offices. All inquiries and communications with the Restructuring Officer regarding the restructuring proceedings should be directed to the following:

Bryan Krol

Director

(403) 538-7523

Email: bkrol@alvarezandmarsal.com

Taylor Poirier

Director

(604) 639-0852

tpoirier@alvarezandmarsal.com

Quinn Park

Associate

(403) 538-7513

Email: qpark@alvarezandmarsal.com

Zach Keith

Consultant

(403) 382-6852

Email: Zach.Keith@availcpa.com

Once the Restructuring Officer has engaged its Interim Administrator, we will communicate to all Members in due course and will provide all Members with the Interim Administrator's contact information. All publicly available information relating to the Restructuring proceedings can be found on the Restructuring's Officer website at: www.alvarezandmarsal.com/picturebutte. Members are still able to contact the PBCF office to reach one of our members by calling (587) 787-1539.

Member Advisory Group

The Restructuring Officer has arranged for a small group of existing Members and a representative of the FAA to assist the Restructuring Officer, by acting as helpful bridge of communication between the Members and the Restructuring Officer and to share their and members experiences of the industry and the co-operative, in general. While the Members are encouraged to contact the Restructuring Officer directly, should a Member wish to contact one of the following members, you may do so and the following individuals will communicate directly with us:

Tony Ankermann

PBCF Member

(403) 382-9399

Email: tankermann4@gmail.com

Conrad-Colleen Withage

PBFC Member

(403) 382-0728

Email: cwithage@gmail.com

Craig Guthrie

FAA Executive Director

(587) 635-5669

Email: CGuthrie@feederassoc.com

Proposed Town-Hall Meeting

To promote continued and ongoing, open and transparent communication between PBFC, the Restructuring Officer, and the Members, the Restructuring Officer is planning to host a Town-Hall meeting within the next couple of weeks once operations have been stabilized and we are in a position to discuss the status of the organizational restructuring.

The Restructuring Officer is advised that representatives of the Ministry and the FAA wish to join the Restructuring Officer to express their continued support of PBFC during its restructuring proceedings and to also make themselves available to answer any questions or concerns the Members may have. We will provide further communication to the Members on the timing of the Town-Hall, including the format of the meeting (i.e. in-person or virtual attendance).

SUMMARY

The Restructuring Officer understands that the events leading up to the Ministerial Order may have come to a surprise to many, which has led to certain concerns, questions and anxiety about the future operations of PBFC and the status of your loans and deposits. We wish to re-iterate that your loans and deposits are safe and the Restructuring Officer is working closely to satisfy certain concerns outlined in the Ministerial Order to allow PBFC to resume its operations with no future impediments.

We are encouraged by our recent communication with the Ministry, the FAA and the Senior Lenders. These parties have all expressed the importance of PBFC to resume its operations as soon as possible and it is our hope that once the above-mentioned “Immediate Next Steps” have been addressed, this will allow the Ministry to consider lifting the Ministerial Order.

Please note that the Restructuring Officer is rapidly collecting information from a variety of sources, and events are rapidly evolving. The strategy and actions contemplated in this letter are therefore subject to change. While the Restructuring Officer has made and will continue to make its best efforts to ensure the accuracy of the information contained in this letter and any further communications, it cannot provide an assurance of accuracy in the circumstances.

We thank you in advance for your patience and questions to date from the Members, and we will continue to provide you with ongoing updates on the restructuring process.

Yours truly,

**Alvarez & Marsal Canada Inc.,
acting in its capacity as the court-appointed
Restructuring Officer**



Orest Konowalchuk, CPA, CA, CIRP, LIT
Senior Vice President