

**IN THE MATTER OF THE DIVISION I PROPOSAL OF
1143402 ALBERTA LTD., CANDIAN DEVELOPMENT STRATEGIES INC., OAK AND ASH FARM
LTD., 2061778 ALBERTA LTD., LORI RUNZER AND DEAN RUNZER**

**TRUSTEE'S REPORT TO THE CREDITORS FOR RECONVENED FIRST MEETING OF CREDITORS
TO BE HELD ON AUGUST 25, 2022 AT 11:00 AM.**

BACKGROUND AND PURPOSE OF THE REPORT

The Trustee has prepared this report to creditors for the sole purpose of addressing matters proposed to be put forward at the reconvened first meeting of creditors (the "**Reconvened FMC**") to be held via conference call on August 25, 2022.

The original first meeting of creditors for each of 1143402 Alberta Limited ("**114**"), Canadian Development Strategies Inc. ("**CDSI**"), Oak and Ash Farm Ltd. ("**Oak and Ash**") and 2061778 Alberta Ltd. ("**206**") (collectively referred to as the "**FireSong Group**") and Lori Runzer and Dean Runzer (collectively referred to as the "**Runzers**") was held between the dates of March 31, 2022 and April 1, 2022 (collectively as the "**Original FMC's**").

At or before the Original FMC's, certain creditors of the FireSong Group and the Runzers requested additional detailed information with respect to the assets and affairs of the FireSong Group and the Runzers. In order to allow time for the FireSong Group and the Runzers to provide satisfactory answers to the questions of the creditors, the Original FMC's were adjourned Sine Die.

STATUS OF INFORAMTION REQUESTS

As is set out in prior reports to court filed by the Trustee, a non-exhaustive list of the information that has been requested but remains outstanding is set out as follows:

- a. financial and other information to support the extent of 114's financial interest in the Cranbrook Property;
- b. financial or other information outlining the support for services provided by Benjamin Runzer to 114 in regard to the Cranbrook Property;
- c. the basis and rationale for certain post-filing payments made by the Runzers, in their personal capacities, to or on behalf of related parties;
- d. Management has advised that the anticipated equity which was previously identified as being available in the Oak and Ash Lands and the 206 Lands has deteriorated due to change in the anticipated sale value. Details surrounding the anticipated equity (if any) available for the creditors has not been provided;
- e. the Runzer Proposal requires the posting of reasonable security in accordance with Section 59(3) of the Bankruptcy and Insolvency Act ("**BIA**") due to a past insolvency filing by the Runzers. To date, the Trustee has not received satisfactory information to support that this requirement of the BIA can be met;
- f. the cashflow statements of the FireSong Group continue to project and rely for viability upon the sale of fractional shares in the Cabins; however, there has been no information supplied to the Trustee to evidence that the sale of fractional shares is imminent or that the FireSong Group has the requisite funding or resources to commence a fractional share marketing or sales process;
- g. third party financing has been secured by way of an assignment of the debt and mortgage of ATB to the third party in respect of the Oak and Ash Lands. The Trustee has requested, but

has not been provided details regarding the third-party financing, including whether or not the financing included any amount above the amount payable to ATB (i.e., equity) payable to Oak and Ash; and

- h. Management has not been able to produce financial books and records related to the FireSong Group (including historical bank statements) to the satisfaction of the Trustee that would allow a proper investigation into the flow of funds to purchase certain assets, including (but not limited to) deposits paid on lands purchased by Oak and Ash and monies received by 114 in relation to certain lots which are purported to be held in trust for it.

Based on its interactions with the FireSong Group and the Runzers, the Trustee does not anticipate that information to address the above noted concerns is forthcoming. The Trustee further understands that the FireSong Group and the Runzers appear to have kept inadequate financial and operational records during its operations.

The FireSong Group has advised that it has been working with a third party with a view of obtaining financing, part of which will be used to fund the proposal proceedings. To date, the Trustee has not received anything concrete to suggest that funding is imminent.

The FireSong Group has not provided the Trustee with any form of finalized amended Division I Proposal(s) which would address the concerns of the creditors raised at the Original FMC.

PROPOSED MOTIONS AND PATH FORWARD

Given the length of time that has passed since the Original FMC's were convened, coupled with the fact that the Trustee does not anticipate that information to adequately answer the outstanding concerns is forthcoming, the Trustee has called the Reconvened FMC to allow the creditors to provide direction to the Trustee on the path forward which *may* include one, more or a combination of the following:

- a. Allowing the FireSong Group and the Runzers additional time to seek third party funding and provide the outstanding information including, but not limited to, the information set out above;
- b. Providing the FireSong Group and the Runzers with a date certain for provision of outstanding information including, but not limited to, the information set out above;
- c. Requiring the FireSong Group and the Runzers to provide amended proposals by a date certain (if it intends to do so);
- d. Requiring the Trustee to reconvene the first meeting of creditors for all entities so that a vote on the original Division I Proposal(s) can be held; or;
- e. Some other direction as the creditors may see fit.

In addition to the above, the Trustee intends to make a motion for the appointment of inspectors to the estates. The inspectors will represent the creditor bodies going forward and will provide oversight in the proceedings, including providing directions to the Trustee, where applicable.

Dated at the City of Edmonton, in the province of Alberta, on August 12, 2022.

MNP Ltd

In its capacity as Trustee of the Division I Proposal of
114, CDSI, Oak and Ask, 206, Lori Runzer and Dean Runzer
And not in its personal capacity

Per:  Karen Aylward, CIRP, LIT
Vice President