Estate No.: 11-3170658

In the Matter of the Bankruptcy of
Microb Resources Inc. doing business as Salt Spring Coffee
of the City of Richmond in the Province of British Columbia

TRUSTEE'S REPORT TO CREDITORS
ON PRELIMINARY ADMINISTRATION

I BACKGROUND

Microb Resources Inc. ("**Microb**" or the "**Company**") is a privately held corporation incorporated in 1989 on Salt Spring Island under the *Business Corporations Act* (British Columbia). The Company was a coffee roaster and manufacturer that distributed fair trade organic coffee throughout Canada and the United States. The Company's business model was premised on importing coffee, roasting, packaging the product and distributing it across its North American customer base.

In 2010, the Company moved its operations from Salt Spring Island to a leased facility at 3551 Viking Way #105, Richmond, British Columbia (the "**Leased Facility**"), where the Company employed 25 staff and worked with multiple independent contractors to produce its product.

The Company's solvency and liquidity issues began in 2021 during the COVID-19 pandemic and continued through to 2024 as the Company struggled to adapt to increasing interest and inflation rates, which made it difficult for production to keep pace with rising costs. The Company was also involved in litigation with a vendor that added to its liquidity challenges.

II. DEEMED BANKRUPTCY

The Company filed a Notice of Intention to Make a Proposal on January 2, 2025 whereby KPMG Inc. was appointed Proposal Trustee (the "**Proposal Trustee**").

On January 16, 2025, the Supreme Court of British Columbia (the "**Court**") granted an order approving the Asset Purchase Agreement dated January 2, 2025, between the Company and Caffe & Roaster Holdings Inc. (the "**Purchaser**") whereby substantially all the Company's assets were sold to the Purchaser (the "**Transaction**").

For further details with respect to the Proposal Trustee's activities and the Transaction, please refer to the Proposal Trustee's report to court dated January 8, 2025 which can be found at https://assets.kpmg.com/content/dam/kpmg/ca/pdf/creditorlinks/microb-resources-inc/first-report-of-the-proposal-trustee.pdf

On February 3, 2025 (the "**Date of Bankruptcy**"), the Company was deemed bankrupt due to a failure to make a proposal within the initial stay period. KPMG was deemed to be appointed Licensed Insolvency Trustee of the Company (the "**Trustee**").

On February 7, 2025, the Trustee sent notices to all known creditors of the Company providing them with notice of the first meeting of creditors, a list of creditors, a proof of claim form and a form of proxy.

On February 14, 2025, the notice of the bankruptcy and the first meeting of creditors was published in the National Post.

III ASSETS

As detailed in the Statement of Affairs, the Company has no realizable assets as of the Date of Bankruptcy. All assets of the Company were sold pursuant to the Transaction.

IV SECURED CREDITORS

The Company’s Statement of Affairs indicates that there were no known secured creditors as at the Date of Bankruptcy.

V SECURITY FOR UNPAID WAGES – S.81.3 CLAIMS

The Trustee is not aware of any potential claims pursuant to section 81.3 of the *Bankruptcy and Insolvency Act* and understands that all amounts owing in respect of wages and/or vacation pay, as well as severance and termination pay, to the Company’s former employees, were paid by the Company prior to the Date of Bankruptcy.

The Trustee will comply with the requirements of the *Wage Earner Protection Program Act*, where applicable.

VI PREFERRED CREDITORS

The Company’s Statement of Affairs indicates that there were no known preferred creditors as at the Date of Bankruptcy.

VII UNSECURED CREDITORS

The Company’s Statement of Affairs indicates that there are approximately 76 unsecured creditors with claims totaling approximately $2,592,584.46.

VIII CLAIMS FILED

As at the date of this report, the Trustee has recorded Proof of Claims filed, as follows:

	Claims Filed (#)	Amount ($)	Proxies in Favour of Trustee (#)	Amount ($)
Secured	Nil	Nil	Nil	Nil
Preferred	Nil	Nil	Nil	Nil
Unsecured	3	111,159.07	1	25,448.55
TOTAL	**3**	**111,159.07**	**1**	**25,448.55**

IX CONSERVATORY AND PROTECTIVE MEASURES

Prior to the date of bankruptcy, all of the assets of the Company had been sold. As a result, no conservatory or protective measures were required to be undertaken by the Trustee.

X BOOKS AND RECORDS

The Trustee has taken possession of the Company's books and records and/or has continued access to electronic records.

XI PREFERENCE PAYMENTS AND TRANSFERS UNDER VALUE

The Trustee has not performed a review of the Company's books and records, with respect to potential fraudulent preferences, settlements or transfers at undervalue, as defined in the BIA. It is the intention of the Trustee to discuss the scope of its review with the Inspectors, if appointed, at the first meeting of inspectors.

XII LEGAL PROCEEDINGS

The Trustee has not commenced any legal proceedings at the date of the report.

XIII TRUSTEE'S FEES

The Trustee holds a deposit from Caffe & Roasters Holdings Inc. in the amount of $50,000 (the "**Third Party Deposit**") to guarantee payment of the Trustee's fees and disbursements for statutory work in accordance with the provisions of the BIA, should insufficient funds be available from the Company's estate. The Third Party Deposit is being held by the Trustee in an account segregated from the funds of the estate.

XIV ESTIMATED REALIZATION

The Trustee does not anticipate that there will be any funds available for distribution to unsecured creditors.

XV OTHER MATTERS

Further information relating to the Company's bankruptcy proceedings may be obtained from KPMG's website at https://kpmg.com/ca/en/home/services/advisory/deal-advisory/creditorlinks/microb-resources-inc.html

Dated at Vancouver, British Columbia, this 19th day of February, 2025.

KPMG INC.
In its capacity as Trustee of the estate of
Microb Resources Inc.,
and not in its personal capacity.

Per: Huey Lee, CIRP, LIT
Senior Vice President