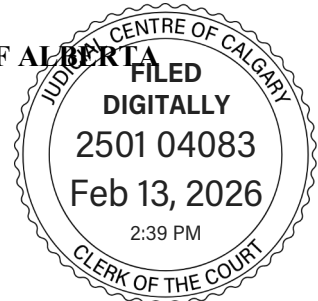


COURT FILE NUMBER **2501-04083**

COURT **COURT OF KING'S BENCH OF ALBERTA**

JUDICIAL CENTRE **CALGARY**



**IN THE MATTER OF THE RECEIVERSHIP OF  
SUNORA FOODS INC.**

PLAINTIFF **THE TORONTO-DOMINION BANK**

DEFENDANTS **SUNORA FOODS INC., CHARLES O. EGHOBAMIEN, and  
OMOWUMI FOLAYEMI AROWOJOBE**

APPLICANT **KPMG INC., IN ITS CAPACITY AS COURT APPOINTED  
RECEIVER OF SUNORA FOODS INC.**

DOCUMENT **FIRST & FINAL REPORT OF THE RECEIVER**

DATE **FEBRUARY 13, 2026**

ADDRESS FOR SERVICE AND  
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# ***1. INTRODUCTION AND PURPOSE OF REPORT***

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## **Introduction**

1. On April 10, 2025, The Toronto-Dominion Bank (“**TD**”), applied for and obtained a receivership order (the “**April 10 Order**”) granted the Court of King’s Bench of Alberta (the “**Court**”) appointing KPMG Inc. (“**KPMG**”) as the receiver (in such capacity, the “**Receiver**”) of Sunora Foods Inc. (“**Sunora**” or the “**Company**”), pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (“**BIA**”), section 13(2) of the *Judicature Act*, RSA 2000, c J-2, section 99(a) of the *Business Corporations Act*, RSA 2000, c B-9 and section 65(7) of the *Personal Property Security Act*, RSA 2000 c P-7.
2. The April 10 Order was immediately stayed until July 10, 2025. The stay was subsequently lifted and the receivership order was amended pursuant to an amended and restated receivership order granted on June 25, 2025 (collectively, the “**Receivership Order**”), pursuant to which KPMG was appointed receiver and manager without security, of all of the current and future assets, undertakings, and properties of every nature and kind whatsoever, and wherever situate (collectively, the “**Property**”)

## **Purpose of the Report**

3. This is the Receiver’s first and final report to the Court (the “**First Report**” or this “**Report**”) which has been prepared to provide the Court with:
  - a) an overview and background of the Company;
  - b) an update about the activities of the Receiver regarding the administration to date of the Company’s estate;
  - c) an outline of priority claims;
  - d) the Receiver’s interim statement of receipts and disbursements for the period June 25, 2025 to February 6, 2026 (the “**Interim SRD**”);
  - e) the professional fees and disbursements of the Receiver and the Receiver’s legal counsel, Dentons Canada LLP (“**Dentons**”);
  - f) the distribution of proceeds;

- g) the proposed discharge of the Receiver; and
- h) the Receiver's recommendations.

### **Terms of Reference**

- 4. All materials filed with the Court and all orders granted by the Court in connection with the receivership proceedings will be made available to creditors and other interested parties in electronic format on the Receiver's website <https://kpmg.com/ca/sunora> (the "**Receiver's Website**").
- 5. In preparing this Report, the Receiver has been provided with, and has relied upon, unaudited and other financial information, books and records (collectively, the "**Information**") prepared by the Company and/or their representatives, and discussions with the Companies' management and/or representatives.
- 6. The Receiver has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards pursuant to the Chartered Professional Accountants Handbook, and accordingly the Receiver expresses no opinion or other form of assurance in respect of the Information.
- 7. The information contained in this Report is not intended to be relied upon by any prospective purchaser or investor in any transaction with the Receiver.
- 8. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

## ***2. BACKGROUND***

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- 9. Sunora is a Calgary-based wholesaler of food-grade oils, including canola oil and olive oil. The Company operated from a leased premises located at 4616 Valiant Drive NW, Calgary, Alberta (the "**Premises**") as a small-scale distributor, purchasing oil products from suppliers and reselling them to retail and commercial customers primarily in Canada and the United States, with a few customers internationally.

10. The Company began experiencing financial difficulties in 2023 and 2024, following significant year-over-year revenue declines and operating losses due to changes in the market.
11. Throughout 2024 and early 2025, the Company attempted to stabilize operations through cost-reduction efforts, working capital management, and negotiations with its primary supplier; however, ongoing liquidity constraints persisted, and the Company was unable to secure alternative financing or equity investment.
12. On or about September 5, 2024, TD issued demand letters and notices of intention to enforce security pursuant to section 244(1) of the BIA to the Company and the guarantors.
13. As mentioned above, the April 10 Order was granted and immediately stayed until July 10, 2025 (the “**Stay Period**”), during which time the Company was required to cooperate with KPMG in its capacity as financial advisor to TD and address outstanding reporting obligations.
14. During the Stay Period, the Company provided updated reporting and draft cash-flow forecasts. These materials reflected continued borrowing base shortfalls and ongoing negative cash flow. Given the deteriorating liquidity, and the absence of a viable plan to repay TD, TD applied to terminate the Stay Period and sought the immediate appointment of a receiver.
15. On June 25, 2025, (the “**Appointment Date**”) following TD’s application to lift the stay, the Court appointed KPMG as receiver over all of the Property of the Company.
16. Further background and information regarding the Company can be found on the Receiver’s Website.

### ***3. ACTIVITIES OF THE RECEIVER***

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#### **Initial Receivership Activities**

17. On the Appointment Date, the Receiver immediately attended the Premises to secure access and ensure that such access was limited to the Receiver and the landlord.
18. The Receiver also undertook the following activities:

- a) sent notice to TD requesting the Company's accounts be immediately frozen but remain open for deposits only;
- b) took possession of approximately \$53,000 of cash maintained in two accounts at TD, one in Canadian dollars and one in U.S. dollars. All funds were deposited into the receivership trust account;
- c) informed Sunora employees of the Receivership Order, terminated their employment and advised about the Wage Earners Protection Program;
- d) retained a former employee and bookkeeper under contract terms to assist the Receiver with its duties;
- e) identified and secured the Company's books and records;
- f) arranged for mail redirection to the Receiver's office;
- g) disclaimed the lease for the Premises and notified the landlord of same;
- h) prepared the Notice and Statement of Receiver which was sent to all the known creditors of the Company as required by the BIA;
- i) took steps to collect outstanding accounts receivable;
- j) confirmed that there was adequate insurance coverage in place and directed the insurance provider to add the Receiver as a named insured/loss payee; and
- k) received and responded to numerous creditor and stakeholder inquiries throughout these receivership proceedings.

### **Management, Employees and Contractors**

19. At the Appointment Date, the Company had three employees and one contractor, engaged as the bookkeeper. The Receiver terminated the employees as of the Appointment Date and temporarily engaged a former employee and the bookkeeper as contractors (the "**Contractors**") to assist the Receiver with its duties.

20. The Receiver filed documents in accordance with the *Wage Earner Protection Program Act* (“**WEPPA**”) with Service Canada pertaining to vacation and termination pay owing to the former employees of Sunora.
21. The Receiver prepared Records of Employment (“**ROEs**”) for all employees in accordance with their termination, as well as prepared and issued T4 slips, and coordinated a trust examination with the Canada Revenue Agency (“**CRA**”).

#### ***4. ASSET REALIZATION***

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##### **Accounts Receivable**

22. As at the Appointment Date, there was approximately \$939,000 in accounts receivable (“**AR**”) owing predominantly from customers in the United States, with the remaining customers located in Canada and overseas.
23. The Receiver identified three shipments to three separate overseas customers in-transit at the Appointment Date. The Receiver coordinated and executed the appropriate documentation required for the release of the product and collection of the associated AR. The Receiver also issued demand letters, followed up and negotiated payment arrangements with various customers for larger outstanding AR. As of the date of this Report, the Receiver collected approximately \$706,000 and determined that approximately \$135,000 had been previously collected by Sunora or was uncollectible.
24. There is one receivable that remains outstanding from Bakhshi Global Inc. (“**Bakhshi**”), that had an original outstanding AR balance of approximately \$108,000. The Receiver sent collection letters, followed up and engaged in numerous discussions with Bakhshi regarding payment arrangements. While no formal payment plan was reached, Bakhshi remitted a single payment of approximately \$10,000 on November 4, 2025, but has been unresponsive to continued collection efforts by the Receiver. The Receiver’s counsel recently sent a formal demand letter to Bakshi and collection efforts are ongoing. As of the date of this Report, the balance of approximately \$98,000 remains outstanding (the “**Bakhshi Outstanding Receivable**”).

## **Vehicle**

25. Sunora owned a 2022 Ford F150 (the “**2022 Ford**”) that was financed through Ford Credit Canada Leasing (“**FCCL**”). The Receiver took possession of the 2022 Ford on June 30, 2025 and obtained a condition report that included an estimated auction value and determined there was no equity available to the receivership proceedings. As such, the Receiver released the 2022 Ford to FCCL.

## **Inventory**

26. As at the Appointment Date, the Company’s inventory consisted of 40 200KG barrels of extra virgin olive oil (the “**Inventory**”), stored at a third-party warehouse in Etobicoke, Ontario. The Receiver understands that the Inventory was pre-purchased at an optimal price to sell to one of Sunora’s largest customers.
27. The Receiver contacted Sunora’s customers in an effort to facilitate the liquidation of the Inventory, however, none were interested in purchasing the Inventory for various reasons.
28. The Receiver conducted a broad outreach process to more than 30 potential buyers across the food, wholesale, retail, skincare, recycling, and biofuel sectors to locate a purchaser for the Inventory.
29. Following this process and receiving little to no interest, the Receiver entered into a sale agreement dated September 24, 2025 for the sale of the Inventory to Rex Services (the “**Purchaser**”), a waste management services company, on an “as is, where is” basis for approximately \$6,500.
30. The Receiver completed the sale of the Inventory on or about October 6, 2025.

## ***5. PRIORITY CLAIMS***

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31. The Receiver filed documents in accordance with WEPPA pertaining to wage arrears owing to two former employees of Sunora. The maximum amount payable to Service Canada under Section 81.4 of the BIA is approximately \$2,000, the priority for which ranks ahead of all registered security interests in relation to the Property. A statement of account has been requested from Service Canada to verify the amount owing.

32. The Receiver confirmed with the CRA that Sunora is in compliance with all filing requirements related to goods and services tax (“GST”) and that no amounts were owing to CRA.
33. The CRA conducted a trust exam and asserted a deemed trust for unremitted payroll source deductions in the amount of \$3,418.80, which the Receiver has paid.
34. The Workers’ Compensation Board of Alberta (“WCB”) provided the Receiver with a statement that reflected a minimal balance owing that related to late filing penalties and the Receiver is of the view that this would not rank ahead of TD’s security.

### **TD Claim and Security**

35. The Receiver’s counsel has reviewed the security documents provided by TD’s counsel and has provided a security opinion (the “**Security Opinion**”) to the Receiver that, subject to the customary qualifications and assumptions, confirms TD has a valid and enforceable first in time security interest over the Property.
36. The Receiver is unaware of any other creditors having a security interest in the Property, by virtue of a security agreement, which would rank in priority to TD.
37. The outstanding balance of TD’s indebtedness as at June 16, 2025 was \$1,620,579.54 with interest and expenses, including legal costs, continuing to accrue.

## ***6. TRANSACTION REVIEW***

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38. The Receiver completed a transaction review, but nothing has come to the Receiver’s attention that would constitute a preference payment or transaction at undervalue. In the Receiver’s view, conducting any further investigations would not be cost effective or an efficient use of the remaining estate resources and, accordingly, would not be a commercially reasonable step at this time.

## ***7. INTERIM SRD – Cash Position as at February 6, 2026***

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39. Below is the Receiver’s interim statement of receipts and disbursements (the “**Interim SRD**”) for the period from the Appointment Date to February 6, 2026:

<b>Sunora Foods Inc.</b>	
<b>Interim Statement of Receipts and Disbursements</b>	
<b>June 25, 2025 to February 6, 2026</b>	
	<b>Amount</b>
<b>Cash Receipts</b>	
Accounts receivable collected	705,915
Opening cash balance	53,337
Interest	9,133
Sale of inventory	6,521
<b>Total Cash Receipts</b>	<b>774,905</b>
<b>Cash disbursements</b>	
Receivers fees	(139,704)
Payment to secured creditor	(17,775)
Legal fees	(15,869)
Shipping fees	(7,536)
GST/HST paid	(7,979)
CRA claim	(3,419)
Storage	(1,400)
Contractor fees	(590)
OSB filing fees	(84)
<b>Total Cash Disbursements</b>	<b>(194,356)</b>
<b>Excess Receipts Over Disbursements</b>	<b>580,549</b>
<b>Notes:</b>	
The Receiver has converted amounts in USD using the rate of \$1.3648 as at February 6, 2026.	

40. Receipts primarily relate to the collection of accounts receivable, cash on hand as at the Appointment Date and proceeds from the sale of the Inventory.
41. Disbursements primarily consist of professional fees, shipping costs related to the in-transit product and other costs incurred in administering the receivership estate.
42. The excess funds on hand upon completion of the receivership proceedings, and payment of any priority claims, will be distributed to TD, as first ranking secured creditor in accordance with its security position.

**8. FEES AND DISBURSEMENTS OF THE RECEIVER AND ITS COUNSEL**

43. The Receiver has incurred professional fees and disbursements in the administration of this proceeding. For the period from June 16, 2025 to November 30, 2025, the Receiver has incurred and paid fees in the amount of approximately \$146,689. The Receiver has unpaid fees to January 31, 2026 in the amount of \$19,764, and estimated costs to complete in the amount of \$31,500 inclusive of taxes (the “**Receiver’s Fees**”).
44. For the period from March 10, 2025 to September 10, 2025, Dentons has incurred and the Receiver has paid fees in the amount of \$16,662. Dentons has unpaid fees to January 31, 2026 in the amount of \$9,142, and estimated costs to complete in the amount of \$31,500 inclusive of taxes (“**Dentons Fees**” and together with the Receiver’s Fees, the “**Professional Fees**”). A summary of the Professional Fees is set out below.

<b>Sunora Foods Inc.</b>			
<b>Summary of Professional Fees</b>			
<b>As at February 6, 2026</b>			
<b>Service Period</b>	<b>Fees and disbursements</b>	<b>GST</b>	<b>Total Amount</b>
<b>KPMG Inc.</b>			
<b>Paid fees</b>			
June 16 - July 15, 2025	60,674	3,034	63,707
July 16 - August 31, 2025	48,898	2,445	51,342
September 1 - September 30, 2025	16,623	831	17,454
October 1 - November 30, 2025	13,510	676	14,186
<b>Total Paid fees</b>	<b>139,704</b>	<b>6,985</b>	<b>146,689</b>
<b>Unpaid fees</b>			
December 1, 2025 - January 31, 2026	18,823	941	19,764
Estimated costs to complete	30,000	1,500	31,500
<b>Total Unpaid fees</b>	<b>48,823</b>	<b>2,441</b>	<b>51,264</b>
<b>Total Fees for KPMG Inc.</b>	<b>188,526</b>	<b>9,426</b>	<b>197,953</b>
<b>Dentons Canada LLP</b>			
<b>Paid fees</b>			
March 10 - July 10, 2025	10,363	518	10,881
July 11 - July 31, 2025	2,975	149	3,123
August 1 - September 10, 2025	2,532	127	2,658
<b>Total Paid fees</b>	<b>15,869</b>	<b>793</b>	<b>16,662</b>
<b>Unpaid fees</b>			
September 11, 2025 - January 31, 2026	8,707	435	9,142
Estimated costs to complete	30,000	1,500	31,500
<b>Total Unpaid fees</b>	<b>38,707</b>	<b>1,935</b>	<b>40,642</b>
<b>Total Fees for Dentons Canada LLP</b>	<b>54,576</b>	<b>2,729</b>	<b>57,305</b>
<b>Total Professional Fees</b>	<b>243,102</b>	<b>12,155</b>	<b>255,257</b>

45. The Receiver is seeking approval of the Professional Fees. Copies of the invoices, including detailed time analysis, can be made available to the Court for inspection at the hearing of the application.
46. The Receiver is of the view that the Professional Fees have been incurred in a prudent and economical manner, and are fair and reasonable given the activities of the Receiver to date as outlined in this First Report.

## ***9. BOOKS AND RECORDS***

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47. The Receiver has possession of the Company's books and records.
48. The Receiver is seeking authorization to destroy the books and records of the Company in its possession to the extent they are not required for the collection of AR. The Receiver proposes to provide the former director(s) of the Company with 30 days' notice of its intention to destroy the records unless retrieved by the former director(s) within that time period.

## ***10. DISTRIBUTIONS AND DISCHARGE OF THE RECEIVER***

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### **Interim and Future Distributions to Secured Creditor**

49. As detailed in the Security Opinion, TD is the first priority secured creditor against the Property. The Receiver proposes to make an interim distribution of \$400,000 from the funds available. Upon completion of the administration of the receivership estate, the Receiver proposes to pay the remaining funds available for distribution to TD.

<b>Sunora Foods Inc.</b>		
<b>Summary of Proposed Distributions</b>		
	<b>Notes</b>	<b>Amount</b>
Available for distribution		580,549
Interim distribution to TD		(400,000)
Receiver holdback	<b>1</b>	(180,549)
<b>Remaining funds</b>		<b>-</b>
<b>Notes:</b>		
1. Funds heldback for professional fees, WEPP priority claim and other administrative costs. Once these costs are paid a final distribution of remaining funds will be sent to TD.		

50. Any further amounts collected by the Receiver related to the Bakhshi Outstanding Receivable shall be distributed to TD.
51. The Receiver respectfully requests that this Honourable Court grant an order approving the proposed interim distribution and any future distributions to TD, as appropriate.

### **Discharge of Receiver**

52. As mentioned previously in this Report, the Bakhshi Outstanding Receivable totals approximately \$98,000. Once the Receiver has exhausted its collection efforts, it may deem the Bakhshi Outstanding Receivable as uncollectible.
53. The Receiver is of the view that other than general administrative matters, the collection of the Bakhshi Outstanding Receivable described above and payment of the distribution(s) to TD (the “**Remaining Duties**”), the administration of the receivership proceedings is substantially complete, and it is appropriate to terminate the receivership proceedings and discharge the Receiver upon the Receiver filing a discharge certificate.
54. In order to avoid unnecessary costs of another Court application and to maximize the distributions to the priority secured creditor, TD, the Receiver requests the Court grant an order to discharge the Receiver (the “**Discharge Order**”) effective at such time as the Receiver is satisfied that it has reasonably completed the Remaining Duties and files a discharge certificate (the “**Receiver’s Discharge Certificate**”) in the form attached to the proposed Discharge Order.

## ***11. RECEIVER’S RECOMMENDATIONS***

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55. The Receiver respectfully recommends that this Honourable Court grant the relief set out in its application, as follows:
  - a) approving this Report and the activities of the Receiver described herein;
  - b) approving the Receiver’s Interim SRD for the period June 25, 2025 to February 6, 2026;

- c) approving the Professional Fees as outlined in this Report, including the estimated professional fees to completion;
- d) approving the Receiver's proposed interim distribution to TD from cash on hand, and any subsequent distributions to TD up to the amount of the indebtedness owed by the Company to TD, without further order of the Court;
- e) discharging the Receiver, effective upon the filing of the Receiver's Discharge Certificate confirming completion of the remaining administrative matters; and
- f) authorizing and directing the Receiver to destroy the Company's books and records no earlier than 30 days after giving notice to the former director(s) of the Company unless records are retrieved, subject to preserving such records as required by statute or agreement.

This Report is respectfully submitted this 13<sup>th</sup> day of February, 2026.

**KPMG Inc.**  
**In its capacity as Court-Appointed Receiver of**  
**Sunora Foods Inc. and not in its personal**  
**or corporate capacity.**

A handwritten signature in black ink, appearing to read "Kennedy", written in a cursive style.

Per: Julie Kennedy, CIRP, LIT  
*Vice President*