

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

SKYMARK FINANCE CORPORATION

Applicant

- and -

MAHAL VENTURE CAPITAL INC. and GOLDEN MILES FOOD CORPORATION

Respondents

**FACTUM OF THE RECEIVER
(Discharge, Distribution and Ancillary Matters)
Returnable March 5, 2026**

BLAKE, CASSELS & GRAYDON LLP
Barristers and Solicitors
199 Bay Street
Suite 4000, Commerce Court West
Toronto, Ontario M5L 1A9

Chris Burr, LSO #55172H
Tel: 416-863-3261
Email: chris.burr@blakes.com

Jake Harris, LSO #85481T
Tel: 416-863-2523
Email: jake.harris@blakes.com

Lawyers for the Receiver

TO: SERVICE LIST

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

SKYMARK FINANCE CORPORATION

Applicant

- and -

MAHAL VENTURES CAPITAL INC. and GOLDEN MILES FOOD CORPORATION

Respondents

**FACTUM OF THE RECEIVER
(Discharge, Distribution and Ancillary Matters)
Returnable March 5, 2026**

PART I - OVERVIEW

1. This factum is filed in support of a motion by KSV Restructuring Inc., in its capacity as Court-appointed receiver and manager (the “**Receiver**”), without security, of the assets, undertakings and properties of Mahal Venture Capital Inc. (“**Mahal VC**”) and Golden Miles Food Corporation (“**Golden Miles**” and, together with Mahal VC, the “**Companies**”) owned or used in connection with the flour mill (the “**Flour Mill**”) located on the property municipally known as 155 Adams Blvd., Brantford, Ontario (the “**Real Property**” and together with the Flour Mill, the “**Property**”) for an Order (the “**Distribution and Discharge Order**”), among other things:

- (a) authorizing and directing the Receiver to make certain distributions to Vicano, the Skymark Receiver and KLN (each as defined below);

- (b) approving the activities of the Receiver (the “**Activity Approval**”) and the receipts and disbursements of the Receiver (the “**R&D**”) as set out in the Receiver’s Seventh report to the Court dated February 25, 2026 (the “**Seventh Report**”);
- (c) discharging the Receiver upon filing of the Completion Certificate (defined below) and granting certain customary releases in favour of the Receiver and its counsel, Blake, Cassels and Graydon LLP (“**Blakes**”); and
- (d) approving the fees of the Receiver and Blakes and a fee accrual of \$50,000 (plus disbursements and HST) until the filing of the Completion Certificate.

2. This factum will address the requested relief in connection with: (a) the Activity Approval, and (b) the discharge of the Receiver and the release of the Receiver and Blakes.

PART II - FACTS

Receivership and Bankruptcy Proceedings

3. KSV was appointed Receiver of the Companies pursuant to an order of the Superior Court of Justice (Commercial List) (the “**Court**”) made on October 1, 2021 (the “**Receivership Order**”).¹ The resulting receivership proceedings are referred to herein as the “**Receivership Proceedings**”.

4. On November 15, 2021, the Receiver filed an assignment in bankruptcy pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended on behalf of the Companies pursuant to Paragraph 3(r) of the Receivership Order. KSV was appointed the Trustee of the Companies.²

¹ [Seventh Report of the Receiver](#), dated February 25, 2026 (“**Seventh Report**”) at para [1.0\(2\)](#).

² Seventh Report at para [1.0\(3\)](#).

5. The principal purpose of the Receivership Proceedings was to allow the Receiver to take possession, preserve, market and sell the Property and to maximize value for the Companies' creditors.³

Real Property Sale

6. On April 11, 2022, the Court granted an order in the Receivership Proceedings approving the sale of substantially all of the Property to 12175622 Canada Inc. (the "**Purchaser**") pursuant to an agreement of purchase and sale dated March 18, 2022, as amended (the "**APA**").⁴

7. At the time the APA was signed, the Purchaser was owned and controlled by Santokh Mahal ("**Santokh**"), the owner and sole officer and director of Golden Miles, and the father of Jesse Mahal ("**Jesse**", and together with Santokh, the "**Mahals**"), the owner and sole officer and director of Mahal VC.⁵

8. The sale transaction contemplated by the APA closed on May 18, 2022. The aggregate net proceeds received were \$18.47 million (the "**Sale Proceeds**"). Of the Sale Proceeds, \$16 million was allocated to the Real Property (the "**Real Property Proceeds**") and \$2.47 million was allocated to the personal property owned by Golden Miles (the "**Personal Property Proceeds**").⁶

9. Pursuant to orders of the Court dated August 23, 2023 (the "**First Interim Distribution Order**") and April 5, 2024 (the "**Second Interim Distribution Order**"), the Receiver established certain reserves and made certain distributions from the Real Property Proceeds and other recoveries associated with Mahal VC (together, the "**Mahal VC Proceeds**") and the Personal

³ Seventh Report at para [1.0 \(4\)](#).

⁴ Seventh Report at para [1.0 \(5\)](#).

⁵ Seventh Report at para [1.0 \(6\)](#).

⁶ Seventh Report at para [1.0 \(7\)](#).

Property Proceeds, as applicable, to Vicano Construction Limited (“**Vicano**”), Skymark Finance Corporation (“**Skymark**”),⁷ KLN Holdings Inc. (“**KLN**”), 1989474 Ontario Inc. and Santokh.⁸

Omit Tax Claims

10. In February 2023, counsel to the Purchaser notified the Receiver that the City of Brantford (the “**City**”) was seeking payment of approximately \$1.1 million on account of reassessed municipal taxes, or “omit taxes” (the “**Omit Tax Claims**”). The Purchaser took the position that Mahal VC (i.e. the Receiver) was liable for the Omit Tax Claims, while the Receiver took the position that the Purchaser was liable for the Omit Tax Claims. While the dispute over liability for the Omit Tax Claims took place, the Receiver established a reserve in the amount of \$1.5 million to be held back until the dispute was resolved.⁹

11. Pursuant to the Order of Justice Steele dated June 18, 2024 (the “**Omit Tax Claims Order**”), the Court assigned liability for the Omit Tax Claims to the Purchaser and MNP Inc., in its capacity as receiver of the Purchaser (the “**Purchaser Receiver**”). The Purchaser Receiver appealed the Omit Tax Claims Order, and, on February 26, 2025, the Court of Appeal for Ontario (the “**COA**”) issued a decision reversing the Omit Tax Claims Order, assigning the liability of the Omit Tax Claims to the Receiver.¹⁰

12. Following the decision of the COA, and after consulting with the Skymark Receiver and other stakeholders, the Receiver paid \$1,439,314 to the City on March 13, 2025 in full satisfaction of the Omit Tax Claims.¹¹

⁷ Alvarez & Marsal Canada Inc. is now appointed over Skymark as the company’s receiver (the “**Skymark Receiver**”).

⁸ Seventh Report at para [1.0\(8\)](#).

⁹ Seventh Report at para [3.0\(1\)](#).

¹⁰ Seventh Report at para [3.0\(2\)](#).

¹¹ Seventh Report at para [3.0\(3\)](#).

Receipts and Disbursements

13. The R&D is attached to the Receiver's Seventh Report. There is approximately \$640,000 in the Receiver's estate accounts after accrued costs, all of which are allocated to Mahal VC and which include the Vicano Disputed Amount (as defined below).¹²

14. The proceeds allocated to Golden Miles that were subject to the interest of secured creditors have been distributed, and the unencumbered proceeds are now held by the Trustee of Golden Miles' bankruptcy estate.¹³

Vicano Distribution and Final Distributions

15. Pursuant to the Order of Justice Steele, dated June 18, 2024, the Receiver was authorized to distribute up to \$71,096 to Vicano with respect to a disputed amount (the "**Vicano Disputed Amount**") claimed by Vicano. Section 2 of the Supplement to the Fifth Report of the Receiver dated August 22, 2023 set out that the Vicano Disputed Amount arose due to Vicano's objection to the Receiver's deduction of \$710,958 from Vicano's claim as a result of overbilled amounts, incorrect invoices and other issues. The Receiver had identified in its Fifth Report that Vicano has a priority claim equal to 10% of its total claim, and this Court ordered that 10% of the Receiver's proposed deduction should be set aside until the Vicano Disputed Amount could be resolved between the Receiver and Vicano.¹⁴

16. On December 16, 2025, Blakes discussed the Vicano Disputed Amount with Vicano's counsel. Following this discussion, the Receiver determined that \$51,000 would be the appropriate amount to distribute to Vicano (the "**Vicano Distribution**") in full and final settlement of all

¹² Seventh Report at para [4.0\(1\)](#).

¹³ Seventh Report at para [4.0\(2\)](#).

¹⁴ Seventh Report at para [5.1\(1\)](#).

claims Vicano has or may have against the Companies and the Receiver in respect of the Vicano Disputed Amount. The Receiver understands that the Skymark Receiver is supportive of the Vicano Distribution.¹⁵

17. Blakes has since sent emails to Vicano's counsel on January 12 and 22, 2026 and February 13, 2026 to obtain Vicano's position on the proposed Vicano Distribution. No response was received. On February 18, 2026, Blakes informed Vicano's counsel that it would be proceeding with the motion for the Distribution and Discharge Order, which would include authorization to make the Vicano Distribution. As of the date of the Seventh Report, neither Blakes nor the Receiver had received a response from Vicano or Vicano's counsel.¹⁶

18. The Receiver already has authorization pursuant to the Second Interim Distribution Order to distribute up to \$71,096 to Vicano.¹⁷ The Receiver now asks this Court to approve the Vicano Distribution in full and final settlement of the Vicano Disputed Amount.

19. Once the Receiver has made the Vicano Distribution and completed the Remaining Activities (defined below), the Receiver proposes to distribute any remaining Mahal VC Proceeds to the Skymark Receiver and KLN in accordance with their priorities immediately prior to giving notice of the Receiver's intention to serve the Completion Certificate.¹⁸

20. The allocation of the remaining Mahal VC Proceeds was established in the Receiver's Fifth Report and is set out below:¹⁹

- (a) 78.14% to the Skymark Receiver; and

¹⁵ Seventh Report at para [5.1\(2\)](#).

¹⁶ Seventh Report at para [5.1\(3\)](#).

¹⁷ Seventh Report at para [5.1\(4\)](#).

¹⁸ Seventh Report at para [5.2\(1\)](#).

¹⁹ Seventh Report at para [5.2\(3\)](#).

(b) 21.86% to KLN.

21. The Receiver proposes to distribute the remaining Mahal VC Proceeds based on the allocation set above.²⁰

Receiver's Activities

22. The Receiver's activities since the date of the Sixth Report have primarily consisted of: (i) preparing the First Supplement and the Second Supplement to the Sixth Report; (ii) corresponding with the Skymark Receiver and its counsel regarding all aspects of the receivership, including providing periodic status updates; (iii) dealing with the Omit Tax Claims, including attending at the COA; (iv) preparing periodic statements of receipts and disbursements, including the R&D; (v) dealing with the Vicano Disputed Amount; (vi) responding to creditor inquiries; and (vii) preparing the Seventh Report.²¹

Professional Fees

23. The Receiver and Blakes have tracked their fees incurred in connection with these Receivership Proceedings. Professional fees for the period of March 1, 2024, to January 31, 2026 (the "Fee Period") total \$60,935.75 (plus disbursements and HST) for the Receiver, and \$199,095.00 (plus disbursements and HST) for Blakes. The Receiver is of the view that Blakes' hourly rates are consistent with the rates charged by other law firms practicing in the area of insolvency in the Toronto market, and that its fees are reasonable and appropriate in the circumstances.²²

²⁰ Seventh Report at para [5.2\(4\)](#).

²¹ Seventh Report at para [6.0\(1\)](#).

²² Seventh Report at paras [7.01\(1-4\)](#).

Remaining Matters

24. The Receiver currently has certain remaining activities (the “**Remaining Activities**”) to complete to conclude the administration of these Receivership Proceedings, all as set out in greater detail in the Seventh Report. The key Remaining Activities are as follows:²³

- (a) make the Vicano Distribution;
- (b) make the final distributions to the Skymark Receiver and KLN;
- (c) undertake certain administrative matters to the wind-up of these Receivership Proceedings;
- (d) prepare the final report of the Receiver pursuant to section 246(3) of the BIA;
- (e) distribute any remaining amounts from the reserve funds; and
- (f) file the certificate of completion substantially in the form attached as a schedule to the Distribution and Discharge Order sought by the Receiver (the “**Completion Certificate**”).

PART III - ISSUES

25. The following issue is before the Court on this Motion:

- (a) Should this Court grant the Distribution and Discharge Order including the Activity Approval and releases?

26. For the reasons that follow, the Receiver submits that this question should be answered in the affirmative.

²³ Seventh Report at para [8.0\(1\)](#).

PART IV - THE LAW AND DISCUSSION

A. The Court should grant the requested Activity Approval

27. In *Target Canada*, the Court noted that there are good policy and practical reasons to grant the approval of Monitor's reports and activities, including (i) allowing the Monitor to bring its activities before the Court; (ii) allowing an opportunity for stakeholders' concerns to be addressed; (iii) enabling the Court to satisfy itself that the Monitor's activities have been conducted in prudent and diligent manners; (iv) providing protection for the Monitor not otherwise provided by the *Companies' Creditors Arrangement Act*; and (v) protecting creditors from delay that may be caused by re-litigation of steps or potential indemnity claims by the Monitor.²⁴

28. Recently, the principles set out in *Target Canada* were reaffirmed by Chief Justice Morawetz in *Laurentian University* and Justice Osborne in *Pride Group Holdings*.²⁵

29. These comments and the policy considerations identified by the Court apply with equal force to receivership proceedings and motions seeking approval of a receiver's report and activities described therein.²⁶

30. This Court has jurisdiction to review and approve the activities of a receiver. If a receiver has met the objective test of demonstrating that it has acted reasonably, prudently and not arbitrarily, the court may approve the activities set out in its report.²⁷

²⁴ [Re Target Canada Co, 2015 ONSC 7574](#) at paras. 12, 22-23 [*Target Canada*].

²⁵ [Re Laurentian University of Sudbury, 2022 ONSC 2927](#) at paras 13-14; [Target Canada](#) at paras. 12, 22-23; [Pride Group Holdings Inc. et al, 2025 ONSC 3915](#) at para 6.

²⁶ [Re Hanfeng Evergreen Inc, 2017 ONSC 7161](#) at para. 15.

²⁷ [Bank of America Canada v Willann Investments Ltd, \[1993\] OJ No 1647 \(Gen Div\)](#) at paras. 2-5, [aff'd \[1996\] OJ No 2806 \(CA\)](#); [Lang Michener v American Bullion Minerals Ltd, 2005 BCSC 684](#) at para. 21; [Leslie & Irene Dube Foundation Inc v P218 Enterprises Ltd, 2014 BCSC 1855](#) at para 54.

31. The activities of the Receiver that are set out in the Seventh Report were necessary, consistent with the Receiver's duties and powers granted in the Order appointing the Receiver dated October 1, 2021 (the "**Appointment Order**") and undertaken with efficiency and reasonableness in the interests of stakeholders generally. The Receiver therefore respectfully submits that the Activity Approval should be granted.

B. The discharge of the Receiver and the release of the Receiver and its counsel should be approved

32. Other than the Remaining Activities, the Receiver has completed its administration of these Receivership Proceedings, as contemplated by the Appointment Order and the BIA.²⁸

33. The Receiver respectfully submits that it is appropriate to discharge the Receiver upon the filing of the Completion Certificate.

34. The Receiver respectfully submits that it is also appropriate to grant a limited release in favour of it and Blakes. In *Pinnacle v Kraus*, this Court granted an Order discharging and releasing a court-appointed receiver. In doing so, the Court noted that such a release is expressly contemplated by the Commercial List Model Discharge Order and that in the absence of improper or negligent conduct on the part of the Receiver, such releases should be granted.²⁹

35. The proposed Distribution and Discharge Order seeks (i) a limited release in favour of the Receiver and Blakes which is temporally circumscribed by the period up to the date of the Distribution and Discharge Order, and (ii) a limited subsequent release up to the date that the Completion Certificate is filed, provided that parties of interest are given notice of same and have an opportunity to object to such subsequent release.

²⁸ Seventh Report at para [8.0\(1\)](#).

²⁹ [Pinnacle v Kraus, 2012 ONSC 6376](#) at para. 47.

36. This bifurcated approach is intended to achieve a mechanism whereby parties of interest are given full and transparent disclosure of the releases being sought and an opportunity to raise any issues with the same.

37. Similar releases have been granted by this Court in other proceedings in favour of receivers, monitors and their counsel.³⁰

38. Throughout these Receivership Proceedings, the Receiver and Blakes have acted prudently and contributed substantially to the administration of the Receivership Proceedings, with the activities of the Receiver having been thoroughly disclosed throughout the Receivership Proceedings. Accordingly, the Receiver respectfully submits that the requested releases are reasonable and appropriate in the circumstances and should be granted.³¹

PART V - CONCLUSION

39. For the reasons set out above, the Receiver respectfully requests that this Court:

- (a) grant the Distribution and Discharge Order, including the Activity Approval and the releases contained therein.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 2nd day of March, 2026.


Chris Burr/Jake Harris
Lawyers for the Receiver and Trustee

³⁰ See *Victoria Avenue North Holdings Inc et al*, Court File No CV-21-00665375-00CL, [Discharge, Distribution and Ancillary Matters Order](#) entered May 30, 2023; *Southmount Healthcare Centre et al*, Court File No CV-21-00664273-00CL, [Discharge, Distribution and Ancillary Matters Order](#) entered July 5, 2023; *Urbancorp (Leslieville) Developments Inc et al*, Court File No CV-16-11409-00CL, [Order \(Final Distributions, Approval of Activities and Fees & Discharge\)](#) entered on September 14, 2020 at paras 18-19; and *33 Yorkville Residences Inc et al*, Court File No CV-20-00637297-00CL, [Approval and Discharge Order](#) entered on March 22, 2023 at para 12.

³¹ Seventh Report at para [8.0\(3\)](#).

SCHEDULE "A"

LIST OF AUTHORITIES

<u>Case</u>	
1.	<i>Tilden Car Rental Inc. (Trustee of) v Tilden Car Rental Inc.</i>, 1996 CarswellMan 623 (MB QB)
2.	<i>American General Life Insurance Company v. Victoria Avenue North Holdings Inc.</i>, Distribution and Ancillary Matters Order, entered on May 24, 2022
3.	<i>Re Target Canada Co.</i>, 2015 ONSC 7574
4.	<i>Re Laurentian University of Sudbury</i>, 2022 ONSC 2927
5.	<i>Pride Group Holdings Inc. et al.</i>, 2025 ONSC 3915
6.	<i>Re Hanfeng Evergreen Inc.</i>, 2017 ONSC 7161
7.	<i>Bank of America Canada v Willann Investments Ltd.</i>, [1993] OJ No 1647 (Gen Div) aff'd [1996] OJ No 2806 (CA)
8.	<i>Lang Michener v American Bullion Minerals Ltd.</i>, 2005 BCSC 684
9.	<i>Leslie & Irene Dube Foundation Inc v P218 Enterprises Ltd.</i>, 2014 BCSC 1855
10.	<i>Pinnacle v Kraus</i>, 2012 ONSC 6376
11.	<i>Victoria Avenue North Holdings Inc et al.</i>, Court File No CV-21-00665375-00CL, <u>Discharge, Distribution and Ancillary Matters Order.</u>
12.	<i>Southmount Healthcare Centre et al.</i>, Court File No CV-21-00664273-00CL, <u>Discharge, Distribution and Ancillary Matters Order.</u>
13.	<i>Urbancorp (Leslieville) Developments Inc et al.</i>, Court File No CV-16-11409-00CL, <u>Order (Final Distributions, Approval of Activities and Fees & Discharge)</u>
14.	<i>33 Yorkville Residences Inc et al.</i>, Court File No CV-20-00637297-00CL, <u>Approval and Discharge Order</u>

I certify that I am satisfied as to the authenticity of every authority.

Note: Under the Rules of Civil Procedure, an authority or other document or record that is published on a government website or otherwise by a government printer, in a scholarly

journal or by a commercial publisher of research on the subject of the report is presumed to be authentic, absent evidence to the contrary (rule 4.06.1(2.2)).

Date: March 2, 2026



Jake Harris

SCHEDULE "B"

RELEVANT STATUTES

Bankruptcy and Insolvency Act, R.S.C., 1985, c. B-3: Section 243

Court may appoint receiver

243 (1) Subject to subsection (1.1), on application by a secured creditor, a court may appoint a receiver to do any or all of the following if it considers it to be just or convenient to do so:

(a) take possession of all or substantially all of the inventory, accounts receivable or other property of an insolvent person or bankrupt that was acquired for or used in relation to a business carried on by the insolvent person or bankrupt;

(b) exercise any control that the court considers advisable over that property and over the insolvent person's or bankrupt's business; or

(c) take any other action that the court considers advisable.

Bankruptcy and Insolvency General Rules, C.R.C., c. 368: Section 3

General

3 In cases not provided for in the Act or these Rules, the courts shall apply, within their respective jurisdictions, their ordinary procedure to the extent that that procedure is not inconsistent with the Act or these Rules.

Rules of Civil Procedure, R.R.O., 1990, Reg 194: Rule 1.04

Interpretation

General Principle

1.04 (1) These rules shall be liberally construed to secure the just, most expeditious and least expensive determination of every civil proceeding on its merits.

SKYMARK FINANCE CORPORATION
Applicant

- and -

MAHAL VENTURE CAPITAL INC., et al.
Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding Commenced at Toronto

**FACTUM OF THE RECEIVER
(Discharge, Distribution
and Ancillary Matters)
Returnable March 5, 2026**

BLAKE, CASSELS & GRAYDON LLP
Barristers and Solicitors
199 Bay Street
Suite 4000, Commerce Court West
Toronto, Ontario M5L 1A9

Chris Burr, LSO #55172H
Tel: 416-863-3261
Email: chris.burr@blakes.com

Jake Harris, LSO #85481T
Tel: 416-863-2523
Email: jake.harris@blakes.com

Lawyers for the Receiver