

**DISTRICT OF: NOVA SCOTIA**

**DIVISION NO: 01 – HALIFAX**

**COURT NO: 531915**

**ESTATE NOs: 51-126479/51-126481/51-126482/51-126483**

**FOURTH REPORT OF DELOITTE RESTRUCTURING INC.**

**IN ITS CAPACITY AS RECEIVER AND MANAGER OF**

**TCAS HOLDINGS LIMITED, SUSTAINABLE FISH FARMING (CANADA) LIMITED,  
SUSTAINABLE BLUE INC., AND TCAS IP INC. (COLLECTIVELY, THE “SUSTAINABLE GROUP”)**

**OCTOBER 3, 2024**

## Table of contents

<b>INTRODUCTION AND BACKGROUND</b>	<b>3</b>
<b>PURPOSE</b>	<b>4</b>
<b>NEED FOR INCREASED BORROWINGS</b>	<b>5</b>
<b>CONCLUSION</b>	<b>6</b>

## **APPENDICES**

Appendix “**A**” – Revised Cash Flow Forecast

Appendix “**B**” – 459NSL Borrowing Consent

## INTRODUCTION AND BACKGROUND

1. On April 4, 2024 (the “**Date of Receivership**”), the Supreme Court of Nova Scotia in Bankruptcy and Insolvency (the “**Court**”) granted an order (the “**Receivership Order**”) appointing Deloitte Restructuring Inc. (“**Deloitte**”) as the receiver and manager (the “**Receiver**”) without security, of all the assets, undertakings and properties of TCAS Holdings Limited, Sustainable Fish Farming (Canada) Limited, Sustainable Blue Inc., and TCAS IP Inc. (collectively the “**Sustainable Group**” or the “**Debtors**”) acquired for, or used in relation to a business carried on by the Sustainable Group.
2. The Sustainable Group owns and operates a land-based marine aquaculture facility in Hants County, Nova Scotia (the “**Facility**”), where it grows Atlantic salmon. As at the Date of Receivership, the Sustainable Group employed approximately 30 personnel to care for and maintain the live inventory of approximately 512,000 fish in various growth stages.
3. The first report of the Receiver dated May 2, 2024 (the “**First Report**”) was filed in support of the proposed “**Order Amending Receiver’s Borrowings**” that was ultimately issued on May 14, 2024. The Order Amending Receiver’s Borrowings increased the quantum of the amount the Receiver was permitted to borrow (the “**Receiver’s Borrowing Charge**”) from \$1,600,000 to \$2,500,000 and also permitted the Receiver to borrow this increased amount.
4. The second report of the Receiver dated May 27, 2024 (the “**Second Report**”), along with the confidential supplement to the Second Report (the “**Confidential Supplement**”), was filed in support of the Orders granted on June 5, 2025 and June 20, 2024, which approved, amongst other things, the increase of the Receiver’s Borrowing Charge from \$2,500,000 to \$6,000,000 (the “**June 5 Order**”), and the SISP (the “**SISP Order**”). A sealing Order with respect to the Confidential Supplement was also issued on June 20, 2024 (the “**Sealing Order**”).
5. On September 20, 2024, and after the administration of a sale and investor solicitation process (the “**SISP**”), the Court approved the sale of the Debtors’ assets to 4595756 Nova Scotia Limited (“**459NSL**”). The Receiver and 459NSL are currently working to finalize the transaction with closing anticipated sometime in early November, 2024.
6. As at the date of this Fourth Report, the Receiver has borrowed \$5,500,000 from 459NSL.

## PURPOSE

7. The purpose of this fourth report of the Receiver (the "**Fourth Report**") is to provide information to the Court with respect to the Receiver's request to further increase its borrowing limit from \$6,000,000 to \$8,000,000 which increased limit will allow the Receiver to continue operations at the Debtors' facility in Centre Burlington, Nova Scotia (the "**Facility**").

## TERMS OF REFERENCE AND DISCLAIMER

8. In preparing this Fourth Report, the Receiver has relied upon unaudited financial information prepared by the Debtors' management and agents (collectively "**Management**"), the Debtors' books and records, and discussions with Management (collectively, the "**Information**"). Except as described in this Third Report:
  - i. The Receiver has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Audit Standards ("**CAS**") pursuant to the *Chartered CPA Canada Handbook* and, accordingly, the Receiver expresses no opinion or other form of assurance contemplated under CAS in respect of the Information.
  - ii. Deloitte has prepared this Fourth Report in its capacity as Receiver to provide background to the Court for its consideration of the relief being sought. Parties using this Fourth Report other than for the purposes outlined herein are cautioned that it may not be appropriate for their purposes.
9. Unless otherwise stated, all dollar amounts contained in this Fourth Report are expressed in Canadian Dollars.
10. Capitalized items not otherwise defined herein are as defined in various materials filed with the Court in these Receivership Proceedings which can be found at [www.insolvencies.deloitte.ca/en-ca/Sustainable-Group](http://www.insolvencies.deloitte.ca/en-ca/Sustainable-Group) (the "**Receiver's Website**").

## NEED FOR INCREASED BORROWINGS

11. As set out above, the Receiver and 459NSL are currently working towards closing the transaction that was approved by the Court on September 20, 2024. The only significant impediment to closing is the transfer of aquaculture license 1312 (the "**Permit**") to the purchaser. The Receiver has submitted a request to transfer the Permit to the purchaser with such request being subject to statutorily required public consultation that is expected to run until November 2, 2024.
12. Should there be no objection to the transfer of the Permit, and assuming that the Permit is transferred, the Receiver will proceed to quickly close the sale to the purchaser.
13. The Permit transfer timeline is longer than anticipated and the Receiver has determined that its existing borrowing authority is insufficient to fund operations until the sale to the purchaser closes.
14. In order to fund the Debtors' operations until closing, the Receiver estimates that it needs additional borrowings approved by the Court. Appendix "**A**" contains a weekly cash flow forecast from September 29 to December 1, 2024 (the "**Revised Cash Flow Forecast**"). As set out in the Revised Cash Flow Forecast, the Receiver estimates that it needs approximately \$1.2 million to fund the Debtors' operations until the estimated closing date. In addition to the amount estimated in the Revised Cash Flow Forecast, the Receiver requests an additional \$800,000 as a contingency should closing be delayed for a total increase of \$2,000,000 to \$8,000,000. An increase in borrowing authority does not compel the Receiver to borrow the full amount, the Receiver in consultation with 456NSL intends to only borrow as required to fund operations.
15. The Receiver has provided the Revised Cash Flow Forecast to 459NSL and 459NSL has agreed to provide the Receiver with the requested borrowings. A copy of 459NSL's consent is attached to this Fourth Report as Appendix "**B**".
16. Given that the purchase price under the SISP includes all amounts advanced by 459NSL as lender to the Receiver, it is the Receiver's opinion that no creditor is prejudiced by increased borrowing authority. In the absence of such increased authority, the Receiver may be required to cease operations pending transfer of the Permits, which would cause severe damage to the asset value given that the inventory is live biomass.

## CONCLUSION

17. The Fourth Report has been prepared to provide this Court with information regarding the Receiver's activities since the granting of the Receivership Order and in support of the relief requested herein.

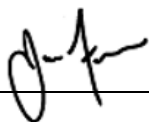
18. Based on the foregoing, the Receiver respectfully requests the Court grant the requested relief.

All of which is respectfully submitted at Halifax, Nova Scotia this 3<sup>rd</sup> day of October, 2024.

### DELOITTE RESTRUCTURING INC.,

Acting solely in its capacity as  
Court-appointed Receiver and Manager of TCAS Holdings Limited,  
Sustainable Fish Farming (Canada) Limited, Sustainable Blue Inc., and TCAS IP Inc.  
and not in its personal or corporate capacity

Per:



---

**James Foran, CPA, CA, CIRP, LIT**  
Senior Vice-President



---

**Todd Ambachtsheer, CPA, CA, CIRP, LIT**  
Senior Vice-President

# APPENDIX A



Sustainable Group of Companies  
Consolidated statement of cash flow (the "Forecast")  
For the weeks ending September 29 to December 1, 2024  
Prepared by Deloitte Restructuring Inc. ("Deloitte") - Court Appointed Receiver and Manager  
Prepared on September 25, 2024

	Notes	Week 1 29-Sep	Week 2 6-Oct	Week 3 13-Oct	Week 4 20-Oct	Week 5 27-Oct	Week 6 3-Nov	Week 7 10-Nov	Week 8 17-Nov	Week 9 24-Nov	Week 10 1-Dec	Total
Opening cash	1	239,631	396,831	477,844	456,331	334,075	308,562	498,224	357,912	238,086	96,824	239,631
Receipts												
Receiver's borrowings	2	500,000	500,000	-		500,000	500,000		200,000			2,200,000
HST refunds	3	-	-	108,550	75,000	-	78,227	-	132,800	-	39,439	434,016
BI Insurance advances	4		40,000					50,000				90,000
Subtotal - Receipts		500,000	540,000	108,550	75,000	500,000	578,227	50,000	332,800	-	39,439	2,724,016
Disbursements												
Compensation	5	-	50,000	-	109,500	4,500	50,000	54,500	55,000	4,500	50,000	378,000
Feed	6	54,000	90,000	85,000	-	195,000	-	85,000	90,000	-	-	599,000
Purchase of eggs / juveniles	7	-	11,000	-	-	11,000	-	-	11,000	-	-	33,000
Repairs and maintenance	8	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	150,000
Utilities	9	186,957	-	-	-	175,000	-	-	175,000	-	-	536,957
Emergency Diesel Fuel	9	-	30,000	-	-	30,000	-	-	30,000	-	-	90,000
Operating supplies	10	27,000	29,000	13,000	13,000	27,000	29,000	13,000	13,000	27,000	13,000	204,000
Insurance	11	25,000				25,000				25,000		75,000
Communications	12		4,000			4,000				4,000		12,000
Vehicle	13		750	750	750	750		750	750	750	750	6,750
Rent	14		1,500				1,500				1,500	4,500
Interest and bank charges	15	500	500	500	500	500	500	500	500	500	500	5,000
Capital projects	16		126,000	-	18,375	-	175,720	-	-	-	-	320,095
Sales and marketing	17	-	22,000	-	23,750	-	22,000	-	23,750	-	3,250	94,750
HST paid on disbursements	18	34,343	40,107	5,813	11,381	37,763	44,096	6,563	38,625	14,513	5,025	238,227
Subtotal - Disbursements		342,800	419,857	120,063	192,256	525,513	338,566	175,313	452,625	91,263	89,025	2,747,279
Professional fees												
Deloitte Restructuring Inc.	19	-	39,130	-	-	-	50,000	-	-	50,000	-	139,130
Cox and Palmer	19	-	-	10,000	-	-	-	10,000	-	-	10,000	30,000
National		-	-	-	5,000	-	-	5,000	-	-	-	10,000
Subtotal - Professional fees		-	39,130	10,000	5,000	-	50,000	15,000	-	50,000	10,000	179,130
Period cash flow		157,200	81,013	(21,512)	(122,256)	(25,513)	189,662	(140,313)	(119,825)	(141,263)	(59,586)	(202,393)
Ending cash		396,831	477,844	456,331	334,075	308,562	498,224	357,912	238,086	96,824	37,238	37,238

Receiver Borrowing Continuity Schedule												
Opening balance	5,000,000	5,500,000	6,000,000	6,000,000	6,000,000	6,500,000	7,000,000	7,000,000	7,200,000	7,200,000	7,200,000	5,000,000
Borrowings	500,000	500,000	-	-	-	500,000	500,000	-	200,000	-	-	2,200,000
Ending balance	5,500,000	6,000,000	6,000,000	6,000,000	6,500,000	7,000,000	7,000,000	7,200,000	7,200,000	7,200,000	7,200,000	7,200,000

**Notes and assumptions:**

- 1** Opening cash is as contained within the Interim R&D as of September 22, 2024.
- 2** Per paragraph 3 of the June 5, 2024 Order, the Receiver's borrowing capacity is \$6,00,000 and to date \$5,500,000 has been advanced.
- 3** HST receipts relate to anticipated recovery of ITC's paid since the date of the Receivership Order along with anticipated ITC's based on disbursements contained within the Forecast.
- 4** BI insurance advances are forecasted based on remaining amounts owing from the \$1,000,000 advance.
- 5** Compensation expense (including remittances to the Canada Revenue Agency) are based on current and planned headcount for the period covered by the Forecast.
- 6** Feed expense is based on forecasted amounts and factors in anticipated biomass at the farm along with the lead time required to have the product delivered to Nova Scotia.
- 7** Purchase of biomass relates to the import of eggs from Icelandic supplier and the amounts above and based on the forecasted program to return the farm to full biomass.
- 8** Repairs and maintenance are forecasted based on historical averages.
- 9** Utilities cover amounts owing to Nova Scotia Power and an estimate for diesel consumption for use in redundancy generators to protect the biomass in the event of weather concerns.
- 10** Operating expenses cover freshwater deliveries, oxygen and water conditioning used in the growth of the biomass and is based on historical averages factoring in anticipated biomass at the farm.
- 11** Insurance expense relates to premiums due on the policy the Receiver has retained.
- 12** Communications expense relate to the costs of phone, internet and the corporate cell phone policy.
- 13** Vehicle expenses are estimates to cover fuel costs and maintenance on company vehicles and equipment.
- 14** Rent expense relates to the monthly cost of renting a staff house in close proximity to the farm.
- 15** Interest and bank charges are estimated based on forecasted expenses on the Receiver's trust account, the majority of which relate to wire transfer fees.
- 16** Capital projects relate to residual amounts owing from the biomass project along with other critical path projects.
- 17** Sales and marketing expense to prepare for product re-launch including marketing / branding work, customer visits and promotional materials.
- 18** HST paid on disbursements are forecasted based on input tax credits contained within the Forecast period.
- 19** Professional fees relate to those of the Receiver and its legal counsel and are based on the anticipated fees based on previous experience with similar sized mandates.

## **APPENDIX B**

October 3, 2024

Deloitte Restructuring Inc.  
1741 Lower Water Street  
Halifax, NS B3J 0J2

**Attention: James Foran, Senior Vice President**

Dear Mr. Foran:

**Re: Receivership of TCAS Holdings Limited, Sustainable Fish Farming (Canada) Limited, Sustainable Blue Inc., and TCAS IP Inc. (collectively, the “Sustainable Group”)**

On April 4, 2024, Supreme Court of Nova Scotia in Bankruptcy and Insolvency (the “**Court**”) granted an order (as amended from time to time prior to the date hereof, the “**Receivership Order**”) appointing Deloitte Restructuring Inc. as the receiver and manager (the “**Receiver**”) without security, of all of the assets, undertakings and properties of the Sustainable Group acquired for, or used in relation to a business carried on by the Sustainable Group.

Pursuant to the Receivership Order, 4595756 Nova Scotia Limited (“**459NSL**”) has advanced, or agreed to advance, the aggregate amount of \$6,000,000 to the Receiver in order to fund the receivership and the continuing operations of the Sustainable Group. The Receiver has requested that 459NSL provide an additional \$2,000,000 to the Receiver in order to continue to fund the operations of the Sustainable Group up to and including December 7, 2024.

I confirm that, subject to receipt of the applicable approvals from the Court, 459NSL agrees to provide further advances in the cumulative amount of \$2,000,000 to the Receiver in accordance with the terms of the Receivership Order. Such advances will be made to Receiver within three (3) business days of written request for such advance by the Receiver.

*[Signature Page Follows]*

Yours truly,

A handwritten signature in blue ink, appearing to read "Thane Stevens". The signature is fluid and cursive, with the first name "Thane" and last name "Stevens" clearly distinguishable.

Thane Stevens  
President, 4595756 Nova Scotia Limited