

DISTRICT OF: NOVA SCOTIA

DIVISION NO: 01 – HALIFAX

COURT NO: 531915

ESTATE NO: 51-126479

**FIRST 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”)**

MAY 2, 2024

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Introduction and Background

1. On April 4, 2024 (the "**Date of Receivership**"), Deloitte Restructuring Inc. ("**Deloitte**") was appointed by Order (the "**Receivership Order**") of the Supreme Court of Nova Scotia in Bankruptcy and Insolvency (the "**Court**") as 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. A copy of the Receivership Order is attached hereto as **Appendix "A"**.
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 30 personnel to care for and maintain the live inventory of approximately 512,000 fish in various growth stages.
3. The Receivership Order was granted as a result of an application by 4595756 Nova Scotia Limited ("**459NSL**"), with the consent of the Debtors, who holds registered security over the Sustainable Group's present and after acquired personal property (the "**459NSL Security**"). The Receiver's counsel has reviewed the 459NSL Security and provided the Receiver with a report thereon (the "**459NSL Security Opinion**"). The Receiver's counsel's opinion notes that, subject to the usual qualifications therein, the 459NSL Security is valid and enforceable.
4. The materials filed in support of the Receivership Order contemplated a return application within 30 days of the Receivership Date for further relief, specifically with respect to the amount that the Receiver is authorized to borrow (the "**Receiver's Borrowings**") and the Receiver's Borrowing Charge (as defined in the Receivership Order). This return application is presently scheduled for May 21, 2024 (the "**May 21 Application**").
5. The Receiver has undertaken an analysis of the near-term cash requirements of the Sustainable Group and determined that additional secured borrowing authority is needed prior to the May 21 Application in order to maintain the operations of the Facility as further discussed in this first report of the Receiver (the "**First Report**").

6. The Receiver will file a further report, including additional information with respect to the Sustainable Group and its operations and the administration of the receivership since the Date of Receivership, prior to the May 21 Application.
7. The Receivership Order, together with related Court documents have been posted and this First Report will be posted once filed on the Receiver's website (the "**Receiver's Website**") at www.insolvencies.deloitte.ca/en-ca/Sustainable-Group.
8. Unless otherwise provided, all other capitalized terms not defined in this First Report are as defined in the Receivership Order and all dollar references refer to Canadian funds.

Purpose

9. The purpose of this First Report is to:
 - a) Provide the Court with a brief update on the administration of the receivership since the Date of Receivership; and
 - b) Respectfully recommend that the Court make an order:
 - i. approving an increase to the Receiver's Borrowings and the Receiver's Borrowing Charge from \$1.6 million to \$2.5 million; and
 - ii. providing such further or other relief that the Court considers just and warranted in the circumstances.

Terms of Reference

10. In preparing this First 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. 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 Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the information. The Receiver may refine or alter its observations as further information is obtained or brought to its attention after the date of this First Report.

11. The Receiver assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this First Report. Any use, which any party makes of this First Report, or any reliance or decision to be made based on this First Report, is the sole responsibility of such party.

Receiver's Activities Since the Date of the Receivership Order

12. The Receiver has undertaken the typical taking possession activities in accordance with the terms of the Receivership Order, including, but not limited to:
 - a. notifying employees and Management of the receivership and retaining their continued services to maintain operations in the normal course. The Receiver engaged employees after formally terminating their employment shortly after the Date of Receivership;
 - b. arranging to maintain insurance coverage over the Debtors' assets and arranging for the Receiver to be added as a loss payee on the existing insurance policies of the Debtors;
 - c. arranging for continued service from critical service providers;
 - d. issuing a statutory Notice and Statement of the Receiver (the "**Notice to Creditors**") pursuant to subsection 245(1) and 246(1) of the *Bankruptcy and Insolvency Act (Canada)* (the "**BIA**");
 - e. engaging in preliminary discussions with insurance adjusters and loss quantification experts engaged by the Receiver in respect of an ongoing insurance claim that the Receiver is pursuing on behalf of the Debtors;
 - f. opening new trust accounts in the name of the receivership estate to facilitate future receipts and disbursements;
 - g. preparing and updating an operating receivership cash flow and statement of receipts and disbursements;
 - h. corresponding with Cox & Palmer, the Receiver's independent legal counsel, on various legal matters relating to these receivership proceedings and the 459NSL Security Opinion;
 - i. corresponding with creditors and other stakeholders; and

j. preparing this First Report.

13. As previously discussed in this First Report, the Receiver will provide a more robust reporting of its activities since the Date of Receivership and the Debtors' operations prior to the May 21 Application.

Statement of receipts and disbursements

14. The interim statement of receipts and disbursements (the "**Interim SRD**") reflecting the administration of the receivership for the period April 4, 2024 to April 28, 2024 is below:

	Total (\$'000)
RECEIPTS	
Borrowings under Receiver's Certificate	1,500
HST refunds	71
TOTAL RECEIPTS	1,571
DISBURSEMENTS	
Capital expenditures	225
Biomass feed	146
Compensation	53
HST paid on disbursements	39
Operating supplies	21
Purchase of biomass	11
TOTAL DISBURSEMENTS	495
AMOUNT RETAINED IN TRUST ACCOUNT BY THE RECEIVER	1,076

Note: Dollar amounts in the table above are subject to rounding differences

Receiver's Borrowings

15. Paragraph 26 of the Receivership Order authorizes the Receiver to borrow monies, as it may consider necessary, to a maximum outstanding principal amount of \$1.6 million without further Order of the Court, all of which is subject to the Receiver's Borrowing Charge (as defined in the Receivership Order).

16. The Receiver has borrowed a principal amount of \$1.5 million by way of one (1) Receiver's Certificate.

17. This draw has supported live inventory of approximately 512,000 fish. Substantially all cash inflows of the Sustainable Group are provided by the Receiver's borrowings.

Funding requirements and proposed increase to Receiver's Borrowing Charge

18. Additional borrowings are required to fund forecast obligations, including but not limited to, payroll, care and maintenance of the live inventory, insurance, and necessary capital expenditures to be incurred during these receivership proceedings up to and including the May 21 Application. The Receiver believes

that such borrowings are necessary and appropriate for the benefit of all stakeholders and to preserve and enhance the value of the Sustainable Group in anticipation of a proposed sale and investment solicitation process which will be discussed in detail at the May 21 Application.

19. The Receiver, in consultation with Management, has prepared a projected cash flow statement for the period from April 29, 2024 to May 26, 2024 (the “**Interim Cash Flow Statement**”), attached hereto as **Appendix “B”** and summarized below:

	Total (\$'000)
Receipts	52
Disbursements	(1,997)
Forecast operating cash flow	(1,945)
Opening cash balance as at April 29, 2024	1,076
Forecast closing cash balance as at May 26, 2024	(869)

20. The Interim Cash Flow Statement reflects that approximately \$2.0 million (in addition to amounts already spent) will be required for operational expenses between April 29, 2024 and May 26, 2024, before restructuring professional fees of the Receiver and its legal counsel, and applicable interim financing interest and costs. As a result, the Receiver estimates the forecast borrowings exceed the Receiver’s current borrowing limit of \$1.6 million by approximately \$0.9 million.
21. The forecast borrowings contained in the Interim Cash Flow Statement are greater than the amount approved by the Court due primarily to the timing of the May 21 Application. The borrowing limit set out in the Receivership Order contemplated returning to Court on or before May 4, 2024; however, the earliest available date to return to Court was May 21, 2024. The additional three weeks of operating expenses was not accounted for when setting the Receiver’s current borrowing limit.
22. The increase to the Receiver’s Borrowings is critical to maintaining the live inventory and preserving the Facility’s operations up to the May 21 Application. Without additional borrowings it is likely that current inventory can be raised to maturity. Given the live nature of the inventory, any interruption in funding could result in catastrophic loss.
23. Accordingly, the Receiver is seeking authorization to borrow a further \$0.9 million, increasing the amount to be borrowed by the Receiver from \$1.6 million to \$2.5 million, all of which will be subject to the Receiver’s Borrowing Charge.

24. The Receiver provided counsel to 459NSL with the Interim Cash Flow Statement on April 26, 2024. The Receiver understands that 459NSL has reviewed the Interim Cash Flow Statement and is supportive of the Receiver's proposed increase in required borrowings and is supportive of providing same as set out in a letter from 459NSL dated April 30, 2024, attached hereto as **Appendix "C"**.
25. The Receiver is of the view that the other creditors of the Sustainable Group will not be prejudiced by the increase to the Receiver's Borrowing and the Receiver's Borrowing Charge, and instead may benefit from such borrowings and the associated borrowing charge, as these may preserve the Debtors' business as a going concern and afford the opportunity for the Receiver to maximize potential returns for all creditors.

Conclusions and Recommendations

26. Based on the foregoing, the Receiver respectfully recommends that the Court grant the relief detailed in Section 9(b) of this First Report and such further and other relief, as the Court deems appropriate in the circumstances.

All of which is respectfully submitted at Halifax, Nova Scotia this 2nd day of May, 2024.

DELOITTE RESTRUCTURING INC.,

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"

2024



Hfx No. 53 19 15

**SUPREME COURT OF NOVA SCOTIA
IN BANKRUPTCY AND INSOLVENCY**

In the Matter of the Receivership of TCAS Holdings Limited, Sustainable Fish Farming (Canada) Limited, Sustainable Blue Inc. and TCAS IP Inc.

Between:

4595756 Nova Scotia Limited

Applicant

and

TCAS Holdings Limited, Sustainable Fish Farming (Canada) Limited, Sustainable Blue Inc. and TCAS IP Inc.

Respondents

Receivership Order

Justice Darlene A. Jamieson

in Chambers:



Before the Honourable

The Applicant started this proceeding for an order, under both subsection 243(1) of the *Bankruptcy and Insolvency Act* (the "BIA") and the equitable jurisdiction of this Court as partially codified by s. 43(9) of the *Judicature Act*, to appoint Deloitte Restructuring Inc. as receiver and manager (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of TCAS Holdings Limited, Sustainable Fish Farming (Canada) Limited, Sustainable Blue Inc. and TCAS IP Inc. (collectively, the "Companies") acquired for, or used in relation to a business carried on by the Companies.

The Receiver satisfies the requirement for appointment without security in Rule 73.07(a).

On motion of the Applicant the following is ordered:

Service

1. The time for service of the Notice of Application and the supporting materials is hereby abridged and validated so that the application is properly returnable today and further service thereof is hereby dispensed with.

Appointment

2. Pursuant to the equitable jurisdiction, subsection 43(9) of the *Judicature Act*, Rule 73 – Receiver, and subsection 243(1) of the BIA, the Receiver is hereby appointed receiver

and manager, without security, of all of the assets, undertakings, and properties of the Companies acquired for, or used in relation to a business carried on by the Companies, including all proceeds thereof (the "Property").

Receiver's Powers

3. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without limiting the generality of the foregoing, the Receiver is hereby empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) to take possession and control of the Property and any proceeds or receipts arising from the Property but, while the Receiver is in possession of any of the Property, the Receiver must preserve and protect it;
 - (b) to change locks and security codes, relocate the Property to safeguard it, engage independent security personnel, take physical inventories, and place insurance coverage;
 - (c) to manage, operate, and carry on the business of the Companies, including the powers to enter into any agreements, incur and pay any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Companies;
 - (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel, and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
 - (e) to purchase or lease such machinery, equipment, inventories, supplies, premises, or other assets to continue the business of the Companies, or any part or parts thereof;
 - (f) to receive and collect all monies and accounts now owed or hereafter owing to the Companies and to exercise all remedies of the Companies in collecting such monies; including, without limitation, to enforce any security held by the Companies;
 - (g) to settle, extend, or compromise any indebtedness owing to the Companies;
 - (h) to execute, assign, issue, and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Companies, for any purpose pursuant to this Order;
 - (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Companies;
 - (j) to initiate, prosecute, and continue the prosecution of any proceedings and to defend proceedings now pending or hereafter instituted with respect to the Property or the Receiver, and to settle or compromise any such proceedings, which authority extends to appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (k) to make payment of any and all costs, expenses, and other amounts that the Receiver determines, in its sole discretion, are necessary or advisable to preserve, protect, or maintain the Property, including, without limitation taxes, municipal taxes, insurance premiums, repair and maintenance costs, costs or charges related to security, management fees, and any costs and disbursements incurred by any manager appointed by the Receiver;
- (l) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (m) to sell, convey, transfer, lease, or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$250,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under section 60 of the *Personal Property Security Act* shall not be required.

- (n) to sell the right, title, interest, property, and demand of the Companies in and to the Property at the time the Companies granted a security interest or at any time since, free of all claims including the claims of subsequent encumbrancers bound as named respondents, bound as parties joined as unnamed respondents, or bound under Rule 35.12;
- (o) to report to, meet with, and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (p) to register a copy of this Order and any other orders in respect of the Property against title to any of the Property;
- (q) to apply for any permits, licences, approvals, or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Companies;
- (r) to enter into agreements with any trustee in bankruptcy appointed in respect of the Companies including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Companies;
- (s) to exercise any shareholder, partnership, joint venture, or other rights which the Companies may have; and
- (t) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps it shall be authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Companies, and without interference from any other Person.

Duty to Provide Access and Co-Operation to the Receiver

4. The Companies, all of their respective current and former directors, officers, employees, agents, accountants, legal counsel, and shareholders, and all other persons acting on their instructions or behalf, and all other individuals, firms, corporations, governmental bodies, or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.
5. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records, and information of any kind related to the business or affairs of the Companies, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall, subject to their right to seek a variation of this Order, provide to the Receiver or permit the Receiver to make, retain, and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software, and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.
6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall, subject to their right to seek a variation of this Order, forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper, making copies of computer disks, or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase, or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names, and account numbers that may be required to gain access to the information.

No Proceedings Against the Receiver

7. No proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

No Proceedings Against the Companies or the Property

8. No Proceeding against or in respect of the Companies or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Companies or the Property are hereby stayed and suspended pending further order of this Court.

No Exercise of Rights or Remedies

9. All rights and remedies of any individual, firm, corporation, governmental body or agency or any other entities against the Companies, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Companies to carry on any business which the Companies are not lawfully entitled to carry on, (ii) exempt the Receiver or the Companies from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien and the related filing of an action to preserve the right of a lien holder, provided that the Applicant shall not be required to file a defence to same as the further prosecution of any such claim is stayed except with the written consent of the Applicant or the Receiver, or leave of this Court.

Personal Property Lessors

10. All rights and remedies of any Person pursuant to any arrangement or agreement to which any of the Companies are a party for the lease or other rental of personal property of any nature or kind are hereby restrained except with consent of the Receiver in writing or leave of this Court. The Receiver is authorized to return any Property which is subject to a lease from a third party to such Person on such terms and conditions as the Receiver, acting reasonably, considers appropriate and upon the Receiver being satisfied as to the registered interest of such Person in the applicable Property. The return of any item by the Receiver to a Person is without prejudice to the rights or claims of any other Person to the property returned or an interest therein.

No Interference with the Receiver

11. Subject to paragraph 16 of this Order related to the Companies' employees, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate, or cease to perform any right, renewal right, contract, agreement, licence, or permit in favour of or held by the Companies, without written consent of the Receiver or leave of this Court.

Continuation of Services

12. All Persons having oral or written agreements with the Companies or statutory or regulatory mandates for the supply of goods or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility, or other services to the Companies are hereby restrained until further order of this Court from discontinuing, altering, interfering with, or terminating the supply of such goods or services as may be required by the Receiver, and the Receiver shall be entitled to the continued use of the Companies' current telephone numbers, facsimile numbers, internet addresses, and

domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Companies or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

13. The Receiver, in its sole discretion, may, but shall not be obligated to, establish accounts or payment on delivery arrangements with suppliers in its name on behalf of the Companies for the supply of goods or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility, or other services to the Companies, or any of them, if the Receiver determines that the opening of such accounts is appropriate.
14. No creditor of the Companies, or any of them, shall be under any obligation as a result of this Order to advance or re-advance any monies or otherwise extend any credit to the Companies.

Receiver to Hold Funds

15. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

Employees

16. All employees of the Companies shall remain the employees of the Companies until such time as the Receiver, on the Companies' behalf, may terminate the employment of such employees or they resign in accordance with their employment contract. The Receiver shall not be liable as a result of this Order for any employee-related liabilities, including any successor employer liabilities as provided for in subsection 14.06(1.2) of the BIA, wages, severance pay, termination pay, vacation pay, and pension or benefit amounts, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under subsections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, such amounts as may be determined by a court or tribunal of competent jurisdiction.
17. Pursuant to paragraph 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver may disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**") as permitted at law. Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. A prospective purchaser or bidder requesting the disclosure of personal information shall execute such documents to confirm the agreement of such Person to maintain the confidentiality of such information on terms

acceptable to the Receiver. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Companies, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

Limitation on Environmental Liabilities

18. Nothing herein contained shall require or obligate the Receiver to occupy or to take control, care, charge, occupation, possession, or management (separately or collectively, "**Possession**") of any of the Property that might, or any part thereof, which may be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release, or deposit of a substance contrary to any federal, provincial, or other legislation, statute, regulation or, rule of law or equity respecting the protection, conservation, enhancement, remediation, or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, *Canadian Environmental Protection Act, 1999* or the *Nova Scotia Environment Act* (collectively, the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation.

Limitation on Liability

19. Deloitte Restructuring Inc. and, without limitation, a director, officer, or employee of the Receiver, shall incur no liability or obligation as a result of its appointment as the Receiver or the carrying out the provisions of this Order, or in the case of any party acting as a director, officer, or employee of the Receiver so long as acting in such capacity, save and except for any negligence, breach of contract, or actionable misconduct on the part of such party, or in respect of the Receiver's obligations under subsections 81.4(5) and 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

Receiver's Accounts

20. The Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge to a maximum of \$150,000.00 (the "**Administrative Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and the Administrative Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges, and encumbrances, statutory or otherwise, in favour of any Person, but subject to subsections 14.06(7), 81.4(4), and 81.6(2) of the BIA.
21. The Receiver and its legal counsel shall pass its accounts from time to time before a judge of this Court or a referee appointed by a judge.
22. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees, expenses and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

Receiver's Indemnity Charge

23. The Receiver shall be entitled to and is hereby granted a charge (the "**Receiver's Indemnity Charge**") upon all of the Property as security for all of the obligations incurred by the Receiver including obligations arising from or incident to the performance of its duties and functions under this Order including the management, operation, and carrying on of all or part of the business of the Companies, under the *Bankruptcy and Insolvency Act*, or otherwise, saving only liability arising from negligence or actionable misconduct of the Receiver.
24. The Receiver's Indemnity Charge shall form a second charge on the Property in priority to all security interests, trusts, liens, charges, and encumbrances, statutory or otherwise, in favour of any Person, but subject to subsections 14.06(7), 81.4(4), and 81.6(2) of the BIA and subordinate in priority to the Administrative Charge.

Allocation of Costs

25. The Receiver shall file with the Court for its approval a report setting out the costs, fees, expenses, and liabilities of the Receiver giving rise to the Administrative Charge, the Receiver's Indemnity Charge, and the Receiver's Borrowings Charge, as defined below, and, unless the Court orders otherwise, all such costs, fees, expenses, and liabilities shall be paid in the following manner:
 - (a) Firstly, applying the costs incurred in the receivership proceedings specifically attributable to an individual asset or group of assets against the realizations from such asset or group of assets;
 - (b) Secondly, applying the costs *pro rata* against all of the assets based on the net realization from such asset or group of assets; and
 - (c) Thirdly, applying non-specific costs incurred in the receivership proceedings *pro rata* against the assets based on the net realization from such asset or group of assets.

Funding of the Receivership

26. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$1,600,000.00, or such greater amount as this Court may by further order authorize, at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of making payments, including interim payments, required or permitted to be made by this Order, including, without limitation, payments of amounts secured by the Administrative Charge and the Receiver's Indemnity Charge. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Indemnity Charge, the Administrative Charge and the charges as set out in subsections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

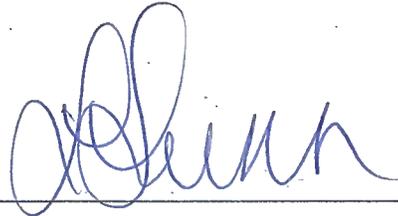
27. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court on seven days' notice to the Receiver and the Applicant.
28. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.
29. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

General

30. The Receiver may from time to time make a motion for advice and directions in the discharge of its powers and duties hereunder.
31. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Companies.
32. The aid and recognition of any court, tribunal, or regulatory or administrative body having jurisdiction outside Nova Scotia is hereby requested to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, and regulatory or administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Receiver in any foreign proceeding, or to assist the Receiver and its agents in carrying out the terms of this Order.
33. The Receiver is hereby authorized and empowered to apply to any court, tribunal, or regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
34. The Applicant shall have its costs of this Application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Companies' estate with such priority and at such time as this Court may determine.
35. Any interested party may make a motion to vary or amend this Order upon such notice required by the *Civil Procedure Rules* or on such notice as this Court may order.
36. Any Person affected by this Order which did not receive notice in advance of the hearing may make a motion to vary or amend this Order within five days of such Person being served with a copy of this Order.
37. In addition to the reports to be filed by the Receiver under legislation, the Receiver shall file a report of its activities with the Court when the Receiver determines that a report should be made, when the Court orders the filing of a report on the motion of an interested party or on the Court's own motion, and at the conclusion of the receivership.

38. The Receiver shall not be discharged without notice to such secured creditors and other parties as the Court directs.

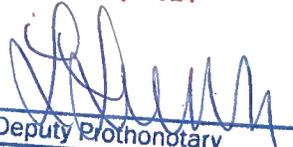
Issued April 4th, 2024



Prothonotary

IN THE SUPREME COURT
COUNTY OF HALIFAX, N.S.
I hereby certify that the foregoing document,
identified by the seal of the court, is a true
copy of the original document on the file herein.

APR 04 2024



Deputy Prothonotary

LORRAINE LUNN
Deputy Prothonotary

LORRAINE LUNN
Deputy Prothonotary

Schedule "A"

CERTIFICATE NO. _____ AMOUNT \$ _____

THIS IS TO CERTIFY that Deloitte Restructuring Inc., the receiver and manager (the "Receiver") of the assets, undertakings and properties of TCAS Holdings Limited, Sustainable Fish Farming (Canada) Limited, Sustainable Blue Inc. and TCAS IP Inc. (collectively, the "Companies") acquired for, or used in relation to the business carried on by the Companies, including all proceeds thereof (collectively, the "Assets"), appointed by Order of the Nova Scotia Supreme Court (the "Court") dated the ____ day of _____, 2024 (the "Order") in the matter having court file number Hfx No. _____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded daily after the date hereof at a notional rate per annum equal to the rate of ____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

Such principal sum with interest thereon is, by the terms of this Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Assets in priority to the secured interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Assets in respect of its remuneration and expenses.

All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at _____.

Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

The charge securing this certificate shall operate so as to permit the Receiver to deal with the Assets as authorized by the Order and as authorized by any further or other order of the Court.

The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of this Order.

DATED the ____ day of _____, 2024.

Deloitte Restructuring Inc., solely in its capacity as Receiver and Manager of the Companies and not in its personal capacity

Per: _____
Name:
Title:

APPENDIX "B"

Sustainable Blue
Consolidated statement of cash flow (the "Forecast")
For the weeks ending April 29 to May 26, 2024
Prepared by Deloitte Restructuring Inc. ("Deloitte") - Court Appointed Receiver and Manager
Prepared on April 28, 2024

Disclaimer

The Cash Flow Forecast was prepared by Management of the Sustainable Group of Companies. The information contained within the Forecast has not been audited, reviewed, or otherwise verified by the Receiver and as such the Receiver offers no opinion, whether express or implied, regarding the accuracy of the information contained within the Forecast. As the Forecast contemplates future cash flows, actual results with vary to that contained herein and these variances may be material in nature.

	Notes	Actuals	Forecast Period				Total
		as at April 28, 2024	5-May	12-May	19-May	26-May	
Opening cash	1	-	1,075,883	38,526	(141,285)	(413,196)	1,075,883
Receipts							
Receiver's Borrowings	2	1,500,000					-
HST Refunds	3	71,018				52,139	52,139
		1,571,018	-	-	-	52,139	52,139
Disbursements							
Compensation	4	145,574	77,961	28,736	52,961	28,736	188,394
Feed	5	224,879	90,000	-	65,000	144,000	299,000
Purchase of biomass	6	21,178	40,000	-	-	-	40,000
Repairs and maintenance	7	-	33,750	23,750	23,750	23,750	105,000
Utilities	8	-	180,000	-	-	205,000	385,000
Operating supplies	9	11,368	29,911	25,500	23,500	25,500	104,411
Insurance	10	-	28,000	-	-	28,000	56,000
Property costs	11	-	12,500	6,250	6,250	6,250	31,250
Communications	12	-	3,000	-	-	3,000	6,000
Vehicle	13	-	3,000	-	-	3,000	6,000
Interest and bank charges	14	34	100	1,000	1,000	1,000	3,100
Capital projects	15	52,663	429,401	75,000	79,500	-	583,901
HST paid on disbursements	16	39,439	109,734	19,575	19,950	39,975	189,234
Other							-
		495,135	1,037,357	179,811	271,911	508,211	1,997,290
Professional fees							
Deloitte Restructuring Inc.	17	-	-	-	-	-	-
Cox & Palmer	17	-	-	-	-	-	-
		-	-	-	-	-	-
Weekly cash flow		1,075,883	(1,037,357)	(179,811)	(271,911)	(456,071)	(1,945,151)
Ending cash/(shortfall)		1,075,883	38,526	(141,285)	(413,196)	(869,268)	(869,268)

Notes and assumptions

- 1** Actual results incurred are as described in the Receiver's Interim Statement of Receipts and Disbursements, a copy of which is enclosed as Appendix xx to the Receiver's First Report.
- 2** Per paragraph 26 of the Receivership Order granted April 4, 2024 by this Court, the Receiver is empowered to borrow up to \$1,600,000. At the date of the Forecast, the Receiver has borrowed \$1,500,000.
- 3** The above amount relates to a pre-filing excise tax refund that was received by the Sustainable Group and transferred to the Receiver on or about April 9, 2024.
- 4** Compensation expenses (including remittances to the Canada Revenue Agency) are based on current and planned headcount for the period covered by the
- 5** Feed expense is based on forecasted amounts and factors in lead time required for the supplier to have the product delivered to Nova Scotia.
- 6** Purchase of biomass relates to the import of eggs from Icelandic supplier and the amounts above and based on the forecasted cadence of development for the
- 7** Repairs and maintenance are estimates based on historical amounts and known projects ongoing over the period covered by the Forecast.
- 8** Utilities cover amounts owing to Nova Scotia Power and an estimate for the use of redundancy generators to protect the biomass in the event of weather concerns.
- 9** Operating expenses cover freshwater deliveries, oxygen and water conditioning used in the growth of the biomass and is based on historical operating costs.
- 10** Insurance is based on the actual amounts contained within the policy the Sustainable Group held with AON and has subsequently been transferred into the name of the Receiver.
- 11** Property costs comprises of property taxes, premises rent and yard maintenance based on weekly historical averages.
- 12** Communications expense relate to the costs of phone, internet and cell phone expenses
- 13** Vehicle expenses cover fuel costs and maintenance on company vehicles and equipment.
- 14** Interest and bank charges are estimated based on standard banking arrangements and factor in the cost of wires as the majority of disbursements are being paid
- 15** Capital projects are estimates based on known projects ongoing at the farm, including improvements being made at RBR2 (nursery) along with work to get RBR5
- 16** HST disbursements are based off of expenditures that attract HST.
- 17** Professional fees relate to those of the Receiver and its legal counsel, none of which will be paid until the last week of May 2024.

APPENDIX "C"

April 30, 2024

Via Email

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 (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 \$1,500,000 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 \$1,000,000 to the Receiver in order to continue to fund the operations of the Sustainable Group up to and including May 31, 2024.

I confirm that, subject to receipt of the applicable approvals from the Court, 459NSL agrees to provide a further advance in the amount of \$1,000,000 to the Receiver in accordance with the terms of the Receivership Order. Such advance will be made to Receiver within three (3) business days of written request for such advance by the Receiver.

Yours truly,



Thane Stevens
President, 4595756 Nova Scotia Limited



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