



Office of the Superintendent
of Bankruptcy Canada

An Agency of
Industry Canada

Bureau du surintendant
des faillites Canada

Un organisme
d'Industrie Canada

DISTRICT: NOVA SCOTIA
DIVISION NO: 04-YARMOUTH
COURT NO: 37734
ESTATE NO: 51-1810695

**MINUTES OF THE FIRST MEETING OF CREDITORS
IN THE MATTER OF THE BANKRUPTCY OF
D'EON FISHERIES LIMITED**

ORDINARY ADMINISTRATION

THE MEETING was called to order on January 6, 2014 at 10:30 am at the office of Deloitte Restructuring Inc., 1500-1969 Upper Water Street, Halifax, Nova Scotia.

ATTENDANCE: see attendance sheet marked as exhibit "A" attached.

Ms. Dana Fraser, Official Receiver, chaired the meeting pursuant to subsection 105(1) of the Bankruptcy & Insolvency Act (BIA).

THE CHAIR introduced Mr. James Foran, representing the trustee, Deloitte Restructuring Inc. and Mr. Paul Leroux, representing the bankrupt.

THE CHAIR declared the meeting properly called, and a quorum being present, duly constituted. The purpose of the meeting was outlined as follows:

- ♦ to consider the affairs of the bankrupt,
- ♦ to affirm the appointment of the trustee or substitute another,
- ♦ to appoint inspectors, and
- ♦ to give such directions to the trustee as the creditors may see fit with reference to the administration of the estate.

THE TRUSTEES report to creditors on the preliminary administration was presented, see attached exhibit "B". A question period followed wherein several questions were asked in relation to the secured creditors and the timing of their PPSA registration. All inquiries were answered/explained by the trustee.

A MOTION WAS TABLED by Ms. Anna Graham representing the Bank of Montreal and seconded by Mr. Bruce Osborne representing Province of Nova Scotia, that the appointment of Deloitte Restructuring Inc. as trustee be affirmed.

THE MOTION was carried.

THE CHAIR called for those interested in acting as estate inspector to put their names forward. Ms. Anna Graham representing the Bank of Montreal, Mr. Alain d'Entremont representing Scotia Harvest Seafoods and Mr. Bruce Osborne representing the Province of Nova Scotia, placed themselves for consideration as inspector.

THE CHAIR declared that Mr. Alain d'Entremont was prohibited from acting as inspector pursuant to section 116(2) of the Bankruptcy and Insolvency Act as Scotia Harvest Seafoods was involved in a contested action or proceeding by or against the estate of the bankrupt.

A MOTION WAS TABLED by Mr. Thomas White representing the Bank of Montreal that Ms. Anna Graham and Mr. Bruce Osborne be appointed estate inspectors.

THE MOTION was carried.

THERE BEING NO FURTHER BUSINESS a motion to adjourn the meeting was moved by Mr. Bruce Osborne and carried.

THE MEETING was adjourned at 10:55.

RESPECTFULLY SUBMITTED,



Dana Fraser

Bankruptcy Analyst & Chair



Industry Canada

Industrie Canada

ATTENDANCE
LIST

LISTE DES
PRÉSENCES

Office of the Superintendent
of Bankruptcy

Bureau du Surintendant
des faillites

Estate Number - N° de l'actif

51-1810095

Debtor and Representatives - Débiteur et Représentants

EXHIBIT A

JAMES FMAN

Trustee and Representatives - Syndic et Représentants

Creditors present or represented - Créanciers présents ou représentés

NAME - NOM

REPRESENTING - REPRÉSENTE

AMOUNT
Proven Claim
MONTANT
Réclamation prouvée

Dona Fraser	OSB - Chau	—
Doug Hamlin	OSB	—
ant levan	D'EON FISHERIES	
Pamela Clarke	Deloitte (legal counsel)	—
JAMIE		
Bruce Osborn	FRDT	
NEIL JONES	DELOITTE	—
Jean Guy d'Entremont	Scotia Harvest Seafoods	\$356,200.00
Alain d'Entremont	Scotia Harvest Seafoods	"
NORMAN LOCKER	✓	✓

VIA TELE-CONFERENCE (from ST. JOHN'S NL. :

ANNA GRAHAM BMO

JOSH McELMAN COX & PALMER

THOMAS WHITE BMO



Deloitte Restructuring Inc.
Purdy's Wharf Tower II
1969 Upper Water Street
Suite 1500
Halifax, NS B3J 3R7
Canada

Tel: 902-721-5614
Fax: 902-423-5820
www.deloitte.ca

EXHIBIT B

CANADA
DISTRICT OF NOVA SCOTIA
DIVISION No.: 04-Yarmouth
COURT No.: 37734
ESTATE No.: 51-1810695

NOVA SCOTIA
BANKRUPTCY COURT

**IN THE MATTER OF THE
BANKRUPTCY OF:**

D'EON FISHERIES LIMITED, a Company formed
under the laws of Nova Scotia, having its head office at
1314 Argyle Sound Road, West Pubnico, Yarmouth
Country, NS B0W 3S0

Bankrupt

– and –

DELOITTE RESTRUCTURING INC.
(James Foran, CA, CIRP, designated person)
having its place of business at Suite 1500,
1969 Upper Water Street, Halifax, NS B3J 3R7

Trustee

TRUSTEE'S PRELIMINARY REPORT TO CREDITORS

The Bankruptcy and Insolvency Act (the "BIA"), a federal act in Canada, provides for a first meeting of creditors (the "First Meeting") to discuss the creditors' collective interest in the administration of the Bankrupt's estate.

SECTION A – BACKGROUND

D'Eon Limited ("D'Eon" or the "Company") was incorporated in Nova Scotia on February 7, 1990. The shares of D'Eon are held by the D'Eon family via a trust structure. The directors of D'Eon are Sylvain D'Eon and Patricia D'Eon.

D'Eon was in the business of securing raw material for the D'Eon Group of Companies' processing operation, Blue Wave Seafoods Incorporated ("Blue Wave"). D'Eon has developed the silver hake fishery on the south shore of Nova Scotia and owns 25% of the total allowable catch ("TAC") of silver hake. D'Eon's 25% of the TAC represents 3,750 metric tonnes of silver hake. The Company was also attempting to develop underutilized species, including waved whelks and arctic surf clams, which are in various development stages.

D'Eon owns a super chiller haddock processing line which is housed in Blue Wave's 54,000 sq. ft. processing facility in Port Mouton, Queens County, Nova Scotia. The Company had one major supplier who fished D'Eon's TAC. In turn, this party sold the raw material caught to Blue Wave for processing and subsequent sale primarily to the European market.

D'Eon's causes of insolvency include the following:

- (i) the purchase of the super chiller haddock processing line, which was financed with long term debt;
- (ii) the inability of the Company to obtain a satisfactory supply of haddock to operate the processing line; and
- (iii) the inability to fully utilize the silver hake quota due to the lack of growth in the worldwide market for this species.

On November 15, 2013, D'Eon filed a Notice of Intention to Make a Proposal ("NOI") pursuant to section 50.4 of the BIA. Deloitte Restructuring Inc. ("Deloitte" or the "Trustee") was appointed as the trustee under the NOI.

On December 10, 2013, Business Development Bank of Canada ("BDC") appointed PwC Inc. ("PwC") as Receiver over all of the assets subject to BDC's security, which includes the licenses, associated quota's and equipment. BDC issued a demand notice under section 244 of the BIA on May 10, 2013, and were not captured by the stay of proceedings.

After becoming aware of the BDC's intentions, on December 12, 2013, Deloitte filed a Material Adverse Change report with the Supreme Court of Nova Scotia in Bankruptcy pursuant to section 50.4(7)(b) of the BIA. Furthermore, the Company failed to file a Proposal or request an extension of time to file a Proposal and as such the Company was deemed bankrupt as of December 17, 2013. Deloitte was appointed the Trustee of the bankrupt estate, subject to affirmation at the first meeting of creditors on January 6, 2014.

SECTION B – PRELIMINARY EVALUATION OF ASSETS AND SECURED CREDITORS

A preliminary evaluation of the assets and liabilities of D'Eon as at November 15, 2013 is as follows:

D'Eon Fisheries Limited	
Summary of Assets and Liabilities (in \$ '000's)	
as at November 15, 2013	
Assets	
Equipment	1,387
Vehicles	24
Intangibles	219
	<u>1,630</u>
Liabilities	
Accounts Payable	1,885
Secured Debt	1,886
	<u>3,771</u>

Note 1:

The information above was provided to the Trustee by the Company and has not been audited, reviewed or otherwise verified.

The primary assets of the Company consist of:

- (i) ground fishing license #304715 issued by the Minister of Fisheries and Oceans pursuant to the Fisheries (General) Regulations and the Atlantic Fishery Regulations, 1985;
- (ii) allocation of 25 percent of the allowable TAC as issued by the Department of Fisheries and Oceans; and
- (iii) a haddock processing line including a super chiller unit.

The Trustee performed a search under the Personal Property Security Act (“PPSA”) and advises that all of the assets of the Company are encumbered by security held by BDC, Bank of Montreal, Province of Nova Scotia Department of Economic and Rural Development and Tourism, Nova Scotia Business Inc., and CIT Financial Ltd. In addition, the Trustee has received independent legal opinions from estate counsel that confirms the validity of the security registered under PPSA.

SECTION C – BOOKS AND RECORDS

The Trustee has obtained an electronic copy of the books and records of the Company.

SECTION D – CONSERVATORY AND PROTECTIVE MEASURES

The Trustee has implemented the following conservatory and protective measures:

- (i) notifying AON Risk Solutions, the Company’s insurance provider, of the bankruptcy and having Deloitte added to the insurance policy as a named insured and loss payee;
- (ii) attending to the site and taking stock of the physical assets of the Company; and
- (iii) held discussions with PwC regarding possession and safeguarding of assets.

SECTION E – PROVABLE CLAIMS AND DESCRIPTION OF CREDITORS

Based on the books and records of the Company, there are five secured creditors owed approximately \$4.8 million including corporate guarantees and 14 unsecured creditors totaling approximately \$1.9 million.

As of the time of preparation of this report, as no proofs of claims have been filed to date, the Trustee is not able to determine if there will be a material difference between the books and records of the Company and proven claims filed by creditors.

SECTION F – LEGAL PROCEEDINGS, REVIEWABLE TRANSACTIONS AND PREFERENCE PAYMENTS

Prior to the filing of the NOI, D’Eon was involved in legal proceedings with Scotia Harvest Seafoods Inc., and Marro Management Inc., regarding a breach of contract suit. At this time the Trustee has not made a determination with respect to continuing this action.

Based on a preliminary review of the books and records of the Company, the Trustee has not identified any transfer at undervalue or preference payments.

SECTION G - DETAILS OF THIRD PARTY DEPOSITS OR GUARANTEES

Prior to the filing of the NOI, Deloitte received a deposit of \$12,500 from the Company to cover the anticipated costs of administration.

SECTION H - TRUSTEE'S INTENTION TO ACT FOR SECURED CREDITORS

The Trustee has not entered into any agreement to represent a secured creditor at this time.

SECTION I - PROJECTED DISTRIBUTION AND TRUSTEE COMMENTS ON ANTICIPATED ASSET REALIZATIONS

As disclosed above in section B, the Company has a significant amount of secured creditors that must be paid in full before any distribution would be available to the unsecured creditors.

SECTION J - OTHER

Prior to initial discussions with the Company in September 2013, and consenting to act as Trustee under the NOI on November 14, 2013, for both D'Eon and Blue Wave, Deloitte had no previous business dealings with the Company or its affiliates and no conflict of interest situation existed.

Dated at Halifax, Nova Scotia this 6th day of January, 2014.

DELOITTE RESTRUCTURING INC

Acting in its capacity as
Trustee of D'Eon Fisheries Limited
and not in its personal capacity

Per:



James Foran, CA, CIRP
Vice President

Deloitte Restructuring Inc.**Claims Register**

In the matter of the bankruptcy of
D'Eon Fisheries Limited
of the Town of West Pubnico, in the Province of Nova Scotia

Insolvency Date: 16-Dec-2013

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>	
Secured creditors							
1. Bank of Montreal 5151 George Street Halifax NS B3J 3C4	Yes	Admitted			495,238.52		
2. Business Development Bank of Canada - Atlantic Attn: Atlantic Special Accounts 770 Main Street 4th Floor Moncton NB E1C 1E7	Yes	Admitted			1,008,317.57		
Total : Secured creditors					<u>1,503,556.09</u>		
Unsecured creditors							
1. ACOA Atlantic Canada Op. Agency - Recovery Dept. Attn: Don Boudreau Blue Cross Centre 3rd Floor 644 Main Street PO Box 6051 Moncton NB E1C 9J8	Yes	Admitted		489,792.00	541,271.21	541,271.21	
2. Bank of Montreal 5151 George Street Halifax NS B3J 3C4	Yes	Admitted			495,238.52	495,238.52	
3. Business Development Bank of Canada - Atlantic Attn: Atlantic Special Accounts 770 Main Street 4th Floor Moncton NB E1C 1E7 personal guarantee	Yes	Admitted		56,128.00	59,173.52	59,173.52	
Total : Unsecured creditors					<u>545,920.00</u>	<u>1,095,683.25</u>	<u>1,095,683.25</u>
				Grand Total:	545,920.00	2,599,239.34	1,095,683.25