

**DISTRICT OF: NOVA SCOTIA**  
**DIVISION NO: 01 – HALIFAX**  
**COURT NO: 2023-521470**  
**ESTATE NO'S: 51-126400/51-126401**

**FIRST REPORT OF DELOITTE RESTRUCTURING INC.  
IN ITS CAPACITY AS RECEIVER OF  
MERIDIEN ATLANTIC FISHING LTD. AND  
ROCKY COAST SEAFOODS LTD.**

**APRIL 5, 2023**

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## INTRODUCTION AND PURPOSE OF THIS REPORT

1. On March 9, 2023 (the "**Appointment Date**"), upon application by TD Bank ("**TD**"), the Supreme Court of Nova Scotia in Bankruptcy and Insolvency (the "**Court**") granted an order (the "**Receivership Order**") appointing Deloitte Restructuring Inc. ("**Deloitte**") as receiver (the "**Receiver**") without security, of all the assets, undertakings and properties of Meridien Atlantic Fishing Ltd. ("**Meridien**") and Rocky Coast Seafoods Ltd. ("**Rocky Coast**") (collectively, the "**Meridien Group**").
2. The Receiver understands that TD intends to bring an application to the Court to amend the Receivership Order to include 9514228 Canada Inc. ("**951**"), a related entity of the Meridien Group and a guarantor of the TD indebtedness.
3. Prior to the granting of the Receivership Order, the Meridien Group was involved in the silver hake industry, a white fish predominately consumed in European markets. Meridien and 951 collectively hold annual quota of approximately 7.2 million pounds. Rocky Coast owned and operated a fish processing facility (the "**Plant**") located in Comeauville, Nova Scotia, that was licensed to process numerous species of fish and who's primary focus was silver hake. Due to financial challenges, the Plant has not operated since February of 2022. In addition, Rocky Crest owned a multi-unit rental property located in front of the Plant.
4. The affidavit of Vitaly Kormakov dated January 18, 2023, and the supplemental affidavit of Vitaly Kormakov dated March 23, 2023 (the "**Kormakov Affidavits**") will provide further background regarding the relationship between TD, the Meridien Group and 951. At the Appointment Date, the TD indebtedness \$6.4 million.
5. On January 9, 2023, Deloitte was engaged by TD to act as consultant and to assess the operations, business plan and financial position of the Meridien Group (the "**Consulting Engagement**"). As part of the Consulting Engagement, Deloitte worked in conjunction with TD, its legal counsel, the Meridien Group and its financial advisor.
6. The purpose of this first report of the Receiver (the "**First Report**") is to provide information to the Court with respect to:
  - a) TD's request to amend the Receivership Order (the "**Amended Receivership Order**") to include 951;
  - b) The Receiver's activities and the administration of the estate since the Appointment Date; and
  - c) The Receiver's recommendation that the Court approve a sale and investment solicitation process (the "**SISP**") and grant an order to realize on the assets of the Meridien Group and 951 (the "**Sale Process Order**").

## TERMS OF REFERENCE

7. In preparing this First Report, Deloitte has been provided with, and has relied upon, unaudited, draft and/or internal financial information, the Meridien Group's books and records, discussions with management, and information from third-party sources (collectively, the "**Information**"). Except as described in this First Report:
  - a) Deloitte has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, Deloitte 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 Professional Accountants Canada Handbook and, accordingly, Deloitte

expresses no opinion or other form of assurance contemplated under CAS in respect of the Information.

- b) Deloitte has prepared this First Report in its capacity as Receiver to provide background to the Court for its consideration of the relief being sought. Parties using this First Report other than for the purposes outlined herein are cautioned that it may not be appropriate for their purposes.
8. Unless otherwise stated, all dollar amounts contained in this First Report are expressed in Canadian Dollars.
9. This First Report has been prepared with reference to the Kormakov Affidavits, copies of which will be filed separately with the Court by TD's legal counsel.
10. Documents pertaining to the administration of the estate can be found on the Receiver's website at [www.insolvencies.deloitte.ca/MeridienGroup](http://www.insolvencies.deloitte.ca/MeridienGroup).

#### **ACTIVITIES OF THE RECEIVER**

11. Since the Appointment Date, the Receiver's activities have included, but were not limited to:
- a) taking possession, securing and insuring the assets of the Meridien Group;
  - b) taking possession of and reviewing the books and records of the Meridien Group;
  - c) issuing statutory notices pursuant to sections 245(1) and 246(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**");
  - d) engaging former employees of the Meridien Group on a time and task basis to protect the assets;
  - e) engaging Stewart McKelvey to act as Receiver's legal counsel;
  - f) participating in discussions with representatives of TD and its legal counsel regarding estate administrative issues;
  - g) participating in discussions with the Meridien Group's financial advisor regarding the SISP and the financial position of 951;
  - h) developing the SISP including, but not limited to, the following:
    - i. participating in discussions with TriNav Group of Companies ("**TriNav**"), the Receiver's proposed sales agent for the SISP;
    - ii. preparing marketing materials (the "**Teaser**") and gathering necessary documents to support interested parties' evaluation of the assets;
    - iii. finalizing SISP related documents including the sale and information package (the "**Tender Package**") and non-disclosure agreement (the "**NDA**"); and
    - iv. developing a list of interested parties.
12. With the initial administrative activities of the estate complete, the Receiver anticipates that moving forward its activities will focus on the execution and completion of the SISP.

#### **TD'S REQUEST TO AMEND THE RECEIVERSHIP ORDER**

13. The proposed Amended Receivership Order will allow for the inclusion of the assets of 951, which the Receiver understands consists of both inshore and offshore silver hake quota (the "**951 Assets**"). Based on discussions with TriNav, the Receiver is of the opinion that the Meridien

Assets and the 951 Assets (collectively the "**Assets**") will appeal to similar interested parties and as such should maximize realizations from the SISP.

14. Accordingly, the Receiver supports TD's request for the Amended Receivership Order as filed with the Court.
15. Deloitte confirms its willingness to act as Receiver of 951 should the Court see fit to grant the Amended Receivership Order. A copy of Deloitte's consent to act letter is enclosed as **Appendix A**.

#### **RECEIVER'S PROPOSED MARKETING AND SALE PROCESS**

16. Commencing with the Consulting Agreement, Deloitte has collaborated with stakeholders and their advisors during the development of the SISP. Based on the underlying characteristics of the Assets, all affected stakeholders support the engagement of TriNav to execute the SISP.
17. TriNav is a marine consulting firm which provides a variety of diverse services including brokerage, naval architecture, surveying, project management, fisheries consulting and publishing. TriNav has over 25 years of experience marketing and selling fishing assets (vessels, licenses, quota, etc.) and operates the largest marine brokerage network in Atlantic Canada with offices located across Atlantic Canada and in the eastern United States.
18. The Receiver is of the view that TriNav has the appropriate resources, expertise, and industry network to maximize recovery for stakeholders and as such the Receiver intends to engage TriNav as sales agent to execute the SISP as outlined herein. The SISP is designed to broadly market the Assets to potential interested parties involved in the Canadian fishing industry.
19. Pending the granting of the Sale Process Order, the Receiver and TriNav have come to an agreement with respect to the commercial terms of the engagement, which terms have been shared with and supported by TD and the Meridien Group.
20. In preparation of the SISP, the Receiver and TriNav have prepared a one-page marketing document (the "**Teaser**"), a copy of which is attached to **Appendix B** to this First Report.
21. The Receiver and TriNav have also commenced the preparation of an information package (the "**Tender Package**") designed to provide additional information regarding the opportunity and to solicit interest in the SISP. The Tender Package includes the following: a) sale process outline, including due diligence and bid dates and b) a standard form of offer on which bidders must submit their offers.
22. TriNav will also create a virtual data room (the "**VDR**") that contains information regarding the Assets, including information regarding the licenses and quotas. Access to the VDR will be made available to interested parties upon execution of the NDA.
23. TriNav and the Receiver have conducted research in order to identify potential parties who may be interested in participating in the SISP (the "**Interested Parties**"). Pending the approval of the SISP by the Court, the Interested Parties will be provided with a copy of the Teaser and be invited to participate in the SISP.
24. An overview of the major steps and timelines of the proposed SISP are summarized in the table below:

Proposed Summary SISP timeline		
Phase/event	Indicative Date	Description of activities
Sale Process Order	Day 1	The Court grants the Sale Process Order approving the SISP.
Publication notice	Day 4	<p>Within three business days after the Sale Process Order is granted, TriNav will undertake to provide notice of the SISP by publishing a notice in certain newspapers and online mediums, including:</p> <ul style="list-style-type: none"> <li>• Chronicle Herald – provincial edition;</li> <li>• Insolvency Insider;</li> <li>• AllNovaScotia, AllNewfoundland, All Newbrunswick; and</li> <li>• TriNav online brokerage website (www.trinav.com).</li> </ul>
Teaser release	Day 4	<p>Within three business days after the Sale Process Order is granted, TriNav will send the Teaser and the NDA to the Interested Parties.</p> <p>Parties who identify themselves to TriNav as a result of the publication notices will be provided with copies of the NDA for execution.</p>
Due diligence period	Day 4 to Day 39	Upon execution of the NDA, participants in the SISP will be provided with the Tender Package, access to the VDR and be provided an opportunity to visit the Plant site.
Letter of intent deadline	Day 42	<p>To occur at <b>5:00PM Atlantic Standard Time at Day 42.</b></p> <p>Prospective bidders must deliver non-binding letters of intent (“LOI”) to TriNav prior to the deadline outlined above.</p>
Evaluation of LOIs received	Day 42 to Day 47	<p>Terms of all LOIs will be clarified by the Receiver and TriNav.</p> <p>The Receiver and TriNav in consultation with TD will select a certain number of qualified bidders who submitted LOIs to proceed to a final round of offers.</p>
Final bid deadline	Day 58	To occur at <b>5:00PM Atlantic Standard Time at Day 58.</b>

Proposed Summary SISP timeline		
Phase/event	Indicative Date	Description of activities
		Prospective bidders must deliver their final legally binding offers (the " <b>Final Bids</b> ").
Evaluation of Final Bids received	Day 65	<p>Terms of all Final Bids will be clarified by the Receiver and TriNav.</p> <p>The Receiver reviews the Final Bids and determines whether any should be brought forward to the Court for approval (the "<b>Successful Bids</b>").</p> <p>The Receiver will negotiate the terms of the Successful Bid.</p> <p>All Successful Bid(s) will be subject to approval of the Court.</p>
Closing of any Successful Bids	Day 95	Closing to occur unless another date is mutually agreed by the Receiver and the Successful Bidder(s) or ordered by the Court.

25. In addition to the Assets, the proposed SISP will also include a three-tier conveyor tunnel freezer (and associated attachments) (the "**Tunnel Freezer**") which is owned by a related party 6318703 Canada Inc ("**631**") and encumbered by lenders ahead of TD. The Tunnel Freezer forms an integral part of the Plant and its removal or exclusion from the SISP could negatively impact its value and/or the value of the Plant itself.
26. The Receiver has reached an agreement with 631 and its respective lenders to include the Tunnel Freezer in the SISP. Proceeds received from the sale of this asset will be distributed to 631(or its lenders) less applicable realization costs.
27. The SISP sets out a nine-week process for the marketing of the Assets to prospective buyers. Based on TriNav's recommendations, the Receiver believes that this timeline is sufficient to allow interested parties the time required to perform adequate due diligence and submit offers. The SISP also includes a certain amount of flexibility that can allow the Receiver, in consultation with the certain stakeholders, to extend the process should that be required.
28. The Receiver is of the view that the proposed SISP exposes the Assets to the market for a reasonable time, is transparent, and is designed to obtain the highest and best value for the assets.
29. Accordingly, the Receiver recommends that the SISP be approved and the Sales Process Order be granted.

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**CONCLUSION**


- 30. The First Report has been prepared to provide this Court with information regarding TD's request for the Amended Receivership Order, an overview of the Receiver's activities since the Appointment Date, and the Receiver's request for a Sale Process Order.
- 31. Based on the foregoing, the Receiver requests the Court grant the amended Receivership Order and Sale Process Order in the form submitted by legal counsel.

All of which is respectively submitted on April 5, 2023.

**DELOITTE RESTRUCTURING INC.**

Acting in its capacity as  
Receiver of Meridien Atlantic Fishing Ltd. and  
Rocky Coast Seafoods Ltd.  
and not in its personal capacity.

Per:



**James Foran**  
Senior Vice President

Per:



**Kurt MacLeod**  
Vice President



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# **Appendix A**

## **Consent to Act**

2023

Hfx No. 521470

Supreme Court of Nova Scotia  
In Bankruptcy and Insolvency

IN THE MATTER OF: THE RECEIVERSHIP OF MERIDIEN ATLANTIC FISHING LTD. AND ROCKY  
COAST SEAFOODS LTD.

Between:

**THE TORONTO-DOMINION BANK**

Applicant

and

**MERIDIEN ATLANTIC FISHING LTD.;**  
**ROCKY COAST SEAFOODS LTD.;** and  
**9514228 CANADA INC.**

Respondents

**AMENDED CONSENT OF RECEIVER**

Amended: April 5, 2023

**TAKE NOTICE THAT** the undersigned Deloitte Restructuring Inc., a body corporate under the laws of Canada, maintaining an office in the city of Halifax, in the County of Halifax, in the Province of Nova Scotia, a duly qualified and licensed trustee in bankruptcy, hereby consents to act as court appointed receiver of the assets of the Respondents.

**AND TAKE NOTICE THAT** the undersigned Deloitte Restructuring Inc. hereby confirms, in compliance with *Civil Procedure Rule 73.07*, that it is a member of the Canadian Association of Insolvency and Restructuring Professionals and carries professional liability insurance.

**DATED** at Halifax, Nova Scotia this 5<sup>th</sup> day of April, 2023.

**DELOITTE RESTRUCTURING INC.**

Per:



James Foran  
Senior Vice President

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# **Appendix B**

## **Teaser**

# Asset Sale Process

Fishing quota, fish processing facility, fish buyers/processors licenses, and real estate

Deloitte Restructuring Inc. ("Deloitte") in its capacity as Receiver of Meridien Atlantic Fishing Ltd., Rocky Coast Seafoods Ltd. and 9514228 Canada Inc. has engaged TriNav Marine Brokerage Inc. ("TriNav") to seek interest from parties in purchasing the assets further described below.

## Asset Overview

### Fishing quota:

Meridien Atlantic Fishing Ltd. ("Meridien") and 9514228 Canada Inc. ("951") own approximately 3,175 metric tonnes ("MT") of silver hake quota, 13 MT of other miscellaneous ground fish quota and an unspecified amount of squid quota as further summarized in **Table 1**. Approximately 59% of the quota is assigned to licenses owned by Meridien and 951 with the remaining held in escrow with third parties.

**Table 1: 2022 fishing quota summary**

License Type	Species	2022 Quota (MT)
<65 feet groundfish	Silver Hake	2,175.11
Offshore	Silver Hake	1,000.04
	Other misc. groundfish species	13.65
Squid, unspecified	Squid	-

### Fish processing facility in Comeauville, Nova Scotia:

Located at 735-739 Highway 1, Comeauville, Nova Scotia, the property includes three separate buildings consisting of a fish processing facility (#1), an office and storage building (#2), and a multi-unit rental property segregated into four apartments (#3).

### Fish buyers license and processing license:

Rocky Coast Seafoods Ltd. ("Rocky Coast") operated the Plant under a fish buyers license and fish processors license issued under the *Fisheries and Coastal Resources Act*. Rocky Coast's licenses includes a variety of groundfish, pelagic, and shellfish and cover both fresh and frozen processing methods.

### Raw land in Church Point, Nova Scotia:

Located at 1431 Highway 1, Church Point, Nova Scotia, the property includes two undeveloped waterfront parcels totaling 19.33 acres.

735-739 Highway 1, Comeauville, Nova Scotia



1431 Highway 1, Church Point, Nova Scotia



## Proposed Transaction and Timeline

TriNav is seeking proposals from parties interested in purchasing the assets described herein.

Upon execution of a non-disclosure agreement (the "NDA"), parties will be provided with copies of an information package and access to a virtual data room containing further technical information regarding the assets and the bidding process.

Interested parties will also be provided with an opportunity to visit the assets during the due diligence period outlined herein.

The proposed transaction will be subject to approval from the Supreme Court of Nova Scotia (the "Court") and the Receiver will make an application to the Court for approval of the sale upon completion of the sale process.

Transaction process	Days from launch of process
Circulation of teaser & NDA	Day 4
Circulation of information package	Upon execution of NDA
End of diligence period	Day 39
Letter of intent deadline	Day 42
Final bid deadline	Day 58
Evaluation of final bids received	Day 65
Closing of any successful bids	Day 95

Recipients of this document interested in participating in the above outlined process must provide a fully executed NDA to TriNav before further information will be provided. Inquiries regarding the transaction should be directed only to the following: