

District of: Nova Scotia
Division No.: 01 – Halifax
Court No.:
Estate No.: 51-3007018

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

IN THE MATTER OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED

IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF CHESTER BASIN SEAFOOD
GROUP INC. OF THE TOWN OF BRIDGEWATER,
IN THE PROVINCE OF NOVA SCOTIA

ORDER

Before Registrar Balmanoukian on November 24, 2023:

THIS APPLICATION, made by Chester Basin Seafood Group Inc. (the “**Applicant**” or the “**Company**”) pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3, as amended (the “**BIA**”) for an order: (i) approving an interim financing facility term sheet; (ii) granting a charge in favour of 4519497 Nova Scotia Limited; (iii) granting an Administration Charge (as defined herein); and (iv) extending the time to file a proposal pursuant to s. 50.4(9) of the BIA up to and including January 21, 2024 was heard on the 24th day of November, 2023.

ON READING the affidavit of Jose Teixeira, sworn November 20, 2023, and the exhibits thereto, the First Report of Grant Thornton Limited dated November 1, 2023 in its capacity as proposal trustee of the Applicant (the “**Proposal Trustee**”);

ON HEARING the submissions of counsel for the Applicant, the Proposal Trustee, The Toronto-Dominion Bank, Pluto Investments Inc., 4519497 Nova Scotia Limited, and such other counsel that were present, no one else appearing for any party although duly served:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the materials filed, as set out in the Affidavit of Service of ● sworn November ●, 2023, is hereby deemed adequate notice so that this Application is properly returnable today and hereby dispenses with further service thereof.

STAY OF PROCEEDINGS

2. **THIS COURT ORDERS** that pursuant to Section 50.4(9) of the BIA, the time for the Company to file a proposal with the Official Receiver be and is hereby extended to January 21, 2024 (the “**Stay Period**”).

ADMINISTRATION CHARGE

3. **THIS COURT ORDERS** that, pursuant to Section 64.2 of the BIA, the Proposal Trustee, counsel to the Proposal Trustee, and the Company’s counsel shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on all of the Company’s current and future assets, undertakings and properties of every nature and kind whatsoever including any principal, interest and fees arising under the DIP Agreement (as defined below), and wherever situate including all proceeds thereof (the “**Property**”), which charge shall not exceed an aggregate amount of \$100,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Proposal Trustee and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 9 and 11 hereof.

INTERIM FINANCING

4. **THIS COURT ORDERS** that the Company is hereby authorized and empowered to execute, enter into and deliver an amended interim financing term sheet executed by the Company and 4519497 Nova Scotia Limited (the “**DIP Lender**”) dated as of November 19, 2023

(the “**DIP Agreement**”) and to borrow, in accordance with the terms and conditions of the DIP Agreement, interim financing in the principal amount of \$1.1 million to, among other things, fund the Company’s working capital, capital expenses and restructuring costs during the Stay Period.

5. **THIS COURT ORDERS** that the Company is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the “**Definitive Documents**”), as are contemplated by the DIP Agreement or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Company is hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Agreement and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

6. **THIS COURT ORDERS** that pursuant to Section 50.6 of the BIA, the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the “**DIP Lender’s Charge**”) on the Property, which DIP Lender’s Charge shall not secure an obligation that exists before November 7, 2023. The DIP Lender’s Charge shall have the priority set out in paragraphs 9 and 11 hereof.

7. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order, or Section 69 of the BIA:

- a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender’s Charge or any of the Definitive Documents;
- b) upon the occurrence of an event of default under the Definitive Documents or the DIP Agreement, the DIP Lender may exercise any and all of its rights and remedies against the Company or the Property under or pursuant to the DIP Agreement, Definitive Documents and the DIP Lender’s Charge, including without limitation, to

cease making advances to the Company and set off and/or consolidate any amounts owing by the DIP Lender to the Company against the obligations of the Company to the DIP Lender under the DIP Agreement, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Company and for the appointment of a trustee in bankruptcy of the Company; and

- c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Company or the Property.

8. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any proposal filed by the Company under the BIA or any plan of arrangement or compromise filed by the Company in any proceeding under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, with respect to any advances made under the Definitive Documents or the DIP Agreement.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

9. **THIS COURT ORDERS** that the priorities of the Administration Charge and the DIP Lender's Charge, as between them, shall be as follows:

- a) First – the Administration Charge (to the maximum amount of \$100,000); and
- b) Second – the DIP Lender's Charge (to the maximum principal amount of \$1.1 million).

10. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge or the DIP Lender's Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or

interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

11. **THIS COURT ORDERS** that each of the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any individual, firm, corporation, governmental agency, or any other entities (each and any, a "**Person**").

12. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Company shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, the Administration Charge or the DIP Lender's Charge, unless the Company obtains the prior written consent of the Proposal Trustee, the DIP Lender and the beneficiaries of the Administration Charge, or further Order of this Court.

13. **THIS COURT ORDERS** that the Administration Charge, the DIP Agreement, the Definitive Documents and the DIP Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by: (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Company, and notwithstanding any provision to the contrary in any Agreement:

- a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Agreement or the Definitive Documents shall create or be deemed to constitute a breach by the Company of any Agreement to which they are a party;
- b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Company entering into the DIP Agreement, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- c) the payments made by the Company pursuant to this Order, the DIP Agreement or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

14. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Company's interest in such real property leases.

GENERAL

15. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Atlantic Time on the date of this Order.

ISSUED at Halifax, Nova Scotia this 24th day of November, 2023.
