Grant Thornton Ltd
Nova Centre, North Tower
Suite 1000, 1675 Grafton Street
Halifax, NS
B3J 0E9

T +1 902 421 1734
F +1 902 420 1068

February 15, 2024

To the Creditors of Chester Basin Seafood Group Inc.

Re: Creditors Package

Please be advised that effective February 8, 2024, Chester Basin Seafood Group Inc. ("**CBSG**" or the "**Company**") was deemed to have filed an assignment in bankruptcy pursuant to Section 50.4(8) of the *Bankruptcy and Insolvency Act* ("**BIA**"). Grant Thornton Limited, a Licensed Insolvency Trustee, was appointed as trustee (the "**Trustee**") of the bankrupt estate. Enclosed for your review and consideration are the following documents:

- The Trustee's Preliminary Report, dated February 14, 2024
- Notice of Bankruptcy and First Meeting of Creditors
- Certificate of Assignment in Bankruptcy from the office of Superintendent of Bankruptcy Canada
- The Statement of Affairs of Chester Basin Seafood Group Inc. as at February 8, 2024, signed by the Company's director
- A listing of the following on the date of bankruptcy, from the Company's books and records:
    - Unsecured, Secured, and Preferred Creditors
    - Contingent or Other Liabilities
    - Debts due to the Bankrupt
    - Bills of Exchange, Promissory Notes, Lien Notes, Chattel Mortgages, etc., available as Assets
    - Real Property or Immovables Owned by Bankrupt
    - Property
- A Proof of Claim and Proxy Form
- Checklist and instructions for Proof of Claims

Please be advised that all creditors who wish to vote at the First Meeting of Creditors or share in a distribution from the estate (if any) **MUST** file a Proof of Claim form with the Trustee prior to the meeting. Please read the "Instructions for completing proof of claim forms" for information required in your Proof of Claim, or contact the Trustee's office using the information below.

Please send completed Proof of Claim forms, along with supporting documentation, via email to ChesterBasinSeafoods@ca.gt.com or via mail to:

Grant Thornton Ltd
Attn: Ben Chisholm
Nova Centre, North Tower
Suite 1000, 1675 Grafton Street
Halifax, NS
B3J 0E9

Grant Thornton

Creditors are encouraged to monitor updates to the insolvency proceedings by way of the Trustee's website at www.GrantThornton.ca/ChesterBasinSeafoods. Information relevant to the proceedings will be posted to the Trustee's website from time to time under the "Bankruptcy" heading.

Should you have any questions, please contact Ben Chisholm of the Proposal Trustee's office at 902-417-2829 or ChesterBasinSeafoods@ca.gt.com.

Sincerely,

GRANT THORNTON LIMITED
In its Capacity as Trustee of
Chester Basin Seafood Ltd.
and not in its personal capacity

Liam Murphy, CPA, CA, CIRP, LIT
Senior Vice President

District of:	Nova Scotia
Division No.	01 - Halifax
Court No.	45611
Estate No.	51-3007018

FORM 68

Notice of Bankruptcy, First Meeting of Creditors
(Subsection 102(1) of the Act)

[x] Original [ ] Amended

In the Matter of the Bankruptcy of
Chester Basin Seafood Group Inc.
of the City of Bridgewater, in the Province of Nova Scotia

Take notice that:

1. Chester Basin Seafood Group Inc. filed (or was deemed to have filed) an assignment (or a bankruptcy order was made against Chester Basin Seafood Group Inc.) on the 8th day of February 2024 and the undersigned, Grant Thornton Limited, was appointed as trustee of the estate of the bankrupt by the official receiver (or the Court); subject to affirmation by the creditors of the trustee's appointment or substitution of another trustee by the creditors.
2. The first meeting of creditors of the bankrupt will be held on the 28th day of February 2024 at 2:00 PM at Virtual Meeting - Please Contact Ben Chisholm at Ben.Chisholm@ca.gt.com or 902-417-2829 to register.
3. To be entitled to vote at the meeting, a creditor must file with the trustee, before the meeting, a proof of claim and, where necessary, a proxy.
4. Enclosed with this notice are a proof of claim form, proxy form and list of creditors with claims amounting to $25 or more showing the amounts of their claims.
5. Creditors must prove their claims against the estate of the bankrupt to share in any distribution of the proceeds realized from the estate.

Dated at the City of Halifax in the Province of Nova Scotia, this 13th day of February 2024.

Grant Thornton Limited - Licensed Insolvency Trustee

Nova Centre, North Tower
1675 Grafton Street, Ste. 1000
Halifax NS B3J 0E9
Phone: (902) 421-1734 Fax: (902) 420-1068

Industry Canada / Industrie Canada
Office of the Superintendent of Bankruptcy Canada / **Bureau du surintendant des faillites Canada**

District of: Nova Scotia
Division No.: 01 - Halifax
Court No.: 45611
Estate No.: 51-3007018

In the Matter of the Bankruptcy of:

Chester Basin Seafood Group Inc.

Debtor

GRANT THORNTON LIMITED

Licensed Insolvency Trustee

Ordinary Administration

Date of bankruptcy:	February 08, 2024	Security:	$0.00
Meeting of creditors:	February 28, 2024, 14:00 Virtual Meeting - Contact Ben Chisholm at Ben.Chisholm@ca.gt.com or 902-417-2829 to register, Nova Scotia Canada,		
Chair:	Trustee	Designated person:	Jose Teixeira

CERTIFICATE OF ASSIGNMENT - Paragraph 50.4(8)(*b.1*) of the Act

I, the undersigned, official receiver in and for this bankruptcy district, do hereby certify that:

- a notice of intention in respect of the aforenamed debtor was filed under section 50.4 of the *Bankruptcy and Insolvency Act*;
- the debtor has failed to file a cash-flow statement or a proposal within the provided period following the filing of the notice of intention or within any Court-granted extension and is thereupon deemed to have made an assignment.

The said trustee is required:

- to provide to me, without delay, security in the aforementioned amount;
- to send to all creditors, within five days after the date of the trustee's appointment, a notice of the bankruptcy; and
- when applicable, to call in the prescribed manner a first meeting of creditors, to be held at the aforementioned time and place or at any other time and place that may be later requested by the official receiver.

Date: February 13, 2024

E-File/Dépôt Electronique

Official Receiver

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

☐ Original ☒ Amended

-- Form 78 --

Statement of Affairs (Business Bankruptcy) made by an entity
(Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)

In the Matter of the Bankruptcy of
Chester Basin Seafood Group Inc.
of the City of Bridgewater, in the Province of Nova Scotia

To the bankrupt:

You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the bankruptcy, on the 8th day of February 2024. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES
(as stated and estimated by the officer)

1. Unsecured creditors as per list "A"	6,450,518.15
Balance of secured claims as per list "B"	210,199.43
Total unsecured creditors	6,660,717.58
2. Secured creditors as per list "B"	7,681,609.64
3. Preferred creditors as per list "C"	1.00
4. Contingent, trust claims or other liabilities as per list "D" estimated to be reclaimable for	0.00
Total liabilities	14,342,328.22
Surplus	NIL

ASSETS
(as stated and estimated by the officer)

1. Inventory		0.00
2. Trade fixtures, etc.		0.00
3. Accounts receivable and other receivables, as per list "E"		
Good	794,849.75	
Doubtful	0.00	
Bad	0.00	
Estimated to produce		794,849.75
4. Bills of exchange, promissory note, etc., as per list "F"		0.00
5. Deposits in financial institutions		1,312.34
6. Cash		0.00
7. Livestock		0.00
8. Machinery, equipment and plant		0.00
9. Real property or immovable as per list "G"		30,000.00
10. Furniture		16,823.00
11. RRSPs, RRIFs, life insurance, etc.		0.00
12. Securities (shares, bonds, debentures, etc.)		0.00
13. Interests under wills		0.00
14. Vehicles		291,012.51
15. Other property, as per list "H"		8,595,248.00
If bankrupt is a corporation, add:		
Amount of subscribed capital	0.00	
Amount paid on capital	0.00	
Balance subscribed and unpaid		0.00
Estimated to produce		0.00
Total assets		9,729,245.60
Deficiency		4,613,082.62

I, Herbert Breau, of the City of Ottawa in the Province of Ontario, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of the affairs of the Corporation on the 9th day of February 2024 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)
before me at the City of Bridgewater in the Province of Nova Scotia, on this 13th day of February 2024.

DocuSigned by:
Herb Breau
6D817A196E7E4B8...
Herbert Breau

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

FORM 78 -- Continued

In the Matter of the Bankruptcy of
Chester Basin Seafood Group Inc.
of the City of Bridgewater, in the Province of Nova Scotia
List "A"
Unsecured Creditors

Chester Basin Seafood Group Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	A.F. Theriault & Son Limited	1 d'Entremont Road, P.O. Box 10 Meteghan River NS B0W 2L0	308,221.90	0.00	308,221.90
2	Amsterdam Products Ltd.	2 Montreal Road Cornwall ON K6H 6L4	1,488.22	0.00	1,488.22
3	AN Deringer (USD)	PO Box 11349, Succursale Centre-Ville Montreal, QC H3C5H1	112.58	0.00	112.58
4	Antares Computers Limited	740 King Street, Unit 1 Bridgewater, NS B4V1B4	77.62	0.00	77.62
5	Atlantic Carrier	260 Frenette Avenue Moncton NB E1H0E2	3,018.83	0.00	3,018.83
6	Bakers Point Fisheries Ltd.	33 Baker's Point Road East Jeddore NS B0J2L0	124,962.43	0.00	124,962.43
7	Barrington Catch Monitoring Ce	PO Box 293 Barrington Passage NS B0W1G0	517.50	0.00	517.50
8	Bell Aliant - Residential - (NB, NS, PE, NL)	71 Belvedere Ave Charlettetown PE C1A 9K5	247.18	0.00	247.18
9	Bell Mobility	PO Box 5102 Burlington ON L7R4R7	587.46	0.00	587.46
10	BMO Financial Group c/o BankruptcyHighway.com Attn: Mike Timko	PO Box 57100 Etobicoke ON M8Y 3Y2	0.00	0.00	0.00
11	Bookco Virtual Accounting Inc.	PO Box 716 Mahone Bay NS B0J2E0	270.82	0.00	270.82
12	Breaking Waves	7 Brunello Boulevard Tmberlea NS B3T 0J6	1,380.00	0.00	1,380.00
13	C & H Joint Catch Seafood Ltd.	21 Atlantic View Dr Sambro NS B3V1L2	15,978.30	0.00	15,978.30
14	Comeau's Sea Foods Limited	PO Box 7, Suite 9 Lower East Pubnico NS B0W2A0	1,210.00	0.00	1,210.00
15	CRA - Tax - Atlantic	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-sud QC G9P 5H9	250.00	0.00	250.00
16	Culligan Water Store	540 Logan Road Wileville NS B4V 9C7	16.40	0.00	16.40
17	Cummins Canada ULC	50 Simmonds Drive Dartmouth NS B3B1R3	48,932.50	0.00	48,932.50
18	East Coast Mobile Medical Inc	101 Ilsley Ave, Suite 1 Dartmouth NS B3B1S8	293.25	0.00	293.25
19	Eastern Office Supplies Ltd.	136 Logan Road Bridgewater NS B4V3J8	86.25	0.00	86.25
20	Fisheries and Oceans Canada	280 Logan Road. P.O. Box 2500 Bridgewater NS B4V 3X1	250.00	0.00	250.00
21	Fleetworx, Inc.	64 Minas Warehouse Road New Minas NS B4N 5G3	59,293.09	0.00	59,293.09

2024-02-13 | 13:27:51 EST
Date

DocuSigned by:
Herb Breau
6D817A196F7E4B0...
Herbert Breau

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

FORM 78 -- Continued

In the Matter of the Bankruptcy of
Chester Basin Seafood Group Inc.
of the City of Bridgewater, in the Province of Nova Scotia
List "A"
Unsecured Creditors

Chester Basin Seafood Group Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
22	Forward Focus Consulting	46 Pintail Lane Timberlea NS B3T 0E8	1.00	0.00	1.00
23	Gerhardt's Fleet Tech Service	15321 Hwy 3 Hebbville NS B4V 6X4	560.92	0.00	560.92
24	Global Star Canada	PO Box 8013, Postal Stn 'A' Toronto ON M5W3W5	599.45	0.00	599.45
25	Golden Sea Products (1997) Ltd	242 Demont Rd Chester Basin NS B0J1K0	8,602.00	0.00	8,602.00
26	Goods Logistics Inc	PO Box 23105 Elmwood Moncton NB	299.00	0.00	299.00
27	Harbour Authority of Sambro	22 Fir Grove Drive Halifax East Pennant NS B3V 1L8	862.50	0.00	862.50
28	hatts mobile wash	6310 HWY 3 Hunts Point NS B0T 1G0	207.00	0.00	207.00
29	Hebville Holdings	15813 Hwy 3 Hebbville NS B4V 6X9	920.00	0.00	920.00
30	Hyway Services (1997) Limited	2354 Rocky Lake Road, Unit 1 Waverley NS B2R 1R5	1,495.00	0.00	1,495.00
31	Irving Oil Limited	PO Box 5640, Stn Main Saint John NB E2L 0C3	18,626.09	0.00	18,626.09
32	Jameson Theriault Marine Surveys	Box 1330 Digby NS B0V 1A0	7,647.50	0.00	7,647.50
33	JMS Accountant Staffing Ltd.	99 Wyse Road Suite 1320 Dartmouth NS B3A 4S5	15,732.00	0.00	15,732.00
34	Kintetsu World Express (Canada) Inc.	610 Orly Avenue Dorval QC H9P 1E9	94,344.55	0.00	94,344.55
35	Lanetco Computer Networks Inc.	1200 Centre Street, Suite 100 Thornhill ON L4J 3M9	1,360.45	0.00	1,360.45
36	Mackay Communications	7 Mellor Avenue, Unit 16 Dartmouth NS B3B0E8	603.75	0.00	603.75
37	Manulife Financial Group Benefits	PO Box 1627 Waterloo ON N2J 4P4	5,349.10	0.00	5,349.10
38	McInnes Cooper Attn: David Yochoff	PO Box 730 Halifax NS B3J 2V1	64,633.89	0.00	64,633.89
39	Mersey Marine Ltd.	110 Water Street, PO Box 1290 Liverpool NS B0T 1K0	4,139.08	0.00	4,139.08
40	Mersey Seafoods	26 Bristol Ave. Liverpool NS B0T 1K0	93,877.15	0.00	93,877.15
41	Metalarc Fabrication Limited	PO Box 503, 206 Dennis Point Road Lower West Pubnico NS B0W2C0	2,237.62	0.00	2,237.62
42	Midland Transport Ltd.	100 Midland Drive Dieppe NB E1A6X4	2,110.66	0.00	2,110.66
43	North East Truck & Trailer	Nova Centre, South Tower, 1500 1625 Grafton Street Halifax NS B3J 0E9	18,920.98	0.00	18,920.98

2024-02-13 | 13:27:51 EST

Date

DocuSigned by:
Herb Breau
6D817A196E7E4B8...
Herbert Breau

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

FORM 78 -- Continued

In the Matter of the Bankruptcy of
Chester Basin Seafood Group Inc.
of the City of Bridgewater, in the Province of Nova Scotia
List "A"
Unsecured Creditors

Chester Basin Seafood Group Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
44	Nova Scotia Seafood Alliance	38 - B JOHN STREET YARMOUTH NS B5A 3H2	201.25	0.00	201.25
45	Patterson Law	1801 Hollis St Halifax NS B3J3N4	16,364.84	0.00	16,364.84
46	Penske Truck Leasing Co., L.P.	P.O. Box 11325 Montreal QC H3C5H1	0.00	210,199.43	210,199.43
47	Pesca Royale	48 Commercial Drive Halfax NS B3V 1A4	2,182.29	0.00	2,182.29
48	Pleasantville Signs.com	1721 Hwy 331 Pleasantville NS B0R1G0	230.00	0.00	230.00
49	Quarterback Mobile Inc.	1496 Bedford Highway, Suite 100 Bedford NS B4A 1E6	3,329.25	0.00	3,329.25
50	RBC Royal Bank Visa c/o BankruptcyHighway.com Attn: Razel Bowen	PO Box 57100 Etobicoke ON M8Y 3Y2	1.00	0.00	1.00
51	Roadline Logistics Inc.	50 Sunny Meadow Blvd. Unit 308 Brampton ON L6R 1X5	5,700.00	0.00	5,700.00
52	Robert Edinger	1350 rue Sherbrooke ouest Montreal QC H3G 1G1	1.00	0.00	1.00
53	Sambro Fisheries Ltd.	40 Lenny's Lane Sambro NS B3V 1L5	34.50	0.00	34.50
54	Scotia Harvest, Inc.	12538 Hwy 217 Seabrook NS B0V 1A0	6,534.60	0.00	6,534.60
55	Seamasters Services Limited	100 Marketplace Dr Dartmouth NS B3B0M8	1,275.34	0.00	1,275.34
56	Securi International	182 River Lane Ottawa ON K1M 1T1	1,012,620.00	0.00	1,012,620.00
57	Shore Side Transport Ltd.	15813 Hwy 3 Hebbville NS B4V6X9	1,725.00	0.00	1,725.00
58	South Shore Truck Centre	1888 King Street, P.O. Box 247 Bridgewater NS B4V 2W9	16,886.26	0.00	16,886.26
59	Stoney Island Fisheries Ltd	P.O. Box 250 Barrington Passage NS B0W1G0	3,135.00	0.00	3,135.00
60	Synergy Technology Solutions	7351 Commercial Road - RTE 4 Milltown Cross PE C0A1R0	1,454.75	0.00	1,454.75
61	Teixeira Family Trust	59 CRANSTON DRIVE Porters Lake NS B3E 1E9	4,059,405.50	0.00	4,059,405.50
62	Timothy E Crowe Services	PO Box 688 Milton NS B0T1P0	1,047.11	0.00	1,047.11
63	Toromont Cat (Maritimes)	PO Box 953 Dartmouth NS B2Y3Z6	4,754.68	0.00	4,754.68
64	Toronto Dominion Bank C/O FCT Default Solutions	PO Box 2514, Station B London ON N6A 4G9	0.00	0.00	0.00
65	Valley Tire	139 Logan Road Bridgewater NS B4V 3T3	2,566.61	0.00	2,566.61

2024-02-13 | 13:27:51 EST
Date

DocuSigned by:
Herb Breau
6D817A196E7E4B8...
Herbert Breau

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

FORM 78 -- Continued

In the Matter of the Bankruptcy of
Chester Basin Seafood Group Inc.
of the City of Bridgewater, in the Province of Nova Scotia
List "A"
Unsecured Creditors

Chester Basin Seafood Group Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
66	Various Employees	Various Bridgewater NS VAR IOUS	1.00	0.00	1.00
67	Waterview Marine Supplies	56 Hawthorne Street Yarmouth NS B5A1M9	224.20	0.00	224.20
68	West Nova Fuels Ltd.	73 Falkland St., PO Box 880 Lunenburg NS B0J 2CO	375,936.52	0.00	375,936.52
69	Wm. R. Murphy Fisheries Limited	Box 99 Arcadia NS B0W1B0	24,333.43	0.00	24,333.43
70	Workers Compensation Board of Nova Scotia	5668 South Street Halifax NS B3J 2Y2	250.00	0.00	250.00
		Total:	**6,450,518.15**	**210,199.43**	**6,660,717.58**

2024-02-13 | 13:27:51 EST

Date

DocuSigned by:
Herb Breau
6D817A196F7E4B8...
Herbert Breau

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

FORM 78 -- Continued

In the Matter of the Bankruptcy of
Chester Basin Seafood Group Inc.
of the City of Bridgewater, in the Province of Nova Scotia
List "B"
Secured Creditors

Chester Basin Seafood Group Inc.

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
1	4519497 Nova Scotia Limited	c/o McInnes Cooper LLP 1300-1969 Upper Water Street Halifax NS B3J 2V1	2,100,000.00	Other - Fishing Quotas and Licenses		1,303,837.91		
				Debts Due - Business - Various Customers - Various		794,849.75		
				Cash on Hand - (100%) Cash - 8924 - Bank of Montreal		1,312.34		
				Furniture - Office & Equipment		0.00		
				Motor Vehicles - Other - 2016 - Utility VS3RA (91438822)		0.00		
				Motor Vehicles - Other - 2016 - Utility VS3RA (91449104) #1		0.00		
				Other - Vessels - Fortune Pride, Seamans Toy, Sea Clipper		0.00		
				Real Property or Immovable - Land		0.00		
2	Bank of Nova Scotia	10 Wright Boulevard Stratford ON N5A 7X9	1.00	Motor Vehicles - Automobile - 2019 - Ram 1500 - Dodge - 1C6RR7LT3KS579799		1.00	13,049.95	
3	BMW Canada Inc. Attn: Financial Services Department	50 Ultimate Drive Richmond Hill ON L4S 0C8	1.00	Motor Vehicles - Automobile - 2023 - BMW - iX xDrive40 - WB513CF08PCK76452		1.00		

2024-02-13 | 13:27:51 EST

Date

DocuSigned by:

Herb Breau

6D817A196F7E4B8...

Herbert Breau

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

FORM 78 -- Continued

In the Matter of the Bankruptcy of
Chester Basin Seafood Group Inc.
of the City of Bridgewater, in the Province of Nova Scotia
List "B"
Secured Creditors

Chester Basin Seafood Group Inc.

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
4	CWB National Leasing Inc./ (formerly National Leasing Group Inc) Attn: Bankruptcy Designate	1525 Buffalo Pl Winnipeg MB R3T 1L9	10,274.91	Motor Vehicles - Other - 2020 - Utility VS3RA - 1UYVS3531L6841610		10,274.91	13,279.33	
				Motor Vehicles - Other - 2021 - VS3RA Trailer - 1UYVS3537M6219210		0.00	49,205.06	
				Motor Vehicles - Other - 2021 - VS3RA Trailer NT8147 - 1UYVS3532M6219213		0.00	45,657.06	
				Motor Vehicles - Other - 2018 - Utility VS3RA - 1UYVS3532J6451113		0.00	45,211.99	
				Motor Vehicles - Other - 2018 - UTILITY VS3RA - 1UYVS3536J6451115		0.00	24,901.54	
				Motor Vehicles - Other - 2020 - Utility VS3RA - 91583609		0.00	1.00	
5	Penske Truck Leasing Co., L.P.	P.O. Box 11325 Montreal QC H3C5H1	210,205.43	Motor Vehicles - Other - 2021 - Volvo - VNL64760 - 4V4NC9EH2MN272580		1.00		
				Motor Vehicles - Other - 2021 - Volvo - VNL64760 - 4V4NC9EH4MN272578		1.00		
				Motor Vehicles - Other - 2021 - Volvo - VNL64760 - 4V4NC9EH6MN272579		1.00		
				Motor Vehicles - Other - 2022 - Volvo - VNL64760 - 4V4NC9EH9NN313692		1.00		
				Motor Vehicles - Other - 2022 - Volvo - VNL64860 - 4V4NC9TJXNN313691		1.00		
				Motor Vehicles - Other - 2023 - Volvo - VNL64760 - 4V4NC9EH2PN335939		1.00		210,199.43
6	Royal Bank of Canada	10 York Mills Road, 3rd Floor Toronto ON M2P 0A2	1.00	Motor Vehicles - Automobile - 2019 - Ram 1500 - Dodge - 1C6SRFHT9KN792016		1.00	12,170.03	

2024-02-13 | 13:27:51 EST

Date

DocuSigned by:
Herb Breau
6D817A196F7E4B8...
Herbert Breau

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

FORM 78 -- Continued

In the Matter of the Bankruptcy of
Chester Basin Seafood Group Inc.
of the City of Bridgewater, in the Province of Nova Scotia
List "B"
Secured Creditors

Chester Basin Seafood Group Inc.

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
7	THE TORONTO-DOMINION BANK	1785 Barrington Street Halifax NS B3J 2P8	5,526,856.51	Other - Fishing Quotas and Licenses		3,014,162.09		
				Other - Vessels - Fortune Pride, Seamans Toy, Sea Clipper		2,512,694.42	1,764,553.58	
				Real Property or Immovable - Land		0.00	30,000.00	
				Furniture - Office & Equipment		0.00	16,823.00	
				Motor Vehicles - Other - 2016 - Utility VS3RA (91438822)		0.00	9,934.81	
				Motor Vehicles - Other - 2016 - Utility VS3RA (91449104) #1		0.00	9,934.81	
				Cash on Hand - (100%) Cash - 8924 - Bank of Montreal		0.00		
				Debts Due - Business - Various Customers - Various		0.00		
8	Wells Fargo Equipment Finance Company Attn: Kristin Pereira	1100 - 1290 Central Parkway West Mississauga ON L5C 4R3	44,469.22	Motor Vehicles - Other - 2019 - Mack AN64T - 1M1AN4GY3KM009022		32,298.19	12,913.80	
				Motor Vehicles - Other - 2018 - Mack - AN64T - 1M1AN4GYXJM001028		12,171.03		
		Total:	**7,891,809.07**			**7,681,609.64**	**2,047,635.96**	**210,199.43**

2024-02-13 | 13:27:51 EST
Date

DocuSigned by:
Herb Breau
6D817A196F7E4B8...
Herbert Breau

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

FORM 78 -- Continued

In the Matter of the Bankruptcy of
Chester Basin Seafood Group Inc.
of the City of Bridgewater, in the Province of Nova Scotia
List "C"
Preferred Creditors for Wages, Rent, etc.

Chester Basin Seafood Group Inc.

No.	Name of creditor	Address and occupation	Nature of claim	Period during which claim accrued	Amount of claim	Amount payable in full	Difference ranking for dividend
1	Employees - Various			-	1.00	0.00	1.00
				Total:	**1.00**	**0.00**	**1.00**

2024-02-13 | 13:27:51 EST
Date

DocuSigned by:
Herb Breau
6D817A196E7E4B8...
Herbert Breau

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

FORM 78 -- Continued

In the Matter of the Bankruptcy of
Chester Basin Seafood Group Inc.
of the City of Bridgewater, in the Province of Nova Scotia
List "D"
Contingent or Other Liabilities

Chester Basin Seafood Group Inc.

No.	Name of creditor or claimant	Address and occupation	Amount of liability or claim	Amount expected to rank for dividend	Date when liability incurred	Nature of liability
		Total:	0.00	0.00		

2024-02-13 | 13:27:51 EST
Date

DocuSigned by:
Herb Breau
6D817A196E7E4B8
Herbert Breau

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

FORM 78 -- Continued

In the Matter of the Bankruptcy of
Chester Basin Seafood Group Inc.
of the City of Bridgewater, in the Province of Nova Scotia
List "E"
Debts Due to the Bankrupt

Chester Basin Seafood Group Inc.

No.	Name of debtor	Address and occupation	Nature of debt	Amount of debt (good, doubtful, bad)	Folio of ledgers or other book where particulars to be found	When contracted	Estimated to produce	Particulars of any securities held for debt
1	Various Customers	Bridgewater NS Bridgewater NS Various	Accounts Receivable	794,849.75 0.00 0.00		19-Jan-2024	794,849.75	Accounts Receivable
			Total:	794,849.75 0.00 0.00			794,849.75	

2024-02-13 | 13:27:51 EST

Date

DocuSigned by:
Herb Breau
6D817A196E7E4B8...
Herbert Breau

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

FORM 78 -- Continued

In the Matter of the Bankruptcy of
Chester Basin Seafood Group Inc.
of the City of Bridgewater, in the Province of Nova Scotia
List "F"

Bills of Exchange, Promissory Notes, Lien Notes, Chattel
Mortgages, etc., Available as Assets

Chester Basin Seafood Group Inc.

No.	Name of all promissory, acceptors, endorsers, mortgagors, and guarantors	Address	Occupation	Amount of bill or note, etc.	Date when due	Estimated to produce	Particulars of any property held as security for payment of bill or note, etc.
			Total:	0.00		0.00	

2024-02-13 | 13:27:51 EST
Date

DocuSigned by:
Herb Breau
6D817A196E7E4B8...
Herbert Breau

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

FORM 78 -- Continued

In the Matter of the Bankruptcy of
Chester Basin Seafood Group Inc.
of the City of Bridgewater, in the Province of Nova Scotia

List "G"

Real Property or Immovables Owned by Bankrupt

Chester Basin Seafood Group Inc.

Description of property	Nature of bankrupt interest	In whose name does title stand	Total value	Particulars of mortgages, hypothecs, or other encumbrances (name, address, amount)	Equity or surplus
Land Value per October 31, 2023 balance sheet	Owner	Chester Basin Seafood Group Inc.	30,000.00	4519497 Nova Scotia Limited c/o McInnes Cooper LLP 1300-1969 Upper Water Street Halifax NS B3J 2V1 2,100,000.00 THE TORONTO-DOMINION BANK 1785 Barrington Street Halifax NS B3J 2P8 5,526,856.51	30,000.00
		Total:	**30,000.00**		**30,000.00**

2024-02-13 | 13:27:51 EST

Date

DocuSigned by:

Herb Breau

6D617A196F7E4D8...

Herbert Breau

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

FORM 78 -- Continued

In the Matter of the Bankruptcy of
Chester Basin Seafood Group Inc.
of the City of Bridgewater, in the Province of Nova Scotia
List "H"
Property

Chester Basin Seafood Group Inc.
FULL STATEMENT OF PROPERTY

Nature of property	Location	Details of property	Original cost	Estimated to produce
(a) Stock-in-trade			0.00	0.00
(b) Trade fixtures, etc.			0.00	0.00
(c) Cash in financial institutions	Bank of Montreal 1695 Grafton Street Halifax NS B3J 0E7	8924	1,312.34	1,312.34
(d) Cash on hand			0.00	0.00
(e) Livestock			0.00	0.00
(f) Machinery, equipment and plant			0.00	0.00
(g) Furniture		Office & Equipment	16,823.00	16,823.00
(h) Life insurance policies, RRSPs, etc.			0.00	0.00
(i) Securities			0.00	0.00
(j) Interests under wills, etc.			0.00	0.00
(k) Vehicles		Other - 2018 - Mack - AN64T - 1M1AN4GYXJM001028	12,171.03	12,171.03
		Other - 2019 - Mack AN64T - 1M1AN4GY3KM009022	45,211.99	45,211.99
		Other - 2020 - Utility VS3RA - 1UYVS3531L6841610	23,554.24	23,554.24
		Other - 2018 - Utility VS3RA - 1UYVS3532J6451113	14,028.78	45,211.99
		Other - 2018 - UTILITY VS3RA - 1UYVS3536J6451115	24,901.54	24,901.54
		Automobile - 2019 - Ram 1500 - Dodge - 1C6SRFHT9KN792016	12,171.03	12,171.03
		Other - 2021 - VS3RA Trailer - 1UYVS3537M6219210	49,205.06	49,205.06
		Other - 2021 - VS3RA Trailer NT8147 - 1UYVS3532M6219213	45,657.06	45,657.06
		Automobile - 2019 - Ram 1500 - Dodge - 1C6RR7LT3KS579799	13,050.95	13,050.95
		Other - 2016 - Utility VS3RA (91449104) #1	9,934.81	9,934.81
		Other - 2016 - Utility VS3RA (91438822)	9,934.81	9,934.81
		Automobile - 2023 - BMW - iX xDrive40 - WB513CF08PCK76452	1.00	1.00
		Other - 2020 - Utility VS3RA - 91583609	1.00	1.00
		Other - 2023 - Volvo - VNL64760 - 4V4NC9EH2PN335939	1.00	1.00

2024-02-13 | 13:27:51 EST
Date

DocuSigned by:
Herb Breau
6D817A196F7E4B0...
Herbert Breau

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

FORM 78 -- Concluded

In the Matter of the Bankruptcy of
Chester Basin Seafood Group Inc.
of the City of Bridgewater, in the Province of Nova Scotia

List "H"
Property

Chester Basin Seafood Group Inc.

FULL STATEMENT OF PROPERTY

Nature of property	Location	Details of property	Original cost	Estimated to produce
(k) Vehicles		Other - 2021 - Volvo - VNL64760 - 4V4NC9EH4MN272578	1.00	1.00
		Other - 2021 - Volvo - VNL64760 - 4V4NC9EH6MN272579	1.00	1.00
		Other - 2021 - Volvo - VNL64760 - 4V4NC9EH2MN272580	1.00	1.00
		Other - 2022 - Volvo - VNL64760 - 4V4NC9EH9NN313692	1.00	1.00
		Other - 2022 - Volvo - VNL64860 - 4V4NC9TJXNN313691	1.00	1.00
(l) Taxes			0.00	0.00
(m) Other		Fishing Quotas and Licenses	4,318,000.00	4,318,000.00
		Vessels - Fortune Pride, Seamans Toy, Sea Clipper	4,277,248.00	4,277,248.00
			Total:	**8,904,395.85**

2024-02-13 | 13:27:51 EST

Date

DocuSigned by:
Herb Breau
6D817A196E7E4B8...

Herbert Breau

PROOF OF CLAIM

(see Page 3 for instructions)

IN THE MATTER OF THE BANKRUPTCY OF CHESTER BASIN SEAFOOD GROUP INC (referred to in this form as "the debtor")

and the claim of ______________________________ (referred to in this form as "the creditor")

All notices or correspondence regarding this claim to be forwarded to the creditor at the following address:

____

____

Telephone: ______________ Fax: ______________ E-Mail Address: ______________

I, ______________________________ residing in the ______________________________
(name of person signing claim) (city, town, etc.)

of ______________________________ in the Province of ______________________________
(name of city, town ,etc.)

Do hereby certify that:

If an officer of the company, state position or title.

1. ☐ I am the creditor or ☐ I am ______________________________ of the creditor
(state position or title)

2. I have knowledge of all the circumstances connected with the claim referred to below.

The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.

3. The debtor was, at the date of the bankruptcy, namely the 8th day of February, 2024, and still is, indebted to the creditor in the sum of $______________________, as specified in the statement of account (*or* affidavit) attached hereto and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled.

Check and complete appropriate category. Other than as a customer contemplated by Section 262 of the Act

4. A ☐ **Unsecured claim** of $______________________
In respect to the said debt, the creditor does not hold any assets of the debtor as security and

Check appropriate description. Set out an attached sheet details to support priority claim.

(i) ☐ Regarding the amount of $____________, does not claim a right to a priority
or
(ii) ☐ Regarding the amount of $____________, claims a right to a priority under section 136 of the Bankruptcy and Insolvency Act (the "Act").

Give full particulars of the claim, including the calculations upon which the claim is based.

B ☐ **Claim of lessor for disclaimer of a lease** of $ ______________________
I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:

Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.

C ☐ **Secured claim** of $______________________
In respect of this debt, I hold assets of the debtor valued at
$______________________ as security, particulars of which are as follows:

Attach a copy of sales agreement and delivery receipts.

D ☐ **Claim by farmer, fisherman, or aquaculturist** of $______________________
I hereby claim under subsection 81.2(1) of the Act for the unpaid amount of $______________________

Give full particulars of any wage earner's claim, including the calculations upon which the claim is based.

E ☐ **Claim by wage earner** of $______________________

(i) ☐ I hereby claim under subsection 81.3(8) of the Act in the amount of $____________,
or
(ii) ☐ I hereby claim under subsection 81.4(8) of the Act in the amount of $____________,

To be completed when a proposal provides for the compromise of claims against directors. Give full particulars of the claim, including the calculations upon which the claim is based.

F ☐ **Claim against director** of $______________________
I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:

Give full particulars of the claim, including the calculations upon which the claim is based.

G ☐ **Claim of a customer of a bankrupt securities firm** of $______________________
I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:

Strike out "is" or "is not"

5. To the best of my knowledge, the creditor is/is not related to the debtor within the meaning of section 4 of the Act, and has/has not dealt with the debtor in a non-arm's-length manner.

Provide details of payments, credits and transfers at undervalue.

6. The following are the payments that the creditor has received from, the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to ar a party to with the debtor within the three months (**or, if the creditor and the debtor are related within the meaning of section 4 of the Act** or were

not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of section 2(1) of the Act:

____
____
____

Applicable only in the case of the bankruptcy of an individual

7. ☐ I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

8. Dated at ______________________, this ____________day of __________________________, 20______

Must be signed and witnessed

____ ____

Witness (signature of individual completing this form)

Notes: All references to "the Act" refer to the Bankruptcy and Insolvency Act.
If an affidavit or solemn declaration is attached, it must have been made before a person qualified to take affidavits or solemn declarations.
If a copy of this Form is sent electronically by means such as email, the name and contact information of the sender, prescribed in Form 1.1, must be added at the end if the document.

Warning: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.
Subsection 201(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

General Proxy:

If it is desired to appoint a proxy, the proxy form must be completed and signed by the creditor; if the creditor is a corporation, the proxy form must be signed in the corporate name (not necessarily by the individual signing the proof of claim form) and the proxy must be witnessed.

GENERAL PROXY

(with power of substitution)

In the matter of the bankruptcy or proposal of the debtor, the creditor hereby appoints (with power of substitution)

____of the ___________of _______________________________

to be the creditor's general proxy in the above matter (excepting only as to the receipt of dividends).

Dated at _________________________________, this ____________day of ____, 20_____.

____
Name of creditor (print)

____ Per: ____

Witness Signature

Instructions for completing proof of claim forms

Every creditor who does not prove his claim is not entitled to share in any distribution. Claims not completed correctly in every respect will be returned.

In completing the attached form, your attention is directed to the marginal notes on the form and to the following requirements:

Proof of Claim:

1. The form must be completed by an individual and not by a corporation. If you are acting for a corporation or other person, you must state the capacity in which you are acting, such as, "Credit Manager", "Treasurer", "Authorized Agent", etc.

2. The person signing the form must have knowledge of the circumstances connected with the claim.

3. The debtor's name and date of the bankruptcy must be filled in and a Statement of Account containing details of the claim must be attached and marked "A". The date at which claims are to be calculated and the correct name of the debtor may be found on the Notice sent to the creditor.

4. The nature of the claim must be indicated by ticking the type of claim which applies, e.g.-

Ticking A	indicates the claim is unsecured and
Ticking A(i)	indicates that the creditor is not claiming any priority or
Ticking A(ii)	indicates the creditor is claiming preferred status under section 136 of the Act. Details to support the priority claim must be set out on an attached schedule.
Ticking B	indicates a claim of landlord for disclaimer of a lease under subsection 65.2(4) of the Act. Details to support this claim must be set out on an attached schedule.
Ticking C	indicates the claim is secured and the value at which the creditor assesses the security must be inserted. Details of each item of security held should be attached as a separate schedule and submitted with a copy of the chattel mortgage, conditional sales contract, security agreement, etc.
Ticking D	indicates that the creditor is a farmer, fisherman or aquaculturist who supplied goods within 15 days prior to the date of bankruptcy and has not yet been paid for those goods.
Ticking E	indicating that the creditor is a former employee of the debtor.
Ticking E(i)	The claim of a clerk, servant, travelling salesperson, labourer or worker who is owed wages, salaries, commissions or compensation by a bankrupt for services rendered during the period beginning on the day that is six months before the date of the initial bankruptcy event and ending on the date of the bankruptcy is secured, as of the date of the bankruptcy, to the extent of $2,000 — less any amount paid for those services by the trustee or by a receiver — by security on the bankrupt's current assets on the date of the bankruptcy.
Ticking E(ii)	The claim of a clerk, servant, travelling salesperson, labourer or worker who is owed wages, salaries, commissions or compensation by a person who is subject to a receivership or bankruptcy for services rendered during the six months before the first day on which there was a receiver in relation to the person is secured, as of that day, to the extent of $2,000 — less any amount paid for those services by a receiver or trustee — by security on the person's current assets that are in the possession or under the control of the receiver.
Ticking F	indicates the claim is against a director under subsection 50(13) of the Act. It is applicable only in the case of a proposal which provides for the compromise of claims against directors. Details to support this claim must be set out on an attached schedule.
Ticking G	(applies only to bankruptcies of security firms) indicating that the creditor is a customer of the bankrupt securities firm.

5. The person signing the form must indicate (by striking out "is" or "is not") whether the creditor and the debtor are related. Section 4 of the Act defines persons related to a debtor. If the creditor is related by blood or marriage to the debtor, the creditor should consider itself to be a related person. If the debtor is a corporation, a creditor would be related if it was a shareholder or if the creditor was controlled by the same shareholders as the debtor.

6. The person signing the form must provide full details of all payments and credits received from or allowed to the debtor during the period indicated. Leaving a blank will indicate that there were no such payments and credits.

7. In the case of the bankruptcy of an individual, tick one or more of the three boxes in No. 7 as appropriate.

8. The person signing the form must insert the place and date and the signature must be witnessed.

E-Mail the completed claim to: ChesterBasinSeafoods@ca.gt.com. If you send electronically you will receive an auto e-mail

receipt. Courier or Mail to:

Grant Thornton Limited
Suite 1000, Nova Centre, North Tower
1675 Grafton Street
Halifax, NS B3J 0E9
T +1 902 491 7704
F +1 902 420 1068

Phone: +1 (902) 417 2829
Email: ChesterBasinSeafoods@ca.gt.com

If there are any questions in completing the proof of claim, please email or telephone the office of the trustee at the email and address above.

IN THE MATTER OF An Assignment in Bankruptcy of Chester Basin Seafood Group Inc. pursuant to Section 50.4(8) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended

PRELIMINARY REPORT OF GRANT THORNTON LIMITED
IN ITS CAPACITY AS TRUSTEE
PURSUANT TO SUBSECTION 50.4 (1) OF THE *BANKRUPTCY AND INSOLVENCY ACT* OF CHESTER BASIN SEAFOOD GROUP INC.

Estate No.: 51-3007018

Court No.: 45611

February 14, 2024

Grant Thornton Limited,

Licensed Insolvency Trustee

1675 Grafton Street, Suite 1000,

Halifax, Nova Scotia

B3J 0E9

Table of Contents

Appendices

Appendix A – Report of the Trustee on Non-filing of a Cash Flow Statement or Proposal

Appendix B – Certificate of Appointment

Appendix C – GTL as Proposal Trustee's First Report in NOI Proceedings

Appendix D – Letter to Secured Creditors on Date of Bankruptcy

Introduction

1. On November 7, 2023 (“**NOI Filing Date**”), Chester Basin Seafoods Group Inc. (“**CBSG**” or the “**Company**”) filed a Notice of Intention to Make a Proposal pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BIA**”) with the Office of the Superintendent of Bankruptcy (“**OSB**”) and Grant Thornton Limited (“**GTL**”), a Licensed Insolvency Trustee, consented to act as the Proposal Trustee (the “**Proposal Trustee**”) in those proceedings (“**NOI Proceedings**”).

2. On November 24, 2023, the Company made an application to the Supreme Court of Nova Scotia in Bankruptcy and Insolvency (the “**Court**”) for, among other things:

   (a) An extension of the Stay of Proceedings pursuant to Section 50.4(9) of the BIA, to expire on January 21, 2024 (the “**Stay Period**”);

   (b) Approval of an interim financing term sheet (“**DIP Financing**”) of $1.1 million; and

   (c) Approval of certain charges against the Company’s assets, property and undertakings (“**Property**”), in the following order of priority:

      i. First, an administration charge of $50,000 pursuant to Section 64.2 of the BIA to secure the professional fees of the Proposal Trustee, the Proposal Trustee’s counsel and the Company’s counsel; and

      ii. Second, a charge against the Property as security for the Company’s obligations under the DIP Financing agreement pursuant to Section 50.6 of the BIA.

3. The Company’s requested relief was granted pursuant to a November 24, 2024 Order of the Court (“**First Extension Order**”). The Stay Period was subsequently extended to February 7, 2024 pursuant to an Order of the Court on January 19, 2023 (“**Second Extension Order**”).

4. On February 6, 2024, GTL as Proposal Trustee filed with the official receiver and served upon the service list in the NOI proceedings its Fourth Report outlining a material adverse change in the Company’s financial circumstances. The Proposal Trustee advised that the Company had withdrawn its application to be heard by the Court on February 7, 2024 for various relief, including an extension of the Stay Period under 50.4(9) of the BIA. By virtue

of Section 50.4(8) of the BIA, because the Company did not file a proposal to its creditors prior to the end of the Stay Period, nor did it receive an extension of the Stay Period, the Company was deemed to have filed an assignment in bankruptcy effective February 8, 2024 ("**Date of Bankruptcy**"), and Grant Thornton Limited appointed as Trustee in Bankruptcy ("**Trustee**"). The Report of the Trustee on Non-filing of a Cash Flow Statement or Proposal by the Company is attached at **Appendix "A"**, and the certificate of appointment provided by the OSB is attached at **Appendix "B".**

5. GTL as Proposal Trustee filed four Reports to the Court in the NOI Proceedings, available to creditors and other interested parties on GTL's case website: www.grantthornton.ca/chesterbasinseafoods. Readers are encouraged to read the reports of the Proposal Trustee, the materials filed with the Court in relation to the Company's previous applications and the previous Orders of the Court to provide additional information.

6. This is the Trustee's preliminary report ("**Preliminary Report**") to creditors and stakeholders in respect of the Company's bankruptcy proceedings.

Qualification and Restrictions of this Report

7. In preparing this Preliminary Report, the Trustee has relied upon unaudited financial information, the Company's records, financial information and projections, and discussions with the Company's former management, legal counsel, shareholders, and directors. While the Trustee reviewed various documents provided by the Company and believes that the information therein provides a fair summary of the transactions and material, as reflected in the documents, such work does not constitute an audit or verification of such information for accuracy, completeness or compliance with Generally Accepted Accounting Principles ("**GAAP**"), International Financial Reporting Standards ("**IFRS**"), or Generally Acceptance Auditing Standards ("**GAAS**"). Accordingly, the Trustee expresses no opinion or other form of assurance pursuant to GAAP, IFRS, or GAAS with respect to such information.

8. To date, nothing has come to the Trustee's attention that would cause it to question the reasonableness of the information and explanations provided to it by the Company and its former management. The Trustee has requested that the Company bring to its

attention any significant matters which were not addressed in the course of the Trustee's specific inquiries. Accordingly, this Preliminary Report is based on the information (financial or otherwise) made available to the Trustee by the Company, the information derived from the Company's books and records, the Trustee's investigation into the affairs of the bankrupt and the Trustee's knowledge from acting as Proposal Trustee in the Company's NOI Proceedings.

9. The Preliminary Report has been prepared for the use of the Company's creditors and stakeholders as general information relating to the Company's assignment in bankruptcy. Accordingly, the reader is cautioned that the Preliminary Report may not be appropriate for any other purpose. The Trustee will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this Preliminary Report contrary to the provisions of this paragraph.

10. All references to dollars are in Canadian currency unless otherwise noted. Capitalized terms not otherwise defined herein are as defined in the Company's previous application materials filed in the NOI Proceedings and reports of GTL as Proposal Trustee.

Company Background

11. The Company's background, reasons for financial difficulty leading to the NOI Proceedings, an outline of the Company's business and its internal financial statements as of October 31, 2023 are outlined in paragraphs 12-28 of the Proposal Trustee's First Report. The Proposal Trustee's First Report is available on GTL's case website, www.grantthornton.ca/chesterbasinseafoods, and is attached hereto without appendices as **Appendix "C"** for completeness.

12. The Company was in the business of harvesting, packaging, marketing and selling groundfish, primarily Atlantic silver hake, and was one of the largest harvesters of silver hake in Atlantic Canada. The Company holds approximately 4.3 million pounds of groundfish quota for silver hake and associated fishing licenses, owns three fishing vessels and has an on-ground transportation fleet comprising of owned and leased trucks and trailers. The Company distributed product domestically and exports to customers in Europe and the Americas.

13. The Company was formed in June, 2022 through the amalgamation of several entities that were owned, either directly or through certain family trusts, by Jose Teixeira ("**Mr. Teixeira**") to facilitate a transaction whereby Mr. Teixeira sold a majority interest in the underlying entities to a purchaser group led by Herbert Breau ("**Mr. Breau**"). As at the date of bankruptcy, Mr. Breau was the chairperson of the Company's board, consisting of Mr. Breau and Jacques Chabot who together control a majority share of the Company. The Company's ongoing operations were run by Mr. Teixeira and Daniel Gaudet, both minority shareholders.

Financial Summary

14. A summary of the Company's financial information as at its most recently available internally prepared records are summarized below, along with the Trustee's commentary thereon.

CBSG: Draft Internal Balance Sheet	**October 31, 2023**
Assets	
Cash	0
Accounts Receivable	669,019
HST Receivable	263,730
Prepaids	155,511
Total Current Assets	**1,088,260**
Goodwill, transaction costs, and incorporation	3,371,896
Quotas & Licenses	4,318,000
Vessels, net of amortization	4,277,248
Office, equipment, and other	36,823
Land	30,000
Trucks and Trailers, net of amortization	292,495
Accumulated Amortization: Other	(100,016)
Long Term Assets	**12,226,446**
Total Assets	**13,314,706**

Liabilities	
Bank	666,815
Accounts Payable	1,497,016
Employee Benefits	1,451
Total Current Liabilities	**2,165,282**
Bank Loans	4,883,638
Capital Leases	236,944
Government Loans	120,000
Notes Payable	1,000,000
Vehicle Loans	47,894
Subordinated Related Party Loans	5,053,278
Total Long Term Liabilities	**11,341,754**
Total Liabilities	**13,507,036**
Class A Shares 1,000	10
Class B Shares 16,500	1,650,000
Retained Earnings	(1,842,340)
Total Shareholder Equity	(192,330)
Liabilities and Shareholder Equity	**13,314,706**

Liabilities:

15. The Company's books and records as at the Date of Bankruptcy show unsecured creditors of approximately $6,450,518 across 70 creditors.

16. As at the Date of Bankruptcy, the Trustee understands the Company's secured creditors consist of:

(a) 4519497 Nova Scotia Limited ("**451**"): Approximately $1.1 million, before interest and costs. 451 is an entity controlled by Mr. Teixeira and the funds were advanced as part of the Court approved DIP Financing in the NOI Proceedings, and granted a super-priority charge over all the Company's assets, subject only to the Admin Charge.

(b) TD Bank: Approximately $5.5 million before interest and costs, the Company's senior secured creditor prior to the NOI Proceedings, secured by various security documents including, among other things, general security agreements, fishing license assignment agreements, priorities agreements and various marine mortgages.

(c) 4519497 Nova Scotia Limited: Approximately $1.0 million in secured debt, subordinate to TD Bank, secured by various security documents including, among other things, general security agreements, fishing license assignment agreements, priorities agreements and various marine mortgages. This secured debt was originally owed to

Pluto Investments Inc. ("**Pluto**"), however, GTL as Proposal Trustee reported in its second report that it received confirmation from Counsel to Pluto, that Pluto had assigned its debt and security to 451 effective December 18, 2023 ("**Pluto Assignment**").

17. On February 7, 2024, the Trustee performed a search of the Company on the Personal Property Registry System and obtained a report (the "**PPSA Report**") outlining the various security filed against the Company's assets pursuant to the *Personal Property Security Act*. The Trustee's review of the PPSA Report indicates that the Company has additional creditors with registered interests in respect of its leased vehicles and equipment. Such creditors and associated security, as reflected in the PPSA, include:

(a) Bank of Nova Scotia: 2019 Dodge Ram 1500, VIN 1C6RR7LT3KS579799.

(b) BMW Canada Inc: 2023 BMW iX xDrive40, VIN WB513CF08PCK76452.

(c) CWB National Leasing Inc:

i. 2020 Utility VS3RA, VIN 1UYVS3531L6841610;

ii. 2021 VS3RA Trailer, VIN 1UYVS3537M6219210;

iii. 2021 VS3RA Trailer, VIN 1UYVS3532M6219213;

iv. 2018 Utility VS3RA, VIN 1UYVS3532J6451113;

v. 2018 Utility VS3RA, VIN 1UYVS3536J6451115; and

vi. 2020 Utility, VS3RA, VIN 91583609.

(d) Penske Truck Leasing Canada Inc. ("**Penske**"):

i. 2021 Volvo VNL64760, VIN 4V4NC9EH2MN272580;

ii. 2021 Volvo VNL64760, VIN 4V4NC9EH4MN272578;

iii. 2021 Volvo VNL64760, VIN 4V4NC9EH6MN272579;

iv. 2022 Volvo VNL64760, VIN 4V4NC9EH9NN313692;

v. 2022 Volvo VNL64860, VIN 4V4NC9TJXNN313691; and

vi. 2023 Volvo VNL64760, VIN 4V4NC9EH2PN335939.

(e) Royal Bank of Canada: 2019 Dodge Ram 1500, VIN 1C6SRFHT9KN792016.

(f) Wells Fargo Equipment:

i. 2016 Mack AN64T, VIN 1M1AN4GY3KM009022; and

ii. 2018 Mack AN64T, VIN 1M1AN4GYXJM001028.

18. The Trustee has been informed by Penske of its intention to retrieve the above noted vehicles pursuant to its registered security at the Date of Bankruptcy. The Trustee has taken no position on this matter.

19. On February 8, 2024, the Trustee was provided with an assignment agreement effective February 8, 2024 (the "**TD Assignment**"), whereby TD Bank assigned to 451 all the debt owed by CBSG to TD Bank, together with all of the Bank's associated security, except for certain personal guarantees. Effectively, as at the date of Bankruptcy, 451 is CBSG's senior secured creditor with a balance of at least $7.6 million in secured debt resulting from the DIP Financing, the TD Assignment and the Pluto Assignment.

<u>Assets:</u>

20. GTL in its capacity as Proposal Trustee investigated the Company's financial affairs and was preparing to launch a sales and investment solicitation process for the business, prior to the deemed bankruptcy. While the intention was for a going concern sales process, as part of the Proposal Trustee's preparation thereto it reviewed the Company's asset base to consider what might be realized in a liquidation, to have a data point to compare any potential proposal or transaction resulting from a sales process. Based upon that review, the Trustee understands that the only realizable assets available to creditors in a liquidation include the Company's accounts receivable, fishing licenses, groundfish quota, the Company's three fishing vessels (of which two are currently operational, and one resides without an engine in a shipyard) and potential equity in two unencumbered vehicles.

21. GTL obtained copies of November 2023 appraisals for the Company's fishing vessels from TD Bank, considered the limited market data for the Company's specific ground quota and licenses, reviewed available data for recent transactions for property of this nature and consulted with TD Bank in respect of its view on liquidation values during the NOI

Proceedings. As a result of this analysis and review, and as noted in the Proposal Trustee's reports, the Trustee is of the view that the realizable value for the Company's assets is significantly below the value of its secured debt.

Initial Actions Taken by the Trustee

Release of Estate's Interest in Assets to Secured Creditors

22. Pursuant to section 71 of the BIA, at the Date of Bankruptcy the Company ceased to have any capacity to dispose of or otherwise deal with its property, which subject to the BIA and to the rights of secured creditors, immediately passed to and vested in the Trustee.

23. Prior to the deemed Bankruptcy, the Proposal Trustee requested its counsel, Boyne Clarke LLP, to complete an independent security review in respect of the enforceability and validity of 451 and TD Bank's security as against the Company's property. Subject to the customary limitations for opinions of this nature, the Proposal Trustee's counsel advised GTL as Proposal Trustee that 451 and TD Bank both had valid and enforceable security, and that the Company's assets were fully encumbered.

24. As the Proposal Trustee had advised the Court, Company and service list in the NOI Proceedings that it was of the view that a liquidation of the Company's assets would result in a significant loss to the Company's secured creditors, and the Trustee had obtained an opinion that the security granted to 451 and TD Bank was both valid and enforceable, it was clear to the Trustee that no assets were available for unsecured creditors.

25. Therefore, at 12:30am on the Date of Bankruptcy, the Trustee sent the letter attached at **Appendix "D"** to both 451 and TD Bank (prior to the Trustee being provided evidence that TD Bank had assigned its debt and security to 451), advising that:

(a) The Trustee requested its counsel perform an independent review of the validity and enforceability of both 451 and TD Bank's security over the assets, undertaking and property ("**Assets**") of the Company. The Trustee is advised by its counsel that both 451 and TD Bank have valid and enforceable security, and that all the Company's Assets are fully encumbered by the respective security;

(b) Based on a liquidation analysis initiated by the Proposal Trustee, various asset appraisals reviewed by the Proposal Trustee, the fact that the Company has zero cash available in its bank accounts, and the Trustee's understanding that 451 and TD Bank has collective security greater than $7.0 million, the Trustee is of the view there are no unencumbered Assets available for unsecured creditors;

(c) The Trustee therefore releases the bankrupt estate's interest in all Assets, with the exception of the Company's fishing licenses and quota to which the Trustee intends to further review, to 451 and TD Bank;

(d) The Trustee has not and will not be taking possession of the Assets or taking conservatory measures thereon, so please take whatever protective measures are deemed advisable in the circumstances, inclusive of insurance if applicable;

(e) Upon the collective realization of the Assets, the Trustee requires an accounting thereon, and any surplus from the realization of the assets would be for the general benefit of creditors and forwarded to the Trustee.

Preferences and Transfers at Undervalue

26. The Trustee has been working with the Company in respect of the NOI Proceedings since November of 2023, up to the Date of Bankruptcy. As part of GTL's role as Proposal Trustee, and at the specific request of the TD Bank, GTL as Proposal Trustee conducted a review of the Company's historical transactions from the initial amalgamation leading up to the NOI Proceedings to investigate whether any preferences or transfers at undervalue could be identified.

27. Based on GTL's review as Proposal Trustee, which consisted of re-creating the Company's financial data and a review of select GL legers on a risk basis along with various discussions with the Board and Management, the Proposal Trustee did not identify any transactions that would constitute a preference or transfer at under value pursuant to sections 95 and 96 of the BIA. Further, GTL's review of the daily cash transactions prior to the Date of Bankruptcy did not give rise to any transactions or instances that appear to be a preference or transfer at undervalue pursuant to the BIA.

Books and Records

28. On the Date of Bankruptcy, the Trustee attended the Company's head office in Bridgewater, Nova Scotia. The Trustee was provided access to and examined the

Company's property, including the premises, books, records and other financial documents, and held discussions with former Management.

29. The Trustee took electronic copies of the books and records, as well as any physical records that were pertinent to the Trustee's mandate, including banking and employee data. Copies of records, in both hard copies required by 451 to facilitate its realization The Trustee understands a third party payroll provider is used to facilitate payroll, and therefore no deemed trusts are anticipated with respect to outstanding remittances to CRA. The Trustee also understands the Company had been remitting and collecting GST in the ordinary course, prior to the Date of Bankruptcy.

Correspondence with Creditors

30. Subsequent to the Date of Bankruptcy, the Trustee communicated with various creditors of the Company to explain the impact of the Deemed Bankruptcy and expected next steps in these proceedings. The Trustee posted the letter to 451 and TD Bank on its case website, and further advised creditors that a creditors package would be mailed and uploaded to the case website within five days of the Date of Bankruptcy pursuant to the Trustee's obligations under the BIA.

Employees

31. The Trustee advised former Management on the Date of Bankruptcy of the Company's deemed bankruptcy, of GTL being appointed as Trustee in bankruptcy, and that all employees were terminated at the Date of Bankruptcy by operation of law. The Trustee understands that former Management communicated this to employees, and the Trustee also advised employees when visiting the Company's head office on February 8, 2024.

32. The Trustee is in the process of gathering information to facilitate employee claims under the Wage Earners Protection Program ("WEPP"). Employees will be contacted by the Trustee in due course, and further information will be made available on the Trustee's case website. Employees will also receive copies of the creditors package to be mailed by the Trustee within 5 days of the Date of Bankruptcy.

Projected Distribution and Anticipated Realization

33. Because of the shortfall to secured creditors, and the Trustee's release of the estates interest in the Company's assets to the secured creditors (with the exception of fishing licenses and quota, to which the Trustee is still reviewing), there are no unencumbered assets for the Trustee to realize upon for the general benefit of unsecured creditors.

34. Therefore, the Trustee expects there to be zero distribution to unsecured creditors.

Third Party Deposits

35. Prior to the Company filing the NOI on November 7, 2023, GTL was provided a $50,000 retainer and indemnity for fees and expenses in respect of acting as a Proposal Trustee or Trustee pursuant to OSB Directive 24. As the Company has been deemed to have filed an assignment into bankruptcy, these funds will not form part of the bankrupt estate and are being held in a clearly separated trust account, separate from estate funds if any received, pursuant to OSB Directive 16.

36. As at the date of Bankruptcy, GTL had outstanding fees of approximately $37k from acting as Proposal Trustee in the NOI Proceedings, Boyne Clarke as the Proposal Trustee's counsel had outstanding fees of approximately $34k in respect of the NOI Proceedings, and the Company's counsel had outstanding fees of approximately $33k in respect of the NOI Proceedings. The Admin Charge of $50,000 granted in the NOI Proceedings still exists in respect of these balances owing.

Proposed Receivership

37. On February 12, 2024, counsel for 451 filed an application in the Supreme Court of Nova Scotia to appoint a receiver over the Company's assets, properties, and undertaking pursuant to section 243(1) of the BIA and 43(9) of the *Judicature Act.* As noted above, the Trustee has obtained an independent opinion on the validity and enforceability of 451's security as against the Company's property.

38. As GTL has been actively involved with the Company in the NOI Proceedings and had already started preparations to launch a sales and investment solicitation process for the Company and/or its assets, 451 requested GTL's consent to act as receiver, should the

Supreme Court of Nova Scotia grant the requested relief. GTL provided its consent to act as Receiver on February 12, 2024.

39. While dual appointments of this nature are common, commercially reasonable and not prohibited pursuant to law, the Canadian Association of Insolvency and Restructuring Professionals rules of professional conduct states a member shall not permit himself to be placed or remain in a position where a conflict of interest may exist, or may appear to exist, without making full disclosure to, and obtaining the written consent of all interested parties. Specifically, where a Trustee has already accepted an appointment as Trustee under the BIA of a debtor, the Trustee may only accept an appointment as Receiver over the same debtor subject to the approval of creditors.

40. GTL is satisfied that it is not in a position of conflict, as the realizable value of the Company's assets are insufficient to pay out its secured creditors, the estates interest in the assets have been released to the secured creditors, the Trustee has an independent legal opinion confirming the validity and enforceability of the security and any outstanding fees by the Proposal Trustee will be covered pursuant to the Admin Charge and fees of the Trustee pursuant to the third party deposit noted above. The Trustee hereby notifies creditors that it has consented to act as Receiver, and pursuant to the rules of professional conduct the Trustee will request approval of the creditors at the first meeting of creditors ("**FMOC**") scheduled for February 28, 2024 to accept and continue in its role as Court appointed receiver, should the requested relief by 451 be granted.

Creditor Packages

41. In accordance with section 102(1) of the BIA, the Trustee will send to all known creditors of the Company within 5 days of the Date of Bankruptcy a copy of the Certificate of Appointment, a listing of all creditors in the Company's records with claims greater than $25, a copy of the statement of affairs, the time and date of the FMOC, and a proof of claim form and proxy for voting at the FMOC (together, the "**Creditors Package**").

42. The Trustee will also send creditors a copy of this Preliminary Report and cause the Creditor Package and Preliminary Report to be uploaded to the Trustee's case website.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 14th day of February 2024.

GRANT THORNTON LIMITED,

IN ITS CAPACITY AS TRUSTEE IN BANKRUPTCY OF CHESTER BASIN SEAFOOD GROUP INC, AND NOT IN ITS CORPORATE OR PERSONAL CAPACITY

L Murphy

Liam Murphy, CPA, CA, CIRP, LIT
Senior Vice President

Appendix A

Report of the Trustee on Non-filing of a Cash Flow Statement or Proposal

District of	Nova Scotia
Division No.	01 - Halifax
Court No.	45611
Estate No.	51-3007018

FORM 34

Report of Trustee on Non-filing of Cash-flow Statement or Proposal

(Paragraph 50.4(8)(b) of the act)

In the Matter of the Proposal of

Chester Basin Seafood Group Inc.

of the City of Halifax, in the Province of Nova Scotia

We, Grant Thornton Limited, the trustee under a notice of intention to make a proposal filed by Chester Basin Seafood Group Inc., an insolvent person, hereby report to the official receiver as follows:

1. That the insolvent person did, on the 7th day of November 2023, file with the official receiver a notice of intention to make a proposal.

2. That:

☐ a projected cash-flow statement was not filed within the period of 10 days after the filing of the notice of intention.

☒ a proposal was not filed within the period of 30 days after the day on which the notice of intention was filed or within any extension of that period granted by the court under the subsection 50.4(9) of the Act. *(If an extension of the time has been granted by the court, attach a copy of the court order.)*

Dated at the City of Halifax in the Province of Nova Scotia, this 8th day of February 2024.

Grant Thornton Limited - Licensed Insolvency Trustee

DocuSigned by:

84D899DB5F41456...

Nova Centre, North Tower
1675 Grafton Street, Ste. 1000
Halifax NS B3J 0E9
Phone: (902) 421-1734 Fax: (902) 420-1068

Appendix B

Certificate of Appointment

District of: Nova Scotia
Division No.: 01 - Halifax
Court No.: 45611
Estate No.: 51-3007018

In the Matter of the Bankruptcy of:

Chester Basin Seafood Group Inc.

Debtor

GRANT THORNTON LIMITED

Licensed Insolvency Trustee

Ordinary Administration

Date of bankruptcy:	February 08, 2024	Security:	$0.00
Meeting of creditors:	February 28, 2024, 14:00 Virtual Meeting - Contact Ben Chisholm at Ben.Chisholm@ca.gt.com or 902-417-2829 to register, Nova Scotia Canada,		
Chair:	Trustee	Designated person:	Jose Teixeira

CERTIFICATE OF ASSIGNMENT - Paragraph 50.4(8)(*b.1*) of the Act

I, the undersigned, official receiver in and for this bankruptcy district, do hereby certify that:

- a notice of intention in respect of the aforenamed debtor was filed under section 50.4 of the *Bankruptcy and Insolvency Act*;
- the debtor has failed to file a cash-flow statement or a proposal within the provided period following the filing of the notice of intention or within any Court-granted extension and is thereupon deemed to have made an assignment.

The said trustee is required:

- to provide to me, without delay, security in the aforementioned amount;
- to send to all creditors, within five days after the date of the trustee's appointment, a notice of the bankruptcy; and
- when applicable, to call in the prescribed manner a first meeting of creditors, to be held at the aforementioned time and place or at any other time and place that may be later requested by the official receiver.

Date: February 13, 2024

E-File/Dépôt Electronique

Official Receiver

Appendix C

GTL as Proposal Trustee's First Report in NOI Proceedings

IN THE SUPREME COURT OF NOVA SCOTIA
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF A Notice of Intention to Make a Proposal of Chester Basin Seafood Group Inc. pursuant to Section 50.4 of the Bankruptcy and Insolvency Act, RSC 1985, c B-3, as amended

FIRST REPORT OF GRANT THORNTON LIMITED IN ITS CAPACITY AS PROPOSAL TRUSTEE PURSUANT TO SUBSECTION 50.4 (1) OF THE *BANKRUPTCY AND INSOLVENCY ACT* OF CHESTER BASIN SEAFOOD GROUP INC.

Estate No.: 51-3007018

November 22, 2023

Grant Thornton Limited,
Proposal Trustee

1675 Grafton Street, Suite 1000,
Halifax, Nova Scotia
B3J 0E9

Table of Contents

Appendices

Appendix A – Proposal Trustee's Consent to Act

Appendix B – Certificate of filing NOI issued by the Official Receiver

Appendix C – Cash Flow Forecast and Associated Reports per Section 50.4(2)

Appendix D – Demand Letter- TD Bank, November 3, 2023

Appendix E – Creditors Package

Introduction

1. On November 7, 2023 ("**Filing Date**"), Chester Basin Seafoods Group Inc. ("**CBSG**" or the "**Company**") filed a Notice of Intention to Make a Proposal ("**NOI**") pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the "**BIA**") with the Office of the Superintendent of Bankruptcy ("**OSB**") and Grant Thornton Limited ("**GTL**"), a Licensed Insolvency Trustee, consented to act as the Proposal Trustee (the "**Proposal Trustee**"). Attached as Appendix "**A**" is the Proposal Trustee's consent to act in these proceedings ("**NOI Proceedings**").

2. Pursuant to section 69(1) of the BIA, the Company obtained certain relief upon the filing of the NOI, including the imposition of an initial 30-day Stay of Proceedings against the Company and its property, which expires on December 7, 2023 ("**Stay Period**"). Attached hereto as Appendix "**B**" is a copy of the certificate of filing a Notice of Intention to Make a Proposal issued by the Official Receiver.

3. On November 16, 2023 the Company filed the required cash flow forecast ("**Cash Flow Forecast**") pursuant to section 50.4(2)(a), a report containing the prescribed representations with respect to the Cash Flow Forecast required per 50.4(2)(c), and the Trustee's report on the reasonableness of the Cash Flow Forecast per 50.4(2)(b). The Cash Flow Forecast and associated reports are attached at Appendix "**C**".

4. All materials filed with the Supreme Court of Nova Scotia In Bankruptcy and Insolvency ("**Court**") and all orders granted by the Court in connection with the NOI Proceeding will be made available to creditors and other interested parties in electronic format on the Proposal Trustee's website: www.grantthornton.ca/chesterbasinseafoods.

5. This report ("**First Report**") is submitted by the Proposal Trustee in conjunction with the Company's application for Orders of the Court to, amongst other things:

   (a) Extend the Stay Period to January 21, 2024, which is 45 days after the initial Stay Period expires;

   (b) Approval of interim financing ("**DIP Financing**") to provide the Company sufficient liquidity to operate during the Stay Period and allow time to develop a plan to restructure its financial affairs; and

(c) Approval of a certain charges against the Company's assets, property and undertakings ("**Property**"):

i. First, an administration charge ("**Admin Charge**") of $100,000 to secure the professional fees of the Proposal Trustee, the Proposal Trustee's counsel, and the Company's counsel; and

ii. Second, a charge against the Property as security for CBSG's obligations under the DIP Agreement ("**DIP Lender's Charge**").

6. The purpose of this First Report is to provide the Court with information on:

(a) The Company, its financial position and the reasons for it filing the NOI;

(b) The Proposal Trustee's activities since the Filing Date;

(c) The Proposal Trustee's comments and report on the Company's Cash Flow Forecast for the 13-week through February 3, 2024;

(d) The Proposal Trustee's understanding of the proposed DIP Financing, and the Proposal Trustee's views thereon;

(e) The Proposal Trustee's views on the Company's request to extend the Stay Period for 45 days pursuant to 50.4(9) of the BIA to January 21, 2024; and

(f) The Proposal Trustee's views on the Company's request for the Court to grant certain charges on the Company's Property in respect of the NOI Proceedings.

Qualification and Restrictions of this Report

7. In preparing the First Report, the Proposal Trustee has relied upon unaudited financial information, the Company's records, financial information and projections, and discussions with the Company's management, shareholders and directors ("**Management**"). While the Proposal Trustee reviewed various documents provided by the Company and believes that the information therein provides a fair summary of the transactions and material, as reflected in the documents, such work does not constitute an audit or verification of such information for accuracy, completeness or compliance with Generally Accepted Accounting Principles ("**GAAP**"), International Financial Reporting Standards ("**IFRS**"), or Generally Acceptance Auditing Standards ("**GAAS**"). Accordingly,

the Proposal Trustee expresses no opinion or other form of assurance pursuant to GAAP, IFRS, or GAAS with respect to such information.

8. Some of the information used in preparing the First Report consists of financial projections, including the Cash Flow Forecast. The Proposal Trustee cautions that these projections are based upon assumptions about future events and conditions that are not ascertainable. The Company's actual results may vary from the Cash Flow Forecast, even if the hypothetical and probable assumptions contained therein materialize, and the variations could be significant. The Proposal Trustee's review of the future-oriented information used to prepare the First Report did not constitute an audit of such information under GAAP, IFRS, or GAAS. The Proposal Trustee's review and commentary of the Cash Flow Forecast was performed in accordance with the requirements set out in the Canadian Association of Insolvency and Restructuring Professionals' Standards of Professional Practice No. 9 (Proposal Trustee's Reports on Cash Flow Statements) and pursuant to section 50.4(3)(b) of the BIA.

9. To date, nothing has come to the Proposal Trustee's attention that would cause it to question the reasonableness of the information and explanations provided to it by the Company and its Management. The Proposal Trustee has requested that Management bring to its attention any significant matters which were not addressed in the course of the Proposal Trustee's specific inquiries. Accordingly, the First Report is based on the information (financial or otherwise) made available to the Proposal Trustee by the Company.

10. The First Report has been prepared for the use of this Court and the Company's stakeholders as general information relating to the Company and to assist the Court in determining whether to grant the relief sought by the Company. Accordingly, the reader is cautioned that the First Report may not be appropriate for any other purpose. The Proposal Trustee will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this First Report contrary to the provisions of this paragraph.

11. All references to dollars are in Canadian currency unless otherwise noted. Capitalized terms not otherwise defined herein are as defined in the Company's application materials filed in conjunction with the initial NOI stay extension application.

Background

12. The Company's background, a discussion of financial difficulties leading to NOI filing, and a summary of its key assets and liabilities are outlined in the November 20, 2023 affidavit of Jose Teixeira ("**Teixeira Affidavit**"). The Proposal Trustee has reviewed the Teixeira Affidavit and discussed the business and affairs of the Company and causes of its insolvency with Management and is of the view that, based on the information reviewed by and provided to the Proposal Trustee, the Teixeira Affidavit provides a fair summary thereof.

13. Similarly, the assets and liabilities of the Company, including the charges, security interests and encumbrances registered against CBSG are also described in the Teixeira Affidavit.

14. For completeness, an abbreviated summary of the Proposal Trustee's understanding of the Company's reasons for the NOI filing and a summary of its financial position is discussed below. Readers of this First Report are encouraged to review the Teixeira Affidavit.

<u>Business:</u>

15. The Company is in the business of harvesting, packaging, marketing and selling groundfish, primarily Atlantic silver hake, and is one of the largest harvesters of silver hake in Atlantic Canada. The Company holds approximately 4.3 million pounds of groundfish quota for silver hake and associated fishing licenses, owns three fishing vessels and has an on-ground transportation fleet comprising of leased trucks and trailers. The Company distributes product domestically and exports to customers in Europe and the Americas.

<u>2022 Amalgamation and Business Plan</u>:

16. The Proposal Trustee understands that the Company was formed in June, 2022 through the amalgamation of several entities that were owned, either directly or through certain family trusts, by Jose Teixeira ("**Mr. Teixeira**") to facilitate a transaction whereby Mr.

Teixeira sold a majority interest in the underlying entities to a purchaser group led by Herbert Breau. CBSG is held by Sustainable Oceans Capital Inc. ("**SOCI**"), which is owned by CBSG's four directors or their designates- Mr. Teixeira, Daniel Gaudet, Herbert Breau, and Jacques Chabot. The Proposal Trustee is advised that Herbert Breau and Jacques Chabot are the majority shareholders of SOCI, and its sole asset, CBSG.

17. The Proposal Trustee understands the business plan by the controlling shareholders when purchasing CBSG included, amongst other things, expanding the business beyond its current focus of silver hake, which could include the purchase of additional fishing quota, fishing licenses and harvesting different species. The Proposal Trustee understands that Mr. Teixeira was intended to continue his role operating the Company as its President, and that Mr. Teixeira's role would eventually shift away from daily management of the business into sales and marketing of the Company's products as the Company fulfilled its intended business plan.

<u>Factors Leading to NOI Filing</u>

18. Prior to the amalgamation, the total secured debt serviced by Mr. Teixeira's various companies was approximately $3.5 million. Subsequent to the amalgamation, and as at October 31, 2023, the Company's secured debt was approximately $6.5 million with approximately $5.5 million owing to the Toronto Dominion Bank ("**TD Bank**"), the Company's senior secured creditor. The Proposal Trustee understands the incremental debt taken on by the Company was used for, among other things, the purchase of Mr. Teixeira's ownership of CBSG, and that monthly interest and principal payments materially increased after the amalgamation as a result of the Company's increased debt load.

19. The Company advises that despite its efforts to raise additional capital to fulfill its business plan, as at the Filing Date it has been unable to secure capital to grow the business beyond its pre-amalgamation form. The Proposal Trustee understands this has resulted in increased cash flow being used to service its expanded debt, without materially changing the underlying business through the intended business plan.

20. The Proposal Trustee understands that the Company's increased leverage and reducing cash reserves was compounded by a challenging year operationally, including material impacts on revenue and operations from, among other things:

(a) Reduced catch rates across the Company's license area in the summer and fall of 2022, resulting in the Company ceasing its fishing operations for approximately two months;

(b) Unbudgeted costs and lost revenue for approximately two months after one of the Company's three vessels, Seaman's Toy 1, required repairs in January of 2023.

(c) Lost revenue and unbudgeted costs after the second of the Company's three vessels, Fortune Pride, required a new engine in July of 2023 and has not yet been able to return to operations;

(d) Lost time and revenue after the third of the Company's three vessels, Atlantic Sea Clipper, required a new engine in September of 2023, which has not yet been replaced and the vessel is therefore unable to return to operations without additional expenditures as at the date of this Report.

21. While the Company advises that the market for silver hake has not experienced the same pricing challenges as the lobster or crab markets in recent years, the Company has not been able to fully offset the increased costs related to fuel, packaging, transport and other direct inputs through increased pricing to customers.

TD Bank Demand Letter

22. The Company advises it was able to continue making payments to TD and its creditors in the ordinary course until September 2023, at which time the impacts of the factors outlined above created significant liquidity challenges. On November 3, 2023, counsel for TD Bank sent the Company a letter ("**Demand Letter**"), attached at Appendix "**D**", demanding the Company repay its indebtedness owing to TD Bank, and including TD Bank's Notice of Intention to Enforce a Security pursuant to subsection 244(1) of the BIA.

Financial Position

23. The Company reported the following financial position from its draft internal financial statements as of October 31, 2023:

CBSG: Draft Internal Balance Sheet	**October 31, 2023**
Assets	
Cash	0
Accounts Receivable	669,019
HST Receivable	263,730
Prepaids	155,511
Total Current Assets	**1,088,260**
Goodwill, transaction costs, and incorporation	3,371,896
Quotas & Licenses	4,318,000
Vessels, net of amortization	4,277,248
Office, equipment, and other	36,823
Land	30,000
Trucks and Trailers, net of amortization	292,495
Accumulated Amortization: Other	(100,016)
Long Term Assets	**12,226,446**
Total Assets	**13,314,706**
Liabilities	
Bank	666,815
Accounts Payable	1,497,016
Employee Benefits	1,451
Total Current Liabilities	**2,165,282**
Bank Loans	4,883,638
Capital Leases	236,944
Government Loans	120,000
Notes Payable	1,000,000
Vehicle Loans	47,894
Subordinated Related Party Loans	5,053,278
Total Long Term Liabilities	**11,341,754**
Total Liabilities	**13,507,036**
Class A Shares 1,000	10
Class B Shares 16,500	1,650,000
Retained Earnings	(1,842,340)
Total Shareholder Equity	(192,330)
Liabilities and Shareholder Equity	**13,314,706**

24. The Proposal Trustee understands the Company's key assets include its three vessels (two of which are currently under repair), its accounts receivables, its leased fleet of trucks and trailers, and its quota and licenses for groundfish.

25. CBSG has been operating as an amalgamated entity of its predecessor companies since June 2022. Externally prepared financial statements have not yet been released for an entire fiscal year, however the retained earnings since amalgamation in the draft internal statements above indicate a loss of approximately $1.8 million since inception.

26. The Company advises it has been unable to meet its revenue targets since incorporation due to the following issues:

    (a) Lower than expected catch volumes in its first two quarters of operation (summer / fall 2022). The typically reliable fishing grounds for silver hake yielded little return during that time frame. The Company posits this was due to weather, notably Hurricane Fiona, which caused unusual migration patterns for the species.

    (b) Mechanical issues impacting the Company's vessels starting in January 2023, just six months into operation. The Company has not employed all three of its vessels in operation since that time, limiting its ability to land budgeted catch volumes.

    (c) The intended business plan of the controlling shareholders to expand the Company's operations into different quota, species and markets not yet occurring.

27. The resulting lower revenue from unexpected low catches and having vessels out of commission, combined with increased maintenance costs associated with the vessels, increased debt servicing payments and increased direct costs in both its seafood and trucking divisions, have significantly impacted the Company's profitability and free cash flow.

28. As a result of the above issues and the liquidity constraints facing the Company, CBSG filed the NOI on November 7, 2023. The Proposal Trustee understands the filing of the NOI is intended to allow CBSG to restructure its balance sheet while maintaining going concern operations to preserve employment, maximize recovery for creditors and stakeholders, and allow the Company time to formulate and present a proposal to its creditors.

Activities of the Proposal Trustee

29. Since the Filing Date the Proposal Trustee has, among other things:

    (a) Attended meetings and held discussions with Management to discuss ongoing operations, the reasons for the Company's insolvency, the Company's competitive position in its market and key customers who purchase its product;

(b) Held correspondence and discussions with Management, including the Company's directors and shareholders, to understand pre-filing and continuing efforts to attract a potential equity investment as part of a potential proposal to CBSG's creditors;

(c) Discussed the various restructuring options available to the Company, including a potential sales and investment solicitation process, the implications of each restructuring option, and outlined the Company and Trustee's responsibilities in the NOI Proceeding;

(d) Filed the necessary prescribed forms required under the BIA for the NOI, including the required notices under section 50.4(6) sent to all known creditors, attached in the package sent to creditors on November 9, 2023 at Appendix "**E**";

(e) Monitored the affairs of the Company's business including reviewing its financial information and post-filing transactions, and corresponding with Management, the DIP Lender (as defined below), shareholders and their respective legal counsel on a regular basis;

(f) Contacted TD Bank as the Company's senior secured creditor in respect of its security and the Company's potential restructuring options, to understand TD Bank's view thereon;

(g) Responded to calls and correspondence from various creditors and stakeholders sent to the Proposal Trustee directly or to its inbox, at ChesterBasinSeafoods@ca.gt.com;

(h) Engaged Boyne Clarke LLP as legal counsel for the Proposal Trustee;

(i) Maintained a public website with respect to the NOI Proceedings (www.GrantThornton.ca/ChesterBasinSeafoods)

(j) Assisted the Company in preparing the Cash Flow Forecast, along with the prescribed forms, to satisfy section 50.4(2)(a) of the BIA; and

(k) Prepared this First Report.

Cash Flow Forecast

30. The Company has prepared a weekly Cash Flow Forecast, projecting cash flows for the 13-week period from the Filing Date. The Cash Flow Forecast was filed with the OSB on

November 16, 2023, pursuant to section 50.4(2) of the BIA, and is attached at Appendix "C" along with the Company and Proposal Trustee's reports thereon.

31. The Cash Flow Forecast has been prepared based on the following assumptions:

(a) Receipts are based on the Company's estimated collection of pre-filing accounts receivable and ongoing sales from its seafood and trucking divisions, assuming a collection schedule consistent with historical norms. The Company's sales forecast is predicated on having two fishing vessels in operation and catch rates consistent with previous years.

(b) Additional receipts from HST refunds are expected as the Company's HST paid typically exceeds the HST it collects, as sales from its seafood division is tax-exempt. The Proposal Trustee notes that the Company must file its most recent tax returns to ensure ongoing HST refunds, and engagement with the Company's external accounting firm to facilitate tax filings is ongoing in this regard.

(c) Disbursements are estimated based on historical norms for operations and administration at the level of capacity expected over the 13-week period. Additional one-time disbursements are expected as follows:

   i. Week 3 - $22,500 for post filing licensing and compliance in respect of its trucking division;

   ii. Week 3 - $450,000 to A.F. Theriault & Son Ltd. ("**AFT**") related to pre-filing and post-filing repair work completed on two of the Company's vessels, the Fortune Pride and Seaman's Toy 1, and to release the Fortune Pride from AFT's boatyard where a new engine was recently installed. The Proposal Trustee understands that the payment to AFT is required to ensure the Company can continue operations in the ordinary course, as AFT may have rights pursuant to the Federal Courts Rules to commence an *in rem* and *in personam* admiralty action in respect of balances owing from repair work on the Seaman's Toy 1 and have the vessel otherwise arrested, and the release of Fortune Pride is required to meet the sales targets in the Company's Cash Flow Forecast.

(d) Restructuring fees are estimated based on standard rates for the Proposal Trustee and legal counsel's services during the proceeding.

32. Interim financing will be required for the Company to maintain a positive or neutral cash flow for the 13-week period. The proposed DIP Facility (defined below) is segregated in two traches:

    (a) $450,000 for the payment to AFT for vessel repairs and release noted above, paid pursuant to the terms of the DIP Agreement;

    (b) $650,000 for operations, including payables incurred during weeks 1-2 on credit terms that allowed the company to continue operations post-filing.

33. The Company estimates it will have sufficient cash flow to fund operations and capital expenditures related to vessels through to the end of the 13-week period provided it receives the required $1.1 million cash injection in the form of DIP Financing.

Debtor in Possession Financing

34. The Teixeira Affidavit outlines the Company's request for approval of an Amended DIP Facility Term Sheet (the "**DIP Agreement**") executed by the Company on November 19 2023 with 4519497 Nova Scotia Limited (the "**DIP Lender**"), which is 100% owned and controlled by Mr. Teixeira, pursuant to which the DIP Lender has agreed to advance to the Company a total amount of up to $1.1 million (the "**DIP Facility**").

35. The Proposal Trustee notes that Mr. Teixeira is also a director, shareholder, and creditor of the Company, and where he acts in his capacity as the DIP Lender, the Company's board of directors has directed that CBSG's interests be represented by its legal counsel and directors Herbert Breau and Daniel Gaudet.

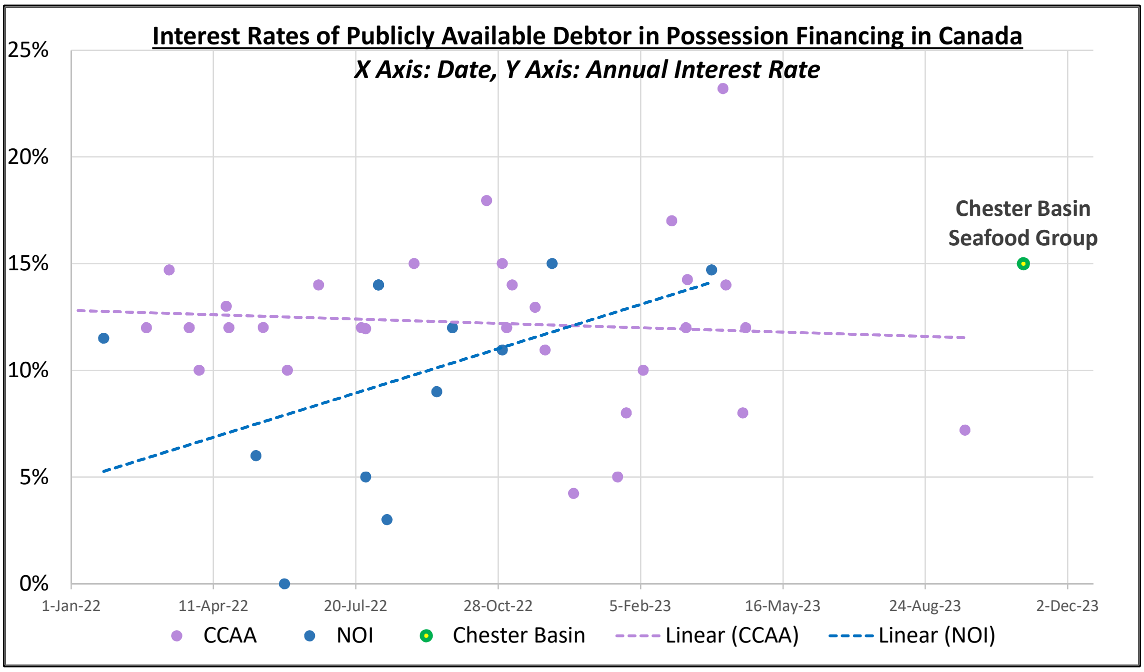
36. The Proposal Trustee has reviewed the DIP Agreement, the Cash Flow Forecast, and engaged in various discussions with the Company and its counsel thereto, and notes the following:

    (a) The DIP Facility is consistent with the Cash Flow Forecast, and without the DIP Facility or similar financing, the Company would not be able to continue operating pursuant to its Cash Flow Forecast;

    (b) As at the date of this Report, the DIP Agreement is the only financing available to the Company to pursue its restructuring in line with the Cash Flow Forecast. The Proposal

Trustee understands that the Company engaged with TD, as the Company's senior secured creditor, prior to executing the DIP Agreement and TD declined to participate or provide interim financing on similar or improved terms at this time;

(c) The DIP Agreement includes a 15% annual interest rate and a 1.5% commitment fee. The Proposal Trustee reviewed recent public data on restructuring mandates across Canada in 2022 and 2023 to determine whether the interest rate and commitment fee are comparable to recently approved interim financings. While the graph below does not purport to include all interim financings approved in insolvency proceedings over the previous two years, it does provide the Proposal Trustee with data and context for its evaluation.



37. The Proposal Trustee notes that, based on the data reviewed, it appears the average interest rate for interim financing in recent restructuring mandates is approximately 12%, ranging from a low of zero to a high of 25%. Furthermore, the Proposal Trustee noted that fees (including commitment fees) were common features of interim financing arrangements in restructuring mandates and existed in approximately 70% of court approved interim financings reviewed by the Proposal Trustee.

38. While the interest rate included in the DIP Agreement is slightly higher than average, the Proposal Trustee notes it is not unreasonable in the circumstances, given that prime rates have increased significantly over the last 12 months and the Company's alternative options for liquidity are limited.

39. The Proposal Trustee has been advised by counsel for TD Bank that it is of the view that secured interim financing advanced by a shareholder should be offered at below market rates, as in TD Bank's view, the shareholder would be advancing the interim financing to protect the shareholder's equity position. The Proposal Trustee understands that TD Bank is of the view that the interest rate and commitment fee pursuant to the DIP Agreement are excessive.

40. After consideration of the above, the Proposal Trustee is of the view the Company's requested relief to approve the DIP Agreement is reasonable in the circumstances, given that:

(a) The DIP Facility provides sufficient liquidity in line with the Company's Cash Flow Forecast, and without the DIP Facility or similar interim financing, the Proposal Trustee will be required to declare a material adverse change in respect of the Company's ability to meet its Cash Flow Forecast;

(b) Approximately $450k of the DIP Facility is restricted to capital expenditures, maintenance and release of the Company's key capital assets, which benefits the Company's ongoing operations as well as the Company's senior secured creditors (such as TD Bank) who have security over the Company's vessels;

(c) Liquidity is required for the Company to continue as a going concern, which the Company contends is key to maximizing value for its business in order to enhance the prospects of developing a viable Proposal to its creditors;

(d) The Company's business and financial affairs are intended to be operated in the ordinary course during the Stay Period and monitored by the Proposal Trustee, an officer of this Court;

(e) The Cash Flow Forecast projects the Company's accounts receivable will increase greater than the operational cash flow requirements during the Stay Period; and

(f) No alternative financing is currently available to the Company.

DIP Lenders Charge

41. The Company is seeking a priority charge ("**DIP Lenders Charge**") on the Company's Property of up to $1,100,000 subject only to the Administration Charge (defined below).

42. Pursuant to section 50.6(1) of the BIA, a court may make an order declaring that all or part of the debtor's property is subject to a security or charge — in an amount that the court considers appropriate — in favour of a person specified in the order who agrees to lend to the debtor an amount approved by the court as being required by the debtor, having regard to the debtor's cash-flow statement. Such order must be made on application by a debtor in respect of whom a NOI was filed under section 50.4 and on notice to the secured creditors who are likely to be affected by the security or charge.

43. The Proposal Trustee notes that notice has been given to the Company's secured creditors with respect to the Company's application and proposed charges on the Property. The Proposal Trustee is of the view the Company's requested relief to approve the DIP Charge in respect of the DIP Agreement is reasonable in the circumstances, given that the Company would cease operations without incremental financing and the approval of the DIP Charge is a requirement of the DIP Lender pursuant to the DIP Agreement.

Administration Charge

44. The Company is seeking a super priority charge ("**Administration Charge**") over its Property in the amount of $100,000, to secure the professional fees and disbursements of the Proposal Trustee, the Proposal Trustee's counsel and the Company's counsel.

45. The Proposal Trustee notes that section 64.2 of the BIA authorizes the Court to grant a super-priority charge on a debtor's property to secure professional fees, and such relief is routinely granted in insolvency proceedings where the assistance of professional advisors is critical to the debtors' ability to advance a successful restructuring or proposal to its creditors. The Proposal Trustee supports the requested Administration Charge on the basis that it provides certainty for the professionals involved such that they can effectively participate in the NOI Proceedings.

46. The Proposal Trustee understands that TD Bank is of the view that an Administration Charge of $100,000 is excessive, and that TD Bank will request that the Administration Charge be limited to $25,000. Respectfully, the Proposal Trustee disagrees with this view, as the Administration Charge is intended to be a backstop for professionals actively engaged in the restructuring to provide certainty of payment in the event the NOI Proceedings do not go as planned and the Company is unable to meet its Cash Flow Forecast. The Proposal Trustee is of the view that an Administration Charge of $100,000 is reasonable in the circumstances, is commensurate with the complexity involved in the restructuring engagement, and is consistent with similar charges granted by the courts across the Country.

Extension of the Stay of Proceedings

47. The Company continues to operate post-filing with oversight by the Proposal Trustee. Since the Filing Date the Company has continued to harvest its quota with the one vessel available to it and continue operating its transportation division.

48. CBSG has also engaged various stakeholders and creditors with the support of the Proposal Trustee, which includes TD Bank as the Company's senior secured creditor, to seek support of the Company through the restructuring process.

49. The Proposal Trustee understands the Company is of the view that continuing to operate as a going concern during the NOI Proceedings is critical to retaining its key customer relationships, which the Company views as fundamental to the overall value of the business and required to develop a viable proposal to its creditors. The Proposal Trustee is advised the Company expects that a liquidation of its assets would result in a significant shortfall to creditors, given the current market for groundfish quota and licenses, and the condition of its capital assets.

50. The Company is seeking an extension of the Stay Period pursuant to s. 50.4(9) of the BIA for a further 45 days (from the expiry of the initial stay period on December 7, 2023) up to and including January 21, 2024, to allow CBSG additional time to develop a proposal for its creditors.

51. The Proposal Trustee has considered the factors outlined in 50.4(9) of the BIA in respect of the Company's request to extend the Stay Period. In the Proposal Trustee's view:

(a) To date the Company has acted in good faith and with due diligence, including in respect of exploring its various restructuring options, working with the Proposal Trustee and engaging with key creditors and stakeholders;

(b) The Company will likely be able to make a viable proposal if the extension is granted. The extension of the Stay Period is required for the Company to explore its various restructuring options, including the continuation of negotiations with a potential equity investor that the Proposal Trustee understands has been engaging with the Company for some time and, as at the date of this Report, has scheduled a site visit for the week of November 24;

(c) No creditor will be materially prejudiced by granting the extension. Pursuant to the Cash Flow Forecast, the Company will pay post-filing expenses incurred in the normal course throughout the extension period. The extension, in concert with the approval of DIP Financing, will allow for the completion of repairs on and the release of the Company's vessels, which will improve the value of the security for the Company's secured creditors. Furthermore, the Company's accounts receivable is expected to increase by approximately $684k through the Cash Flow Forecast, approximately $34k more than the expected DIP Financing required for operations.

(d) Without an extension of the Stay Period, the Company will be unable to continue operations, nor make a proposal to its creditors. The Company is of the view that the value of its business is significantly enhanced as a going concern relative to a liquidation.

52. After consideration of the factors outlined in section 50.4(9) of the BIA, the Proposal Trustee is supportive of the Company's request for an extension of the Stay Period.

Conclusions and Recommendation

53. Granting an extension of the Stay Period to file a proposal will allow the Company time and space to further explore its restructuring options and finalize a restructuring strategy. The Proposal Trustee is of the view that the continuation of these NOI Proceedings is in

the best interest of stakeholders, and preferable to a liquidation in a bankruptcy or receivership.

54. Based on the considerations outlined above, the Proposal Trustee respectfully recommends this Court approve the Company's requested relief.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 22nd day of November 2023.

GRANT THORNTON LIMITED,
IN ITS CAPACITY AS PROPOSAL TRUSTEE OF CHESTER BASIN SEAFOOD GROUP, AND NOT IN ITS CORPORATE OR PERSONAL CAPACITY

Liam Murphy, CPA, CA, CIRP, LIT
Senior Vice President

Appendix D

Letter to Secured Creditors on Date of Bankruptcy

Via E-mail: stephen.kingston@mcinnescooper.com
gmacdonald@coxandpalmer.com

Grant Thornton Ltd
Nova Centre, North Tower
Suite 1000, 1675 Grafton Street
Halifax, NS
B3J 0E9

T +1 902 421 1734
F +1 902 420 1068

February 8, 2024

4519497 Nova Scotia Limited
c/o McInnes Cooper LLP
1300-1969 Upper Water St.
Halifax, NS B3J 2V1

Toronto-Dominion Bank
c/o Cox & Palmer
1500-1675 Grafton Street
Halifax, NS B3J 0E8

Attention: Stephen Kingston & Gavin MacDonald

Dear Sirs:

RE: Chester Basin Seafood Group Inc. – in Bankruptcy

On November 7, 2023, Chester Basin Seafood Group Inc. (the "**Company**") filed a Notice of Intention to Make a Proposal ("**NOI**") pursuant to the *Bankruptcy and Insolvency Act* ("**BIA**") and Grant Thornton Limited ("**GTL**"), a Licensed Insolvency Trustee, consented to act as the Proposal Trustee (the "**Proposal Trustee**") in these proceedings ("**NOI Proceedings**"). Pursuant to several orders of the Supreme Court of Nova Scotia in Bankruptcy and Insolvency ("**Court**"), and most recently on January 19, 2024, the stay of proceedings in the NOI Proceedings was extended to February 7, 2024.

On November 6, 2024, the Proposal Trustee filed with the official receiver and served upon the service list in these NOI proceedings its Fourth Report outlining a material adverse change in the Company's financial circumstances. The Proposal Trustee further advised that the Company had withdrawn its application to be heard by the Court on February 7, 2024 for various relief, including an extension to the stay of proceedings under 50.4(9) of the BIA. By virtue of Section 50.4(8) of the BIA, the Company is deemed to have filed an assignment in bankruptcy effective February 8, 2024, and Grant Thornton Limited appointed as Trustee in Bankruptcy ("**Trustee**").

The Trustee requested its counsel perform an independent review of the validity and enforceability of your clients security over the assets, undertaking and property ("**Assets**") of the Company. The Trustee is advised that your clients have valid and enforceable security, and that all the Company's Assets are fully encumbered by your security. Based on a liquidation analysis initiated by the Proposal Trustee, various asset appraisals reviewed by the Proposal Trustee, the fact that the Company has zero cash available in its bank accounts, and the Trustee's understanding that your client's collective security is greater than $7.0 million, the Trustee is of the view there are no unencumbered Assets available for unsecured creditors.

Accordingly, the Trustee hereby releases the bankrupt estates interest in all Assets, with the exception of the Company's fishing licenses and quota to which the Trustee intends to further review, to your clients, 4519497 Nova Scotia Limited and Toronto-Dominion Bank. The Trustee has not and will not be taking possession of the Assets or taking conservatory measures thereon, so please take whatever protective measures you deem advisable in the circumstances, inclusive of insurance if applicable. For certainty, the Proposal Trustee instructed the Company on February 7, 2024, to ensure all vessels, vehicles and assets were moored and parked in place prior to the deemed bankruptcy and all operations were to be ceased as at the date of bankruptcy.

The Trustee understands that 4519497 Nova Scotia Limited has a senior secured interest as a result of a super-priority DIP Financing Charge in the NOI Proceedings. The Trustee takes no position on how the parties collectively realize on your security, however should you take steps to realize on your security, we request that you make a full accounting to us of the following:

1. Method of realization, if applicable;
2. Gross proceeds;
3. Costs incurred in taking possession; and
4. Surplus or deficit resulting from this realization.

Further, we hereby place you on notice that in the event there is any surplus from realization of these assets, such surplus would be for the general benefit of creditors and must be forwarded to our office.

The Trustee will advise in the coming weeks of its position with respect to the Company's fishing licenses and quota, which have vested in the Trustee, after the Trustee's review thereof.

Please contact the undersigned should you have any questions.

Yours truly,

GRANT THORNTON LIMITED
In its capacity as Trustee in Bankruptcy of
Chester Basin Seafood Group Inc.
and not in its personal or corporate capacity

Liam Murphy, CPA, CA, CIRP, LIT
Senior Vice President

CC: Service List