SUPREME COURT OF NOVA SCOTIA
IN BANKRUPTCY AND INSOLVENCY

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

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 ("**BIA**")

NOTICE OF APPLICATION

TO: The parties listed in **Schedule "A"** via electronic mail;

AND TO: The Office of the Superintendent of Bankruptcy Canada
Maritime Centre, 1505 Barrington Street, 16th Floor
Halifax, Nova Scotia, B3J 3K5
877/376-9902

The applicants request an order against you

The applicant, Chester Basin Seafood Group Inc. (the "**Applicant**"), is applying to a Registrar in Bankruptcy in Halifax on **Friday, November 24, 2023** at **1:30 p.m.** for an Order:

a) abridging notice periods and service requirements pursuant to section 6 of the *Bankruptcy and Insolvency General Rules*;

b) approving an Amended DIP Facility Term Sheet (the "**DIP Agreement**") executed by the Applicant on November 19, 2023 with 4519497 Nova Scotia Limited (the "**DIP Lender**") 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**"), $650,000 of which is allocated to fund ordinary course working capital expenditures and $450,000 is allocated to fund repairs and maintenance to certain fishing vessels owned by the Applicant;

c) granting the following priority charges as against the assets, property, and undertakings of the Applicant (the "**Property**"), which charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any person:

    i. an "**Administration Charge**" against the Property in the amount of $100,000, as security for the payment of the professional fees and disbursements incurred and to be incurred by Grant Thornton Limited (the "**Proposal Trustee**"), counsel to the Proposal Trustee and counsel to the Applicant, in connection with this NOI proceeding both before and after the making of the Order; and

ii. a “**DIP Lender’s Charge**” against the Property as security for the Applicant’s obligations under the DIP Agreement;

d) extending the time for the Applicant to file a proposal under the BIA by 45 days, commencing from and including December 7, 2023, up to and including January 21, 2024, pursuant to section 50.4(9) of the BIA.

The Applicant started this application by filing this notice on the date certified by the prothonotary.

Grounds for order

The Applicant is applying for the order on the following grounds:

See **Schedule "B"** attached.

Evidence supporting application

The Applicant offers the following evidence in support of the application:

1. the Affidavit of Jose Teixeira sworn on November 20, 2023 and filed with this notice;
2. the First Report of the Proposal Trustee, which will be delivered to you.

You may participate

You may file with the court a notice of contest, and any affidavits upon which you rely. Filing the notice of contest entitles you to notice of further steps in the application, including notice of further affidavits.

Time, date, and place

The application is to be heard by a Registrar in Bankruptcy on November 24, 2023 at 1:30 p.m. in the Law Courts, 1815 Upper Water Street, Halifax, Nova Scotia. The moving parties have set the application for one hour or less. The moving parties say that the application will not require more time.

You have the right to be present and to be represented by counsel or to act on your own. If you are not present, the judge may proceed without you.

Possible order against you

The judge may grant a final order on the application without further notice to you if you fail to deliver your notice of contest on time, or if you or your counsel fail to appear in chambers at the above time, date, and place.

Filing and delivering documents

Any documents you file with the court must be filed at the office of the prothonotary, 1815 Upper Water Street, Halifax, Nova Scotia (telephone #424-4900).

When you file a document you must immediately deliver a copy of it to the applicant and each other party entitled to notice, unless the document is part of an *ex parte* motion, the parties agree delivery is not required, or a judge orders it is not required.

Contact information

The Applicant designates the following address:

C/O Sharon Kour
Reconstruct LLP
200 Bay Street
Suite 2305
P.O. Box 120
Toronto, ON, A1A 4Y3

Documents delivered to this address are considered received by the Applicant.

Further contact information is available from the prothonotary.

Signature
Signed November 20, 2023

____
Sharon Kour
Counsel to the Applicant

Prothonotary's certificate

I certify that this notice of application was filed with the court on November __, 2023.

____
Prothonotary

Schedule "A"

SERVICE LIST

O'KEEFE & SULLIVAN 80 Elizabeth Ave., 2nd Floor St. John's, NL A1A 1W7 **Darren D. O'Keefe** Tel: 709.700.0911 dokeefe@okeefesullivan.com **RECONSTRUCT LLP** Royal Bank Plaza, South Tower 200 Bay Street Suite 2305, P.O. Box 120 Toronto, ON M5J 2J3 **Sharon Kour** Tel: 416.613.8283 skour@reconllp.com **Lawyers for the Company**	**McINNES COOPER.** McInnes Cooper Tower – Purdy's Wharf 1969 Upper Water St., Suite 1300 Halifax, NS B3J 3R7 **Stephen Kingston** Tel: (902) 444-8569 stephen.kingston@mcinnescooper.com **Lawyers for the DIP Lender**
BOYNECLARKE LLP 99 Wyse Road, Suite 600 Dartmouth, NS B3A 4S5 **Joshua J. Santimaw** Tel: (902) 460-3451 jsantimaw@boyneclarke.ca **Lawyers for the Proposal Trustee**	**GRANT THORNTON LIMITED** Nova Centre – North Tower 1000 – 1675 Grafton Street Halifax, NS B3J 0E9 **Phil Clarke** Tel: (902) 420-7191 phil.clarke@ca.gt.com **Liam Murphy** Tel: (902) 429-5435 Liam.murphy@ca.gt.com **The Proposal Trustee**
COX & PALMER Nova Centre - South Tower 1500 - 1625 Grafton Street Halifax, NS B3J 0E8 **Gavin MacDonald** Tel: (902) 491-4464 gmacdonald@coxandpalmer.com **Lawyers for The Toronto-Dominion Bank**	**GOODLAND BUCKINGHAM** Barristers & Solicitors 16 Forest Road, Suite 200 St. John's, NL A1C 2B9 **Dennis Clarke** Tel: (709) 722-6949 dclarke@gbbarristers.com **Lawyers for Pluto Investments Inc.**

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BMW CANADA INC. 50 Ultimate Drive Richmond Hill ON L4S 0C8 Canada	**OFFICE OF SUPERINTENDENT OF BANKRUPTCY** Maritime Centre, 1505 Barrington Street, 16th Floor, Halifax, NS, B3J 3K5 877/376-9902

Schedule "B"

1. The Applicant, Chester Basin Seafood Group Inc. (the "**Company**"), is a body corporate incorporated pursuant to the laws of the Province of Nova Scotia. It is in the business of harvesting, packaging, marketing, and selling groundfish, primarily Atlantic silver hake, also known as whiting (the "**Business**").

2. On November 7, 2023, the Company filed a Notice of Intention to Make a Proposal (the "**NOI**") pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. 8-3, as amended from time to time (the "**BIA**"). Grant Thornton Limited was appointed as Proposal Trustee under the NOI (in such capacity, the "**Proposal Trustee**").

Interim Financing and DIP Lender's Charge

3. To preserve going-concern value of the enterprise for the benefit of creditors and stakeholders, the Company has canvassed for interim financing to meet its obligations during the restructuring proceeding. The Company has obtained an interim financing commitment from one of the shareholders of the Company.

4. The Company seeks an Order approving 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**"). The DIP Lender has agreed to advance to the Company a total amount of up to $1.1 million (the "**DIP Facility**"), $650,000 of which is allocated to fund ordinary course working capital expenditures and $450,000 of which is allocated to fund repairs and maintenance to certain fishing vessels owned by the Company.

5. The Company's cash flow forecast indicates that the Company needs to draw under the DIP Facility as soon as the week of November 18, 2023.

6. The DIP Agreement provides, among other things, that the DIP Facility is contingent upon the granting of a priority charge over all of the property, assets, and undertakings of the Company in favour of the DIP Lender to secure the obligations of the Company under the DIP Facility (the "**DIP Lender's Charge**"). The Court has authority to grant the DIP Lender's Charge pursuant to s. 50.6 of the BIA.

Administration Charge

7. Section 64.2 of the BIA grants the Court the authority to declare that all of a debtor's property is subject to a security or charge, in an amount that the court considers appropriate, in respect of the fees and expenses of a trustee, the trustee's counsel and the debtor's counsel (the "**Administration Charge**").

8. The Company seeks an Administration Charge over the property, assets and undertakings of the Company in the maximum amount of $100,000 to secure the fees and disbursements incurred in connection with this NOI proceeding. The Administration Charge is proposed to rank in priority to all other security interests and charges, including the DIP Lender's Charge.

9. The Administration Charge is necessary as the Company requires the expertise, knowledge, and continued participation of its advisors and professionals during this NOI proceeding in order to complete a successful restructuring. Each of the beneficiaries of the Administration Charge has a distinct role in the Company's restructuring. The Proposal Trustee has advised that the Administration Charge is reasonable and appropriate in the circumstances, having regard to similar restructuring proceedings in the Atlantic.

Extension of the Time to File a Proposal

10. The initial stay of proceedings pursuant to s. 69 of the BIA expires on December 7, 2023. The stay of proceedings may be extended in increments of 45 days pursuant to s. 50.4(9) of the BIA.

11. Since the filing of the NOI, the Company has worked diligently and in good faith toward developing a proposal to creditors and maximizing realization for its creditors and stakeholders. Among other things, the Company, with the assistance of the Proposal Trustee, has engaged in discussions with its senior secured lender, The Toronto-Dominion Bank ("**TD**"), to seek consensus in these restructuring proceedings.

12. The Company is accordingly seeking an Order extending the stay of proceedings for a further 45 days pursuant to section 50.4(9) of the BIA. The requested extension is a critical step to the Company presenting a viable proposal to its creditors as the extension will provide the Company the necessary breathing room to continue engaging with creditors and stakeholders, stabilize operations, repair, maintain, and ensure the release

of vessels, and work toward a viable proposal, which may include equity investment in the Company, or a sale and investment solicitation process that is developed in consultation with key stakeholders.

13. The cash flow forecast demonstrates that the Company, with advances under the DIP Facility, will have sufficient cash flow to operate over the stay period. No creditors will be materially prejudiced by the requested extension.

Other Grounds

14. If necessary, the Company also seeks to abridge the time requirements for bringing this Application, pursuant to section 6 of the *Bankruptcy and Insolvency General Rules*.

15. The Company shall rely upon the following legislation, rules or points of law in respect of the Application:

a. *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. 8-3, ss. 50.4(9), 50.6, and 64.2;

b. *Bankruptcy and Insolvency General Rules* (Can Reg. 368), ss. 6;

c. *Nova Scotia Civil Procedure Rules*; and

d. such further and other Acts and Regulations as counsel may advise and this Honourable Court may permit.