

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

**BRIDGING FINANCE INC.,
as agent for SPROTT BRIDGING INCOME FUND LP**

Applicant

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED

Respondents

**IN THE MATTER OF AN APPLICATION PURSUANT TO SUBSECTIONS 47(1) AND
243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS
AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.
C.43, AS AMENDED**

MOTION RECORD OF THE RECEIVER
(re approval of activities, discharge and ancillary relief)
(returnable May 14, 2018)

February 28, 2018

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**ONTARIO
SUPERIOR COURT OF JUSTICE
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B E T W E E N:

**BRIDGING FINANCE INC.,
as agent for SPROTT BRIDGING INCOME FUND LP**

Applicant

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED

Respondents

**IN THE MATTER OF AN APPLICATION PURSUANT TO SUBSECTIONS 47(1) AND
243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS
AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.
C.43, AS AMENDED**

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TAB 1

Court File No. CV-17-11773-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

**BRIDGING FINANCE INC.,
as agent for SPROTT BRIDGING INCOME FUND LP**

Applicant

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED

Respondents

**IN THE MATTER OF AN APPLICATION PURSUANT TO SUBSECTIONS 47(1) AND
243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS
AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.
C.43, AS AMENDED**

NOTICE OF MOTION

(re approval of activities, discharge and ancillary relief)
(returnable May 14, 2018)

RICHTER ADVISORY GROUP INC. (“**Richter**”), in its capacity as Court-appointed receiver (the “**Receiver**”) of the property, assets and undertakings of the Respondents, will make a motion to a Judge of the Commercial List on Monday May 14, 2018 at 10:00 a.m., or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

- (a) an order:
 - (i) approving the First Report of the Receiver dated September 18, 2017, the Second Report of the Receiver dated September 25, 2017, the Third Report of the Receiver dated October 13, 2017, the Fourth Report of the Receiver dated November 1, 2017, the Fifth Report of the Receiver dated December 21, 2017, the Sixth Report of the Receiver dated February 27, 2018 (the “**Sixth Report**”) (collectively, the “**Reports**”), and the conduct and the activities of the Receiver as described therein;
 - (ii) approving the fees and disbursements of the Receiver and its counsel, as set out in the Sixth Report, the Affidavit of Clark Lonergan sworn February 22, 2018 and the Affidavit of Michael Kril-Mascarin sworn February 27, 2018 (collectively, the “**Fee Affidavits**”);
 - (iii) approving the Statement of Receipts and Disbursements of the Receiver contained in the Sixth Report;
 - (iv) discharging and releasing the Receiver upon the Receiver filing a discharge certificate with the Court; and
- (b) such further and other relief as counsel may request and this Honourable Court may permit.

THE GROUNDS FOR THE MOTION ARE:

1. Richter was appointed as Receiver pursuant to the Order of The Honourable Madam Justice Conway dated June 21, 2017.
2. The activities of the Receiver are detailed in the Reports.
3. The Reports.
4. Rules 1.04, 1.05, 2.01, 2.03, and 37 of the *Rules of Civil Procedure* (Ontario).
5. The *Bankruptcy and Insolvency Act* (Canada) and the *Courts of Justice Act* (Ontario).
6. The inherent and equitable jurisdiction of the Court.
7. Such other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. The Reports and the appendices annexed thereto, including without limitation the Fee Affidavits; and
2. such further and other material as counsel may advise and this Honourable Court may permit.

February 28, 2018

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Court-appointed Receiver

TO: THE SERVICE LIST

BRIDGING FINANCE INC.,
as agent for SPROTT BRIDGING INCOME FUND LP
Applicant

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and
692194 ONTARIO LIMITED
Respondents

Court File No. CV-17-11773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

NOTICE OF MOTION

(re approval of activities, discharge and ancillary relief)
(returnable May 14, 2018)

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Court-appointed Receiver

TAB 2

**THOMAS CANNING (MAIDSTONE) LIMITED AND
692194 ONTARIO LIMITED**

February 27, 2018

Court File No. CV-17-11773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

BRIDGING FINANCE INC., as agent for SPROTT BRIDGING INCOME FUND LP

Applicant

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED

Respondents

**APPLICATION UNDER subsections 47(1) and 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, as amended, and under section 101 of the
Courts of Justice Act, R.S.O. 1990, c. C.43, as amended**

**SIXTH REPORT OF RICHTER ADVISORY GROUP INC.
IN ITS CAPACITY AS RECEIVER OF
THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED**

February 27, 2018

APPENDICES

- APPENDIX "A" RECEIVERSHIP ORDER DATED JUNE 21, 2017
- APPENDIX "B" APPROVAL AND VESTING ORDER DATED JUNE 21, 2017
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- APPENDIX "F" FIRST REPORT OF THE RECEIVER DATED SEPTEMBER 18, 2017 (w/o appendices)
- APPENDIX "G" 114 QUESTIONS
- APPENDIX "H" ENDORSEMENT OF THE HONOURABLE MR. JUSTICE MCEWEN DATED SEPTEMBER 28, 2017
- APPENDIX "I" FIFTH REPORT OF THE RECEIVER DATED DECEMBER 21, 2017 (w/o appendices)
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- APPENDIX "S" AFFIDAVIT OF MICHAEL KRIL-MASCARIN SWORN FEBRUARY 27, 2018

I. BACKGROUND

1. On April 20, 2017, Bridging Finance Inc., as agent for Sprott Bridging Income Fund LP ("**Bridging**") brought an *ex parte* application for the appointment of Richter Advisory Group Inc. ("**Richter**") as interim receiver of the Respondents, Thomas Canning (Maidstone) Limited ("**TCL**") and 692194 Ontario Limited, under section 47(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**"), and requested a return date for the hearing of its application for the appointment of Richter as receiver under section 243(1) of the *BIA* and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43 (the "**CJA**").
2. On April 20, 2017, Richter was appointed as interim receiver (the "**Interim Receiver**") of the Respondents pursuant to an order of The Honourable Mr. Justice Newbould of the Superior Court of Justice (Commercial List) (the "**Court**").
3. Bridging's application for the appointment of Richter as receiver of the Respondents was made returnable on April 28, 2017.
4. On April 28, 2017, the parties and the Interim Receiver appeared before Justice Newbould. At the request of the parties, Justice Newbould extended the date for the hearing of the receivership application to May 1, 2017.
5. On May 1, 2017, the parties and the Interim Receiver informed Justice Newbould that the parties had entered into an accommodation agreement dated April 29, 2017 (the "**Accommodation Agreement**"), pursuant to which the parties agreed, among other things, that Richter would be appointed by the Court as monitor of the Respondents to market their business and property in accordance with the terms of a refinancing, investment and/or sale process agreed to by the parties (the "**RISP**"), that Richter as monitor would not be in possession or control of the business or assets of the Respondents, and that Richter would be discharged as Interim Receiver.
6. On May 1, 2017, Richter was discharged as Interim Receiver and appointed as monitor (the "**Monitor**") of all of the assets, properties and undertakings of the Respondents (the "**Property**") under section 101 of the *CJA* pursuant to an order of Justice Newbould dated May 1, 2017 (the "**Monitor Order**"). The Monitor Order also provided for the approval of the Interim Receiver's activities as detailed in its report to the Court dated April 28, 2017.
7. As detailed in the report of the Monitor dated June 15, 2017 (the "**Monitor's Report**"), the RISP was completed by June 2, 2017 pursuant to and in accordance with the provisions of the Accommodation

Agreement and the Monitor Order, and the Monitor had selected an offer to purchase substantially all of the Respondents' business and assets, subject to Court approval (the "Offer").

8. On June 15, 2017, Bridging, to facilitate the completion of a sale transaction as contemplated by the Offer, sought to have its receivership application made returnable on June 21, 2017 and brought a motion returnable that same day for approval of an asset purchase agreement with 2581150 Ontario Inc. (the "Purchaser") dated June 15, 2017 (the "APA").
9. On June 15, 2017, the Interim Receiver and the Monitor served a notice of motion returnable June 21, 2017 seeking, among other things, an order approving its conduct and activities and discharging it as Monitor upon the completion of its duties.¹
10. On June 21, 2017 (the "Date of Appointment"), on consent of the Respondents, the Court:
 - (a) appointed Richter as receiver of the Respondents pursuant to section 243 of the BIA and section 101 of the CJA (the "Receiver") pursuant to an order of The Honourable Madam Justice Conway dated June 21, 2017 (the "Receivership Order"), a copy of which is attached hereto and marked as **Appendix "A"**; and
 - (b) approved the APA and the sale transaction contemplated by the APA (the "Sale Transaction") pursuant to an approval and vesting order dated June 21, 2017 (the "Approval and Vesting Order"), a copy of which is attached hereto and marked as **Appendix "B"**.²
11. The Sale Transaction closed on July 7, 2017.

II. PURPOSE OF REPORT

12. Since its appointment, the Receiver has served and filed five reports to the Court, which are described in further detail below. The purpose of this sixth report of the Receiver (the "Sixth Report") is to:
 - (a) provide this Court with information pertaining to:
 - (i) the activities of the Receiver since the Date of Appointment;
 - (ii) the status of the Sale Transaction;

¹ The Interim Receiver also sought approval of its fees and disbursements and those of its lawyers, approval of a distribution to Bridging, approval of its statement of receipts and disbursements, and termination of the interim receivership proceedings upon filing of a discharge certificate.

² The Court also issued an order granting the relief sought by the Interim Receiver.

- (iii) the status of Tote Assets (as defined below);
 - (iv) the Receiver's receipts and disbursements for the period from the Date of Appointment to and including February 21, 2018; and
 - (v) the Receiver's estimate of accrued and unpaid obligations as of the date of this Sixth Report (the "**Accrued Obligations**"), and the Receiver's estimate of professional fees and disbursements, including those of its lawyers, Chaitons LLP ("**Chaitons**"), and administrative costs required to complete these receivership proceedings (the "**Remaining Costs**", and together with the Accrued Obligations, the "**Outstanding Disbursements**");
- (b) recommend that this Court make an order(s):
- (i) approving the Reports (as defined below), including the actions and activities of the Receiver as set out therein;
 - (ii) approving the Receiver's statement of receipts and disbursements from the Date of Appointment to and including February 21, 2018 (the "**Receiver's R&D**");
 - (iii) approving the fees and disbursements of the Receiver and Chaitons, as set out herein and in the fee affidavits appended hereto;
 - (iv) authorizing and directing the Receiver to make subsequent distributions to Bridging as the Receiver determines are available for distribution up to the amount of Bridging's secured claim, without further order of the Court; and
 - (v) discharging Richter as Receiver upon the Receiver filing a discharge certificate with the Court that the Remaining Matters (as defined below) have been completed, and releasing the Receiver from any and claims and liabilities, save and except for any gross negligence or willful misconduct on the Receiver's part.

III. QUALIFICATIONS

13. In preparing this Sixth Report, Richter has relied upon unaudited financial information, the Respondents' books and records, financial information prepared by the Respondents and discussions with management (collectively, the "**Information**"). Richter has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided, and in consideration of the nature of the

evidence provided to this Court, in relation to the relief sought herein. Richter has not, however, audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Auditing Standards (“GAAS”) pursuant to the Chartered Professional Accountants Canada Handbook and, as such, Richter expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information. An examination of the Respondents’ financial forecasts in accordance with the Chartered Professional Accountants Canada Handbook has not been performed. Future-oriented financial information reported on or relied upon in this Sixth Report is based on management’s assumptions regarding future events; actual results achieved may vary from forecast and such variations may be material.

14. Unless otherwise noted, all monetary amounts contained in this Sixth Report are expressed in Canadian dollars.
15. Copies of all materials served and filed in the receivership proceedings, including any documents referred to herein but not attached as appendices hereto, can be found on the Receiver’s website at <http://www.richter.ca/Folder/Insolvency-Cases/T/Thomas-Canning-Limited>.

IV. SALE TRANSACTION

16. As noted above, pursuant to the Approval and Vesting Order, the Court approved the APA and the Sale Transaction and authorized the Receiver to take all necessary steps to complete the Sale Transaction.
17. Pursuant to the APA, the purchase price was \$20.0 million in cash on closing (July 7, 2017), of which \$2.0 million was received as a deposit prior to the closing of the Sale Transaction, and \$18.0 million was received on July 7, 2017. Pursuant to the APA, the Purchaser entered into an assumption agreement with Bridging with respect to the Respondents’ remaining indebtedness to Bridging which was assumed by the Purchaser.

Net Sale Proceeds

18. As detailed in the Monitor’s Report, the Monitor obtained an opinion from Chaitons that, subject to standard assumptions and qualifications, the security granted by the Respondents in favour of Bridging was valid and enforceable.
19. Pursuant to paragraph 24 of the Receivership Order, the Receiver was authorized to distribute the net sale proceeds from the Sale Transaction to Bridging, subject to the establishment of a \$1.2 million reserve (the “Reserve”), the entitlements and priority of claims to which was subject to further order of the Court.

20. On July 10, 2017, the Receiver distributed \$18.8 million to Bridging in accordance with paragraph 24 of the Receivership Order.
21. As has been previously reported to the Court, a motion was heard on September 27, 2017 with respect to the claims of the following parties to the Reserve: Rol-Land Farms and Greenhouses Inc. ("**Rol-Land**"); a group of nine parties that had commenced an action against TCL, among others, on March 6, 2017 (collectively, the "**2016 Growers**"); and the Respondents.
22. In connection with this motion, the Receiver filed its second report with the Court dated September 25, 2017 (the "**Second Report**"). A copy of the Second Report, without appendices, is attached hereto and marked as **Appendix "C"**.³
23. Pursuant to the endorsement of The Honourable Mr. Justice McEwen dated October 13, 2017, the Court dismissed the claims of Rol-Land and the 2016 Growers to the Reserve, and requested a further hearing with respect to the claim of the Respondents to payment of certain of their counsel's legal fees and disbursements from the Reserve. The matter of costs with respect to the motion remains outstanding.
24. On November 1, 2017, the Receiver filed its fourth report with the Court (the "**Fourth Report**"), in support of its motion seeking authority to make a further interim distribution in the amount of \$200,000 to Bridging from the Reserve.⁴ A copy of the Fourth Report, without appendices, is attached hereto and marked as **Appendix "D"**.
25. On November 28, 2017, the Receiver was authorized and directed by the Court to make the interim distribution to Bridging pursuant to the order of Justice McEwen (the "**Interim Distribution Order**"). On November 29, 2017, the Receiver distributed \$200,000 to Bridging.
26. As a result, in accordance with Court orders issued to date, the Receiver has distributed \$19.0 million of the net sale proceeds to Bridging. The Receiver continues to hold the remaining net sale proceeds in connection with, among other things, outstanding professional fees, remaining costs of estate administration, and the Respondents' claim for certain of their counsel's legal fees (the "**Remaining Reserve Claims**").

³ The Receiver's first report to the Court is described later in this Sixth Report.

⁴ The Receiver's third report to the Court is described later in this Sixth Report.

Status of the Business

27. The Receiver has been informed by the Purchaser that it has been unable to fully recommence TCL's operations and/or complete material product sales since the completion of the Sale Transaction for a number of reasons, including the state of the premises at closing, the state of TCL's inventory records, and regulatory steps required by the Canadian Food Inspection Agency (the "**CFIA**") and the Ontario Farm Products Marketing Commission (the "**Commission**") as a result of legacy issues relating to the Respondents respective licences.
28. Given the knowledge that Richter had acquired in its capacities as the Interim Receiver, Monitor and Receiver, and given that the inventory balances on the Respondents' books and records could not be reconciled, Richter was engaged by the Purchaser on a consultancy basis on or about August 28, 2017, to supervise and implement a full physical count of the purchased inventory, including the Full Totes (as detailed below), and to assist with items that may be requested of the Purchaser by the CFIA.

V. TOTE ASSETS

29. As has been previously reported to the Court, TCL entered into a number of leases with certain lessors with respect to serial numbered containers (the "**Totes**") that were used by TCL for the sale and transportation of its tomato paste product to its customers. These lessors included: (i) Gould Lease Ltd.; (ii) CLE Leasing Enterprise Ltd.; (iii) Capmor Financial Services Corporation – in Trust ("**Capmor**"); (iv) Bodkin Capital Corporation ("**Bodkin**"); (v) 1419768 Ontario Inc.; and (vi) D&D Leasing (collectively, the "**Tote Lessors**").
30. The Receiver worked with the Tote Lessors to categorize and inventory their respective Totes located on the Respondents' premises and to attempt to locate the remaining Totes for which the Respondents kept no detailed records. The Receiver expended a significant amount of time and incurred costs to complete this inventory and to return the empty Totes to the respective Tote Lessors. One Tote Lessor, Bodkin, requested that its empty Totes be released to them. The remaining Tote Lessors directed the Receiver to move their respective empty Totes to the property of Robert Thomas with his consent.
31. The costs associated with administering the empty Totes were significant, given the state of TCL's operations as of the date of the appointment of the Interim Receiver. The Receiver minimized costs through cost reimbursement agreements with the Tote Lessors, where possible.
32. The Receiver continued to utilize the Totes containing tomato paste inventory (the "**Full Totes**") at the existing lease rate per tote from the Date of Appointment until late 2017, when the Receiver facilitated the

purchase of the Full Totes by the Purchaser, with the exception of the Full Totes owned by Capmor. The Receiver received releases from the Tote Lessors as part of the completed transactions.

33. The Receiver expects that a transaction with respect to the Full Totes owned by Capmor will be completed by mid-March 2018.
34. The Receiver understands that on or about November 10, 2017, Bodkin commenced an action against William Thomas and Robert Thomas (collectively, the "**Thomas**es"), former principals of the Respondents, seeking, among other things, damages from the Thomases for breach of certain lease agreements entered into by Bodkin and TCL. The Thomases issued a statement of defence dated February 6, 2018, wherein they make numerous allegations against the Monitor and the Receiver. Attached hereto and collectively marked as **Appendix "E"** are copies of the pleadings.
35. Richter, in its capacities as Monitor and Receiver, denies all of the allegations made against it by the Thomases in their statement of defence, including without limitation the allegations that the Monitor was in any way possession or control of the Respondents business and/or assets.

VI. SUMMARY OF ACTIVITIES IN THESE PROCEEDINGS

Monitor's Motion

36. As noted above, Bridging sought the appointment of Richter as Receiver to complete the Sale Transaction. As a result, Richter, in its capacity as Monitor, brought a motion returnable on June 21, 2017 seeking approval of the Monitor's Report and the conduct and activities of the Monitor as described therein, approval of its fees and disbursements and the fees and disbursements of Chaitons as its lawyers, and discharging Richter as Monitor and releasing Richter as Monitor from any and all claims and liabilities, save and except for any gross negligence or willful misconduct on the Monitor's part.
37. On June 21, 2017, the Monitor's motion was adjourned and was to be re-scheduled at a 9:30 am chambers appointment to be held on July 5, 2017.
38. On July 5, 2017, the parties appeared in chambers and, as a result of that attendance, the Monitor's motion was scheduled to be heard on September 11, 2017. As a result of an administrative request of the Court, the motion was subsequently scheduled to be heard on September 27, 2017
39. Between July 5, 2017 and August 25, 2017, the Thomases did not deliver any responding materials or pose any questions to the Monitor with respect to the Monitor's Report.

40. On August 25, 2017, counsel to the Monitor wrote to counsel to the Thomases and requested that the Thomases confirm whether they still intended to oppose the Monitor's motion. Following the exchange of correspondence, on September 8, 2017, the Monitor scheduled a chambers appearance for September 13, 2017 to impose deadlines on the parties for delivery of responding materials in connection with the Monitor's motion.
41. On September 13, 2017, the parties appeared in chambers before The Honourable Mr. Justice Hainey to discuss matters related to the motions scheduled to be heard on September 27, 2017. As set out in Justice Hainey's endorsement, the parties agreed to re-schedule the Monitor's motion to October 17, 2017 and that, among other things:
 - (a) by September 18, 2017, the Receiver was to issue a report with respect to the Sale Transaction and the activities of the Receiver;
 - (b) by September 22, 2017, the Thomases would submit a list of questions for the Monitor to answer in connection with the Monitor's Report and the Receiver's report; and
 - (c) by September 27, 2017, the Monitor would provide a response to the questions.
42. On September 18, 2017, the Receiver served its first report (the "**First Report**") in accordance with Justice Hainey's endorsement. A copy of the First Report, without appendices, is attached hereto and marked as **Appendix "F"**.
43. On September 22, 2017, the Thomases delivered a list of 114 questions (the "**114 Questions**") to be answered by the Monitor and the Receiver. A copy of the 114 Questions is attached hereto and marked as **Appendix "G"**.
44. On September 27, 2017, Chaitons wrote to counsel to the Thomases indicating that in its view most, if not all, of the 114 Questions were related to the sale process completed by the Monitor leading up to the Sale Transaction, which had been approved by the Court pursuant to the Approval and Vesting Order and was not objected to by the Respondents or the Thomases. Chaitons stated that direction from the Court would be sought with respect to the 114 Questions, and that it would be contacting the Commercial List Office to confirm available hearing dates and would coordinate scheduling with counsel to the Thomases.
45. In response to the letter, counsel for the Thomases sent an email at 12:58 am on September 28, 2017 and indicated that he intended to appear in chambers before the Court that same day. Counsel to the Thomases appeared before the Court *ex parte* on September 28, 2017, at which time the Court scheduled a

chambers appointment for October 2, 2017. A copy of Justice McEwen's endorsement dated September 28, 2017 is attached hereto and marked as **Appendix "H"**.

46. On September 28, 2017, the Monitor served its notice of motion for advice and directions with respect to the 114 Questions. The motion was returnable on January 11, 2018.
47. On December 21, 2017, the Receiver served its fifth report with the Court (the "**Fifth Report**") in connection with its motion for the Court's advice and directions with respect to the 114 Questions. A copy of the Fifth Report, without appendices, is attached hereto and marked as **Appendix "I"**.
48. On December 29, 2017, counsel for the Thomases sent a letter to Chaitons confirming that the Thomases were prepared to reduce the 114 Questions to eleven (11) questions. The Monitor, the Receiver, the Respondents, and the Thomases agreed that the motion for advice and directions was to be withdrawn without costs, pursuant to the terms of a draft endorsement agreed to by the parties.
49. Pursuant to the endorsement of Justice McEwen dated January 10, 2018, a copy of which is attached hereto and marked as **Appendix "J"**, the 114 Questions have been withdrawn by the Thomases and/or the Respondents and are not required to be answered by the Monitor or the Receiver, and the Monitor and the Receiver were to provide responses to the 11 questions in writing and to produce related documents by no later than January 19, 2018.
50. On January 19, 2018, the Receiver delivered its responses to the 11 questions, along with related documents (the "**Responses**"). A copy of the Responses is attached hereto and marked as **Appendix "K"**.
51. In question 8 of the 11 questions, the Thomases requested production of the following documents:

Please provide the following productions requested in our September 22 questions: the executed final form of agreement of purchase and sale, the filed and signed monitor's/receiver's certificate, all closing documents including proof of payment from the transaction (including, without limitation, the assumption of debt agreement with Bridging), the agreement entered into with totes lessors by the Receiver and/or the purchaser allowing the use of the totes by the purchaser, all correspondence with the purchaser and its counsel and/or the purchaser's lender, and the confidential appendices attached to the Monitor's Report, dated June 15, 2017. [emphasis added]

52. In the Responses, the Receiver produced all of the documents requested by the Thomases, with the exception of the correspondence production request, which the Receiver responded to as follows:

As you can expect, the Monitor, the Receiver and its counsel exchanged numerous correspondence with Mr. Mahal and the Purchaser during the RISP and prior to completion of the Sale Transaction. Please let us know what specifically you are looking for.

53. On January 29, 2018, the parties appeared before Justice McEwen in chambers to schedule the hearing of the motions to discharge the Monitor and the Receiver. As a result of that attendance, the hearing of the Monitor's motion, along with the Receiver's motion for approval of its activities, approval of its fees and disbursements and those of Chaitons, and for its discharge and release, has been scheduled for May 14, 2018, subject to earlier availability of the Court in April 2018.
54. On January 31, 2018, Chaitons sent a letter to the lawyers for the Thomases proposing a litigation timetable in connection with the motions returnable on May 14, 2018. In the letter, Chaitons also asked that counsel "describe the nature of the correspondence you are looking for, so that we can provide you with our response." A copy of the letter is attached hereto and marked as **Appendix "L"**.
55. On February 7, 2018, the lawyers for the Thomases issued a responding letter stating that the proposed litigation timetable was not acceptable to them, and that their position was that the Receiver was required to produce copies of all correspondence. A copy of the letter is attached hereto and marked as **Appendix "M"**.
56. The Receiver is of the view that it has responded to the 11 questions in an appropriate and reasonable manner.

ACTIVITIES OF THE RECEIVER

57. The activities of the Receiver from the Date of Appointment to February 21, 2018 have included:
 - (a) freezing the Respondents' bank accounts and opening up new accounts in the name of the Receiver;
 - (b) changing the locks and securing the Respondents' premises;
 - (c) informing the Respondents' former employees ("**Former Employees**"), that their employment had been terminated pursuant to the Receivership Order. The Receiver also informed the Former Employees of their rights and potential entitlements under provisions of the *Wage Earner Protection Program Act* ("**WEPPA**") and the limited priority granted to employee claims for compensation in accordance with section 81.4 of the *BIA*;

- (d) holding numerous discussions with the Respondents' foreign migrant workers and coordinating with the Jamaican Liaison Office and the Mexican migrant workers regarding their departure from the Respondents' premises and/or the country as required. As a result of the Receiver's efforts, all of the Mexican migrant workers were returned to Mexico and the Jamaican migrant workers were placed under the care of the Jamaican Liaison Office (as they requested);
- (e) on January 17, 2018, the Receiver was informed by Canag Travel Services ("**Canag**") that the Jamaican Liaison Office did not pay for the costs associated with the return of certain Jamaican migrant workers to their homes. The Receiver subsequently reimbursed Canag for the costs of these workers;
- (f) entering into consulting arrangements with certain Former Employees on a term and task basis to assist the Receiver in its administration, including human resource activities (final pay, records of employment and T4 documents), HST filings, categorizing the Totes and relocation of TCL's inventory that was located at a third-party warehouse;
- (g) taking steps to arrange for the release and transportation of TCL's inventory that was located at a third-party warehouse;
- (h) arranging for continuation of all applicable utilities, insurance, certain Tote leases and security at the premises;
- (i) responding to demands from a party that was attempting to take possession of certain mobile units located at the Respondents' premises;
- (j) undertaking a review of TCL's inventory, equipment and other assets;
- (k) mailing a copy of the notice and statement of the Receiver pursuant to sections 245(1) and 246(1) of the *BIA* to the Office of the Superintendent of Bankruptcy and the Respondents' known creditors;
- (l) corresponding with the Commission with respect to a hearing that was scheduled to take place with respect to TCL's marketing license;
- (m) completing the Sale Transaction and making an interim distribution to Bridging of \$18.8 million as per the Receivership Order;
- (n) in accordance with the Receivership Order, repaying the Interim Receiver's borrowings and accumulated interest to Bridging;

- (o) facilitating the transfer of TCL's assets, which were subject to the Approval and Vesting Order, to the Purchaser including corresponding with customers for the reconciliation of outstanding accounts receivable, consolidating the inventory from a third-party warehouse to the Respondents' premises, transferring of utilities and other services, etc.;
- (p) compiling the Respondents' books and records, based on information obtained subject to the Receiver's best efforts, for the purposes of filing delinquent income tax and excise tax returns of the Respondents;
- (q) determining, according to the Respondents' books and records, the amounts owed to Former Employees under *WEPPA*, submitting the prescribed information to Service Canada, and sending notice of *WEPPA* to the Former Employees;
- (r) corresponding with Canada Revenue Agency (the "**CRA**") regarding outstanding corporate filings, and preparation thereof;
- (s) coordinating with the Purchaser and the Tote Lessors regarding the purchase of the Full Totes;
- (t) mailing a copy of the first interim report of the Receiver pursuant to sections 246(2) of the *BIA* to the Office of the Superintendent of Bankruptcy;
- (u) corresponding with various regulatory bodies with respect to charges against TCL and TCL's licences;
- (v) preparing numerous reports and analysis in support of the various Court appearances previously outlined in this report, including the third report of the Receiver dated October 13, 2017 (the "**Third Report**"), which detailed the matters related to TCL's relationship with Western Union Business Solutions. A copy of the Third Report, without appendices, is attached hereto and marked as **Appendix "N"**. The First Report, the Second Report, the Third Report, the Fourth Report, the Fifth Report and the Sixth Report are collectively referred to herein as the "**Reports**";
- (w) making an additional interim distribution to Bridging in the amount of \$200,000 as per the Interim Distribution Order; and
- (x) responding to calls and enquiries from the Respondents' creditors, including Former Employees, suppliers, customers, regulatory bodies, governmental agencies, and other stakeholders regarding the receivership proceedings.

VII. RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS

58. The Receiver's R&D is attached hereto and marked as **Appendix "O"**.
59. As detailed in the R&D, the Receiver had total receipts of approximately \$20,770,342 between the Date of Appointment and February 21, 2018, the majority of which relate to proceeds from the Sale Transaction, and collections of proceeds from the purchased assets on behalf of the Purchaser pursuant to the APA. Total disbursements over the same period were approximately \$1,251,513 (including a \$711k disbursement to the Purchaser on account of collected purchased assets), interim distributions to Bridging were \$19.0 million, and as at February 21, 2018, cash on hand was approximately \$519,000.
60. The Receiver estimates there remains approximately \$370,000 in Accrued Obligations relating primarily to Monitor Professional Fees (as defined below) and the Receiver's and its lawyer's professional fees and disbursements incurred up to the date of this Sixth Report as part of these receivership proceedings. In addition, the Receiver estimates Remaining Costs in the amount of approximately \$75,000, including remaining professional fees and disbursements of the Receiver and its counsel (the "**Remaining Fees and Disbursements**") in the amount of approximately \$65,000 (all excluding HST).

VIII. PROPOSED DISTRIBUTION OF PROCEEDS FROM REALIZATION

61. The Receiver is of the view that it is currently holding sufficient funds in connection with the Monitor Professional Fees, the Outstanding Disbursements, and the Remaining Reserve Claims as outlined below:

Thomas Canning (Maidstone) Limited			
Estimated Remaining Funds Available			
Cash Balance @ February 21, 2018	\$	518,828.52	Note 1
Less:			
Monitor Professional Fees:			
Monitor's fees		283,103.21	Note 2
Monitor's counsel fees		56,462.32	Note 2
	\$	339,565.53	
Less:			
Outstanding Disbursements:			
Professional fees (Receiver & Receiver's Counsel)		95,000.00	Note 3
Remaining operating costs		10,000.00	
	\$	105,000.00	
Estimated Net Funds subject to Reserve Priority Claims	\$	74,262.98	Note 4

Note 1: The only remaining cash receipts expected are post-filing HST input tax credit refunds.

Note 2: The above items are on a pre-HST basis as any HST paid is expected to be recovered.

Note 3: Estimate of professional fees includes current WIP of approximately \$30,000 for the Receiver and Receiver's counsel. These amounts do not reflect any significant litigation costs with regards to the Monitor's and Receiver's discharge motions.

Note 4: Per Justice McEwen's endorsement dated Dec 1, 2017, Thomas' counsel is to receive payment for their fees, but the amount for fees has yet to be determined by the Court.

62. The Receiver respectfully requests that the Court authorize such subsequent distributions to Bridging as the Receiver determines appropriate, up to the amount of Bridging's secured claim, and subject to retaining sufficient reserves to address costs to complete the administration of the receivership proceedings and any other potential priority claims.

IX. PRIORITY CLAIMS

63. As detailed in the Monitor's Report, the Court granted a super-priority charge over the Property in favour of the Monitor and its counsel as security for payment of the fees and disbursements of the Monitor and its counsel. In connection with the Monitor's motion, fee affidavits were sworn by representatives of the Monitor and Chaitons with respect to fees and disbursements incurred between May 1, 2017 and June 11, 2017, and provided estimates for additional fees and disbursements to be incurred. In connection with the Monitor's motion to be heard on May 14, 2018, updated affidavits were prepared detailing total fees and disbursements incurred by the Monitor and Chaitons from May 1, 2017 to June 21, 2017 (collectively, the "Monitor Professional Fees"). Attached hereto and marked as **Appendix "P"** is a copy of the Affidavit of Clark Lonergan sworn September 22, 2017. Attached hereto and marked as **Appendix "Q"** is a copy of the Affidavit of Michael Kril-Mascharin sworn February 27, 2018.

64. In the event that the Court approves the Monitor Professional Fees, the Receiver will remit payment of the Monitor Professional Fees. As noted previously, the Receiver is holding sufficient funds in reserve to pay these respective fees. The associated HST input tax credits will be claimed by the Receiver and should be received at a later date.
65. As detailed in the R&D, approximately \$179,743 in HST input tax credits ("**HST Refund**") claimed by TCL relating to the pre-receivership period, has been paid by CRA to the Receiver. Additionally, the Receiver understands that TCL made normal course remittances to CRA in connection with source deductions withheld from Former Employees. Prior to issuing the HST Refund, CRA had completed a source deduction review and highlighted no material items to the Receiver. As such, the Receiver is not aware of any amounts that would be subject to a deemed trust in favour of CRA and the Receiver has not been contacted by CRA in connection with same.
66. The Receiver is not aware of any amounts owing to the Former Employees that would have priority over Bridging's security pursuant to section 81.4 of the *BIA*, as the Receiver paid all outstanding wages and vacation pay owing at the Date of Appointment. Similarly, the Receiver understands that TCL did not provide a registered pension plan for its employees. Accordingly, the Receiver is not aware of any amounts owing to the Former Employees pursuant to section 81.6 of the *BIA*.

X. REMAINING MATTERS TO BE COMPLETED IN THESE PROCEEDINGS

67. If this Court grants the order requested herein, the Receiver will have completed its duties, statutory or otherwise, except for the following (the "**Remaining Matters**"):
- (a) preparing for and attending at Court for the Monitor's discharge motion and Receiver's discharge motion;
 - (b) facilitating the purchase of the Full Totes owed by Capmor by the Purchaser and negotiating a full and final release of the Receiver with regards to the Capmor Totes;
 - (c) paying the Outstanding Disbursements;
 - (d) completing and filing any remaining corporate tax returns of the Respondents with CRA;
 - (e) pursuing the potential recovery of any unclaimed HST paid during these proceedings;

- (f) making a final distribution to Bridging in respect of its secured claim. Based on the estimated realizations for the Property, Bridging is the only creditor with an economic interest in the Property; and
- (g) attending to other administrative matters incidental to these proceedings such as filing the Receiver's report pursuant to section 246(3) of the BIA.

68. Upon the completion of the Remaining Matters, the Receiver will have realized on the Property and completed its statutory duties as well as those duties set out in the Receivership Order or subsequent orders of this Court. Accordingly, the Receiver is of the view that it is appropriate to seek an order of the Court discharging the Receiver upon the filing of a discharge certificate with this Court certifying that all of the Remaining Matters have been completed.

Request for Approval of Fees

- 69. The Receiver and its lawyers, Chaitons, have maintained detailed records of their professional time and disbursements since the Date of Appointment.
- 70. The Receiver's professional fees incurred for services rendered from June 21, 2017 to February 16, 2018 amount to \$246,808 (net of discounts), plus disbursements in the amount of \$7,827 (all excluding HST). These amounts represent professional fees and disbursements not yet approved by the Court. The time spent by the Receiver's professionals is described in the Affidavit of Clark Lonergan sworn February 22, 2018, a copy of which is attached hereto and marked as **Appendix "R"**.
- 71. The fees of the Receiver's counsel, Chaitons, for services rendered from June 21, 2017 to January 31, 2018 total \$69,000.50, plus disbursements in the amount of \$1,131.55 (all excluding HST). These amounts represent professional fees and disbursements not yet approved by the Court. The time spent by the Chaitons professionals is described in the Affidavit of Michael Kril-Mascarin sworn February 27, 2018, a copy of which attached hereto and marked as **Appendix "S"**.
- 72. The Receiver has reviewed Chaiton's accounts and has determined that the services have been duly authorized and duly rendered and that the charges are reasonable given the circumstances.
- 73. In addition to the fees incurred by the Receiver and Chaitons noted above, and on the assumption that there are no delays, disputes or unforeseen developments in connection with these proceedings and the performance of the Remaining Matters, the Receiver has estimated Remaining Fees and Disbursements in the amount of \$65,000 for the Receiver and Chaitons (all amounts excluding HST). These amounts

represent the Receiver's best estimate of the reasonable professional and legal fees required to complete the administration of these proceedings up to the effective date of discharge. However, the estimates does not take into account any professional and legal fees that would have to be incurred by the Monitor and the Receiver to respond to any opposition to the Monitor's and the Receiver's motions currently scheduled to be heard by the Court on May 14, 2018.

All of which is respectfully submitted on the 27th day of February, 2018.

Richter Advisory Group Inc.
As Receiver of Thomas Canning (Maidstone) Limited and 692194 Ontario Limited
and not in its personal capacity

A handwritten signature in black ink, appearing to read "Clark Lonergan". The signature is written in a cursive, flowing style with large loops and a long tail on the final letter.

Clark Lonergan, CPA, CA, CIRP, LIT
Senior Vice-President

APPENDIX “A”

Court File No. CV-17-11773-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) WEDNESDAY, THE 21ST DAY
JUSTICE CONWAY) OF JUNE, 2017



BETWEEN:

**BRIDGING FINANCE INC.,
as agent for SPROTT BRIDGING INCOME FUND LP**

Applicant

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED

Respondents

**IN THE MATTER OF AN APPLICATION PURSUANT TO SUBSECTIONS 47(1) AND
243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS
AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.
C.43, AS AMENDED**

**ORDER
(Appointment of Receiver)**

THIS APPLICATION made by the Applicant for an Order pursuant to subsection 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “**CJA**”), appointing Richter Advisory Group Inc. (“**Richter**”) as receiver (in such capacity, the “**Receiver**”) without security, of all of the assets, undertakings and properties of each of Thomas Canning (Maidstone) Limited (“**Thomas Canning**”) and 692194 Ontario Limited (together with Thomas Canning, the “**Debtors**”) acquired for, or used in relation to a business carried on by the Debtors, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report of Richter in its capacities as Court-appointed Monitor (the “**Monitor**”) and Interim Receiver dated June 15, 2017, and on hearing the submissions of counsel for the Applicant, counsel for the Debtors, counsel for the Monitor and no one appearing for any other person although duly served as appears from the affidavits of service of Kyle Plunkett and Daphne Porter sworn June 16, 2017 and on reading the consent of Richter to act as the Receiver,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Return of Application and the Return Application Record is hereby validated and that this Application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT OF RECEIVER

2. **THIS COURT ORDERS** that pursuant to subsection 243(1) of the BIA and section 101 of the CJA, Richter is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtors including all proceeds thereof (the “**Property**”).

RECEIVER’S POWERS

3. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Debtors and the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

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- (c) to manage, operate, and carry on the business of the Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtors;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtors;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

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- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
 - (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$250,000, provided that the aggregate consideration for all such transactions does not exceed \$1,000,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;
- and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required;
- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
 - (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
 - (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
 - (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;

- 5 -

- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have;
- (s) to exercise any and all rights of the Debtors under any certificate, certification, consent, approval, licence or permit in favour of or held by the Debtors or Thomas Canning's manufacturing plant, including those granted by any governmental or regulatory body; and
- (t) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. **THIS COURT ORDERS** that (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents, advisors, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request. Without limiting the foregoing, 2190330 Ontario Ltd. shall grant the Receiver such access to the Property of the Debtors located on the real property of the legal description PT LT 290, CON STR MAIDSTONE AS IN R1425228, LAKESHORE, PIN 75016-0085 (LT), as the Receiver may require for the continued operation

and/or removal of such Property, or as the Receiver may require to give any purchaser of such Property the same access.

5. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the “**Records**”) in that Person’s possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

8. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

9. **THIS COURT ORDERS** that all rights and remedies against the Debtors, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any “eligible financial contract” as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtors to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

10. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, certificate, certification, consent, approval, licence or permit in favour of or held by the Debtors or Thomas Canning’s manufacturing plant without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

11. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods and/or services, including

without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtors are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtors' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

13. **THIS COURT ORDERS** that all employees of the Debtors are hereby terminated. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA or any liability as an employer or sponsor of any workers employed or to be employed by the Debtors through the Temporary Foreign Worker Program or the International Mobility Program, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

14. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver may disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a “**Sale**”). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver’s duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

16. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

17. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA. For greater certainty, the Receiver's Charge shall rank in priority to the Interim Receiver's Charge and the Interim Receiver's Borrowings Charge (as such terms are defined in the Interim Receivership Order made in this proceeding on April 20, 2017) and to the Monitor's Charge (as defined in the Monitor Order made in this proceeding on May 1, 2017).

18. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

19. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

20. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$600,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the “**Receiver’s Borrowings Charge**”) as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver’s Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA. For greater certainty, the Receiver’s Borrowings Charge shall rank in priority to the Interim Receiver’s Charge, the Interim Receiver’s Borrowings Charge and the Monitor’s Charge.

21. **THIS COURT ORDERS** that neither the Receiver’s Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

22. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as **Schedule “A”** hereto (the “**Receiver’s Certificates**”) for any amount borrowed by it pursuant to this Order.

23. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver’s Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver’s Certificates.

PAYMENTS AND DISTRIBUTION

24. **THE COURT ORDERS** that the Receiver is hereby authorized, upon the closing of the sale transaction approved by this Court pursuant to the Approval and Vesting Order dated June 21, 2017, to:

- (a) repay the principal amount, and all interest that has accrued thereon, borrowed by the Interim Receiver in accordance with the Interim Receivership Order and secured by the Interim Receiver's Borrowings Charge; and
- (b) distribute the net sale proceeds to the Applicant, subject to a \$1,200,000 reserve, the entitlements and priority of claims to which reserve (including those claims set out in the Affidavit of William Thomas sworn June 20, 2017 and/or the Affidavit of James Clark sworn June 20, 2017) shall be subject to further Order of this Court.

JOINT ADMINISTRATION

25. **THIS COURT ORDERS** and directs that the receiverships and estates of the Debtors be jointly administered.

SERVICE AND NOTICE

26. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL '<http://www.richter.ca/Folder/Insolvency-Cases/T/Thomas-Canning-Limited>'.

27. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any

other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

28. **THIS COURT ORDERS** that the Applicant, the Receiver and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Debtors' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

GENERAL

29. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.


30. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors.

31. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

32. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

33. **THIS COURT ORDERS** that the Applicant shall have its costs of this Application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from each of the Debtors' estates with such priority and at such time as this Court may determine.

34. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.



C. Irwin
Registrar

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

JUN 22 2017

PER / PAR: 

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. **THIS IS TO CERTIFY** that Richter Advisory Group Inc., the receiver (the "**Receiver**") of the assets, undertakings and properties of each of Thomas Canning (Maidstone) Limited and 692194 Ontario Limited (together, the "**Debtors**") acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 21st day of June, 2017 (the "**Order**") made in an action having Court file number CV-17-11773-00CL, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the ____ day of each month] after the date hereof at a notional rate per annum equal to the rate of ____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act* (Canada), and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver

to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 2017.

RICHTER ADVISORY GROUP INC., solely in its capacity as Receiver of the Thomas Canning (Maidstone) Limited and 692194 Ontario Limited, and not in its corporate or personal capacity

Per:

Name:

Title:

43 **BRIDGING FINANCE INC., as agent for
SPROTT BRIDGING INCOME FUND LP**
Applicant

And **THOMAS CANNING (MAIDSTONE) LIMITED and 692194
ONTARIO LIMITED**

Respondents

Court File No. CV-17-11773-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
PROCEEDING COMMENCED AT TORONTO**

**ORDER
(APPOINTMENT OF RECEIVER)**

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
Suite 1800, Box 754
181 Bay Street
Toronto, Ontario M5J 2T9

Sam Babe - LSUC No. 49498B
Kyle B. Plunkett - LSUC No. 61044N
Tel: 416.863.1500
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Email: sbabe@airdberlis.com / kplunkett@airdberlis.com
Lawyers for the Applicant

APPENDIX “B”

Court File No. CV-17-11773-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) WEDNESDAY, THE 21ST DAY
JUSTICE **CONWAY**) OF JUNE, 2017



BETWEEN:

**BRIDGING FINANCE INC.,
as agent for SPROTT BRIDGING INCOME FUND LP**

Applicant

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED

Respondents

**IN THE MATTER OF AN APPLICATION PURSUANT TO SUBSECTIONS 47(1) AND
243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS
AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.
C.43, AS AMENDED**

APPROVAL AND VESTING ORDER

THIS MOTION, made by Bridging Finance Inc. for an order approving the sale transaction (the “**Transaction**”) contemplated by an asset purchase agreement dated June 15, 2017 (the “**Sale Agreement**”) and made between 2581150 Ontario Inc. (the “**Purchaser**”) and Richter Advisory Group Inc. (“**Richter**”) in its capacity as the Court-appointed receiver (the “**Receiver**”) of the undertakings, properties and assets of each of Thomas Canning (Maidstone) Limited (“**Thomas Canning**”) and 692194 Ontario Limited (together with Thomas Canning, the “**Debtors**”), as appended to the Report of Richter in its capacity as Interim Receiver and Monitor

in these proceedings dated June 15, 2017 (the “**Report**”), and vesting in the Purchaser the Debtors’ right, title and interest in and to the assets described in the Sale Agreement (the “**Purchased Assets**”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report and on hearing the submissions of counsel for the Receiver, counsel for the Debtors, counsel for Bridging, counsel for the Ontario Farm Products Marketing Commission and no one appearing for any other person on the service list, although properly served as appears from the affidavits of Kyle Plunkett and Daphne Porter sworn June 16, 2017, filed:

1. **THIS COURT ORDERS AND DECLARES** that the Sale Agreement and the Transaction are hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.
2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver’s certificate to the Purchaser substantially in the form attached as **Schedule A** hereto (the “**Receiver’s Certificate**”), all of the Debtors’ right, title and interest in and to the Purchased Assets described in the Sale Agreement, including, without limitation, those listed on **Schedule B** hereto, shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Orders of the Honourable Justice Newbould dated April 20, 2017 and May 1, 2017 in this proceeding; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property

registry system; and (iii) those Claims listed on **Schedule C** hereto (all of which are collectively referred to as the “**Encumbrances**”, which term shall not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule D**) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. **THIS COURT ORDERS** that the Purchaser shall be entitled to take delivery of those Purchased Assets comprised of the 50 acres of organic tomatoes being grown under contract by 959699 Ontario Inc. o/a DeNijs Organic Farms, in the normal course and upon release of the funds held in escrow for payment of the same, regardless of the assignability or status of Thomas Canning’s Ontario Farm Products Marketing Commission procurement license #1944-18.
4. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Windsor of an Application for Vesting Order in the form prescribed by the *Land Titles Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B hereto (the “**Real Property**”) in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in **Schedule C** hereto.
5. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver’s Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.
6. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver’s Certificate, forthwith after delivery thereof.

7. **THIS COURT ORDERS AND DECLARES** that the assumption of the Bridging Indebtedness, as such term is defined in the Sale Agreement, by the Purchaser pursuant to the Sale Agreement shall be effective as at the date of the Receiver's discharge in these proceedings.
8. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Debtors' records pertaining to the Debtors' past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtors.
9. **THIS COURT ORDERS** that, notwithstanding:
 - (a) the pendency of these proceedings;
 - (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtors and any bankruptcy order issued pursuant to any such applications; and
 - (c) any assignment in bankruptcy made in respect of the Debtors;the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtors and shall not be void or voidable by creditors of the Debtors, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.
10. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to

give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies ~~including, without limitation, the Ontario Farm Products Marketing Commission and the Canadian Food Inspection Agency,~~ ^{Be} are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

A handwritten signature in cursive script, appearing to read "Conway", is written over a horizontal line.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

JUN 21 2017

PER / PAR: 

**SCHEDULE A
FORM OF RECEIVER'S CERTIFICATE**

Court File No. CV-17-11773-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

**BRIDGING FINANCE INC.,
as agent for SPROTT BRIDGING INCOME FUND LP**

Applicant

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED

Respondents


RECEIVER'S CERTIFICATE

RECITALS

- A. Pursuant to an Order of the Honourable <*> of the Ontario Superior Court of Justice (the "**Court**") dated June 21, 2017, Richter Advisory Group Inc. was appointed as the receiver (the "**Receiver**") of the undertakings, properties and assets of Thomas Canning (Maidstone) Limited and 692194 Ontario Limited (collectively, the "**Debtors**").
- B. Pursuant to an Order of the Court dated June 21, 2017, the Court approved the asset purchase agreement made as of June 15, 2017 (the "**Sale Agreement**") between the Receiver and 2581150 Ontario Inc. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtors' right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article 5 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

- C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section Article 5 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ on , 2017.

RICHTER ADVISORY GROUP INC., in its capacity as Receiver of the undertakings, properties and assets of THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED, and not in its personal capacity

Per: _____
Name:
Title:

SCHEDULE B
PURCHASED ASSETS

All of the properties, assets and undertakings of the Debtors (collectively, the “**Purchased Assets**”) including but not limited to:

- (a) all accounts receivable, bills receivable, trade accounts, book debts and insurance claims Related to the Business, including recoverable deposits, including any unpaid interest on such items and any security or collateral for such items;
- (b) all books, records, files and papers Related to the Business or the Purchased Assets including, but not limited to, drawings, manuals and data related to equipment, computer hardware and software and phone systems, computer system passwords, combinations and keys to locks and other safety and storage systems, sales and purchases correspondence, trade association files, lists of present and former customers and suppliers, security and alarm system records, personnel, employment and other records, and all copies and recordings of the foregoing;
- (c) all rights and interests of the Debtors to and in all pending and/or executory contracts, agreements, licences (including, without limitation, all software licences), leases and arrangements;
- (d) the goodwill related to the business carried on by the Debtors (the “**Business**”), including all right, title and interest of the Debtors in, to and in respect of all elements which contribute to the goodwill related to the Business, including goodwill represented by customer and supplier lists and the logos of the Debtors;
- (e) the intellectual property including, without limitation:
 - (i) all business and trade names, corporate names, brand names and slogans Related to the Business including “Thomas’ Utopia Brand”;
 - (ii) all inventions, patents, patent rights, patent applications (including all reissues, divisions, continuations, continuations-in-part and extensions of any patent or patent application), industrial designs and applications for registration of industrial designs and associated rights related to the Business;
 - (iii) all copyrights and trade-marks (whether used with goods or services and including the goodwill attaching to such trade-marks), registrations and applications for trade-marks and copyrights (and all future income from such trade-marks and copyrights) related to the Business;
 - (iv) all rights and interests in and to processes, lab journals, notebooks, data, trade secrets, designs, know-how, product formulae and information, manufacturing, engineering and other drawings and manuals, technology, blue prints, research and development reports, agency agreements, technical information, technical assistance, engineering data, design and engineering specifications, and similar

- materials recording or evidencing expertise or information Related to the Business;
- (v) all other intellectual and industrial property rights throughout the world related to the Business;
 - (vi) all rights of the Debtors in all confidentiality, non-compete, non-solicitation and intellectual property assignment agreements;
 - (vii) all licences of the intellectual property listed in items (i) to (vi) above;
 - (viii) all future income and proceeds from any of the intellectual property and licences listed in items (i) to (vi) above and the licenses listed in item (vii) above;
 - (ix) all rights to damages and profits by reason of the infringement of any of the intellectual property listed in items (i) to (vii) above;
 - (x) all phone numbers; and,
 - (xi) all websites, including www.thomasutopiabrand and www.thomascanning.com;
- (f) all inventories of stock-in-trade and merchandise including seedlings, crops, materials, supplies, finished goods, repair and service parts related to the Business (collectively, the “**Inventory**”) including, without limitation, those in possession of suppliers, customers and other third parties (including, without limitation, the 50 acres of organic tomatoes being grown under contract by 959699 Ontario Inc. o/a DeNijs Organic Farms);
 - (g) all licences, permits, filings, authorizations, registrations, certificates of approval, approvals, grants, quotas, commitments, rights, privileges or indicia of authority related to the Business or necessary for the conduct of the Business;
 - (h) all machinery, equipment, furniture, fixtures, computer systems and equipment and other chattels related to the Business;
 - (i) all rights and interests of the Debtors to and in all customer orders for purchases of Inventory; and
 - (j) the all real property of the Debtors including, without limitation, the following:
 - (i) **PIN 75228-0009 (LT)**
PT LT 28-29 CON 9 MAIDSTONE AS IN R305027, PT 2 12R9420; T/W R1042854; S/T MB18413; LAKESHORE; SUBJECT TO AN EASEMENT IN GROSS OVER PT. 1 12R24775 AS IN CE502602
 - (ii) **PIN 75228-0005 (LT)**
PT LT 27 CON 10 MAIDSTONE AS IN R442677; LAKESHORE

(iii) **PIN 75228-0067 (LT)**

PT LT 27 CON 10; LAKESHORE DESIGNATED AS PT 2 12R20686,

(iv) **PIN 75016-0010 (LT)**

PT LT 289 CON STR MAIDSTONE AS IN R305027 (THIRDLY) EXCEPT
PTS 3, 4 R423541; S/T MB18404; LAKESHORE

(v) **PIN 75016-0009 (LT)**

PT LT 289 CON STR MAIDSTONE AS IN R1119864; S/T MB18355;
LAKESHORE

(vi) **PIN 75016-0021 (LT)**

PT LT 291 CON STR MAIDSTONE PTS 1, 2 RD138 EXCEPT PT 1 RD273 &
PT 1 12R376; S/T R389219; LAKESHORE

(vii) **PIN 75016-0019 (LT)**

PT LT 289-290 CON STR MAIDSTONE AS IN R645962, R463774 & R305027
(FIRSTLY) EXCEPT PT 1 12R2096 & PTS 9, 10 R423541; S/T MB18409,
MB18414, R902964; LAKESHORE

SCHEDULE C
CLAIMS TO BE DELETED AND EXPUNGED FROM TITLE TO REAL PROPERTY

PIN 75228-0009 (LT)

1. Instrument Number R233025 registered on January 5, 1961 being an Assignment of Lease
2. Instrument Number CE665518 registered on July 3, 2015 being a Charge in the principal amount of \$21,365,650.00 in favour of Bridging Finance Inc.
3. Instrument Number CE665523 registered on July 3, 2015 being a Notice of Assignment of Rents-General in favour of Bridging Finance Inc.

PIN 75228-0005 (LT)

1. Instrument Number CE665518 registered on July 3, 2015 being a Charge in the principal amount of \$21,365,650.00 in favour of Bridging Finance Inc.
2. Instrument Number CE665523 registered on July 3, 2015 being a Notice of Assignment of Rents-General in favour of Bridging Finance Inc.

PIN 75228-0067 (LT)

1. Instrument Number CE665518 registered on July 3, 2015 being a Charge in the principal amount of \$21,365,650.00 in favour of Bridging Finance Inc.
2. Instrument Number CE665523 registered on July 3, 2015 being a Notice of Assignment of Rents-General in favour of Bridging Finance Inc.

PIN 75016-0010 (LT)

1. Instrument Number CE665518 registered on July 3, 2015 being a Charge in the principal amount of \$21,365,650.00 in favour of Bridging Finance Inc.
2. Instrument Number CE665523 registered on July 3, 2015 being a Notice of Assignment of Rents-General in favour of Bridging Finance Inc.

PIN 75016-0009 (LT)

1. Instrument Number CE665518 registered on July 3, 2015 being a Charge in the principal amount of \$21,365,650.00 in favour of Bridging Finance Inc.
2. Instrument Number CE665523 registered on July 3, 2015 being a Notice of Assignment of Rents-General in favour of Bridging Finance Inc.

PIN 75016-0021 (LT)

1. Instrument Number R720043Z registered on December 22, 1977 being an Application to Annex Restrictive Covenant
2. Instrument Number CE665518 registered on July 3, 2015 being a Charge in the principal amount of \$21,365,650.00 in favour of Bridging Finance Inc.
3. Instrument Number CE665523 registered on July 3, 2015 being a Notice of Assignment of Rents-General in favour of Bridging Finance Inc.

PIN 75016-0019 (LT)

1. Instrument Number R902964 registered on March 8, 1984 being an Agreement for Right-of-Way in favour of Union Gas Limited (expired)
2. Instrument Number CE665518 registered on July 3, 2015 being a Charge in the principal amount of \$21,365,650.00 in favour of Bridging Finance Inc.
3. Instrument Number CE665523 registered on July 3, 2015 being a Notice of Assignment of Rents-General in favour of Bridging Finance Inc.

SCHEDULE D
PERMITTED ENCUMBRANCES, EASEMENTS AND RESTRICTIVE COVENANTS
RELATED TO THE REAL PROPERTY

(unaffected by the Vesting Order)

PIN 75228-0009 (LT)

1. Instrument Number MB18413 registered on February 1, 1949 being a Transfer of Easement in favour of Bell Telephone Co. of Canada
2. Instrument Number R305027 registered on June 9, 1964 being a Transfer
3. Instrument Number 12R4451 registered on June 23, 1978 being a Reference Plan
4. Instrument Number 12R9420 registered on April 11, 1988 being a Reference Plan
5. Instrument Number R1042854 registered on April 13, 1988 being a Transfer
6. Instrument Number R1073171 registered on January 9, 1989 being a Notice of Claim
7. Instrument Number 12R24775 registered on August 17, 2011 being a Reference Plan
8. Instrument Number CE502602 registered on January 11, 2012 being a Transfer of Easement in favour of Hydro One Networks Inc.

PIN 75228-0005 (LT)

1. Instrument Number R442677 registered on June 19, 1969 being a Transfer

PIN 75228-0067 (LT)

1. Instrument Number 12R20686 registered on August 12, 2003 being a Reference Plan
2. Instrument Number CE52782 registered on January 6, 2004 being a Transfer

PIN 75016-0010 (LT)

1. Instrument Number MB18404 registered on January 21, 1949 being a Transfer of Easement in favour of The Bell Telephone Company of Canada
2. Instrument Number R305027 registered on June 9, 1964 being a Transfer
3. Instrument Number R1073182 registered on January 9, 1989 being a Notice of Claim

PIN 75016-0009 (LT)

1. Instrument Number MB18355 registered on November 23, 1948 a Transfer of Easement in favour of The Bell Telephone Company of Canada

2. Instrument Number R1042301 registered on April 7, 1988 being a Notice of Claim
3. Instrument Number R1119864 registered on February 26, 1990 being a Transfer

PIN 75016-0021 (LT)

1. Instrument Number R38129 registered on July 20, 1967 being a Transfer of Easement in favour of The Bell Telephone Company of Canada
2. Instrument Number RD138 registered on June 27, 1969 being a Reference Plan
3. Instrument Number R720043 registered on December 22, 1977 being a Transfer

PIN 75016-0019 (LT)

1. Instrument Number MB18409 registered on January 21, 1949 being a Transfer of Easement in favour of Bell Telephone Co. of Can.
2. Instrument Number MB18414 registered on February 1, 1949 being a Transfer of Easement in favour of Bell Telephone Co. of Canada
3. Instrument Number R305027 registered on June 9, 1964 being a Transfer
4. Instrument Number R463774 registered on March 10, 1970 being a Transfer
5. Instrument Number R645962 registered on October 16, 1975 being a Transfer
6. Instrument Number 12R7427 registered on January 20, 1984 being a Reference Plan
7. Instrument Number R1073173 registered on January 9, 1989 being a Notice of Claim
8. Instrument Number R1073175 registered on January 9, 1989 being a Notice of Claim
9. Instrument Number R1497830 registered on August 21, 2000 being a Site Plan Agreement

**BRIDGING FINANCE INC., as agent for
SPROTT BRIDGING INCOME FUND LP**

Applicant

and **THOMAS CANNING (MAIDSTONE) LIMITED and 692194
ONTARIO LIMITED**

Respondents

Court File No. CV-17-11773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
PROCEEDING COMMENCED AT TORONTO

APPROVAL AND VESTING ORDER

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Lawyers for the Applicant

APPENDIX “C”

**THOMAS CANNING (MAIDSTONE) LIMITED AND
692194 ONTARIO LIMITED**

September 25, 2017

Court File No. CV-17-11773-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

BRIDGING FINANCE INC., as agent for SPROTT BRIDGING INCOME FUND LP

Applicant

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED

Respondents

**APPLICATION UNDER subsections 47(1) and 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, as amended, and under section 101 of the
Courts of Justice Act, R.S.O. 1990, c. C.43, as amended**

**SECOND REPORT OF RICHTER ADVISORY GROUP INC.
IN ITS CAPACITY AS RECEIVER OF
THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED**

September 25, 2017

APPENDICES

- APPENDIX "A" NOTICE LETTER OF MOTIONS BEFORE THE COURT ON SEPTEMBER 27, 2017
- APPENDIX "B" LIST OF NOTIFIED PARTIES OF MOTIONS BEFORE THE COURT ON SEPTEMBER 27, 2017
- APPENDIX "C" ENDORSEMENT OF THE HONOURABLE MR. JUSTICE HAINEY DATED SEPTEMBER 13, 2017
- APPENDIX "D" REPORT OF THE RECEIVER DATED SEPTEMBER 18, 2017 (WITH APPENDICES)
- APPENDIX "E" REPORT OF THE INTERIM RECEIVER AND MONITOR DATED JUNE 15, 2017 (W/O APPENDICES)

- APPENDIX "F" CARTHER PLANTS LTD. ORGANIC TOMATO PLANT CONTRACT DATED MARCH 30, 2017 AND INVOICE DATED MARCH 31, 2017
- APPENDIX "G" SPEEDLING PLANT ORDER FORM/CONTRACT DATED APRIL 17, 2017
- APPENDIX "H" BLANEY, MCMURTRY LLP INVOICE DATED APRIL 30, 2017

I. INTRODUCTION

1. Pursuant to the Order of The Honourable Mr. Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated April 20, 2017 (the "Interim Receivership Order" or "IR Order"), Richter Advisory Group Inc. ("Richter") was appointed as interim receiver (the "Interim Receiver") of all of the assets, properties and undertakings (collectively, the "Property") of Thomas Canning (Maidstone) Limited ("TCL") and 692194 Ontario Limited (together with TCL, the "Company") under section 47(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA").
2. The appointment of an interim receiver was sought, on an *ex parte* basis, by the Company's senior secured lender, Bridging Finance Inc. as agent for Sprott Bridging Income Fund LP ("Bridging" or the "Lender").
3. The Court set a comeback date of April 28, 2017 for the hearing of Bridging's application for the appointment of Richter as receiver of the Property under section 243(1) of the BIA and section 101 of the *Courts of Justice Act*, R.S.O. 1990 c. C.43, as amended (the "CJA").
4. The comeback hearing was subsequently adjourned to May 1, 2017 to afford the parties with additional time to negotiate an acceptable resolution.
5. Bridging and the Company entered into an accommodation agreement dated April 29, 2017 (the "Accommodation Agreement"), which, among other things, established a refinancing, investment and/or sale solicitation process (the "RISP"), and required the appointment of Richter as a Court-appointed monitor to supervise and assist the Company (but not to have control over the business or to have control over or take possession of the Property).
6. Pursuant to the Order of Justice Newbould dated May 1, 2017 (the "Monitor Order"), the Court, among other things:
 - (a) appointed Richter as monitor of the Company and the Property pursuant to section 101 of the CJA (the "Monitor");
 - (b) outlined the powers of the Monitor, which included but was not limited to, monitoring, making recommendations and approving all matters concerning the management and operation of the Company's business, and marketing the Company's business and/or Property under the RISP as set out in the Accommodation Agreement;
 - (c) approved the Interim Receiver's report dated April 28, 2017 (the "IR Report") and the activities of the Interim Receiver described therein; and

- (d) discharged the Interim Receiver from its duties, except for the performance of certain incidental duties, as required, as set out in the Interim Receivership Order.
7. As detailed in the report of the Interim Receiver and the Monitor dated June 15, 2017 (the "June 15 Report"), the RISP had been completed and an offer from Mr. Santosh Mahal, on behalf of a company to be incorporated ("Mahal"), to purchase substantially all of the Company's Property, was selected as the winning bidder by the Monitor and Bridging.
8. To facilitate the completion of the sale transaction with 2581150 Ontario Inc., a company owned by Mahal (the "Purchaser"), as contemplated under the Mahal offer (the "Sale Transaction"), Bridging revived its receivership application returnable June 21, 2017 and requested that the Court grant orders:
- (a) appointing Richter as receiver of the Company and the Property pursuant to section 243(1) of the BIA and section 101 of the CJA (the "Receiver");
- (b) authorizing and directing the Receiver to execute an asset purchase agreement dated June 15, 2017 (the "APA");
- (c) approving the APA and authorizing and directing the Receiver to take all necessary steps to complete the Sale Transaction;
- (d) vesting in the Purchaser the right, title and interest of the Company in and to the Purchased Assets (as defined in the APA), free and clear of all claims and encumbrances (other than permitted encumbrances under the APA); and
- (e) authorizing and directing the Receiver, upon the closing of the Sale Transaction, to:
- (i) repay the Interim Receiver's borrowings and associated interest charges;
- (ii) pay the fees and disbursements of the Monitor and its counsel, Chaitons LLP ("Chaitons"), as approved by the Court; and
- (iii) distribute the net sale proceeds (net of reasonable reserves as determined by the Receiver) to Bridging.
9. The Interim Receiver and the Monitor also brought a motion returnable June 21, 2017 seeking an order granting the following relief:

- (a) approving the Interim Receiver's statement of receipts and disbursements for the period from April 20, 2017 to and including May 31, 2017 (the "IR R&D");
 - (b) approving the fees and disbursements of the Interim Receiver and its counsel, Chaitons;
 - (c) authorizing and directing the Interim Receiver to distribute the net proceeds outlined in the IR R&D, including any future net proceeds, if any are received, to the Lender;
 - (d) terminating the interim receivership proceedings, including termination of the Interim Receiver's Charge and the Interim Receiver's Borrowing Charge (as defined in the Interim Receivership Order), upon the repayment of the Interim Receiver's borrowings (including interest) by the Receiver following the closing of the Sale Transaction or any other sale, and the Interim Receiver filing a discharge certificate with the Court (the "IR Discharge Certificate");
 - (e) approving the fees and disbursements of the Monitor and its counsel, Chaitons, to completion of the proceeding; and
 - (f) in the event that the Receiver was appointed, discharging Richter as Monitor, which was to include the termination of the Monitor's Charge (as defined in the Monitor Order) following payment of the Monitor's fees and disbursements and upon the Monitor filing a discharge certificate with the Court (the "Monitor Discharge Certificate"). On the filing of the Monitor Discharge Certificate, Richter was to be released from any and all liability that Richter had or may have by reason of, or in any way arising out of, the acts or omissions of Richter while acting in its capacity as Monitor, save and except for any gross negligence or willful misconduct on the Monitor's part.
10. In response to the return of Bridging's receivership application and the motion brought by the Monitor, the Company served a responding motion record containing an affidavit of William Thomas sworn June 20, 2017 (the "Thomas Affidavit"). In the Thomas Affidavit, the Company requested that the Monitor's motion be adjourned until after the completion of the Sale Transaction.
11. The Company also requested that the fees and disbursements of its counsel, Blaney, McMurtry LLP ("Blaney"), and amounts owed to suppliers that the Company alleged had supplied goods and/or services to the Company during the Monitor's appointment, be paid out of the net proceeds from the Sale Transaction in priority to Bridging's interest in the sale proceeds.
12. The Sale Transaction was approved by the Court pursuant to an approval and vesting order of the Honourable Madam Justice Conway dated June 21, 2017 (the "Approval and Vesting Order"). The

Company did not oppose and in fact supported the approval of the Sale Transaction by the Court. Additionally, the Court granted the relief sought by the Interim Receiver in the Order dated June 21, 2017. The Interim Receiver completed the remaining incidental duties and was discharged upon filing the IR Discharge Certificate with the Court of July 31, 2017.

13. The Court appointed Richter as Receiver pursuant to the Order (Appointment of Receiver) of Justice Conway dated June 21, 2017 (the "Receivership Order").
14. As noted above, Bridging's application requested that the net proceeds from the Sale Transaction be distributed to Bridging. As a result of the issues raised by the Company and the Ontario Farm Marketing Commission (the "Commission"), the parties agreed to paragraph 24 of the Receivership Order, which provided for a \$1.2 million reserve (the "Reserve"), where entitlements and priority of claims with regards to this Reserve shall be subject to a further Order of the Court.
15. With respect to the relief sought by the Monitor, the Monitor's motion was adjourned to be scheduled at a 9:30 am chambers appointment on July 5, 2017.
16. On July 5, 2017, the parties appeared before Justice Conway in chambers, at which time the Court ordered that the Monitor's motion, and matters related to the entitlement of the Reserve, be scheduled for September 11, 2017. As a result of an administrative request received from the Court, the motions were subsequently scheduled to be heard on September 27, 2017.
17. On September 8, 2017, the Monitor served a notice to the parties identified in the Thomas Affidavit as having supplied goods and/or services to the Company during the Monitor's appointment, informing them that there would be motions before the Court on September 27, 2017 with respect to the net sale proceeds of the Property. A copy of the notice letter and list of parties are respectively attached hereto as Appendix "A" and Appendix "B".
18. On September 13, 2017, parties appeared in chambers before The Honourable Mr. Justice Hainey to discuss matters related to the motions scheduled to be heard on September 27, 2017. As a result of the attendance, and information requests made of the Receiver by the former principals of the Company, the Court issued an endorsement setting out litigation timetables (the "Litigation Timetable") for the hearing of the motions related to the Reserve, which were to proceed on September 27, 2017, and the Monitor's motion, which was re-scheduled to be heard on October 17, 2017. A copy of the endorsement is attached hereto as Appendix "C".

19. As outlined in the Litigation Timetable, parties seeking payments out of the Reserve on behalf of the legal fees of the Company or with respect to claims of suppliers during the monitor proceedings were to be received by September 15, 2017. Additionally, as outlined in the Litigation Timetable the Receiver was required to file its first report by September 18, 2017.
20. The following three (3) parties have served responding motion records and facts in connection with the motions returnable on September 27, 2017:
- (a) Rol-Land Farms and Greenhouses Inc. ("Rol-Land");
 - (b) 2016 Growers¹; and
 - (c) the Company.²
21. The first report of Richter, in its capacity as Receiver (the "First Report") was served on September 18, 2017 as required by the Litigation Timetable, a copy of which is attached hereto as Appendix "D".
22. This report, which is being submitted by Richter, in its capacity as Receiver (the "Second Report"), should be read in conjunction with the June 15 Report for background concerning the items addressed in this report. This Second Report adopts the definitions contained in the June 15 Report. A copy of the June 15 Report (without appendices) is attached hereto as Appendix "E".

II. PURPOSE OF REPORT

23. The purpose of the Second Report is to provide the Court with information with respect to the claims made by Rol-Land, the 2016 Growers and the Company re: Blaney.

III. QUALIFICATIONS

24. In preparing this Second Report, the Receiver has relied upon unaudited financial information, the Company's books and records, financial information prepared by the Company and discussions with management (collectively, the "Information"). The Receiver has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided, and in consideration of the nature of the evidence provided to this Court, in relation to the relief sought therein. The Receiver has not, however, audited or otherwise attempted to verify the accuracy or completeness of the Information in a

¹ The 2016 Growers are comprised of the nine parties that commenced an action against TCL, among others, on March 6, 2017.

² The Receiver has raised the issue with Blaney as to the basis upon which they can purport to continue to represent the Company given the provisions of the Receivership Order. Blaney has not provided a detailed response to date.

manner that would wholly or partially comply with Generally Accepted Auditing Standards ("GAAS") pursuant to the Canadian Institute of Chartered Accountants Handbook and, as such, the Receiver express no opinion or other form of assurance contemplated under GAAS in respect of the Information. An examination of the Company's financial forecasts in accordance with the *Canadian Institute of Chartered Accountants Handbook* has not been performed. Future-oriented financial information reported on or relied upon in this Second Report is based on management's assumptions regarding future events; actual results achieved may vary from forecast and such variations may be material.

25. Unless otherwise noted, all monetary amounts contained in this Second Report are expressed in Canadian dollars.

IV. CLAIMS OF 2016 GROWERS

26. The 2016 Growers are seeking payment of all or a part of the Reserve in connection with amounts they are owed by the Company with respect to the 2016 production season. The 2016 Growers rely on the Affidavit of Ian S. Wright sworn September 15, 2017 (the "Wright Affidavit") in support of their position.
27. As outlined in the June 15 Report, the Company had aggressive production targets for the 2016 production season, which were not achieved by TCL. As a result, the majority (approximately 70% of 1,100 acres) of the 2016 tomato feedstock contracts with fourteen (14) tomato field growers were not fulfilled.
28. As a result of these production issues, and as noted in the Wright Affidavit, the nine (9) 2016 Growers commenced an action against TCL, amongst others, on March 6, 2017, seeking damages for breach of contract in the aggregate amount of \$2,852,529.84. A copy of the statement of claim of the 2016 Growers is attached as Exhibit "A" to the Wright Affidavit.
29. TCL was able to reach a settlement with three (3) of the fourteen (14) parties that provided 2016 tomato feedstock production. Of the remaining three parties, one (1) was able to mitigate its damages, and two (2) parties have not taken any active steps against TCL.
30. As noted in the Wright Affidavit, the Receiver, in accordance with its statutory obligations, sent a notice to the Company's creditors as listed on their books and records. The notice contained a listing of the amounts owed by the Company.
31. Based on the books and records of TCL, it had in excess of \$4.88 million in unsecured liabilities as of the date of the Receiver's appointment, which does not include amounts in connection with any claims of secured creditors that will not be realizing any recovery on their secured claims. The claims of the 2016

Growers make up \$2,852,529.54 of this amount, which results in the Company having listed unsecured liabilities in excess of \$2.0 million to unsecured creditors, in addition to the amounts claimed by the 2016 Growers.

32. The Receiver is not aware of the 2016 Growers disputing that they are unsecured creditors of TCL.

V. CLAIMS OF ROL-LAND

33. Rol-Land is seeking payment of \$85,414.98 with respect to a contract it entered into with TCL for the production of tomato seedlings for the 2017 production season. Rol-Land relies on the Affidavit of Lynn Debrouwer sworn September 8, 2017 (the "Debrouwer Affidavit") in support of its position.
34. In the Debrouwer Affidavit and Rol-Land's factum, Rol-Land argues that the Court should order payment to it of \$85,414.98 from the Reserve, on the basis that:
- (a) it was not provided with notice of the appointment of the Interim Receiver, and learned of the appointment of the Interim Receiver from a third party on April 30, 2017;
 - (b) the tomato plants had already been seeded in the greenhouse by the time it learned of the appointment of the Interim Receiver;
 - (c) it was not provided with notice of the discharge of the Interim Receiver and appointment of the Monitor; and
 - (d) it was not notified by the Monitor to stop producing the tomato plants or that it would not be paid for them.

2017 Production

35. TCL entered into contracts with seedling producers (greenhouses), including Rol-Land, to secure up to 400 acres of tomato feedstock for 2017 production. The Debrouwer Affidavit provides details with respect to the contract entered into by TCL and Rol-Land, which was entered into on March 29, 2017, over three weeks prior to the appointment of the Interim Receiver. A copy of the Rol-Land contract is attached as Exhibit "A" to the Debrouwer Affidavit.
36. Based on a review of the Rol-Land contract, it appears that Rol-Land did not require any upfront down payment from TCL in connection with the services to be provided by Rol-Land. The contract provides that the first payment was to be due on May 31, 2017, and would be in an amount of 50% of the entire cost of the contract.

37. In addition to Rol-Land, TCL entered into contracts with two (2) other seedling producers (greenhouses), Carther Plants Limited ("Carther") and Speedling Inc. ("Speedling"). A copy of the Carther contract and invoices is attached hereto as Appendix "F". A copy of the Speedling contract is attached hereto as Appendix "G".
38. Both of these contracts were entered into by TCL prior to the appointment of the Interim Receiver, with the Carther contract dated March 30, 2017, and the Speedling contract dated April 17, 2017.
39. The Carther contract required TCL to make an 80% upfront down payment prior to the planting of the organic tomato seeds, with the remaining payment due on June 15, 2017. The Receiver understands that TCL made this upfront payment to Carther.
40. The Speedling contract required TCL to make a 50% upfront down payment prior to the planting of the organic tomato seeds. The Receiver understands that TCL made this upfront payment to Speedling.

Appointment of Interim Receiver – April 21, 2017

41. Pursuant the IR Order, the Interim Receiver was empowered and authorized, but not obligated, to act in respect of the Property. It was the goal of the Company's stakeholders, including the Interim Receiver, to maintain business operations with as minimal interference as possible, until Bridging's receivership application could be heard on April 28, 2017, or an alternative solution could be agreed upon by Bridging and the Company.
42. As a result, during its appointment, which lasted eleven (11) days, the Interim Receiver exercised only those powers that were necessary to monitor and safeguard the Property. The Interim Receiver was never in control of the business and business operations continued as normal during this period by the Company. This fact is reflected in the Debrouwer Affidavit, as Rol-Land was in contact with a principal of the Company, who confirmed that he was in control of and making decisions in relation to the Company's business.
43. The complete activities of the Interim Receiver are detailed in the IR Report; however some relevant activities for reference are included below:
 - (a) proceeded to change the locks on certain of the entry/shipping doors, where possible, in an effort to secure the Premises and safeguard the Property. However, due to the unique configuration (buildings with large openings with no doors, large sliding doors, etc.) and age of the buildings on the Premises, securing all areas was not feasible;

- (b) engaged an outside security company to remain on-site at all times while the Interim Receiver was not present, to further secure the Premises and safeguard the Property;
 - (c) established procedures for monitoring the Company's cash receipts and cash disbursements, including but not limited to: (i) reviewing the Company's funding requests for critical payments, and submitting these funding requests to the Lender on the Company's behalf; (ii) observing payments made by the Company to ensure they were made in accordance with the funding requests; (iii) gaining read-only access to the Company's depository and disbursement bank accounts held at the Bank of Montreal, with the Bridging's assistance; and (iv) opening mail received at the Premises in order to monitor customer payments and information pertinent to the Property; and
 - (d) monitored shipping activity from the Premises, including review of supporting documentation. The Interim Receiver did not monitor activity from the Third Party Warehouse, as it understood that shipments from the Third Party Warehouse are only made to the Premises, and not directly to customers.
44. Notice of the Interim Receiver's appointment was given to those parties statutorily required under the BIA, to those parties with registered security under the *Personal Property Security Act (Ontario)*, and to certain government agencies. The Receiver understands that the notice provisions contained in section 245 of the BIA do not extend to an interim receiver. However, pursuant to the IR Order, the Interim Receiver set up a website to contain all relevant documents associated with these proceedings, which were later removed pursuant to the Monitor Order.
45. At the request of the Company, its principals, and Blaney, the Interim Receiver, other than the notice and service list noted above, was not in contact with the Company's creditors during the interim receivership proceeding that lasted from April 20, 2017 to May 1, 2017.
46. At no time did the Interim Receiver make use of the powers granted to it in the IR Order to compel continuation of services, nor was it ever in control of the Company's business. At all times the Interim Receiver worked with the Company and Blaney to alleviate their concerns regarding notice of the appointment of the Interim Receiver being given to third parties.

Monitorship – May 1, 2017

47. Bridging, the Company and Management (as Limited Guarantors) entered into the Accommodation Agreement, which, among other things, required the appointment of Richter as a Court-appointed monitor to supervise and assist the Company (but not to have control over the business or to have control over or take

possession of the Property), required the preparation of 13-week cash flow projections to provide short-term visibility to the Company stakeholders, and outlined the RISP.

48. As previously outlined in this report, the Court appointed Richter as Monitor pursuant the Monitor Order dated May 1, 2017, under section 101 of the CJA. The Monitor Order outlined the powers of the Monitor, which included but was not limited to, monitoring, making recommendations and approving all matters concerning the management and operation of the Company's business, and marketing the Company's business and/or Property under the RISP as set out in the Accommodation Agreement.
49. Pursuant to the Monitor Order, the Monitor:
 - (a) was empowered and authorized, but not obligated, to act in respect of the Company and Property;
 - (b) would not take possession or control of the Company's business or the Property; and
 - (c) would not be a receiver for the purposes of subsection 243 (1) of the BIA.
50. The Monitor Order contained no stay of proceeding against the Company, and as such creditors were able to take enforcement steps and/or exercise any remedies that were available to them.
51. The goal of the Company's stakeholders in seeking the Monitor Order was to allow for a court officer to supervise and monitor the Company's adherence to the terms of the Accommodation Agreement, including providing short-term visibility into the Company's cash flow, monitoring the Company's operations and implementing the RISP to allow for a potential sale or refinance transaction without impacting the business's enterprise valuation which may have been negatively impacted by a sale under BIA proceedings.
52. Given that the Monitor was deemed not to be a receiver under the BIA, notice provisions under sections 245 (1) and 246 (1) of the BIA did not apply and the Company's unsecured creditors never received notice of the appointment of the Monitor.
53. Management maintained control of vendor relationships during the Monitor proceedings; including ordering new product and negotiating the associated payment terms required to continue the supply of goods. Certain vendors required cash in advance and payment of past due accounts prior to shipment of new product given the Company's financial position and the significant amount of the Company's past due accounts. As noted previously, vendors and growers were already requiring accelerated payment terms prior to the appointment of the Interim Receiver or Monitor.

54. The Company sourced 50 acres of organic tomato feedstock supply for processing in 2017. The Company arranged for the growing contract to be executed and funds placed in escrow to pay the grower once the respective feedstock was ready for delivery. The seedling supply for these 50 organic acres was released by Carther once the remaining outstanding 20% balance was paid by the Company. Carther had attempted to contact the Monitor to inquire about payment of its outstanding balance. The Monitor instructed Management to contact Carther directly as the Monitor was not in control of the business. Management indicated that Carther would not release any seedlings unless full payment was made prior to shipment. Management included the remaining Carther payment on a subsequent funding request and the funds were released by Bridging and Carther was paid in full.
55. Management was never able to support or provide a business plan that supported 400 acres of 2017 tomato feedstock production and as a result only 50 acres was contracted.
56. The Monitor was not in contact with the trade vendors, growers or other suppliers during the Monitor proceeding and the Monitor Order contained no powers to compel continued supply from vendors.
57. It is not correct, as alleged by Rol-Land, that the Monitor agreed to and approved a plan for TCL to plant 400 acres.
58. Additionally, despite Rol-Land's allegation, the Monitor has taken no position as to whether Rol-Land's supply was for post-filing goods and services, as there was no "filing" by the Company under a bankruptcy or insolvency statute.
59. Lastly, Rol-Land has described itself as a "critical supplier", and its supply was critical to the continuing operations of the business of the Company. This statement lacks any logical support, as the goods were never supplied by Rol-Land and the Company's business was sold without the respective goods being supplied to or required by the Purchaser.
60. Richer in its capacities as Interim Receiver, Monitor and Receiver, vehemently denies the assertion made by Rol-Land that it failed in its duties as an officer of the Court and preferred the interests of Bridging over other parties.

VI. CLAIMS OF THE COMPANY RE: BLANEY


61. The Accommodation Agreement provided that Bridging would fund the payment of reasonable fees and disbursements of Blaney incurred in connection with the Accommodation Agreement or the Monitor Order, up to a maximum amount of \$20,000 and the reasonable fees and disbursements incurred by said counsel

during the Forbearance Period (as defined in the Accommodation Agreement) but excepting any fees and disbursements relating to work done in opposition to the motions brought by the Monitor or Bridging in connection with the RISP or any transaction resulting from the RISP.

62. The Company, in its funding request of June 14, 2017, included the Blaney fees and disbursements in the amount of \$18,510 (plus HST) in connection with the Accommodation Agreement/Monitor Order. A copy of this invoice is attached hereto as Appendix "H". The request for funding of these fees was rejected by Bridging, as it was asserting that the Company was in breach of the terms of the Accommodation Agreement. The Company once again included these fees on its last pre-receivership funding request on June 20, 2017, and again Bridging did not fund this payment.

All of which is respectfully submitted on the 25th day of September, 2017.

Richter Advisory Group Inc.
As Receiver of
Thomas Canning (Maidstone) Limited and 692194 Ontario Limited
and not in its personal capacity



Clark Lomergan, CPA, CA, CIRP, LIT
Senior Vice-President

APPENDIX “D”

**THOMAS CANNING (MAIDSTONE) LIMITED AND
692194 ONTARIO LIMITED**

November 1, 2017

Court File No. CV-17-11773-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

BRIDGING FINANCE INC., as agent for SPROTT BRIDGING INCOME FUND LP

Applicant

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED

Respondents

**APPLICATION UNDER subsections 47(1) and 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, as amended, and under section 101 of the
Courts of Justice Act, R.S.O. 1990, c. C.43, as amended**

**FOURTH REPORT OF RICHTER ADVISORY GROUP INC.
IN ITS CAPACITY AS RECEIVER OF
THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED**

November 1, 2017

APPENDICES

- APPENDIX "A" MONITOR ORDER DATED MAY 1, 2017
- APPENDIX "B" RECEIVERSHIP ORDER DATED JUNE 21, 2017
- APPENDIX "C" APPROVAL AND VESTING ORDER DATED JUNE 21, 2017
- APPENDIX "D" ENDORSEMENT OF THE HONOURABLE MR. JUSTICE HAINEY DATED SEPTEMBER 13, 2017
- APPENDIX "E" FIRST REPORT OF THE RECEIVER DATED SEPTEMBER 18, 2017 (WITHOUT APPENDICES)
- APPENDIX "F" SECOND REPORT OF THE RECEIVER DATED SEPTEMBER 25, 2017 (WITHOUT APPENDICES)
- APPENDIX "G" ENDORSEMENT OF THE HONOURABLE MR. JUSTICE MCEWEN DATED SEPTEMBER 27, 2017, ORDER OF THE HONOURABLE MR. JUSTICE MCEWEN DATED SEPTEMBER 27, 2017 AND ENDORSEMENT OF THE HONOURABLE MR. JUSTICE MCEWEN DATED OCTOBER 6, 2017
- APPENDIX "H" ENDORSEMENT OF THE HONOURABLE MR. JUSTICE MCEWEN DATED OCTOBER 13, 2017
- APPENDIX "I" ENDORSEMENT OF THE HONOURABLE MR. JUSTICE MCEWEN DATED OCTOBER 16, 2017

I. INTRODUCTION

1. Pursuant to the Order of The Honourable Mr. Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated May 1, 2017 (the "**Monitor Order**"), Richter Advisory Group Inc. ("**Richter**") was appointed as monitor (the "**Monitor**") of all of the assets, properties and undertakings (collectively, the "**Property**") of Thomas Canning (Maidstone) Limited ("**TCL**") and 692194 Ontario Limited (together with TCL, the "**Company**") pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990 c. C.43, as amended (the "**CJA**"). A copy of the Monitor Order is attached hereto and marked as **Appendix "A"**.
2. Pursuant to the Monitor Order, the Court authorized the Monitor to market the Company's business and Property in accordance with the terms of a refinancing, investment and/or sale process (the "**RISP**") agreed to by the Company and the Applicant, Bridging Finance Inc., as agent for Sprott Bridging Income Fund LP ("**Bridging**").
3. Following completion of the RISP, Bridging proceeded with its application for the appointment of Richter as receiver of the Company and the Property for the purposes of, among other things, completing the sale transaction with the successful offeror.
4. Pursuant to the Order of The Honourable Madam Justice Conway dated June 21, 2017 (the "**Receivership Order**"), Richter was appointed as receiver (the "**Receiver**") of the Company and the Property under section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended and section 101 of the CJA. A copy of the Receivership Order is attached hereto and marked as **Appendix "B"**.
5. Additionally, the Court, pursuant to the Approval and Vesting Order dated June 21, 2017 (the "**Approval and Vesting Order**"), approved a sale of substantially all of the Property to 2581150 Ontario Inc. (the "**Purchaser**") (the "**Sale Transaction**"). The Purchaser was the only party that had an outstanding offer to purchase the Property. The Company did not oppose and consented to the approval of the Sale Transaction by the Court. The Sale Transaction with the Purchaser closed on July 7, 2017. A copy of the Approval and Vesting Order is attached hereto and marked as **Appendix "C"**.
6. In its receivership application, Bridging requested that the Court authorize the Receiver to distribute the net proceeds from the Sale Transaction to Bridging as senior secured creditor, less any reserves the Receiver determined were necessary to be maintained for the administration of the receivership proceeding.

7. As a result of the issues raised by the Company and the Ontario Farm Marketing Commission (the "**Commission**") at the hearing, the parties agreed to paragraph 24 of the Receivership Order, which provides that:

"THIS COURT ORDERS that the Receiver is hereby authorized, upon the closing of the sale transaction approved by the Court pursuant to the Approval and Vesting Order dated June 21, 2017, to: ...

(b) distribute the net sale proceeds to the Applicant, subject to a \$1,200,000 reserve, the entitlements and priority of claims to which reserve (including those claims set out in the Affidavit of William Thomas sworn June 20, 2017 and/or the Affidavit of James Clark sworn June 20, 2017) shall be subject to further Order of this Court."

8. The Company also requested that certain fees and disbursements of its counsel, Blaney, McMurtry LLP ("**Blaney**"), and amounts owed to suppliers that the Company alleged supplied goods and/or services to the Company during the time of the Monitor's appointment, be paid out of the net proceeds from the Sale Transaction in priority to Bridging's security interest in the sale proceeds.
9. On July 5, 2017, the respective parties appeared before Justice Conway in chambers, at which time the Court ordered that any motions related to the entitlement of the \$1.2 million being held in reserve by the Receiver as agreed to by the parties (the "**Reserve**"), be scheduled for September 11, 2017. As a result of an administrative request received from the Court, the motions were subsequently scheduled to be heard on September 27, 2017.
10. On September 8, 2017, the Monitor served a notice to the parties identified in the Affidavit of William Thomas sworn June 20, 2017 as having supplied goods and/or services to the Company during the Monitor's appointment, informing them that there would be motions before the Court on September 27, 2017 with respect to the net sale proceeds of the Property.
11. On September 13, 2017, parties appeared in chambers before The Honourable Mr. Justice Hailey to discuss matters related to the motions scheduled to be heard on September 27, 2017. As a result of the attendance, and information requests made of the Receiver by the former principals of the Company, the Court issued an endorsement setting out litigation timetables (the "**Litigation Timetable**") for the hearing of the motions related to the Reserve, which were to proceed on September 27, 2017. A copy of the endorsement is attached hereto and marked as **Appendix "D"**.

12. As outlined in the Litigation Timetable, materials from parties seeking payment out of the Reserve were to be received by September 15, 2017, and the Receiver was required to file its first report by September 18, 2017.
13. The following three (3) parties (the "**Reserve Parties**") served responding motion records and facts in connection with the motions returnable on September 27, 2017 with respect to the Reserve:
 - (a) Rol-Land Farms and Greenhouses Inc. ("**Rol-Land**");
 - (b) 2016 Growers¹; and
 - (c) the Company.²
14. The first report of Richter, in its capacity as Receiver (the "**First Report**") was served on September 18, 2017 as required by the Litigation Timetable, a copy of which, without appendices, is attached hereto and marked as **Appendix "E"**.
15. The second report of Richter, in its capacity as Receiver (the "**Second Report**") was served on September 25, 2017 and detailed the matters related to the motions to be heard by the Court on September 27, 2017 with respect to the Reserve. A copy of the Second Report, without appendices, is attached hereto and marked as **Appendix "F"**.
16. On September 25, 2017, William Thomas, a former principal of the Company, served a motion record seeking an order from the Court authorizing him to complete a settlement with the Canadian Food Inspection Agency (the "**CFIA**") on behalf of TCL with respect to TCL pleading guilty to twelve counts of product mislabeling (the "**CFIA Guilty Plea**").
17. On September 27, 2017, parties appeared in Court before The Honourable Mr. Justice McEwen with respect to Mr. Thomas' motion for leave of the Court regarding the CFIA Guilty Plea, and the motions with respect to the relief sought by the Reserve Parties regarding the Reserve.
18. With respect to Mr. Thomas' motion regarding the CFIA Guilty Plea, the Court issued an endorsement granting the relief sought, subject to the parties agreeing to a form of order. Attached hereto and collectively marked as **Appendix "G"** are copies of the Endorsement dated September 27, 2017, the Order of Justice McEwen dated September 27, 2017 and the Endorsement dated October 6, 2017.

¹ The 2016 Growers are comprised of the nine parties that commenced an action against TCL, among others, on March 6, 2017.

² The Receiver has raised the issue with Blaney as to the basis upon which they can purport to continue to represent the Company given the provisions of the Receivership Order.

19. With respect to the motions argued concerning the Reserve by the Reserve Parties, the Court reserved its decision following the hearing of the motions. On October 13, 2017, the Court issued an endorsement dismissing the claims of Rol-Land Farms and the 2016 Growers to the Reserve. Additionally, regarding the Company's claim to the Reserve with respect to Blaney's fees, the Court required a subsequent motion to be brought by the Company and requested that this subsequent motion be scheduled at a 9:30 am appointment. A copy of the endorsement is attached hereto and marked as **Appendix "H"**.
20. On October 16, 2017, parties appeared at a 9:30 am appointment in chambers before Justice McEwen to discuss matters related to outstanding motions in the proceeding. As a result of the attendance, the Court issued an endorsement setting out new litigation timetables (the "**Revised Litigation Timetable**") for the hearing of the motions which are to be heard on November 28, 2017, related to: (i) Mr. Thomas' motion for leave to represent the Company in connection with the Blaney fees issue, (ii) if leave is granted, the Company's motion for payment of Blaney's fees from the Reserve in priority to Bridging, and (iii) the remaining funds in the Reserve. A copy of the endorsement is attached hereto as **Appendix "I"**.

II. PURPOSE OF REPORT

21. The purpose of this fourth report of Richter, in its capacity as Receiver (the "**Fourth Report**") dated November 1, 2017 is to provide this Court with information with respect to Reserve and recommend that this Court grant an order authorizing and directing the Receiver to make an interim distribution to Bridging in respect of its secured claim against the Property in the amount \$200,000.

III. QUALIFICATIONS

22. In preparing this Fourth Report, the Receiver has relied upon unaudited financial information, the Company's books and records, financial information prepared by the Company and discussions with management (collectively, the "**Information**"). The Receiver has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided, and in consideration of the nature of the evidence provided to this Court, in relation to the relief sought therein. The Receiver has not, however, audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Auditing Standards ("**GAAS**") pursuant to the Canadian Institute of Chartered Accountants Handbook and, as such, the Receiver express no opinion or other form of assurance contemplated under GAAS in respect of the Information. An examination of the Company's financial forecasts in accordance with the *Canadian Institute of Chartered Accountants Handbook* has not been performed. Future-oriented financial information reported on or relied

upon in this Fourth Report is based on management's assumptions regarding future events; actual results achieved may vary from forecast and such variations may be material.

23. Unless otherwise noted, all monetary amounts contained in this Fourth Report are expressed in Canadian dollars.

IV. RESERVE

24. As noted above, Richter was appointed by the Court as Receiver on June 21, 2017 pursuant to the terms of the Receivership Order. With regards to potential items impacting the Reserve, the following paragraphs within the Receivership Order are highlighted below:
- (a) Paragraph 3 empowered and authorized, but not obligated, the Receiver to take possession and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property; to receive, preserve and protect the Property; etc.;
 - (b) Paragraph 19 provided that the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hand, against the fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel; and
 - (c) Paragraph 24 authorized the Receiver to repay the principal amount, and all interest that accrued thereon, borrowed by the Interim Receiver in accordance with the Interim Receivership Order and secured by the Interim Receiver's Borrowing Charge and distribute the net sale proceeds (regarding the Sale Transaction) to Bridging, subject to the Reserve.
25. As detailed in the First Report, the Receiver received \$20.0 million from the Purchaser on the closing of the Sale Transaction. In accordance with the provisions of the Receivership Order, the Receiver has distributed \$18.8 million to Bridging and maintained the \$1.2 million Reserve.
26. Based on actual operating, administration and professional costs incurred to date and the estimated costs to complete the receivership proceeding, the Receiver proposes an interim distribution to Bridging in the amount of \$200,000 from the Reserve, detailed as follows:

Thomas Canning (Maidstone) Limited				
Reserve Summary				
Estimate as at October 31, 2017				
	Status	Amounts	Legend	Notes
Reserve Amount		\$ 1,200,000	A	
Estimated Priority Claims				
Source deductions	Actual	(8,521)		
Priority payables (unpaid wages, vacation, etc.)	Actual	(23,316)		
Total Estimated Priority Claims		\$ (31,837)	B	
Independent contractors	Actual	(11,632)		
Migrant workers - return airfare, hotel & travel airport	Actual	(3,001)		
Other operating costs (utilities, security, locksmith etc.)	Actual	(13,890)		
Lease costs	Actual	(24,229)		
Estimated remaining operating costs	Estimated	(25,000)		
Total Other Costs		\$ (77,752)	C	
Monitor's fees	Actual	(283,103)		
Receiver's fees - actual to Oct 13, 2017	Actual	(182,762)		
Monitor's counsel fees	Actual	(56,462)		
Receiver's counsel fees - actual & WIP to Oct 30, 2017	Estimate	(46,389)		
Estimated remaining fees to complete	Estimate	(100,000)		
Total Professional Fees		\$ (668,717)	D	
Est. HST paid on the above disbursements	Estimate	(95,139)	E	1
Interim Receiver's Borrowing Charge	Actual	(78,154)	F	
Contingency	Estimate	(75,000)	G	
Total Estimated Costs		\$ (1,026,598)	H = B+C+D+E+F+G	
Recovery of CRA HST refunds from receivership		95,139	I	1
Net Proceeds from the Reserve		\$ 268,541	J = A + H + I	
Proposed Distribution		\$ 200,000		
Notes:				
1) HST paid on disbursements during the Receivership should be recoverable from CRA as the Receiver will be in a net refund position. Timing of this refund is uncertain.				
2) Any HST recoverable from the Company's pre-filing returns (estimated at \$160-\$180k) is subject to the asset purchaser agreement with the purchaser of the Company's assets. This may be subject to CRA audit and timing of this refund is uncertain.				

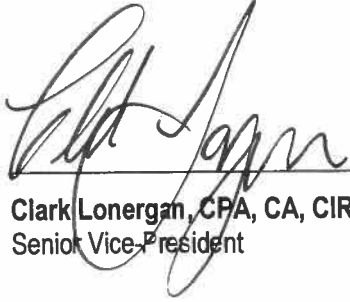
27. As set out above, in the event that the Court approves the \$200,000 distribution to Bridging, the Receiver will still have the following amounts set aside and available in the Reserve with respect to this proceeding going forward:

- (a) \$100,000 estimate for fees to complete the receivership proceeding;
- (b) \$25,000 estimate for remaining operating costs;
- (c) \$75,000 contingency amount; and

(d) \$68,541 surplus amount.

All of which is respectfully submitted on the 1st day of November, 2017.

**Richter Advisory Group Inc.
As Receiver of
Thomas Canning (Maidstone) Limited and 692194 Ontario Limited
and not in its personal capacity**



Clark Lonergan, CPA, CA, CIRP, LIT
Senior Vice-President

APPENDIX ‘E’

Court file no.

4391/17

**ONTARIO
SUPERIOR COURT OF JUSTICE**



BETWEEN:

BODKIN CAPITAL CORPORATION

Plaintiff

and

WILLIAM M. THOMAS, also known as WILLIAM MICHAEL THOMAS
and ROBERT D. THOMAS, also known as ROBERT DAVID THOMAS

Defendants

STATEMENT OF CLAIM

TO THE DEFENDANTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the plaintiff. The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a statement of defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on the plaintiff's lawyer or, where the plaintiff does not have a lawyer, serve it on the plaintiff, and file it, with proof of service in this court office, WITHIN TWENTY DAYS after this statement of claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your statement of defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a statement of defence, you may serve and file a notice of intent to defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your statement of defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

-2-

Date: ^{Nov 10}~~October~~, 2017

Issued by: _____


Local RegistrarAddress of
Court House:491 Steeles Avenue East
Milton, Ontario
L9T 1Y7

TO: WILLIAM M. THOMAS
Aka William Michael Thomas
348 South Talbot Road
Leamington, ON N0R 1K0

AND TO: ROBERT D. THOMAS
Aka Robert David Thomas
310 South Talbot Road
Leamington, ON N0R 1K0

SIMPLIFIED PROCEDURE PROVIDED IN RULE 76 OF THE RULES OF CIVIL PROCEDURE.

1. The plaintiff claims against the defendants William M. Thomas, also known as William Michael Thomas and Robert D. Thomas, also known as Robert David Thomas, jointly and severally, as follows:
 - a. the sum of \$128,660.21 (as of November 2, 2017) with respect to the amount outstanding under Lease Agreement 88660 (as hereafter defined);
 - b. a declaration that the plaintiff has an interest in the Remaining Equipment (as hereinafter defined);
 - c. an order for the recovery of possession of the Remaining Equipment
 - d. a declaration that the Remaining Equipment was unlawfully detained by the defendants;
 - e. an order directing the defendants to make available, deliver up or transfer to the plaintiff the Remaining Equipment;
 - f. in the alternative, an order directing a private-licensed bailiff or the Sheriff of the relevant jurisdiction(s), to enter the premise(s) on which Remaining Equipment is located to seize it and deliver same to the plaintiff;
 - g. an interim and interlocutory order restraining the defendants from transferring, disposing of or otherwise dealing with the Remaining Equipment;

- h. a declaration that the plaintiff's security interest in the Remaining Equipment extends to the proceeds arising from any disposition of said personal property, and the defendants hold any such proceeds in trust for the plaintiff;
 - i. pre-judgment interest pursuant to the Lease Agreement's rate of 26.82% per annum, from November 2, 2017;
 - j. in the alternative, pre-judgment interest pursuant to the *Courts of Justice Act*, R.S.O. 1990, c. C-43;
 - k. post-judgment interest as per the Lease Agreements' rate of 26.82% per annum;
 - l. in the alternative, post-judgment interest pursuant to the *Courts of Justice Act*, R.S.O. 1990, c. C-43;
 - m. its costs in this action on a substantial indemnity basis; and
 - n. such further and other relief as this Honourable Court deems just.
2. The plaintiff claims against the defendant Robert D. Thomas, also known as Robert David Thomas ("Robert"), as follows:
- (a) a Declaration that the Charge/Mortgage dated August 25, 2017 and registered in Land Registry Office 12 in Windsor as Instrument No. R1553815 (the "Impugned Mortgage") of the Property (as hereafter defined) granted by Robert to Julie Thomas, insofar as it

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removed/depleted equity from the Property, is fraudulent and void as against the Plaintiff and other creditors of Robert;

- (b) a Declaration that the Plaintiff's damages form a charge or otherwise create an interest in any funds received in connection with the Impugned Mortgage;
- (c) an injunction restraining Robert from further mortgaging, selling, transferring or otherwise disposing of or dealing with the Property;
- (d) an injunction restraining Robert from disposing of or otherwise dealing with any funds received in connection with the Impugned Mortgage;
- (e) the issuance of a Certificate of Pending Litigation against the Property;
- (f) an accounting as well as an Order allowing the Plaintiff to trace and follow the funds received in connection with the Impugned Mortgage;
- (g) a Declaration that Robert is trustee for the Plaintiff and his other creditors with respect to any funds received in connection with the Impugned Mortgage.

3. The plaintiff, Bodkin Capital Corporation (the "Plaintiff"), is a duly incorporated federal company, with its head office in the Town of Oakville, and carries on business as a commercial leasing company. It deals only in commercial transactions. It purchases commercial equipment pre-selected by lessees from arms' length vendors and then rents the purchased equipment to the lessees.

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4. The defendant, William M. Thomas, also known as William Michael Thomas ("William") is a businessman, residing Leamington, Ontario, and at all material times was a Lessee under the Lease Agreement.
5. The defendant, Robert D. Thomas, also known as Robert David Thomas is a businessman, residing Leamington, Ontario, and at all material times was a Lessee under the Lease Agreement and the registered owner of the Property.

LEASE AGREEMENT 88660

6. On or about November 26, 2015, the Plaintiff, as lessor, entered into lease agreement 88660 (the "Agreement") with the Defendants and Thomas Canning (Maidstone) Limited (collectively the "Lessees") for the lease of various paste bins (the "Equipment" or "Paste Bins") intended for business purposes. The Equipment is more particularly described in the Equipment Description section of the Agreement.
7. Pursuant to the provisions of the Agreement:
 - a. Title to and ownership of the Equipment remained with the Plaintiff pending full completion of the term of the Agreement and any end buyout provisions;
 - b. The Lessees are to make rental payments to the Plaintiff for the use of the Equipment;

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- c. The Lessees are to return the Equipment to the Plaintiff upon default or completion of the Agreement, failing which, the Plaintiff has the right to repossess and recover the Equipment.
8. In accordance with its rights under the Agreement, the Plaintiff filed a security interest in the Equipment pursuant to the *Personal Property Security Act*, R.S.O. 1990, Chapter P.10.
9. Thomas Canning (Maidstone) Limited, by its duly appointed representative, and William and Robert, in their personal capacities, signed the Agreement. By doing so they: (1) acknowledged having read and understood the entire Agreement; and (2) agreed to the terms and conditions found therein. At all material times the Lessees understood and accepted that they are jointly and severally liable under the Agreement.
10. Pursuant to the Agreement, the Equipment was provided to the Lessees.
11. The Lessees arranged for payment of their lease obligations by way of pre-authorized payments.

DEFAULT UNDER THE AGREEMENT

12. On June 21, 2017, pursuant to the Order of The Honorable Madam Justice Conway, Thomas Canning (Maidstone) Limited was placed into Receivership. Richter Advisory Group Inc. is the Court appointed Receiver.
13. On or about July 1, 2017, the Lessees' pre-authorized payment was returned by its bank.
14. The Receiver made a few partial rental payments to the Plaintiff in relation to approximately 312 Paste Bins which still contain tomato paste.
15. On or about September 15, 2017, the Plaintiff sent the Defendants a final demand/notice of intention to enforce security (the "Demand"). The Demand stated that if payment in full under the Agreement was not forthcoming, then the Plaintiff will consider the Agreement to be in default.
16. With the exception of partial payments from the Receiver, no further payments were made by the Lessees. As of this partial payment in October 2017, over \$15,000.00 in arrears has accumulated under the Agreement. As the Lessees have failed to make all payments as required under the Agreement, they continue to be in breach of the Agreement.

SALE OF THE EQUIPMENT

17. In light of the Lessees' breach, the Plaintiff exercised its right to repossess the Equipment. With the assistance of the Receiver, the Plaintiff was able to repossess approximately 353 Paste Bins. The Plaintiff has not yet sold the

recovered Paste Bins. The Plaintiff will apply the net sale proceeds such sale to the credit of the Defendants' indebtedness under the Agreement.

18. There are approximately 305 Paste Bins missing (the "Remaining Equipment"). The Plaintiff has contacted numerous farms and businesses who previously had dealings with Thomas Canning (Maidstone) Limited, but all denied possession of the Remaining Equipment. The Receiver has advised that it has been unable to locate the Remaining Equipment. As a result of its inquiries, the Plaintiff has determined that the Remaining Equipment is currently unrecoverable. Should the Plaintiff subsequently obtain some or all of the Remaining Equipment, it will sell same and thereafter apply the net sale proceeds to the credit of the Defendants' indebtedness under the Agreement.

DAMAGES

19. The Agreement states that if an act of default should occur, then among other things, all outstanding amounts owed become immediately due. The outstanding amount represents a genuine pre-estimate of actual damages for loss of a bargain, and not a penalty, and is an amount equal to the present value of the aggregate of all rent payable to the expiration of the term and reduced by a net present value discount. This is a commercially reasonable term and is in fact standard within the banking and finance industries.
20. The Agreement also specifies that certain collection charges and legal costs associated with collecting overdue accounts are due. The Plaintiff claims for

those expenses against the Defendants, the particulars of which will be provided prior to trial.

21. The Plaintiff claims against the Defendants interest at the contractual rate of 26.82 percent per year, calculated and compounded at the rate of two (2) percent per month compounded monthly on any overdue amount. This amount is specified in the Agreement. It is pleaded that this amount is commercially reasonable, and is within the range of interest normally charged in a credit granting business of the Plaintiff's nature. The Defendants, by executing the Agreement, agreed and consented to the contractual rate of interest to be charged by the Plaintiff in the event of default.
22. Pursuant to the Agreement, the Defendants owe the Plaintiff the sum of \$128,660.21 as of November 2, 2017. This amount represents arrears, liquidated damages, collection charges and interest to the date of default while minusing all relevant discounts and credits granted in favour of the Defendants.
23. The Plaintiff is also claiming prejudgment interest from November 2, 2017 at the contractual rate of 26.82%.
24. The Plaintiff has demanded payment, but the Defendants have failed, refused or neglected to pay this or any amount.

FRAUDULENT CONVEYANCE

25. On June 21, 2017 Thomas Canning (Maidstone) Limited was placed in Receivership. Furthermore, the Lessees' payment due under the Agreement in July 2017 was not made.
26. Robert knew, or ought to have known, in June 2017, that he would be called upon to honour his significant financial obligations under the Agreement.
27. The Defendants generally, and Robert specifically, through legal counsel, were aware of the Receivership proceedings and matters arising therefrom. The Defendants, including Robert, knew that the Receiver was only making partial rental payments to the Plaintiff, under the Agreement. Neither of the Defendants acted to make the outstanding shortfall payments under the Agreement, despite their obligation to do so.
28. On or about November 14, 2006 Robert took title to the property municipally known as 310 South Talbot Road, Leamington, Ontario (the "Property")
29. After February 2, 2012 and prior to August 2017, there was only one registered mortgage on the Property in favour of Farm Credit Canada.
30. On October 28, 2014 the remaining mortgage on the Property (in favour of Farm Credit Canada) was discharged. As of that date, the Property was mortgage free and all entitlement to the equity in the Property belonged to Robert.

31. On or about August 25, 2017 Robert granted a Charge/Mortgage on the Property to a relative, Julie Thomas, which was registered in Land Registry Office 12 in Windsor, as Instrument No. R1553815. The face amount of Charge was \$700,000.00 (the "Thomas Mortgage").
32. The Thomas Mortgage effectively and completely ties up, depletes/or erases the equity in the Property. The Thomas Mortgage was granted to a non-arms length party and at a time when Robert was indebted to the Plaintiff and other creditors and therefore to the detriment of the Plaintiff and Robert's other creditors.
33. The granting of the Thomas Mortgage was made with the intent to defeat, hinder, delay or defraud the Plaintiff, and other creditors of Robert of their just and lawful actions, suits, debts, accounts, damages, penalties or forfeitures and as such is fraudulent as against the Plaintiff and all other creditors of Robert.
34. The Plaintiff relies on the *Personal Property Security Act*, R.S.O. 1990, c. P.10 and specifically, sections 9, 59, 61 and 64.
35. The Plaintiff pleads and relies on the Fraudulent Conveyances Act, R.S.O. 1990, c. F.29 and the Assignments and Preferences Act, R.S.O., 1990, c. A.33.
36. As a result of the foregoing, the Plaintiff has an interest in the Property and claims a Certificate of Pending Litigation pursuant to section 103 of the Courts

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of Justice Act, R.S.O. 1990, c. C-43 and Rule 42.01(2) of the Rules of Civil Procedure.

37. Pursuant to Rule 17.02 of the *Rules of Civil Procedure*, the Plaintiff is entitled to serve the within Statement of Claim outside the Province of Ontario without a court order as, *inter alia*, the Agreement was formed in Ontario, the damage suffered was sustained in Ontario, and it involved real property located in Ontario.
38. The Plaintiff proposes that this action be tried at the Town of Milton.

November , 2017

BODKIN CAPITAL CORPORATION
100-1465 North Service Road East
Oakville, Ontario
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Counsel for the Plaintiff,
Bodkin Capital Corporation

BODKIN CAPITAL CORPORATION and WILLIAM M. THOMAS and ROBERT D. THOMAS
Plaintiffs

Defendant

Court File No.:

4391/17

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding Commenced at Milton

STATEMENT OF CLAIM

BODKIN CAPITAL CORPORATION
101 – 1465 North Service Road East
Oakville, ON L6H 1A7

Brian H. Somer, B.A., LL.B.
(LSUC No. 15779G)
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Solicitor for the Plaintiff

Court File No.: 4391/17

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

BODKIN CAPITAL CORPORATION

Plaintiff

- and -

**WILLIAM M. THOMAS, also known as WILLIAM MICHAEL THOMAS and
ROBERT D. THOMAS, also known as ROBERT DAVID THOMAS**

Defendants

STATEMENT OF DEFENCE

1. Unless otherwise admitted herein, the defendants, William M. Thomas, also known as William Michael Thomas (“**William**”), and Robert D. Thomas, also known as Robert David Thomas (“**Robert**”) (collectively, the “**Defendants**”), deny all of the plaintiff’s allegations contained in the Statement of Claim, and put the plaintiff to the strict proof thereof.

The Parties

2. The plaintiff, Bodkin Capital Corporation (“**Bodkin**”), is a commercial leasing company.

3. The Defendants are individuals residing in Maidstone, Ontario. They were officers of Thomas Canning (Maidstone) Limited (“**Thomas Canning**”).

4. Thomas Canning is a corporation incorporated under the laws of Ontario. It operated a commercial farming, canning and processing business in Lakeshore, Ontario. Thomas Canning produced primarily organic tomato products, such as canned tomatoes, tomato juice and ketchup. It was owned and operated by the Thomas family since 1933.

Background

5. Thomas Canning (the “**Lessee**”) entered into lease arrangements with Bodkin, pursuant to which it leased specialized containers intended to hold tomato paste (“**Totes**”) for Thomas Canning’s tomato processing business (“**Lease**”).

6. In the ordinary course as was known by Bodkin, the Lessee would use the Totes for its own business purposes, and also provide the Totes to customers of Thomas Canning that would then use the Totes to store tomato paste during the canning process. The empty Totes would subsequently be disassembled and stored by the Lessee.

7. With respect to Totes being used by Thomas Canning’s customers, once the tomato paste in the Totes was used up, the empty Totes would be returned to the Lessee. The Totes would then be inspected to ensure that no damage was done to the Totes while they were being used by a customer. The empty Totes would subsequently be disassembled and stored by the Lessee.

8. The Lessee would also obtain a deposit from customers using the Totes. If the Totes were damaged while in the possession of a customer of Thomas Canning, the customer would forfeit a portion or the full amount of the deposit. The deposit was used by the Lessee to make any repairs to the Totes as necessary to ensure that they were kept in good and working condition, as required under the terms of the Lease.

9. The Defendants deny that they have any personal responsibility under the Lease.

Appointment of Richter

10. On April 20, 2017, the Court ordered that Richter Advisory Group Inc. (“**Richter**”) be appointed as interim receiver of the assets, properties and undertakings of Thomas Canning and 692194 Ontario Limited (collectively, the “**Company**”) under section 47(1) of the *Bankruptcy and Insolvency Act* (“**Interim Receivership Order**”). The Interim Receivership Order resulted from the *ex parte* application of the Company’s senior secured lender, Bridging Finance Inc., as agent for Sprott Bridging Income Fund LP (“**Bridging**”).

11. Bridging and the Company entered into an accommodation agreement, dated April 29, 2017 (“**Accommodation Agreement**”), which required the appointment of Richter as Court-appointed monitor to supervise the Company’s business affairs and assets.

12. The Order of Justice Newbould dated May 1, 2017, among other things, appointed Richter as monitor (in such capacity, “**Monitor**”) under s. 101 of the *Courts of Justice Act* (“**Monitor Order**”) over the Company and the Company’s undertaking, property and assets.

13. Under the Monitor Order, the Monitor was empowered and authorized to:

- a) approve of all matters concerning the management and operation of the business;
- b) market the Company’s business and assets for sale in accordance with the terms of a refinancing, investment and/or sale process agreed to as between Bridging, the Company and the Monitor; and

- c) liaise with any affected person on all matters relating to the Company's property and assets, as the Monitor deemed appropriate.

14. As a result of the Monitor Order, the Monitor had total control and oversight of the Company, including the Company's employees, its business and day-to-day management of the Company, and the Company's assets, property, contracts and other undertakings.

15. On June 21, 2017, Richter was appointed receiver (in such capacity, "**Receiver**") over the Company under ss. 243(1) of the *Bankruptcy and Insolvency Act* and s. 101 of the *Courts of Justice Act* ("**Receivership Order**").

16. The Receivership Order provided the Receiver with the express authority to, among other things:

- a) take possession and exercise control over the Company's assets, undertakings and property, and all proceeds therefrom; and
- b) preserve and protect the Company's property, including by relocating the property to safeguard it and the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable.

17. As a result of the Monitor Order and the Receivership Order, the Company and the Defendants were divested of all control over the Company's assets and property, including with respect to the Totes.

Richter failed to approve payments to Bodkin

18. Following the appointment of Richter, the Company's cash flow was managed by Richter (initially in its capacity as Monitor, and subsequently in its capacity as Receiver).

19. Under the Accommodation Agreement and the Court's Orders, all of the Company's expenses and disbursements needed to be approved by Richter, who would make a recommendation to Bridging whether or not to fund a particular obligation. It was in Richter's full discretion which obligations it deemed critical to the restructuring, and what requests it made from Bridging. The Company had no control over its cash flow or any payments being made.

20. To the extent that Bodkin was not paid pursuant to the terms of the Lease before June 21, 2017, which is not admitted, but expressly denied, it was as a result of decisions made by Richter in its capacity as Monitor.

21. After June 21, 2017, the Company and the Defendants made several requests of Richter and Bridging to make the payments due under the Lease to Bodkin. However, Richter and Bridging ignored these requests and, in their sole discretion, failed to make payments to Bodkin in accordance with the Lease.

Richter failed to preserve and return the Equipment

22. At all relevant times, Thomas Canning met its obligations under the Lease, and has taken all reasonable measures to keep the Totes in perfect repair.

23. The Defendants did not have practical control over the business and assets of the Company since June 21, 2017, including the Totes.

24. Immediately after its appointed on June 21, 2017, the Receiver dismissed the Company's staff and part-time workers. As a result, the Company under the control of the Receiver no longer had the personnel available to inspect, disassemble and categorize the Company's paste containers and bins after they were returned from various customers, including the Totes.

25. The Defendants advised the Receiver of potential issues relating to the Totes, but the Receiver did nothing to address these issues.

26. Additionally, the Receiver prevented the Defendants from entering the premises and taking any steps to locate, preserve and organize the Totes.

27. The Defendants state that it is the Receiver who took possession and control of the Totes at the relevant time, and failed to preserve, protect or return the Totes to Bodkin. In particular, Richter did not do any of the following:

- a) Take a physical inventory of the Totes;
- b) Contact the Company's customers or take any other steps to locate and retrieve the Totes;
- c) Inspect the Totes on the premises to ensure that no damage had been sustained to the Totes while in the possession of a customer of the Company; and
- d) Disassemble and store the Totes in accordance with the Company's ordinary practice so as to ensure the Totes remained in workable condition.

28. Bodkin, with the assistance of the Receiver, removed the Totes from the Company's premises. The Defendants were prevented from being involved in the removal process. During the relevant times, there were/are no Totes located on any property owned by the Defendants.

29. The assets of the Company were sold by the Receiver pursuant to an asset purchase agreement dated June 15, 2017 between 2581180 Ontario Inc. ("**Purchaser**") and Richter, excluding the Totes and the Lease, which closed on or about July 7, 2017. The Totes were and continued to remain in the care and control of the Receiver after closing. The Purchaser has no right to use the Totes and the Receiver has advised that no agreement has been entered into the respect to their use.

30. The Defendants deny that there have been any breaches under the Lease for which they are responsible. The plaintiff has not suffered any losses or damages and is not at risk of suffering any future losses or damages, and the Defendants put the plaintiff to the strict proof thereof.

31. To the extent that there are any losses suffered by Bodkin under the Lease, which is not admitted, but expressly denied, the losses should be satisfied or mitigated by the deposits collected by Thomas Canning from its customers, which should be in the possession of the Receiver, and from the sale of the Totes.

32. The Defendants state that, if the plaintiff has suffered any damages, which is denied, those damages are the result of Richter's failure to properly deal with the Totes.

33. Furthermore, Bodkin has failed to mitigate any losses or damages it has suffered by not taking reasonable steps to prevent any alleged damage or loss to the Totes. Had Bodkin

diligently taken steps to collect all of the Totes under the Lease, it would not have suffered any losses or damages.

34. To the extent that Bodkin permitted the Receiver to use the Totes, the Receiver was responsible for paying the full amount due under the Lease. Bodkin failed to ensure that the Receiver paid what was owed to it under the Lease, despite the fact that no agreement to the contrary existed.

35. Despite having notice of the Company's receivership proceedings, Bodkin did not take any steps to appear in the receivership or otherwise advance its position in the receivership. Bodkin could have sued Thomas Canning, but has instead limited the recourse it could have, including to insurance proceeds payable in respect of Thomas Canning or the Receiver.

Demand Letter

36. The Lessees never received notice of the plaintiff's Demand on or about September 15, 2017 or at any point in time thereafter. The Defendants plead that notice is incomplete and defective under the Demand and, therefore, the plaintiff cannot enforce on its security relating to the Equipment.

Mortgage on Talbot Road Property

37. Robert is the registered owner of the lands and premises municipally known as 310 South Talbot Road, Leamington, Ontario ("**Property**").

38. On or about August 25, 2017, a charge in the amount of \$700,000 in favour of Julie Thomas was granted by Robert Thomas, and was registered on title to the Property (“**Mortgage**”).

39. Robert is not insolvent and was not insolvent as at the date of the Mortgage. The Mortgage was not granted at a time when Robert was aware of a possible debt owing to Bodkin. For the reasons set out above, Robert had no reason to believe that Bodkin would suffer losses under the Lease.

40. The granting of the Mortgage was not made with the intent to defeat, hinder, delay or defraud Bodkin, and does not amount to a fraudulent conveyance.

41. Bodkin has no interest or ownership right to the Property. There is no disputed interest in the Property as between the parties. Bodkin, therefore, has no basis for seeking a Certificate of Pending Litigation against the Property.

42. Similarly, as Bodkin has no proprietary or other interest with respect to the Property, the plaintiff’s claim for an injunction restraining Robert from encumbering the Property, or dealing with any funds received in connection with the Mortgage is improper and should be dismissed.

43. The Defendants request that this action should be dismissed with costs on a substantial indemnity basis.

February 6, 2018

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BODKIN CAPITAL CORPORATION

and

**WILLIAM M. THOMAS, also known as WILLIAM MICHAEL THOMAS,
and ROBERT D. THOMAS, also known as ROBERT DAVID THOMAS**

Plaintiff

Defendants

**ONTARIO
SUPERIOR COURT OF JUSTICE**
Proceeding commenced at **Milton**

STATEMENT OF DEFENCE

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APPENDIX “F”

THOMAS CANNING (MAIDSTONE) LIMITED AND 692194 ONTARIO LIMITED

September 18, 2017

Court File No. CV-17-11773-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

BRIDGING FINANCE INC., as agent for SPOTT BRIDGING INCOME FUND LP

Applicant

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED

Respondents

**APPLICATION UNDER subsections 47(1) and 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, as amended, and under section 101 of the
Courts of Justice Act, R.S.O. 1990, c. C.43, as amended**

**FIRST REPORT OF RICHTER ADVISORY GROUP INC.
IN ITS CAPACITY AS RECEIVER OF
THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED**

September 18, 2017

I. BACKGROUND

1. Pursuant to the Order of The Honourable Mr. Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated April 20, 2017 (the "**Interim Receivership Order**"), Richter Advisory Group Inc. ("**Richter**") was appointed as interim receiver (the "**Interim Receiver**") of all of the assets, properties and undertakings (collectively, the "**Property**") of Thomas Canning (Maidstone) Limited ("**TCL**") and 692194 Ontario Limited (together with TCL, the "**Company**") under section 47(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**").
2. The appointment of an interim receiver was sought, on an *ex parte* basis, by the Company's senior secured lender, Bridging Finance Inc. as agent for Sprott Bridging Income Fund LP ("**Bridging**" or the "**Lender**").
3. The Court set a comeback date of April 28, 2017 for the hearing of Bridging's application for the appointment of Richter as receiver of the Property under section 243(1) of the BIA and section 101 of the *Courts of Justice Act*, R.S.O. 1990 c. C.43, as amended (the "**CJA**").
4. The comeback hearing was subsequently adjourned to May 1, 2017 to afford the parties with additional time to negotiate an acceptable resolution.
5. Bridging and the Company entered into an accommodation agreement dated April 29, 2017 (the "**Accommodation Agreement**"), which, among other things, established a refinancing, investment and/or sale solicitation process (the "**RISP**"), and required the appointment of Richter as a Court-appointed monitor to supervise and assist the Company (but not to have control over the business or to have control over or take possession of the Property).
6. Pursuant to the Order of Justice Newbould dated May 1, 2017 (the "**Monitor Order**"), the Court, among other things:
 - (a) appointed Richter as monitor of the Company and the Property pursuant to section 101 of the CJA (the "**Monitor**");
 - (b) outlined the powers of the Monitor, which included but was not limited to, monitoring, making recommendations and approving all matters concerning the management and operation of the Company's business, and marketing the Company's business and/or Property under the RISP as set out in the Accommodation Agreement;

- (c) approved the Interim Receiver's report dated April 28, 2017 and the activities of the Interim Receiver described therein; and
 - (d) discharged the Interim Receiver from its duties, except for the performance of certain incidental duties, as required, as set out in the Interim Receivership Order.
7. As detailed in the Report of the Interim Receiver and the Monitor dated June 15, 2017 (the "**June 15 Report**"), the RISP had been completed and an offer from Mr. Santosh Mahal, on behalf of a company to be incorporated ("**Mahal**"), to purchase substantially all of the Company's Property, was selected as the winning bidder by the Monitor and Bridging.
8. To facilitate the completion of the sale transaction with 2581150 Ontario Inc., a company owned by Mahal (the "**Purchaser**"), as contemplated under the Mahal offer (the "**Sale Transaction**"), Bridging revived its receivership application returnable June 21, 2017 and requested that the Court grant orders:
- (a) appointing Richter as receiver of the Company and the Property pursuant to section 243(1) of the BIA and section 101 of the CJA (the "**Receiver**");
 - (b) authorizing and directing the Receiver to execute an asset purchase agreement dated June 15, 2017 (the "**APA**");
 - (c) approving the APA and authorizing and directing the Receiver to take all necessary steps to complete the Sale Transaction;
 - (d) vesting in the Purchaser the right, title and interest of the Company in and to the Purchased Assets (as defined in the APA), free and clear of all claims and encumbrances (other than permitted encumbrances under the APA); and
 - (e) authorizing and directing the Receiver, upon the closing of the Sale Transaction, to:
 - (i) repay the Interim Receiver's borrowings and associated interest charges;
 - (ii) pay the fees and disbursements of the Monitor and its counsel, Chaitons LLP ("**Chaitons**"), as approved by the Court; and
 - (iii) distribute the net sale proceeds (net of reasonable reserves as determined by the Receiver) to Bridging.

9. The Interim Receiver and the Monitor also brought a motion returnable June 21, 2017 seeking an order granting the following relief:
 - (a) approving the Interim Receiver's statement of receipts and disbursements for the period from April 20, 2017 to and including May 31, 2017 (the "IR R&D");
 - (b) approving the fees and disbursements of the Interim Receiver and its counsel, Chaitons;
 - (c) authorizing and directing the Interim Receiver to distribute the net proceeds outlined in the IR R&D, including any future net proceeds, if any are received, to the Lender;
 - (d) terminating the interim receivership proceedings, including termination of the Interim Receiver's Charge and the Interim Receiver's Borrowing Charge (as defined in the Interim Receivership Order), upon the repayment of the Interim Receiver's borrowings (including interest) by the Receiver following the closing of the Sale Transaction or any other sale, and the Interim Receiver filing a discharge certificate with the Court (the "IR Discharge Certificate");
 - (e) approving the fees and disbursements of the Monitor and its counsel, Chaitons, to completion of the proceeding; and
 - (f) in the event that the Receiver was appointed, discharging Richter as Monitor, which was to include the termination of the Monitor's Charge (as defined in the Monitor Order) following payment of the Monitor's fees and disbursements and upon the Monitor filing a discharge certificate with the Court (the "Monitor Discharge Certificate"). On the filing of the Monitor Discharge Certificate, Richter was to be released from any and all liability that Richter had or may have by reason of, or in any way arising out of, the acts or omissions of Richter while acting in its capacity as Monitor, save and except for any gross negligence or willful misconduct on the Monitor's part.
10. In response to the return of Bridging's receivership application and the motion brought by the Monitor, the Company served a responding motion record containing an affidavit of William Thomas sworn June 20, 2017 (the "Thomas Affidavit"). In the Thomas Affidavit, the Company requested that the Monitor's motion be adjourned until after the completion of the Sale Transaction.
11. The Company also requested that the fees and disbursements of its counsel, Blaney, McMurtry LLP, and amounts owed to suppliers that the Company alleged supplied goods and/or services to the Company during the Monitor's appointment, be paid out of the net proceeds from the Sale Transaction in priority to Bridging's interest in the sale proceeds.

12. The Sale Transaction was approved by the Court pursuant to the Approval and Vesting Order of The Honourable Madam Justice Conway dated June 21, 2017 (the "**Approval and Vesting Order**"), a copy of which is attached hereto as **Appendix "A"**. The Company did not oppose the approval of the Sale Transaction by the Court. Additionally, the Court granted the relief sought by the Interim Receiver in the Order dated June 21, 2017. The Interim Receiver completed the remaining incidental duties and was discharged upon filing the IR Discharge Certificate with the Court of July 31, 2017.
13. The Court appointed Richter as Receiver pursuant to the Order (Appointment of Receiver) of Justice Conway dated June 21, 2017 (the "**Receivership Order**"), a copy of which is attached hereto as **Appendix "B"**. As noted above, Bridging's application requested that the net proceeds from the Sale Transaction be distributed to Bridging. As a result of the issues raised by the Company and the Ontario Farm Marketing Commission (the "**Commission**"), the parties agreed to paragraph 24 of the Receivership Order, which provides that:

"THIS COURT ORDERS that the Receiver is hereby authorized, upon the closing of the sale transaction approved by the Court pursuant to the Approval and Vesting Order dated June 21, 2017, to: ...

(b) distribute the net sale proceeds to the Applicant, subject to a \$1,200,000 reserve, the entitlements and priority of claims to which reserve (including those claims set out in the Affidavit of William Thomas sworn June 20, 2017 and/or the Affidavit of James Clark sworn June 20, 2017) shall be subject to further Order of this Court."
14. With respect to the relief sought by the Monitor, as noted in Justice Conway's endorsement dated June 21, 2017, a copy of which is attached hereto as **Appendix "C"**, the Monitor's motion was adjourned to be scheduled at a 9:30 am chambers appointment on July 5, 2017.
15. On July 5, 2017, the parties appeared before Justice Conway in chambers, at which time the Court ordered that the Monitor's motion, and matters related to the entitlement of the \$1.2 million being held in reserve by the Receiver as agreed to by the parties (the "**Reserve**"), be scheduled for September 11, 2017. As a result of an administrative request received from the Court, the motions were subsequently scheduled to be heard on September 27, 2017.
16. On September 13, 2017, parties appeared in chambers before The Honourable Mr. Justice Hainey to discuss matters related to the motions scheduled to be heard on September 27, 2017. As a result of the attendance, and information requests made of the Receiver by the former principals of the Company, the Court issued an endorsement setting out litigation timetables for the hearing of the motions related to the Reserve, which was to proceed on September 27, 2017, and the Monitor's motion, which was re-scheduled

to be heard on October 17, 2017. The litigation timetable requires the Receiver to serve a report by September 18, 2017. A copy of the endorsement is attached hereto as **Appendix "D"**.

II. PURPOSE OF REPORT

17. The purpose of this report (the "**Report**") is to detail matters related to the appointment of the Receiver and the completion of the Sale Transaction.

III. QUALIFICATIONS

18. In preparing this Report, the Receiver has relied upon unaudited financial information, the Company's books and records, financial information prepared by the Company and discussions with management (collectively, the "**Information**"). The Receiver has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided, and in consideration of the nature of the evidence provided to this Court, in relation to the relief sought therein. The Receiver has not, however, audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Auditing Standards ("**GAAS**") pursuant to the Canadian Institute of Chartered Accountants Handbook and, as such, the Receiver expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information. An examination of the Company's financial forecasts in accordance with the *Canadian Institute of Chartered Accountants Handbook* has not been performed. Future-oriented financial information reported on or relied upon in this Report is based on management's assumptions regarding future events; actual results achieved may vary from forecast and such variations may be material.
19. Unless otherwise noted, all monetary amounts contained in this Report are expressed in Canadian dollars.

IV. RECEIVER'S ACTIVITIES SINCE ITS APPOINTMENT

20. This section details certain of the activities of the Receiver since its appointment on June 21, 2017. This section is not an exhaustive report on the Receiver's activities since its appointment, which the Receiver will provide in its next and expected final report to the Court.
21. Immediately upon issuance of the Receivership Order, the Receiver attended at the Company's premises in Maidstone, Ontario to take possession and secure the Company's assets, and books and records located therein.

22. At the time of the Receiver's appointment, the Company was in the midst of its seasonal slow period and as a result it had minimal employees, and was only dealing with equipment repair and maintenance activity and limited shipping operations.
23. Following its appointment, the Receiver's initial activities included:
- (a) informing the Company's employees, including workers employed by the Company through the Temporary Foreign Worker Program or the International Mobility Program, that their employment had been terminated pursuant to paragraph 13 of the Receivership Order;
 - (b) holding numerous discussions with the Company's foreign migrant workers and coordinating with the Jamaican Liaison Office and the Mexican migrant workers regarding their departure from the Company's premises and/or the country as required. As a result of the Receiver's efforts, all of the Mexican migrant workers were returned to Mexico and the Jamaican migrant workers were placed under the care of the Jamaican Liaison Office;
 - (c) informing the Canadian full time and part time employees that the Receiver and/or the Purchaser may communicate with them shortly to inquire about their interest in assisting the Receiver and/or the Purchaser should assistance be required;
 - (d) entering into consulting arrangements with certain former employees on a term and task basis to assist the Receiver in its administration, including human resource activities (final pay, records of employment and T4 documents), HST filings, and taking steps to arrange for the release of the Company's inventory that was located at a third-party warehouse;
 - (e) changing the locks and securing the premises;
 - (f) responding to demands from a party that was attempting to take possession of certain mobile units located at the Company's premises;
 - (g) corresponding with the Commission with respect to a hearing that was scheduled to take place with respect to the Company's marketing license;
 - (h) determining the amounts owed under the *Wage Earners Protection Program Act* and liaising with Service Canada on these amounts;

- (i) taking possession of the Company's books and records and, among other things, taking steps to complete administrative filings/mailings and HST returns that had been outstanding since June 2016, and to file corporate income tax returns;
- (j) repaying the Interim Receiver's borrowings and accumulated interest to Bridging;
- (k) corresponding with tote lessors; and
- (l) arranging for the continuation of all applicable utilities, insurance and security at the premises.

V. SALE TRANSACTION

- 24. As noted above, the APA was approved by the Court pursuant to the Approval and Vesting Order. A copy of the APA, as executed by the Receiver in accordance with the Approval and Vesting Order, is attached hereto as **Appendix "E"**.
- 25. Pursuant to the terms of the APA, the closing date for the Sale Transaction was to be June 21, 2017 or such later date as the parties may agree to in writing. As noted in the June 15 Report, it was the intent of the parties to close the Sale Transaction on June 21, 2017 or shortly thereafter.
- 26. As previously reported by the Monitor, a \$2.0 million deposit was received by the Monitor from Mahal in connection with the Sale Transaction.
- 27. Following its appointment, the Receiver worked closely with the Purchaser in an attempt to close the Sale Transaction as soon as possible. The Purchaser required additional time to complete its financing arrangements with its lender, which were particularly complex given that the Purchaser, as part of the APA, would be assuming the Company's indebtedness to Bridging, and such amount would not be conclusively determined until the completion of the receivership proceeding. The Receiver was supportive of this extension due to the level of communication with the Purchaser and its lender, the significant Deposit already received by the Receiver, the fact that the only other offer received during the RISP had been retracted by the offeror (a principal of the Company), and the minimal level of Company operations during this period.
- 28. As a result, the parties agreed to an extension of the closing date under the APA to July 7, 2017. The Sale Transaction was completed on that day. In connection with the closing, the Receiver received \$20.0 million from the Purchaser (\$18.0 million on closing and the \$2.0 million deposit), and the Purchaser entered into an assumption agreement with Bridging with respect to the Company's indebtedness that had been assumed by the Purchaser.

29. In accordance with the terms of the Receivership Order, the Receiver has distributed \$18.8 million of the net sale proceeds to Bridging and is maintaining funds for the Reserve in accordance with the Receivership Order.

VI. ADDITIONAL MATTERS

30. As noted above, the former principals of the Company have requested additional information from the Receiver, which they believe is relevant to the Monitor's motion scheduled for October 17, 2017. This section responds to the information requests.

Totes and Customers

31. Notwithstanding that the Sale Transaction was completed on July 7, 2017, the Receiver arranged with the Purchaser to have certain tomato produce storage units (known as "Totes") remain at the premises while the Receiver corresponded with Totes lessors regarding the return of empty totes that were situated at the premises and dealing with totes that were filled with tomato paste inventory that had been purchased by the Purchaser.
32. The Receiver understands that the majority of the empty Totes have been removed from the Purchaser's premises.
33. The Receiver issued letters to the Company's customers on or around July 12, 2017, notifying them of the Receiver's appointment, the Sale Transaction, and contact information for the Receiver. Since its appointment, the Receiver has collected cash receipts from the outstanding accounts receivables that were deposited to the Company's bank accounts or mailed to the Company. The Receiver has remitted these proceeds to the Purchaser in accordance with the APA.

Status of the Business

34. The Receiver has been informed by the Purchaser that it has been unable to recommence the Company's operations since the completion of the Sale Transaction for a number of reasons, including the state of the premises as at closing, the administrative and regulatory steps required of the Canadian Food Inspection Agency (the "CFIA") and the Commission, which have been more difficult than expected given the state of the business as at the time of closing and the outstanding charges laid by the CFIA against the Company and Mr. William Thomas under the *Food and Drugs Act*, the *Canada Agricultural Products Act*, the *Consumer Packaging and Liability Act*, and the fact that a dispute arose with the remaining supplier of tomato crops, 959699 Ontario Inc. o/a DeNijs Organic Farms ("DeNijs").

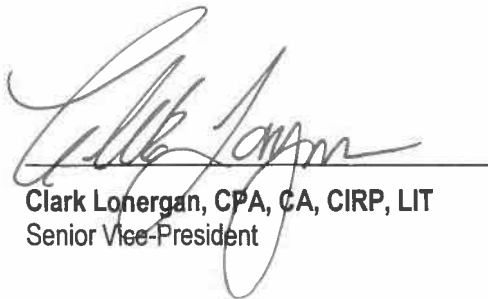
35. Given the knowledge that Richter had acquired in its capacities as the Interim Receiver, Monitor and Receiver, at the request of the Purchaser, Richter has assisted the Purchaser in a setting up the process and procedures for full inventory count as required by the CFIA.

Escrow Arrangement

36. As previously reported to the Court in the June 15 Report, the Company entered into an agreement with DeNijs in May 2017 for DeNijs to grow tomato seedlings to be processed by the Company. In connection with the agreement and the requirements imposed by the Commission, the parties entered into an escrow agreement with the Lender dated May 19, 2017, wherein \$472,500 was deposited with Aird & Berlis LLP as escrow agent (the "**Escrow Agent**").
37. Based on the correspondence exchanged by the parties, the Receiver understands that the parties are in dispute as to the state of the tomato crops and whether DeNijs was able to deliver the crops in accordance with the agreement. The Escrow Agent has indicated that, due to the conflict between the parties, it will not release the funds until the parties resolve the conflict.
38. The Receiver was recently informed, through its counsel, that DeNijs intends to commence an action for the release of the escrow funds.

All of which is respectfully submitted on the 18th day of September, 2017.

**Richter Advisory Group Inc.
as Receiver of Thomas Canning (Maidstone) Limited and 692194 Ontario Limited
and not in its personal capacity**



Clark Lonergan, CPA, CA, CIRP, LIT
Senior Vice-President

APPENDIX “G”

Questions for Richter Advisory Group Inc. in its capacity as Monitor and Receiver of Thomas Canning (Maidstone) Limited and 692194 Ontario Limited

The following constitute our questions arising out of our review of the Report of Richter Advisory Group Inc. in its capacities as Interim Receiver and Monitor ("**Monitor**") of Thomas Canning (Maidstone) Limited ("**Thomas Canning**") and 692194 Ontario Limited ("**692 Ontario**") ("**Monitor's Report**") and the First Report of Richter Advisory Group Inc. in its capacity as Receiver ("**Receiver**") of Thomas Canning and 692 Ontario ("**Receiver's Report**").

The questions are presented in the order in which the corresponding reference appears and not in order of importance. These questions are relevant to the conduct of the Monitor and Receiver in recommending and completing the sale of the business, which sale resulted in the recovery of all debt owing to Bridging Finance Inc., as agent for Sprott Bridging Income Fund LP ("**Bridging**"), along with the apparent total destruction of the business enterprise and no benefit to any other party. These questions are asked to assist us in making submissions to the Court to allow the court to determine if the conduct of the Monitor should be approved on October 17th.

We reserve the right to ask more questions if and when a further report by the Receiver is produced.

Questions re: Monitor's Report

- Paragraph 45 – Please explain how the debt owing to Bridging was reduced by \$2,000,000 as shown in the two charts which appear at paragraphs 44 and 45.
- Paragraph 47 - Please produce the security opinion.
- Paragraphs 85/86 - To the extent it is not in the confidential appendices, please provide the names of the various parties described in paragraphs 85 and 86. Please advise if the Monitor advised Bridging of the names of any or all of these interested parties. If so, when and how?
- Paragraph 89 – Is it not true that the Mahal bid required due diligence as a condition? See paragraph 12 of the form of offer. Why was this not highlighted to the Court? Did this due diligence condition impact the ability of the Receiver to close the sale?
- Paragraph 92 - Did Bridging ask the Monitor to change the deposit terms? Please produce correspondence between Bridging and the Monitor or their counsel related to same.
- Paragraph 93 – please describe the improved financial terms between the two Mahal offers.
- Paragraph 95 - Please produce correspondence referred to in paragraph 95.
- Paragraph 96 – please produce the wire transfer.
- Paragraph 104 – given the Monitor's comment in this paragraph, why did the Monitor/receiver allow the business to cease on June 21st when there was no firm transaction? How did that protect the interest of the various stakeholders?
- Paragraph 105 – to which "stakeholders" is the Monitor referring in this paragraph? Have those stakeholders in fact benefitted? How did the Monitor support this statement in making its report on or before June 15th?
- Paragraph 106 – is it not true that Bridging was obliged to continue to make advances until the end of the forbearance period under the Accommodation Agreement? Why did the Monitor not challenge Bridging's position that it would no longer fund? Why did the Monitor allow this to impact the sale process?

- Paragraph 107- why did the Monitor “believe it [the Purchaser] has sufficient resources to close”? It appears to be a single purpose brand new company. Did the Monitor ask for firm supporting documentation of financial ability to close from the Purchaser as it did from the other bidder? Did Bridging ask the Monitor to do so? What was the response provided by the Purchaser and how was it satisfactory to the Monitor?
- Paragraph 107 - Why did the Monitor believe the sale would preserve the company’s operations?
- Did the Monitor ever discuss with Bridging if they were willing to accept the assumption of their debt by this single purpose company? If so, please produce all relevant correspondence related to same, if not, on what basis did the Monitor proceed?
- Paragraph 119 – what provisions did the Monitor make to address the “operational, financial and transitional items”? Was it the failure of these provisions which prevented the deal from closing promptly? Did these provisions fail?
- Please produce all the confidential appendices to the Monitor’s Report.
- Did Bridging at any time disclose its relationship to the Purchaser to the Monitor? Did Bridging at any point in time disclose to the Monitor that it was funding the purchaser through Skymark Finance? If so, when?
- Did the monitor ask Bridging if it had any relationship to the Purchaser? If so when and what was response?
- Please advise why the Monitor did not advise the court of the relationship between Bridging and the purchaser.
- Please advise why the Monitor’s report does not advise the court that the Monitor was advised by Bill Thomas that the purchaser was in fact acting as Bridging’s intermediary.
- Please advise why the Monitor’s report does not advise the court that the purchaser had previously approached the company, on the instructions of Bridging, to attempt to enter into a business deal to purchase the inventory of the company, which was rejected by the company.
- To the Monitor’s knowledge, is the purchaser a client or customer of Bridging?
- Was the Monitor aware that Bridging was not to be a qualified bidder in the RISP?
- How did the Monitor reconcile the fact that Bridging was indirectly bidding for the business with the fact that Bridging was precluded from being a qualified bidder in the sale process and why did the Monitor not include this in its report?
- Is the effect of the APA that Bridging’s outstanding debt is preserved to be paid out of another entity while all other stakeholders of the company receive nothing?
- Assuming Bridging funded the purchase of the business through an intermediary, which funds were then disbursed back to Bridging (immediately) how is that distinct from a credit bid?
- Was it Bridging or the Monitor who suggested that the revised Bob Thomas offer should include an assumption of debt? Did the Monitor advise Bob Thomas that the Mahal offer contained such a provision? If so, when?

- Did the Monitor ever tell Bob Thomas that the other offer (the Mahal Offer) was also a going concern offer?
- In the Monitor's professional opinion, was it reasonable for Bob Thomas to assume, from information from the Monitor advising that both his bid and the Mahal bid were both going concern offers, and the Mahal offer was for greater consideration, that his bid would not be the winning bid in this process?
- Please advise whether or not the Monitor was ever advised by the purchaser that the purpose of their bid was to find a means to effectively liquidate the inventory for the benefit of Bridging?
- The Monitor invited Thomas Canning to attend a meeting on May 9th to hear updates on the sale process. Representatives of Thomas Canning did not attend. Presumably Bridging did. Please advise how many such meetings attended by Bridging or their counsel, formal or otherwise, took place until a winning bid was chosen?
- Is it fair to say that Bridging was aware of all material developments in the bidding process and was provided with all information it required from the Monitor related to same?
- At any of these meetings did the Monitor advise Bridging of its requirement to keep the information confidential? If so, what was Bridging's response. Please produce any correspondence related to this and confirming that Bridging was to abide by this obligation.
- Please advise what steps the Monitor took to ensure that Bridging was not disclosing confidential information to the purchaser.
- Did the Monitor disclose the offers received on May 26 to Bridging? Please advise and produce any related correspondence between the Monitor, Bridging and or their counsel and or the proposed purchasers and or their counsel.
- Did the Monitor disclose the offers and related correspondence between May 30th and June 2nd to Bridging? Please advise and produce and related correspondence as above.
- The Monitor repeatedly asked the company whether or not they were intending to bid in the RISP. Did the Monitor ever ask Bridging the same question? If so, please advise when, and as to their answer. If the question was posed in writing, please provide that correspondence.
- Please confirm that it was the Monitor's position that no sales process updates were provided to Bill and Bob Thomas unless they agreed not to bid. Please advise why the Monitor continued to pursue this issue and what concern it was attempting to address.
- Please confirm that in fact no such updates were ever provided to the Company or Bill Thomas until after the bids were submitted.
- why did the Monitor not use the assistance of the company in negotiating the transition of the sale with the purchaser and attending to the wind down of operations? In retrospect, would that assistance have been useful in connection with the various post closing issues which have arisen?
- Other than signing the NDA, did the Monitor have any other contact with the purchaser prior to May 26th? I am advised the company did not.
- Why did the Monitor attend court on June 21 to approve a deal which was not signed and not fully negotiated and was still subject to due diligence and financing conditions? Why did the Monitor not adjourn the hearing pending execution of a binding deal? Did not the RISP allow for the Monitor to reject all offers?

- Was the Monitor being pressured by Bridging to proceed with the Mahal offer?
- Did the monitor ask the purchaser as to his intention with the business? If not, why not. If yes, what was the response? Please provide all relevant correspondence.
- The Monitor reported to the Court that the sale was to preserve the business. Please advise what investigations the Monitor made to prove this was likely to be true and whether, in retrospect, it now feels that it failed to ask the appropriate all the necessary questions.
- Does the Monitor know that the purchaser has now offered the equipment located at the plant (valued at over \$5,000,000) to our client at no cost, provided they pay to remove it? Did the purchaser ever advise the Monitor that it did not really want the equipment?
- What value was given to those equipment assets in the purchase price allocation in the APA?
- Is the Monitor aware that the purchaser has offered to the Thomas's to farm the land for free (but he unfortunately did so too late and by that time all the harvestable crops were destroyed)? Did the purchaser ever indicate to the Monitor that it had no interest in or ability to farm the land?
- Is the Monitor aware that the purchaser is advising people that it now intends to use the business as nothing more than a warehouse which he intends to construct on the premises? In the Monitor's business judgment, is it reasonable for someone to pay \$22,000,000 for a warehouse located nowhere near their business?
- Please provide all correspondence between the purchaser and or its counsel and the Monitor related the transaction or the post-closing issues.
- Please provide the emails which Mr. Dunn is referring to in his letter reproduced in your motion record. Please provide the Monitor's response to Mr. Dunn's letter.

Affidavit of Clark Lonergan, sworn June 14, 2017 (Exhibit G to the Monitor's Report)

- Please produce the fees affidavit for the remainder of the Monitor's fees and activities after June 11th
- Exhibit F to the Clark Lonergan affidavit:

Invoice 20402017

- 05/05/21017 – what is meant by the entry “Waste water disposal review” and what steps did the Monitor take during its term to address this issue and to ensure the purchaser or receiver would address it?
- 05/09/2017 – who attended the “lender meeting and update” and what was discussed? What “strategic options” were reviewed? Whose costs were reviewed in the “costs review” and what was decided?
- 05/11/2017 – please provide/describe the “seedling update” referred to in this entry? Did it relate to Rol-Land farms?
- 05/21/2017 – which “stakeholders” were provided with the update? Please provide a copy of this update.
- 06/08/2017 – what instructions did lender's counsel provide as to the “desired outcome of the court hearing”? Was it usual for the Lender to provide instructions to the Monitor of this sort?
- 06/09/2017 – please produce the “estimated security position.” If it differs from the information otherwise produced in response to earlier questions.
- 06/09/2017 – please produce the Lease analysis.

Invoice 20402016

- 05/17/2017 – please provide summary of sale process
- 05/19/2017 – who are the “stakeholders” referred to herein? Who attended the discussion? Please provide any correspondence related thereto or documents shared at the meeting unless already provided in response to our questions above
- 05/24/2017 – who are the entities listed? Are any of them the ultimate purchaser? Which “stakeholders” were advised?
- 05/26/2017 – which stakeholders were advised? Did Bridging advise at that time of its relationship with the purchaser? Did the Monitor ask at that time if there was such a relationship?
- 05/27/2017 – who are the “stakeholders”? Was information about the Thomas bid provided to Bridging?
- 05/30/2017 – what was discussed with counsel to the Lender?
- 05/31/2017 – please produce the updated offer analysis.
- 06/01/2017 – why was the Monitor conducting an inventory analysis prior to selection of a winning bidder? How was it required? Who requested it? There does not appear to be a

working capital adjustment in the offer which would necessitate such a count be conducted.

- 06/08/2017 – please produce the updated offer summary.
- 06/08/2017 – who attended the “site visit”. was it the purchasers first such visit?
- 06/08/2017 – who attended the “site visit”? What observations, if any, did the purchaser make to the Monitor, if any? Did it appear to the Monitor that the purchaser knew the business? Did the Monitor hear comments from the purchaser which indicated to the Monitor that the purchaser understood what it had purchased?

Affidavit of George Benchetrit, sworn June 15, 2017 (Exhibit H to Monitor’s Report)

- May 9, 2017 – who attended that meeting and what was discussed? Please provide any notes from that meeting or documents provided unless otherwise provided above
- May 25, 2017 – what “matters” were discussed with the lender and what, if anything, was provided or decided?
- June 5, 2017 – what was discussed with Lender counsel? What was the position of the Lender related to the two pending offers?
- June 6, 2017 – please provide correspondence referred to in this entry.

Receiver's Report

- Paragraph 7 – explain how the winning bidder was determined or selected by Bridging?
- Paragraph 8 – please produce a fully executed version of the APA.
- Paragraph 8 – how did the Monitor determine the corporate purchaser was owned by Mahal? Is Mahal the only owner of that corporation?
- Paragraph 18 – what discussions with Management did the Receiver have to which it is referring in this paragraph? All management was discharged on June 21.
- Paragraph 21 – what did the Receiver do to take possession and preserve the value pending closing? In the Receiver's view, were these efforts successful?
- Paragraph 23 – were the mobile homes of the migrant workers repossessed on June 21 or 22, rendering them homeless?
- Paragraph 23 – did Bridging require that all employees be fired? Did the purchaser? If not, why was it in the interest of the business (which had not yet been sold) to terminate all employees so abruptly?
- Paragraph 23(k) – please produce the correspondence with the tote lessors referred to herein.
- Paragraph 24 – please advise as to the differences, if any, between the two offers submitted by Mahal and the ultimate APA signed by the purchaser. When was it actually executed by the purchaser and the Receiver? (the copy in the report is unsigned and undated)
- Paragraph 27 – given that the purchaser was not able to close the transaction as required under the offer by June 21, why did the Receiver not just seize the deposit and remarket the business? The deposit was more than sufficient to operate for the balance of the growing season.
- Paragraph 27 - Why did the Monitor's Report not advise the court that the financing of the APA was conditional, complex and uncertain? Was this unknown to the Monitor on June 15th? The Monitor reported to the court at paragraph 102 in its report that "the parties intend to close the transaction on June 21, or shortly thereafter."
- Paragraph 27 - who is the Receiver referring to as the "lender" for the purchaser in paragraph 27? Is it not Bridging?
- Paragraph 28 – Please produce the assumption agreement. When did Bridging advise the assumption of debt was acceptable to them? Did they require any changes to the document? If so, please produce the earlier drafts.
- Paragraph 28/29 – Please produce the cheque or wire transfer delivered on closing. What was its source? When was it paid, net of the reserve, to Bridging? Please provide that wire transfer or bank draft etc. evidencing the payment and evidence of who cashed that cheque or received that wire.
- Paragraph 31 – What discussions did the Monitor or Receiver have with the purchaser about these totes? Why were they not necessary? Did the fact that the purchaser did not want them give the Receiver/Monitor reason to doubt their intent?
- Please provide whatever agreement was entered into with each of the lessors with respect to these totes and their use by the purchaser at closing. Why was there no positive adjustment in the transaction for the use of the totes?

- Please provide evidence of the consent of the lessors and Bill and Bob Thomas to the use of their leased property by the Purchaser.
- Paragraph 33- on what basis under the APA are those funds collected not funds of the receivership? Why are they payable to the purchaser?
- Paragraph 34 – why were these reasons not reasonably foreseeable by the Monitor at the time of its report to court? In light of these reasons, why did the Receiver not simply seize the deposit and continue operations until a genuine sale could be found?
- Paragraph 34 - Given that the business had been under observation of Richter since April 20th, why is it reasonable to say that the “state of the business” was a valid unknown that caused an unexpected outcome?
- Paragraph 35 - what assistance is Richter offering? Is there an agreement? If so, please produce same. How is Richter being paid? Are any of these expenses being charged to the receivership?
- Paragraph 36 – why does the purchaser continue to advise parties that the transaction has not closed and that all his money remains with his lawyer pending certain adjustments and inventory counts?
- Paragraph 37 – why was the vesting order registered on title to all the land only showing a purchase price of \$3,050,000 for the land? Is that all that was actually paid by purchaser? Did the Monitor or receiver make any inquiries in this regard?
- Please confirm how many totes were used in the operation of the business and where they were located at the time of the hand-off from the Monitor.
- Please explain how, in the Receiver's opinion, the business could possibly be continued without the use of the totes by the purchaser?
- Please advise what steps the Receiver took to ensure the safety of the totes during the period after June 21st.
- In the Receiver's view, were the totes in the same condition as at June 21 as they were as at August 30th?
- What was the rationale provided by the Purchaser to the Monitor as to why it was prepared to accept the open ended commitment added as paragraph 7 to the vesting order? Please provide any correspondence from the Monitor or Receiver to the purchaser and any correspondence in reply accepting this change.
- Who prepared the asset purchase agreement which appears at appendix “E”? Is it the receiver's form or the purchaser's? We note the version provided is version 5. Please provide the previous 4 versions so that we can see the changes required by the purchaser and all related correspondence.
- Why did the Receiver not extract a concession or some benefit from the fact that the purchaser failed to close by June 21 as required in the APA? It would appear from section 2.3 that the deposit should have been forfeit.
- Did the Receiver contact Bob Thomas and/or his counsel to see if he would revive his offer when the closing date was missed. If not, why not?
- Please produce the allocation of purchase price as per section 2.5 of the agreement. Please produce all documents delivered on closing not otherwise already provided under any previous questions.

- Please provide a copy of the signed and delivered Receiver's certificate
- Does Richter have a pre-existing business relationship with the purchaser?
- What steps did the Receiver or Monitor take to ensure that the purchaser had the necessary licences to operate the business?
- What steps did the Receiver/Monitor take to ensure that the purchaser had the necessary engineering certification to operate the business?
- What steps did the Receiver/Monitor take to ensure the purchaser would attend to all environmental requirements of the company?
- Please advise as to the conditions of the farming fields on the property prior to June 21st. How would you describe the condition of those fields today?
- As the Receiver is aware, those fields need to be maintained to a certain standard and managed in order to ensure there is no runoff of fertilizer and other harmful chemical by products. Please confirm what steps the receiver took to ensure that these fields would continue to meet reasonable environmental standards.

APPENDIX “H”

9:30 A.M.

137

COUNSEL SLIP

COURT FILE NO CV-17-11773-00CL DATE SEPT 28, 2017

NO ON LIST 9A

TITLE OF PROCEEDING BRIDGING FINANCE INC.
✓ THOMAS CANNING et al.

COUNSEL FOR: _____ PHONE & FAX NOS _____
PLAINTIFF(S)
APPLICANT(S)
PETITIONER(S)

COUNSEL FOR: _____ PHONE & FAX NOS _____
DEFENDANT(S) L David Ullmann for Thomas Canning
RESPONDENT(S) 416 596-4237 4239
416 593-4237 (F)

28 Sept 17

D. Ullmann

Mr Ullmann attends today seeking an ex parte motion date for Oct 2/17 claiming the Monitor has failed to copy to the timetable of Justice Heine. He advises that yesterday ^{Mr (late last night)} he asked other counsel to attend today & they refused.

I am not prepared to schedule the motion, but I will schedule a 9:30 spot on Oct 2/17. Mr Ullmann to follow advise the other parties. If there are problems with the date they can contact

The Commercial Office -
 Issues relating to the timetable
 will be dealt with at the
 11:30 meeting. I am not
 prepared to make any ruling
 today.

McEnt

APPENDIX “I”

**THOMAS CANNING (MAIDSTONE) LIMITED AND
692194 ONTARIO LIMITED**

December 21, 2017

Court File No. CV-17-11773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

BRIDGING FINANCE INC., as agent for SPOTT BRIDGING INCOME FUND LP

Applicant

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED

Respondents

APPLICATION UNDER subsections 47(1) and 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, as amended, and under section 101 of the
Courts of Justice Act, R.S.O. 1990, c. C.43, as amended

FIFTH REPORT OF RICHTER ADVISORY GROUP INC.
IN ITS CAPACITY AS RECEIVER OF
THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED

December 21, 2017

APPENDICES

- APPENDIX "A" POSTPONEMENT AND ASSIGNMENT OF CLAIM
- APPENDIX "B" INTERIM RECEIVERSHIP ORDER DATED APRIL 20, 2017
- APPENDIX "C" ENDORSEMENT OF THE HONOURABLE MR. JUSTICE NEWBOULD DATED APRIL 20, 2017
- APPENDIX "D" FIRST REPORT OF THE INTERIM RECEIVER DATED APRIL 28, 2017 (w/o APPENDICES)
- APPENDIX "E" ACCOMMODATION AGREEMENT DATED APRIL 29, 2017
- APPENDIX "F" MONITOR ORDER DATED MAY 1, 2017
- APPENDIX "G" REPORT OF THE MONITOR DATED JUNE 15, 2017 (w/o APPENDICES)
- APPENDIX "H" NOTICE OF RETURN OF APPLICATION AND MOTION DATED JUNE 15, 2017
- APPENDIX "I" ASSET PURCHASE AGREEMENT DATED AS OF JUNE 15, 2017
- APPENDIX "J" MONITOR'S NOTICE OF MOTION DATED JUNE 15, 2017
- APPENDIX "K" AFFIDAVIT OF WILLIAM THOMAS SWORN JUNE 20, 2017 (w/o EXHIBITS)
- APPENDIX "L" RECEIVERSHIP ORDER DATED JUNE 21, 2017
- APPENDIX "M" APPROVAL AND VESTING ORDER DATED JUNE 21, 2017
- APPENDIX "N" ENDORSEMENT OF THE HONOURABLE MADAM JUSTICE CONWAY DATED JUNE 21, 2017
- APPENDIX "O" ENDORSEMENT OF THE HONOURABLE MADAM JUSTICE CONWAY DATED JULY 5, 2017
- APPENDIX "P" LETTER FROM CHAITONS LLP DATED AUGUST 25, 2017
- APPENDIX "Q" E-MAIL FROM BLANEY MCMURTRY LLP DATED AUGUST 31, 2017
- APPENDIX "R" ENDORSEMENT OF THE HONOURABLE MR. JUSTICE HAINEY DATED SEPTEMBER 13, 2017
- APPENDIX "S" FIRST REPORT OF THE RECEIVER DATED SEPTEMBER 18, 2017 (w/o APPENDICES)
- APPENDIX "T" QUESTIONS RECEIVED FROM BILL AND BOB THOMAS
- APPENDIX "U" LETTER FROM CHAITONS LLP DATED SEPTEMBER 27, 2017
- APPENDIX "V" E-MAIL FROM BLANEY MCMURTRY LLP DATED SEPTEMBER 28, 2017
- APPENDIX "W" ENDORSEMENT OF THE HONOURABLE MR. JUSTICE MCEWEN DATED SEPTEMBER 28, 2017

I. PURPOSE OF REPORT

1. The purpose of this fifth report of Richter Advisory Group Inc. ("**Richter**") in its capacity as Receiver (as defined below) of the Respondents is to provide this Court with information with respect to the Receiver's motion for advice and direction returnable on January 11, 2018 with respect to the questions posed of the Monitor (as defined below) and the Receiver by Messrs. William and Robert Thomas (collectively, the "**Thomases**").

II. FACTUAL BACKGROUND

Background

2. The Respondents are companies incorporated under the laws of the Province of Ontario. The Receiver understands that the Respondent, Thomas Canning (Maidstone) Limited ("**TCL**"), is a wholly owned subsidiary of the other Respondent, 692194 Ontario Limited ("**692**"), and that 692 is wholly owned by members of the Thomas family and related entities.
3. The Applicant provided certain credit facilities to TCL, as borrower, pursuant to a letter credit agreement dated July 3, 2015, as amended. 692 provided an unlimited guarantee of TCL's indebtedness to the Applicant. The Thomases, along with their cousin John Thomas, each provided a limited guarantee of TCL's indebtedness to the Applicant.
4. On April 5, 2017, the Applicant issued a demand for repayment to the Borrower.
5. The Thomases claim that they are secured creditors of TCL. On April 18, 2017, each of the Thomases, along with their mother, Julie Thomas, and John Thomas, registered financing statements against all of TCL's personal property under the *Personal Property Security Act* (Ontario).
6. The Receiver has received no documentation in support of the Thomases alleged secured claims against TCL.
7. In connection with the financing provided by the Applicant to TCL and the guarantees granted in favour of the Applicant, the Thomases, along with John Thomas, granted a postponement and assignment of claim in favour of the Applicant, which was acknowledged and signed by TCL (the "**Postponement Agreement**"), a copy of which is attached hereto and marked as **Appendix "A"**.
8. Pursuant to the Postponement Agreement, all debts and liabilities, both present and future, of TCL to the Thomases and John Thomas, were deferred and postponed to the debts, liabilities and advances, both

present and future, of TCL to the Applicant. The Thomases and John Thomas agreed that, until all obligations of TCL to the Applicant had been paid in full:

- (a) no payment would be made or received on account of any liabilities of TCL to them;
- (b) the Applicant was permitted to claim and prove any or all liabilities of TCL to them in any bankruptcy or insolvency proceeding of TCL; and
- (c) all the liabilities of TCL to them were assigned and transferred to the Applicant.

Appointment of Interim Receiver

- 9. On April 20, 2017, the Applicant brought an *ex parte* application for the appointment of Richter as interim receiver of the Respondents under section 47(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "BIA") and requested a return date for the hearing of its application for the appointment of Richter as receiver under section 243(1) of the BIA and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43 (the "CJA").
- 10. On April 20, 2017, Richter was appointed as interim receiver (the "Interim Receiver") pursuant to an order of The Honourable Mr. Justice Newbould, a copy of which is attached hereto and marked as **Appendix "B"**.
- 11. The Applicant's application for the appointment of Richter as receiver was made returnable on April 28, 2017, as noted in the endorsement of Justice Newbould dated April 20, 2017, a copy of which is attached hereto and marked as **Appendix "C"**.
- 12. In connection with the return of the Applicant's receivership application, the Interim Receiver filed its report to the Court dated April 28, 2017, a copy of which, without appendices, is attached hereto and marked as **Appendix "D"**.

Accommodation Agreement

- 13. Following negotiations between the parties, an accommodation agreement dated April 29, 2017 was entered into by the Applicant, the Respondents, the Thomases and John Thomas (the "**Accommodation Agreement**"), a copy of which is attached hereto and marked as **Appendix "E"**.
- 14. Pursuant to the Accommodation Agreement, the parties agreed that Richter would be appointed by the Court as monitor to market the Respondents' business and property in accordance with the terms of a refinancing, investment and/or sale process (the "**RISP**").

15. Pursuant to section 7.1 of the Accommodation Agreement, the Respondents, the Thomases and John Thomas released, among others, the Interim Receiver and Richter in its personal capacity, of any and all claims in any way directly or indirectly arising out of or in any way connected to the Accommodation Agreement and the Monitor Order (as defined below), other than as a result of the Interim Receiver and the Monitor's gross negligence or willful misconduct.

Appointment of the Monitor

16. On May 1, 2017, Richter was appointed as monitor (the "**Monitor**") of all of the assets, properties and undertakings of the Respondents under section 101 of the CJA pursuant to an order of Justice Newbould dated May 1, 2017 (the "**Monitor Order**"). A copy of the Monitor Order is attached hereto and marked as **Appendix "F"**.
17. Pursuant to the Monitor Order, the Court authorized the Monitor to market the Respondents' business and property in accordance with the RISP agreed to by the Respondents and the Applicant.
18. As detailed in the report of the Monitor dated June 15, 2017 (the "**Monitor's Report**"), two offers were received during the RISP, one from Robert Thomas on behalf of a company to be incorporated, and the other offer was from Santosh Mahal on behalf of a company to be incorporated (the "**Purchaser**"). The RISP was completed by June 2, 2017 and the Purchaser's offer to purchase substantially all of the Respondents' assets had been selected by the Monitor, subject to Court approval (the "**Purchaser's Offer**"). A copy of the Monitor's Report, without appendices, is attached hereto and marked as **Appendix "G"**.
19. On June 15, 2017, the Applicant sought to have its receivership application returnable on June 21, 2017 and brought a motion returnable that same day for approval of the transaction contemplated by the Purchaser's Offer (the "**Sale Transaction**"). A copy of the Applicant's notice of return of application and motion dated June 15, 2017 is attached hereto and marked as **Appendix "H"**. A copy of the asset purchase agreement dated June 15, 2017 (the "**APA**") is attached hereto and marked as **Appendix "I"**.
20. On June 15, 2017, the Monitor served a notice of motion returnable June 21, 2017 seeking, among other things, an order approving its conduct and activities and discharging it as Monitor upon the completion of its duties. A copy of the Monitor's notice of motion dated June 15, 2017 is attached hereto and marked as **Appendix "J"**.
21. On June 20, 2017, counsel to the Monitor received confirmation from counsel to Robert Thomas that his offer had been withdrawn. The Monitor returned Mr. Thomas' deposit to him shortly thereafter.

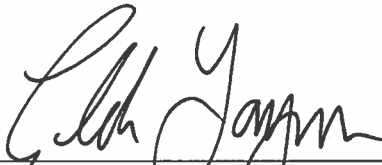
22. On June 20, 2017, the Respondents served the Affidavit of William Thomas sworn June 20, 2017 (the "**Thomas Affidavit**") wherein they sought, among other things, an adjournment of the Monitor's motion. A copy of the Thomas Affidavit, without exhibits, is attached hereto and marked as **Appendix "K"**.
23. On June 21, 2017, on consent of the Respondents, the Court:
 - (a) appointed Richter as receiver of the Respondents pursuant to section 243 of the BIA and section 101 of the CJA (the "**Receiver**") pursuant to an order of The Honourable Madam Justice Conway dated June 21, 2017, a copy of which is attached hereto and marked as **Appendix "L"**;
 - (b) approved the Sale Transaction pursuant to an Approval and Vesting Order dated June 21, 2017 (the "**Approval and Vesting Order**"), a copy of which is attached hereto and marked as **Appendix "M"**; and
 - (c) adjourned the Monitor's motion for approval of the Monitor's Report, its activities and fees to be scheduled at a 9:30 am chambers appointment to be held on July 5, 2017, as set out in The Honourable Madam Justice Conway's endorsement dated June 21, 2017, a copy of which is attached hereto and marked as **Appendix "N"**.
24. On July 5, 2017, the parties appeared in chambers and, as a result of that attendance, the Monitor's motion was scheduled to be heard on September 11, 2017. As a result of an administrative request received from the Court, the motion was subsequently scheduled to be heard on September 27, 2017. A copy of The Honourable Madam Justice Conway's endorsement dated July 5, 2017, is attached hereto and marked as **Appendix "O"**.
25. The Sale Transaction with the purchaser closed on July 7, 2017. In accordance with the terms of the APA, the Receiver received \$20.0 million from the Purchaser (a \$2.0 million deposit and \$18.0 million on closing), and the Respondents' indebtedness to the Applicant as at the time of the completion of all insolvency proceedings to the Respondents was to be assigned to the Purchaser.
26. Between July 5, 2017 and August 25, 2017, the Thomases did not deliver any responding materials or pose any questions to the Monitor with respect to the Monitor's Report.
27. On August 25, 2017, counsel to the Monitor wrote to counsel to the Thomases and requested that the Thomases confirm whether they still intended to oppose the Monitor's motion. A copy of the letter is attached hereto and marked as **Appendix "P"**. Counsel to the Thomases provided its response to the

- letter by way of email sent on September 1, 2017, a copy of which is attached hereto and marked as **Appendix "Q"**.
28. Following the exchange of additional correspondence, on September 8, 2017, the Monitor scheduled a chambers appearance for September 13, 2017 to impose deadlines on the parties for delivery of responding materials in connection with the Monitor's motion.
29. On September 13, 2017, the parties appeared in chambers before The Honourable Mr. Justice Hainey to discuss matters related to the motions scheduled to be heard on September 27, 2017. As set out in Justice Hainey's endorsement, a copy of which is attached hereto and marked as **Appendix "R"**, the parties agreed to re-schedule the Monitor's motion to October 17, 2017 and that, among other things:
- (a) the Receiver was to issue a report, which the Receiver did with its report dated September 18, 2017 (the "**First Report**"), a copy of which, without appendices, is attached hereto and marked as **Appendix "S"**;
 - (b) by September 22, 2017, the Thomases would submit a list of questions for the Monitor to answer in connection with the Monitor's Report and the First Report; and
 - (c) by September 27, 2017, the Monitor would provide a response to the questions.
30. On September 22, 2017, the Thomases delivered the questions (the "**Questions**"). A copy of the Questions is attached hereto and marked as **Appendix "T"**.
31. On September 27, 2017, the Monitor's counsel wrote to counsel to the Thomases indicating that it appeared that most, if not all, of the Questions were related to the sale process completed by the Monitor leading up to the Sale Transaction, which had been approved by the Court pursuant to the Approval and Vesting Order. The Monitor's counsel stated that direction from the Court was needed with respect to the Questions, and that it would be contacting the Commercial List Office to confirm available hearing dates and would coordinate scheduling with counsel to the Thomases. A copy of the letter is attached hereto and marked as **Appendix "U"**.
32. In response to the letter, counsel for the Thomases sent an email at 12:58 am on September 28, 2017 and indicated that he intended to appear in chambers before the Court that same day. Counsel to the Thomases appeared before the Court *ex parte* on September 28, 2017. A copy of counsel's e-mail is attached hereto and marked as **Appendix "V"**. A copy of The Honourable Mr. Justice McEwen's endorsement dated September 28, 2017 is attached hereto and marked as **Appendix "W"**.

33. On September 28, 2017, the Monitor served its notice of motion for advice and directions with respect to the Questions. The motion is returnable on January 11, 2018. The Monitor's approval and discharge motion, which has been outstanding since June 21, 2017, is still to be re-scheduled.
34. The Monitor is of the view that the Questions appear to be an attempt by the Thomases to collaterally attack the Approval and Vesting Order.
35. The Monitor anticipates that it will require up to 75 hours or more of professional time to answer all of the Questions.
36. Under these circumstances, the advice and direction of the Court are needed to determine whether any of the Questions should be answered by the Monitor, and, to the extent certain of the Questions are to be answered, direction as to which party shall bear the professional costs related to answering the Questions.

All of which is respectfully submitted on the 21st day of December, 2017.

**Richter Advisory Group Inc.
As Receiver of Thomas Canning (Maidstone) Limited and 692194 Ontario Limited
and not in its personal capacity**



Clark Lonergan, CPA, CA, CIRP, LIT
Senior Vice-President

APPENDIX “J”

BRIDGING FINANCE INC.,
Applicant
159 as agent for SPROTT BRIDGING INCOME FUND LP

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and
692194 ONTARIO LIMITED
Respondents

Court File No. CV-17-11773-00CL

Jan 11/18

10 Jan 18
order to go on consent
as per attached agreement
of counsel as per Mr Rappos
Jan 10/18 email to me, as
initialled.
McEnt

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

MOTION RECORD OF THE RECEIVER
(re motion for advice and direction)
(returnable January 11, 2018)

CHAITONS LLP
5000 Yonge Street, 10th floor
Toronto, Ontario M2N 7E9

Sam Rappos (LSUC # 51399S)
Tel: (416) 218-1137
Fax: (416) 218-1187
Email: samr@chaitons.com

Lawyers for Richter Advisory Group Inc.,
Court-appointed Receiver



Sam P. Rappos

From: Sam P. Rappos
Sent: Wednesday, January 10, 2018 11:49 AM
To: 'ThomasJohn.McEwen@scj-csj.ca'
Cc: 'Toronto.Commercialist@jus.gov.on.ca'; David T. Ullmann; Alexandra Teodorescu; 'Sam Babe'
Subject: Bridging Finance Inc. v. Thomas Canning (Maidstone) Limited et al, Court File No. CV-17-11773-00CL
Importance: High
Categories: Queued DM, Recipient Copy

Good morning Your Honour,

We understand from Alsou that you are no longer available tomorrow to hear the motion with respect to the above-noted matter. Serendipitously, we were in the process of writing to you to inform you that it was no longer necessary for tomorrow's motion to proceed, as the parties had agreed to the terms of the following endorsement:

"Richter Advisory Group Inc., in its capacities as Court-appointed Monitor and Receiver, the Respondents, and William and Robert Thomas (collectively, the "Thomases"), have agreed that the Receiver's motion for advice and directions with respect to whether the Monitor and/or the Receiver are required to answer the 114 questions posed by the Thomases and/or the Respondents and listed in the document received from counsel on September 22, 2017 and attached as Appendix "T" to the Fifth Report of the Receiver dated December 21, 2017, is hereby withdrawn without costs. The 114 questions have been withdrawn by the Thomases and/or the Respondents and are not required to be answered by the Monitor or the Receiver.

The Monitor and the Receiver have agreed to provide answers to the 11 questions posed by the Thomases and/or the Respondents in the letter from counsel dated December 29, 2017 that is attached as Exhibit "A" to the Affidavit of Ariyana Botejue sworn January 4, 2018, and to produce the documents requested therein, and any other documents that may be referred to in the answers to be provided by the Monitor/Receiver. The Monitor and the Receiver shall provide answers to the 11 questions in writing and produce the aforementioned documents by no later than January 19, 2018. The parties shall appear before me in chambers at 9:30 am on January 29, 2018 to finalize a timetable for the hearing of the motions to discharge the Monitor and the Receiver."

We ask that the Court issue an endorsement to this effect, which will result no attendance being necessary before the Court tomorrow.

Thank you.

Respectfully yours,
Sam Rappos

Sam P. Rappos
Lawyer

Direct Tel: 416.218.1137
Direct Fax: 416.218.1837
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APPENDIX “K”

January 19, 2018

DELIVERED BY EMAIL

Blaney McMurtry LLP
2 Queen Street East, Suite 1500
Toronto, Ontario M5C 3G5

Attention: David T. Ullmann and Alexandra Teodorescu

Subject: Thomas Canning (Maidstone) Limited ("TCL") and 692194 Ontario Limited (collectively, the "Company")

Dear Mr. Ullmann and Ms. Teodorescu:

As you know, as memorialized in the Endorsement of Justice McEwen dated January 10, 2018, Richter Advisory Group Inc. ("**Richter**"), in its capacities as Monitor and Receiver (each as defined herein), has agreed to provide responses to the eleven (11) questions (the "**Questions**") you posed in your letter dated December 29, 2017. This letter and the documents appended hereto constitute the responses of the Monitor and the Receiver to the Questions.ⁱ A response to each of the Questions is set out below. To provide a context for the responses, we provide the following summary of materials facts:

SUMMARY

Background

On April 20, 2017, Bridging Finance Inc., as agent for Sprott Bridging Income Fund LP ("**Bridging**"), commenced an *ex parte* application seeking the appointment of Richter as interim receiver of the property, assets and undertakings of the Company (the "**Property**"). Richter was appointed as interim receiver of the Property ("**Interim Receiver**") pursuant to the Order of The Honourable Mr. Justice Newbould dated April 20, 2017. Bridging also commenced an application seeking the appointment of Richter as receiver of the Property, which was originally scheduled to be heard on April 28, 2017.

On April 29, 2017, Bridging, the Company, and the principals of the Company (the "**Principals**") entered into an Accommodation Agreement (the "**Accommodation Agreement**"). Pursuant to the terms of the Accommodation Agreement, the parties agreed that Richter was to be appointed by the Court as monitor of the Company to, among other things, carry out a refinancing, investment and/or sale process detailed in the Accommodation Agreement (the "**RISP**").

On May 1, 2017, pursuant to the Order of Justice Newbould (the "**Monitor Order**"), Richter was appointed as monitor of the Company (the "**Monitor**") under section 101 of the *Courts of Justice Act* (Ontario) and discharged as Interim Receiver. The Monitor Order provides that the Monitor was to market the Company's business and assets in accordance with the terms of the RISP as agreed to in the Accommodation Agreement.



On June 15, 2017, Bridging served a notice of the return of its application for the appointment of Richter, which was scheduled for June 21, 2017. Bridging's application included a request that the receiver be authorized by the Court to complete a sale transaction with the successful bidder chosen following completion of the RISP.

On June 15, 2017, the Monitor served its report to the Court (the "**Monitor's Report**"). In the Monitor's Report, the Monitor detailed the results of the RISP, which was that two offers were received: (i) an offer from Mr. Santosh Mahal, on behalf of a company to be incorporated (the "**Mahal Offer**"); and (ii) an offer from Mr. Robert Thomas, on behalf of a company to be incorporated (the "**Thomas Offer**"). Mr. Thomas is one of the Principals of the Company. The Thomas Offer was subsequently withdrawn on June 20, 2017.

On June 21, 2017, Bridging's receivership application proceeded on consent of the Company, and Richter was appointed as receiver (the "**Receiver**") of the Property of the Company pursuant to the Order of Justice Conway (the "**Receivership Order**").

Also on June 21, 2017, the Court issued an Order (the "**Approval and Vesting Order**"), on consent of the Company, approving the sale of substantially all of the Company's business and assets (the "**Sale Transaction**") to 2581150 Ontario Inc., a company owned by Mr. Mahal (the "**Purchaser**").

On July 7, 2017, the Receiver delivered its certificate to the Purchaser in accordance with the Approval and Vesting Order and the Sale Transaction was completed.

Business Operations

As you know, TCL operated a tomato canning business in Essex County, Ontario. TCL produced a variety of canned tomato products from conventional and organic tomato feedstock. The feedstock was secured by contracts entered into by TCL first with third party greenhouses, and then with conventional farms later in the production cycle.

The peak period for TCL's operations was the processing and packaging season, which generally extended from August, when the harvested feedstock would be received from the farmers, to October, by which time the vast majority of the canning process would have been completed. TCL would typically employ up to sixty (60) seasonal workers during this period, most of whom were foreign migrant workers.

The period of time commencing on the date of the appointment of the Interim Receiver on April 20, 2017, up to and including the date of the appointment of the Receiver on June 21, 2017 (the "**Pre-Filing Period**"), occurred during the low period of the Company's operations. During this period of time, TCL had a work force of twenty-two (22) employees, made up of six (6) Canadian full-time and two (2) part-time employees (excluding the Principals) seven (7) migrant workers from Jamaica, and seven (7) migrant workers from Mexico.

There was minimal ongoing business activity during the Pre-Filing Period, which was consistent with the typical cycle of operations for TCL. The activity consisted primarily of labeling/shipping orders, performing repairs/maintenance on the Company's furniture, fixtures and equipment, and collecting accounts receivable. There were approximately 125 invoices issued for shipments during the Pre-Filing Period totaling approximately \$1.0 million. The Receiver understands that this level of shipping was well below that of previous years for the same time period. As of June 21, 2017, the accounts receivable balance was \$3.2 million, of which \$2.2 million was for accounts receivable aged greater than ninety (90) days.



TCL held a license through the federal plant processing registration with the Canadian Food Inspection Agency (“CFIA”), processor number CFIA #691 (the “CFIA License”). Additionally, it held a procurement/processing license with the Ontario Farm Products Marketing Commission (the “Commission”), being license no. 1944-18 (the “Tomato License”). Both licenses were non-transferable. The CFIA License was subject to several CFIA work-stop orders. The Tomato License had other significant issues related to the Company’s past performance.

Question 1: What actions did the Monitor/Receiver take to preserve the business of Thomas Canning up to and including the close of the sale in case the deal could not close?

Response:

Pursuant to the Monitor Order and the Accommodation Agreement, the Company remained in control and possession of its business and assets during the period starting on May 1, 2017 (the date of the Monitor’s appointment) up to and including June 20, 2017 (the day prior to the Receiver’s appointment).

As noted above, the Receiver was appointed on June 21, 2017 and the Sale Transaction closed on July 7, 2017. As explained above, there were minimal business operations for the Receiver to maintain and preserve up to the closing of the Sale Transaction. The Receiver attended at the premises on a regular basis and engaged security services during its absence to ensure the security and preservation of the inventory and other Property of the Company. The steps taken by the Receiver from June 21, 2017 to July 7, 2017 included the following:

- Taking possession of and securing the Property.
- Freezing the Company’s bank accounts and opening new accounts in the name of the Receiver.
- The employment of the Company’s former employees was terminated by the Receivership Order. The Receiver coordinated with the Jamaican Liaison Office for the departure of the Jamaican migrant workers from the Company’s premises, and coordinated with Canag Travel Services for the return of the Mexican migrant workers to Mexico. The Receiver also entered into consulting arrangements with certain former employees on a term and task basis to assist the Receiver in its administration of the receivership proceeding. Such tasks included transferring the Company’s inventory from the third party warehouse to its premises, collecting accounts receivable, categorizing TCL’s inventory of Totes (as defined below), human resource compliance activities (outstanding wage/vacation pay, record of employment, T4, etc.), and other statutory requirements.
- Arranging for continuation of all applicable utilities, insurance and certain tote leases.
- Undertaking a review of the Company’s inventory, equipment and other assets.
- Corresponding with the CFIA with respect to issues related to non-compliance, for which the CFIA License was subsequently revoked by the CFIA.
- Corresponding with the Commission related to issues with the Tomato License.
- Working with the Purchaser to coordinate correspondence to TCL’s customers.



Question 2: How did the Monitor satisfy itself that the chosen purchaser had the financial wherewithal and necessary skills and expertise to close the sale of the business and property?

Response:

With respect to the financial wherewithal of the Purchaser, as further detailed in the Monitor's Report, the Mahal Offer was the highest offer received during the RISP, it included a significant \$2.0 million non-refundable deposit (the "**Deposit**"), and the Sale Transaction was not conditional on financing. The Monitor and the Receiver were satisfied that, in the event that the Purchaser defaulted on its obligation to complete the Sale Transaction, the Deposit was non-refundable and would have provided sufficient funds to cover the costs associated with the RISP, the costs of the Interim Receiver and Monitor proceedings, and would have likely provided sufficient funds for the Receiver to re-open the RISP if it was necessary to do so. Additionally, as noted below, the Monitor and the Receiver had been informed by Bridging that it would indirectly be providing the financing to the Purchaser to complete the Sale Transaction.

With respect to skills and expertise of the Purchaser, it was known to the Monitor and Receiver that Mr. Mahal, the principal of the Purchaser, had an existing food production business, operating as Golden Miles Foods ("**Golden Miles**"). The Monitor was informed by the Purchaser that it already had existing relationships with some of the Company's major retail customers. Golden Miles was a customer of the Company. We note that it was not a term or condition of the Sale Transaction that the Purchaser continue to operate the Company's business following the closing of the sale.

Question 3: How did the Monitor satisfy itself that the Purchaser intended to operate the business as a going concern post-closing?

Response:

The Monitor was informed by the Purchaser in various conversations that it was purchasing the Company's business and assets with the intent to vertically integrate the Company's business with Mr. Mahal's other companies including Golden Miles. During the RISP, Mr. Mahal visited the site to review assets and equipment, requested to meet with certain employees and the Principals. The Monitor understands that Mr. Mahal and the Principals had several conversations, including an off-site meeting, regarding the business. Mr. Mahal was also very interested in the status of the equipment and the repair and maintenance that would be required to get the Company's production facility up and running following closing. The Purchaser also agreed, as part of the Sale Transaction, to assume the grower contract with 959699 Ontario Inc. o/a Denis Organic Farms for the 50 acres of organic tomatoes for 2017 production.

Additionally, we again note that it was not a term or condition of the Sale Transaction that the Purchaser continue to operate the Company's business following the closing of the sale.



Question 4: At any point did the Monitor/Receiver become aware that the purchaser was affiliated with Bridging and/or that in effect Bridging was bidding for the business? If so, when did the Monitor/Receiver become aware?

Response:

As previously noted, Golden Miles was a customer of the Company, and Richter had been informed by Bridging, either during its appointment as Interim Receiver or early during in its appointment as Monitor, that Bridging had introduced Mr. Mahal to the Company prior to the appointment of the Interim Receiver.

As provided for under the Accommodation Agreement and the RISP, the Company and Bridging were to provide names of potentially interested parties to the Monitor, so that the Monitor could send out a teaser letter to such parties. Bridging requested that Mr. Mahal be included in the list of parties that were to receive the teaser letter (Bridging provided a list of eighteen parties, inclusive of Mr. Mahal), which was shared with the Principals.

The Principals also informed the Monitor that Mr. Mahal/Golden Miles was introduced to them by Bridging in an attempt to help increase TCL's revenue. When Mr. Mahal attended the site visit during the RISP, the relationship was once again highlighted.

The Monitor was informed by Bridging during the RISP that it intended to provide financing, either directly or indirectly, to the Purchaser in the event that the Mahal Offer was approved by the Court.

Question 5: Assuming the Monitor was aware of the above affiliation, why did the Monitor or Receiver not consider it necessary to highlight this fact for the Court in any of its reports?

Response:

The Monitor did not specifically highlight the intention of Bridging to provide financing with respect to the Sale Transaction in the Monitor's Report, as it was of the view that this was not relevant to the results of the RISP and the Monitor's recommendation to the Court with respect thereto. Additionally, the Monitor was informed by Bridging that it was providing financing to Skymark Finance Corporation ("**Skymark**"), a third party financier, who in turn would be financing the Purchaser's completion of the Sale Transaction. The Monitor received the Deposit from Skymark. The \$18.0 million paid to the Receiver on closing was received from Bridging on the direction of Skymark. The Monitor and the Receiver have no knowledge of the details of the financing between Bridging and Skymark.

As noted above, the Court authorized the Monitor to market the Company's business and assets in accordance with the RISP and the Accommodation Agreement. The Monitor completed the RISP, which resulted in two offers being received, the Mahal Offer and the Thomas Offer. As detailed in the Monitor Report, the financial terms of the Mahal Offer were superior to the financial terms of the Thomas Offer (i.e. an inadequate deposit was provided and no evidence was provided to support the financial ability of the Principals to close a sale), which was eventually withdrawn. The Accommodation Agreement required the Monitor to consult with Bridging with respect to the offers, and could only accept an offer with the consent of Bridging. Additionally, the Accommodation Agreement provided that Bridging had reserved its right to make a credit bid with respect to the Company's business and assets, and did not prohibit Bridging from agreeing to provide financing to the successful bidder.

Additionally, the Sale Transaction was not conditional on financing, and the Purchaser was contractually obligated to proceed with the Sale Transaction even if Bridging decided not to provide the financing to the Purchaser.



Question 6: What steps did the Monitor/Receiver take, if any, to isolate Bridging from the sale process?

Response:

Pursuant to the Monitor Order, the Monitor was authorized by the Court to carry on the RISP as detailed in the Accommodation Agreement. The Accommodation Agreement required the Monitor to consult with Bridging with respect to the offers received during the RISP, and obtain the consent of Bridging prior to accepting an offer. The Accommodation Agreement provided that the Monitor would not consult with the Principals with respect to the offers received during the RISP in the event the Principals submitted an offer.

Question 7: How did the Monitor ensure that Bridging was not providing confidential RISP information to the Purchaser (or any purchaser), especially, without limitation, at meetings held prior to the deadline for submitting offers and in the period between the submission of the initial offers being submitted and the final offer being chosen? As you are aware, the Thomases were excluded from those meetings in order to protect against these kinds of disclosures and had no such information during the bidding process.

Response:

The Accommodation Agreement specifically provides that the Principals were to be excluded from receiving information with respect to the offers if they made a bid during the RISP. There were no such provisions with respect to Bridging in the event that it provided financing to a bidder. As well, all parties that were reviewing the Company's business and assets during the RISP were required to sign a confidentiality agreement prior to obtaining access to the dataroom, which Mr. Mahal did. The Monitor and the Receiver are not aware of any confidential information that was provided to Mr. Mahal/Purchaser that they were not entitled to have access to.

As noted above, as the Monitor could only select a winning bidder with the consent of Bridging, and Bridging was to be involved in the analysis of the received offers, it was not open to, and would be contrary to the explicit provisions of the Accommodation Agreement, for the Monitor to have not discussed the offers with Bridging.

Lastly, the actual timing of when the offers were received by the Monitor renders this question moot. As outlined below, Bridging was never in possession of an offer from Mr. Thomas prior to Mr. Mahal submitting an offer to the Monitor.

- The Monitor received the first offer (non-binding) from Mr. Mahal at 11:34 am on May 26, 2017 and the first offer from Mr. Robert Thomas was received at 4:20 pm on May 26, 2017.
- The Monitor received the final and chosen offer from Mr. Mahal at 11:25 am on May 30, 2017 and the final offer from Mr. Thomas was received at 3:46 pm on May 30, 2017 which was further revised as a final offer at 4:49 pm on June 6, 2017 and was subsequently withdrawn on June 20, 2017.

Question 8: Please provide the following productions requested in our September 22 questions: the executed final form of agreement of purchase and sale, the filed and signed monitor's/receiver's certificate, all closing documents including proof of payment from the transaction (including, without limitation, the assumption of debt agreement with Bridging), the agreement entered into with totes lessors by the Receiver and/or the purchaser allowing the use of the



totes by the purchaser, all correspondence with the purchaser and its counsel and/or the purchaser's lender, and the confidential appendices attached to the Monitor's Report, dated June 15, 2017.

Response:

A copy of the executed agreement of purchase and sale is attached hereto as **Appendix "A"**.

A copy of the Receiver's executed certificate is attached hereto as **Appendix "B"**.

Copies of documents that show receipt of payment of the Deposit and the remaining \$18.0 million of the purchase price are collectively attached hereto as **Appendix "C"**.

A copy of the assumption of debt agreement between the Purchaser and Bridging is attached hereto as **Appendix "D"**.

The Receiver never entered into agreements with the tote lessors, other than for certain reimbursement of costs related to the moving and categorizing of the lessors empty totes.

As you can expect, the Monitor, the Receiver and its counsel exchanged numerous correspondence with Mr. Mahal and the Purchaser during the RISP and prior to completion of the Sale Transaction. Please let us know what specifically you are looking for.

Copies of the Confidential Appendices to the Report are collectively attached hereto as **Appendix "E"**.

Question 9: What steps did the Receiver take to protect the totes from damage post-closing and to retrieve the totes from the various offsite locations?

Response:

As you know, the Company had entered into a number of leases with certain lessors with respect to serial numbered containers (the "Totes") that were used by TCL for the sale and transportation of its tomato paste product of Totes to customers. The Totes were to be returned by the customers.

TCL did not have a comprehensive listing of the Totes that tracked them by location or by status (i.e. full or empty of inventory). TCL also did not record or track which customers received specific Totes or which Totes were returned by customers. TCL was unable to provide this information when requested to identify which customers were in possession of unaccounted for Totes.

The Receiver understands many of the Totes had been stored in the unsecured outdoor yard ever since they were received from the third party processor in 2015, due to lack of space inside TCL's warehouse. Additionally, empty Totes that had been returned by customers remained in the outdoor yard and were not counted, sorted or tracked by TCL in any manner. Also, the components of various Totes were co-mingled when received and stored by TCL.

The Monitor requested that TCL and its employees organize, sort and account for the Totes on site by lessor during their downtime to address the issue of the Totes in an organized and cost efficient manner. The employees were routinely interrupted and directed away from the task by the Principals, which resulted in the majority of the sorting of the Totes having to be completed following the appointment of the Receiver.



Following its appointment, the Receiver took steps to contact the respective lessors to assist them in organizing, reviewing and returning their empty Totes. The Receiver contracted a former employee of the Company, who was familiar with the Totes and their handling, for the sorting and organizing of the empty Totes for the purpose of returning them to the lessors or doing with them as directed by the lessors. This same former employee was responsible for the pre-filing sorting of Totes as well.

The Receiver reviewed the Company's records in an attempt to identify which potential empty Totes were located at various customer sites, but was unable to find any records that tracked, by serial number or general quantities, the Totes sold to and/or returned from customers.

The costs associated with dealing with the Totes were significant given TCL's state of operations. The Receiver tried to minimize and recover costs from the lessors where possible.

Question 10: What steps did the Receiver take to address the possible environmental issues related to the cessation of the business between June 21 and closing? What steps, if any, did the Receiver take to ensure the purchaser would address those issues post-closing?

Response:

The Receiver is unaware of any environmental issues related to the cessation of TCL's business. We note that paragraph 15 of the Receivership Order addresses environmental matters in the receivership proceeding.

The Sale Transaction was completed on an "as is, where is" basis. There was no obligation on the Receiver to address any issues with the Purchaser following the completion of the Sale Transaction.

Question 11: Please advise as to any business arrangement entered into between the Receiver, the Monitor or Richter and the purchaser and/or Bridging and/or the purchaser's lender, and produce such agreements, if any.

Response:

Richter was engaged by the Purchaser on or about August 28, 2017, to plan, supervise and implement a full count of the purchased inventory and assist with items that may be requested by the CFIA. A copy of this engagement letter is hereto attached as **Appendix "F"**.

Yours very truly,

**RICHTER ADVISORY GROUP INC.
IN ITS CAPACITY AS COURT APPOINTED RECEIVER OF THOMAS CANNING (MAIDSTONE) LIMITED AND 692194
ONTARIO LIMITED AND NOT IN ITS PERSONAL CAPACITY**



ⁱ In preparing this letter, Richter has relied upon unaudited financial information, the Company's books and records, financial information prepared by the Company and discussions with management (collectively, the "**Information**"). Richter has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided, and in consideration of the nature of the evidence provided to this Court, in relation to the relief sought therein. Richter has not, however, audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Auditing Standards ("**GAAS**") pursuant to the Canadian Institute of Chartered Accountants Handbook and, as such, Richter expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information. Unless otherwise noted, all monetary amounts contained in this letter are expressed in Canadian dollars ("**CAD**"). Any translation of US dollars to CAD has been converted at an F(x) rate of \$1.3 CDN:\$1 USD.

APPENDIX A

ASSET PURCHASE AGREEMENT

THIS AGREEMENT is made as of the 15th day of June, 2017,

B E T W E E N:

RICHTER ADVISORY GROUP INC., solely in its capacity as Court-appointed receiver of the property, assets and undertakings of THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED and not in its personal capacity and without personal or corporate liability

(hereinafter referred to as the “**Vendor**”)

- and –

2581150 ONTARIO INC.

(hereinafter referred to as the “**Purchaser**”)

RECITALS

- A. Pursuant to the Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated May 1, 2017 (the “**Monitor Order**”), Richter Advisory Group Inc. (“**Richter**”) was appointed as monitor (the “**Monitor**”) of the property, assets and undertakings (collectively, the “**Property**”) of Thomas Canning (Maidstone) Limited (“**TCL**”) and 692194 Ontario Limited (“**692**” and together with TCL, the “**Company**”).
- B. Pursuant to paragraph 9(b) of the Monitor Order, the Court authorized the Monitor to market the Property in accordance with the terms of a refinancing, investment and/or sale process, provided that any resulting sale of the Property acquired for or used in relation to the Company’s business would be subject to prior approval of the Court on a motion brought by, among others, Bridging Finance Inc. as agent for Sprott Bridging Income Fund LP (“**Bridging**”).
- C. Bridging is scheduled to bring an application returnable on June 21, 2017 for the appointment of Richter as Court-appointed receiver of the Company and the Property (the

“**Receiver**”), and, if appointed, will be requesting that the Court authorize the Receiver to execute this Agreement as Vendor.

- D. Subject to the granting of the Approval and Vesting Order and the Appointment Order (each as defined below), the Vendor has agreed to sell to the Purchaser, and the Purchaser has agreed to purchase from the Vendor, the right, title and interest of the Company in and to the Purchased Assets (as defined below) in accordance with the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the promises and mutual covenants and agreements contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, the following terms shall have the meanings set out below unless the context requires otherwise:

“**692**” has the meaning ascribed thereto in the recitals hereto.

“**Access Period**” has the meaning ascribed to it in Section 6.1.

“**Accounts Receivable**” means all accounts receivable, bills receivable, trade accounts, book debts, HST refunds and insurance claims Related to the Business, including recoverable deposits, including any unpaid interest on such items and any security or collateral for such items, including without limitation those listed in Schedule 1.1.

“**Agreement**” means this Agreement, including the Schedules to this Agreement, as it or they may be amended or supplemented from time to time, and the expressions “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions refer to this Agreement and not to any particular Section or other portion of this Agreement.

“**Applicable Law**” means, with respect to any Person, property, transaction, event or other matter, any Law relating or applicable to such Person, property, transaction, event or other matter. Applicable Law also includes, where appropriate, any interpretation of the Law (or any part) by any Person having jurisdiction over it, or charged with its administration or interpretation.

“**Appointment Order**” has the meaning ascribed thereto in the recitals hereto.

“**Approval and Vesting Order**” means an order, in form and substance acceptable to the Purchaser and the Vendor, acting reasonably, made by the Court approving the Transaction and this Agreement and vesting in the Purchaser, upon delivery of the Receiver’s Certificate by the

Vendor to the Purchaser, all the right, title and interest of the Company in the Purchased Assets free and clear of all Liens (except the Permitted Liens).

“**Assumed Liabilities**” has the meaning ascribed to it in Section 2.7.

“**Books and Records**” means all books, records, files and papers Related to the Business or the Purchased Assets including, but not limited to, drawings, manuals and data related to equipment, computer hardware and software and phone systems, computer system passwords, combinations and keys to locks and other safety and storage systems, sales and purchases correspondence, trade association files, lists of present and former customers and suppliers, security and alarm system records, personnel, employment and other records, and all copies and recordings of the foregoing.

“**Bridging**” has the meaning ascribed thereto in the recitals hereto.

“**Bridging Indebtedness**” means any and all amounts owing by the Company to Bridging as at the date of the discharge of the Receiver, inclusive of principal, interest, escrow amounts, fees, and costs which amount shall be net of and take into account all amounts owed by the Company that were paid in priority to the amounts owed by the Company to Bridging, including without limitation and any and all amounts pursuant to any indemnity provided by Bridging, amounts secured by the Interim Receiver’s Borrowings Charge, the Interim Receiver’s Charge, the Monitor’s Charge, the Receiver’s Borrowings Charge, the Receiver’s Charge, statutory deemed trust amounts, amounts payable under the *Bankruptcy and Insolvency Act* (Canada), and all fees, costs and expenses incurred by the Receiver, including Taxes, in any way related to the sale transaction contemplated herein, or in connection with operating and administrating the receivership proceeding and any and all previous or subsequent proceedings, including without limitation any costs incurred with respect to any appeals of all applicable court orders.

“**Business**” means the businesses carried on by the Company which primarily involved the wholesale production of a variety of organic and conventional tomato products including pastes, sauces, canned tomatoes, and juices.

“**Business Day**” means any day except Saturday, Sunday or any day on which banks are generally not open for business in the City of Toronto.

“**Canadian Dollars**” means the lawful currency of Canada.

“**Closing**” means the completion of the purchase and sale of the Purchased Assets in accordance with the provisions of this Agreement.

“**Closing Date**” means June 21, 2017 or such other date as may be agreed to by the Parties in writing.

“**Closing Time**” means the time of closing on the Closing Date provided for in Section 4.1.

“**Company**” has the meaning ascribed thereto in the recitals hereto.

"Contracts" means the rights and interests of the Company to and in the executory contracts, agreements, leases, and arrangements listed in Schedule 1.2.

"Court" has the meaning ascribed thereto in the recitals hereto.

"Deposit" has the meaning given in Section 2.3.

"Environmental Law" means any and all applicable international, federal, provincial, state, municipal or local laws, by-laws, statutes, regulations, treaties, orders, judgments, decrees, ordinances, official directives and all authorizations relating to the environment, occupational health and safety, health protection or any Hazardous Materials.

"Ereg" has the meaning given in Section 2.10.

"Excluded Assets" means the property, assets and undertakings of the Company listed on Schedule 1.3.

"Goodwill" means the goodwill Related to the Business, including all right, title and interest of the Company in, to and in respect of all elements which contribute to the goodwill Related to the Business, including goodwill represented by customer and supplier lists and the logos of the Company.

"Governmental Entities" means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law or regulation-making organizations or entities: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory, state or other geographic or political subdivision thereof; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power and "Governmental Entity" means any one of them.

"Hazardous Materials" means any contaminants, pollutants, substances or materials that, when released to the natural environment, could cause, at some immediate or future time, harm or degradation to the natural environment or risk to human health, whether or not such contaminants, pollutants, substances or materials are or shall become prohibited, controlled or regulated by any Government Entity and any "contaminants", "dangerous substances", "hazardous materials", "hazardous substances", "hazardous wastes", "industrial wastes", "liquid wastes", "pollutants" and "toxic substances", all as defined in, referred to or contemplated in federal, provincial and/or municipal legislation, regulations, orders and/or ordinances relating to environmental, health and/or safety matters and, not to limit the generality of the foregoing, includes asbestos, urea formaldehyde foam insulation and mono- or poly-chlorinated biphenyl wastes.

"HST" means the harmonized sales tax imposed under Part IV of the *Excise Tax Act* (Canada).

"Intellectual Property" means all rights to and interests in:

- (a) all business and trade names, corporate names, brand names and slogans Related to the Business including “Thomas’ Utopia Brand”;
- (b) all inventions, patents, patent rights, patent applications (including all reissues, divisions, continuations, continuations-in-part and extensions of any patent or patent application), industrial designs and applications for registration of industrial designs and associated rights Related to the Business;
- (c) all copyrights and trade-marks (whether used with goods or services and including the goodwill attaching to such trade-marks), registrations and applications for trade-marks and copyrights (and all future income from such trade-marks and copyrights) Related to the Business;
- (d) all rights and interests in and to processes, lab journals, notebooks, data, trade secrets, designs, know-how, product formulae and information, manufacturing, engineering and other drawings and manuals, technology, blue prints, research and development reports, agency agreements, technical information, technical assistance, engineering data, design and engineering specifications, and similar materials recording or evidencing expertise or information Related to the Business;
- (e) all other intellectual and industrial property rights throughout the world Related to the Business;
- (f) all rights of the Company in all confidentiality, non-compete, non-solicitation and intellectual property assignment agreements;
- (g) all licences of the intellectual property listed in items (a) to (e) above;
- (h) all future income and proceeds from any of the intellectual property and licences listed in items (a) to (e) above and the licences listed in item (f) above;
- (i) all rights to damages and profits by reason of the infringement of any of the intellectual property listed in items (a) to (f) above;
- (j) all phone numbers; and,
- (k) all websites, including www.thomasutopiabrand.com and www.thomascanning.com.

“Interim Receiver” means Richter in its capacity as Court-appointed interim receiver of the Property pursuant to the Interim Receiver Order.

“Interim Receiver Order” means the order of the Court dated April 20, 2017 appointing Richter as Interim Receiver.

“Interim Receiver’s Borrowings Charge” means the charge granted by the Court over the Property pursuant to paragraph 19 of the Interim Receiver Order.

“Interim Receiver’s Charge” means the charge granted by the Court over the Property in favour of the Interim Receiver and its counsel pursuant to paragraph 16 of the Interim Receiver order.

“Inventory” means all inventories of stock-in-trade and merchandise including materials, supplies, seeds, plants, finished goods, repair and service parts Related to the Business (including those in possession of suppliers, customers, co-processors, growers and other third parties), including, without limitation, those listed on Schedule 1.4.

“Law” means common law, order, judgment, decree, law, statute, rule, or regulation of any Governmental Entity.

“Liabilities” means all costs, expenses, charges, debts, liabilities, claims, demands and obligations, whether primary or secondary, direct or indirect, fixed, contingent, absolute or otherwise, under or in respect of any contract, agreement, arrangement, lease, commitment or undertaking, Applicable Law and Taxes.

“Licences and Permits” means all licences, permits, filings, authorizations, registrations, certificates of approval, approvals, grants, quotas, commitments, rights, privileges or indicia of authority Related to the Business or necessary for the conduct of the Business, excluding those relating to the Intellectual Property but including, without limitation, the Company’s licence with the Ontario Farm Products Marketing Commission, being licence #1944-18 and the Company’s federal plant processing registration with the Canadian Food Inspection Agency, being processor number CFIA #691.

“Lien” means any lien, mortgage, charge, hypothec, pledge, security interest, prior assignment, option, warrant, lease, sublease, right to possession, encumbrance, claim, right or restriction which affects, by way of a conflicting ownership interest or otherwise, the right, title or interest in or to any particular property.

“Monitor” has the meaning given in the recitals above.

“Monitor Order” has the meaning given in the recitals above.

“Party” means a party to this Agreement and any reference to a Party includes its successors and permitted assigns; **“Parties”** means every Party.

“Permitted Liens” means the Liens listed in Schedule 1.5.

“Person” is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity.

"Personal Property" means all machinery, equipment, furniture, fixtures, computer systems and equipment and other chattels Related to the Business or related to the farming operations carried on by the Company, including those assets listed in Schedule 1.6.

"Property" has the meaning given in the recitals above.

"Purchased Assets" has the meaning given in Section 2.1.

"Purchase Price" has the meaning given in Section 2.2.

"Purchase Orders" means all rights and interests of the Company to and in all customer orders for purchases of Inventory, including Inventory yet to be produced.

"Purchaser" has the meaning given in the recitals above.

"Purchaser's Solicitors" means Neil L. Boyko, Barrister, Solicitor and Notary.

"Real Property" means the lands legally described in Schedule 1.7, together with all easements, rights-of-way, privileges and appurtenances attaching thereto and enuring to the benefit thereof.

"Receiver's Borrowings Charge" means the charge granted by the Court over the Property pursuant to the Appointment Order.

"Receiver's Certificate" means the certificate attached to the Approval and Vesting Order and which is to be delivered by the Vendor to the Purchaser at the Closing Time in order to effect the transfer of the Purchased Assets to the Purchaser free and clear of all Liens other than Permitted Liens.

"Receiver's Charge" means the charge granted by the Court over the Property pursuant to the Appointment Order.

"Related to the Business" means, directly or indirectly, used in, arising from, or relating in any manner to the Business or the Purchased Assets.

"Richter" has the meaning ascribed thereto in the recitals hereto.

"Rights" has the meaning given in Section 4.4.

"Taxes" means all taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property and personal property taxes, and any other taxes, customs duties, fees, assessments or similar charges in the nature of a tax including Canada Pension Plan and provincial pension plan contributions, employment insurance payments and workers compensation premiums, together with any instalments with respect thereto, and any interest, fines and penalties, imposed by any governmental authority (including federal, state, provincial, municipal and foreign governmental authorities), and whether disputed or not.

“**TCL**” has the meaning ascribed thereto in the recitals hereto.

“**Transaction**” means the sale and purchase of the Purchased Assets and all matters and transactions ancillary thereto as contemplated by this Agreement.

“**Transfer Taxes**” has the meaning given in Section 2.8.

“**Vendor**” has the meaning given in the recitals above.

“**Vendor's Solicitors**” means Chaitons LLP.

1.2 **Headings and Table of Contents.**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 **No Strict Construction.**

The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

1.4 **Number and Gender.**

Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders. Where the word “including” or “includes” is used in this Agreement, it means “including (or includes) without limitation”.

1.5 **Business Days.**

If any payment is required to be made or other action is required to be taken pursuant to this Agreement on a day which is not a Business Day, then such payment or action shall be made or taken on the next Business Day.

1.6 **Currency and Payment Obligations.**

Except as otherwise expressly provided in this Agreement:

- (a) all dollar amounts referred to in this Agreement are stated in Canadian Dollars; and
- (b) any payment contemplated by this Agreement shall be made by cash, certified cheque or any other method that provides immediately available funds.

1.7 Statute References.

Any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time.

1.8 Section and Schedule References.

Unless the context requires otherwise, references in this Agreement to Sections or Schedules are to Sections or Schedules of this Agreement. The Schedules to this Agreement, listed as follows, are an integral part of this Agreement:

Schedule 1.1	Accounts Receivable
Schedule 1.2	Contracts
Schedule 1.3	Excluded Assets
Schedule 1.4	Inventory
Schedule 1.5	Permitted Liens
Schedule 1.6	Personal Property/Fixed Assets
Schedule 1.7	Real Property

ARTICLE 2 PURCHASE AND SALE

2.1 Purchase and Sale of Purchased Assets.

At the Closing Time, subject to the terms and conditions of this Agreement, the Vendor shall sell and the Purchaser shall purchase all of the property, assets and undertaking of the Company (collectively, the “**Purchased Assets**”) and the Purchaser shall assume the Assumed Liabilities. The Purchased Assets include but are not limited to:

- (a) cash, bank balances, moneys in possession of banks and other depositories, term or time deposits and similar cash items of, owned or held by or for the account of the Company as at the Closing Date;
- (b) all prepayments, prepaid charges, deposits, security deposits, sums and fees Related to the Business or in respect of the Purchased Assets;
- (c) the Accounts Receivable;
- (d) the Books and Records;
- (e) the Contracts;
- (f) the Goodwill;
- (g) the Intellectual Property;

- (h) the Inventory;
- (i) the Licences and Permits, to the extent transferrable by the Vendor;
- (j) the Personal Property;
- (k) the Purchase Orders; and
- (l) the Real Property,

but for greater certainty the Purchased Assets do not include the Excluded Assets.

2.2 Amount of Purchase Price.

The purchase price payable by the Purchaser to the Vendor for the Purchased Assets shall be an amount equal to the aggregate of the following, subject to adjustment as set out herein (the "**Purchase Price**"):

- (a) the sum of \$20,000,000;
- (b) the Assumed Liabilities as at Closing; and
- (c) the Bridging Indebtedness.

2.3 Deposit.

The Parties acknowledge and agree that the Purchaser has paid to the Monitor, in trust, the sum of \$2,000,000 as a deposit (the "**Deposit**"). The Receiver shall disburse the Deposit in accordance with the following provisions:

- (a) if the Approval and Vesting Order is not granted by the Court, then the Deposit shall be released from trust to the Purchaser without interest;
- (b) upon the issuance of the Approval and Vesting Order, then the Deposit shall be released from trust and applied towards payment of the Purchase Price; and
- (c) if the purchase and sale of the Purchased Assets is not completed on the Closing Date for any reason other than the failure of the Vendor to obtain the Approval and Vesting Order, then the Deposit shall be released from trust and paid to the Vendor in full satisfaction of all damages, losses, costs and expenses incurred by the Vendor as a result of such failure.

2.4 Satisfaction of Purchase Price.

The Purchase Price shall be satisfied by the Purchaser as follows:

- (a) upon the issuance of the Approval and Vesting Order, the Receiver shall credit and apply the Deposit towards payment of the Purchase Price in accordance with Section 2.3;
- (b) at Closing, \$18,000,000 shall be paid in immediately available funds to the Vendor by way of certified cheque, bank draft or wire transfer, which the Vendor shall credit and apply towards payment of the Purchase Price; and
- (c) assumption of the Assumed Liabilities and the Bridging Indebtedness.

2.5 Allocation of Purchase Price.

The Purchase Price shall be allocated among the Purchased Assets in the manner agreed to by the Purchaser and Vendor prior to Closing (acting reasonably) and the Parties shall ensure that the Parties shall follow the allocations set out therein in determining and reporting their liabilities for any Taxes and, without limitation, shall file their respective income tax returns prepared in accordance with such allocations.

2.6 Excluded Liabilities

Other than the Assumed Liabilities, the Purchaser shall not assume and shall not be liable for any other Liabilities of the Company or the Vendor.

2.7 Assumed Liabilities

At and from the date of Closing, the Purchaser shall assume and be liable for the Assumed Liabilities. The Assumed Liabilities shall consist only of the Liabilities incurred under or in respect of:

- (a) all outstanding Taxes owing or owed with respect to the Real Property;
- (b) the Permitted Liens; and
- (c) the Contracts,

(the foregoing being the “Assumed Liabilities”).

2.8 Taxes

- (a) Subject to section subparagraph (b) hereof, the Purchaser will be liable for and will pay, or cause to be paid, any applicable federal, state and provincial Taxes and charges (including sales taxes, goods and services taxes, excise taxes, all land transfer taxes (as required pursuant to the *Land Transfer Tax Act* (Ontario)), value added, ad-valorem, use, consumption, harmonized sales, retail sales, social services, or other similar taxes or duties and any applicable interest, penalties and fines) (other than income taxes of the Vendor) payable under any Applicable Law on or with respect to the sale and purchase of the Purchased Assets under this

Agreement as and when due (collectively, “**Transfer Taxes**”). On or prior to the Closing Time, the Purchaser will either pay the Transfer Taxes to the Vendor or deliver to the Vendor evidence confirming the Purchaser’s payment of or exemption from payment of the Transfer Taxes in form and substance acceptable to the Vendor, acting reasonably. The Purchaser will prepare and file any affidavits or returns required in connection with the foregoing at its own cost and expense. To the extent that any Transfer Taxes are required to be paid by or are imposed upon the Vendor, the Purchaser will reimburse to the Vendor such taxes within five (5) Business Days of payment of such taxes by the Vendor. The Purchaser will indemnify and hold the Vendor harmless in respect of any Transfer Taxes, claims, liabilities, costs and fees for on in connection with payment of the Transfer Taxes, fines, penalties, interest and other amounts that may be assessed against the Vendor under any Applicable Law in connection with or relating to the sale of the Purchased Assets and any claims, liabilities, costs and fees in connection with, relating to or arising from any failure to pay such taxes, fines, penalties and other amounts when due.

- (b) At Closing Time, the Vendor and the Purchaser shall, to the extent applicable, jointly execute elections under Section 167 of the *Excise Tax Act* (Canada) to have the sale of the Purchased Assets take place on a HST-free basis under Part IX of the *Excise Tax Act* (Canada) and the Purchaser shall file such election with its HST return for the reporting period in which the sale of the Purchased Assets takes place.
- (c) The Parties. Shall execute jointly an election in prescribed form under Section 22 of the *Income Tax Act* (Canada) in respect of the Accounts Receivable and shall each file such election with their respective tax returns for their respective taxation years that include the Closing Date.
- (d) The Purchaser agrees to indemnify and save the Vendor harmless from and against all claims and demands for payment of all Taxes payable by Purchaser in connection with the purchase of the Purchased Assets, including penalties and interest thereon and any liability or costs incurred as a result of any failure to pay such taxes when due.
- (e) The Vendor shall pay all sales Taxes payable by the Vendor in connection with the sale of the Purchased Assets.

2.9 Document Preparation and Registration.

The Purchaser shall prepare or cause to be prepared the land transfer tax affidavit to be attached to the application for vesting order. Each of the Parties shall deliver draft documentation to the other not less than one (1) Business Day prior to Closing. Except as otherwise expressly provided in this Agreement, all such documentation shall be in form and have substance satisfactory to the Vendor and the Purchaser, acting reasonably. The Purchaser shall be responsible for and pay all registration costs incurred in connection with the transaction

contemplated in this Agreement. Except as otherwise expressly provided in this Agreement, each of the Vendor and the Purchaser shall be responsible for and pay all legal and other professional/consultant fees and disbursements incurred by it, directly or indirectly, in connection with this Agreement.

2.10 Electronic Registration.

In the event that a system for electronic registration (“**Ereg**”) is operative and mandatory in the applicable land registry office, the Purchaser agrees to cause all necessary procedures to be taken, as may be required by the Vendor or the Vendor’s Solicitors, to complete this transaction using Ereg in accordance with the Law Society of Upper Canada’s guidelines. If Ereg is operative on the Closing Date, (i) the Purchaser agrees to use a lawyer authorized to use Ereg and who is in good standing with the Law Society of Upper Canada, (ii) the Purchaser’s Solicitors will enter into the Vendor’s Solicitors’ standard form of escrow closing agreement or document registration agreement, which will establish the procedures for closing this transaction provided same are in accordance with Law Society guidelines, and (iii) if the Purchaser’s Solicitors are unwilling or unable to complete this transaction using Ereg, then the Purchaser’s Solicitors must attend at the Vendor’s Solicitors’ office or at another location designated by the Vendor’s Solicitors at such time on Closing as directed by the Vendor’s Solicitors to complete the transaction using Ereg utilizing the Vendor’s Solicitors’ computer facilities, in which event, the Purchaser shall pay to the Vendor’s Solicitors a reasonable fee therefor.

ARTICLE 3 PRE-CLOSING MATTERS

3.1 Pre-Closing Risk and Post-Damage Entitlements.

The Purchased Assets are and shall remain at the Vendor’s risk until Closing and the Vendor shall hold all insurance policies and the proceeds thereunder, in trust, for the Parties as their respective interests may appear pending Closing. From and after Closing, the Purchased Assets shall be at the risk of the Purchaser. In the event that the Purchased Assets shall be damaged prior to Closing, then the Vendor shall advise the Purchaser, in writing, within twenty-four (24) hours of the Vendor learning of same. In the event that the Purchased Assets shall be materially damaged prior to Closing then the Vendor shall be entitled, in its sole and absolute discretion, to elect to terminate this Agreement by notice, in writing, to the Purchaser and in such event the Parties hereto shall be released from all obligations and liabilities hereunder. If the Vendor shall not elect to terminate this Agreement as set out above, then the Transaction contemplated hereunder shall be completed and the Purchaser shall be entitled to all proceeds of insurance payable in respect thereof, if any.

ARTICLE 4 CLOSING ARRANGEMENTS

4.1 Closing.

The Closing shall take place at 10:00 a.m. (the “**Closing Time**”) on the Closing Date at the offices of the Vendor’s Solicitors, or at such other time on the Closing Date or such other place as may be agreed orally or in writing by the Vendor and the Purchaser.

4.2 Vendor’s Closing Deliveries.

At the Closing, the Vendor shall deliver or cause to be delivered to the Purchaser the following documents:

- (a) general conveyance and assumption of liabilities agreement, in a form agreed to by the Vendor and the Purchaser prior to Closing (acting reasonably);
- (b) the elections referred to in Section 2.8;
- (c) a Purchase Price allocation agreement referred to in Section 2.5;
- (d) Section 116 certificate;
- (e) registerable form of application for vesting order;
- (f) a certificate, dated as of the Closing Date, confirming that (i) all of the representations and warranties of the Vendor contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date and (ii) that each of the conditions precedent in Section 5.2 of this Agreement have been fulfilled, performed or waived as of the Closing Date;
- (g) the Approval and Vesting Order as issued and entered by the Court and the Receiver’s Certificate; and
- (h) all deeds of conveyance, bills of sale, assurances, transfers, assignments, consents, and such other agreements, documents and instruments as may be reasonably requested by the Purchaser or the Purchaser’s Solicitors to complete the transactions provided for in this Agreement.

4.3 Purchaser’s Closing Deliveries.

At the Closing, the Purchaser shall deliver or cause to be delivered to the Vendor the following documents and payments:

- (a) general conveyance and assumption of liabilities agreement, in a form agreed to by the Vendor and the Purchaser prior to Closing (acting reasonably);

- (b) the payments referred to in Sections 2.4;
- (c) the elections referred to in Section 2.8;
- (d) a Purchase Price allocation agreement referred to in Section 2.5;
- (e) the indemnity provided for under Section 2.8(d);
- (f) Section 116 certificate;
- (g) a certificate, dated as of the Closing Date, confirming that (i) all of the representations and warranties of the Purchaser contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date and (ii) that each of the conditions precedent in Section 5.1 of this Agreement have been fulfilled, performed or waived as of the Closing Date.

4.4 **Non-Transferable and Non-Assignable Purchased Assets.**

To the extent that any of the Purchased Assets to be transferred to the Purchaser on the Closing, or any claim, right or benefit arising under or resulting from such Purchased Assets (collectively, the “**Rights**”) is not capable of being transferred without the approval, consent or waiver of any third Person, or if the transfer of a Right would constitute a breach of any obligation under, or a violation of, any Applicable Law unless the approval, consent or waiver of such third Person or an order of the Court is obtained, then, except as expressly otherwise provided in this Agreement and without limiting the rights and remedies of the Purchaser contained elsewhere in this Agreement, this Agreement shall not constitute an agreement to transfer such Rights unless and until such approval, consent, waiver or order of the Court has been obtained. After the Closing and for a period ending on the earlier of one hundred and twenty (120) days following the Closing or the Business Day the Receiver is discharged by the Court, the Vendor shall, to the best of its ability:

- (a) maintain its existence and hold the Rights in trust for the Purchaser;
- (b) comply with the terms and provisions of the Rights as agent for the Purchaser at the Purchaser’s cost and for the Purchaser’s benefit;
- (c) cooperate with the Purchaser in any reasonable and lawful arrangements designed to provide the benefits of such Rights to the Purchaser; and
- (d) enforce, at the reasonable request of the Purchaser and at the expense and for the account of the Purchaser, any rights of the Vendor arising from such Rights against any third Person, including the right to elect to terminate any such rights in accordance with the terms of such rights upon the written direction of the Purchaser.

In order that the full value of the Rights may be realized for the benefit of the Purchaser, the Vendor shall, at the request and expense and under the direction of the Purchaser, in the name of

the Vendor or otherwise as the Purchaser may specify, take all such action and do or cause to be done all such things as are, in the reasonable opinion of the Purchaser, necessary or proper in order that the obligations of the Vendor under such Rights may be performed in such manner that the value of such Rights is preserved and enures to the benefit of the Purchaser, and that any moneys due and payable and to become due and payable to the Purchaser in and under the Rights are received by the Purchaser. The Vendor shall promptly pay to the Purchaser all moneys collected by or paid to the Vendor in respect of every such Right. To the extent that such approval, consent, waiver or order of the Court has not been obtained by the 120th day following the Closing, such Right shall be deemed to be an Excluded Asset and the Vendor may terminate any agreement pertaining to such Right. The Purchaser shall indemnify and hold the Vendor harmless from and against any claim or liability under or in respect of such Rights arising because of any action of the Vendor taken at the request of the Purchaser and in accordance with this Section.

ARTICLE 5 CONDITIONS OF CLOSING

5.1 Purchaser's Conditions.

The Purchaser shall not be obliged to complete the purchase and sale of the Purchased Assets pursuant to this Agreement unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Purchaser and may be waived, in whole or in part, in writing by the Purchaser at any time; and the Vendor agrees with the Purchaser to take all such actions, steps and proceedings within its reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (a) *Representations and Warranties.* The representations and warranties of the Vendor in Section 7.2 shall be true and correct at the Closing.
- (b) *Vendor's Compliance.* The Vendor shall have performed and complied with all of the terms and conditions in this Agreement on its part to be performed or complied with at or before Closing and shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 4.2 or elsewhere in this Agreement.
- (c) *No Litigation.* There shall be no order for a stay issued for the purpose of enjoining, preventing or restraining the completion of the transactions contemplated hereby or otherwise claiming that such completion is improper.

5.2 Vendor's Conditions.

The Vendor shall not be obliged to complete the transactions contemplated by this Agreement unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the

Vendor, and may be waived, in whole or in part, in writing by the Vendor at any time; and the Purchaser agrees with the Vendor to take all such actions, steps and proceedings within the Purchaser's reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (a) *Purchaser's Compliance.* The Purchaser shall have performed and complied with all of the terms and conditions in this Agreement on its part to be performed by or complied with at or before the Closing Time and shall have executed and delivered or caused to have been executed and delivered to the Vendor at the Closing Time all the documents contemplated in Section 4.3 or elsewhere in this Agreement.
- (b) *Order.* The Appointment Order and the Approval and Vesting Order shall not have been stayed, varied or set aside.
- (c) *No Litigation.* There shall be no order for a stay issued for the purpose of enjoining, preventing or restraining the completion of the transactions contemplated hereby or otherwise claiming that such completion is improper.

5.3 **Condition not Fulfilled.**

If any condition in Section 5.2 shall not have been fulfilled at or before the Closing Time, then the Vendor in its sole discretion may, without limiting any rights or remedies available to the Vendor at law or in equity, either:

- (a) terminate this Agreement by notice to the Purchaser in which event the Vendor shall be released from all obligations under this Agreement; or
- (b) waive compliance with any such condition without prejudice to its right of termination in the event of non fulfillment of any other condition.

5.4 **Orders**

The obligations of the Vendor and the Purchaser hereunder are subject to the mutual conditions that:

- (a) the Appointment Order and the Approval and Vesting Order and shall have been made by the Court on June 21, 2017 (or such later date agreed upon by the Parties) approving this Agreement and the Transaction and vesting in the Purchaser all the right, title and interest of the Company in and to the Purchased Assets free and clear of all Liens, other than the Permitted Liens; and,
- (b) the Appointment Order and the Approval and Vesting Order will not have been stayed, varied or vacated and no order will have been issued and no action or proceeding will be pending to restrain or prohibit the completion of the transactions herein contemplated.

The Parties hereto acknowledge that the foregoing conditions are for the mutual benefit of the Vendor and the Purchaser and cannot be waived by either Party.

5.5 Condition not Fulfilled.

If any condition in Section 5.4 shall not have been fulfilled at or before the on or before June 21, 2017 or such later date agreed upon by the Parties, then the Vendor or the Purchaser, in its sole discretion, may terminate this Agreement by notice to the other Party in which event the Deposit shall be promptly returned to the Purchaser and each Party shall be released from all obligations under this Agreement.

ARTICLE 6 POST-CLOSING MATTERS

6.1 Access to Books and Records.

The Purchaser shall preserve and keep the Books and Records which relate to the Purchased Assets for a period of two (2) years from the Closing Date or for any longer period as may be required by any applicable Law or Governmental Entity (the “**Access Period**”). Upon reasonable advance notice, after the Closing Date, the Purchaser will grant the Vendor and its respective representatives, reasonable access during normal business hours, to use such Books and Records included in the Purchased Assets, including, without limitation, any personnel files/records to the period up to the Closing and computer systems, tapes, disks, records and software acquired as part of the Purchased Assets.

ARTICLE 7 REPRESENTATIONS AND WARRANTIES

7.1 Representations and Warranties of the Purchaser.

As a material inducement to the Vendor’s entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Vendor is entering into this Agreement in reliance upon the representations and warranties of the Purchaser set out in this Section 7.1, the Purchaser represents and warrants to the Vendor as follows:

- (a) *Incorporation and Power.* The Purchaser is a corporation duly incorporated under the laws of the jurisdiction of its incorporation and is duly organized, validly subsisting and in good standing under such laws.
- (b) *Due Authorization.* The Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by it as contemplated by this Agreement and to carry out its obligations under this Agreement and such other agreements and

instruments. The execution and delivery of this Agreement and such other agreements and instruments and the completion of the transactions contemplated by this Agreement and such other agreements and instruments have been duly authorized by all necessary corporate action on the part of the Purchaser.

- (c) *Enforceability of Obligations.* This Agreement constitutes a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms subject, however, to limitations on enforcement imposed by bankruptcy, insolvency, reorganization or other laws affecting the enforcement of the rights of creditors or others and to the extent that equitable remedies such as specific performance and injunctions are only available in the discretion of the court from which they are sought.
- (d) *HST/GST.* The Purchaser is a “registrant” under Part IX of the *Excise Tax Act* (Canada) and its registration number is BN 710900291 RT0001.

7.2 Representations and Warranties of the Vendor.

As a material inducement to the Purchaser’s entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Purchaser is entering into this Agreement in reliance upon the representations and warranties of the Vendor set out in this Section 7.2, the Vendor represents and warrants to the Purchaser as follows:

- (a) *Non-Residency:* The Vendor is not now and does not intend to become, prior to Closing, a non-resident of Canada within the meaning and purpose of Section 116 of the *Income Tax Act* (Canada).
- (b) *Authority to Sell:* Subject to obtaining the Approval and Vesting Order prior to Closing, on Closing the Vendor shall have the power and authority to sell the Purchased Assets, in accordance with the terms and conditions of this Agreement and the Approval and Vesting Order.
- (c) *HST/GST.* TCL is a “registrant” under Part IX of the *Excise Tax Act* (Canada) and its registration number is 10526 5466 RT0001.

7.3 Survival of Representations and Warranties.

The representations and warranties of the Purchaser and Vendor contained in Sections 7.1 and 7.2, respectively, or any other agreement, certificate or instrument delivered pursuant to this Agreement shall survive the Closing for three (3) months.

7.4 “As is, Where is”.

The Purchaser acknowledges that the Vendor is selling the Purchased Assets on an “as is, where is” basis as they shall exist on the Closing Date. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Vendor does not guarantee title to the Purchased Assets and that the Purchaser has conducted such inspections of the condition of and title to the

Purchased Assets as it deemed appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Vendor to sell or assign same save and except as expressly represented or warranted herein, including without limitation that no representation or warranty has been given by the Vendor with respect to the transferability of the Licenses and Permits to the Purchaser. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario) or similar legislation do not apply hereto and have been waived by the Purchaser. The description of the Purchased Assets contained in the Schedules hereto is for the purpose of identification only. No representation, warranty or condition has or will be given by the Vendor concerning completeness or the accuracy of such descriptions. The Purchaser further acknowledges that all written and oral information (including, without limitation, analyses, financial information and projections, compilations and studies) obtained by the Purchaser from the Vendor with respect to the Purchased Assets or otherwise relating to the transactions contemplated in this Agreement has been obtained for the convenience of the Purchaser only and is not warranted to be accurate or complete. The Purchaser further acknowledges that the Vendor shall be under no obligation to deliver the Purchased Assets to the Purchaser and that it shall be the Purchaser's responsibility to take possession of the Purchased Assets.

ARTICLE 8 TERMINATION

8.1 Termination by the Parties

This Agreement may be terminated:

- (a) upon the mutual written agreement of the Vendor and the Purchaser;
- (b) pursuant to Section 5.4 by either Party; and
- (c) pursuant to Section 5.3 by the Vendor.

8.2 Remedies for Breach of Agreement

If this Agreement is terminated as a result of any breach of a representation or warranty, or failure to satisfy a covenant or obligation of a Party, the terminating Party's right to pursue all legal remedies with respect to such breach shall survive such termination. For greater certainty, if any order of the Court is made which directly or indirectly results in the termination of this Agreement, then no Party shall have any remedy, legal or otherwise, against the other Party or its property.

ARTICLE 9 GENERAL

9.1 Non Merger.

Each party hereby agrees that all provisions of this Agreement (other than the conditions in Article 5 and the representations and warranties contained in Sections 7.1 and 7.2) shall forever survive the execution, delivery and performance of this Agreement, Closing and the execution, delivery and performance of any and all documents delivered in connection with this Agreement.

9.2 Further Assurances.

Each Party shall promptly do, execute, deliver or cause to be done, executed and delivered all further acts, documents and things in connection with this Agreement that the other Party may reasonably require, for the purposes of giving effect to this Agreement.

9.3 Expenses.

Each Party shall be responsible for its own legal and other expenses (including any Taxes imposed on such expenses) incurred in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the transactions contemplated by this Agreement and for the payment of any broker's commission, finder's fee or like payment payable by it in respect of the purchase and sale of the Purchased Assets pursuant to this Agreement.

9.4 Payment of Taxes.

Except as otherwise provided in this Agreement, the Purchaser shall pay all Taxes applicable to, or resulting from transactions contemplated by this Agreement (other than Taxes payable under applicable legislation by the Vendor) and any filing or recording fees payable in connection with the instruments of transfer provided for in this Agreement.

9.5 Announcements.

Except as required by law, all public announcements concerning the transactions provided for in this Agreement or contemplated by this Agreement shall be jointly approved as to form, substance and timing by the parties to this Agreement after consultation.

9.6 Capacity

It is acknowledged by the Purchaser that the Vendor is entering into this Agreement solely in its capacity as proposed Court-appointed receiver of the undertaking, properties and assets of the Company and that the Vendor shall have no personal or corporate liability under or as a result of this Agreement. Any claim against the Vendor shall be limited to and only enforceable against the property and assets then held by or available to it in its capacity as Receiver of the Property of the Company and shall not apply to its personal property and other assets held by it in any other capacity. The term "Vendor" as used in this Agreement shall have no inference or reference to the present registered owner of the Purchased Assets.

9.7 Notices.

- (a) Any notice, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent by fax, e-mail or other similar means of electronic communication, in each case to the applicable address set out below:

- (i) if to the Vendor, to:

Richter Advisory Group Inc.
181 Bay Street, Suite 3320
Bay Wellington Tower
Toronto, Ontario M5J 2T3

Attention: Clark Lonergan
Fax: (416) 488-3765
Email: Clonergan@Richter.ca

with a copy to:

Chaitons LLP
5000 Yonge Street, 10th floor
Toronto, Ontario M2N 7E9

Attention: Sam Rappos
Fax: (416) 218-1837
Email: samr@chaitons.com

(ii) if to the Purchaser, to:

Santokh Mahal

Email: s.mahal@rogers.com

- (b) Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing or sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, faxed or sent before 4:30 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any such communication sent by mail shall be deemed to have been given and made and to have been received on the fifth (5th) Business Day following the mailing thereof; provided however that no such communication shall be mailed during any actual or apprehended disruption of postal services. Any such communication given or made in any other manner shall be deemed to have been given or made and to have been received only upon actual receipt.
- (c) Any Party may from time to time change its address under this Section 9.7 by notice to the other Party given in the manner provided by this Section.

9.8 **Time of Essence.**

Time shall be of the essence of this Agreement in all respects.

9.9 **Time Periods.**

Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

9.10 **Entire Agreement.**

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties and set out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the Parties pertaining to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement.

9.11 **Amendments and Waiver.**

No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by the Purchaser and the Vendor. The Vendor and the Purchaser may consent to any such amendment at any time prior to the Closing with the prior authorization of their respective boards of directors. No waiver by either Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

9.12 **Severability.**

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

9.13 **Language.**

The Parties have required that this Agreement and all deeds, documents and notices relating to this Agreement be drawn up in the English language. Les parties aux présentes ont exigé que le présent contrat et tous autres contrats, documents ou avis afférents aux présentes soient rédigés en langue anglaise.

9.14 **Governing Law.**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in that Province and shall be treated, in all respects, as a Ontario contract.

9.15 **Successors and Assigns.**

No party to this Agreement shall have the right to assign any of its rights and obligations hereunder without the prior written consent of the other party hereto which consent shall not be unreasonably withheld, provided that the Purchaser may assign its rights and obligations under this Agreement to an affiliate of the Purchaser without recourse to the Purchaser. To the extent that any such assignment occurs, this Agreement and all provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

9.16 **No Third Party Beneficiaries.**

This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns or as specifically referred to herein.

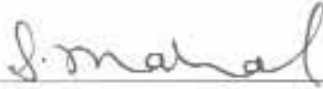
9.17 Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original, faxed or email PDF form and the parties adopt any signatures received by a receiving fax machine or email PDF as original signatures of the parties; provided, however, that any party providing its signature in such manner shall promptly forward to the other party an original of the signed copy of this Agreement which was so faxed or emailed.

[THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF the parties have executed this Agreement.

2581150 ONTARIO INC.

By: 
Name: Santokh Mahal
Title: *President*

I have authority to bind the Corporation.

RICHTER ADVISORY GROUP INC., in its capacity as proposed Court-appointed receiver all assets, undertakings and properties of Thomas Canning (Maidstone) Limited and 692194 Ontario Limited and not in its personal capacity and without personal or corporate liability

By: _____
Name: Clark Lonergan
Title: Senior Vice-President

I have authority to bind the Corporation.

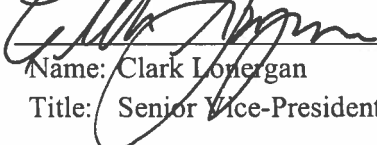
IN WITNESS WHEREOF the parties have executed this Agreement.

2581150 ONTARIO INC.

By: _____
Name: Santokh Mahal
Title:

I have authority to bind the Corporation.

RICHTER ADVISORY GROUP INC., in its capacity as proposed Court-appointed receiver all assets, undertakings and properties of Thomas Canning (Maidstone) Limited and 692194 Ontario Limited and not in its personal capacity and without personal or corporate liability

By:  _____
Name: Clark Loneragan
Title: Senior Vice-President

I have authority to bind the Corporation.

SCHEDULE 1.1
ACCOUNTS RECEIVABLE

SEE ATTACHED

Thomas Canning (Maidstone) Ltd.
Summary of Accounts Receivable
As at May 31, 2017

(\$000's)	AR Aging (Invoice Date) ⁽¹⁾				Total
	0 to 30 Days	31 to 60 Days	61 to 90 Days	91+ Days	
CAD Accounts Receivable					
AR listing	275	257	338	640	1,510
Less: Cash received not applied ⁽²⁾	-	-	(22)	(304)	(326)
Net CAD AR	275	257	316	335	1,183
USD Accounts Receivable (in USD\$)					
AR listing	167	194	197	757	1,315
Less: Cash received not applied ⁽²⁾	-	(17)	(128)	(242)	(387)
Net USD AR	167	177	69	515	928
Foreign Exchange @ 1.35	58	62	24	180	325
Grand Total	500	495	410	1,031	2,436
<i>% of Total</i>	<i>21%</i>	<i>20%</i>	<i>17%</i>	<i>42%</i>	<i>100%</i>

Notes:

⁽¹⁾ The Company's AR is aged using the invoice date.

⁽²⁾ ~\$330k in CAD collections and ~\$390k in USD collections were traced to payments, but not applied against AR as at May 31, 2017.

SCHEDULE 1.2**CONTRACTS**

Contact between Thomas Canning (Maidston) Limited and 959699 Ontario Inc. o/a DeNijs Organic Farms for the delivery of 50 organic acres of tomato feedstock

SCHEDULE 1.3
EXCLUDED ASSETS

- (1) Business Centre Office Agreement made as of March 31, 2017 between 1636488 Ontario Limited as owner and Thomas Canning (Maidstone) Ltd. as user
- (2) Butcher Engineering Enterprises Ltd. quote 16-1005 Warehousing 2016/17 Season dated August 3, 2016
- (3) Coxon's Sales and Rentals Ltd. Contract for Rental of Mobile Units
- (4) Lease Agreement with Bodkin Capital Corporation
- (5) All Equipment Lease Agreements with Capmor Financial Services Corporation
- (6) All Equipment Lease Agreements with CLE Leasing Enterprise Ltd.
- (7) Lease Agreement with 1419768 Ontario o/a D & D Leasing
- (8) All Equipment Lease Agreements with Gould Leasing Ltd.
- (9) Agreement for Marketing the 2017 Crops made December 9, 2015
- (10) Agreement for Marketing the 2017 Crops
- (11) 2017 Local Tomato Plan Contract dated March 29, 2017 with Rolland Farms and Greenhouses Inc.
- (12) 2017 Organic Tomato Plan Contract dated March 30, 2017 with Sandra Carther (Carther Plants Ltd)
- (13) Speedling Plant Order Form dated April 19, 2017

SCHEDULE 1.4
INVENTORY

SEE ATTACHED

Thomas Canning (Maidstone) Ltd.
 Summary of Inventory
 As at May 31, 2017

	Inventory						Drums (188kg)	Totes (2800 lbs)
	100 oz.(6)	48 oz. (12)	Cases (Cans/Case)		19 oz. (24)	14 oz. (24)		
			28 oz. (24)	25 oz. (12)				
Conventional								
Juice	33,992	104,409	-	-	4,406	-	-	-
Whole	50	-	6,864	-	-	-	-	-
Diced	33,222	-	25,257	-	-	20,842	-	-
Paste	-	-	-	-	-	-	-	932
Crushed	-	-	375	-	-	-	760	-
Sauce	-	-	-	-	-	468	-	-
Puree	-	-	-	-	-	-	27	-
Misc.	-	-	-	-	-	-	-	-
Total Conventional	67,264	104,409	32,497	-	4,406	21,310	787	932
Organic								
Juice	4,312	66,392	100	-	-	-	-	-
Whole	2,604	-	12,392	-	-	-	-	-
Diced	4,173	-	2,900	-	-	2,975	-	29
Paste	-	-	-	-	-	-	-	-
Crushed	-	-	-	-	-	-	-	-
Sauce	-	-	-	-	-	85	-	-
Puree	-	-	-	-	-	-	-	-
Misc.	-	-	-	-	-	-	-	-
Total Organic	11,089	66,392	15,392	-	-	3,060	-	29

Note: The above summary does not include packing supplies (i.e. empty cans/drums/labels) or aged / damaged inventory.

Note: The organic totes are not subject to a lease

SCHEDULE 1.5
PERMITTED LIENS

- (a) any reservations, restrictions, rights of way, easements or covenants that run with the land;
- (b) any registered agreements with a municipality or a supplier of utility service including, without limitation, electricity, water, sewage, gas, telephone or cable television or other telecommunication service;
- (c) all laws, by-laws and regulations and all outstanding work orders, deficiency notices and notices of violation affecting the Real Property;
- (d) any minor easements for the supply of utility service to the Real Property or adjacent properties;
- (e) encroachments disclosed by any errors or omissions in existing surveys of the Real Property or neighbouring properties and any title defect, encroachment or breach of a zoning or building by-law or any other applicable law, by-law or regulation which might be disclosed by a more up-to-date survey of the Real Property and survey matters generally;
- (f) any unregistered leases to tenants or other rights of occupation of tenants in possession of any part of the Real Property;
- (g) the exceptions and qualifications set forth in the *Land Titles Act* (Ontario);
- (h) the reservations contained in the original grant from the Crown; and
- (i) the following instruments registered against title to the Real Property:

PIN 75228-0009 (LT)

1. Instrument Number MB18413 registered on February 1, 1949 being a Transfer of Easement in favour of Bell Telephone Co. of Canada
2. Instrument Number R305027 registered on June 9, 1964 being a Transfer
3. Instrument Number 12R4451 registered on June 23, 1978 being a Reference Plan
4. Instrument Number 12R9420 registered on April 11, 1988 being a Reference Plan
5. Instrument Number R1042854 registered on April 13, 1988 being a Transfer
6. Instrument Number R1073171 registered on January 9, 1989 being a Notice of Claim

7. Instrument Number 12R24775 registered on August 17, 2011 being a Reference Plan
8. Instrument Number CE502602 registered on January 11, 2012 being a Transfer of Easement in favour of Hydro One Networks Inc.

PIN 75228-0005 (LT)

1. Instrument Number R442677 registered on June 19, 1969 being a Transfer

PIN 75228-0067 (LT)

1. Instrument Number 12R20686 registered on August 12, 2003 being a Reference Plan
2. Instrument Number CE52782 registered on January 6, 2004 being a Transfer

PIN 75016-0010 (LT)

1. Instrument Number MB18404 registered on January 21, 1949 being a Transfer of Easement in favour of The Bell Telephone Company of Canada
2. Instrument Number R305027 registered on June 9, 1964 being a Transfer
3. Instrument Number R1073182 registered on January 9, 1989 being a Notice of Claim

PIN 75016-0009 (LT)

1. Instrument Number MB18355 registered on November 23, 1948 a Transfer of Easement in favour of The Bell Telephone Company of Canada
2. Instrument Number R1042301 registered on April 7, 1988 being a Notice of Claim
3. Instrument Number R1119864 registered on February 26, 1990 being a Transfer

PIN 75016-0021 (LT)

1. Instrument Number R38129 registered on July 20, 1967 being a Transfer of Easement in favour of The Bell Telephone Company of Canada
2. Instrument Number RD138 registered on June 27, 1969 being a Reference Plan
3. Instrument Number R720043 registered on December 22, 1977 being a Transfer

PIN 75016-0019 (LT)

1. Instrument Number MB18409 registered on January 21, 1949 being a Transfer of Easement in favour of Bell Telephone Co. of Can.

2. Instrument Number MB18414 registered on February 1, 1949 being a Transfer of Easement in favour of Bell Telephone Co. of Canada
3. Instrument Number R305027 registered on June 9, 1964 being a Transfer
4. Instrument Number R463774 registered on March 10, 1970 being a Transfer
5. Instrument Number R645962 registered on October 16, 1975 being a Transfer
6. Instrument Number 12R7427 registered on January 20, 1984 being a Reference Plan
7. Instrument Number R1073173 registered on January 9, 1989 being a Notice of Claim
8. Instrument Number R1073175 registered on January 9, 1989 being a Notice of Claim
9. Instrument Number R1497830 registered on August 21, 2000 being a Site Plan Agreement

SCHEDULE 1.6
PERSONAL PROPERTY/FIXED ASSETS

SEE ATTACHED

Thomas Canning (Maidstone) Ltd.
Summary of Capital Assets
31-Jul-15

Assets / IS		Amount	2015	2014
Date	Supplier	Purchase	Book Value	Book Value
30-Jun-15	Bridge - 1520	14,269.81	8,625.06	8,891.81
30-Jun-15	Office Building - 1600	23,045.00	20,817.35	21,913.00
30-Jun-15	Office Building: Aspe Adjustment - 1601	(18,045.00)	(17,142.75)	(18,045.00)
30-Jun-15	Warehouse Equipment - 1700	242,901.91	77,883.93	97,354.91
30-Jun-15	Office Equipment - 1720	80,683.45	14,362.76	17,953.45
30-Jun-15	Sewage Lagoon - 1800	219,932.50	112,001.54	115,465.50
Totals:		562,787.67	216,547.88	243,533.67
Farm / COS		Amount	2015	2014
Date	Supplier	Purchase	Book Value	Book Value
30-Jun-15	Farm Building - 1560	16,107.00	14,656.60	15,428.00
30-Jun-15	Farm Building: Aspe Adjustment- 1561	(13,107.00)	(12,451.65)	(13,107.00)
30-Jun-15	Spray Irrigation - 1645	23,257.10	6,634.48	8,293.10
30-Jun-15	Farm Equipment - 1660	148,720.52	2,874.82	3,593.52
30-Jun-15	Farm Auto Equipment - 1680	132,524.56	2,181.59	3,116.56
30-Jun-15	Waterline - 1740	18,168.00	1,356.42	1,443.00
30-Jun-15	Drainage Tile - 1760	60,074.00	21,660.10	22,330.00
30-Jun-15	Well - 1780	1,767.00	14.85	16.50
Totals:		387,511.18	36,927.21	41,113.68

Thomas Canning (Maidstone) Ltd.
Summary of Capital Assets
31-Jul-15

Canning / COS				
Date	Supplier	Amount Purchase	Book Value	Book Value
30-Jun-15	Factory Building - 1540	214,229.21	185,980.14	197,851.21
30-Jun-15	Factory Building: Aspe Adjustment- 1541	(138,069.33)	(129,785.17)	(138,069.33)
30-Jun-15	Warehouse - 1580	1,228,731.35	849,943.48	894,677.35
30-Jun-15	Warehouse: Aspe Adjustments - 1581	449,191.60	426,732.02	449,191.60
31-May-16	Additions	23,261.89	22,680.34	-
30-Jun-15	Seasonal Housing - 1620	48,657.89	38,118.50	42,353.89
30-Jun-15	Seasonal Housing: Aspe Adjustment - 1621	(24,085.29)	(21,676.76)	(24,085.29)
09-Mar-15	Additions	1,904.00	1,808.80	-
30-Jun-15	Cookers - 1641	965,583.38	506,205.96	532,848.38
30-Jun-15	Factory Equipment - 1640	3,349,599.55	354,311.64	442,889.55
14-Jul-15	Additions	4,500.00	4,050.00	-
30-Jun-15	Quality Control Facility - 1510	9,281.11	3,122.49	3,903.11
30-Jun-15	Quality Control Facility: Aspe Adjustment - 1511	(1,281.11)	(1,024.89)	(1,281.11)
30-Jun-15			-	
	Totals:	6,131,504.25	2,240,466.55	2,400,279.36
Land				
Date	Supplier	Amount Purchase	Book Value	Book Value
30-Jun-15	Land - 1500	294,617.00	294,617.00	294,617.00
30-Jun-15	Land: Aspe Adjustment - 1501	1,943,383.00	1,943,383.00	1,943,383.00
30-Jun-15	Land Value Adjustment			
	Totals:	2,238,000.00	2,238,000.00	2,238,000.00
	Totals	9,319,803.10	4,731,941.64	
Assets under Capital Lease				
Date	Supplier	Amount Purchase	Book Value	2,015.00
07-Jan-15	Assets Under Capital Lease	989,856.00	890,870.40	-
	Totals:	989,856.00	890,870.40	-

Note: This schedule was prepared by the Company as at July 31, 2015 and is subject to change.

SCHEDULE 1.7**REAL PROPERTY****PIN 75228-0009 (LT)**

PROPERTY DESCRIPTION: PT LT 28-29 CON 9 MAIDSTONE AS IN R305027, PT 2 12R9420; T/W R1042854; S/T MB18413; LAKESHORE; SUBJECT TO AN EASEMENT IN GROSS OVER PT. 1 12R24775 AS IN CE502602

PIN 75228-0005 (LT)

PROPERTY DESCRIPTION: PT LT 27 CON 10 MAIDSTONE AS IN R442677; LAKESHORE

PIN 75228-0067 (LT)

PROPERTY DESCRIPTION: PT LT 27 CON 10; LAKESHORE DESIGNATED AS PT 2 12R20686

PIN 75016-0010 (LT)

PROPERTY DESCRIPTION: PT LT 289 CON STR MAIDSTONE AS IN R305027 (THIRDLY) EXCEPT PTS 3, 4 R423541; S/T MB18404; LAKESHORE

PIN 75016-0009 (LT)

PROPERTY DESCRIPTION: PT LT 289 CON STR MAIDSTONE AS IN R1119864; S/T MB18355; LAKESHORE

PIN 75016-0019 (LT)

PROPERTY DESCRIPTION: PT LT 289-290 CON STR MAIDSTONE AS IN R645962, R463774 & R305027 (FIRSTLY) EXCEPT PT 1 12R2096 & PTS 9, 10 R423541; S/T MB18409, MB18414, R902964; LAKESHORE

PIN 75016-0021 (LT)

PROPERTY DESCRIPTION: PT LT 291 CON STR MAIDSTONE PTS 1, 2 RD138 EXCEPT PT 1 RD273 & PT 1 12R376; S/T R389219; LAKESHORE

APPENDIX B

Court File No. CV-17-11773-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

**BRIDGING FINANCE INC.,
as agent for SPROTT BRIDGING INCOME FUND LP**

Applicant

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED

Respondents

RECEIVER'S CERTIFICATE

RECITALS

- A. Pursuant to an Order of The Honourable Madam Justice Conway of the Ontario Superior Court of Justice (the "**Court**") dated June 21, 2017, Richter Advisory Group Inc. was appointed as the receiver (the "**Receiver**") of the undertakings, properties and assets of Thomas Canning (Maidstone) Limited and 692194 Ontario Limited (collectively, the "**Debtors**").
- B. Pursuant to an Order of the Court dated June 21, 2017, the Court approved the asset purchase agreement made as of June 15, 2017 (the "**APA**") between the Receiver and 2581150 Ontario Inc. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtors' right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article 5 of the APA have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

- 2 -

- C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the APA.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the APA;
2. The conditions to Closing as set out in section Article 5 of the APA have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at Toronto, ON on July 7, 2017 at 1:00 pm.

RICHTER ADVISORY GROUP INC., in its capacity as Receiver of the undertakings, propertied and assets of Thomas Canning (Maidstone) Limited and 692194 Ontario Limited, and not in its personal capacity

Per: _____

Name: Clark Loneragan

Title: Senior Vice President

BRIDGING FINANCE INC.,
is agent for **SPROTT BRIDGING INCOME FUND LP**
Applicant

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and
692194 ONTARIO LIMITED
Respondents

Court File No. CV-17-11773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
PROCEEDING COMMENCED AT TORONTO

RECEIVER'S CERTIFICATE

CHAITONS LLP
5000 Yonge Street, 10th floor
Toronto, Ontario M2N 7E9

Sam Rappos (LSUC # 51399S)
Tel: (416) 218-1137
Fax: (416) 218-1187
Email: samr@chaitons.com

Lawyers for the Receiver

DEPOSIT SLIP # 00050

Bank of Montreal
119, rue St. Jacques
Montréal QC H2Y 1L6

Credit account of:
Richter Advisory Group Inc/Richter Groupe Conseil inc
Trust Account
00011 1976 033

Date: 07-Jun-2017

Depositor's Initials: _____

CHEQUE IDENTIFICATION

1	Wire trsf Skymark Finance Corporation, 3rd Party, (Richter BMO)	2,000,000.00
<hr/>		
Subtotal		<u>2,000,000.00</u>

DEPOSIT SLIP # 00050 209

Bank of Montreal
119, rue St. Jacques
Montréal QC H2Y 1L6

Credit account of:
Richter Advisory Group Inc/Richter Groupe Conseil inc
Trust Account
00011 1976 033

Date: 07-Jun-2017

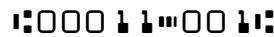
Depositor's Initials: _____

CASH COUNT

	x 2	
	x 5	
	x 10	
	x 20	
	x 50	
	x 100	
	x \$1 COIN	
	COIN	
Cash Subtotal		<u>0.00</u>

DEPOSIT

CASH SUBTOTAL	<u>0.00</u>
CHEQUE SUBTOTAL	<u>2,000,000.00</u>
MONEY ORDER SUBTOTAL	<u>0.00</u>
DEBIT SUBTOTAL	<u>0.00</u>
FOREIGN CURRENCY SUBTOTAL	<u>0.00</u>
DEPOSIT TOTAL	<u><u>2,000,000.00</u></u>





Incoming Wire Payments Report

Generated by 30065151_CODONNELL
Generated on 2017-06-07 02:16:23 PM EST
Date Range 2017-06-07 To 2017-06-07

Value Date	Ordering Customer Name	Amount	Currency	Beneficiary Account Number	Beneficiary Name
2017-06-07	SKYMARK FINANCE CORPORATION	2,000,000.00	CAD	00011976033	RICHTER ADVISOR GROUP INC. IN TRUST
<p>Wire Type: Commercial</p> <p>Status: Confirmed</p> <p>Posted at: 2017-06-07 11:25:30 EDT</p> <p>Details of Charges: BEN - Additional routing charges will be paid by the beneficiary</p> <p>Reference Number: 170607028453000</p> <p>Payment Details: SWIFT CODE: BOFMCAM2</p> <p>Currency/Instructed Amount:</p> <p>Exchange Rate:</p> <p>Senders Reference: CA170607028402</p> <p>Related Reference:</p> <p>Sender to Receiver Information:</p> <p>IMAD Reference Number:</p> <p>Received At:</p>					
		Ordering Customer Address:		3RD FLOOR 46 VILLAGE CENTRE PLACE MISSISSAUGA, ONTARIOCANADA	
		Ordering Bank Information:		NOSCCATT	
		Ordering Bank ID:		SWIFT	
		Ordering Bank ID Type:		Bank of Nova Scotia	
		Ordering Bank Name:		Scotia Plaza TORONTO	
		Ordering Bank Address:		119 ST. JACQUES, MONTREAL QUEBEC, ONTARIO CANADA H2Y 1L6	
		Beneficiary Information:			
		Beneficiary ID:			
		Beneficiary ID Type:			
		Beneficiary Address:			

Wire Type	Currency	Number of Wires	Amount
Commercial	CAD	1	2,000,000.00

DATE	2017/06/06	TIME	15:22:44
------	------------	------	----------

SENDING TRANSIT INFORMATION

NAME Square One Shopping Ctr, Mississauga, On
 ADDRESS Square One S.c., 100 City Centre Drive
 Mississauga, Ontario, L5B 2C9

TRANSIT 14746

SENDER'S REFERENCE NUMBER 0003250267

SENDER INFORMATION

NAME LINE1 *SKYMARK FINANCE CORPORATION

NAME LINE2

ADDRESS 3rd Floor, 46 Village Centre Place, Mississauga, Ontario, Canada, L4Z 1V9

HOME TELEPHONE (905)272-1900

WORK TELEPHONE

TRANSACTION INFORMATION

EFFECTIVE VALUE DATE 2017/06/06

CURRENCY AND AMOUNT OF TRANSFER

AMOUNT OF TRANSFER 2,000,000.00 CAD

EXCHANGE RATE

CHARGES 106.00 CAD

TOTAL 2,000,106.00 CAD

DEBIT ACCOUNT NUMBER 147460045314

BENEFICIARY INFORMATION

NAME RICHTER ADVISOR GROUP INC. IN TRUST

ADDRESS 1981, MCGILL COLLEGE AVENUE , MONTREAL, Quebec, Canada, H3A 0G6

CREDIT ACCOUNT NUMBER 000111976033

IBAN/CLABE (IF APPLICABLE)

 CREDIT WITH ADVICE

 NOTIFY AND PAY

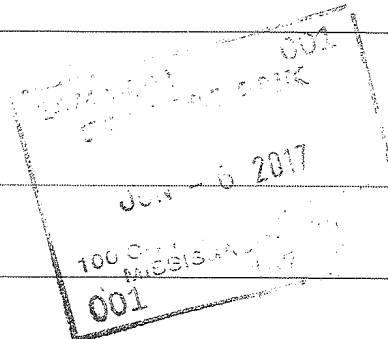
INFORMATION TO BENEFICIARY

SWIFT CODE: BOFMCAM2

NOTIFY AND PAY DETAILS
BENEFICIARY BANK

NAME BANK OF MONTREAL

ADDRESS 119 ST. JACQUES, MONTREAL , QUEBEC, Ontario, Canada, H2Y 1L6



It is understood and agreed that The Bank of Nova Scotia may use third party service providers to process this transaction on our behalf. Some of our service providers are located outside of Canada and are subject to foreign legislation. For further information, refer to the Scotiabank Group Privacy Agreement available on-line at the Scotiabank website at www.scotiabank.com. The Bank will not be responsible for any delays, errors or losses for individuals and/or entities based on delivery mechanism used to process this wire payment. Additional fees may be deducted from the transfer by the correspondent(s), a portion of which may be rebated to Scotiabank. In addition, any remittance forwarded outside Canada, and expressed in a currency other than that of the country in which payment is to be made, may be converted by Scotiabank's correspondent bank into the local currency of that country at their buy rate of exchange. Additional fees including foreign exchange and currency conversion charges and other foreign bank handling charges may be deducted from the transfer by the correspondent(s) a portion of which may be rebated to Scotiabank which rebate amount will depend on the amount of the wire transfer. If the transfer is not completed for any reason whatsoever, the Bank will refund the original transfer amount, less refund expenses and losses (if any) and risks from exchange rate fluctuations, upon receipt of the returned transfer from its agent/correspondent bank. The original transfer fee is non refundable. Transactions conducted after Scotiabank's cutoff time will be processed the next business day.



46 Village Centre Place
Mississauga, Ontario
L4Z 1V9

Tel: 1(866)380-9979
Fax: 1(866)696-0509
Tel (905)272-1900 ext 258

MEMO

To: Scotia Bank

From: Oksana Kovalova

Fax: 1-855-477-3095

Page: 1

Phone:

Date: June 6, 2017

Re: Wire Transfer

CC:

Urgent For Review Please Comment Please Reply Please Recycle

***Comments:**

Wire transfer from SkyMark Finance Corporation from Acct: **14746/002/0045314** ,

Card number: **4536 0586 1497 5509**

amount of **CAD \$2,000,000.00**

Wire Transfer Instructions:

Beneficiary bank: **Bank of Montreal**

Beneficiary Bank Address: **119 St. Jacques, Montreal, QC H2Y 1L6**

Beneficiary name: **Richter Advisor Group Inc. in trust**

Beneficiary Address: **1981, McGill College Avenue Montreal, Quebec, H3A0G6**

Beneficiary Account: **1976033**

Beneficiary transit: **00011**

Swift Code: **BOFMCAM2**

If there's any question please contact Oksana Kovalova at (905) 272-1900 ext 250

Sincerely,


Michael Slattery

DEPOSIT SLIP # 00056

Bank of Montreal
119, rue St. Jacques
Montréal QC H2Y 1L6

Credit account of:
Richter Advisory Group Inc/Richter Groupe Conseil inc
Trust Account
00011 1976 033

Date: 07-Jul-2017

Depositor's Initials: _____

CHEQUE IDENTIFICATION

1	wire trsf Skymark Finance, 3rd Party, (Richter BMO)	18,000,000.00
<hr/>		
Subtotal		<u>18,000,000.00</u>

DEPOSIT SLIP # 00056 213

Bank of Montreal
119, rue St. Jacques
Montréal QC H2Y 1L6

Credit account of:
Richter Advisory Group Inc/Richter Groupe Conseil inc
Trust Account
00011 1976 033

Date: 07-Jul-2017

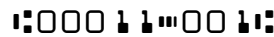
Depositor's Initials: _____

CASH COUNT

	x 2	
	x 5	
	x 10	
	x 20	
	x 50	
	x 100	
	x \$1 COIN	
	COIN	
Cash Subtotal		<u>0.00</u>

DEPOSIT

CASH SUBTOTAL	<u>0.00</u>
CHEQUE SUBTOTAL	<u>18,000,000.00</u>
MONEY ORDER SUBTOTAL	<u>0.00</u>
DEBIT SUBTOTAL	<u>0.00</u>
FOREIGN CURRENCY SUBTOTAL	<u>0.00</u>
DEPOSIT TOTAL	<u><u>18,000,000.00</u></u>





Incoming Wire Payments Report

Generated by 30065151_CODONNELL
 Generated on 2017-07-07 12:56:26 PM EST
 Date Range 2017-07-07 To 2017-07-07

Value Date	Ordering Customer Name	Amount	Currency	Beneficiary Account Number	Beneficiary Name
2017-07-07	BRIDGING CAPITAL INC	18,000,000.00	CAD	00011976033	Richter Advisory Group Inc.
<p>Wire Type: Commercial Status: Confirmed Posted at: 2017-07-07 12:17:08 EDT Details of Charges: BEN - Additional routing charges will be paid by the beneficiary Reference Number: 170707030395000 Payment Details: Thomas Canning Currency/Instructed Amount: Exchange Rate: Senders Reference: WW17070739149613 Related Reference: Sender to Receiver Information: IMAD Reference Number: Received At:</p> <p>Ordering Customer Address: 949 WILSON AVE TORONTO Ontario M3K 1G2 CA Ordering Bank Information: Ordering Bank ID: Ordering Bank ID Type: Ordering Bank Name: Ordering Bank Address: Beneficiary Information: Beneficiary ID: Beneficiary ID Type: Beneficiary Address: 800 de la Gauchetiere O MONTREAL</p>					

Wire Type	Currency	Number of Wires	Amount
Commercial	CAD	1	18,000,000.00

ASSUMPTION AGREEMENT RE BRIDGING INDEBTEDNESS

THIS AGREEMENT made as of the 7th day of July, 2017

BETWEEN:

BRIDGING FINANCE INC., as agent for Sprott Bridging Income Fund LP
 (“**Bridging**”)

- and -

2581150 ONTARIO INC.
 (the “**Purchaser**”)

RECITALS:

- A. Unless otherwise specifically defined in this Agreement or the context otherwise requires, any capitalized terms used in this Agreement shall have the meanings given to them in the Asset Purchase Agreement dated June 15, 2017 between the Purchaser and Richter Advisory Group Inc. (“**Richter**”) in its capacity as Court-appointed receiver of the Company (the “**Receiver**”) (“**APA**”);
- B. On June 21, 2017, the Court made an order, *inter alia* appointing Richter as Receiver;
- C. The Receiver has entered into the APA, which provides for, *inter alia*, the sale by the Vendor and the purchase by the Purchaser of the Purchased Assets; and
- D. In partial satisfaction of the Purchase Price payable pursuant to the APA, the Purchaser has agreed to assume the Bridging Indebtedness. .

NOW THEREFORE THIS AGREEMENT WITNESSES THAT, pursuant to APA and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party hereto to the other, the parties hereto agree as follows:

- 1. The parties hereto each acknowledge and agree that the recitals are true and form part of this Agreement.
- 2. Effective the date hereof, the Purchaser hereby acknowledges, covenants and agrees that it is indebted to Bridging in the amount of the outstanding Bridging Indebtedness as of the date the Receiver is discharged by the Court.
- 3. Effective the date hereof, the Purchaser hereby assumes the Bridging Indebtedness, together with the Company’s obligation to repay Bridging all amounts in respect thereof, subject to a demand by Bridging, in equal annual installments during the next four years, commencing with June 30, 2018, which outstanding principal balance shall bear interest at the rate of 10% per annum, calculated on the daily outstanding balance owing in respect thereof, compounded and payable monthly, on the last business day of each and every month, not in advance, and with no deemed reinvestment of monthly payments.

- 2 -

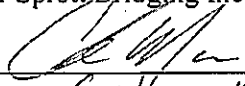
On the occurrence of a demand by Bridging, interest shall be calculated at an annual rate of 21% per annum calculated and compounded as aforesaid. The Purchaser shall also be liable for any and all costs, fees, expenses, losses and damages incurred by Bridging in connection with this Agreement, the Bridging Indebtedness and any and all such indebtedness and obligations hereunder shall be secured by any and all security granted by the Purchaser to and in favour of Bridging.

4. Bridging shall provide written notice to the Purchaser setting out the amount of the Bridging Indebtedness as of the date the Receiver is discharged upon the Purchaser's written request therefor and Bridging's records, absent manifest error, shall constitute evidence of the outstanding amount of the Bridging Indebtedness.
5. The parties agree that this Agreement shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the parties hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of that province.
6. This Agreement shall enure to the benefit of, and be binding on, the parties and their respective successors and permitted assigns. The Purchaser may not assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its rights or obligations under this Agreement without the prior written consent of Bridging. This Agreement is assignable by Bridging in whole or in part in its absolute and sole discretion.
7. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and both of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original or faxed or electronic PDF format and any signatures received by e-mail or a receiving fax machine shall be deemed and may be treated as original signatures of the parties.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS OF WHICH the parties have duly executed this Agreement.

BRIDGING FINANCE INC.,
as agent for Sprott Bridging Income Fund LP

By: 

Name: *Gualam Man*
Title: *Portfolio Manager*

I have authority to bind the corporation.

2581150 ONTARIO INC.

By: _____

Name: Santokh Mahal
Title: President

I have authority to bind the corporation.

IN WITNESS OF WHICH the parties have duly executed this Agreement.

BRIDGING FINANCE INC.,
as agent for Sprott Bridging Income Fund LP

By: _____
Name:
Title:
I have authority to bind the corporation.

2581150 ONTARIO INC.

By: *S. Mahal*
Name: Santokh Mahal
Title: President
I have authority to bind the corporation.

APPENDIX E

Court File No. CV-17-11773-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

**BRIDGING FINANCE INC.,
as agent for SPROTT BRIDGING INCOME FUND LP**

Applicant

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED

Respondents

**IN THE MATTER OF AN APPLICATION PURSUANT TO SUBSECTIONS 47(1) AND
243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS
AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.
C.43, AS AMENDED**

**CONFIDENTIAL APPENDICES TO THE REPORT OF
THE INTERIM RECEIVER AND THE MONITOR**
(motion returnable June 21, 2017)

CHAITONS LLP
5000 Yonge Street, 10th Floor
Toronto, ON M2N 7E9

Sam Rappos (LSUC # 51399S)
Tel: (416) 218-1137
Fax: (416) 218-1837
E-mail: samr@chaitons.com

**Lawyers for the Interim Receiver and
the Monitor**

INDEX

Court File No. CV-17-11773-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

**BRIDGING FINANCE INC.,
as agent for SPROTT BRIDGING INCOME FUND LP**

Applicant

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED

Respondents

**IN THE MATTER OF AN APPLICATION PURSUANT TO SUBSECTIONS 47(1) AND
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AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.
C.43, AS AMENDED**

INDEX

<u>TAB</u>	<u>DOCUMENT</u>
A.	Appendix "A" - Bridging Estimated Security Position as at May 31, 2017
B.	Appendix "B" - Letter of Intent received from Santokh Mahal dated May 26, 2017
C.	Appendix "C" - Thomas LOI dated May 26, 2017
D.	Appendix "D" - Mahal LOI dated May 30, 2017
E.	Appendix "E" - Thomas letter dated May 30, 2017
F.	Appendix "F" - "Binding" Thomas letter dated June 2, 2017
G.	Appendix "G" - Summary of Offers

TAB A

Thomas Canning (Maldstone) Limited
 Estimated Security Position
 As at May 31, 2017

(\$000's CDN)	NBV	Estimated Realization				Comments
		Low	%	High	%	
Current Assets						
Cash	\$ 46	\$ 46	100%	\$ 46	100%	Cash per the Company's bank account
Accounts receivable	2,268	880	39%	1,300	57%	Refer to detailed AR analysis.
Inventory	7,852	2,790	36%	4,630	59%	Refer to detailed inventory analysis.
Labels	806	-	0%	-	0%	Specific to the business and its customer, as such no realizable value is anticipated.
Prepaid expenses & deposits	1,134	-	0%	-	0%	Nominal refundable amounts are anticipated.
Development costs & Other	38	-	0%	-	0%	
HST receivable	252	130	50%	250	100%	NBV reflects Company's estimate of CRA refund owing, however the Company has not filed HST returns since mid-2016.
	12,396	3,846		6,226		
Fixed Assets						
Real Property						
Land & buildings	5,456	5,400	99%	6,750	124%	2016 appraisal value \$7.1M, less 5% broker fee assumed. Low case assumes 80% of appraised value.
Est. property taxes, utilities and maintenance	(75)	(75)	100%	(75)	100%	Assumes takes ~1 year to dispose of all properties (3 parcels including various farmland)
	5,381	5,325	99%	6,675	124%	
Machinery, Equipment, and Fixtures						
Factory equipment	1,031	520	50%	1,030	100%	High case liquidation value assumes purchase of the equipment by a same/similar business. Low case liquidation value assumes piecemeal equipment sales, scrap and/or salvage values. Both valuation scenarios are net of liquidator fees and expenses. No value is attributed to the sewage lagoon. Going concern appraisal conducted in 2016 (FMV of \$7.5M) not representative of value under a liquidation scenario.
Sewage lagoon	115	-	25%	-	50%	
Warehouse equipment	97	50	50%	100	100%	
Other	151	40	25%	80	50%	
	1,395	610	44%	1,210	87%	
Total Realizable Assets	19,172	9,781		14,111		
Estimated Priority Claims						
15-day goods claims	-	-	100%	-	100%	
30-day goods claims	(15)	(15)	100%	(15)	100%	Limited given the Company's current level of business operations (off-season).
Source deductions	(12)	(12)	100%	(12)	100%	Paid semi-monthly, amount reflects one remittance outstanding.
Employee payables	(40)	(40)	100%	(40)	100%	Unpaid wages, vacation, etc (assumed max. BIA s. 81.4 claim of \$2,000 per employee).
Excise taxes payable	-	-	100%	-	100%	Understood to be in a refund position (per above).
	(67)	(67)		(67)		
Realization and Other Costs						
Independent contractors	(50)	(50)	100%	(50)	100%	To assist in realizing on the assets, administrative duties and statutory filings.
Stay bonuses	(35)	(35)	100%	(35)	100%	Amounts that may be required to secure assistance from former employees.
Occupation costs	(100)	(100)	100%	(100)	100%	Includes payments for totes/other leases for two months.
Other realization costs	(50)	(50)	100%	(50)	100%	Insurance, security, IT, storage of books & records, and other.
Restructuring professional fees	(250)	(250)	100%	(250)	100%	Costs of the Receiver and its counsel to liquidate the assets, and perform the required administrative and statutory duties.
	(485)	(485)		(485)		
Net Estimated Realizations		9,229		13,559		
Bridging Finance Inc. secured debt	(22,145)	(22,145)		(22,145)		Total debt including accrued fees and obligations relating to the Monitor & IR mandates.
	(22,145)	(22,145)		(22,145)		
Estimated Shortfall to Secured Creditor		(12,916)		(8,586)		

Note.

Estimated realizations are based on a liquidation scenario, not a going concern sale of the business and/or assets.

Thomas Canning (Maidstone) Limited
 Estimated Accounts Receivable ("AR") Realization
 As at May 31, 2017

(\$000's)	AR Aging (Invoice Date) ⁽¹⁾				Total
	0 to 30 Days	31 to 60 Days	61 to 90 Days	91+ Days	
CAD Accounts Receivable					
AR listing	275	257	338	640	1,510
Less: Cash received not applied ⁽²⁾	-	-	(22)	(304)	(326)
Less: Balances > 1 year ⁽³⁾	-	-	-	(268)	(268)
Net CAD AR	275	257	316	67	915
USD Accounts Receivable ⁽⁴⁾					
AR listing	225	262	266	1,022	1,775
Less: Cash received not applied ⁽²⁾	-	(17)	(128)	(242)	(387)
Less: Related party	-	-	-	(360)	(360)
Less: 3rd party balances > 1 year ⁽³⁾	-	-	-	(26)	(26)
Net USD AR	225	244	138	394	1,002
FX on net USD AR	79	86	48	138	351
Grand Total	579	586	503	599	2,268
<i>% of Total</i>	<i>26%</i>	<i>26%</i>	<i>22%</i>	<i>26%</i>	<i>100%</i>
Estimated Realization (%) ⁽⁵⁾					
Low	60%	50%	30%	15%	39%
High	80%	70%	55%	25%	57%
Estimated Realization (\$)					
Low valuation	348	293	151	90	882
High valuation	463	411	277	150	1,300

Notes:

⁽¹⁾ The Company's AR is aged by invoice date; average customer payment terms are 30 days. As such, balances in the 60+ days and 90+ days categories are assumed to have incrementally higher collection risk and hence lower estimated realization rates have been applied.

⁽²⁾ ~\$330k in CAD collections and ~\$390k in USD collections were traced to payment remittances, but have not been applied against AR as at May 31, 2017.

⁽³⁾ Balances > 1 year from invoice date are not anticipated to be collectable.

⁽⁴⁾ USD amounts are converted to CAD at a FX rate of 1.35.

⁽⁵⁾ Estimated realization rates reflect the difficulty in collecting the Company's outstanding AR in a liquidation scenario, including: potential disputes and offsets by customers, potential further overstatement due to the poor state of the books & records (unapplied balances, inability to track all cash deposits, etc.), and the potential use of an agency to collect smaller, more difficult accounts.

Thomas Canning (Maidstone) Limited
Estimated Inventory Realization
As at May 31, 2017

(\$000's)	Notes	Per Listing	Adj. ⁽¹⁾	Net Inventory	Estimated Realization ⁽²⁾			
					Low	%	High	%
Goods Counted								
Finished Goods		3,969	530	4,500	2,025	45%	3,150	70%
Less: Aged Finished Goods	(3)	(360)	-	(360)	(162)	45%	(252)	70%
Raw Materials - Paste		3,281	(2,059)	1,222	611	50%	916	75%
Raw Materials - Containers		1,008	(11)	997	249	25%	499	50%
Raw Materials - Tomatoes		445	(445)	-	-		-	
		8,343	(1,985)	6,359	2,723	43%	4,313	68%
Goods Not Counted								
Tomato Plants	(4)	802	(572)	230	-	0%	-	0%
Packaging & Storage	(5)	555	n/a	555	28	5%	139	25%
Parts	(5)	536	n/a	536	27	5%	134	25%
Other raw materials	(6)	173	n/a	173	9	5%	43	25%
		2,065	(572)	1,493	64	4%	316	21%
Total		\$ 10,408	\$ (2,556)	\$ 7,852	\$ 2,787	35%	\$ 4,629	59%

Notes:

⁽¹⁾ Adjustments of ~\$2.5M primarily relate to variances between an inventory count conducted on June 6, 2017, and the Company's perpetual inventory system (~\$2M). Adjustment to 'Raw Materials - Plants' reflects the current year's cost, as books and records are out of date.

⁽²⁾ Estimated realization rates for finished goods and paste consider the Company's going concern gross margin rates with existing customers, and the potential range of discounts off of wholesale price in order to liquidate the inventory through these or other channels (~20% Δ in discount rates from high to low scenario). Realization range on all other items are based on estimated discount off of cost in liquidation. Realizations assumed net of shipping costs.

⁽³⁾ ~\$360k of finished goods were identified as potentially expired and unsaleable.

⁽⁴⁾ Realization on plants in the possession of greenhouses is anticipated to be nil. Approximately \$112k is estimated to be owing to greenhouses in respect of these plants.

⁽⁵⁾ These categories are anticipated to have nominal liquidation value due to their specific nature, and costs required to move.

⁽⁶⁾ This category primarily consists of spices and product packaging materials that are anticipated to have nominal liquidation value.

TAB B

May 26, 2017

Richter Advisory Group Inc.
 181 Bay Street, Suite 3320
 Bay Wellington Tower
 Toronto, ON M5J 2T3
 Attention: Clark Lonergan (clonergan@richter.ca)

- and to -

Thomas Canning (Maidstone) Ltd.
 326 South Talbot Road
 Maidstone, ON N0R 1K0
 Attention: William Thomas

Dear Sirs/Mesdames:

Re: Purchase of Assets of Thomas Canning (Maidstone) Ltd. and 692194 Ontario Ltd.
 (collectively, the "Vendor")

This letter of intent sets out the terms and conditions in connection with an offer to purchase substantially all of the assets of the Company by SANTIOKH MAHAL and/or on behalf of a company to be incorporated (the "Purchaser").

1. **Purchased Assets.** The Vendor shall sell all right, title and interest in and to all assets, properties and undertaking of (the "Purchased Assets") connected with the Vendor's wholesale tomato canning business (the "Business") including, without limitation, the following, but excluding certain assets to be designated by the Purchaser (the "Excluded Assets"):
 - (a) all accounts receivable of the Vendor which, for greater certainty, includes:
 - (i) any accounts receivable in respect of which the Vendor has received post-dated cheques from customers;
 - (ii) any HST refund or other government or other refund; and
 - (iii) all cash and all pre-payments and deposits made by the Vendor.
 - (b) all office furniture, machinery and equipment and fixed assets of the Vendor wherever located and, subject to Section 10 hereof, all rights of the Vendor under all equipment leases (the "Equipment Leases");
 - (c) all owned real property of the Vendor and, subject to Section 10 hereof, all rights under real property leases and warehouse and storage agreements/arrangements;



- (d) all inventory including all work in process and raw materials and supplies of the Vendor;
 - (e) all rights of the Vendor to any licenses, consents, approvals, certifications or other similar rights and/or property (the "Licenses");
 - (f) all intellectual property of the Vendor; and
 - (g) all purchase orders for the supply of goods, all rights to receive goods in respect of "the 2017 growing season" and all rights under all contracts and agreements in connection with same.
2. **As Is Where Is.** Notwithstanding anything contained herein, the Purchaser confirms that it has entered into this Agreement on the basis that:
- (a) the Purchaser has conducted or will conduct its own investigations including regarding title to the Purchased Assets;
 - (b) the Purchaser is buying the Purchased Assets on an "as is, where is" basis;
 - (c) the Purchased Assets are being purchased as they will exist and at their location on the Closing Date (as defined below) and no adjustments will be allowed to the Purchaser for any change in condition, value, quantity or quality of the Purchased Assets; and
 - (d) the Vendor has made no representations, warranties, statements or promises and has not agreed to any condition (save and except as expressly stated in this Agreement) with respect to the Purchased Assets, whether statutory, express or implied, oral or written, legal, equitable, conventional, collateral or otherwise, all of which are expressly excluded, as to:
 - (i) title, including, without limitation, the existence, validity, registration, enforceability or priority of any mortgages, charges, liens, encumbrances, security interests, claims or demands of whatsoever nature or kind affecting or in any way relating to any or all of the Purchased Assets;
 - (ii) the existence, condition, merchantability, description, fitness for any particular purpose or use, suitability, durability, marketability, condition, quantity, quality or collectability of any and all of the Purchased Assets.
3. **Purchase Price.** The consideration to be given for the purchase and assignment of the Purchased Assets will be paid and satisfied pursuant to the payment of the amount of \$15,000,000 in cash and the assumption by the Purchaser upon closing ("Closing") of the transaction contemplated hereby (the "Transaction") of all remaining obligations of the Vendor relating to the indebtedness owing to Bridging Finance Inc., as agent ("Bridging"), including without limitation, any costs, fees, expenses, losses, damages incurred by Bridging in connection with its loans to the Company, including pursuant to

any guarantee or indemnity in favour of any other person and any amounts held in escrow for goods in connection with "the 2017 growing season", and subject to Section 10 hereof, the obligations of the Vendor under the Equipment Leases, real property leases and warehouse arrangements (collectively, the "Assumed Liabilities").

4. **Assumed Liabilities.** Other than the Assumed Liabilities, by purchasing the Purchased Assets, the Purchaser is not assuming any liabilities of the Vendor which arose from the activities of the Vendor in relation to the Business prior to the Closing Date.
5. **Transfer Taxes.** The Purchaser shall pay on Closing, in addition to the satisfaction of the Purchase Price, all applicable sales and transfer taxes exigible in connection with the Transaction.
6. **Deposit and Closing Date.** The Purchaser shall pay a deposit in an amount equal to 10% of the cash purchase price to the Monitor (as defined below) upon acceptance of this letter of intent and the remainder of the Purchase Price shall be paid and satisfied and the Transaction shall close on or before the end of business on June 30, 2017 (the "Closing Date").
7. **Conditions to Closing.** The parties' obligation to close the Transaction will be subject to the following:
 - (a) Payment and satisfaction of the Purchase Price and any applicable taxes;
 - (b) the negotiation and execution and delivery of an asset purchase agreement, and the receipt of a court approval and vesting order, all satisfactory to Monitor (as defined below), the Agent and the Purchaser in respect of the Purchased Assets;
 - (c) confirmation of the provision and/or assignment of all applicable Licenses in favour of the Purchaser; and
 - (d) the receipt of the Letter (as defined below) by the Purchaser.
8. **Representations and Warranties of the Vendor.** The Vendor represents and warrants in favour of the Purchaser:
 - (a) Richter Advisory Group Inc., in its capacity as court appointed monitor of all the assets, undertakings and properties of, among others, the Vendor, was appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court"), made May 1, 2017 (the "Monitor");
 - (b) this Agreement constitutes a legal, valid and binding obligation of the Vendor enforceable against it in accordance with its terms; and
 - (c) the Vendor has not granted to any person any option, warrant, privilege or right, or any right capable of becoming any of the foregoing (whether legal, equitable, contractual or otherwise) for the purchase of the Purchased Assets.

9. **Vendor's Covenants.** The Vendor hereby covenants, undertakes and agrees to deliver all Purchased Assets to the Purchaser and to provide to the Purchaser a letter, in a form satisfactory to the Purchaser, confirming to all growers, the licensing commission and all other regulatory or similar authorities, the Purchaser's acquisition of the Purchased Assets (the "Letter").
10. **Designation of Leases.** The Purchaser shall have until the Closing Date to designate each of the Vendors' Equipment Leases and/or real property leases and warehouse agreements/arrangements (each, an "Assigned Lease") or as an excluded asset (each, an "Excluded Lease"). Any such Equipment Lease and/or real property leases and warehouse agreements/arrangements not so designated by the Closing Date shall be deemed designated an Excluded Lease and an excluded asset. An assignment and assumption of each Assigned Lease will take place on the Closing Date (in either case, the "Date of Assignment"), taking into account any further period required to obtain an order of the Court (as contemplated herein) ordering such assignment (an "Assignment Order").
11. **Business Employees.** The Purchaser shall have the right but not the obligation to hire present and former employees in connection with the Transaction. As part of its diligence, the Purchaser shall be permitted to contact and meet with management and other employees to discuss and process such prospective employment. The Purchaser shall not assume any obligations of the Vendor to any employee(s).
12. **Exclusive Dealing.** Until the Closing Date (in respect of the satisfaction of due diligence and to negotiate and finalize an asset purchase agreement), subject to earlier termination on written notice if it becomes reasonable to conclude that the Transaction cannot be consummated hereunder, Vendor and the Monitor (1) will not, directly or indirectly, and will cause its affiliates and its and their respective directors, officers, employees, members, managers, agents, advisors and representatives not to, (i) solicit or encourage any inquiries, discussions, proposals or other contact, (ii) continue, propose or enter into negotiations or discussions with any other person, (iii) provide non-public information, or (iv) authorize, recommend, propose or enter into any confidentiality agreement, term sheet, letter of intent, purchase agreement or other agreement, arrangement or understanding, in each case regarding an acquisition of all or a part of, an investment in, a business combination or consolidation with, or the formation of a partnership or joint venture with, the Purchased Assets or the Business, in each case other than involving only the Purchaser or any of its affiliates, and (2) agrees to inform the Purchaser promptly on a confidential basis, and in any event within two (2) business days, in writing, of any inquiry, discussion, expression of interest, proposal or other contact from any person or entity of the type referred to above. Vendor immediately shall cease and cause to be terminated all such discussions, conversations, negotiations and other communications with any persons conducted heretofore with respect to any of the foregoing.
13. **Confidentiality.** The terms, conditions and existence of this Agreement and all further discussions and ancillary agreements between the parties will be treated on a confidential



basis, subject only to any appropriate disclosure to regulatory authorities or the Court and as otherwise required by law.

14. **Costs and Expenses.** Except as otherwise specifically set forth herein, each party will bear its own expenses in connection with the Transaction, including, without limitation, the costs and expenses of all attorneys and agents employed by such party.
15. **Right of Assignment.** The Vendor acknowledges and agrees that the Purchaser may assign the benefit of this Agreement and any ancillary agreements in whole or in part to a company controlled and directly or indirectly owned by the Purchaser.
16. **Miscellaneous.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. This Agreement may be executed in counterparts and delivered by facsimile transmission or emailed PDF, each of which shall be deemed to be an original, and all of which when taken together, shall constitute one and the same agreement.

[SIGNATURE PAGE FOLLOWS]



Please date, sign and return the enclosed copy of this letter of intent to the undersigned to acknowledge your agreement and acceptance to the forgoing.

_____ on behalf of a company to be incorporated

By: S. Mahal
Name: SANTOKH MAHAL
Authorized Signing Officer

ACCEPTED by the undersigned this _____, 2017.

THOMAS CANNING (MAIDSTONE) LTD.

By: _____
Name:
Authorized Signing Officer

692194 ONTARIO LTD.

By: _____
Name:
Authorized Signing Officer

ACKNOWLEDGED AND AGREED TO by the undersigned this _____, 2017.

RICHTER ADVISORY GROUP INC.,
in its capacity as Court-appointed Monitor of, among others,
THOMAS CANNING (MAIDSTONE) LTD.

By: _____
Name: Clark Lonergan
Authorized Signing Officer

TAB C

**ROBERT D. THOMAS
310 SOUTH TALBOT ROAD
MAIDSTONE R1,
ONTARIO N0R 1K0
In trust for a corporation to be incorporated**

CONFIDENTIAL

May 26, 2017

DELIVERED VIA E-MAIL

**RICHTER ADVISORY GROUP INC.
181 Bay Street, 33rd Floor
Toronto, Ontario
M5J 2T3**

Attention: Clark Lonergan, Senior Vice President

Dear Sirs:

Re: Proposed Purchase of the Assets of Thomas Canning (Maidstone) Limited and 692194 Ontario Limited (collectively, the "Company") by a corporation(s) to be incorporated by Robert Thomas (the "Purchaser")

This letter will serve as a non-binding expression of the Purchaser's intent to acquire, directly or through an affiliate, all of the assets of the Company (sometimes referred to herein as the "Business") from Richter Advisory Group Inc., in its capacity as the court appointed Monitor (the "Monitor") on the basis substantially as outlined below (the "Proposed Transaction").

1. Assets

- (a) The Purchaser will purchase all of the assets of the Company, including, but not limited to, the assets used by the Company in connection with the Business, and including the real property core to its processing operations, and the other real estate assets of the Company (the "Purchased Assets");
- (b) The Purchaser shall not assume any liabilities associated with the Business or the Purchased Assets unless such liabilities are explicitly assumed in writing by the Purchaser. However, it is the intention of the Purchaser to continue to operate the Business with the same business partners in the farming community and to honour the previous commitments made by the Company to such business partners.

2. Purchase Price for the Assets

The Purchaser is prepared to pay a purchase price of \$18,000,000.00 (the "Purchase Price") for the Purchased Assets, subject to adjustments usual in transactions of this nature (including, without limitation lease/license payments and deposits). The Purchaser is also prepared to assume all of the indebtedness owing by the Company to each of Bob Thomas, Julie Thomas, Jack Thomas and Bill Thomas.

If the Purchaser's offer is accepted, the Purchaser shall confirm the waiver of conditions and shall pay a deposit of \$500,000.00 upon the Binding Offer Deadline of June 2, 2017. On the closing of the Proposed Transaction (the "Closing"), the outstanding balance of the Purchase Price shall be paid by wire transfer to the Monitor's solicitors, in trust.

3. Conditions

This letter of intent is subject to the following conditions:

- (a) the Purchase Transaction and the Asset Purchase Agreement shall be approved by the Ontario Superior Court of Justice [Commercial List] (the "Court");
- (b) the Court shall vest all of the right, title and interest of the Company and the Monitor in and to the Purchased Assets free and clear of any and all liens, security interests and encumbrances of every nature and kind whatsoever (the "Vesting Order");
- (c) the Vesting Order shall not be subject to any legally effective stay of proceedings; and
- (d) any guarantees executed and delivered to and in favour of Bridging Financing Inc. or Sprott Bridging Income Fund LP by any of Robert Thomas, John Thomas, William Thomas or Julie Thomas are to be released upon Closing.

4. Employment Matters and Associate Agreements

The Purchaser will not be obligated to offer employment to any employee of the Company. However, it is the intention of the Purchaser to continue the employment of all current employees on substantially the same terms as currently exist with the Company.

5. Taxes

- (a) The Purchaser shall be responsible for and shall pay all federal and provincial sales or other transfer taxes arising as a result of the closing of the Proposed Transaction, or, alternatively, shall provide the Company and the Monitor with appropriate exemption certificates.
- (b) The Purchaser, Company and Monitor will, through good faith negotiations, agree upon an allocation of the Purchase Price among the Purchased Assets for tax purposes.

- (c) The Company and Purchaser shall, on Closing, elect jointly under subsection 167(1) of the *Excise Tax Act* (Canada) in respect of the sale of the Purchased Assets. The Purchaser shall undertake to file such election with Canada Revenue Agency not later than the day on which it is required to file its HST return for its reporting period which includes the date of Closing.

6. Due Diligence

The Purchaser and its representatives will be provided with full and complete access to the assets, books, records, personnel and premises of the Company in order to conduct its legal, operational and financial review of the assets and the Business. The acquisition is subject to completion of the Purchaser's investigation of the assets, affairs and condition of the Business, and satisfaction with the results of such investigation. Such due diligence shall be completed on or before June 2, 2017.

7. Costs

Each of the Purchaser, Company and Monitor will be responsible for and bear all of their own respective costs and expenses incurred at any time in connection with pursuing or completing the Proposed Transaction.

8. Status of this Letter of Intent

It is understood that this letter of intent is a statement of the intention to proceed in good faith as outlined above and it does not create any binding obligations. Any purchase will be subject to the execution of a definitive agreement of purchase and sale (the "Definitive Agreement") to be negotiated by the parties.

9. Business in the Ordinary Course

From the date of this letter to the completion of the Proposed Transaction or termination of negotiations, the Monitor and the Company shall conduct the Business in the usual and ordinary manner and use all reasonable efforts to maintain good relations with its employees, customers, suppliers and other contracting parties.

10. Governing Law

This letter of intent will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario.

Yours very truly,



**Robert Thomas, in trust for a corporation(s)
to be incorporated**

Confirmed, agreed to and accepted this _____ day of June, 2017.

RICHTER ADVISORY GROUP INC.
in its capacity as court-appointed Monitor
of Thomas Canning (Maidstone) Limited and
692194 Ontario Limited, and not in its personal
or corporate capacity

Per: _____
Name:
Title:

I Have Authority to Bind the Corporation

692194 ONTARIO LIMITED

Per: _____
Name:
Title:

I Have Authority to Bind the Corporation

THOMAS CANNING (MAIDSTONE) LIMITED

Per: _____
Name:
Title:

I Have Authority to Bind the Corporation

TAB D

May 26, 2017

Richter Advisory Group Inc.
 181 Bay Street, Suite 3320
 Bay Wellington Tower
 Toronto, ON M5J 2T3
 Attention: Clark Lonergan (clonergan@richter.ca)

- and to -


Thomas Canning (Maidstone) Ltd.
 326 South Talbot Road
 Maidstone, ON N0R 1K0
 Attention: William Thomas

Dear Sirs/Mesdames:


Re: Purchase of Assets of Thomas Canning (Maidstone) Ltd. and 692194 Ontario Ltd.
 (collectively, the "Vendor")

This letter of intent sets out the terms and conditions in connection with an offer to purchase substantially all of the assets of the Company by Santokh Mahal and/or on behalf of a company to be incorporated (the "Purchaser").

1. **Purchased Assets.** The Vendor shall sell all right, title and interest in and to all assets, properties and undertaking of (the "Purchased Assets") connected with the Vendor's wholesale tomato canning business (the "Business") including, without limitation, the following, but excluding certain assets to be designated by the Purchaser (the "Excluded Assets"):
 - (a) all accounts receivable of the Vendor which, for greater certainty, includes:
 - (i) any accounts receivable in respect of which the Vendor has received post-dated cheques from customers;
 - (ii) any HST refund or other government or other refund; and
 - (iii) all cash and all pre-payments and deposits made by the Vendor.
 - (b) all office furniture, machinery and equipment and fixed assets of the Vendor wherever located and, subject to Section 10 hereof, all rights of the Vendor under all equipment leases (the "Equipment Leases");
 - (c) all owned real property of the Vendor and, subject to Section 10 hereof, all rights under real property leases and warehouse and storage agreements/arrangements;


may 30-17 

- (d) all inventory including all work in process and raw materials and supplies of the Vendor;
 - (c) all rights of the Vendor to any licenses, consents, approvals, certifications or other similar rights and/or property (the "Licenses");
 - (f) all intellectual property of the Vendor; and
 - (g) all purchase orders for the supply of goods, all rights to receive goods in respect of "the 2017 growing season" and all rights under all contracts and agreements in connection with same.
2. **As Is Where Is.** Notwithstanding anything contained herein, the Purchaser confirms that it has entered into this Agreement on the basis that:
- (a) the Purchaser has conducted or will conduct its own investigations including regarding title to the Purchased Assets;
 - (b) the Purchaser is buying the Purchased Assets on an "as is, where is" basis;
 - (c) the Purchased Assets are being purchased as they will exist and at their location on the Closing Date (as defined below) and no adjustments will be allowed to the Purchaser for any change in condition, value, quantity or quality of the Purchased Assets; and
 - (d) the Vendor has made no representations, warranties, statements or promises and has not agreed to any condition (save and except as expressly stated in this Agreement) with respect to the Purchased Assets, whether statutory, express or implied, oral or written, legal, equitable, conventional, collateral or otherwise, all of which are expressly excluded, as to:
 - (i) title, including, without limitation, the existence, validity, registration, enforceability or priority of any mortgages, charges, liens, encumbrances, security interests, claims or demands of whatsoever nature or kind affecting or in any way relating to any or all of the Purchased Assets;
 - (ii) the existence, condition, merchantability, description, fitness for any particular purpose or use, suitability, durability, marketability, condition, quantity, quality or collectability of any and all of the Purchased Assets.
3. **Purchase Price.** The consideration to be given for the purchase and assignment of the Purchased Assets will be paid and satisfied pursuant to the payment of the amount of \$20,000,000 in cash and the assumption by the Purchaser upon closing ("Closing") of the transaction contemplated hereby (the "Transaction") of all remaining obligations of the Vendor relating to the indebtedness owing to Bridging Finance Inc., as agent ("Bridging"), including without limitation, any costs, fees, expenses, losses, damages incurred by Bridging in connection with its loans to the Company, including pursuant to

May 30, 2017


any guarantee or indemnity in favour of any other person and any amounts held in escrow for goods in connection with "the 2017 growing season", and subject to Section 10 hereof, the obligations of the Vendor under the Equipment Leases, real property leases and warehouse arrangements (collectively, the "Assumed Liabilities").

4. **Assumed Liabilities.** Other than the Assumed Liabilities, by purchasing the Purchased Assets, the Purchaser is not assuming any liabilities of the Vendor which arose from the activities of the Vendor in relation to the Business prior to the Closing Date.
5. **Transfer Taxes.** The Purchaser shall pay on Closing, in addition to the satisfaction of the Purchase Price, all applicable sales and transfer taxes exigible in connection with the Transaction.
6. **Deposit and Closing Date.** The Purchaser shall pay a deposit in an amount equal to 10% of the cash purchase price to the Monitor (as defined below) upon acceptance of this letter of intent and the remainder of the Purchase Price shall be paid and satisfied and the Transaction shall close on or before the end of business on June 30, 2017 (the "Closing Date").
7. **Conditions to Closing.** The parties' obligation to close the Transaction will be subject to the following:
 - (a) Payment and satisfaction of the Purchase Price and any applicable taxes;
 - (b) the negotiation and execution and delivery of an asset purchase agreement, and the receipt of a court approval and vesting order, all satisfactory to Monitor (as defined below), the Agent and the Purchaser in respect of the Purchased Assets;
 - (c) confirmation of the provision and/or assignment of all applicable Licenses in favour of the Purchaser; and
 - (d) the receipt of the Letter (as defined below) by the Purchaser.
8. **Representations and Warranties of the Vendor.** The Vendor represents and warrants in favour of the Purchaser:
 - (a) Richter Advisory Group Inc., in its capacity as court appointed monitor of all the assets, undertakings and properties of, among others, the Vendor, was appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court"), made May 1, 2017 (the "Monitor");
 - (b) this Agreement constitutes a legal, valid and binding obligation of the Vendor enforceable against it in accordance with its terms; and
 - (c) the Vendor has not granted to any person any option, warrant, privilege or right, or any right capable of becoming any of the foregoing (whether legal, equitable, contractual or otherwise) for the purchase of the Purchased Assets.

May 30, 2017



9. **Vendor's Covenants.** The Vendor hereby covenants, undertakes and agrees to deliver all Purchased Assets to the Purchaser and to provide to the Purchaser a letter, in a form satisfactory to the Purchaser, confirming to all growers, the licensing commission and all other regulatory or similar authorities, the Purchaser's acquisition of the Purchased Assets (the "Letter").
10. **Designation of Leases.** The Purchaser shall have until the Closing Date to designate each of the Vendors' Equipment Leases and/or real property leases and warehouse agreements/arrangements (each, an "Assigned Lease") or as an excluded asset (each, an "Excluded Lease"). Any such Equipment Lease and/or real property leases and warehouse agreements/arrangements not so designated by the Closing Date shall be deemed designated an Excluded Lease and an excluded asset. An assignment and assumption of each Assigned Lease will take place on the Closing Date (in either case, the "Date of Assignment"), taking into account any further period required to obtain an order of the Court (as contemplated herein) ordering such assignment (an "Assignment Order").
11. **Business Employees.** The Purchaser shall have the right but not the obligation to hire present and former employees in connection with the Transaction. As part of its diligence, the Purchaser shall be permitted to contact and meet with management and other employees to discuss and process such prospective employment. The Purchaser shall not assume any obligations of the Vendor to any employee(s).
12. **Exclusive Dealing.** Until the Closing Date (in respect of the satisfaction of due diligence and to negotiate and finalize an asset purchase agreement), subject to earlier termination on written notice if it becomes reasonable to conclude that the Transaction cannot be consummated hereunder, Vendor and the Monitor (1) will not, directly or indirectly, and will cause its affiliates and its and their respective directors, officers, employees, members, managers, agents, advisors and representatives not to, (i) solicit or encourage any inquiries, discussions, proposals or other contact, (ii) continue, propose or enter into negotiations or discussions with any other person, (iii) provide non-public information, or (iv) authorize, recommend, propose or enter into any confidentiality agreement, term sheet, letter of intent, purchase agreement or other agreement, arrangement or understanding, in each case regarding an acquisition of all or a part of, an investment in, a business combination or consolidation with, or the formation of a partnership or joint venture with, the Purchased Assets or the Business, in each case other than involving only the Purchaser or any of its affiliates, and (2) agrees to inform the Purchaser promptly on a confidential basis, and in any event within two (2) business days, in writing, of any inquiry, discussion, expression of interest, proposal or other contact from any person or entity of the type referred to above. Vendor immediately shall cease and cause to be terminated all such discussions, conversations, negotiations and other communications with any persons conducted heretofore with respect to any of the foregoing.
13. **Confidentiality.** The terms, conditions and existence of this Agreement and all further discussions and ancillary agreements between the parties will be treated on a confidential

may 30 - 2017
GMA

basis, subject only to any appropriate disclosure to regulatory authorities or the Court and as otherwise required by law.

14. **Costs and Expenses.** Except as otherwise specifically set forth herein, each party will bear its own expenses in connection with the Transaction, including, without limitation, the costs and expenses of all attorneys and agents employed by such party.
15. **Right of Assignment.** The Vendor acknowledges and agrees that the Purchaser may assign the benefit of this Agreement and any ancillary agreements in whole or in part to a company controlled and directly or indirectly owned by the Purchaser.
16. **Miscellaneous.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. This Agreement may be executed in counterparts and delivered by facsimile transmission or emailed PDF, each of which shall be deemed to be an original, and all of which when taken together, shall constitute one and the same agreement.

[SIGNATURE PAGE FOLLOWS]

May 30, 2017


Please date, sign and return the enclosed copy of this letter of intent to the undersigned to acknowledge your agreement and acceptance to the forgoing.

on behalf of a company to be incorporated

By: Jonahel
Name: Santokh Mahal
Authorized Signing Officer

ACCEPTED by the undersigned this _____, 2017.

THOMAS CANNING (MAIDSTONE) LTD.

By: _____
Name:
Authorized Signing Officer

692194 ONTARIO LTD.

By: _____
Name:
Authorized Signing Officer

ACKNOWLEDGED AND AGREED TO by the undersigned this _____, 2017.

RICHTER ADVISORY GROUP INC.,
in its capacity as Court-appointed Monitor of, among others,
THOMAS CANNING (MAIDSTONE) LTD.

By: _____
Name: Clark Lonergan
Authorized Signing Officer

T A B L E



MINDEN GROSS LLP
BARRISTERS & SOLICITORS
 145 KING STREET WEST, SUITE 2200
 TORONTO, ON, CANADA M5H 4G2
 TEL 416.362.3711 FAX 416.864.9223
 www.mindengross.com

DIRECT DIAL 416-369-4335
 E-MAIL tdunn@mindengross.com
 FILE NUMBER 1111111

May 30, 2017

VIA EMAIL (samr@chaitons.com)

CHAITONS LLP
 5000 Yonge St.
 10th Floor
 Toronto, ON M2N 7E9
Attention: Sam Rappos

Dear Sam:

Re: Proposed Purchase of the Assets of Thomas Canning (Maidstone) Limited and 692194 Ontario Limited (collectively the "Company") by a corporation(s) to be incorporated by Robert Thomas (the "Purchaser")

I have now had an opportunity to review both of your emails from yesterday and have received instructions in respect of same this morning.

For ease of reference, I will adopt the naming convention used in your emails when answering your questions below.

1. Deposit

- * The Purchaser has fully complied with the bid process.
- * A non-binding letter of intent ("LOI") was submitted prior to the 5pm deadline on May 26, 2017, and it intends to submit the requisite binding offer before 5pm on June 2, 2017.
- * The Bid Process clearly states that ".....a deposit of at least the lesser of: 10% of the cash purchase price; or \$500,000".
- * The Purchaser is not a signatory to the subject Accommodation Agreement. Bob Thomas is a signatory but the Purchaser is not. Leaving aside this technical distinction, the more concerning issue for me lies in your suggestion that there should be one bid process for Bob Thomas and another for everyone else. This



is completely contrary to the principles of fairness that must be adhered to by court officers in establishing a sales process.

A court officer cannot "given the quantum of offers received" arbitrarily change the Bid Process to require the Purchaser to post an additional \$1,300,000 by way of a deposit on very short notice.

If the Monitor is unwilling to honour the terms of the Bid Process, I am of the view that this is a sufficiently serious issue to warrant a judicial determination respecting the fairness of this process before any bidder is selected as the successful purchaser. It is imperative that the fairness of a sales process be beyond question and clearly, in the current circumstances, the bidding procedure is less than clear.

2. Conditions

* Please consider the language of the LOI to be amended by this letter to more clearly reflect the intention of the Purchaser. Specifically, the LOI is only conditional upon receipt of an Order approving the sale transaction, the form of the Agreement of Purchase and Sale and vesting all the purchased assets in the Purchaser free and clear of any and all security interests and other encumbrances etc. in accordance with the model form of order.

* reference to adjustments will be amended to more clearly reflect the intention to limit the same to the usual adjustments for property taxes, utilities etc. that one would expect when acquiring real property.

* the Purchaser is not looking to have a working capital adjustment.

3. Obligations

* I was not aware of the lender posting security, but have confirmed with my client that the Purchaser intends to assume this obligation as part of the sale transaction. Naturally, we will require a breakdown of this security amount. Please provide as soon as possible.

* Similarly, the Purchaser intends to assume the existing Tote and vehicle leases.

* I note that the above is consistent with the language found in subsection 1(b) of the LOI in which the Purchaser states that it intends to "continue to operate the Business with the same business partners in the farming community and to honour the previous commitments made by the Company to such business partners".

4. Transaction Mechanism

* With respect, I do not think it appropriate for the Monitor to ask the Purchaser what it intends to do with the Company. Surely, this is a question better asked of the principal secured creditor and/or the Company. Have other bidders been asked this question?



* the Purchaser has submitted an offer to purchase all of the assets of the Company. It is not party to enforcement options and strategy available to the principal secured creditor should it suffer a shortfall (which appears to be the implication from this question).

5. Timeline

* the Bid Process requires a closing of the purchase transaction by no later than June 30, 2017. The Purchaser has structured its affairs on this basis. If it becomes possible for an earlier closing, the Purchaser will gladly close earlier. However, it is not fair or acceptable that the Monitor is proposing to move the goal posts again - this time in connection with timing for completion.

* the 28 day timeline from binding offer to completion is already tight and I cannot believe that completion a few days before the June 30th date set out in the Bid Process makes any material difference.

6. Additional 100 Acres

* in your second email, you have requested clarification from the Purchaser respecting the additional 100 acres of conventional tomato feedstock that has potentially been secured by the Company.

* the Purchaser is in favour of the Company proceeding with this feedstock for the upcoming 2017 processing season.

* the estimated \$515,000 required to move forward with these additional acres will be added to the \$18,000,000 offer submitted by the Purchaser.

I hope that the foregoing serves to clarify the position of the Purchaser in respect of the issues you have raised.

With respect to the Bid Process and, more particularly, the ambiguity around the quantum of the deposit required, we will obviously need your written position today. Should the Monitor insist upon maintaining its position, I will be recommending that the Purchaser seek a judicial determination respecting the overall fairness of the Bid Process before any further steps are undertaken in furtherance of the same.



I look forward to hearing from you.

Yours truly,

MINDEN GROSS LLP

Per:

Timothy R. Dunn
TRD/th

cc Bob Thomas

TAB F

**MINDEN
GROSS** LLP

MINDEN GROSS LLP
BARRISTERS & SOLICITORS
145 KING STREET WEST, SUITE 2200
TORONTO, ON, CANADA M5H 4G2
TEL 416.362.3711 FAX 416.864.9223
www.mindengross.com

DIRECT DIAL 416-369-4335
E-MAIL tdunn@mindengross.com
FILE NUMBER 4105869

June 2, 2017

VIA EMAIL (samr@chaitons.com)

CHAITONS LLP
5000 Yonge St.
10th Floor
Toronto, ON M2N 7E9
Attention: Sam Rappos

Dear Sam:

Re: Proposed Purchase of the Assets of Thomas Canning (Maidstone) Limited and 692194 Ontario Limited (collectively the "Company") by a corporation(s) to be incorporated by Robert Thomas (the "Purchaser")

Further to the submission of the Purchaser's non-binding LOI on May 26, 2017 (the "LOI"), and our subsequent exchanges of emails this afternoon, we have received instructions from the Purchaser to amend the LOI as follows:

- * the LOI is hereby considered to be binding.
- * the Purchase Price set out in section 2 of the LOI is hereby increased to \$21,000,000 from \$18,000,000.
- * the due diligence provision in section 6 of the LOI is hereby deleted.
- * the clarification to the LOI set forth in section 3 of my letter of May 30, 2017, remains unamended respecting assumption of the Totes and vehicle leases.

This binding LOI is being submitted prior to the 5pm deadline set out on the Bid Process.

The Purchaser is aware that the Monitor has already notified another bidder that its bid has been accepted but we are of the view that the integrity of the process requires that the Purchaser's amended LOI be given proper and due consideration.



Please give me a call to discuss.

Yours truly,

~~MINDEN GROSS LLP~~

Per:

Timothy R. Dunn
TRD/vh

cc Bob Thomas

#2871387 v1 | 4105869

TAB G

*

Thomas Canning (Maidstone) Limited - RISP
Summary of Offers

	Offers ⁽¹⁾		Late Offer ⁽²⁾
	Santokh Mahal	"NewCo" (Bob Thomas)	"NewCo" (Bob Thomas)
Deposit	\$2,000,000	\$500,000	\$500,000
Financial capability proven, in absence of 10% Deposit	n/a, 10% Deposit	No	No
Calculation of Purchase Price			
Cash	\$20,000,000	18,000,000	21,000,000
Assumption of remaining secured debt obligations (Bridging Finance Inc.) ⁽³⁾	2,138,731	472,500	472,500
Assumed Liabilities ⁽⁴⁾	TBD	TBD	TBD
Total	22,138,731	18,472,500	21,472,500
Net Difference in Offers		(3,666,231)	(666,231)
Key Terms & Conditions			
Type of Offer	asset purchase	asset purchase	asset purchase
Anticipated Impact on Business	continuation of the business contemplated	continuation of the business contemplated	continuation of the business contemplated
Employees	not obligated to offer employment	not obligated to offer employment intention to continue the employment of all current employees on substantially the same terms.	not obligated to offer employment intention to continue the employment of all current employees on substantially the same terms.
Assumed Liabilities	<u>certain:</u> - equipment leases - real property leases - warehouse arrangements	<u>certain:</u> - equipment leases - shareholder loans - previous commitments made by the Company to its business partners and farming community.	<u>certain:</u> - equipment leases - shareholder loans - previous commitments made by the Company to its business partners and farming community.
Transaction Costs	- all parties bear their own costs up to and completing the transaction - all remaining obligations of the Company relating to the indebtedness owed to the Company's primary secured lender including without limitation, any costs, fees, expenses losses damaged incurred by the primary secured lender - losses to Company's primary secured creditor assumed to include all transactions costs of the Company and Monitor	- all parties bear their own costs up to and completing the transaction (Purchaser, Company, Monitor) - purchaser not party to the enforcement options available to the Company's principal secured creditor and not responsible for any costs that may relate to that process	- all parties bear their own costs up to and completing the transaction (Purchaser, Company, Monitor) - purchaser not party to the enforcement options available to the Company's principal secured creditor and not responsible for any costs that may relate to that process
Closing Date	on or before June 30, 2017	on or before June 30, 2017	on or before June 30, 2017
Key Conditions to Closing	- approval and vesting order - provision for/assignment of Licenses	- approval and vesting order - subject to due diligence to be completed by June 2, 2017	- approval and vesting order
Other	- not in favour of the Company securing 100 acres of 2017 conventional tomato feedstock	- personal guarantees to Company's primary secured lender by the Company's principals are to be released (~\$600k) - in favour of the Company securing 100 acres of 2017 conventional tomato feedstock and any obligation regarding the same will be assumed	- personal guarantees to Company's primary secured lender by the Company's principals are to be released (~\$600k) - in favour of the Company securing 100 acres of 2017 conventional tomato feedstock and any obligation regarding the same will be assumed

Notes:

⁽¹⁾ Letters of intent received by the Extended LOI Deadline of May 30, 2017.

⁽²⁾ Offer received on June 2, 2017, after the Extended LOI Deadline and after offer rejected by the Monitor

⁽³⁾ **Calculation of secured debt obligations (for illustrative purposes)**

Principal and interest outstanding	21,322,277		
Interim Receiver fees & costs including counsel	93,954		
Est. Monitor fees & costs including counsel	250,000		
Escrow amount(s)	472,500	472,500	472,500
Total as at May 31, 2017	22,138,731	472,500	472,500

Note: Mahal offer contemplates assuming entire remaining Bridging Finance Inc. secured debt obligations at closing.

Note: Monitor's and its counsels fees are accrued up to May 31, 2017 for purposes of this analysis

⁽⁴⁾ Assumed liabilities substantially similar, except for the assumptions of the Company's shareholder loans (\$800-\$1.2 million pending books and records being updated) which has been postponed behind the Company's principal secured lender. No value has been assigned to this assumption as the corresponding offer does not provide for the complete repayment of the principal secured lender.

BRIDGING FINANCE INC.,
as agent for **SPROTT BRIDGING INCOME FUND LP**
Applicant

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and
692194 ONTARIO LIMITED
Respondents

Court File No. CV-17-11773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

CONFIDENTIAL APPENDICES TO THE REPORT
OF THE INTERIM RECEIVER AND THE MONITOR
(motion returnable June 21, 2017)

CHAITONS LLP
5000 Yonge Street, 10th floor
Toronto, Ontario M2N 7E9

Sam Rappos (LSUC # 51399S)
Tel: (416) 218-1137
Fax: (416) 218-1187
Email: samr@chaitons.com

Lawyers for the Interim Receiver
and the Monitor

APPENDIX F

RICHTER

August 28, 2017

2581150 Ontario Inc. (o/a Golden Mile Food Corporation)
46 Village Centre Place, Suite 300
Mississauga, ON
L4Z 1V9

Attention: Paul Millar, Director

Dear Mr. Millar:

Subject: The Thomas Canning (Maidstone) Limited ("TCL") and 692194 Ontario Limited ("692", and together with TCL, the "Company") Assets Purchased

Introduction

This letter confirms the engagement of Richter Advisory Group Inc. ("**Richter**") to provide consulting services to 2581150 Ontario Inc. ("**Golden Mile**") as outlined in the scope of services below.

We confirm having advised you, that on June 21, 2017, Richter was appointed as receiver of the property, assets and undertakings of TCL and 692 (the "**Receiver**") pursuant to the Order of The Honourable Madam Justice Conway of the Superior Court of Justice (Commercial List) (the "**Court**"). We further confirm having advised you that as Receiver, Richter is an officer of the Court and its primary duties are to the Court and to the Company's stakeholders and to satisfy its obligations under Court orders and the *Bankruptcy and Insolvency Act* (the "**Act**").

While Richter as Receiver will endeavor to work cooperatively with you throughout the engagement, the Receiver's duties to the Court and the Company's stakeholders, and its statutory obligations under the Act will take priority at all times over Richter's role as consultant to Golden Mile.

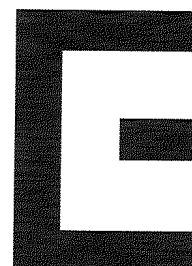
Scope of Services

Golden Mile has requested Richter to assist with the following scope of service ("**Services**") with regards to the Company's assets purchased by it from the Receiver in the receivership proceedings noted above, including:

- 1) Plan and supervise a full count of the purchased inventory; and
- 2) Assist with purchased inventory reconciliation and other items that may be requested by the Canadian Food Inspection Agency.

Fees

Our professional fees will be based on a weekly rate for Wajahat Mahmood of \$8,500 (40 hours per week). We reserve the right to change staff and the associated weekly/daily rate but we will only change the named staff after discussion with you. After the initial week of work, we will charge you a daily rate of \$1,700 and will bill you in minimum half day increments should our services still be required by Golden Mile.





In addition to the fees outlined above, we shall bill for all reasonable expenses. Direct costs, including but not limited to travel, meals and accommodation will be charged as incurred. In addition to our fees, expenses and other charges payable pursuant to the engagement, we shall bill for all applicable taxes.

Terms and Conditions

Our fees are not contingent upon the final results or outcome of this engagement and Richter does not warrant or predict results or final developments in this matter. We agree to hold ourselves available as testifying expert witnesses with respect to any matter relating to the services provided hereunder at our customary fees for such testimony, if requested by Golden Mile.

If Richter is required at any time following completion of this engagement to render services directly relating to the subject matter of this agreement (including, but not limited to, in connection with any legal proceedings, such as producing documents, answering interrogatories, attending depositions, and testifying at trial, and whether by subpoena, court process or order, or otherwise), Richter shall be paid its then current hourly rates for the persons involved for the time expended in rendering such services, including, but not limited to, time for meetings, conferences, preparation and travel, and all related reasonable out-of-pocket costs and expenses (including without limitation the reasonable legal fees and expenses of Richter's legal counsel incurred in connection therewith).

As part of the consideration for the agreement of Richter to furnish its services pursuant to this engagement letter, Golden Mile hereby agrees to indemnify and hold harmless each of Richter, its partners, officers, directors, agents, employees, and any successors and assigns (each, an "**Indemnified Parties**") to the fullest extent lawful, against any and all claims, demands, liabilities, losses, damages, obligations, proceedings, and expenses, as incurred, related to or arising out of this engagement, including, without limitation, any and all of such Indemnified Parties' reasonable expenses incurred in connection with investigating, preparing, defending or settling any action, threatened action, or claim, including all of such Indemnified Parties' reasonable legal fees and expenses; provided, however, that Golden Mile shall not be responsible for any losses, claims, damages, liabilities or expenses of any Indemnified Parties to the extent, and only to the extent, that it is found in a final judgment by a court of competent jurisdiction (not subject to further appeal) to have resulted primarily and directly from such Indemnified Parties' breach hereof gross negligence or willful misconduct.

The indemnity and expense reimbursement obligations set forth herein (i) shall be in addition to any liability that Golden Mile may have to Richter at common law or otherwise, (ii) shall survive the termination of Richter's engagement hereunder for a period of 2 years, (iii) shall apply to any modification of Richter's engagement hereunder and shall remain in full force and effect following the completion or termination of the engagement as amended or modified, for a period of 2 years and (iv) shall be binding on any successor or assign of Golden Mile and its successors or assigns.

Golden Mile further agrees that they shall not, without the prior consent of Indemnified Parties, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which such Indemnified Parties seeks indemnification hereunder (whether or not such Indemnified Parties is an actual party to such claim, action, suit or proceedings) unless such settlement, compromise or consent includes an unconditional release of such Indemnified Parties from all liabilities arising out of such claim, action, suit or proceeding without Richter approval.

Golden Mile agrees that no Indemnified Parties shall have any liability (whether direct or indirect, in contract or tort or otherwise) to Golden Mile for or in connection with the engagement of Richter, except to the extent for any such liability for losses, claims, damages, liabilities or expenses that are found in a final judgment by a court of



competent jurisdiction (not subject to further appeal) to have resulted primarily and directly from such Indemnified Parties' breach hereof gross negligence or willful misconduct.

This agreement may be terminated at any time by written notice by one party to the other. Notwithstanding such termination, Richter will be entitled to any reasonable fees and expenses incurred pursuant to the terms of this agreement.

Miscellaneous

This letter constitutes the entire agreement between the parties and shall supersede all prior offers, negotiations, exceptions and understanding, whether oral or written, between the parties hereto relating to the products and services called hereunder. No amendment or modification of any provision of this letter shall be binding upon any party hereto unless evidenced in writing and duly signed by all parties. Without the express written consent of the other parties, no party shall assign or transfer this agreement.

Failure of any party to enforce any of the provisions hereof shall not be construed as a waiver of such provisions or of the right thereafter to enforce such provisions. If any provisions of this letter shall be held to be invalid, void, or unenforceable, the remaining provisions hereof shall not be affected or impaired and such remaining provisions shall remain in full force and effect.

This letter shall be binding on and shall inure to the benefit of Golden Mile and Richter and their respective successors and assigns, except as otherwise provided herein.

This letter may be executed in any number of counterparts, each of which when so executed shall be deemed an original, but all such counterparts shall constitute one and the same instrument. Delivery of an executed counterpart of this letter by fax or electronic mail shall have the same force and effect as the delivery of an original executed counterpart of this letter.

This agreement shall be deemed to be made in Ontario. This agreement and all controversies arising from or relating to performance of this agreement shall be governed by, and construed and enforced in accordance with, the laws of Ontario without giving effect to any province's or country's rules concerning conflicts of laws that might provide for any other choice of law. Richter hereby irrevocably consents to personal jurisdiction in any court in Ontario for the purposes of any suit, action or other proceeding arising out of this agreement or any of the agreements or transactions contemplated hereby.



Page 4
August 28, 2017

We are pleased to have the opportunity to provide our services to Golden Mile and we appreciate your confidence in us. We look forward to working with you on this matter. Please sign and return a copy of this engagement letter signifying your agreement with the terms and provisions herein.

Yours very truly,

Richter Advisory Group Inc.

By: Clark Lonergan, Senior Vice President
Email: clonergan@richter.ca

Having read the engagement letter, including the terms and conditions, we agree to nominate Richter Advisory Group Inc. as Receiver (as defined in the engagement letter) of the Company upon the terms set out herein.

On behalf of 2581150 Ontario Inc.:

Paul Millar

Name

Signed

Director

Position

August 28, 2017

Date

[Signature Page to engagement letter with Richter Advisory Group Inc.]

APPENDIX “L”



REPLY TO: SAM RAPPOS
FILE NO.: 52980
DIRECT: 416-218-1137
FAX: 416-218-1837
EMAIL: samr@chaitons.com

January 31, 2018

VIA EMAIL

David Ullmann
Blaney McMurtry LLP
2 Queen Street East, Suite 1500
Toronto, Ontario M5C 3G5

**Re: *Thomas Canning (Maidstone) Limited and 692194 Ontario Limited
Approval/Discharge Motions returnable May 14, 2018***

Dear Mr. Ullmann,

As you know, May 14, 2018 has been set as the return date for the hearing of the approval/discharge motions. The Monitor's motion materials were served on June 14, 2017. The Receiver intends to serve its motion record by February 7, 2018, which will include updated fee affidavits with respect to the Monitor proceeding.

It was noted in chambers on Monday that it would be preferable for the motions to be heard in April, which Justice McEwen was agreeable to if his month-long trial does not proceed. As a result, all parties should proceed on the basis that the approval/discharge motions may be heard sometime in April.

We propose that the parties agree to the following litigation timetable:

February 14, 2018	Deadline for Thomases to serve responding materials
February 21, 2018	Deadline for Receiver and Monitor to serve any reply materials
March 14, 2018	Deadline for completion of any examinations
March 23, 2018	Deadline for Receiver and Monitor to serve factum
March 30, 2018	Deadline for Thomases to serve responding factum

With respect to the issue of the production of correspondence, as we indicated prior to and at the chambers appointment, your blanket request for all correspondence exchanged by the Receiver, the Purchaser and Bridging between June 21, 2017 and July 7, 2017 is not an appropriate request. Again, we ask that you describe the nature of the correspondence you are looking for, so that we can provide you with our response.



Yours truly,
CHAITONS LLP

Sam Rappos

(computer generated signature)

Sam Rappos
LAWYER

SR/SPR

Cc: Client
Ken Rosenstein and Sam Babe

APPENDIX “M”

David T Ullmann

D: 416-596-4289 F: 416-594-2437
dullmann@blaney.com

February 7, 2018

Via EmailMr. Sam P. Rappos
Chaitons LLP
5000 Yonge Street, 10th Floor
Toronto, ON M2N 7E9

Dear Mr. Rappos,

Re: Thomas Canning (Maidstone) Limited and 692194 Ontario Limited

We write in response to your letter, dated January 31, 2018.

Our clients do not object to you serving the Receiver's motion materials today. We attach a copy of the defence in respect of the Bodkin totes, which your client can consider if it wants to include in its report.

Our clients will not be serving responding materials by February 14th and do not otherwise agree with your expedited litigation timetable. We do not understand why it is necessary to exchange all materials more than three months prior to the motion date.

Additionally, our clients will not be in a position to provide responding materials to Richter's discharge motions before they have had an opportunity to: (a) review and consider the correspondence exchanged between the Receiver, the Purchaser and the lender, which you agreed to provide; and (b) examine Mr. Mahal, in his capacity as principal of the Purchaser. We may also elect to examine Mr. Marr once we have Mr. Mahal's evidence. Indeed, it might be that this matter will not proceed in May if we do not receive this information on a timely basis.

With respect to the requested correspondence, your client agreed to a consent order that included the delivery of "all correspondence with the purchaser and its counsel and/or the purchaser's lender." Consequently, your client cannot now take the position that this request is inappropriate or somehow too laborious.

We note that our request included all correspondence, and is not limited to the dates between June 21st and July 7th, as you suggest in your letter. We are interested in seeing all correspondence between Richter, the Purchaser and the lender (which would also include Skymark, Bridging and their counsel) that relates to the sale of the assets and the marketing process.

As was stated before Justice McEwen, we believe the most efficient course of conduct is for the Receiver to provide a schedule of all correspondence, as would be done in a typical discovery process. The schedule should also specify whether the Receiver is asserting privilege with respect to any of the documents, and the basis for that privilege. We will then provide you with a

respect to any of the documents, and the basis for that privilege. We will then provide you with a list of the documents we require you to produce. It is simply not possible for our clients to make specific production requests of the Receiver when we do not know what correspondence exists.

Additionally, we requested documents, such as the engagement letter(s) between Richter and Bridging and any indemnity or reimbursement agreement and any insurance policies applicable to the Receiver and Monitor, on January 26, 2018, which we still have not received from you. Please provide a copy of the requested documents forthwith.

With respect to the examination of Mr. Mahal, as you are aware, we have attempted to serve Mr. Mahal in the past, and he has evaded service. We will be serving an additional summons to witness on Mr. Mahal, a copy of which is attached. We will continue to attempt to effect service on Mr. Mahal, but may require an Order from the Court to do so. We are of the view that Mr. Mahal's evidence is critical to the issue of the discharge of the Monitor/Receiver as it may rebut, contradict or further explain statements in your clients' reports or your recent correspondence.

We also wish to advise you that we will be responding to the discharge motion on behalf of Thomas Canning. The May 14th, 2018, motion is a continuation of the original motion on June 21, 2017, which was scheduled and subsequently adjourned. Justice McEwan has already confirmed that the Court's June 21st Orders did not extinguish Thomas Canning's rights or abilities to respond to motions in the insolvency process that were outstanding at the time.

If your client takes issue with this position, please advise and we can schedule a motion before Justice McEwan to address the question of leave. If necessary, we may also need to address other procedural issues, such as disclosure from the Receiver and service and/or an Order compelling Mr. Mahal to attend examinations.

Finally, we have previously written to you and Bridging's counsel proposing a settlement with respect to our costs relating to the motion to have Blaney's fees paid under the Accommodation Agreement. Since we have been unable to reach a resolution with respect to costs, we will be preparing written cost submissions for Justice McEwan in this regard. We do not believe we need to wait until after the Court makes a determination as to Blaney's quantum of fees to address the issue of costs. We were fully successful on the motion and, as such, are entitled to costs.

Yours truly,

Blaney McMurtry LLP



David T Ullmann
DTU/at/ab

Encl.

APPENDIX “N”

**THOMAS CANNING (MAIDSTONE) LIMITED AND
692194 ONTARIO LIMITED**

October 13, 2017

Court File No. CV-17-11773-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

BRIDGING FINANCE INC., as agent for SPROTT BRIDGING INCOME FUND LP

Applicant

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED

Respondents

**APPLICATION UNDER subsections 47(1) and 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, as amended, and under section 101 of the
Courts of Justice Act, R.S.O. 1990, c. C.43, as amended**

**THIRD REPORT OF RICHTER ADVISORY GROUP INC.
IN ITS CAPACITY AS RECEIVER OF
THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED**

October 13, 2017

APPENDICES

- APPENDIX "A" Receivership Order dated June 21, 2017
- APPENDIX "B" Western Union Redacted Outgoing Payment
- APPENDIX "C" Western Union Incoming Payments
- APPENDIX "D" Western Union Contracts List

I. INTRODUCTION

1. Pursuant to the Order of The Honourable Madam Justice Conway of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated June 21, 2017 (the "**Receivership Order**"), Richter Advisory Group Inc. ("**Richter**") was appointed as receiver (the "**Receiver**") of all of the assets, properties and undertakings (collectively, the "**Property**") of Thomas Canning (Maidstone) Limited ("**TCL**") and 692194 Ontario Limited (together with TCL, the "**Company**") under section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended and section 101 of the *Courts of Justice Act*, R.S.O. 1990 c. C.43, as amended. A copy of the Receivership Order is attached hereto and marked as **Appendix "A"**.
2. Pursuant to the Approval and Vesting Order of the Court dated June 21, 2017, the Court approved a sale of substantially all of the Property to 2581150 Ontario Inc. (the "**Purchaser**") (the "**Sale Transaction**"). The Sale Transaction with the Purchaser closed on July 7, 2017.

II. PURPOSE OF REPORT

3. The purpose of this Third Report is to provide the Court with information with respect to matters related to TCL's relationship with Western Union Business Solutions ("**Western Union**") and request that the Court grant an order compelling Western Union to disclose the names of all beneficiaries that received amounts from TCL and the names of companies that directed payments to TCL through the use of Western Union's services and related information.

III. QUALIFICATIONS

4. In preparing this Third Report, the Receiver has relied upon unaudited financial information, the Company's books and records, financial information prepared by the Company and discussions with management (collectively, the "**Information**"). The Receiver has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided, and in consideration of the nature of the evidence provided to this Court, in relation to the relief sought therein. The Receiver has not, however, audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Auditing Standards ("**GAAS**") pursuant to the Canadian Institute of Chartered Accountants Handbook and, as such, the Receiver express no opinion or other form of assurance contemplated under GAAS in respect of the Information. An examination of the Company's financial forecasts in accordance with the *Canadian Institute of Chartered Accountants Handbook* has not been performed. Future-oriented financial information reported on or relied upon in this Third Report is based on management's assumptions regarding future events; actual results achieved may vary from forecast and such variations may be material.

5. Unless otherwise noted, all monetary amounts contained in this Third Report are expressed in Canadian dollars.

IV. WESTERN UNION

6. Richter was appointed by the Court as Receiver on June 21, 2017 pursuant to the terms of the Receivership Order. Paragraphs 5 and 6 of the Receivership Order require all corporations or other entities having notice of the Receivership Order to advise the Receiver of the existence of any "Records" (as defined in the Receivership Order), which includes any information related to the business or affairs of TCL, and to provide the Receiver with unfettered access to the Records, unless the disclosure of the information and documentation is prohibited by any statutory provisions.
7. The Receiver understands that TCL had an existing relationship with Western Union, who is an international provider of global payment services. Based on its review of the Company's books and records, the Receiver understands that TCL would receive payments from customers through Western Union, and TCL would transfer funds to certain parties using Western Union's services.
8. As has been previously reported to the Court, the Company's senior secured lender was the applicant, Bridging Finance Inc. as agent for Sprott Bridging Income Fund LP ("**Bridging**"). As part of the lending relationship between Bridging and the Company, the Company was required to use blocked accounts for the receipt of payments. As has been previously reported to the Court by Richter in its capacities as Court-appointed interim receiver and Court-appointed monitor, it appears that TCL diverted customer receipts in contravention of its cash management arrangements with Bridging, and did so in part with the use of Western Union's services.
9. Following its appointment, the Receiver learned that there was a balance in TCL's account with Western Union in the amount of US\$10,209.93. Following an exchange of correspondence with Western Union, which included delivering a copy of the Receivership Order to Western Union, the funds have been released to the Receiver.
10. The Receiver also requested that Western Union produce, in accordance with the provisions of the Receivership Order, a history of TCL's account with Western Union for the twelve (12) months prior to the Receiver's appointment.
11. On August 30, 2017, Western Union provided information with respect to transactions entered into by TCL from August 4, 2016 to June 8, 2017. The information contained references to amounts that were

transferred by TCL, but did not include the names of, or any other information regarding, the beneficiaries of the transfers.

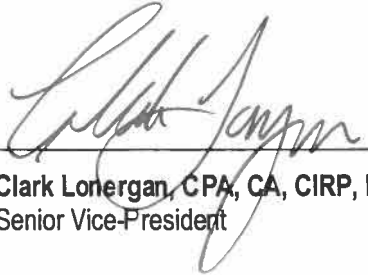
12. The Receiver requested that Western Union provide such information, as it was required to disclose it to the Receiver in accordance with paragraphs 5 and 6 of the Receivership Order.
13. Western Union has provided the following documentation with respect to the transactions completed by TCL during the requested time period: a redacted outgoing payments list, a copy of which is attached hereto as **Appendix "B"**; an incoming payments list, a copy of which is attached hereto and marked as **Appendix "C"**; and a contract list, a copy of which is attached hereto and marked as **Appendix "D"**.
14. Western Union has confirmed that it has redacted information with respect to beneficiaries that are individuals, on the basis that it is prohibited from producing such information without the consent of the individuals pursuant to the provisions of the *Personal Information Protection and Electronic Documents Act* (Canada) ("**PIPEDA**"). Additionally, to date, Western Union has not disclosed the requested information with respect to each incoming payment (i.e. account number and financial institution information).
15. The Receiver, through its counsel, has raised the issue that, as TCL would be able to access the Western Union information, the Receiver is entitled to exercise the rights of TCL to obtain access to the requested information pursuant to paragraph 3 of the Receivership Order.
16. Western Union confirmed to the Receiver's counsel that it was not prepared to produce information with respect to the individual beneficiaries without the consent of the beneficiaries or a specific Court order compelling them to produce such information pursuant to section 7(3)(c) of PIPEDA.
17. As noted above, the Receiver completed the Sale Transaction with the Purchaser on July 7, 2017. The assets acquired by the Purchaser included all cash, bank balances, and accounts receivable. As has been previously reported to the Court, the Purchaser assumed the Company's indebtedness to Bridging as at the date of the Receiver's discharge. In connection with completing the transaction, the Receiver endeavored to assist the Purchaser with the collection of accounts receivable and recovery of cash and other deposit amounts.
18. As set out in Appendix "B", TCL completed transactions totaling in excess of US\$100,000 to individual beneficiaries during the period in question, and the Receiver requires additional information from Western Union to determine whether such transfers were appropriate and justified. Additionally, the information requested by the Receiver will assist with respect to the issue of the diversion of receipts by TCL, as it

appears that TCL may have utilized Western Union to circumvent depositing receipts in its blocked accounts.

19. The Receiver understands that Western Union does not intend to take a position in connection with any request made by the Receiver to the Court with respect to disclosing information regarding the individual beneficiaries.
20. As a result, the Receiver requests that the Court grant an order authorizing Western Union to disclose to the Receiver any and all information Western Union has with respect to the individual beneficiaries discussed above, and all other information requested by the Receiver. In the event such an order is granted, the Receiver will maintain and protect the privacy of such information.

All of which is respectfully submitted on the 13th day of October, 2017.

Richter Advisory Group Inc.
As Receiver of
Thomas Canning (Maidstone) Limited and 692194 Ontario Limited
and not in its personal capacity



Clark Lonergan, CPA, CA, CIRP, LIT
Senior Vice-President

APPENDIX “O”

Thomas Canning (Maidstone) Limited & 692194 Ontario Limited
Statement of Receipts and Disbursements
For the period June 21, 2017 to February 21, 2018

Receipts		Notes:
Gross proceeds from the Sale Transaction	\$ 20,000,000.00	2
Recovery of accounts receivable	524,636.26	3
Pre-filing sales tax refund	179,743.23	3,4
Post-filing sales tax refund	32,189.88	
Interest earned	9,341.65	
Recovery of deposits and other items	9,238.12	
Interim Receivership sales tax refund	7,924.68	5
Cash on hand at Date of Appointment	7,268.61	3
Total receipts	<u>\$ 20,770,342.42</u>	
Disbursements		
Disbursements to the Purchaser re: proceeds from purchased assets	711,648.10	3
Receiver's fees and costs from June 20, 2017 to February 16, 2018	254,635.35	6
Repayment of the Interim Receiver's borrowings (including interest) pursuant to the Receivership Order	78,154.32	7
Receiver's legal fees and disbursements from June 21, 2017 to January 8, 2018	59,026.55	6
Sales tax paid on disbursements	47,500.76	
Equipment lease payments	30,499.56	8
Other operating costs	24,704.64	9
s 81.4 claims	23,315.85	10
Payroll for contract services	13,374.51	11
Pre-filing source deductions	8,520.70	
Bank charges and other fees	133.57	
Total disbursements	<u>\$ 1,251,513.91</u>	
Excess Receipts over Disbursements	<u>\$ 19,518,828.52</u>	
Interim distributions to secured lender	(19,000,000.00)	12
Cash on hand	<u>\$ 518,828.52</u>	

Notes:

1. USD-denominated activity was converted to CAD at historical rates. Gain on foreign exchange reflects conversion of USD cash on hand to CAD at the February 21, 2018 rate (1.26).
2. Gross sale proceeds from the Sale Transaction that was approved by the Court on June 21, 2017 and closed on July 7, 2017.
3. Pursuant to the APA, the Receiver collected proceeds from the purchased assets subject to the Sale Transaction and remitted such proceeds to the Purchaser.
4. A refund of sales taxes paid by TCL for the remittance periods June 2016 to June 2017.
5. A refund of sales taxes paid by the Interim Receiver was received by the Receiver subsequent to the Interim Receiver's discharge.
6. The net fees and disbursements of the Receiver and its counsel, Chaitons.
7. Repayment of the Interim Receiver's borrowings (including interest) pursuant to the Receivership Order.
8. Equipment lease payments reflect monthly costs for the storage of tomato paste inventory in the Full Totes.
9. Other operating costs include utilities, storage, security, employee travel and other services received during the receivership proceedings.
10. Payment of outstanding wages pursuant to section 81.4 of the BIA.
11. The Receiver engaged certain Former Employees as independent contractors to assist with the administration of the receivership proceedings.
12. Pursuant to the Receivership Order and Interim Distribution Order, the Receiver has made interim distributions to Bridging.

APPENDIX “P”

Court File No. CV-16-11773-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE MONITORSHIP OF
Thomas Canning (Maidstone) Limited and 692194 Ontario Limited**

AFFIDAVIT OF CLARK LONERGAN

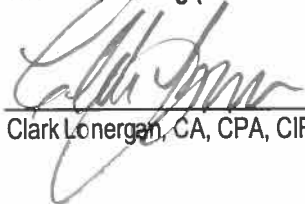
I, **CLARK LONERGAN**, of the Town of Richmond Hill, in the Province of Ontario, **MAKE OATH AND SAY** that:

1. I am a Senior Vice President of Richter Advisory Group Inc. ("**Richter**") and, as such, I have knowledge of the matters hereinafter deposed to except where stated to be on information and belief, and whereso stated, I verily believe it to be true.
2. By order (the "**Monitor Order**") of the Honourable Mr. Justice Newbould of the Court dated May 1, 2017 (the "**Date of Monitor Appointment**"), Richter was appointed monitor (the "**Monitor**") of all of the property, assets and undertakings (the "**Property**") of the Company, pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c.43, as amended.
3. Pursuant to the Monitor Order, the Monitor has provided services and incurred disbursements, in the amount of \$272,080.05 and \$11,023.17 (all excluding HST), respectively, in the period from the Date of Monitor Appointment to June 21, 2017 (the "**Monitor's Period**") with respect to services provided. Attached hereto and marked as Exhibit "A" and Exhibit "B" to this my Affidavit is a summary of all invoices and disbursements, respectively, rendered by the Monitor on a periodic basis during the Monitor's Period (the "**Monitor's Accounts**").
4. True copies of the Monitor's Accounts, which include a fair and accurate description of the services provided along with hours and applicable rates claimed by the Monitor, are attached as Exhibit "C" to this my Affidavit.
5. In the course of performing its duties pursuant to the Monitor Order, the Monitor's staff has expended a total of 712.85 hours during the Monitor's Period. Attached as Exhibit "D" to this my Affidavit is a schedule setting out a summary of the individual staff involved in the administration of the Monitor's appointment and the hours and applicable rates claimed by the Monitor for the Monitor's Period. The average hourly rate billed by the Monitor during the Monitor's Period is \$374.20.

6. The Monitor requests that this Court approve its Monitor's Accounts for the Monitor's Period, in the total amount of \$283,103.22 (excluding HST) for services rendered and recorded during the Monitor's Period.
7. Chaitons, as independent legal counsel to the Monitor, has provided legal services to the Monitor, rendered services throughout these proceedings in a manner consistent with the instructions of the Monitor and has prepared an affidavit with respect to the services rendered in the Monitor's Period. The Monitor has reviewed the invoices rendered by Chaitons during the Monitor's Period.
8. To the best of my knowledge, the rates charged by the Monitor and Chaitons are comparable to the rates charged for the provision of similar services by other accounting and law firms in downtown Toronto.
9. I verily believe that the fees and disbursements incurred by Richter, in its respective capacity as Monitor, and Chaitons are fair and reasonable in the circumstances.
10. This Affidavit is sworn in connection with a motion for an Order of this Court to, among other things, approve the fees and disbursements of the Monitor and those of its legal counsel and for no improper purpose.

Dated at Toronto, Province of Ontario, and this 22th day of September, 2017.

Richter Advisory Group Inc.
In its capacity as Monitor of
Thomas Canning (Maidstone) Limited and 692194 Ontario Limited



Clark Lonergan, CA, CPA, CIRP, LIT

SWORN BEFORE ME at the City of Toronto
 in the Province of Ontario
 this 22th day of September, 2017.



Commissioner of Oaths

TIMOTHY JONES

Attached is Exhibit "A"

Referred to in the

AFFIDAVIT OF CLARK LONERGAN

Sworn before me

this 22nd day of September, 2017



Timothy Jones
Commissioner for taking Affidavits, etc

Exhibit "A"

Richter Advisory Group Inc.

IN THE MATTER OF THE MONITORSHIP OF

Re: Thomas Canning (Maidstone) Limited and 692194 Ontario Limited
 Statement of Fees Summary
 For the Period from May 1, 2017 to June 21, 2017

Invoice #	Period	Fees Incurred	Administrative Fees	Disbursements	Subtotal	HST	Total
20402017	May 1 to June 11, 2017 (Monitoring)	\$ 113,042.50	\$ 2,261.00	\$ 9,243.33	\$ 124,546.83	\$ 16,191.09	\$ 140,737.92
20402016	May 1 to June 11, 2017 (Sales Process)	86,050.00	1,721.00	-	87,771.00	11,410.23	99,181.23
20402069	June 12 to June 21, 2017 (Sales Process)	23,065.00	461.30	846.30	24,372.60	3,168.44	27,541.04
20402074	June 12 to June 21, 2017 (Monitoring)	44,587.50	891.75	933.54	46,412.79	6,033.67	52,446.46
		\$ 266,745.00	\$ 5,335.05	\$ 11,023.17	\$ 283,103.22	\$ 36,803.43	\$ 319,906.65

Attached is Exhibit "B"

Referred to in the

AFFIDAVIT OF CLARK LONERGAN

Sworn before me

this 22nd day of September, 2017

A handwritten signature in black ink, appearing to read "Timothy Jones", written over a horizontal line.

TIMOTHY JONES
Commissioner for taking Affidavits, etc

Exhibit "B"

Richter Advisory Group Inc.

IN THE MATTER OF THE MONITORSHIP OF

Re: Thomas Canning (Maidstone) Limited and 692194 Ontario Limited

Disbursement Summary

For the Period from May 1, 2017 to June 21, 2017

Meals	1,722.92
Hotel	4,848.79
Car Rental	1,620.93
Mileage	2,440.70
Parking	38.84
Taxi	130.63
Miscellaneous	220.36
	<u>11,023.17</u>
	<u>\$ 11,023.17</u>

Attached is Exhibit "C"

Referred to in the

AFFIDAVIT OF CLARK LONERGAN

Sworn before me

this 22nd day of September, 2017

A handwritten signature in black ink, appearing to read "Timothy Jones", written over a horizontal line.

Timothy Jones
Commissioner for taking Affidavits, etc

RICHTER

Bridging Finance Inc.
77 King Street West
Suite 2925
P.O. Box 322
Toronto, ON M5K 1K7

Date: 06/14/2017
Invoice No.: 20402017
Engagement No.: 2020908
Payment Terms: Due on Receipt

Re: Thomas Canning (Monitoring)

Professional services rendered to June 11, 2017 \$ 113,042.50

Disbursements 9,243.33

Sub-Total 122,285.83

Administrative Fees 2,261.00

GST/HST #885435842 RT0001 16,191.09

Total Due CAD **\$ 140,737.92**

T. 416.488.2345

Richter Advisory Group Inc.
181 Bay St., Suite 3320
Bay Wellington Tower
Toronto ON M5J 2T3
www.richter.ca

Toronto, Montreal



Invoice No.: 20402017
Date: 06/14/2017



Fees

Name	Hours	Rate	Amount
Clark Lonergan	86.85	\$ 550.00	\$ 47,767.50
Daniel Korsunsky	71.80	250.00	17,950.00
Katherine Forbes	20.00	450.00	9,000.00
Wuji Mahmood	127.75	300.00	38,325.00
	306.40		\$ 113,042.50

Disbursements

Disbursements (travel, accomodation, and meals)	\$ 9,243.33
	\$ 9,243.33

Invoice No.: 20402017
Date: 06/14/2017



Fee and Disbursement Details

Date	Name and Description	Hours	Rate	Amount
05/01/2017	Clark Lonergan Preparation and review of documents for Court, attendance at Court for monitoring appointment order, etc.	2.35	\$ 550.00	\$ 1,292.50
05/01/2017	Wuji Mahmood Compilation of information in support of the Company's funding request. Numerous discussions with Company and Richter team re: various matters. Review of AR, AP and inventory details. Monitoring activities including review of bank and shipping activities.	7.25	300.00	2,175.00
05/01/2017	Daniel Korsunsky Providing access to the premises. Assistance with funding request and inspecting shipments. Payment of security and locks invoices, cashflow forecasting. Correspondence with Hydro One re: disconnection notice. Calls with Richter team.	9.00	250.00	2,250.00
05/02/2017	Clark Lonergan Onsite at premises, organic/conventional production analysis, inventory count review, funding request update and review, farming operations update, etc.	3.00	550.00	1,650.00
05/02/2017	Wuji Mahmood Review of OMAFRA letter and order. Discussions with Richter team, Company and counsels re: OMAFRA and various matters. Review of draft cash flow projection prepared by MNP and preparation of cash flow projection. Monitoring bank and shipping activities.	7.25	300.00	2,175.00
05/02/2017	Daniel Korsunsky Onsite at premises. Drafting narrative on government agencies. Cash flow (AR, sales, customer analysis), inventory analysis, breakdown of organic vs. conventional production. Funding request activities.	8.00	250.00	2,000.00
05/03/2017	Katherine Forbes Review of cash flow model with D. Korsunsky.	1.00	450.00	450.00
05/03/2017	Clark Lonergan Preparation and review of documents for Court, attendance at Court for monitoring appointment order.	2.50	550.00	1,375.00
05/03/2017	Clark Lonergan Onsite at premises, 2017 production cycle analysis, 2016 and 2017 production analysis, cash flow analysis.	1.50	550.00	825.00

Invoice No.: 20402017
Date: 06/14/2017



Date	Name and Description	Hours	Rate	Amount
05/03/2017	Wuji Mahmood Compilation of information in support of the Company's funding request. Numerous discussions with Company and Richter team re: various matters. Review of AR, AP and inventory details. Monitoring activities including review of bank and shipping activities.	6.00	300.00	1,800.00
05/03/2017	Daniel Korsunsky Onsite at premises. Funding request activities, cash flow forecasting. Discussions with Company re: same. Sales breakdown by org/conventional and by customer. AR collections testing.	7.00	250.00	1,750.00
05/04/2017	Clark Lonergan Real estate summary review, funding request and cash flow review, weekly reporting follow-up with the Company, Licencing correspondence with Company's counsel, review of Highbury Canco information from Lender, etc.	2.75	550.00	1,512.50
05/04/2017	Wuji Mahmood Discussions with Richter team and counsel re: various matters. Monitoring of bank activity and review of information re: Highbury Canco settlement.	2.50	300.00	750.00
05/04/2017	Daniel Korsunsky Onsite at premises. Lease document scanning. Bank account monitoring. Cash flow forecasting. Discussions with the Company re: same.	4.00	250.00	1,000.00
05/05/2017	Katherine Forbes Responding to stakeholder inquiries re: interim receivership, pending receivership.	0.50	450.00	225.00
05/05/2017	Clark Lonergan Sales analysis review, production analysis review, licencing discussion and review of Company's counsel emails re: same. Waste water disposal review, organic vs. conventional production review, etc.	3.50	550.00	1,925.00
05/05/2017	Wuji Mahmood Daily monitoring of bank activity. Calls with Richter team and counsel re: various matters.	4.00	300.00	1,200.00
05/05/2017	Daniel Korsunsky Inventory analysis and reconciliation since April 20. Payroll cheque inspection. Organic/conventional sales analysis and forecasts. Reviewing funding with Company.	3.50	250.00	875.00

Invoice No.: 20402017
Date: 06/14/2017



Date	Name and Description	Hours	Rate	Amount
05/08/2017	Katherine Forbes Preliminary review of Highbury Canco reconciliation.	0.20	450.00	90.00
05/08/2017	Clark Lonergan Land and farming analysis required for waste disposal from processing. Licencing review and analysis, review of Company counsel emails re: same. Growers update, funding review, etc.	4.25	550.00	2,337.50
05/08/2017	Wuji Mahmood Monitoring activities and numerous discussions with Management re: various matters. Discussions with Richter team and Management re: funding request items, and gathering information.	3.25	300.00	975.00
05/08/2017	Daniel Korsunsky Highbury Canco analysis/reconciliation and write-up. Bank monitoring: reconciling funds and cheques that cleared; payroll and other requests.	2.00	250.00	500.00
05/09/2017	Clark Lonergan Lender meeting and update, model review, funding request review, strategic options review, licencing review and update, cost review, etc.	5.00	550.00	2,750.00
05/09/2017	Wuji Mahmood Monitoring activities and numerous discussions with Management re: various matters. Discussions with Richter team and Management re: funding request items, and gathering information.	5.50	300.00	1,650.00
05/09/2017	Daniel Korsunsky Monitoring daily bank activity and documenting.	0.50	250.00	125.00
05/10/2017	Clark Lonergan 2017 production analysis update, review of daily cash flow request/funding, sales analysis, costing analysis. Review of model with the Company, 2017 growers update, etc.	5.00	550.00	2,750.00
05/10/2017	Wuji Mahmood Performance of monitoring duties and numerous discussions with Management and Richter team re: various matters. Preparation of Company's funding request.	3.25	300.00	975.00
05/10/2017	Daniel Korsunsky Tracking shipments, reconciling, and documenting activity. Analysis of Company's sales forecast. Monitoring bank activity and reconciling. Inventory reconciliation by item.	3.60	250.00	900.00

Invoice No.: 20402017
Date: 06/14/2017



Date	Name and Description	Hours	Rate	Amount
05/11/2017	Clark Lonergan Onsite at the Company, 2017 production analysis, sales analysis, cash flow update, growers update and seedling update with the Company, etc.	3.50	550.00	1,925.00
05/11/2017	Wuji Mahmood Performance of monitoring duties and numerous discussions with Management and Richter team re: various matters.	4.25	300.00	1,275.00
05/12/2017	Clark Lonergan 2017 production analysis update, discussion with Company, counsels re: same.	3.00	550.00	1,650.00
05/12/2017	Wuji Mahmood Monitoring cash and operations, and numerous discussions with Management and Richter team re: various matters.	4.75	300.00	1,425.00
05/12/2017	Daniel Korsunsky Monitoring bank activity and funding of payments.	0.80	250.00	200.00
05/13/2017	Clark Lonergan Organic 2017 production analysis and gross margin analysis. Various discussions with the Company and Richter team, etc.	3.00	550.00	1,650.00
05/13/2017	Wuji Mahmood Preparation of production analysis to assist in decision making for acreage commitments.	2.00	300.00	600.00
05/14/2017	Clark Lonergan 2017 grower analysis for organic production, review production analysis with the Lender, various calls with stakeholders, etc.	2.50	550.00	1,375.00
05/15/2017	Clark Lonergan Various discussions with Richter team and Company regarding 2017 field growers, discussions with other stakeholder re: same. Response to Mr. Ullmann's email dated May 15, 2017, etc.	3.00	550.00	1,650.00
05/15/2017	Wuji Mahmood Monitoring activities and numerous discussions with Management re: various matters. Discussions with Richter team and Management re: funding request items, and gathering information.	2.75	300.00	825.00
05/15/2017	Daniel Korsunsky Updating funding tracker for deposits received and cleared cheques. Updating shipments tracker for shipments made in prior week and following up with Company to obtain full shipping records for week.	1.80	250.00	450.00

Invoice No.: 20402017
Date: 06/14/2017



Date	Name and Description	Hours	Rate	Amount
05/16/2017	Clark Lonergan Production analysis overview, responding to Mr. Ullman's email, gross margin analysis, dicussions regarding field grower production re: 2017/2018 crop, other potential execution risks identified with the Company go-forward, inventory review, etc.	3.00	550.00	1,650.00
05/16/2017	Wuji Mahmood Monitoring activities and numerous discussions with Management re: various matters. Discussions with Richter team and Management re: funding request items, and gathering information.	3.00	300.00	900.00
05/16/2017	Daniel Korsunsky Monitoring funding and bank account and reconciliation of activities. Compiling documentation in support of Company's funding request. Detailing and categorizing expenses claimed to have been personally funded but the principals.	1.60	250.00	400.00
05/17/2017	Clark Lonergan Preparing for Court appearance, review of facts, and summary of findings document, drafting and review with Monitor's counsel, etc.	2.50	550.00	1,375.00
05/17/2017	Wuji Mahmood Monitoring activities and numerous discussions with Management re: various matters. Discussions with Richter team and Management re: funding request items, and gathering information.	4.25	300.00	1,275.00
05/17/2017	Daniel Korsunsky Updating daily tracker for bank activity; reconciling bank activity to all payroll since April 20 to validate all bank activity. Calls with Richter team. Shipment document requests.	1.20	250.00	300.00
05/18/2017	Clark Lonergan Funding request review, AP review, forecast model costing review, etc.	1.50	550.00	825.00
05/18/2017	Wuji Mahmood Monitoring activities and numerous discussions with Management re: various matters. Discussions with Richter team and Management re: funding request items, and gathering information.	2.00	300.00	600.00
05/19/2017	Clark Lonergan	3.50	550.00	1,925.00

Invoice No.: 20402017
Date: 06/14/2017



Date	Name and Description	Hours	Rate	Amount
	2017 organic grower discussion and analysis, escrow agreement review and contract review re: same. Discussion with the Commission regarding the Licence, funding request update, conventional vs. organic analysis update, etc.			
05/19/2017	Wuji Mahmood Monitoring activities and numerous discussions with Management re: various matters. Discussions with Richter team and Management re: funding request items, and gathering information.	2.50	300.00	750.00
05/21/2017	Clark Lonergan Grower update to stakeholders, discussion with the Company re: same, etc.	0.75	550.00	412.50
05/23/2017	Clark Lonergan Discussion with Richter team regarding the 2017 crop analysis/conventional/organic feedstock allocation, discussion with the Company and Lender re: same, correspondence with Company and Lender counsel re: same, etc.	2.50	550.00	1,375.00
05/23/2017	Wuji Mahmood Monitoring activities and numerous discussions with Management re: various matters. Discussions with Richter team and Management re: funding request items, and gathering information.	3.00	300.00	900.00
05/24/2017	Clark Lonergan Funding review and analysis, AP update and review, etc.	0.75	550.00	412.50
05/24/2017	Wuji Mahmood Monitoring activities including review of bank and shipping activity. Assisting the Company in determining funding request, and assess items identified by the Company. Numerous discussions with the Company and Richter team re: various matters.	2.50	300.00	750.00
05/25/2017	Clark Lonergan Company sales and collection analysis, correspondence with the Company re: escrow agreement, funding request review and update, discussion with Lender re: same, activities.	1.25	550.00	687.50
05/25/2017	Wuji Mahmood Monitoring activities including review of bank and shipping activity, drafting overview of the Company's funding request to the Lender. Numerous discussions with the Company and Richter team re: various matters.	2.75	300.00	825.00

Invoice No.: 20402017
Date: 06/14/2017



Date	Name and Description	Hours	Rate	Amount
05/26/2017	Clark Lonergan 2017 production analysis update, and discussion with the Company and stakeholders regarding potential conventional acres for 2017. Funding analysis and reconciliation, discussion with counsel regarding accommodation agreement terms, etc.	1.50	550.00	825.00
05/26/2017	Wuji Mahmood Performance of monitoring duties including review of bank and shipping activity and numerous discussions with the Company and Richter team re: various matters.	2.00	300.00	600.00
05/29/2017	Clark Lonergan Conventional acreage dicussion with Richter team.	0.25	550.00	137.50
05/29/2017	Wuji Mahmood Monitoring Activities including review of bank and shipping activity. Assessing items identified by the Company and compiling funding request of the Company. Numerous discussions with the Company and Richter team re: various matters.	3.50	300.00	1,050.00
05/30/2017	Clark Lonergan Conventional acreage discussion with Richter team and potential purchaser.	0.25	550.00	137.50
05/30/2017	Wuji Mahmood Monitoring activities including review of bank and shipping activity, sending funding request to the Lender on behalf of the Company. Numerous discussions with the Company and Richter team re: various matters.	3.25	300.00	975.00
05/31/2017	Clark Lonergan Review of AR for potential diverted funds, discussion with Counsel re: same. Discussion with Richter team regarding AR and inventory, etc.	1.50	550.00	825.00
05/31/2017	Wuji Mahmood Monitoring activities including review of bank and shipping activity. Numerous discussions with the Company and Richter team re: various matters.	3.25	300.00	975.00
06/01/2017	Clark Lonergan	3.25	550.00	1,787.50

Invoice No.: 20402017
Date: 06/14/2017



Date	Name and Description	Hours	Rate	Amount
	Funding analysis review, and discussion with Lender re: same. Critical funding discussion regarding conventional acres and tomato feedstock, expired product. Correspondence with Company, counsel regarding critical payments, etc.			
06/01/2017	Wuji Mahmood Monitoring activities including review of bank and shipping activity. Confirming AR balances with customers, with the Company's assistance. Investigation into untraceable cheques. Numerous discussions with the Company and Richter team re: various matters.	5.00	300.00	1,500.00
06/02/2017	Katherine Forbes Discussions with W. Mahmood and D. Korsunsky re: inventory issues and next steps, AR confirmations, other monitoring activities. Discussions with C. Lonergan re: funding status, etc.	1.50	450.00	675.00
06/02/2017	Clark Lonergan Diverted funds analysis and discussion with Richter team, conventional acres discussions with Company. Funding and cash flow review, mislabelling narrative and analysis, email to counsel re: same. Migrant worker discussion with counsel, etc.	2.00	550.00	1,100.00
06/02/2017	Wuji Mahmood Performance of monitoring duties including review of bank and shipping activity. Continued investigation into untraceable cheques. Investigation of labelling and inventory issues. Various discussions with the Company and Richter team.	7.00	300.00	2,100.00
06/05/2017	Katherine Forbes Drafting monitor's report, comments on points for draft orders, fee affidavit.	6.00	450.00	2,700.00
06/05/2017	Katherine Forbes Numerous discussions with Richter team re: developments, monitoring activities. Update and circulation of work plan.	0.80	450.00	360.00
06/05/2017	Clark Lonergan Update call with counsel regarding next steps, court order and report discussion regarding relief to be sought, etc.	1.00	550.00	550.00
06/05/2017	Wuji Mahmood	5.25	300.00	1,575.00

Invoice No.: 20402017
Date: 06/14/2017



Date	Name and Description	Hours	Rate	Amount
	Monitoring activities including review of bank and shipping activity, assess items identified by Company for funding request. Follow-up re: AR confirmations. Planning inventory count. Discussions with Company and Richter team re: various matters.			
06/05/2017	Wuji Mahmood Overseeing conduct of inventory count.	1.25	300.00	375.00
06/05/2017	Daniel Korsunsky Inventory count and analysis of results.	7.50	250.00	1,875.00
06/06/2017	Katherine Forbes Discussions with W. Mahmood re: inventory count and results, and funding requests.	0.50	450.00	225.00
06/06/2017	Katherine Forbes Monitor's report, and related discussions with C. Lonergan.	1.50	450.00	675.00
06/06/2017	Clark Lonergan Court order planning and report update, relief to be sought update discussion with counsel, diversion of funds and mislabelling discussion with counsel and correspondence with the Company's counsel re: the same, etc.	2.50	550.00	1,375.00
06/06/2017	Wuji Mahmood Performance of monitoring duties including review of bank and shipping activity, discussions with Company re funding request items. Follow ups re AR confirms. Supervision of inventory count. Discussions with Company and Richter team re various matters.	6.75	300.00	2,025.00
06/06/2017	Daniel Korsunsky Inventory count and analysis of results.	7.00	250.00	1,750.00
06/07/2017	Katherine Forbes Drafting monitor's report and review of offers, other correspondence in support thereof. Discussions with W. Mahmood re: developments and funding requests. Correspondence with counsel re: correspondence with Company's counsel.	3.50	450.00	1,575.00
06/07/2017	Clark Lonergan Correspondence with counsel and response to Company's counsel. Funding request discussion, debt analysis, etc.	1.25	550.00	687.50
06/07/2017	Wuji Mahmood	7.25	300.00	2,175.00

Invoice No.: 20402017
Date: 06/14/2017



Date	Name and Description	Hours	Rate	Amount
	Monitoring activities, submission of funding request on the Company's behalf. Analysis of AR responses and follow up re: outstanding AR confirmations. Review of leases and inventory count. Discussions with Company and Richter team re: various matters.			
06/07/2017	Daniel Korsunsky Inventory count and analysis of results.	6.50	250.00	1,625.00
06/08/2017	Katherine Forbes Discussions with W. Mahmood re: monitoring activities, developments. Detailed invoicing activities. Drafting Court report.	2.00	450.00	900.00
06/08/2017	Clark Lonergan Discussion with Richter team re: funding request. Discussions/correspondence with Monitor's and Lender's counsel regarding court dates available, and the mechanics and desired outcome of the court hearing, etc.	1.75	550.00	962.50
06/08/2017	Wuji Mahmood Monitoring activities, follow-up re: funding request. Discussions with the Richter team and the Company re: various matters. Gathering and compiling of information for Court report.	5.50	300.00	1,650.00
06/08/2017	Daniel Korsunsky Inventory analysis. Butcher and main warehouse shipment and inventory reconciliation.	5.50	250.00	1,375.00
06/09/2017	Katherine Forbes Estimated security position, company financials for Court report. Review of correspondence to/from Company counsel, and discussions with C. Lonergan re: Court report.	2.50	450.00	1,125.00
06/09/2017	Clark Lonergan Drafting of Monitor's report, funding request call with the Lender, etc.	6.00	550.00	3,300.00
06/09/2017	Wuji Mahmood Monitoring activities, follow-up re: funding request. Reconciling of AR for payments received but not posted. Gathering and compiling of information for Court report. Discussions with the Richter team and the Company re: various matters.	3.50	300.00	1,050.00
06/09/2017	Daniel Korsunsky Lease documentation/analysis. Tote inventory documentation.	2.30	250.00	575.00
06/10/2017	Wuji Mahmood	1.50	300.00	450.00

Invoice No.: 20402017
 Date: 06/14/2017



Date	Name and Description	Hours	Rate	Amount
06/11/2017	Review of banking activity and completion of AR reconciliation. Clark Lonergan Drafting the Monitor's report, discussion with Richter team and counsel re: same, etc.	5.00	550.00	2,750.00
Fees Total		306.40		\$ 113,042.50
Date	Name and Description	Hours	Rate	Amount
05/06/2017	Disbursements (travel, accomodation, and meals)			\$ 9,243.33
Disbursements Total				\$ 9,243.33

Invoice No.: 20402017
Date: 06/14/2017



Remittance Form

Bridging Finance Inc.
77 King Street West
Suite 2925
P.O. Box 322
Toronto, ON M5K 1K7

Invoice Summary

Sub-Total		\$ 122,285.83
Administrative Fees		2,261.00
GST/HST #885435842 RT0001		16,191.09
Total Due	CAD	\$ 140,737.92

Payment Options

Wire Transfer

Toronto Dominion Bank
Commercial Banking Center
525 Av. Viger Ouest, Montréal (Qc) H2Z 0B2

CAD Account no.: 5300836 Transit no.: 41601 Swift code: TDOMCATT
USD Account no.: 7332090 Transit no.: 41601 Swift code: TDOMCATTOR

Email payment details, including invoice number and amount paid to:
ClientService@richter.ca

Cheques

Payable to: Richter Advisory Group Inc.
Send to: 181 Bay Street, Suite 3320, Bay Wellington Tower, Toronto ON M5J 2T3

Inquiries: please call our general line 416.488.2345 or e-mail ClientService@richter.ca

T. 416.488.2345

Richter Advisory Group Inc.
181 Bay St., Suite 3320
Bay Wellington Tower
Toronto ON M5J 2T3
www.richter.ca

Toronto, Montreal

301
Exhibit "C"

RICHTER

Bridging Finance Inc.
77 King Street West
Suite 2925
P.O. Box 322
Toronto, ON M5K 1K7

Date: 06/14/2017
Invoice No.: 20402016
Engagement No.: 2020909
Payment Terms: Due on Receipt

Re: Thomas Canning (Sales Process)

Professional services rendered to June 11, 2017 \$ 86,050.00

Sub-Total		86,050.00
Administrative Fees		1,721.00
GST/HST #885435842 RT0001		11,410.23
Total Due	CAD	\$ 99,181.23

T. 416.488.2345

Richter Advisory Group Inc.
181 Bay St., Suite 3320
Bay Wellington Tower
Toronto ON M5J 2T3
www.richter.ca

Toronto, Montreal



Invoice No.: 20402016
Date: 06/14/2017



Fees

Name	Hours	Rate	Amount
Clark Lonergan	59.00	\$ 550.00	\$ 32,450.00
Daniel Korsunsky	28.40	250.00	7,100.00
Katherine Forbes	20.50	450.00	9,225.00
Wuji Mahmood	124.25	300.00	37,275.00
	232.15		\$ 86,050.00

Invoice No.: 20402016
Date: 06/14/2017



Fee and Disbursement Details

Date	Name and Description	Hours	Rate	Amount
05/02/2017	Clark Lonergan NDA update and review. Review of Lender dataroom information, target list update, etc.	2.50	\$ 550.00	\$ 1,375.00
05/02/2017	Wuji Mahmood Preparation of draft NDA, preparation of information required for dataroom.	2.25	300.00	675.00
05/03/2017	Clark Lonergan Dataroom information update, financial statement review, etc.	1.25	550.00	687.50
05/03/2017	Wuji Mahmood Work on target list and preparation of data room information.	3.75	300.00	1,125.00
05/04/2017	Katherine Forbes Research re: potential strategic investors, correspondence with D. Korsunsky. Review of target list. Compiling information for dataroom. Call with Richter team.	2.00	450.00	900.00
05/04/2017	Clark Lonergan Updating target list, data room listing and information review.	0.75	550.00	412.50
05/04/2017	Wuji Mahmood Setup of dataroom and gathering of information.	3.00	300.00	900.00
05/04/2017	Daniel Korsunsky Populating dataroom, dataroom information tracking sheet, target list, contact information. Research and compiling notes on industry reports.	3.50	250.00	875.00
05/05/2017	Katherine Forbes Gathering contacts and completing target list. Gathering and compiling Company information for dataroom.	2.50	450.00	1,125.00
05/05/2017	Clark Lonergan Dataroom update, drafting teaser and review with counsel, production analysis review for dataroom, etc.	2.50	550.00	1,375.00
05/05/2017	Wuji Mahmood Work on 2017 production analysis.	4.00	300.00	1,200.00
05/05/2017	Daniel Korsunsky Discussions with Management re: dataroom information. Updating dataroom outstanding list, compiling financial information and inventory data, other documents for dataroom.	3.00	250.00	750.00
05/06/2017	Katherine Forbes	3.00	450.00	1,350.00

Invoice No.: 20402016
Date: 06/14/2017



Date	Name and Description	Hours	Rate	Amount
	Review of RISP. Licencing status update for dataroom. Review of dataroom information and following up on outstanding items. Internal correspondence re: information for dataroom.			
05/08/2017	Katherine Forbes Updating target list. Compiling and reviewing Company information for dataroom. Drafting of Company overview and investment memo, including discussion with C. Lonergan.	3.00	450.00	1,350.00
05/08/2017	Clark Lonergan Teaser update and review, dataroom update, emails to Company counsel re: teaser and licencing, emailing of teaser to target list, etc.	2.25	550.00	1,237.50
05/08/2017	Wuji Mahmood Indexing dataroom information, setting up folders, and labelling. Other sales process activities. Sales by top 5 customers, obtaining payroll data and compiling employee listing.	5.75	300.00	1,725.00
05/08/2017	Daniel Korsunsky Indexing dataroom information, setting up folders, and labelling. Other sales process activities. Sales by top 5 customers, obtaining payroll data and creating listing.	3.00	250.00	750.00
05/09/2017	Katherine Forbes Drafting of company overview and investment memorandum (based on Company information), and correspondence with Richter team re: same. Call with W. Mahmood re: NDA and communications with interested parties.	2.00	450.00	900.00
05/09/2017	Clark Lonergan NDA reviews, discussion with prospective purchasers/financers, correspondence with targets, etc.	1.50	550.00	825.00
05/09/2017	Wuji Mahmood Gathering and compilation of information for dataroom and numerous discussions with Richter team.	4.00	300.00	1,200.00
05/09/2017	Daniel Korsunsky Updating employee/payroll listing, updating dataroom, reconciling sales report to I/S, Visio decision tree creation for strategic alternatives. NDA tracker and populating NDAs for interested parties.	5.00	250.00	1,250.00
05/10/2017	Katherine Forbes	1.00	450.00	450.00

Invoice No.: 20402016
Date: 06/14/2017



Date	Name and Description	Hours	Rate	Amount
	Review of payroll information for dataroom, and follow-up on other outstanding items. Discussion with W. Mahmood.			
05/10/2017	Clark Lonergan 2017 production analysis update, Licence update and analysis, etc.	2.00	550.00	1,100.00
05/10/2017	Wuji Mahmood Gathering and compilation of information for dataroom and numerous discussions with Richter team.	4.75	300.00	1,425.00
05/11/2017	Clark Lonergan Update with 2017 production analysis, Company overview data review, call with targets, etc.	2.00	550.00	1,100.00
05/11/2017	Wuji Mahmood Gathering and compilation of financial and operational information for dataroom and numerous discussions with Richter team.	6.25	300.00	1,875.00
05/11/2017	Daniel Korsunsky Obtaining financial data for FY 17 sales. Analyzing selling prices from shipping documents, compiling sales by month by item.	2.20	250.00	550.00
05/12/2017	Katherine Forbes Review of Company overview for dataroom, and mark-ups to certain NDAs.	1.00	450.00	450.00
05/12/2017	Clark Lonergan Dataroom review, NDA update, discussion with targets, etc. Update of the 2017 crop forecast model, etc.	2.50	550.00	1,375.00
05/12/2017	Wuji Mahmood Gathering and compilation of information for dataroom and numerous discussions with Richter team, including re: 2017 crop forecast model.	3.25	300.00	975.00
05/12/2017	Daniel Korsunsky Sales by month and by item report, summarizing project status report (\$3M government grant).	1.20	250.00	300.00
05/13/2017	Wuji Mahmood Preparation of 2017 crop forecast model for dataroom.	5.25	300.00	1,575.00
05/15/2017	Clark Lonergan Dataroom summary index review, update calls with targets, review of Company production analysis, etc.	1.50	550.00	825.00
05/15/2017	Wuji Mahmood	5.25	300.00	1,575.00

Invoice No.: 20402016
Date: 06/14/2017



Date	Name and Description	Hours	Rate	Amount
	Gathering and compilation of information for dataroom and numerous discussions with Richter team, including production analysis and forecasting.			
05/15/2017	Daniel Korsunsky Dataroom discussion with W. Mahmood.	0.30	250.00	75.00
05/16/2017	Clark Lonergan Meeting with MB financial to discuss the RISP, call with Third Eye Capital to discuss the opportunity. Production analysis update for the dataroom, review of the Company overview, etc.	2.50	550.00	1,375.00
05/16/2017	Wuji Mahmood Gathering and compilation of information for dataroom and numerous discussions with Richter team, including production analysis.	5.00	300.00	1,500.00
05/16/2017	Daniel Korsunsky Compiling addresses and teasers to certain targets. Updates to dataroom, and calls with Richter team.	0.90	250.00	225.00
05/17/2017	Clark Lonergan Preparing for Court appearance, review of facts and summary of findings document, drafting and review with Monitor's counsel. Summary of sales process for the stakeholders, etc.	3.50	550.00	1,925.00
05/17/2017	Wuji Mahmood Gathering and compilation of information for dataroom and numerous discussions with Richter team, including production scenarios analysis.	3.75	300.00	1,125.00
05/18/2017	Clark Lonergan Attendance at Court for hearing, preparing for Court, sales process update, etc.	3.50	550.00	1,925.00
05/18/2017	Wuji Mahmood Gathering and compilation of information for dataroom and numerous discussions with Richter team, including production scenarios analysis and discussions with Management.	6.00	300.00	1,800.00
05/19/2017	Clark Lonergan NDA and sales process tracker update and review. Update discussion re: sales process with stakeholders and correspondence regarding potential offer from Management, etc.	1.25	550.00	687.50
05/19/2017	Wuji Mahmood	5.50	300.00	1,650.00

Invoice No.: 20402016
Date: 06/14/2017



Date	Name and Description	Hours	Rate	Amount
	Gathering and compilation of information for dataroom, correspondence to targets. Production analysis update, and numerous discussions with Richter team.			
05/23/2017	Clark Lonergan RISP correspondence with the Company's counsel, update and review of target list, NDA/RISP discussions with various parties, etc.	1.50	550.00	825.00
05/23/2017	Wuji Mahmood Follow up with target list re: interest in opportunity and update of sales process tracker. Calls/emails with various potential interested parties to respond to questions. Execution of NDAs and granting dataroom access to interested parties.	5.50	300.00	1,650.00
05/23/2017	Daniel Korsunsky Email follow-up with all non-respondents re: opportunity and sending NDAs to potential interested parties. Providing dataroom access and updating sales process tracker.	2.50	250.00	625.00
05/24/2017	Clark Lonergan Barberian, Pomegranate Captial, Regimen Partners, Bibby, Signal Hill Partners, InvestEco Capital NDA and RISP discussions. Review of dataroom information, sales process update to stakeholders, etc.	1.75	550.00	962.50
05/24/2017	Wuji Mahmood Follow-up with target list re: interest in opportunity and update of sales process tracker. Calls/emails with various potential interested parties to respond to questions. Execution of NDAs and granting dataroom access to interested parties.	6.25	300.00	1,875.00
05/24/2017	Daniel Korsunsky Completing NDAs re: interested parties.	0.80	250.00	200.00
05/25/2017	Clark Lonergan Bidding process review, bank details, offer submission protocol, vesting order notes re: 2017 growing contracts, appraisal discussion regarding the dataroom. PNC, CIBC, Bibby, TD RISP update. RISP extension discussions with counsels to Monitor and Lender.	3.25	550.00	1,787.50
05/25/2017	Wuji Mahmood	5.75	300.00	1,725.00

Invoice No.: 20402016
Date: 06/14/2017



Date	Name and Description	Hours	Rate	Amount
	Follow-up with target list re: interest in opportunity and update of sales process tracker. Calls/emails with various potential interested parties including RBC, MB Financial, and Wells Fargo to discuss opportunity.			
05/26/2017	Clark Lonergan Discussions with BMO, BNS & FGI regarding NDA and RISP. Correspondence with stakeholders and Company counsel regarding RISP timetable, review of offers from qualified bidders, compiling summary, and discussions with stakeholders re: same.	3.50	550.00	1,925.00
05/26/2017	Wuji Mahmood Follow up with target list re: interest in opportunity and update of sales process tracker. Calls/emails with Richter team and counsel re: RISP activity and bids received at LOI deadline. Discussion with the Company re: RISP.	4.50	300.00	1,350.00
05/27/2017	Clark Lonergan Summary of LOI's received, provided to stakeholders, discussion with counsel re: correspondence with qualified bidders, etc.	1.25	550.00	687.50
05/29/2017	Clark Lonergan Correspondence with Company 's counsel regarding RISP and acreage planting. Update and review of RISP tracking document, RISP discussions with various parties.	1.50	550.00	825.00
05/29/2017	Wuji Mahmood Numerous discussions with Richter team and counsel re: offers and information requested on RISP activity. Update of sales process tracker.	4.50	300.00	1,350.00
05/29/2017	Daniel Korsunsky Updating inventory records (re: shipments between May 12 and May 30).	1.40	250.00	350.00
05/30/2017	Clark Lonergan Review of revised offer and letter from potential purchasers, discussion with counsel and Lender re: same. Correspondence with potential purchasers regarding deposit and other items in connection with offers.	2.75	550.00	1,512.50
05/30/2017	Wuji Mahmood Numerous discussions with Richter team and counsel re: updated offers and information to analyze offers.	4.75	300.00	1,425.00
05/31/2017	Clark Lonergan	1.25	550.00	687.50

Invoice No.: 20402016
Date: 06/14/2017



Date	Name and Description	Hours	Rate	Amount
05/31/2017	RISP update with the stakeholders, responses to potential purchasers, etc. Wuji Mahmood Numerous discussions with Richter team and counsel re: analysis of updated offers and qualifications of bidders.	4.75	300.00	1,425.00
06/01/2017	Clark Lonergan Asset review, AR update and inventory and schedule discussion. Planning prospective transaction closing, APA considerations, etc.	0.75	550.00	412.50
06/01/2017	Wuji Mahmood Discussions with Richter team re: RISP update and review offer terms. Update of target list tracker for additional responses received. Discussions with Richter team and counsel re: various developments.	3.50	300.00	1,050.00
06/01/2017	Daniel Korsunsky Inventory analysis for transaction purposes.	3.00	250.00	750.00
06/02/2017	Clark Lonergan Various emails and correspondance with potential purchasers, binding offer review and correspondence re: same. Call with counsel to discuss closing agenda, court process, report contents, correspondence to unsuccessful bidder, etc.	2.25	550.00	1,237.50
06/02/2017	Wuji Mahmood Coordination of information re: bid deposit requested by Monitor and discussions with Richter team and counsel re: various matters.	1.75	300.00	525.00
06/02/2017	Daniel Korsunsky Inventory analysis for transaction purposes.	1.60	250.00	400.00
06/03/2017	Katherine Forbes Preliminary calculation of holdback amount from transaction proceeds.	0.80	450.00	360.00
06/05/2017	Katherine Forbes Call with successful bidder.	0.30	450.00	135.00
06/05/2017	Clark Lonergan Review and response to unsuccessful bidder's counsel, emails and call with counsel re: same, etc.	1.75	550.00	962.50
06/05/2017	Wuji Mahmood Update of target list for additional responses received. Various discussions with the Company, Richter team and counsel re: various matters in connection with RISP and closing matters.	2.25	300.00	675.00

Invoice No.: 20402016
Date: 06/14/2017



Date	Name and Description	Hours	Rate	Amount
06/06/2017	Katherine Forbes Call with successful bidder re: wire details for deposit, correspondence with Richter team.	0.20	450.00	90.00
06/06/2017	Clark Lonergan Update with potential purchaser, discussion regarding closing items and deposit, etc.	1.50	550.00	825.00
06/06/2017	Wuji Mahmood Gathering of information in preparation of closing. Various discussions with the Company, Richter team and counsel re: same.	1.75	300.00	525.00
06/07/2017	Katherine Forbes Review and discussion with W. Mahmood re: calculation of holdback amount from proposed transaction, compiling offer summary. Follow-up re: wire confirmation.	3.20	450.00	1,440.00
06/07/2017	Clark Lonergan Purchase price analysis, offer review and drafting the report re: same, etc.	1.50	550.00	825.00
06/07/2017	Wuji Mahmood Gathering of information in preparation of closing. Various discussions with the Company, Richter team and counsel re: same.	1.75	300.00	525.00
06/08/2017	Katherine Forbes Updating offer summary. Correspondence re: schedules to draft APA, and discussions with Richter team re: same.	1.00	450.00	450.00
06/08/2017	Clark Lonergan APA schedules, debt analysis with regards to the proposed transaction and offer summary analysis, etc.	1.50	550.00	825.00
06/08/2017	Wuji Mahmood Gathering and compilation of information required for APA drafting. Coordination with prospective purchaser for site visit. Discussion with Richter team and counsel re: various matters.	3.50	300.00	1,050.00
06/09/2017	Katherine Forbes Correspondence with W. Mahmood re: information for APA, prospective purchaser site visit.	0.50	450.00	225.00
06/09/2017	Clark Lonergan Drafting and reviewing APA schedules, closing agenda and discussion with Richter team regarding the purchaser site visit, etc.	3.50	550.00	1,925.00
06/09/2017	Wuji Mahmood	6.00	300.00	1,800.00

Invoice No.: 20402016
Date: 06/14/2017



Date	Name and Description	Hours	Rate	Amount
	Compilation of information needed for APA. Attendance for site visit by purchaser and discussions with purchaser and Company re: same.			
Fees Total		<hr/> 232.15		<hr/> \$ 86,050.00

Invoice No.: 20402016
Date: 06/14/2017



Remittance Form

Bridging Finance Inc.
77 King Street West
Suite 2925
P.O. Box 322
Toronto, ON M5K 1K7

Invoice Summary

Sub-Total		\$ 86,050.00
Administrative Fees		1,721.00
GST/HST #885435842 RT0001		11,410.23
Total Due	CAD	\$ 99,181.23

Payment Options

Wire Transfer

Toronto Dominion Bank
Commercial Banking Center
525 Av. Viger Ouest, Montréal (Qc) H2Z 0B2

CAD Account no.: 5300836 Transit no.: 41601 Swift code: TDOMCATT
USD Account no.: 7332090 Transit no.: 41601 Swift code: TDOMCATTOR

Email payment details, including invoice number and amount paid to:
ClientService@richter.ca

Cheques

Payable to: Richter Advisory Group Inc.
Send to: 181 Bay Street, Suite 3320, Bay Wellington Tower, Toronto ON M5J 2T3

Inquiries: please call our general line 416.488.2345 or e-mail ClientService@richter.ca

T. 416.488.2345

Richter Advisory Group Inc.
181 Bay St., Suite 3320
Bay Wellington Tower
Toronto ON M5J 2T3
www.richter.ca

Toronto, Montreal

RICHTER

Bridging Finance Inc.
77 King Street West
Suite 2925
P.O. Box 322
Toronto, ON M5K 1K7

Date: 07/07/2017
Invoice No.: 20402069
Engagement No.: 2020909
Payment Terms: Due on Receipt

Professional services rendered to June 21, 2017	\$ 23,065.00
Disbursements	846.30
Sub-Total	<hr/> 23,911.30
Administrative Fees	461.30
GST/HST #885435842 RT0001	3,168.44
Total Due	<hr/> CAD \$ 27,541.04

T. 416.488.2345

Richter Advisory Group Inc.
181 Bay St., Suite 3320
Bay Wellington Tower
Toronto ON M5J 2T3
www.richter.ca

Toronto, Montreal



Invoice No.: 20402069
Date: 07/07/2017



Fees

Name	Hours	Rate	Amount
Clark Lonergan	15.00	\$ 550.00	\$ 8,250.00
Daniel Korsunsky	22.00	250.00	5,500.00
Katherine Forbes	11.70	450.00	5,265.00
Wuji Mahmood	13.50	300.00	4,050.00
	62.20		\$ 23,065.00

Disbursements

Disbursements (Travel, accomodation, meals)	\$ 846.30
	\$ 846.30

Invoice No.: 20402069
Date: 07/07/2017



Fee and Disbursement Details

Date	Name and Description	Hours	Rate	Amount
06/12/2017	Clark Lonergan APA schedule review and drafting, etc.	1.25	\$ 550.00	\$ 687.50
06/12/2017	Daniel Korsunsky Tote documentation and analysis. Banking activities and levels for report. Discussions with management and calls/emails with Richter team re: various matters.	5.50	250.00	1,375.00
06/13/2017	Katherine Forbes Review of draft APA and call with C. Lonergan and counsel to discuss.	1.50	450.00	675.00
06/13/2017	Clark Lonergan APA call with purchaser, schedule review, inventory discussion and analysis, etc.	2.25	550.00	1,237.50
06/13/2017	Wuji Mahmood Preparation of schedules to APA and coordination of call to review APA. Various discussions with Richter team and counsel re: APA.	2.50	300.00	750.00
06/13/2017	Daniel Korsunsky Tote inventory count and documentation. Lease analysis. Employee listing and analysis. Discussions with management and calls/emails with Richter team re: various matters.	6.00	250.00	1,500.00
06/14/2017	Katherine Forbes Call with purchaser and advisors re: closing items and timeline to definitive agreement. Review and comment on updated draft of APA, various drafts of orders. Review and edit draft closing agenda.	4.50	450.00	2,025.00
06/14/2017	Wuji Mahmood Call with selected purchaser re: review of APA. Preparation of closing agenda. Setup of dataroom access for purchaser team. Various discussions with Richter team and counsel re: APA.	4.75	300.00	1,425.00
06/14/2017	Daniel Korsunsky Inventory and shipping tracker update. Farm equipment walkthrough and documentation.	2.50	250.00	625.00
06/15/2017	Katherine Forbes Review of inventory reconciliation and discussions/emails with W. Mahmood and D. Korsunsky re: same. Review of schedule of adjustments and discussion with W. Mahmood.	3.00	450.00	1,350.00
06/15/2017	Clark Lonergan	2.25	550.00	1,237.50

Invoice No.: 20402069
Date: 07/07/2017



Date	Name and Description	Hours	Rate	Amount
06/15/2017	APA review and discussion, schedule update regarding inventory, AVO order view and discussion with counsel, etc. Wuji Mahmood	2.75	300.00	825.00
06/15/2017	Compilation of contact details and contracts for Service List and update of schedules to the APA. Various discussions with Richter team and counsel re: APA. Daniel Korsunsky	3.50	250.00	875.00
06/16/2017	Lease document research and related correspondence with counsel. Inventory reconciliation. Katherine Forbes	2.70	450.00	1,215.00
06/16/2017	Inventory reconciliation, including discussions with Richter team. Correspondence with W. Mahmood re: schedule of adjustments. Clark Lonergan	1.75	550.00	962.50
06/16/2017	APA discussion with Purchaser, APA schedule finalization, etc. Wuji Mahmood	2.75	300.00	825.00
06/16/2017	Preparation of statement of adjustments and review of information re real estate. Various discussions with Richter team and counsel re: APA. Daniel Korsunsky	3.50	250.00	875.00
06/19/2017	Inventory reconciliation and analysis. Clark Lonergan	2.75	550.00	1,512.50
06/20/2017	APA review and discussions with counsel re: the same, finalizing APA schedules, etc. Clark Lonergan	4.75	550.00	2,612.50
06/20/2017	Review and dicussion regarding APA review and finalizaiton, discussion with Purchaser and advisors re: the same, returning the deposit regarding unsuccessful bid, etc. Wuji Mahmood	0.75	300.00	225.00
06/21/2017	Gathering of informtaion for return of deposit to unsuccessful bidder. Update of schedules to the APA. Daniel Korsunsky	1.00	250.00	250.00
	Empty tote count.			
Fees Total		62.20		\$ 23,065.00
Date	Name and Description	Hours	Rate	Amount
06/15/2017	Disbursements (Travel, accomodation, meals)			\$ 846.30

Invoice No.: 20402069
Date: 07/07/2017



Date	Name and Description	Hours	Rate	Amount
Disbursements Total				<hr/> \$ 846.30

Invoice No.: 20402069
Date: 07/07/2017



Remittance Form

Bridging Finance Inc.
77 King Street West
Suite 2925
P.O. Box 322
Toronto, ON M5K 1K7

Invoice Summary

Sub-Total		\$ 23,911.30
Administrative Fees		461.30
GST/HST #885435842 RT0001		3,168.44
Total Due	CAD	\$ 27,541.04

Payment Options

Wire Transfer

Toronto Dominion Bank
Commercial Banking Center
525 Av. Viger Ouest, Montréal (Qc) H2Z 0B2

CAD Account no.: 5300836 Transit no.: 41601 Swift code: TDOMCATT
USD Account no.: 7332090 Transit no.: 41601 Swift code: TDOMCATTOR

Email payment details, including invoice number and amount paid to:
ClientService@richter.ca

Cheques

Payable to: Richter Advisory Group Inc.
Send to: 181 Bay Street, Suite 3320, Bay Wellington Tower, Toronto ON M5J 2T3

Inquiries: please call our general line 416.488.2345 or e-mail ClientService@richter.ca

T. 416.488.2345

Richter Advisory Group Inc.
181 Bay St., Suite 3320
Bay Wellington Tower
Toronto ON M5J 2T3
www.richter.ca

Toronto, Montreal

Exhibit "C"

RICHTER

Bridging Finance Inc.
77 King Street West
Suite 2925
P.O. Box 322
Toronto, ON M5K 1K7

Date: 07/10/2017
Invoice No.: 20402074
Engagement No.: 2020908
Payment Terms: Due on Receipt

Re: Thomas Canning (Monitoring)

Professional services rendered to June 21, 2017 \$ 44,587.50

Disbursements 933.54

Sub-Total 45,521.04

Administrative Fees 891.75

GST/HST #885435842 RT0001 6,033.67

Total Due CAD \$ 52,446.46

T. 416.488.2345

Richter Advisory Group Inc.
181 Bay St., Suite 3320
Bay Wellington Tower
Toronto ON M5J 2T3
www.richter.ca

Toronto, Montreal



Invoice No.: 20402074
Date: 07/10/2017



Fees

Name	Hours	Rate	Amount
Adam Sherman	2.50	\$ 550.00	\$ 1,375.00
Carol O'Donnell	2.10	250.00	525.00
Clark Lonergan	38.75	550.00	21,312.50
Daniel Korsunsky	19.50	250.00	4,875.00
Katherine Forbes	11.50	450.00	5,175.00
Wuji Mahmood	37.75	300.00	11,325.00
	112.10		\$ 44,587.50

Disbursements

Disbursements (travel, accomodation, meals)

\$ 933.54

\$ 933.54

Invoice No.: 20402074
Date: 07/10/2017



Fee and Disbursement Details

Date	Name and Description	Hours	Rate	Amount
06/12/2017	Katherine Forbes Detailed invoicing activities including correspondence with J. Petz. Estimated security position ("ESR") re: inventory, AR. Correspondence with Richter team.	2.50	\$ 450.00	\$ 1,125.00
06/12/2017	Clark Lonergan Drafting of Interim Receiver's and monitor's report (the "Report"), ESR review and analysis, discussion with counsel regarding funding requests, diversion of fund analysis and discussion with counsel re: the same, etc.	5.00	550.00	2,750.00
06/12/2017	Wuji Mahmood Completion of inventory schedule for Report.	3.50	300.00	1,050.00
06/12/2017	Daniel Korsunsky Funding discussions and funding request. Outgoing cheque approval and documentation. Mail review/documentation. Monitoring operational activity. Discussions with management and calls/emails with Richter team re: various matters.	3.00	250.00	750.00
06/13/2017	Carol O'Donnell Update fee affidavit.	1.20	250.00	300.00
06/13/2017	Katherine Forbes Estimated security position. Detailed invoicing activities, including correspondence with C. O'Donnell.	3.00	450.00	1,350.00
06/13/2017	Clark Lonergan Drafting of Interim Receiver's and Monitor's report, funding examination, discussion with counsel regarding report etc.	6.00	550.00	3,300.00
06/13/2017	Wuji Mahmood Performance of daily monitoring duties including review of bank and shipping activity, discussions with Company re funding request items. Discussions with Richter team re: identification of full totes. Discussions with Richter team re various matters.	5.50	300.00	1,650.00
06/13/2017	Daniel Korsunsky Monitoring operational activity. Mail review/documentation. Discussions with management and calls/emails with Richter team re: various matters. Funding requests.	1.50	250.00	375.00
06/14/2017	Carol O'Donnell Prepare PDF of Fee affidavit. Emails with C. Lonergan regarding wire transfers received.	0.90	250.00	225.00
06/14/2017	Katherine Forbes	3.50	450.00	1,575.00

Invoice No.: 20402074
Date: 07/10/2017



Date	Name and Description	Hours	Rate	Amount
	Review and edit fee affidavit. Detailed invoicing activities. Review of Interim Receiver's and Monitor's report, including comments thereto from lender's counsel. Discussions with Richter team re: funding request and developments.			
06/14/2017	Clark Lonergan Drafting of the Interim Receiver's & Monitor's report, discussion with counsels re: the same, etc.	12.00	550.00	6,600.00
06/14/2017	Clark Lonergan Drafting of the Interim Receiver's & Monitor's report, discussion with counsels re: the same, etc.	3.00	550.00	1,650.00
06/14/2017	Wuji Mahmood Performance of daily monitoring activities and submission of funding request. Discussions with Richter team and counsel re various matters.	3.25	300.00	975.00
06/14/2017	Adam Sherman Review and provide comments on Report, including discussions with Richter team.	2.50	550.00	1,375.00
06/14/2017	Daniel Korsunsky Monitoring operational activity. Mail review/documentation. Discussions with management and calls/emails with Richter team re: various matters. Managing new and existing funding requests.	3.50	250.00	875.00
06/15/2017	Clark Lonergan Drafting and review of the Interim Receiver's and Monitor's report, service list re: the report, disucssion with counsels and lender re: the Report, licencing email review and correspondence, etc.	6.00	550.00	3,300.00
06/15/2017	Wuji Mahmood Performance of daily monitoring activities including review of bank and shipping activity, discussions with Company re funding request items. Follow ups re AR confirmations. Various discussions with Richter team.	5.25	300.00	1,575.00
06/16/2017	Clark Lonergan Funding review and AP update, etc.	0.50	550.00	275.00
06/16/2017	Wuji Mahmood Performance of daily monitoring activities including review of bank activity and shipping activity. Reconciliation of inventories. Discussions with Richter team and counsel re various matters.	5.25	300.00	1,575.00

Invoice No.: 20402074
Date: 07/10/2017



Date	Name and Description	Hours	Rate	Amount
06/19/2017	Katherine Forbes Review of draft APA, correspondence with counsel.	1.00	450.00	450.00
06/19/2017	Clark Lonergan Butcher landlord waiver, contract review, BDC document review, discussion with Richter team re: next steps, AP listing, cash disbursements/receipts analysis, preparation for Court, etc.	3.00	550.00	1,650.00
06/19/2017	Wuji Mahmood Compilation of funding request on behalf of the Company. Analysis of history of funding requests and receipts. Gathering of various information (i.e. BDC agreement, tote lease information). Various discussions with Richter team and counsel.	8.25	300.00	2,475.00
06/19/2017	Daniel Korsunsky Discussions with management and Richter. Cheque Listings. Cheque review/documentation. Tray inventory count and tray inventory needs discussion. Empty tote count set-up. Inventory analysis. Migrant worker documents. AR and AP reports.	4.50	250.00	1,125.00
06/20/2017	Katherine Forbes Call with counsel re: opposition to Monitor's motion. Review of final draft APA.	1.50	450.00	675.00
06/20/2017	Clark Lonergan Preparation for Court, confidential appendices review, Commission analysis and 2016/2017 grower analysis, etc.	3.25	550.00	1,787.50
06/20/2017	Wuji Mahmood Performance of monitoring duties including review of bank activity and shipping. Compilation of various information for preparation for court. Various discussions with Richter team and counsel re various matters (i.e. migrant workers in transit).	6.75	300.00	2,025.00
06/20/2017	Daniel Korsunsky Discussions with management and Richter. Empty tote count. Office supplies. Property tax documentation.	4.00	250.00	1,000.00
06/21/2017	Daniel Korsunsky Monitoring operational activity. Mail review/documentation. Discussions with management. Correspondence with Richter team. Payroll review.	3.00	250.00	750.00
Fees Total		112.10		\$ 44,587.50

Invoice No.: 20402074
Date: 07/10/2017



Date	Name and Description	Hours	Rate	Amount
Date	Name and Description	Hours	Rate	Amount
06/22/2017	Disbursements (travel, accomodation, meals)			\$ 933.54
Disbursements Total				\$ 933.54

Invoice No.: 20402074
Date: 07/10/2017



Remittance Form

Bridging Finance Inc.
77 King Street West
Suite 2925
P.O. Box 322
Toronto, ON M5K 1K7

Invoice Summary

Sub-Total		\$ 45,521.04
Administrative Fees		891.75
GST/HST #885435842 RT0001		6,033.67
Total Due	CAD	\$ 52,446.46

Payment Options

Wire Transfer

Toronto Dominion Bank
Commercial Banking Center
525 Av. Viger Ouest, Montréal (Qc) H2Z 0B2

CAD Account no.: 5300836 Transit no.: 41601 Swift code: TDOMCATT
USD Account no.: 7332090 Transit no.: 41601 Swift code: TDOMCATTOR

Email payment details, including invoice number and amount paid to:
ClientService@richter.ca

Cheques

Payable to: Richter Advisory Group Inc.
Send to: 181 Bay Street, Suite 3320, Bay Wellington Tower, Toronto ON M5J 2T3

Inquiries: please call our general line 416.488.2345 or e-mail ClientService@richter.ca

T. 416.488.2345

Richter Advisory Group Inc.
181 Bay St., Suite 3320
Bay Wellington Tower
Toronto ON M5J 2T3
www.richter.ca

Toronto, Montreal

Attached is Exhibit "D"

Referred to in the

AFFIDAVIT OF CLARK LONERGAN

Sworn before me

this 22nd day of September, 2017

A handwritten signature in black ink, appearing to read "Timothy Jones", written over a horizontal line.

Timothy Jones
Commissioner for taking Affidavits, etc

Exhibit "D"

Richter Advisory Group Inc.

IN THE MATTER OF THE MONITORSHIP OF

Re: Thomas Canning (Maidstone) Limited and 692194 Ontario Limited
 Time Summary
 For the Period from May 1, 2017 to June 21, 2017

	Hours	Rate	Amount
Adam Sherman, Partner	2.50	550.00	1,375.00
Carol O'Donnell, File Administrator	2.10	250.00	525.00
Clark Lonergan, Partner	199.60	550.00	109,780.00
Daniel Korsunsky, Associate	141.70	250.00	35,425.00
Katherine Forbes, Vice-president	63.70	450.00	28,665.00
Wuji Mahmood, Senior associate	303.25	300.00	90,975.00
Grand Total	<u>712.85</u>		<u>266,745.00</u>
Average Hourly Amount			<u>\$ 374.20</u>

APPENDIX “Q”

Court File No. CV-17-11773-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

**BRIDGING FINANCE INC.,
as agent for SPOTT BRIDGING INCOME FUND LP**

Applicant

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED

Respondents

**IN THE MATTER OF AN APPLICATION PURSUANT TO SUBSECTIONS 47(1) AND
243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS
AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.
C.43, AS AMENDED**

**AFFIDAVIT OF MICHAEL KRIL-MASCARIN
(sworn February 27, 2018)**

I, MICHAEL KRIL-MASCARIN, of the City of Toronto, in the Province of Ontario,

MAKE OATH AND SAY AS FOLLOWS:

1. I am a lawyer with the law firm of Chaitons LLP (“**Chaitons**”), lawyers for Richter Advisory Group Inc., in its capacity as Court-appointed monitor (the “**Monitor**”) of the property, assets and undertakings of the Respondents, and as such have knowledge of the matters to which I hereinafter depose.

2. Attached hereto and marked as **Exhibit "A"** is a copy of an account for the period of May 1, 2017 up to and including June 11, 2017 issued by Chaitons to the Monitor totalling \$35,065.65 (comprised of fees of \$30,749.00, costs of \$304.46 and HST of \$4,012.19) with respect to this proceeding.

3. Attached hereto and marked as **Exhibit "B"** is a copy of an account for the period of June 12, 2017 up to and including June 21, 2017 issued by Chaitons to the Monitor totalling \$28,672.41 (comprised of fees of \$24,541.50, costs of \$867.36 and HST of \$3,263.55) with respect to this proceeding.

4. I confirm that the accounts described above accurately reflect the services provided by Chaitons in this matter to the Monitor and the fees and disbursements claimed by it from May 1, 2017 to June 21, 2017.

SWORN before me at the)
City of Toronto, this)
27th day of February, 2018)
)



Sam Rappos

A Commissioner For Taking Affidavits, etc.



MICHAEL KRIL-MASCARIN

*THIS IS EXHIBIT "A" TO THE
AFFIDAVIT OF MICHAEL KRIL-MASCARIN
SWORN BEFORE ME THIS 27th
DAY OF FEBRUARY, 2018.*

A handwritten signature in cursive script, appearing to read "A. Ray". The signature is written in black ink and is positioned above a horizontal dotted line.

A Commissioner Etc.

5000 YONGE STREET, 10TH FLOOR, TORONTO, CANADA M2N 7E9
 www.chaitons.com



INVOICE NUMBER: 262990

June 15, 2017

RICHTER ADVISORY GROUP INC.
 181 BAY STREET, SUITE 3320
 TORONTO, ON, M5J 2T3

Re: MONITOR FOR THOMAS CANNING MAIDSTONE LIMITED
Our file: 007152-52648

FOR PROFESSIONAL SERVICES RENDERED on this matter up to and including June 11, 2017:

PROFESSIONAL FEES		
SUBJECT TO HST	\$30,749.00	
SUB-TOTAL		\$30,749.00
DISBURSEMENTS		
NON TAXABLE	\$190.46	
SUBJECT TO HST	\$114.00	
SUB-TOTAL		\$304.46
HST at 13.00%		\$4,012.19
GRAND TOTAL		\$35,065.65

Amount payable on the current invoice	\$35,065.65
Plus outstanding invoices on this matter	\$0.00
Amount Due	<u>\$35,065.65</u>
Trust Balance	

GST No R124110933

INVOICE NUMBER: 262990

E. & O.E. Payment due on receipt of the account. In Accordance with the Solicitor's Act, interest will be charged on any unpaid balance at the rate of 0.5% per annum commencing one month after delivery of this account.

Doc#3945946v1



PROFESSIONAL FEES:

May 1, 17	SPR	Reviewed and drafted correspondence;
May 2, 17	SPR	Reviewed and drafted correspondence; discussed matters with client and with counsel to the company; reviewed commission matters;
May 3, 17	SPR	Reviewed Accommodation Agreement re RISP deadlines; discussed matters with counsel to the company and drafted correspondence regarding same; reviewed correspondence re commission matters;
May 4, 17	SPR	Reviewed and drafted correspondence; discussed matters with client and counsel to the company;
May 5, 17	SPR	Reviewed and drafted correspondence; discussed matters with client and with counsel to the company;
May 6, 17	SPR	Reviewed and drafted correspondence re RISP;
May 7, 17	SPR	Reviewed and drafted correspondence; reviewed RISP teaser;
May 8, 17	SPR	Reviewed and drafted correspondence re commission matters; attended conference call with counsel to company and lender; discussed matters with client; drafted correspondence to counsel to the company;
May 9, 17	SPR	Attended meeting at office of counsel to lender to discuss RISP and outstanding matters; reviewed and drafted correspondence regarding commission and other matters; discussed matters with client;
May 10, 17	SPR	Reviewed forecast and drafted correspondence regarding same; attended call with counsel to company and lender;
May 11, 17	SPR	Attended commission pre-hearing via teleconference; reviewed and drafted correspondence; discussed matters with client and with counsel to the company; drafted disclaimer;
May 12, 17	SPR	Reviewed NDAs and provided comments thereon; discussed matters with client and with counsel to the company; attended call with counsel to company and the lender; reviewed and drafted various correspondence; reviewed submission to commission;
May 15, 17	SPR	Reviewed commission submission; reviewed company's request for reconsideration and discussed with client; reviewed and drafted correspondence; reviewed and commented on NDAs;
May 16, 17	SPR	Reviewed and drafted correspondence; discussed matters with client;

GST No R124110933

INVOICE NUMBER: 262990

E. & O.E. Payment due on receipt of the account. In Accordance with the Solicitor's Act, interest will be charged on any unpaid balance at the rate of 0.5% per annum commencing one month after delivery of this account.



May 17, 17	SPR	Drafted letter to counsel to company regarding reconsideration by the Monitor; discussed same with client; reviewed affidavit of Bill Thomas and request for chambers appointment; reviewed and drafted correspondence regarding same; discussed affidavit with client; finalized letter to counsel to the company; discussed matters with counsel to the lender; reviewed and drafted correspondence to the Court; reviewed and drafted correspondence regarding the RISP;
May 18, 17	SPR	Attended at chambers appointment before the Commercial List; discussed matters with client and with counsel to the company and lender; reviewed and drafted correspondence; reviewed and commented on NDAs; reviewed commission decision;
May 19, 17	SPR	Reviewed and drafted correspondence;
May 23, 17	SPR	Reviewed and commented on NDA; discussed matters with client; drafted correspondence to counsel to the company;
May 24, 17	SPR	Reviewed and commented on NDA; drafted language to be included with appraisals in the dataroom; reviewed and drafted correspondence; discussed matters with client;
May 25, 17	SPR	Reviewed and drafted correspondence; discussed matters with client; reviewed and responded to correspondence from counsel to the company; discussed matters with counsel to the lender;
May 26, 17	SPR	Reviewed offers received in RISP; discussed same with client; discussed sale process matters with client;
May 27, 17	SPR	Drafted correspondence to bidders and discussed same with client;
May 29, 17	SPR	Reviewed offer from Bob Thomas and drafted correspondence regarding same; discussed matters with client; drafted correspondence to bidders and discussed same with client; reviewed various correspondence received from counsel to the company, discussed same with client, and drafted responses;
May 30, 17	SPR	Reviewed and responded to correspondence received from bidders; discussed matters with client;
May 31, 17	SPR	Discussed matters with client; drafted detailed correspondence to counsel to bidder and reviewed same with client; reviewed and responded to various emails;



Jun 1, 17	SPR	Discussed bidder matters with client; discussed matters with counsel to bidder; reviewed and responded to correspondence from this counsel; reviewed and responded to correspondence from counsel to the company and discussed same with client; discussed matters with counsel to lender and with client;
Jun 2, 17	SPR	Discussed various matters with client throughout the day; reviewed and responded to correspondence from counsel to bidder; reviewed and responded to correspondence from counsel to the company; attended calls with counsel to lender and with client; drafted correspondence to successful bidder;
Jun 3, 17	SPR	Attended conference calls with counsel to lender and with client; reviewed and drafted various correspondence regarding received offers; drafted detailed correspondence to counsel to the company and discussed same with client;
Jun 4, 17	SPR	Discussed matters with counsel to bidder; discussed matters with counsel to lender and with client; reviewed and responded to various emails;
Jun 5, 17	SPR	Reviewed and responded to numerous correspondence from counsel to the company; attended conference call with client and successful bidder and his representatives; discussed matters with counsel to lender and with client; attended to various RISP matters;
Jun 6, 17	SPR	Drafted correspondence to successful bidder and discussed same with client; drafted detailed correspondence to counsel to company and discussed same with client; discussed matters with counsel to bidder; drafted detailed correspondence to this counsel and discussed same with client; discussed matters for draft report with client; drafted correspondence to counsel to lender regarding next steps in process; reviewed and responded to numerous other emails;
Jun 7, 17	SPR	Reviewed and responded to various correspondence to counsel to the company and others; discussed matters with client; discussed matters with counsel to lender;
Jun 8, 17	SPR	Drafted detailed correspondence to counsel to the company; discussed matters with client; discussed scheduling matter with trial coordinator and drafted correspondence with respect thereto; reviewed Bridging indebtedness number and discussed same with client; reviewed and responded to various correspondence regarding scheduling of motion and next steps in RISP;

GST No R124110933

INVOICE NUMBER: 262990

E. & O.E. Payment due on receipt of the account. In Accordance with the Solicitor's Act, interest will be charged on any unpaid balance at the rate of 0.5% per annum commencing one month after delivery of this account.



Jun 9, 17	SPR	Attended conference call with counsel to the lender and to the company; reviewed and responded to various correspondence; reviewed offer summary analysis and discussed same with client; reviewed draft report;
Jun 10, 17	SPR	Reviewed and revised draft report; drafted APA;

TOTAL PROFESSIONAL FEES	\$30,749.00
HST at 13.00%	3,997.37

DISBURSEMENTS:**Subject to HST:**

Internet Search Fee Taxable	\$114.00	
		\$114.00

Non-Taxable:

Government Disbursement Internet Search Non-tax.	\$190.46	
		\$190.46

TOTAL DISBURSEMENTS	\$304.46
HST at 13.00%	14.82

GRAND TOTAL	\$35,065.65
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CHAITONS LLP

per:

 A handwritten signature in black ink, appearing to read "S Rappos", written over a horizontal line.

Sam Rappos

GST No R124110933

INVOICE NUMBER: 262990

E. & O.E. Payment due on receipt of the account. In accordance with the Solicitor's Act, interest will be charged on any unpaid balance at the rate of 0.5% per annum commencing one month after delivery of this account.

**LAWYERS' SUMMARY:**

Lawyers and legal assistants involved	Hourly Rate	Hours Billed	Total Billed
SAM RAPPOS	\$485.00	63.40	\$30,749.00
Total:		63.40	\$30,749.00

GST No R124110933

INVOICE NUMBER: 262990

E. & O.E. Payment due on receipt of the account. In Accordance with the Solicitor's Act, interest will be charged on any unpaid balance at the rate of 0.5% per annum commencing one month after delivery of this account.

Doc#3945946v1

*THIS IS EXHIBIT "B" TO THE
AFFIDAVIT OF MICHAEL KRIL-MASCARIN
SWORN BEFORE ME THIS 27th
DAY OF FEBRUARY, 2018.*

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a cursive name, positioned above a horizontal dotted line.

A Commissioner Etc.

5000 YONGE STREET, 10TH FLOOR, TORONTO, CANADA M2N 7E9
www.chaitons.com



INVOICE NUMBER: 263242

June 30, 2017

RICHTER ADVISORY GROUP INC.
181 BAY STREET, SUITE 3320
TORONTO, ON, M5J 2T3

Re: MONITOR FOR THOMAS CANNING MAIDSTONE LIMITED
Our file: 007152-52648

FOR PROFESSIONAL SERVICES RENDERED on this matter up to and including June 30, 2017:

PROFESSIONAL FEES

SUBJECT TO HST	\$24,541.50	
SUB-TOTAL		\$24,541.50

DISBURSEMENTS

NON TAXABLE	\$304.65	
SUBJECT TO HST	\$562.71	
SUB-TOTAL		\$867.36
HST at 13.00%		\$3,263.55

GRAND TOTAL

\$28,672.41

Amount payable on the current invoice	\$28,672.41
Plus outstanding invoices on this matter	\$35,065.65
Amount Due	<u>\$63,738.06</u>
Trust Balance	



PROFESSIONAL FEES:

Jun 12, 17	SPR	Continued to review and revise draft report; discussed various matters with clients; reviewed and responded to various emails; drafted APA;
Jun 13, 17	SPR	Attended conference call to discuss draft APA; continued to review and revise draft report; discussed various matters with clients; reviewed and responded to various emails;
Jun 14, 17	EC	To obtain copies of various parcel registers from Teraview for S. Rappos;
Jun 14, 17	SPR	Attended conference call to discuss draft APA; revised draft APA; continued to review and revised draft report; discussed various matters with client; drafted court order; reviewed and commented on draft receivership order; reviewed and responded to various emails; reviewed comments on draft APA and draft report;
Jun 15, 17	SPR	Reviewed comments on draft report; discussed various matters with client and other parties; reviewed and responded to various emails; drafted service list; reviewed draft APA; reviewed draft approval and vesting order; reviewed and revised draft report; drafted notice of motion; prepared motion record for service; finalized motion materials and report;
Jun 16, 17	SPR	Reviewed and responded to various emails; discussed various matters with client; reviewed sale transaction matters;
Jun 17, 17	SPR	Reviewed and responded to emails; revised draft APA;
Jun 18, 17	SPR	Reviewed and responded to emails;
Jun 19, 17	SPR	Reviewed and responded to emails; discussed various matters with client; attended conference call with client and counsel to Bridging; reviewed and responded to correspondence from counsel to Company;



Jun 20, 17	SPR	Reviewed affidavit of Bill Thomas and discussed same with client; reviewed and revised draft APA; discussed various matters with client; prepared confidential appendices brief; reviewed comments on draft APA; finalized draft APA for signature; reviewed and drafted emails regarding migrant workers; reviewed affidavit from the Commission; attended conference call to discuss affidavits and prepare for the hearings;
Jun 21, 17	SPR	Prepared for and attended motions before the Commercial List Court; discussed various matters with client and other parties; reviewed and responded to various emails; drafted letters;

TOTAL PROFESSIONAL FEES	\$24,541.50
HST at 13.00%	3,190.40

DISBURSEMENTS:**Subject to HST:**

Kap Litigation Services Taxable	\$115.00	
Teraview Charges Taxable	\$173.20	
Courier and Taxi Charges Taxable	\$264.87	
Long Distance Telephone Taxable	\$6.72	
Telecopier Charges Taxable	\$1.42	
Photocopying Charges Taxable	\$1.50	
		\$562.71

Non-Taxable:

Tax Certificate(s) Non-taxable	\$75.00	
File Motion Record(s) Non-taxable	\$160.00	
Teraview Charges Non-taxable	\$69.65	
		\$304.65

TOTAL DISBURSEMENTS	\$867.36
HST at 13.00%	73.15

GRAND TOTAL	\$28,672.41
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CHAITONS LLP

per:

[Handwritten Signature]

**LAWYERS' SUMMARY:**

Lawyers and legal assistants involved	Hourly Rate	Hours Billed	Total Billed
ESME CRAGG	\$325.00	0.30	\$97.50
SAM RAPPOS	\$485.00	50.40	\$24,444.00
Total:		50.70	\$24,541.50

BRIDGING FINANCE INC.,
as agent for **SPROTT BRIDGING INCOME FUND LP**
Applicant

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and
692194 ONTARIO LIMITED
Respondents

Court File No. CV-17-11773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

AFFIDAVIT OF
MICHAEL KRIL-MASCARIN
(sworn February 27, 2018)

CHAITONS LLP

5000 Yonge Street, 10th floor
Toronto, Ontario M2N 7E9

Sam Rappos (LSO # 51399S)

Tel: (416) 218-1137

Fax: (416) 218-1187

Email: samr@chaitons.com

Lawyers for Richter Advisory Group Inc.
the Court-appointed Monitor

APPENDIX “R”

Court File No. CV-16-11773-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE RECEIVERSHIP OF
THOMAS CANNING (MAIDSTONE) LIMITED AND 692194 ONTARIO LIMITED
OF THE TOWN OF LAKESHORE**

IN THE PROVINCE OF ONTARIO

AFFIDAVIT OF CLARK LONERGAN

I, **CLARK LONERGAN**, of the Town of Richmond Hill, in the Province of Ontario, **MAKE OATH AND SAY** that:

1. I am a Senior Vice President of Richter Advisory Group Inc. ("**Richter**") and, as such, I have knowledge of the matters hereinafter deposed to except where stated to be on information and belief, and whereso stated, I verily believe it to be true.
2. By order (the "**Receivership Order**") of the Honourable Justice Conway of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated June 21, 2017 (the "**Date of Receiver Appointment**"), Richter was appointed receiver (the "**Receiver**") of all of the property, assets and undertakings (the "**Property**") of Thomas Canning (Maidstone) Limited ("**TCL**") and 692194 Ontario Limited (together with TCL, the "**Company**"), pursuant subsections 47(1) and 243 (1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and under section 101 of the *Courts of Justice Act*, R.S.O. 1990, c.43, as amended.
3. Pursuant to the Receivership Order, the Receiver has provided services and incurred disbursements, in the amount of \$246,808.00 (inclusive of a \$7,500 courtesy discount) and \$7,827.35 (all excluding HST), respectively, in the period from the June 20, 2017 to February 16, 2018 (the "**Period**") with respect to services provided. Attached hereto and marked as **Exhibit "A"** and **Exhibit "B"** to this my Affidavit is a summary of all invoices and disbursements, respectively, rendered by the Receiver on a periodic basis during the Period (the "**Receiver's Accounts**").
4. True copies of the Receiver's Accounts, which include a fair and accurate description of the services provided along with hours and applicable rates claimed by the Receiver, are attached as **Exhibit "C"** to this my Affidavit.

5. In the course of performing its duties pursuant to the Receivership Order, the Receiver's staff has expended a total of 664.20 hours during the Period. Attached as **Exhibit "D"** to this my Affidavit is a schedule setting out a summary of the individual staff involved in the administration of the Receiver's appointment and the hours and applicable rates claimed by the Receiver for the Period. The average hourly rate billed by the Receiver during the Period is \$371.59.
6. The Receiver requests that this Court approve its Receiver's Accounts for the Period, in the total amount of \$254,635.35 (excluding HST) for services rendered and recorded during the Period.
7. Chaitons LLP ("**Chaitons**"), as independent legal counsel to the Receiver, has provided legal services to the Receiver, rendered services throughout these proceedings in a manner consistent with the instructions of the Receiver and has prepared an affidavit with respect to the services rendered in the period from the Date of Appointment to January 31, 2018 (the "**Counsel's Period**"). The Receiver has reviewed the invoices rendered by Chaitons during the Counsel's Period.
8. To the best of my knowledge, the rates charged by the Receiver and Chaitons are comparable to the rates charged for the provision of similar services by other accounting and law firms in downtown Toronto.
9. I verily believe that the fees and disbursements incurred by Richter, in its respective capacity as Receiver, and Chaitons are fair and reasonable in the circumstances.
10. This Affidavit is sworn in connection with a motion for an Order of this Court to, among other things, approve the fees and disbursements of the Receiver and those of its legal counsel and for no improper purpose.

Dated at Toronto, Province of Ontario, and this 22nd day of February, 2018.

Richter Advisory Group Inc.

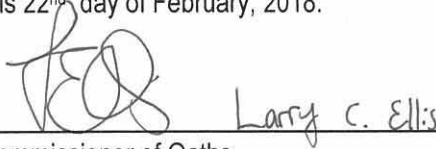
In its capacity as Receiver of

Thomas Canning (Maidstone) Limited and 692194 Ontario Limited




 Clark Lonergan, CA, CFA, CIRP, LIT

SWORN BEFORE ME at the City of Toronto
 in the Province of Ontario
 this 22nd day of February, 2018.



 Commissioner of Oaths

This is Exhibit "A" referred to in the Affidavit of
Clark Lonergan, sworn before me this
22nd day of February, 2018

A handwritten signature in black ink, consisting of several overlapping loops and curves, positioned above a horizontal line.

Richter Advisory Group Inc.

IN THE MATTER OF THE RECEIVERSHIP OF

Re: Thomas Canning (Maidstone) Limited and 692194 Ontario Limited
Statement of Fees Summary

For the Period from June 20, 2017 to February 16, 2018

Invoice #	Period	Fees		Fees		Subtotal	HST	Total
		Incurred	Discounts	Charged	Disbursements			
20402104	June 20 to July 14, 2017	\$ 76,578.50	\$ -	\$ 76,578.50	\$ 5,191.16	\$ 81,769.66	\$ 10,630.06	\$ 92,399.72
20402638	July 7 to August 18, 2017	44,532.50	-	44,532.50	1,397.44	45,929.94	5,970.89	51,900.83
20402358	August 21 to October 13, 2017	59,420.50	(7,500.00)	51,920.50	1,047.29	52,967.79	6,885.81	59,853.60
20402465	October 16 to December 8, 2017	24,880.50	-	24,880.50	191.46	25,071.96	3,259.35	28,331.31
20402595	December 1, 2017 to January 31, 2018	35,464.00	-	35,464.00	-	35,464.00	4,610.32	40,074.32
20402640	February 1 to February 16, 2018	13,432.00	-	13,432.00	-	13,432.00	1,746.16	15,178.16
		<u>\$ 254,308.00</u>	<u>\$ (7,500.00)</u>	<u>\$ 246,808.00</u>	<u>\$ 7,827.35</u>	<u>\$ 254,635.35</u>	<u>\$ 33,102.59</u>	<u>\$ 287,737.94</u>

This is Exhibit "B" referred to in the Affidavit of
Clark Lonergan, sworn before me this
22nd day of February, 2018

A handwritten signature in black ink, consisting of several loops and flourishes, positioned above a horizontal line.

Richter Advisory Group Inc.**IN THE MATTER OF THE RECEIVERSHIP OF****Re: Thomas Canning (Maidstone) Limited and 692194 Ontario Limited****Disbursement Summary****For the Period from June 20, 2017 to February 16, 2018**

Meals	934.72
Hotel	2,252.45
Car Rental	3,069.73
Miscellaneous	1,570.45
	<u>\$ 7,827.35</u>

This is Exhibit "C" referred to in the Affidavit of
Clark Lonergan, sworn before me this
22nd day of February, 2018

A handwritten signature in black ink, appearing to be the initials 'FEO' with a stylized flourish at the end. The signature is positioned above a horizontal line.

RICHTER

Richter Advisory Group Inc., Receiver re: Thomas Canning (Maidstone) Limited and 692194 Ontario Limited
181 Bay Street
Suite 3320
Toronto, ON M5J 2T3

Date: 07/24/2017
Invoice No.: 20402104
Engagement No.: 2020937
Payment Terms: Net 30 Days

Professional Fee			\$ 76,578.50
Disbursements			5,191.16
			<hr/>
	Sub-Total		81,769.66
	GST/HST #885435842 RT0001		10,630.06
			<hr/>
	Total Due	CAD	\$ 92,399.72

T.416.488.2345

Richter Advisory Group Inc.
181 Bay St., Suite 3320
Bay Wellington Tower
Toronto ON M5J 2T3
www.richter.ca

Toronto, Montreal



Invoice No.: 20402104
Date: 07/24/2017

E

Fee and Disbursement Details

Date	Name and Description	Hours	Rate	Amount
06/20/2017	Carol O'Donnell Prepare wire transfer to Thomas Canning (return of deposit), emails with W. Mahmood. Enter wire, scan and save.	0.70	\$ 250.00	\$ 175.00
06/21/2017	Katherine Forbes Employee matters and noticing creditors, lessor issues, other day 1 matters. Drafting employee letters and discussions with D. Korsunsky.	2.00	450.00	900.00
06/21/2017	Clark Lonergan Attendance at Court, discussion with Counsel's regarding Court process and documents, meeting with Employees, Day 1 securing of the Property, etc.	7.50	550.00	4,125.00
06/21/2017	Wuji Mahmood Attendance in Court for approval of Receivership Order. Calls and emails with various service providers re various services (i.e. repatriating migrant workforce, freezing of bank accounts, changing of locks etc).	8.50	300.00	2,550.00
06/21/2017	Daniel Korsunsky Execution of receivership. Door notice. Termination letters and employee matters. Coordination of security and locksmith.	3.00	250.00	750.00
06/22/2017	Carol O'Donnell Transfer funds from general trust to Trust account. Email to C. Lonergan.	0.30	250.00	75.00
06/22/2017	Katherine Forbes Discussions with Richter team re: preparing notices to bank to freeze accounts, independent contractor letters, and mailing termination letters, etc.	1.00	450.00	450.00
06/22/2017	Clark Lonergan Sales Transaction document review, discussion with counsel re: the same, termination letters for those employees that did not receive one on day 1, banking update and notice letters, Butcher, etc.	4.25	550.00	2,337.50
06/22/2017	Wuji Mahmood Coordination of logistics re migrant workforce and inspection of personal affects being removed. Communication and correspondence re court ordered termination of remaining employees.	7.75	300.00	2,325.00
06/22/2017	Daniel Korsunsky Remaining termination letters. Bank accounts freeze and transfer of funds letters. Utility service provider listing.	2.00	250.00	500.00

Invoice No.: 20402104
Date: 07/24/2017



Date	Name and Description	Hours	Rate	Amount
06/27/2017	Clark Lonergan Inventory analysis, final payroll reconciliation, contractor letter update, review of payroll records, Tote review and analysis, financial statement review, discussion with sales people and commission analysis, creditor calls and software/ERP update, etc.	6.00	550.00	3,300.00
06/27/2017	Wuji Mahmood Discussions with IT consultant re: system backup and calls, discussions and follow ups with insurance brokers, etc. re: termination of services. Supervision of inventory transfer from third party warehouse. Discussions with team re: various matters.	3.75	300.00	1,125.00
06/27/2017	Daniel Korsunsky Lease information gathering. Contacts and addresses and sending termination cheques.	1.00	250.00	250.00
06/28/2017	Ann Stremski Prepare cheques for pre receivership payroll and bonus; administration re termination letters; prepare entries for deposits made in last few days; administration of scans.	3.00	185.00	555.00
06/28/2017	Katherine Forbes Assistance with statutory filings.	0.20	450.00	90.00
06/28/2017	Clark Lonergan ROE, final payroll analysis and calculation, contractor letters, Sale Transaction transition items, cheque requisition review, cash/deposit discussion with Richter team.	4.75	550.00	2,612.50
06/28/2017	Wuji Mahmood Responding to various creditor calls. Review of final payroll and calls with various employees. Supervision of inventory movement from third party warehouse and work of contractors. Discussions with Richter team re various matters. Setup ROE data.	3.75	300.00	1,125.00
06/28/2017	Daniel Korsunsky Cheque requisition and payroll mailing. Liason letters regarding employees.	1.00	250.00	250.00
06/29/2017	Ann Stremski Edit and import creditor list; communication with W. Mahmood and C. Lonergan	1.70	185.00	314.50
06/29/2017	Soazig Bourguine Website posting and fax to OSB (Approval and Vesting Order & Endorsement).	0.30	185.00	55.50
06/29/2017	Clark Lonergan	4.50	550.00	2,475.00

Invoice No.: 20402104
Date: 07/24/2017



Date	Name and Description	Hours	Rate	Amount
	Performance of daily activities (bank deposits, supervision of inventory transfer). Compilation of information and work on statutory filings. Correspondance with leasing companies re totes. Discussions with Richter team re various matters.			
07/04/2017	Daniel Korsunsky Invoice review and cheque/payment requisition for locksmith, security, migrant worker travel, IT services, and contractor pay. Contractor invoices. Pre-receivership payroll balance support.	1.60	250.00	400.00
07/05/2017	Carol O'Donnell Prepare cheques, scan and save. Prepare deposits, scan and save. emails with D. Korsunsky.	1.60	250.00	400.00
07/05/2017	Clark Lonergan Closing agenda update with Purchaser, transition items, CFIA disucssion. contractor timesheet and invoicing, tote analysis and discussion, etc.	4.25	550.00	2,337.50
07/05/2017	Wuji Mahmood Performance of daily activities. Preparation of customer list and letters. Continued compilation of information re statutory filings. Correspondance with bank re account status issues. Discussions with Richter team re: various matters.	8.75	300.00	2,625.00
07/05/2017	Daniel Korsunsky Receivership vendor and contractor payments. Cheque requisitions and payment-storage, transportation, and leases. Request for transfer of funds fax.	2.00	250.00	500.00
07/06/2017	Carol O'Donnell Update deposits, scan and enter. Communications with OSB regarding Estate number.	0.50	250.00	125.00
07/06/2017	Clark Lonergan Remaining closing items and agenda, udpate and review of transition items, customer letter, tote discussion with Thomas' counsel, Gould leasing correspondence, funding request and cheques, BMO banking review and discussion with Richter team, etc.	4.50	550.00	2,475.00
07/06/2017	Wuji Mahmood	7.75	300.00	2,325.00

Invoice No.: 20402104
Date: 07/24/2017



Date	Name and Description	Hours	Rate	Amount
	Update deposit, scan and save. Review if all copies of cheques received, email to J. Petz regarding missing cheques.			
07/12/2017	Ann Stremski Communications with W. Mahmood; update creditor list.	0.40	185.00	74.00
07/12/2017	Wuji Mahmood Performance of daily activities. Responding to creditors. Handling of issues with access to Company email service being suspended. Handling of transition items with Purchaser. Preparation of WEPPA. Discussions with Richter team re: various matters.	7.75	300.00	2,325.00
07/13/2017	Ann Stremski Verify online banking; communication with W. Mahmood; prepare entries for wire; prepare entries for deposit; administration of file.	0.70	185.00	129.50
07/13/2017	Wuji Mahmood Performance of daily activities and responding to creditor calls and emails. Supervision of contractors and coordination of inventory transfer from third party warehouse. Coordination with Canada Post re mail pickup. Various discussions with Richter team.	8.25	300.00	2,475.00
07/14/2017	Ann Stremski Communication with creditor; research and update name and address.	0.30	185.00	55.50
07/14/2017	Wuji Mahmood Performance of daily activities. Various discussions with security and emails to purchaser re: coverage. Responding to creditor calls. Correspondance with various service providers re: invoicing. Discussions with Richter team re: various matters.	5.25	300.00	1,575.00
Fees Total		213.25		\$ 76,578.50
Date	Name and Description	Hours	Rate	Amount
06/22/2017	Disbursements (travel, meal, accomodation, etc)			\$ 5,191.16
Disbursements Total				\$ 5,191.16

RICHTER

Richter Advisory Group Inc., Receiver re: Thomas Canning (Maidstone) Limited and 692194 Ontario Limited
 181 Bay Street
 Suite 3320
 Toronto, ON M5J 2T3

Date:	02/16/2018
Invoice No.:	20402638
Engagement No.:	2020937
Payment Terms:	Net 30 Days

Professional services rendered to August 18, 2017		\$ 44,532.50
Disbursements		1,397.44
	Sub-Total	<u>45,929.94</u>
	GST/HST #885435842 RT0001	5,970.89
	Total Due	<u>\$ 51,900.83</u>
		CAD

T. 416.488.2345

Richter Advisory Group Inc.
 181 Bay St., Suite 3320
 Bay Wellington Tower
 Toronto ON M5J 2T3
www.richter.ca

Toronto, Montreal



Invoice No.: 20402638
Date: 02/16/2018



Fee and Disbursement Details

Date	Name and Description	Hours	Rate	Amount
07/07/2017	Pascale Lareau Bank reconciliation	0.20	\$ 185.00	\$ 37.00
07/13/2017	Cindy Michaud Emails, PO for redirection of mail.	0.30	175.00	52.50
07/17/2017	Ann Stremski Prepare entries for bank charges; update schedule.	0.10	185.00	18.50
07/17/2017	Clark Lonergan Dealing with customers, AR confirmations and correspondence with Purchaser regarding the same, insurance broker correspondence, etc.	2.50	550.00	1,375.00
07/17/2017	Wuji Mahmood Calls and correspondence with security company due to no information from purchaser. Lender request re balance transfer. Returning various customer calls re letter mailed. Calls with various creditors and service providers. Discussions with Richter team.	5.25	300.00	1,575.00
07/18/2017	Carol O'Donnell Verify bank for transfer, enter, scan and save transfer. Prepare cheques. Comm. with OSB regarding certificate.	0.90	250.00	225.00
07/18/2017	Ann Stremski Communications with W. Mahmood; forward GL's.	0.20	185.00	37.00
07/18/2017	Clark Lonergan Purchaser transition items, Sun Life insurance, security, media requests, R&D update, AR update, etc.	3.00	550.00	1,650.00
07/18/2017	Wuji Mahmood Calls with various customers and creditors re letters and sales inquiries. Preparation of cheque requisition re contractors. Discussion with J. Willms re life insurance policies. Correspondence with Butcher re invoicing.	4.50	300.00	1,350.00
07/19/2017	Clark Lonergan Purchaser transition update, Tote insurance, etc.	0.75	550.00	412.50
07/19/2017	Wuji Mahmood Calls with customers and creditors. Correspondence with Purchaser re various matters, including customer and vendor request for contact and crop insurance information.	3.50	300.00	1,050.00
07/20/2017	Carol O'Donnell	0.90	250.00	225.00

Invoice No.: 20402638
Date: 02/16/2018



Date	Name and Description	Hours	Rate	Amount
	Preparation of corporate tax filings for Companies. Various discussions with Richter team. Responding to creditor calls.			
07/26/2017	Carol O'Donnell Prepare wire transfers to Lender, enter, scan and save.	0.70	250.00	175.00
07/26/2017	Clark Lonergan Tote update, correspondence from Company counsel re: totes, wires to Lender, Insurance update re: totes, review of HST and Income taxes and filing re: the same, review of direction letter, etc.	4.00	550.00	2,200.00
07/26/2017	Jack Bradshaw Submitted GST/HST returns for June 2016-May 2017, spoke with CRA representative about invalid period of April 2017.	2.50	80.00	200.00
07/27/2017	Patrick Lareau Review.	1.20	350.00	420.00
07/27/2017	Carol O'Donnell Prepare cheques. Review WEPP schedule.	1.10	250.00	275.00
07/27/2017	Ann Stremski Add creditor to Ascend; communications with C. O'Donnell; miscellaneous administration of file.	0.40	185.00	74.00
07/27/2017	Clark Lonergan Life insurance, creditor and customer calls and correspondence, cancellation of services/transferring of services to the Premises, etc.	1.50	550.00	825.00
07/28/2017	Jack Bradshaw Spoke with representatives from Intelcom to agree on service period to be charged to Richter.	2.00	80.00	160.00
07/31/2017	Carol O'Donnell Prepare cheque, scan and save. Update deposit, scan and save.	0.30	250.00	75.00
08/01/2017	Ann Stremski File Receiver information on Service Canada website; file employee information for WEPPA; prepare draft of Notice of WEPPA.	2.20	185.00	407.00
08/01/2017	Clark Lonergan CFIA review and discussion with parties, payments follow-up with Purchaser, AR collections follow with Purchaser and Lender, transfer of BMO funds from Company accounts, etc.	2.75	550.00	1,512.50
08/01/2017	Daniel Korsunsky	0.50	250.00	125.00

Invoice No.: 20402638
Date: 02/16/2018



Date	Name and Description	Hours	Rate	Amount
08/10/2017	Daniel Korsunsky Western Union funds recovery call and letter. Tote follow-up.	0.70	250.00	175.00
08/11/2017	Carol O'Donnell Prepare registration fees and efile.	0.30	250.00	75.00
08/11/2017	Clark Lonergan Outstanding payables and tote analysis, various dicussions with leasing companies, the Thomas's and their counsel, dicussions regardin the same with the Lender and AR collections, receipts, tote count procedures, discussion with contractors, etc.	6.50	550.00	3,575.00
08/14/2017	Soazig Bourgine Website posting.	0.20	185.00	37.00
08/14/2017	Clark Lonergan Tote discussion with Richter team and correspondence with Lender re: the same, CFIA correspondence and review of document received from Thomas's counsel re: the same, AR update/Customer checks, etc.	1.75	550.00	962.50
08/15/2017	Pascale Lareau Bank reconciliation (June and July 2017).	0.40	185.00	74.00
08/15/2017	Pascale Lareau Bank reconciliation, call Revenu Canada for Consent form and GST declaration periods	0.70	185.00	129.50
08/15/2017	Ann Stremski Prepare cheques; administration of file.	0.40	185.00	74.00
08/15/2017	Ann Stremski Multiple communications with Clark Lonergan and Pascale Lareau regarding HST issues.	1.00	185.00	185.00
08/15/2017	Clark Lonergan CRA payroll/HST audit, discussions with auditor/team regarding the same, Inventory CFIA discussion with Purchaser/Lender, including inventory listing review, Tote count procedures and discussion with stakeholders re: the same, IT update/AR update, etc.	5.50	550.00	3,025.00
08/15/2017	Daniel Korsunsky Bank monitoring. Inventory listing at 3rd party.	0.40	250.00	100.00
08/15/2017	Sam Factor Tote Inventory Count, attend, monitor, update, schedule.	8.00	80.00	640.00
08/16/2017	Pascale Lareau	0.80	185.00	148.00

Invoice No.: 20402638
Date: 02/16/2018



Remittance Form

Richter Advisory Group Inc., Receiver re: Thomas Canning (Maidstone) Limited and 692194 Ontario Limited
181 Bay Street
Suite 3320
Toronto, ON M5J 2T3

Invoice Summary

Sub-Total		\$ 45,929.94
GST/HST #885435842 RT0001		5,970.89
Total Due	CAD	\$ 51,900.83

Payment Options

Wire Transfer Toronto Dominion Bank
Commercial Banking Center
525 Av. Viger Ouest, Montréal (Qc) H2Z 0B2
CAD Account no.: 5300836 Transit no.: 41601 Swift code: TDOMCATTTOR
USD Account no.: 7332090 Transit no.: 41601 Swift code: TDOMCATTTOR
Email payment details, including invoice number and amount paid to:
ClientService@richter.ca

Cheques Payable to: Richter Advisory Group Inc.
Send to: 181 Bay Street, Suite 3320, Bay Wellington Tower, Toronto ON M5J 2T3

Inquiries: please call our general line 416.488.2345 or e-mail ClientService@richter.ca

T. 416.488.2345

Richter Advisory Group Inc.
181 Bay St., Suite 3320
Bay Wellington Tower
Toronto ON M5J 2T3
www.richter.ca

Toronto, Montreal

RICHTER

Richter Advisory Group Inc., Receiver re: Thomas Canning (Maidstone) Limited and 692194 Ontario Limited
 181 Bay Street
 Suite 3320
 Toronto, ON M5J 2T3

Date:	11/03/2017
Invoice No.:	20402358
Engagement No.:	2020937
Payment Terms:	Net 30 Days

Professional services rendered to October 13, 2017		\$ 59,420.50
Disbursements		1,047.29
Less: Professional Courtesy Discount		-7,500.00
Sub-Total		<u>52,967.79</u>
GST/HST #885435842 RT0001		6,885.81
Total Due	CAD	<u>\$ 59,853.60</u>

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 181 Bay St., Suite 3320
 Bay Wellington Tower
 Toronto ON M5J 2T3
www.richter.ca

Toronto, Montreal



Invoice No.: 20402358
Date: 11/03/2017



Fee and Disbursement Details

Date	Name and Description	Hours	Rate	Amount
08/21/2017	Clark Lonergan Empty tote analysis review and discussion with Richter team re: the same.	1.50	\$ 550.00	\$ 825.00
08/21/2017	Wuji Mahmood On-site coordination and supervision of leased tote identification on-site by contractors and discussion with Richter team re: same. Meeting and premises walkthrough with Purchaser team.	9.50	300.00	2,850.00
08/21/2017	Daniel Korsunsky Empty vs full tote breakdown/analysis. GST and corporate tax assessments. Bank accounts review. Company mail review.	1.00	250.00	250.00
08/22/2017	Carol O'Donnell Prepare disbursement cheques, scan and save.	0.50	250.00	125.00
08/22/2017	Clark Lonergan Commission correspondence with counsels, Purchaser and Lender. Responses from the Receiver re: same. 50 acres agreements review, provide to Lender and Tote summary/correspondence with Richter team and lessors, contractor invoices, etc.	2.25	550.00	1,237.50
08/22/2017	Wuji Mahmood Continued on-site coordination and supervision of leased tote identification by contractors and discussion with Richter team re: same.	8.00	300.00	2,400.00
08/22/2017	Sam Factor Preparation of tote inventory schedules and analysis and discussions with Richter team re: same.	2.00	80.00	160.00
08/23/2017	Clark Lonergan Discussions with Purchaser and Lender re: CFIA and totes.	1.50	550.00	825.00
08/23/2017	Wuji Mahmood Detailed review and analysis of tote count and serial results by lessor.	5.50	300.00	1,650.00
08/23/2017	Adam Sherman Review/approve July 2017 bank recs. (\$CAN and \$US).	0.20	550.00	110.00
08/23/2017	Sam Factor Update of tote identification schedules and analysis re: same.	2.00	80.00	160.00

Invoice No.: 20402358
Date: 11/03/2017



Date	Name and Description	Hours	Rate	Amount
09/05/2017	Wuji Mahmood Discussions and correspondance with leasing companies re: totes identified and pickup/movement.	3.00	300.00	900.00
09/06/2017	Pascale Lareau Preparation of trust June 2017 HST return.	0.30	185.00	55.50
09/06/2017	Ann Stremski Update WEPPA schedule and scan payment letters.	0.20	185.00	37.00
09/06/2017	Clark Lonergan AP update and remaining payable - discussion with Purchaser and transferring costs re: the same, billing items and tote update, etc.	1.45	550.00	797.50
09/07/2017	Pascale Lareau Trust account bookkeeping re: cheque deposit.	0.10	185.00	18.50
09/07/2017	Ann Stremski Email trust account GL to Richter team.	0.20	185.00	37.00
09/07/2017	Soazig Bourgine Preparation of letter to creditors re: Court Hearing Sept. 27, 2017 and website postings.	0.80	185.00	148.00
09/08/2017	Ann Stremski Communication with Richter team re: trust account activity.	0.10	185.00	18.50
09/08/2017	Cindy Michaud Prepare mailing of Letter to creditors re: Court hearing Sept. 27, 2017, send by regular mail.	0.70	175.00	122.50
09/08/2017	Clark Lonergan Discussion with team members and Counsel(s) re: funding requests during monitorship, Western Union AR update, preparing notices for the September 27th hearing for all stakeholders, etc.	2.40	550.00	1,320.00
09/11/2017	Carol O'Donnell Prepare trust account GL's for Richter team.	0.10	250.00	25.00
09/11/2017	Soazig Bourgine Mailing of notices to creditors not included on initial creditor listing.	0.50	185.00	92.50
09/11/2017	Clark Lonergan Review of R&D and preparation of update re: R&D and totes for lender, HST update and correspondence with CRA, etc.	1.50	550.00	825.00

Invoice No.: 20402358
Date: 11/03/2017

E

Date	Name and Description	Hours	Rate	Amount
09/18/2017	Clark Lonergan Receiver's First Report review and finalization, dicussion with counsels and Lender re: the same, tote update etc.	3.25	550.00	1,787.50
09/18/2017	Wuji Mahmood Review of draft Receiver's First Report with comments and completion of missing information. Population of information on Receiver website. Call with CRA re HST filing requirements.	1.50	300.00	450.00
09/19/2017	Soazig Bourgine Receiver's First Report posted on website and faxed to OSB.	0.30	185.00	55.50
09/20/2017	Clark Lonergan Review of correspondence from legal counsel of DeNijs and the 50 acres of planted tomato feedstock, review of CLE tote correspondence and discussion with Richter team re: the same.	1.35	550.00	742.50
09/21/2017	Carol O'Donnell Prepare fee affidavit.	1.20	250.00	300.00
09/21/2017	Ann Stremski Update payment schedule; administration of file.	0.20	185.00	37.00
09/21/2017	Clark Lonergan Drafting the Receiver's Second Report, various discussions with counsel re: the same.	8.00	550.00	4,400.00
09/21/2017	Wuji Mahmood Update of empty tote listing and correspondance with Bodkin re same. Preparation and review of fee affidavit.	2.00	300.00	600.00
09/22/2017	Carol O'Donnell Update creditor list.	0.20	250.00	50.00
09/22/2017	Ann Stremski Update creditor list; communication with W. Mahmood; bookkeeping for trust account.	0.30	185.00	55.50
09/22/2017	Clark Lonergan Continued drafting the Receiver's Second Report, discussion with coussel re: the same, review of draft report with stakeholders, etc.	3.50	550.00	1,925.00
09/22/2017	Wuji Mahmood Gathering of information for Second Report and compilation of Receiver's Second Report appendices and update of Receiver's fee affidavit.	1.50	300.00	450.00

Invoice No.: 20402358
Date: 11/03/2017

E

Date	Name and Description	Hours	Rate	Amount
09/29/2017	Clark Lonergan Notice of motion discussion with Counsel re: D. Ullmann questions, tote update, etc.	0.75	550.00	412.50
09/29/2017	Wuji Mahmood Emails and calls to lessors re: inventorying and removing of empty totes.	1.75	300.00	525.00
10/02/2017	Clark Lonergan Attendance at Court re: D. Ullmann claims and discussion with counsels' and Lender re: the same. CFIA discussion with Purchaser, Bodkin tote correspondence, etc.	2.00	550.00	1,100.00
10/02/2017	Wuji Mahmood Correspondence and discussions with Bodkin re: reimbursement of tote removal expenses and potential location of missing totes. Correspondence with Purchaser re: insurance and WSIB information requested. Follow up re payment of EuroLink invoices.	1.00	300.00	300.00
10/03/2017	Wuji Mahmood Call with Purchaser re paste information for CFIA purposes.	0.25	300.00	75.00
10/04/2017	Clark Lonergan Tote follow up, insurance follow up, CFIA follow up re: totes with Purchaser, etc.	0.35	550.00	192.50
10/04/2017	Wuji Mahmood Sending Purchaser paste information re: reporting to CFIA.	0.50	300.00	150.00
10/05/2017	Carol O'Donnell Update deposit.	0.20	250.00	50.00
10/06/2017	Carol O'Donnell Update deposit.	0.10	250.00	25.00
10/10/2017	Ann Stremski Prepare entries for bank charge transfers; update schedule.	0.10	185.00	18.50
10/11/2017	Carol O'Donnell Prepare disbursement cheques.	0.20	250.00	50.00
10/11/2017	Wuji Mahmood Review and comments on Receiver's Third Report re: Western Union. Preparation of cheque requisition for lease payments and final utility bill.	1.25	300.00	375.00
10/12/2017	Pascale Lareau Bank reconciliation.	0.20	185.00	37.00

Invoice No.: 20402358
Date: 11/03/2017



Remittance Form

Richter Advisory Group Inc., Receiver re: Thomas Canning (Maidstone) Limited and 692194 Ontario Limited
181 Bay Street
Suite 3320
Toronto, ON M5J 2T3

Invoice Summary

Sub-Total		\$ 52,967.79
GST/HST #885435842 RT0001		6,885.81
Total Due	CAD	\$ 59,853.60

Payment Options

Wire Transfer

Toronto Dominion Bank
Commercial Banking Center
525 Av. Viger Ouest, Montréal (Qc) H2Z 0B2
CAD Account no.: 5300836 Transit no.: 41601 Swift code: TDOMCATT
USD Account no.: 7332090 Transit no.: 41601 Swift code: TDOMCATTOR
Email payment details, including invoice number and amount paid to:
ClientService@richter.ca

Cheques

Payable to: Richter Advisory Group Inc.
Send to: 181 Bay Street, Suite 3320, Bay Wellington Tower, Toronto ON M5J 2T3

Inquiries: please call our general line 416.488.2345 or e-mail ClientService@richter.ca

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Toronto, Montreal

RICHTER

Richter Advisory Group Inc., Receiver re: Thomas Canning (Maidstone) Limited and 692194 Ontario Limited
 181 Bay Street
 Suite 3320
 Toronto, ON M5J 2T3

Date:	12/13/2017
Invoice No.:	20402465
Engagement No.:	2020937
Payment Terms:	Net 30 Days

Professional services rendered to December 8, 2017		\$ 24,880.50
Disbursements		191.46
Sub-Total		<u>25,071.96</u>
GST/HST #885435842 RT0001		3,259.35
Total Due	CAD	<u>\$ 28,331.31</u>

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Toronto, Montreal



Invoice No.: 20402465
Date: 12/13/2017



Fee and Disbursement Details

Date	Name and Description	Hours	Rate	Amount
10/16/2017	Pascale Lareau HST reconciliation to September 2017.	0.40	\$ 185.00	\$ 74.00
10/16/2017	Wuji Mahmood Court attendance re: Western Union motion. Correspondance and discussions with Purchaser re: tote insurance requirements. Call with G. Marr re: update on court and distribution. Follow up re: Eurolink invoice payment.	0.75	300.00	225.00
10/18/2017	Clark Lonergan Call with Counsel re: preparation for Court, etc.	0.75	550.00	412.50
10/18/2017	Wuji Mahmood Call with Counsel re: preparation for Court.	0.75	300.00	225.00
10/19/2017	Carol O'Donnell Review of HST for September 2017, email to K. Forbes.	0.20	250.00	50.00
10/19/2017	Cindy Michaud Endorsement faxed to OSB and posted on website.	0.30	175.00	52.50
10/19/2017	Clark Lonergan Attendance at Court, summary follow-up after Court, etc.	3.00	550.00	1,650.00
10/19/2017	Wuji Mahmood Return to court re: Western Union motion and scheduling. Follow-up with Purchaser team re: status of paste sales for return of totes.	3.00	300.00	900.00
10/20/2017	Wuji Mahmood Review and approval of September HST return.	0.25	300.00	75.00
10/23/2017	Carol O'Donnell Update deposit.	0.20	250.00	50.00
10/23/2017	Wuji Mahmood Follow-up with Purchaser team re: status of totes.	0.25	300.00	75.00
10/27/2017	Clark Lonergan Drafting the Receiver's 4th report and reserve analysis, etc.	4.25	550.00	2,337.50
10/30/2017	Carol O'Donnell Prepare cheque, email GLs to C. Lonergan.	0.30	250.00	75.00
10/30/2017	Clark Lonergan Editing and reviewing the Receiver's Fourth Report and discussion with Counsel re: the same, etc.	1.75	550.00	962.50

Invoice No.: 20402465
Date: 12/13/2017



Date	Name and Description	Hours	Rate	Amount
	Review and analysis of information received from Western Union, discussions with Western Union and counsels re: request dates be provided on reports and discussions with Richter team re: same.			
11/07/2017	Ann Stremski Prepare entries for online transfers.	0.10	185.00	18.50
11/07/2017	Wuji Mahmood Continued review of Western Union emails. Calls with Western Union counsel re: reports with dates.	2.00	300.00	600.00
11/08/2017	Carol O'Donnell Prepare cheque. Email creditor list to W. Mahmood.	0.20	250.00	50.00
11/08/2017	Clark Lonergan Review of revised Western Union documents and discussion with Richter team re: the same, etc.	0.85	550.00	467.50
11/08/2017	Wuji Mahmood Review and analysis of revised reports received from Western Union and discussions with Richter team re: same.	2.50	300.00	750.00
11/09/2017	Clark Lonergan Tote analysis review, call with Counsel to discuss Western Union information, etc.	1.15	550.00	632.50
11/09/2017	Wuji Mahmood Call with Counsel and Richter team re: receipt of Western Union information and providing to affected parties. Emails with lender re: Receiver's insurance on totes. Update of creditor listing and sharing with Counsel. Review of Western Union emails.	3.75	300.00	1,125.00
11/10/2017	Clark Lonergan Call with stakeholders re: totes and transition items, etc.	0.75	550.00	412.50
11/10/2017	Wuji Mahmood Call with P. Millar and Richter team re: options to address outstanding matter of totes and analysis re: same.	1.50	300.00	450.00
11/13/2017	Cindy Michaud PO for extending mail redirection.	0.10	175.00	17.50
11/14/2017	Carol O'Donnell Email GLs to W. Mahmood. Prepare cheque.	0.20	250.00	50.00
11/14/2017	Clark Lonergan Western Union document review and lender update. CFIA documents and discussion with Counsel re: the same, review of R&D, etc.	0.50	550.00	275.00

Invoice No.: 20402465
Date: 12/13/2017

E

Date	Name and Description	Hours	Rate	Amount
	Prepare cheques. Review HST for October 2017 reconciliation and email to W. Mahmood for approval. Email GLs.			
11/28/2017	Clark Lonergan Attendance at court re: Blaney fees matter and distribution to lender.	2.50	550.00	1,375.00
11/28/2017	Wuji Mahmood Preparation of cheque requisition for leasing companies. Discussions with team and review of distribution amounts and funds remaining.	0.75	300.00	225.00
11/29/2017	Carol O'Donnell Prepare wire transfer, update.	0.60	250.00	150.00
11/29/2017	Cindy Michaud File order with OSB and post on web site.	0.30	175.00	52.50
11/29/2017	Wuji Mahmood Initiation of disbursement to lender per Court Order and discussion with Richter team re tote lease analysis and options.	0.25	300.00	75.00
12/04/2017	Pascale Lareau Bank reconciliation for November 2017.	0.20	185.00	37.00
12/04/2017	Cindy Michaud Post on website and file with OSB the File Direction Order dated December 4, 2017.	0.30	175.00	52.50
12/05/2017	Pascale Lareau GST/HST reconciliation for November 2017.	0.30	185.00	55.50
12/05/2017	Cindy Michaud Post on web site and fax to OSB the Order (Interim Distribution).	0.30	175.00	52.50
12/07/2017	Pascale Lareau HST reconciliation for November 2017.	0.30	185.00	55.50
12/07/2017	Clark Lonergan Engagement update, tote analysis and discussions with respective parties, HST follow up, upcoming Receiver's report discussion, etc.	2.25	550.00	1,237.50
Fees Total		65.70		\$ 24,880.50
Date	Name and Description	Hours	Rate	Amount
10/31/2017	Disbursements (travel, meals, accomodation, etc.)			\$ 191.46
Disbursements Total				\$ 191.46

Invoice No.: 20402465
Date: 12/13/2017



Remittance Form

Richter Advisory Group Inc., Receiver re: Thomas Canning (Maidstone) Limited and 692194 Ontario Limited
181 Bay Street
Suite 3320
Toronto, ON M5J 2T3

Invoice Summary

Sub-Total		\$ 25,071.96
GST/HST #885435842 RT0001		3,259.35
Total Due	CAD	\$ 28,331.31

Payment Options

Wire Transfer Toronto Dominion Bank
Commercial Banking Center
525 Av. Viger Ouest, Montréal (Qc) H2Z 0B2
CAD Account no.: 5300836 Transit no.: 41601 Swift code: TDOMCATTTOR
USD Account no.: 7332090 Transit no.: 41601 Swift code: TDOMCATTTOR
Email payment details, including invoice number and amount paid to:
ClientService@richter.ca

Cheques Payable to: Richter Advisory Group Inc.
Send to: 181 Bay Street, Suite 3320, Bay Wellington Tower, Toronto ON M5J 2T3

Inquiries: please call our general line 416.488.2345 or e-mail ClientService@richter.ca

T. 416.488.2345

Richter Advisory Group Inc.
181 Bay St., Suite 3320
Bay Wellington Tower
Toronto ON M5J 2T3
www.richter.ca

Toronto, Montreal

RICHTER

Richter Advisory Group Inc., Receiver re: Thomas Canning (Maidstone) Limited and 692194 Ontario Limited
181 Bay Street
Suite 3320
Toronto, ON M5J 2T3

Date: 02/06/2018
Invoice No.: 20402595
Engagement No.: 2020937
Payment Terms: Net 30 Days

Professional services rendered to January 31, 2018 \$ 35,464.00

Sub-Total		<u>35,464.00</u>
GST/HST #885435842 RT0001		4,610.32
Total Due	CAD	<u>\$ 40,074.32</u>

T. 416.488.2345

Richter Advisory Group Inc.
181 Bay St., Suite 3320
Bay Wellington Tower
Toronto ON M5J 2T3
www.richter.ca

Toronto, Montreal



Invoice No.: 20402595
Date: 02/06/2018



Fee and Disbursement Details

Date	Name and Description	Hours	Rate	Amount
12/01/2017	Wuji Mahmood Review of Justice McEwen's endorsement and discussion with Richter team re: same and posting on website.	0.60	\$ 300.00	\$ 180.00
12/04/2017	Wuji Mahmood Call with Purchaser team re: update on totes and AR collections and discussions of options re: same.	1.25	300.00	375.00
12/06/2017	Wuji Mahmood Calls with creditors regarding outstanding invoices and balances. Discussion with Richter team re: update on lessors and HST refund. Correspondence with counsel re: tote releases.	0.70	300.00	210.00
12/08/2017	Wuji Mahmood Calls with Lender re: HST refund and bank accounts.	0.50	300.00	150.00
12/11/2017	Carol O'Donnell Verify bank for wire transfer, email to W. Mahmood.	0.10	250.00	25.00
12/11/2017	Clark Lonergan Discussion with tote lessors regarding tote purchases.	0.60	550.00	330.00
12/11/2017	Wuji Mahmood Discussions with Richter team, counsel, Purchaser and leasing companies re: equipment purchasing arrangement. Follow up with BMO re: transfer of HST refund to trust account. Redirection of mail addressed to Purchaser. Discussion with TD re: EUR account.	3.25	300.00	975.00
12/12/2017	Carol O'Donnell Verify bank for wire transfer, update deposit. Email to W. Mahmood.	0.30	250.00	75.00
12/12/2017	Ann Stremski Bookkeeping for trust account.	0.10	185.00	18.50
12/12/2017	Clark Lonergan HST analysis, reimbursement agreement, etc.	0.65	550.00	357.50
12/12/2017	Wuji Mahmood Call with counsel and Purchaser re: various matters including tote releases and next steps. Review of TD EUR account activity and correspondence requesting to close account. Initiation of wire for HST refund and review of reimbursement agreement.	1.75	300.00	525.00
12/13/2017	Carol O'Donnell	0.40	250.00	100.00

Invoice No.: 20402595
Date: 02/06/2018



Date	Name and Description	Hours	Rate	Amount
12/20/2017	Wuji Mahmood Calls and correspondence with creditor re creditor listing and next steps. Call with lessor re: leased totes.	0.40	300.00	120.00
12/21/2017	Cindy Michaud Add a company to creditor list and send notice by registered mail.	0.40	175.00	70.00
12/21/2017	Clark Lonergan Draft/finalizing OSB 246(2) Report.	4.25	550.00	2,337.50
12/22/2017	Carol O'Donnell Prepare cheques.	0.20	250.00	50.00
12/22/2017	Cindy Michaud Fax to OSB the 246(2) Report of the Receiver.	0.20	175.00	35.00
01/04/2018	Pascale Lareau Bank reconciliation (2 bank accounts).	0.40	185.00	74.00
01/04/2018	Clark Lonergan Settlement analysis and correspondence re: the same.	0.75	550.00	412.50
01/04/2018	Wuji Mahmood Call with lessor re: purchase of full totes from lessor by Purchaser and discussion of terms.	0.30	300.00	90.00
01/05/2018	Wuji Mahmood Drafting of release and email with lessor re: information required for transaction and draft release.	0.40	300.00	120.00
01/08/2018	Pascale Lareau HST reconciliation for Dec. 2017.	0.40	185.00	74.00
01/08/2018	Ann Stremski Miscellaneous communications with W. Mahmood; address change for employee.	0.40	185.00	74.00
01/08/2018	Soazig Bourgine Website posting and fax to OSB.	0.30	185.00	55.50
01/08/2018	Clark Lonergan Review of Thomas notice of appearance and questions document, review of other Court materials in advance of Court appearance.	0.75	550.00	412.50
01/08/2018	Wuji Mahmood Review of tote lessor comments on release and acknowledgement and discussion with counsel. Posting of documents to website.	0.50	300.00	150.00
01/09/2018	Wuji Mahmood Drafting of responses to Thomas' questions.	1.75	300.00	525.00
01/10/2018	Wuji Mahmood	3.25	300.00	975.00

Invoice No.: 20402595
Date: 02/06/2018



Date	Name and Description	Hours	Rate	Amount
01/19/2018	Wuji Mahmood Review and comment on various drafts of responses to Thomas' questions.	0.80	300.00	240.00
01/22/2018	Soazig Bourguine Website posting, fax to OSB (endorsement).	0.20	185.00	37.00
01/22/2018	Wuji Mahmood Review of release and acknowledgement and email to lessor and call with lessor re: invoice.	0.50	300.00	150.00
01/23/2018	Carol O'Donnell Review payments to employees, email to W. Mahmood regarding T4A's.	0.20	250.00	50.00
01/23/2018	Clark Lonergan Tote analysis and remaining steps discussion with Richter team re: the same, etc.	0.75	550.00	412.50
01/23/2018	Wuji Mahmood Discussion with Richter team re: pre-receivership payroll and issuance of T4As. Correspondance with lessor and Purchaser re: executed acknowledgement and release and payment of invoice.	1.10	300.00	330.00
01/24/2018	Wuji Mahmood Call with Lender and BMO re: statements received for closed accounts. Followup with lessor re: leased totes.	0.60	300.00	180.00
01/25/2018	Pascale Lareau Working on T4A 2017.	0.60	185.00	111.00
01/25/2018	Wuji Mahmood Calls and correspondence with lessor re: tote lease and Purchaser's offer. Review of estimated cash position and projected costs and discussion with Richter team re: same.	0.80	300.00	240.00
01/26/2018	Pascale Lareau Continued working on T4A 2017.	1.70	185.00	314.50
01/26/2018	Carol O'Donnell Email and discussion with W. Mahmood regarding T4A's and addresses.	0.20	250.00	50.00
01/26/2018	Clark Lonergan Status update call with counsels re: Court, status of proceedings and next steps, tote update and discussion with Richter team, etc.	1.50	550.00	825.00
01/27/2018	Clark Lonergan Status update call with Lender and counsel.	0.50	550.00	275.00
01/29/2018	Pascale Lareau Continued working on T4A 2017 (Call Revenue Canada to open DAS number).	0.70	185.00	129.50

Invoice No.: 20402595
Date: 02/06/2018



Remittance Form

Richter Advisory Group Inc., Receiver re: Thomas Canning (Maidstone) Limited and 692194 Ontario Limited
181 Bay Street
Suite 3320
Toronto, ON M5J 2T3

Invoice Summary

Sub-Total		\$ 35,464.00
GST/HST #885435842 RT0001		4,610.32
Total Due	CAD	\$ 40,074.32

Payment Options

Wire Transfer Toronto Dominion Bank
Commercial Banking Center
525 Av. Viger Ouest, Montréal (Qc) H2Z 0B2
CAD Account no.: 5300836 Transit no.: 41601 Swift code: TDOMCATTOR
USD Account no.: 7332090 Transit no.: 41601 Swift code: TDOMCATTOR
Email payment details, including invoice number and amount paid to:
ClientService@richter.ca

Cheques Payable to: Richter Advisory Group Inc.
Send to: 181 Bay Street, Suite 3320, Bay Wellington Tower, Toronto ON M5J 2T3

Inquiries: please call our general line 416.488.2345 or e-mail ClientService@richter.ca

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www.richter.ca

Toronto, Montreal

RICHTER

Richter Advisory Group Inc., Receiver re: Thomas Canning (Maidstone) Limited and 692194 Ontario Limited
 181 Bay Street
 Suite 3320
 Toronto, ON M5J 2T3

Date:	02/20/2018
Invoice No.:	20402640
Engagement No.:	2020937
Payment Terms:	Net 30 Days

Professional services rendered to February 16, 2018	\$ 13,432.00
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Sub-Total	<u>13,432.00</u>
GST/HST #885435842 RT0001	1,746.16
Total Due	<u>CAD \$ 15,178.16</u>

T. 416.488.2345

Richter Advisory Group Inc.
 181 Bay St., Suite 3320
 Bay Wellington Tower
 Toronto ON M5J 2T3
www.richter.ca

Toronto, Montreal



Invoice No.: 20402640
Date: 02/20/2018

E

Fee and Disbursement Details

Date	Name and Description	Hours	Rate	Amount
02/01/2018	Pascale Lareau Filing HST declaration for Dec. 2017.	0.30	\$ 185.00	\$ 55.50
02/01/2018	Clark Lonergan Call with Counsel(s) re: next steps and planning for the next Court report, etc.	1.00	550.00	550.00
02/01/2018	Wuji Mahmood Calls with Purchaser and lessor re: payment. Review of Dec HST return.	0.50	300.00	150.00
02/02/2018	Clark Lonergan Call with Counsel(s) re: Court Report, fee affidavit, drafting Sixth Court Report, etc.	2.75	550.00	1,512.50
02/02/2018	Wuji Mahmood Discussions with Richter team and drafting of fee affidavit and receipts and disbursements.	1.75	300.00	525.00
02/05/2018	Clark Lonergan Drafting the Sixth Court report, review of the fee affidavit, etc.	4.75	550.00	2,612.50
02/12/2018	Clark Lonergan Update and next steps call with Counsel(s), etc.	0.75	550.00	412.50
02/12/2018	Wuji Mahmood Call with Counsel(s) and Richter team re: Sixth Court Report and next steps.	0.50	300.00	150.00
02/13/2018	Pascale Lareau HST reconciliation for Jan. 2018.	0.30	185.00	55.50
02/13/2018	Ann Stremski Bookkeeping for trust account.	0.10	185.00	18.50
02/13/2018	Clark Lonergan Drafting Receiver's Sixth Court Report, tote update, fee update, R&D, etc.	3.75	550.00	2,062.50
02/14/2018	Clark Lonergan Drafting Receiver's Sixth Report, fee affidavit update, R&D and remaining matters, discussion with Counsel(s) re: the same, etc.	5.75	550.00	3,162.50
02/15/2018	Clark Lonergan Receiver's Sixth Report update and discussion with Counsel(s) re: the same, finalizing R&D and narrative, etc.	2.25	550.00	1,237.50
02/15/2018	Wuji Mahmood Call and update with T. Waterman re: totes.	0.30	300.00	90.00
02/16/2018	Clark Lonergan Finalizing Sixth Court Report schedules and billings regarding the fee affidavit, etc.	1.25	550.00	687.50
02/16/2018	Wuji Mahmood	0.50	300.00	150.00

Invoice No.: 20402640
Date: 02/20/2018



Remittance Form

Richter Advisory Group Inc., Receiver re: Thomas Canning (Maidstone) Limited and 692194 Ontario Limited
181 Bay Street
Suite 3320
Toronto, ON M5J 2T3

Invoice Summary

Sub-Total		\$ 13,432.00
GST/HST #885435842 RT0001		1,746.16
Total Due	CAD	\$ 15,178.16

Payment Options

Wire Transfer Toronto Dominion Bank
Commercial Banking Center
525 Av. Viger Ouest, Montréal (Qc) H2Z 0B2
CAD Account no.: 5300836 Transit no.: 41601 Swift code: TDOMCATTTOR
USD Account no.: 7332090 Transit no.: 41601 Swift code: TDOMCATTTOR
Email payment details, including invoice number and amount paid to:
ClientService@richter.ca

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Richter Advisory Group Inc.
181 Bay St., Suite 3320
Bay Wellington Tower
Toronto ON M5J 2T3
www.richter.ca

Toronto, Montreal

This is Exhibit "D" referred to in the Affidavit of
Clark Lonergan, sworn before me this
22nd day of February, 2018

A handwritten signature in black ink, appearing to be "JEO", written above a horizontal line.

Exhibit "D"

Richter Advisory Group Inc.

IN THE MATTER OF THE RECEIVERSHIP OF

Re: Thomas Canning (Maidstone) Limited and 692194 Ontario Limited
 Time Summary
 For the Period from June 20, 2017 to February 16, 2018

	Hours	Rate	Amount
Adam Sherman, Partner	0.20	550.00	110.00
Ann Stremski, File Administrator	24.30	185.00	4,495.50
Carol O'Donnell, File Administrator	30.10	250.00	7,525.00
Cindy Michaud, File Administrator	4.50	175.00	787.50
Clark Lonergan, Partner	269.90	550.00	148,445.00
Daniel Korsunsky, Associate	19.80	250.00	4,950.00
Jack Bradshaw, Analyst	4.50	80.00	360.00
Katherine Forbes, Vice-president	3.70	450.00	1,665.00
Pascale Lareau, File Administrator	11.70	185.00	2,164.50
Patrick Lareau, File Administrator	1.20	350.00	420.00
Sam Factor, File Administrator	19.00	80.00	1,520.00
Soazig Bourguine, File Administrator	6.30	185.00	1,165.50
Wuji Mahmood, Senior associate	269.00	300.00	80,700.00
Total	<u>664.20</u>		<u>254,308.00</u>
Less: Courtesy Discounts			<u>(7,500.00)</u>
Total Fees Charged			<u>246,808.00</u>
Average Hourly Amount			<u><u>\$ 371.59</u></u>

APPENDIX “S”

Court File No. CV-17-11773-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

**BRIDGING FINANCE INC.,
as agent for SPROTT BRIDGING INCOME FUND LP**

Applicant

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED

Respondents

**IN THE MATTER OF AN APPLICATION PURSUANT TO SUBSECTIONS 47(1) AND
243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS
AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.
C.43, AS AMENDED**

**AFFIDAVIT OF MICHAEL KRIL-MASCARIN
(sworn February 27, 2018)**

I, MICHAEL KRIL-MASCARIN, of the City of Toronto, in the Province of Ontario,

MAKE OATH AND SAY AS FOLLOWS:

1. I am a lawyer with the law firm of Chaitons LLP (“Chaitons”), lawyers for Richter Advisory Group Inc., in its capacity as Court-appointed receiver (the “Receiver”) of the property, assets and undertakings of the Respondents, and as such have knowledge of the matters to which I hereinafter depose.

2. Attached hereto as the following exhibits are copies of the following accounts issued by Chaitons to the Receiver with respect to this proceeding:

- Exhibit "A"** Account for the period up to August 31, 2017 totalling \$16,047.75 (comprised of fees of \$14,142.50, costs of \$59.05 and HST of \$1,846.20)
- Exhibit "B"** Account for the period up to November 30, 2017 totalling \$44,967.43 (comprised of fees of \$39,156.50, costs of \$674.50 and HST of \$5,136.43)
- Exhibit "C"** Account for the period up to December 31, 2017 totalling \$5,622.42 (comprised of fees of \$4,656.00, costs of \$338.00 and HST of \$628.42)
- Exhibit "D"** Account for the period up to January 31, 2018 totalling \$12,549.22 (comprised of fees of \$11,045.50, costs of \$60.00 and HST of \$1,443.72)

3. I confirm that the accounts described above accurately reflect the services provided by Chaitons in this matter to the Receiver and the fees and disbursements claimed by it from June 21, 2017 to January 31, 2018.

4. Attached hereto as **Exhibit "E"** is a summary of additional information with respect to Chaitons' accounts and services provided, indicating all members of Chaitons who worked on this matter during the time periods described above, their year of call to the bar, total time charges, hourly rates and the average hourly rate, and I hereby confirm that this list represents an accurate account of such information.

SWORN before me at the)
City of Toronto, this)
27th day of February, 2018)
)



San Ryk

A Commissioner For Taking Affidavits, etc.



MICHAEL KRIL-MASCARIN

*THIS IS EXHIBIT "A" TO THE
AFFIDAVIT OF MICHAEL KRIL-MASCARIN
SWORN BEFORE ME THIS 27th
DAY OF FEBRUARY, 2018.*

A handwritten signature in black ink, consisting of a large, stylized initial 'A' followed by a cursive name, positioned above a horizontal dotted line.

A Commissioner Etc.

5000 YONGE STREET, 10TH FLOOR, TORONTO, CANADA M2N 7E9
www.chaitons.com



INVOICE NUMBER: 264075

September 19, 2017

RICHTER ADVISORY GROUP INC.
181 BAY STREET, SUITE 3320
TORONTO, ON, M5J 2T3

Re: RECEIVER OF THOMAS CANNING (MAIDSTONE) LIMITED
Our file: 007152-52980

FOR PROFESSIONAL SERVICES RENDERED on this matter up to and including August 31, 2017:

PROFESSIONAL FEES

SUBJECT TO HST	\$14,142.50	
SUB-TOTAL		\$14,142.50

DISBURSEMENTS

SUBJECT TO HST	\$59.05	
SUB-TOTAL		\$59.05
HST at 13.00%		\$1,846.20

GRAND TOTAL

\$16,047.75

Amount payable on the current invoice	\$16,047.75
Plus outstanding invoices on this matter	\$0.00
Amount Due	<u>\$16,047.75</u>
Trust Balance	

GST No R124110933

INVOICE NUMBER: 264075

E. & O.E. Payment due on receipt of the account. In Accordance with the Solicitor's Act, interest will be charged on any unpaid balance at the rate of 0.5% per annum commencing one month after delivery of this account.

**PROFESSIONAL FEES:**

Jun 21, 17	SPR	Discussed various matters with client; reviewed and responded to various emails from parties regarding appointment of receiver and next steps in receivership proceeding;
Jun 22, 17	SPR	Reviewed and responded to correspondence re Coxon; drafted letters to Thomases; discussed matters with client; reviewed and responded to various emails;
Jun 23, 17	SPR	Discussed matters with client; reviewed and responded to email from David Ullmann; drafted and responded to emails regarding Coxon trailers on site; drafted closing agenda for sale transaction and e-mail regarding same;
Jun 26, 17	SPR	Drafted numerous closing documents for sale transaction; discussed matters with client; reviewed comments received on same; reviewed and responded to various emails;
Jun 28, 17	SPR	Discussed matters with client; drafted correspondence regarding Liaison Office; reviewed comments received on closing documents;
Jun 29, 17	SPR	Discussed matters with client; reviewed and responded to emails;
Jul 4, 17	MK	Review motion materials and correspondence in preparation for chambers appointment;
Jul 4, 17	SPR	Reviewed and drafted correspondence regarding various matters; attended to matters related to sale transaction; discussed matters with client;
Jul 5, 17	MK	Telephone call with S. Rappos to discuss chambers appointment; attendance in court for chambers appointment;
Jul 5, 17	SPR	Discussed Court attendance with M. Kril-Mascarin; reviewed and drafted correspondence regarding same and matters related to totes and leasing companies; discussed matters with client; discussed draft registration of approval and vesting order with C. Wilson and reviewed and drafted correspondence regarding same; attended to matters regarding sale transaction;
Jul 6, 17	SPR	Attended conference call with CFIA representatives; finalized drafts of all closing documents and circulated them to parties; reviewed and commented on draft letter to customer; reviewed and drafted correspondence; attended to matters related to sale transaction;



Jul 7, 17	SPR	Reviewed and finalized closing documents for signature; reviewed and drafted correspondence regarding closing; attended to sale transaction matters;
Jul 10, 17	SPR	Discussed post closing matters with client and counsel to Bridging; reviewed and responded to correspondence on various matters;
Jul 11, 17	SPR	Reviewed and responded to correspondence;
Jul 19, 17	SPR	Reviewed correspondence;
Jul 21, 17	SPR	Reviewed and drafted correspondence;
Jul 25, 17	SPR	Drafted discharge certificate; reviewed and drafted correspondence regarding various matters;
Jul 26, 17	SPR	Reviewed and responded to correspondence from counsel to Thomases;
Jul 27, 17	SPR	Reviewed and drafted correspondence;
Aug 1, 17	SPR	Discussed matters with client; reviewed and drafted correspondence;
Aug 2, 17	SPR	Attended call to discuss CFIA matters; reviewed and drafted correspondence regarding such matters;
Aug 3, 17	SPR	Reviewed and drafted correspondence;
Aug 8, 17	SPR	Reviewed and drafted various correspondence; attended conference call with counsel to a tote lessor;
Aug 10, 17	SPR	Reviewed and responded to correspondence regarding tote removal; drafted tote removal agreement; reviewed comments on draft received from client;
Aug 14, 17	SPR	Reviewed and drafted correspondence;
Aug 15, 17	SPR	Reviewed and drafted correspondence;
Aug 17, 17	SPR	Reviewed and responded to correspondence;
Aug 18, 17	SPR	Reviewed correspondence received from Thomas' criminal lawyer and responded thereto; drafted correspondence to prosecutor;
Aug 19, 17	SPR	Reviewed and drafted correspondence;
Aug 21, 17	SPR	Reviewed and drafted correspondence;
Aug 22, 17	SPR	Reviewed and responded to correspondence received from Marketing Commission;
Aug 24, 17	SPR	Reviewed and drafted correspondence;



Aug 25, 17	SPR	Discussed matters with client and counsel to Bridging; drafted letter to David Ullmann; revised and finalized letter; discussed HST refund with client;
Aug 31, 17	SPR	Reviewed and drafted correspondence regarding issues related to September 27 motion;

TOTAL PROFESSIONAL FEES	\$14,142.50
HST at 13.00%	1,838.53

DISBURSEMENTS:**Subject to HST:**

Kap Litigation Services Taxable	\$32.50	
Mileage Charges Taxable	\$12.39	
Parking Charges Taxable	\$14.16	
		\$59.05

TOTAL DISBURSEMENTS	\$59.05
HST at 13.00%	7.68

GRAND TOTAL	\$16,047.75
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CHAITONS LLP


per: _____

A handwritten signature in black ink, appearing to be "A. B.", is written over a horizontal line.

**LAWYERS' SUMMARY:**

Lawyers and legal assistants involved	Hourly Rate	Hours Billed	Total Billed
MICHAEL KRIL-MASCARIN	\$300.00	4.30	\$1,290.00
SAM RAPPOS	\$485.00	26.50	\$12,852.50
Total:		30.80	\$14,142.50

*THIS IS EXHIBIT "B" TO THE
AFFIDAVIT OF MICHAEL KRIL-MASCARIN
SWORN BEFORE ME THIS 27th
DAY OF FEBRUARY, 2018.*

A handwritten signature in black ink, appearing to read "A. Ryan", is written above a horizontal dotted line.

A Commissioner Etc.

5000 YONGE STREET, 10TH FLOOR, TORONTO, CANADA M2N 7E9
www.chaitons.com



INVOICE NUMBER: 264925

November 30, 2017

RICHTER ADVISORY GROUP INC.
181 BAY STREET, SUITE 3320
TORONTO, ON, M5J 2T3

Re: RECEIVER OF THOMAS CANNING (MAIDSTONE) LIMITED
Our file: 007152-52980

FOR PROFESSIONAL SERVICES RENDERED on this matter up to and including November 30, 2017:

PROFESSIONAL FEES		
SUBJECT TO HST	\$39,156.50	
SUB-TOTAL		\$39,156.50
DISBURSEMENTS		
NON TAXABLE	\$320.00	
SUBJECT TO HST	\$354.50	
SUB-TOTAL		\$674.50
HST at 13.00%		\$5,136.43
GRAND TOTAL		<u>\$44,967.43</u>

Amount payable on the current invoice	\$44,967.43
Plus outstanding invoices on this matter	\$0.00
Amount Due	<u>\$44,967.43</u>
Trust Balance	

GST No R124110933

INVOICE NUMBER: 264925

E. & O.E. Payment due on receipt of the account. In Accordance with the Solicitor's Act, interest will be charged on any unpaid balance at the rate of 0.5% per annum commencing one month after delivery of this account.



PROFESSIONAL FEES:

Sep 1, 17	SPR	Reviewed draft correspondence to creditors; drafted responding correspondence to counsel to the Thomases;
Sep 3, 17	SPR	Discussed matters with client and counsel to lender;
Sep 5, 17	SPR	Reviewed and responded to correspondence;
Sep 6, 17	SPR	Discussed matters with client;
Sep 7, 17	SPR	Reviewed and commented on draft letter to parties; reviewed and responded to correspondence received from David Ullmann; discussed matters with client;
Sep 8, 17	SPR	Reviewed outstanding matters to be dealt with at September 27 motion and discussed same with client and lawyers for secured lender; reviewed motion record from Rol-land Farms; discussed matter with lawyer for the Thomases and drafted correspondence to him;
Sep 11, 17	SPR	Drafted correspondence to counsel to Rol-land; reviewed and drafted correspondence to David Ullmann; reviewed and updated service list; attended to scheduling of chambers appointment; discussed matters with client; reviewed and responded to various correspondence;
Sep 12, 17	SPR	Drafted letters to service list; reviewed correspondence received from David Ullmann and discussed same with client; reviewed and responded to correspondence; discussed upcoming chambers appointment with client and with lawyers for secured lender;
Sep 13, 17	SPR	Discussed matters with client and with lawyers for secured lender; attended at chambers appointment before Justice Hainey; finalized proposed litigation schedule; reviewed and drafted correspondence regarding Western Union matters; reviewed and drafted correspondence;
Sep 14, 17	SPR	Reviewed and drafted correspondence regarding Western Union disclosure issues;
Sep 15, 17	SPR	Reviewed and drafted correspondence;
Sep 16, 17	SPR	Reviewed correspondence and draft Receiver report;
Sep 16, 17	SPR	Discussed matters with client; continued to draft Receiver report;



Sep 18, 17	SPR	Reviewed first draft of Receiver report; revised draft report and reviewed file documents; attended on serving finalized report on service list; attended conference call with client and lender to discuss matters to be dealt with at upcoming motion; reviewed facta and case briefs; reviewed and drafted correspondence;
Sep 22, 17	SPR	Reviewed file documents; reviewed and revised draft supplemental report to deal with matters at issue at upcoming motions; reviewed and drafted correspondence; discussed matters with client; drafted fee affidavit; reviewed questions received from lawyers to the Thomases and reviewed and drafted correspondence regarding same and discussed with client;
Sep 25, 17	SPR	Reviewed and revised draft second report of the Receiver; attended to matters related to service of finalized report; reviewed and drafted correspondence; reviewed reply factum;
Sep 26, 17	GBB	Brief review of list of questions from D Ullmann and discussion with S. Rappos re status of proceeding; Telephone conference with Aird Berlis, C. Lonergan re status of proceeding and next steps;
Sep 26, 17	SPR	Reviewed and drafted correspondence regarding William Thomas motion record; discussed matters with G. Benchetrit; reviewed and drafted correspondence; prepared for upcoming motion; attended conference call with client and counsel to lender to discuss the questions posed by Thomases;
Sep 27, 17	SPR	Prepared for and attended at motions before Commercial List regarding reserve; discussed matters with client; drafted responding letter to questions posed by Thomases; reviewed and drafted correspondence regarding same;
Sep 28, 17	GBB	Review of and revisions to draft notice of motion;
Sep 28, 17	SPR	Reviewed and responded to correspondence from counsel to the Thomases; discussed matters with client; discussed matters with G. Benchetrit; attended conference call to discuss matters related to questions posed by Thomases; reviewed and drafted correspondence regarding tote matters; drafted notice of motion and discussed same with G. Benchetrit; finalized notice of motion for service;
Sep 29, 17	SPR	Discussed tote matters with client; reviewed and drafted correspondence regarding same; reviewed letter from Sam Babe to McEwen J.;
Oct 2, 17	SPR	Attended at Commercial List for chambers appointment; discussed matters with client; reviewed and drafted correspondence;
Oct 4, 17	SPR	Reviewed and commented on CFIA order;



Oct 5, 17	SPR	Reviewed and drafted correspondence regarding various matters;
Oct 11, 17	SPR	Reviewed and revised draft third report of the receiver; reviewed comments received from client and made further revisions to the report; reviewed and drafted correspondence;
Oct 12, 17	SPR	Drafted notice of motion and order regarding Western Union; reviewed and drafted correspondence regarding same; attended to additional revisions to order and receiver report;
Oct 13, 17	SPR	Reviewed Endorsement of Justice McEwen; drafted order with respect thereto; finalized motion materials with respect to Western Union; reviewed and drafted correspondence; discussed matters with client;
Oct 16, 17	SPR	Attended at Commercial List chambers appointment; discussed various matters with client and lawyers for Bridging; reviewed and drafted correspondence regarding various matters;
Oct 18, 17	SPR	Attended conference call with client and counsel to Bridging to discuss matters before the Court; drafted letter to CFIA; reviewed and drafted correspondence;
Oct 19, 17	SPR	Attended at Commercial List chambers appointment for case conference; discussed matters with client and with counsel to Bridging and Thomas; attended to having Western Union order issued and entered; reviewed and drafted correspondence regarding various matters;
Oct 24, 17	SPR	Reviewed and drafted correspondence;
Oct 30, 17	SPR	Reviewed and revised draft fourth report of the receiver;
Oct 31, 17	SPR	Discussed draft report with client; reviewed and drafted correspondence regarding same;
Nov 1, 17	SPR	Continued to review and revise Receiver's Fourth Report; discussed matters with client; drafted notice of motion; reviewed and finalized motion record for service; reviewed and drafted correspondence;
Nov 3, 17	SPR	Reviewed and drafted correspondence regarding Western Union production; discussed matters with client;
Nov 6, 17	SPR	Attended conference call regarding Western Union; reviewed and drafted correspondence;
Nov 8, 17	SPR	Reviewed and drafted correspondence regarding Western Union matters;
Nov 9, 17	GBB	Discussions with client re issues relating to Western Union disclosure;



Nov 9, 17	SPR	Attended conference call to discuss next steps with respect to Western Union matter; discussed matters with counsel to Bridging; discussed matters with G. Benchetrit; reviewed and drafted correspondence;
Nov 10, 17	SPR	Reviewed and drafted correspondence;
Nov 13, 17	SPR	Reviewed and drafted correspondence;
Nov 17, 17	SPR	Reviewed reply motion record of Bill Thomas; reviewed and drafted correspondence;
Nov 22, 17	SPR	Reviewed and drafted correspondence regarding Thomas reply materials;
Nov 27, 17	SPR	Reviewed and drafted correspondence; drafted letter to Lakeshore re property calls; drafted interim distribution order;
Nov 28, 17	SPR	Prepared for and attended hearing before Commercial List Court; reviewed and drafted correspondence; discussed matters with client;
Nov 30, 17	SPR	Reviewed draft motion materials regarding funds being held in escrow; reviewed and drafted correspondence;

TOTAL PROFESSIONAL FEES
HST at 13.00%

\$39,156.50
5,090.35

DISBURSEMENTS:

Subject to HST:

Kap Litigation Services Taxable	\$32.50	
Occupancy Inspection Taxable	\$5.31	
Courier and Taxi Charges Taxable	\$291.16	
Parking Charges Taxable	\$20.35	
Long Distance Telephone Taxable	\$2.78	
Photocopying Charges Taxable	\$2.40	
		\$354.50

Non-Taxable:

File Motion Record(s) Non-taxable	\$320.00	
		\$320.00

TOTAL DISBURSEMENTS

\$674.50

399

6.



HST at 13.00%

46.09

GRAND TOTAL

\$44,967.43

CHAITONS LLP

per:

A handwritten signature in black ink, appearing to be "A. R.", is written over a horizontal line.

GST No R124110933

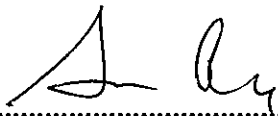
INVOICE NUMBER: 264925

E. & O.E. Payment due on receipt of the account. In Accordance with the Solicitor's Act, interest will be charged on any unpaid balance at the rate of 0.5% per annum commencing one month after delivery of this account.

**LAWYERS' SUMMARY:**

Lawyers and legal assistants involved	Hourly Rate	Hours Billed	Total Billed
GEORGE BENCHETRIT	\$625.00	2.20	\$1,375.00
SAM RAPPOS	\$485.00	77.90	\$37,781.50
Total:		80.10	\$39,156.50

*THIS IS EXHIBIT "C" TO THE
AFFIDAVIT OF MICHAEL KRIL-MASCARIN
SWORN BEFORE ME THIS 27th
DAY OF FEBRUARY, 2018.*

A handwritten signature in black ink, appearing to read "A. By", written above a horizontal dotted line.

A Commissioner Etc.

5000 YONGE STREET, 10TH FLOOR, TORONTO, CANADA M2N 7E9
 www.chaitons.com



INVOICE NUMBER: 265311

January 10, 2018

RICHTER ADVISORY GROUP INC.
 181 BAY STREET, SUITE 3320
 TORONTO, ON, M5J 2T3

Re: **RECEIVER OF THOMAS CANNING (MAIDSTONE) LIMITED**
 Our file: **007152-52980**

FOR PROFESSIONAL SERVICES RENDERED on this matter up to and including January 8, 20d18:

PROFESSIONAL FEES

SUBJECT TO HST	\$4,656.00	
SUB-TOTAL		\$4,656.00

DISBURSEMENTS

NON TAXABLE	\$160.00	
SUBJECT TO HST	\$178.00	
SUB-TOTAL		\$338.00
HST at 13.00%		\$628.42

GRAND TOTAL

\$5,622.42

Amount payable on the current invoice	\$5,622.42
Plus outstanding invoices on this matter	\$0.00
Amount Due	<u>\$5,622.42</u>
Trust Balance	

**PROFESSIONAL FEES:**

Dec 1, 17	SPR	Reviewed decision regarding TCL's lawyer fees; reviewed and drafted correspondence;
Dec 5, 17	SPR	Reviewed and drafted correspondence;
Dec 6, 17	SPR	Reviewed and drafted correspondence;
Dec 7, 17	SPR	Reviewed and drafted correspondence;
Dec 8, 17	SPR	Drafted acknowledgement and release re totes; reviewed and drafted correspondence; attended call with client;
Dec 11, 17	SPR	Reviewed and drafted correspondence;
Dec 12, 17	SPR	Attended call to discuss adverse possession claim with client and purchaser; drafted reimbursement agreement; reviewed and drafted correspondence; discussed matters with client;
Dec 13, 17	SPR	Reviewed file documents; drafted acknowledgements and releases re Bodkin and Gould totes; reviewed and drafted correspondence; discussed matters with David Ullmann; discussed matters with client;
Dec 18, 17	SPR	Drafted report; reviewed and drafted correspondence;
Dec 19, 17	SPR	Reviewed and revised draft report; discussed matters with client;
Dec 20, 17	SPR	Reviewed and revised draft Receiver report; discussed matters with client;
Dec 21, 17	SPR	Reviewed and revised draft Receiver report; reviewed and revised draft OSB report; prepared motion materials for service; reviewed and drafted correspondence;

TOTAL PROFESSIONAL FEES**\$4,656.00**

HST at 13.00%

605.28

DISBURSEMENTS:**Subject to HST:**

Kap Litigation Services Taxable

\$65.00



	Courier and Taxi Charges Taxable	\$113.00	\$178.00
Non-Taxable:	File Motion Record(s) Non-taxable	\$160.00	\$160.00
TOTAL DISBURSEMENTS			\$338.00
HST at 13.00%			23.14
GRAND TOTAL			\$5,622.42

CHAITONS LLP


per:

A handwritten signature in black ink, appearing to be "A. Ry", written over a horizontal line.

**LAWYERS' SUMMARY:**

Lawyers and legal assistants involved	Hourly Rate	Hours Billed	Total Billed
SAM RAPPOS	\$485.00	9.60	\$4,656.00
Total:		9.60	\$4,656.00

*THIS IS EXHIBIT "D" TO THE
AFFIDAVIT OF MICHAEL KRIL-MASCARIN
SWORN BEFORE ME THIS 27th
DAY OF FEBRUARY, 2018.*

A handwritten signature in black ink, appearing to read "A. Rope". The signature is written in a cursive style with a large initial "A" and a stylized "Rope".

.....
A Commissioner Etc.

5000 YONGE STREET, 10TH FLOOR, TORONTO, CANADA M2N 7E9
www.chaitons.com



INVOICE NUMBER: 265811

February 22, 2018

RICHTER ADVISORY GROUP INC.
181 BAY STREET, SUITE 3320
TORONTO, ON, M5J 2T3

Re: RECEIVER OF THOMAS CANNING (MAIDSTONE) LIMITED
Our file: 007152-52980

FOR PROFESSIONAL SERVICES RENDERED on this matter up to and including January 31, 2018:

PROFESSIONAL FEES		
SUBJECT TO HST	\$11,045.50	
SUB-TOTAL		\$11,045.50
DISBURSEMENTS		
SUBJECT TO HST	\$60.00	
SUB-TOTAL		\$60.00
HST at 13.00%		\$1,443.72
GRAND TOTAL		\$12,549.22

Amount payable on the current invoice	\$12,549.22
Plus outstanding invoices on this matter	\$0.00
Amount Due	<u>\$12,549.22</u>
Trust Balance	

GST No R124110933

INVOICE NUMBER: 265811

E. & O.E. Payment due on receipt of the account. In Accordance with the Solicitor's Act, interest will be charged on any unpaid balance at the rate of 0.5% per annum commencing one month after delivery of this account.



PROFESSIONAL FEES:

Jan 4, 18	SPR	Reviewed and drafted correspondence regarding various matters;
Jan 5, 18	SPR	Reviewed and drafted correspondence; reviewed Thomases motion record; discussed matters with client;
Jan 6, 18	SPR	Reviewed and drafted correspondence regarding motions related to questions posed by the Thomases;
Jan 8, 18	SPR	Reviewed and drafted correspondence regarding questions; considered matters related thereto;
Jan 10, 18	SPR	Reviewed and drafted correspondence regarding pending motion; discussed totes with counsel to CLE;
Jan 11, 18	SPR	Reviewed and drafted correspondence; discussed matters with client;
Jan 16, 18	SPR	Reviewed and drafted correspondence;
Jan 18, 18	GBB	Meeting with S. Rappos to review and revise draft responses to questions posed by the Thomases;
Jan 18, 18	SPR	Reviewed draft responses to 11 questions received from client; revised draft responses and discussed same with G. Benchetrit; finalized draft responses for circulation to client;
Jan 19, 18	SPR	Discussed matters with client; reviewed and drafted correspondence regarding responses to questions; revised and finalized responses to questions;
Jan 22, 18	SPR	Reviewed and revised acknowledgement;
Jan 23, 18	SPR	Reviewed and drafted correspondence;
Jan 26, 18	GBB	Review of email exchanges, meeting with S Rappos and Telephone conference with Richter and Aird Berlis re chambers appointment on January 29
Jan 26, 18	SPR	Discussed matters with G. Benchetrit; attended conference call with client; reviewed Bodkin statement of claim; reviewed and drafted correspondence;
Jan 29, 18	SPR	Prepared for and attended at chambers appointment before Commercial List; discussed matters with client; reviewed and drafted correspondence;
Jan 30, 18	GBB	Meeting with S. Rappos to discuss matters;



Jan 30, 18	SPR	Discussed matters with client; discussed matters with G. Benchetrit; drafted letter to David Ullmann; reviewed and drafted correspondence; finalized reimbursement agreement regarding HST receipts;
Jan 31, 18	SPR	Finalized letter to David Ullmann;

TOTAL PROFESSIONAL FEES
HST at 13.00%

\$11,045.50
1,435.92

DISBURSEMENTS:

Subject to HST:

Kap Litigation Services Taxable	\$60.00	\$60.00
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TOTAL DISBURSEMENTS
HST at 13.00%

\$60.00
7.80

GRAND TOTAL

\$12,549.22

CHAITONS LLP

per: _____

A handwritten signature in black ink, appearing to read "J. Repk", is written over a horizontal line.

**LAWYERS' SUMMARY:**

Lawyers and legal assistants involved	Hourly Rate	Hours Billed	Total Billed
GEORGE BENCHETRIT	\$625.00	3.10	\$1,937.50
SAM RAPPOS	\$495.00	18.40	\$9,108.00
Total:		21.50	\$11,045.50

*THIS IS EXHIBIT "E" TO THE
AFFIDAVIT OF MICHAEL KRIL-MASCARIN
SWORN BEFORE ME THIS 27th
DAY OF FEBRUARY, 2018.*

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a cursive 'R' and a small 'k' at the end. The signature is written above a horizontal dotted line.

A Commissioner Etc.

SUMMARY

Lawyer	Year of Call	Hours Billed	Hourly Rate	Amount Billed
Sam Rappos	2005	114.00	\$485.00	\$55,290.00
Sam Rappos	2005	18.40	\$495.00	\$9,108.00
George Benchetrit	1993	5.30	\$625.00	\$3,312.50
Michael Kril-Mascarin	2014	4.30	\$300.00	\$1,290.00
Total Hours and Amounts Billed		142.00		\$69,000.50
Average Hourly Rate			\$485.92	
Total Costs				\$1,131.55
Total Taxes (HST)				\$9,054.77
TOTAL				\$79,186.82

**BRIDGING FINANCE INC.,
as agent for SPROTT BRIDGING INCOME FUND LP**

Applicant

- and -

**THOMAS CANNING (MAIDSTONE) LIMITED and
692194 ONTARIO LIMITED**
Respondents

Court File No. CV-17-11773-00CL

ONTARIO
**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

PROCEEDING COMMENCED AT TORONTO

**AFFIDAVIT OF
MICHAEL KRIL-MASCARIN**
(sworn February 27, 2018)

CHAITONS LLP
5000 Yonge Street, 10th floor
Toronto, Ontario M2N 7E9

Sam Rappos (LSO # 51399S)
Tel: (416) 218-1137
Fax: (416) 218-1187
Email: samr@chaitons.com

**Lawyers for Richter Advisory Group Inc.
the Court-appointed Receiver**

BRIDGING FINANCE INC.,
as agent for **SPROTT BRIDGING INCOME FUND LP**
Applicant

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and
692194 ONTARIO LIMITED
Respondents

Court File No. CV-17-11773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

MOTION RECORD OF THE RECEIVER
(re approval of activities, discharge and ancillary relief)
(returnable May 14, 2018)

CHAITONS LLP

5000 Yonge Street, 10th floor
Toronto, Ontario M2N 7E9

Sam Rappos (LSO # 51399S)

Tel: (416) 218-1137

Fax: (416) 218-1187

Email: samr@chaitons.com

Lawyers for Richter Advisory Group Inc.,
Court-appointed Receiver