

**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**

SECOND REPORT OF THE RECEIVER DATED SEPTEMBER 25, 2017
(re motions returnable September 27, 2017)

September 25, 2017

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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
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**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

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- APPENDIX "D" REPORT OF THE RECEIVER DATED SEPTEMBER 18, 2017 (WITH APPENDICES)
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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

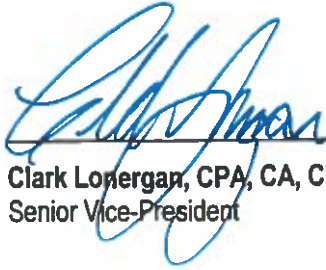
61. The Accommodation Agreement provided that Bridging would fund the payment of reasonable fees and disbursements of Blaney incurred in connection with the Accommodation Agreement or the Monitor Order, up to a maximum amount of \$20,000 and the reasonable fees and disbursements incurred by said counsel

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 Loneragan, CPA, CA, CIRP, LIT
Senior Vice-President

APPENDIX “A”

RICHTER

Estate No. 35-124414

**ONTARIO
SUPERIOR COURT OF JUSTICE
Commercial List**

**In the Matter of the Receivership of
Thomas Canning (Maidstone) Limited and 692194 Ontario Limited
of the City of Toronto
in the Province of Ontario**

Dear Sirs/Madames,

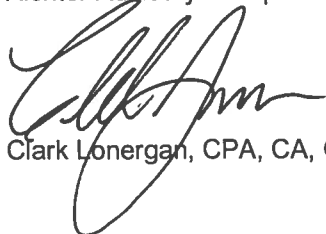
As you may know, Richter Advisory Group Inc. ("**Richter**") was appointed as monitor of Thomas Canning (Maidstone) Limited and 692194 Ontario Limited (collectively, the "**Company**") pursuant to the Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated May 1, 2017 (the "**Monitor**"). Richter was subsequently appointed as Receiver of the Company by the Court on June 21, 2017. Documents and materials related to both proceedings can be found at Richter's website at <http://www.richter.ca/Folder/Insolvency-Cases/T/Thomas-Canning-Limited>.

Please be advised that the Monitor brought a motion that was originally scheduled to be heard on June 21, 2017, and has now been re-scheduled to be heard on September 27, 2017. At the September 27, 2017 hearing, the Monitor will be seeking approval of its activities and its Report, approval of its fees and disbursements, and its discharge and release from all potential claims against it. The Court will also be hearing a motion with respect to the distribution of the remaining funds being held by the Receiver from the proceeds of sale of the property and assets of the Company.

In the event you should have any questions, please contact the Monitor, Clark Lonergan of Richter, at 416-485-5502 or clonergan@richter.ca and the Receiver's lawyer, Sam Rappos of Chaitons LLP, at 416-218-1137 or samr@chaitons.com.

Dated at Toronto, Ontario, this 7th day of September 2017.

Richter Advisory Group Inc. - Receiver



Clark Lonergan, CPA, CA, CIRP, LIT

Richter Advisory Group Inc.
181 Bay Street, Suite 3320
Bay Wellington Tower
Toronto, ON M5J 2T3
www.richter.ca

Montréal, Toronto



APPENDIX “B”

THOMAS CANNING (MAIDSTONE) LTD.

Currency Country: Canada

19-Jun-17

CDN\$ Outstadndig Since April 20, 2017

Supplier Name	Invoice #	Invoice Date	Due Date	Amount
AABCO Propane (Dowler Karn)	3555885	28-Apr-17	28-May-17	104.66
AABCO Propane (Dowler Karn)	3562534	28-Apr-17	28-May-17	- 121.48
AABCO Propane (Dowler Karn)	98537	30-Apr-17	30-May-17	113.00
AABCO Propane (Dowler Karn)	96770	4-May-17	3-Jun-17	113.00
AABCO Propane (Dowler Karn)	3568388	5-May-17	4-Jun-17	173.86
AABCO Propane (Dowler Karn)	98667	12-May-17	11-Jun-17	214.70
AABCO Propane (Dowler Karn)	3579055	19-May-17	18-Jun-17	128.82
AABCO Propane (Dowler Karn)	98925	26-May-17	25-Jun-17	85.88
AABCO Propane (Dowler Karn)	98415	17-Jun-17	17-Jul-17	150.37
AABCO Propane (Dowler Karn)	99020	17-Jun-17	17-Jul-17	107.35
ADVANTAGE FARM EQUIPMENT	M22903	31-May-17	30-Jun-17	110.97
ADVANTAGE FARM EQUIPMENT	M23078	7-Jun-17	7-Jul-17	224.66
ADVANTAGE FARM EQUIPMENT	M23079	7-Jun-17	7-Jul-17	11.63
ADVANTAGE FARM EQUIPMENT	X03032	17-Jun-17	17-Jul-17	440.06
AGRICORP-RMP: GRAINS AND OILSEEDS	040677000	7-Jun-17	7-Jul-17	660.88
AGRICORP-RMP: GRAINS AND OILSEEDS	040677389	8-Jun-17	8-Jul-17	102.51
AMEX FREIGHT	W0015655	26-Apr-17	26-May-17	675.00
BC Global Resources	198	8-Jun-17	8-Jul-17	673.12
BELL CANADA - PUBLIC ACCESS	149147	29-Apr-17	29-May-17	56.50
BELL CANADA - PUBLIC ACCESS	149550	29-May-17	28-Jun-17	56.50
BELL MOBILITY	APRIL24.2017	24-Apr-17	24-May-17	180.98
BELL MOBILITY	0315.2017	28-Apr-17	28-May-17	102.62
BELL MOBILITY	497: MAY 15/17	15-May-17	14-Jun-17	102.60
BUTCHER ENGINEERING ENTERPRISES LTD	161	4-May-17	3-Jun-17	324.26
BUTCHER ENGINEERING ENTERPRISES LTD	162	4-May-17	3-Jun-17	6,128.02
BUTCHER ENGINEERING ENTERPRISES LTD	163	8-May-17	7-Jun-17	820.20
BUTCHER ENGINEERING ENTERPRISES LTD	164	18-May-17	17-Jun-17	343.34
BUTCHER ENGINEERING ENTERPRISES LTD	165	5-Jun-17	5-Jul-17	343.34
BUTCHER ENGINEERING ENTERPRISES LTD	166	5-Jun-17	5-Jul-17	5,927.95
BUTCHER ENGINEERING ENTERPRISES LTD	167	15-Jun-17	15-Jul-17	343.34
CANAG TRAVEL SERVICES LTD.	OV606	5-May-17	4-Jun-17	- 1,279.95
CANAG TRAVEL SERVICES LTD.	ON17-004546	19-May-17	18-Jun-17	1,106.00
CANAG TRAVEL SERVICES LTD.	ON17-004547	19-May-17	18-Jun-17	553.00
CANAG TRAVEL SERVICES LTD.	LS17-002424	17-Jun-17	17-Jul-17	988.00
CANAG TRAVEL SERVICES LTD.	LS17-002426	17-Jun-17	17-Jul-17	988.00
CHEP CANADA INC.	5101860540	6-May-17	5-Jun-17	185.94
CHEP CANADA INC.	5101863415	13-May-17	12-Jun-17	468.89
CHEP CANADA INC.	5101863773	20-May-17	19-Jun-17	278.43
CHEP CANADA INC.	5101867688	3-Jun-17	3-Jul-17	278.43
COXON'S SALES AND RENTALS LTD.	58590	28-Apr-17	28-May-17	197.75
COXON'S SALES AND RENTALS LTD.	58968	1-May-17	31-May-17	395.50
COXON'S SALES AND RENTALS LTD.	58969	1-May-17	31-May-17	395.50
COXON'S SALES AND RENTALS LTD.	59125	10-May-17	9-Jun-17	197.75
COXON'S SALES AND RENTALS LTD.	59585	1-Jun-17	1-Jul-17	395.50
COXON'S SALES AND RENTALS LTD.	59586	1-Jun-17	1-Jul-17	395.50
CURTIS-JK PRINTING LTD.	IN00009890	11-May-17	10-Jun-17	972.27
CURTIS-JK PRINTING LTD.	IN00009926	25-May-17	24-Jun-17	359.11
F.A.R.M.S.	LS2017-000764	24-Apr-17	24-May-17	1,067.85
FP Gushue and Associates Inc.	TCL20170405	5-Apr-17	5-May-17	673.86
FRANK LAFFERTY LTD.	JUNE-14-2017	14-Jun-17	14-Jul-17	274.02
GREAT-WEST LIFE	MAY 31-2017	22-Apr-17	22-May-17	241.34

THOMAS CANNING (MAIDSTONE) LTD.

Currency Country: Canada

19-Jun-17

CDN\$ Outstadndig Since April 20, 2017

Supplier Name	Invoice #	Invoice Date	Due Date	Amount
GREAT-WEST LIFE	JUNE 2017	19-May-17	18-Jun-17	241.34
GS1 CANADA	G-696589	1-Jun-17	1-Jul-17	2,712.00
HUB INTERNATIONAL ONTARIO LIMITED	759876	7-Jun-17	7-Jul-17	1,702.00
HYDRO - ONE NETWORKS INC.	ACC-3760-APR-17	28-Apr-17	28-May-17	2,765.78
HYDRO - ONE NETWORKS INC.	ACC-4589-MAY-17	4-May-17	3-Jun-17	128.81
HYDRO - ONE NETWORKS INC.	ACC-4963-MAY-17	4-May-17	3-Jun-17	23.34
HYDRO - ONE NETWORKS INC.	ACC-4589	5-Jun-17	5-Jul-17	118.49
HYDRO - ONE NETWORKS INC.	ACC-4963-JUNE-1	5-Jun-17	5-Jul-17	23.34
HYMARK FARM	709452	1-Jun-17	1-Jul-17	170.00
INTELECOM SOLUTIONS INC.	133705	1-May-17	31-May-17	28.09
NEBS BUSINESS Products Limited	21705062715	16-May-17	15-Jun-17	793.03
1636488 Ontario Limited	RENT: JUNE - 17	1-Jun-17	1-Jul-17	960.50
ORKIN CANADA	IN-7764120	17-Jun-17	17-Jul-17	146.90
PRAXAIR DISTRIBUTION	1-01	17-Jun-17	17-Jul-17	255.83
PRAXAIR DISTRIBUTION	29420711-02	7-Jun-17	7-Jul-17	26.49
PUROLATOR COURIER LTD.	434540764	28-Apr-17	28-May-17	136.87
REBEL PACKAGING INC.	53278	16-May-17	15-Jun-17	1,883.21
ROGERS	1762032253	15-May-17	14-Jun-17	136.55
ROL-LAND FARMS AND GREENHOUSES	1051	1-May-17	31-May-17	43,154.97
SAFE N SAVE LOGISTICS INC.	PB16378	9-May-17	8-Jun-17	475.00
SAFE N SAVE LOGISTICS INC.	PB16872	31-May-17	30-Jun-17	700.00
SETTERINGTON'S FERTILIZER LTD	345310	24-May-17	23-Jun-17	1,778.81
THOMAS LAGER & SINGER INC.	12372457	28-Apr-17	28-May-17	355.26
THOMAS LAGER & SINGER INC.	12372458	28-Apr-17	28-May-17	2,131.09
THOMAS LAGER & SINGER INC.	12372459	28-Apr-17	28-May-17	2,134.72
THOMAS LAGER & SINGER INC.	12372463	28-Apr-17	28-May-17	6,590.86
THOMAS LAGER & SINGER INC.	12377509	30-Apr-17	30-May-17	4,276.32
Town of Lakeshore (Water)	W-0428.17	28-Apr-17	28-May-17	297.32
Town of Lakeshore (Water)	201706/01	17-Jun-17	17-Jul-17	356.74
TOWN OF LAKESHORE (Property Tax)	2017(P):02600.0	18-Jan-17	28-Apr-17	10,097.18
TOWN OF LAKESHORE (Property Tax)	THOM04	5-Apr-17	5-May-17	42.53
TOWN OF LAKESHORE (Property Tax)	2017-3100.-INT	10-May-17	9-Jun-17	4.54
TOWN OF LAKESHORE (Property Tax)	INT: 2017.1	17-May-17	16-Jun-17	455.96
TOWN OF LAKESHORE (Property Tax)	FEE: 2600.00	7-Jun-17	7-Jul-17	228.51
TST OVERLAND EXPRESS	711-5558525	3-Apr-17	3-May-17	123.21
TST OVERLAND EXPRESS	711-6217611	7-Apr-17	7-May-17	265.57
TST OVERLAND EXPRESS	711-6217612	7-May-17	6-Jun-17	153.40
TST OVERLAND EXPRESS	711-6212757	23-May-17	22-Jun-17	296.11
TST OVERLAND EXPRESS	711-6212773	31-May-17	30-Jun-17	226.47
TST OVERLAND EXPRESS	711-6212774	31-May-17	30-Jun-17	136.53
TST OVERLAND EXPRESS	711-6212775	2-Jun-17	2-Jul-17	76.07
UNION GAS LTD.	MAY05.2017	12-May-17	11-Jun-17	2,166.78
UNION GAS LTD.	JUNE6.2017	17-Jun-17	17-Jul-17	1,167.99
WADDICK FUELS - SX	584986	20-May-17	19-Jun-17	1,627.94
WINDSOR DISPOSAL SERVICES LTD.	837029	22-Apr-17	22-May-17	718.23
WINDSOR DISPOSAL SERVICES LTD.	837795	1-May-17	31-May-17	1,287.84
WINDSOR DISPOSAL SERVICES LTD.	840734	6-May-17	5-Jun-17	628.45
WINDSOR DISPOSAL SERVICES LTD.	842376	17-Jun-17	17-Jul-17	572.90
XPRESS CANADA	33710	24-Apr-17	24-May-17	734.50
XPRESS CANADA	33812	25-Apr-17	25-May-17	621.50
XPRESS CANADA	33843	26-Apr-17	26-May-17	600.00

THOMAS CANNING (MAIDSTONE) LTD.

Currency Country: Canada

19-Jun-17

CDN\$ Outstadndig Since April 20, 2017

Supplier Name	Invoice #	Invoice Date	Due Date	Amount
XPRESS CANADA	33918	27-Apr-17	27-May-17	600.00
XPRESS CANADA	33925	27-Apr-17	27-May-17	203.40
XPRESS CANADA	33930	27-Apr-17	27-May-17	203.40
XPRESS CANADA	33937	27-Apr-17	27-May-17	600.00
XPRESS CANADA	33970	28-Apr-17	28-May-17	600.00
XPRESS CANADA	33986	28-Apr-17	28-May-17	203.40
XPRESS CANADA	33987	28-Apr-17	28-May-17	203.40
XPRESS CANADA	34102	28-Apr-17	28-May-17	600.00
XPRESS CANADA	34065	1-May-17	31-May-17	734.50
XPRESS CANADA	34074	1-May-17	31-May-17	203.40
XPRESS CANADA	34075	1-May-17	31-May-17	203.40
XPRESS CANADA	34116	2-May-17	1-Jun-17	600.00
XPRESS CANADA	34123	2-May-17	1-Jun-17	203.40
XPRESS CANADA	34124	2-May-17	1-Jun-17	203.40
XPRESS CANADA	34139	2-May-17	1-Jun-17	600.00
XPRESS CANADA	34183	3-May-17	2-Jun-17	203.40
XPRESS CANADA	34184	3-May-17	2-Jun-17	203.40
XPRESS CANADA	34227	4-May-17	3-Jun-17	203.40
XPRESS CANADA	34228	4-May-17	3-Jun-17	203.40
XPRESS CANADA	34287	5-May-17	4-Jun-17	203.40
XPRESS CANADA	34288	5-May-17	4-Jun-17	203.40
XPRESS CANADA	34369	8-May-17	7-Jun-17	203.40
XPRESS CANADA	34370	8-May-17	7-Jun-17	203.40
XPRESS CANADA	34419	9-May-17	8-Jun-17	600.00
XPRESS CANADA	34439	9-May-17	8-Jun-17	203.40
XPRESS CANADA	34440	9-May-17	8-Jun-17	203.40
XPRESS CANADA	34470	10-May-17	9-Jun-17	450.00
XPRESS CANADA	34506	10-May-17	9-Jun-17	734.50
XPRESS CANADA	34710	16-May-17	15-Jun-17	734.50
XPRESS CANADA	34922	19-May-17	18-Jun-17	734.50
XPRESS CANADA	35043	23-May-17	22-Jun-17	600.00
XPRESS CANADA	35108	25-May-17	24-Jun-17	600.00
XPRESS CANADA	35224	29-May-17	28-Jun-17	734.50
XPRESS CANADA	35404	29-May-17	28-Jun-17	1,470.00
XPRESS CANADA	35320	31-May-17	30-Jun-17	203.40
XPRESS CANADA	35367	1-Jun-17	1-Jul-17	450.00
XPRESS CANADA	35372	1-Jun-17	1-Jul-17	600.00
XPRESS CANADA	35388	1-Jun-17	1-Jul-17	203.40
XPRESS CANADA	35427	2-Jun-17	2-Jul-17	203.40
XPRESS CANADA	35509	5-Jun-17	5-Jul-17	450.00
XPRESS CANADA	35536	5-Jun-17	5-Jul-17	203.40
XPRESS CANADA	35582	5-Jun-17	5-Jul-17	1,680.00
XPRESS CANADA	35595	6-Jun-17	6-Jul-17	203.40
XPRESS CANADA	35600	6-Jun-17	6-Jul-17	450.00
XPRESS CANADA	35655	7-Jun-17	7-Jul-17	203.40
XPRESS CANADA	35677	8-Jun-17	8-Jul-17	203.40
XPRESS CANADA	35783	9-Jun-17	9-Jul-17	203.40
XPRESS CANADA	35861	12-Jun-17	12-Jul-17	203.40

Totals:**144,681.50**

THOMAS CANNING (MAIDSTONE) LTD.

Currency Country: Canada

19-Jun-17

CDN\$ Outstadndig Since April 20, 2017

<u>Supplier Name</u>	<u>Invoice #</u>	<u>Invoice Date</u>	<u>Due Date</u>	<u>Amount</u>
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THOMAS CANNING (MAIDSTONE) LTD.
Currency Country: US
19-Jun-17
USD\$ Outstadndig Since April 20, 2017

Supplier Name	Invoice #	Invoice Date	Due Date	Amount
CB SERVICES, LLC	7291	8-May-17	7-Jun-17	18,922.82
DHL GLOBAL FORWARDING	7701309823 01	20-Apr-17	20-May-17	41.75
DHL GLOBAL FORWARDING	6800707630 01	26-Apr-17	26-May-17	41.75
DHL GLOBAL FORWARDING	6800702621 03	27-Apr-17	27-May-17	41.75
DHL GLOBAL FORWARDING	6800704346 03	27-Apr-17	27-May-17	41.75
DHL GLOBAL FORWARDING	6800705666 03	27-Apr-17	27-May-17	41.75
DHL GLOBAL FORWARDING	680070791301	27-Apr-17	27-May-17	41.75
DHL GLOBAL FORWARDING	680070791401	27-Apr-17	27-May-17	41.75
DHL GLOBAL FORWARDING	6800708184 01	27-Apr-17	27-May-17	41.75
DHL GLOBAL FORWARDING	6800702644 01	28-Apr-17	28-May-17	41.75
DHL GLOBAL FORWARDING	6800708273 01	28-Apr-17	28-May-17	41.75
DHL GLOBAL FORWARDING	6800708308 01	28-Apr-17	28-May-17	41.75
DHL GLOBAL FORWARDING	6800709003 01	2-May-17	1-Jun-17	41.75
DHL GLOBAL FORWARDING	6800709062 01	2-May-17	1-Jun-17	41.75
DHL GLOBAL FORWARDING	6800709367 01	2-May-17	1-Jun-17	41.75
DHL GLOBAL FORWARDING	6800706722 01	3-May-17	2-Jun-17	41.75
DHL GLOBAL FORWARDING	6800710749 01	9-May-17	8-Jun-17	41.75
DHL GLOBAL FORWARDING	6800711766 01	11-May-17	10-Jun-17	41.75
DHL GLOBAL FORWARDING	6800713185 01	16-May-17	15-Jun-17	41.75
DHL GLOBAL FORWARDING	6800713303 01	18-May-17	17-Jun-17	41.75
DHL GLOBAL FORWARDING	66800713386 01	17-Jun-17	17-Jul-17	41.75
DHL GLOBAL FORWARDING	6800716278 01	17-Jun-17	17-Jul-17	41.75
DHL GLOBAL FORWARDING	6800717246 01	17-Jun-17	17-Jul-17	41.75
DHL GLOBAL FORWARDING	6800717651 01	17-Jun-17	17-Jul-17	41.75
DHL GLOBAL FORWARDING	6800718233 01	17-Jun-17	17-Jul-17	41.75
DHL GLOBAL FORWARDING	6800719164 01	17-Jun-17	17-Jul-17	41.75
DHL GLOBAL FORWARDING	6800719334 03	17-Jun-17	17-Jul-17	45.00
DHL GLOBAL FORWARDING	6800719335 01	17-Jun-17	17-Jul-17	41.75
DHL GLOBAL FORWARDING	6800719479 01	17-Jun-17	17-Jul-17	41.75
DHL GLOBAL FORWARDING	6800720183 01	17-Jun-17	17-Jul-17	41.75
DHL GLOBAL FORWARDING	9800035156 01	17-Jun-17	17-Jul-17	463.50
Seedling incorporated	54933	29-May-17	28-Jun-17	36,363.87
SPS COMMERCE, INC	PSI-112674821	30-Apr-17	30-May-17	208.30
SPS COMMERCE, INC	PSI-112702172	31-May-17	30-Jun-17	252.30

Totals:

57,424.79

APPENDIX “C”

9:30 A.M.
COUNSEL SLIP

H

COURT FILE NO CV-17-11773-00CL

DATE SEP 13, 2017

NO ON LIST 6

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

COUNSEL FOR: Sim Rappos
PLAINTIFF(S) for the Court appointed Monitor and Receiver
APPLICANT(S)
PETITIONER(S)

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Thomas et al Canning

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[Handwritten signatures and initials]

September 13/17
My Endorsement
is attached.
Hainey J

Time table

September 27, 2017 motion:

- September 15, 2017: facts to be served by any party seeking payment out of holdback funds on behalf of the legal fees of the Company or with respect to claims of suppliers with respect to monitor proceedings
- September 22, 2017: responding facts to be served
- September 29, 2017: reply facts to be served

October 17, 2017 motion:

- September 18, 2017: Receiver report to be served
- September 22, 2017: written questions to be delivered to the Receiver
- September 27, 2017: Receiver to deliver response to written questions
- September 29, 2017: any additional evidence to be served
- October 6, 2017: Monitor to serve its facts

- October 11, 2017: responding facts to be served
- October 16, 2017: reply facts to be served

The Monitor's appraisal motion is returnable on October 17, 2017 and is peremptory on all parties and shall proceed to be heard on that date with no further adjournment.

Hanning J

September 13/17

APPENDIX “D”

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 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

**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:

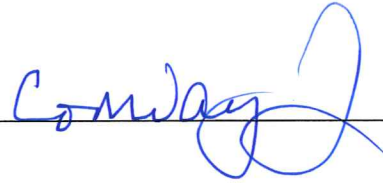
1. **THIS COURT ORDERS AND DECLARES** that the Sale Agreement and the Transaction are hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed 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,~~ 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. Be



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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

**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;

- (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;

- (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;

- (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.

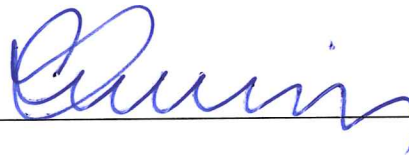
30. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors.

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:

**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
Fax: 416.863.1515
Email: sbabe@airdberlis.com / kplunkett@airdberlis.com
Lawyers for the Applicant

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

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and
692194 ONTARIO LIMITED
Respondents
June 21, 2017
Court File No. CV-17-11773-00CL

June 21/17 as per counsel slip.
This matter has been resolved as follows:
① OTC re fees + other matters related to Interim Receiver only, as signed by me.
② Order appointing Receiver, as signed by me, w/ amendments
③ Approval + vesting order re APA, as signed by me.
④ Bridging has agreed to cover return expenses for all but 2 of the CO's ^{a US West} ~~US West~~ ^{has been taken on} ~~has been taken on~~ ^{the 2} ~~the 2~~ ^{had been} ~~had been~~ ^{not return} ~~not return~~
~~workbooks~~ (counsel advised that the 2 ~~had been~~ ^{not return})
⑤ None of this affects the proceeding before the Commission on June 28th, to which Mr. Rappos will be attending via court call.
⑥ The motion re the Monitor's Requested Relief to be scheduled at a 930 before me on July 5/17.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
PROCEEDING COMMENCED AT TORONTO
MOTION RECORD OF THE INTERIM RECEIVER
AND THE MONITOR
(returnable June 21, 2017)

CHAITONS LLP
5000 Yonge Street, 10th floor
Toronto, Ontario M2N 7E9
to Canada
Sam Rappos (LSUC # 51399S)
Tel: (416) 218-1137
Fax: (416) 218-1187
Email: samr@chaitons.com

Lawyers for the Interim Receiver
and the Monitor



Conway J.

9:30 A.M.
COUNSEL SLIP

H

COURT FILE NO CV-17-11773-00CL

DATE SEP 13, 2017

NO ON LIST 6

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

COUNSEL FOR: Sim Rappos
PLAINTIFF(S) for the Court appointed Monitor and Receiver
APPLICANT(S)
PETITIONER(S)

PHONE & FAX NOS
416 218 1137
416 218 1837
Sim.R.Charters.ca

COUNSEL FOR: SAM BASS FOR
DEFENDANT(S) BRIDGING FINANCE INC.
RESPONDENT(S) & KSN ROSENSTEIN

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sbass@cardberliss.com

David Ullmann, Alexandra Teodoroscu
Thomas aka Canning

T: 416-596-4289
F: 416-594-2437
dullmann@blaney.com

[Handwritten signatures and initials]

September 13/17
My Endorsement
is attached.
Hainey J

Time table

September 27, 2017 motion:-

- September 15, 2017: facts to be served by any party seeking payment out of holdback funds on behalf of the legal fees of the Company or with respect to claims of suppliers with respect to monitor proceedings
- September 22, 2017: responding facts to be served
- September 29, 2017: reply facts to be served

October 17, 2017 motion:

- September 18, 2017: Receiver report to be served
- September 22, 2017: written questions to be delivered to the Receiver
- September 27, 2017: Receiver to deliver response to written questions
- September 29, 2017: any additional evidence to be served
- October 6, 2017: Monitor to serve its facts

- October 11, 2017: responding facts to be served
- October 16, 2017: reply facts to be served

The Monitor's appraisal motion is returnable on October 17, 2017 and is peremptory on all parties and shall proceed to be heard on that date with no further adjournment.

Hanning J

September 13/17

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 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.

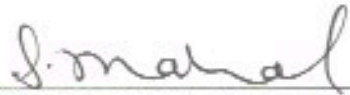
9.17 Counterparts.

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.

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	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				
Date	Supplier	Amount Purchase	2015	2014
			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				
Date	Supplier	Amount Purchase	2015	2014
			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 ‘E’

RICHTER

Richter Advisory Group Inc.
181 Bay Street, 33rd Floor
Toronto, ON M5J 2T3
www.richter.ca

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

June 15, 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**

**REPORT OF RICHTER ADVISORY GROUP INC.
IN ITS CAPACITIES AS INTERIM RECEIVER AND MONITOR OF
THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED**

June 15, 2017

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APPENDICES

- APPENDIX "A" AFFIDAVIT OF GRAHAM MARR SWORN APRIL 19, 2017 (W/O EXHIBITS)
- APPENDIX "B" ORDER OF THE HONOURABLE MR. JUSTICE NEWBOULD DATED APRIL 20, 2017
- APPENDIX "C" ENDORSEMENT OF THE HONOURABLE MR. JUSTICE NEWBOULD DATED APRIL 20, 2017
- APPENDIX "D" ACCOMMODATION AGREEMENT DATED APRIL 29, 2017
- APPENDIX "E" FIRST REPORT OF THE INTERIM RECEIVER DATED APRIL 28, 2017 (W/O APPENDICES)
- APPENDIX "F" ORDER OF THE HONOURABLE MR. JUSTICE NEWBOULD DATED MAY 1, 2017
- APPENDIX "G" AFFIDAVIT OF CLARK LONERGAN, SWORN JUNE 14, 2017
- APPENDIX "H" AFFIDAVIT OF GEORGE BENCHETRIT, SWORN JUNE 15, 2017
- APPENDIX "I" DAVID ULLMANN E-MAIL DATED APRIL 16, 2017
- APPENDIX "J" COMMISSION DECISION DATED MAY 18, 2017
- APPENDIX "K" E-MAILS RE DIVERSION OF ACCOUNTS RECEIVABLE
- APPENDIX "L" LETTER DATED MAY 17, 2017
- APPENDIX "M" ENDORSEMENT OF THE HONOURABLE MR. JUSTICE NEWBOULD DATED MAY 18, 2017
- APPENDIX "N" TRANSACTION OPPORTUNITY - TEASER
- APPENDIX "O" LETTER OF INTENT RECEIVED FROM SANTOKH MAHAL DATED MAY 26, 2017 (REDACTED)
- APPENDIX "P" THOMAS LOI DATED MAY 26, 2017 (REDACTED)
- APPENDIX "Q" MAHAL LOI DATED MAY 30, 2017 OFFER (REDACTED)
- APPENDIX "R" THOMAS LETTER DATED MAY 30, 2017 OFFER (REDACTED)

CONFIDENTIAL APPENDICES

- APPENDIX "A" BRIDGING ESTIMATED SECURITY POSITION AS AT MAY 31, 2017
- APPENDIX "B" LETTER OF INTENT RECEIVED FROM SANTOKH MAHAL DATED MAY 26, 2017
- APPENDIX "C" THOMAS LOI DATED MAY 26, 2017
- APPENDIX "D" MAHAL LOI DATED MAY 30, 2017
- APPENDIX "E" THOMAS LETTER DATED MAY 30, 2017
- APPENDIX "F" "BINDING" THOMAS LETTER DATED JUNE 2, 2017
- APPENDIX "G" SUMMARY OF OFFERS

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**"), 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 ("**692**", and 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**"). Attached hereto and marked as **Appendices "A", "B" and "C"** respectively, are copies of the Affidavit of Graham Marr sworn on April 19, 2017 in support of the Bridging application (without exhibits) (the "**Bridging Affidavit**"), the Interim Receivership Order, and the endorsement of Justice Newbould dated April 20, 2017.
3. As noted in the endorsement, 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 go-forward business solution.
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). A copy of the Accommodation Agreement is attached hereto and marked as **Appendix "D"**.
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. Copies of the IR Report (without appendices) and the Monitor Order are attached hereto and marked as **Appendices "E"** and **"F"** respectively.
7. In accordance with the terms of the RISP and the Accommodation Agreement, 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. The Monitor and Mahal are currently negotiating a form of asset purchase agreement with respect to the Mahal offer (the "**APA**").
8. The Monitor understands that, to facilitate the completion of the sale transaction with a company owned by Mahal (the "**Purchaser**") as contemplated under the Mahal offer (the "**Sale Transaction**"), Bridging intends to revive its receivership application and will be requesting 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 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.

II. PURPOSE OF REPORT

9. The purpose of this report (the "**Report**") is to:

- (a) provide the Court with information pertaining to:
 - (i) the Company's background, including the Company's financial performance, licences, debt structure and financial position;
 - (ii) the activities of the Monitor since its appointment;
 - (iii) the findings of the Monitor since its appointment;
 - (iv) the steps taken by the Monitor to market the Property and/or the Company's business in accordance with the RISP; and
 - (v) the results of the RISP, including information with respect to the Sale Transaction and the Monitor's views and recommendations with respect thereto.
- (b) set out the basis upon which the Court may grant the order sought by the Interim Receiver and the Monitor:
 - (i) approving the Interim Receiver's receipts and disbursements for the period from April 20, 2017 to and including May 31, 2017 (the "**IR R&D**");
 - (ii) approving the fees and disbursements of the Interim Receiver and its counsel, Chaitons, as set out herein and in the fee affidavits of Clark Lonergan attached hereto as **Appendix "G"** (the "**Lonergan Affidavit**") and George Benchetrit attached hereto as **Appendix "H"** (the "**Benchetrit Affidavit**") respectively;
 - (iii) 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 (the "**IR Distribution**");
 - (iv) 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**"); and

- (v) approving the fees and disbursements of the Monitor and its counsel, Chaitons, as set out in this Report and the fee affidavits attached hereto.

- (c) in the event that the Receiver is appointed, grant an order, following payment of the fees and disbursements of the Monitor and its counsel to completion of the proceeding, discharging Richter as Monitor, which shall include the termination of the Monitor's Charge (as defined in the Monitor Order) upon the Monitor filing a discharge certificate with the Court (the "**Monitor Discharge Certificate**") and releasing Richter from any and all liability that Richter now has or may hereafter 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.

III. QUALIFICATIONS

- 10. In preparing this Report, the Interim Receiver and the Monitor have 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 Interim Receiver and the Monitor have 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 Interim Receiver and the Monitor have 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 Interim Receiver and the Monitor 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 Report is based on management's assumptions regarding future events; actual results achieved may vary from forecast and such variations may be material.

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

12. Richter is a licensed trustee within the meaning of section 2 of the BIA and has consented to act as receiver in these proceedings in the event the Court grants the relief sought by the Lender.

IV. BACKGROUND

13. Reference is made to the Bridging Affidavit, which was filed with the Court in support of the Lender's *ex parte* application for the appointment of Richter as Interim Receiver. While this Report summarizes some of the information set out in the Bridging Affidavit, for context and completeness, readers are directed to the Bridging Affidavit for a more detailed explanation of the grounds set out in support of the Lender's application.

Company Overview

14. TCL is a privately-owned Ontario corporation that operates a tomato canning business in Essex County, Ontario. TCL was founded in 1933 by the grandparents of the current principals of the Company, William Thomas, CEO; John Thomas, President; and Robert Thomas, VP Production and Plant Engineering ("**Bob Thomas**", and collectively, "**Management**").
15. TCL produces a variety of canned tomato products including pastes, sauces, canned tomatoes (whole, diced and crushed), and juices, from both conventional and organic tomato feedstock. The feedstock is secured by contracts entered into by TCL first with third party greenhouses, and then with conventional farms later in the production cycle. TCL holds a processing licence with the the Ontario Farm Products Marketing Commission (the "**Commission**"), being licence no. 1944-18 (the "**Licence**"). The Commission administers six processor and dealing licensing programs, including the licences of vegetable processors.
16. TCL sells its product under white label branding and its own Utopia Brand™ to customers primarily located in Canada and the United States.
17. During the processing and packaging season (August to October), TCL typically employs up to 60 seasonal workers, most of whom are foreign migrant workers employed under the Temporary Foreign Workers Program. Otherwise, TCL maintains a core staff of approximately 10-15 employees.
18. The Company is not subject to any collective bargaining agreement and does not administer any pension plan.
19. TCL operates from owned premises municipally known as 326 South Talbot Road, Lakeshore, Ontario (the "**Premises**"). The process plant situated on the Premises has a licence through the federal plant processing registration with the Canadian Food Inspection Agency ("**CFIA**"), processor number CFIA #691.

Additionally, TCL also leases, from a third party, warehouse space municipally known as 2755 Lauzon Parkway, Windsor, Ontario (the “**Warehouse**”) and a sales office in Oakville, Ontario.

20. The Monitor understands that the plant's HVAC system is located on real property adjacent to the Premises owned by Bob Thomas. Management has informed the Monitor that the HVAC system is owned by the Company, but was installed on the adjacent property a few years ago out of convenience and timing.
21. 692 is a non-operating holding company, which the Monitor understands is the owner of the shares of TCL and, along with TCL, an owner of certain real estate assets.

Causes of Financial Difficulties

22. As described in the Bridging Affidavit, the Company's financial difficulties arose as a result of the following: capital expenditures/build of inventory costs related to TCL's tomato paste line; diversion of customer receipts from the Company's blocked deposit accounts (as outlined below); overstatement of inventory; lack of sufficient financial reporting; and the inability of the Company to refinance its debt obligations as they became due.
23. The Bridging Affidavit provides greater detail on the fact that the Company had ceased to deposit its accounts receivables in accordance with the cash management arrangement agreed by the Company and Bridging. The Company had taken the position, as noted in an e-mail from its counsel dated April 16, 2017 to counsel to Bridging, that it was not required to abide by the cash management arrangement as the loan agreement had expired on January 3, 2017 and the Company was no longer bound by the contractual requirement to deposit accounts receivable into a blocked account. A copy of the e-mail of David Ullmann dated April 16, 2017 is attached hereto and marked as **Appendix “I”**.
24. As a result, the Company experienced a liquidity crisis and defaulted on various financial and other covenants under the loan and security documents with Bridging.
25. Additionally, TCL has experienced and continues to experience financial and operational difficulties due to a number of factors, including the following:
 - (a) persistent operating losses, as outlined below;
 - (b) insufficient senior finance and accounting resources to effectively operate and manage its business, including to accurately report/provide information to the Company's stakeholders;

- (c) insufficient books and records and financial reporting, which are significantly out of date, impacting the Company's ability to adequately predict, analyze and report on its business operations; and
- (d) CFIA work-stop orders and other licensing issues.

V. LICENCE ISSUES

- 26. As previously noted, TCL has a processing Licence issued by the Commission. The Monitor understands that Management made aggressive production targets for the 2016 production season, which were not achieved by TCL. As a result, the majority of the 2016 tomato feedstock contracts with 14 tomato field growers (the "**2016 Growers**") were not fulfilled (estimated to be approximately 70% of 1,100 planted acres or 47,000 tons of tomatoes were unfulfilled, the "**2016 Production**").
- 27. As a result of the 2016 Production issues, in March 2017, nine (9) of the 2016 Growers filed a \$2.85-million action against TCL for breach of contract as a result of TCL's failure to take the contractually agreed to tomato feedstock, three (3) others entered into settlement agreements with TCL for undisclosed terms, and the remaining two (2) 2016 Growers continue to examine their options. Management had indicated that one (1) of the 2016 Growers has been able to mitigate his loss and as such no obligation is owed to him by TCL. Total TCL obligations related to the 2016 Production is estimated to range between \$2.9 million to \$3.8 million (the "**2016 Production Obligations**").
- 28. The Monitor understands that TCL entered into discussions with the Commission regarding 2017 planted acreage and agreed that, for the 2017 production cycle, it would contract to a maximum of 400 acres (approximately 17,100 tons of tomatoes) (the "**2017 Production**").
- 29. As a result of a complaint levied by the 2016 Growers, the Commission made an Order on April 13, 2017 (the "**Commission's Order**") with respect to the Licence, which, among other things, required TCL to post a letter of credit in the amount of \$2.6 million. The Commission indicated that if the conditions were not met by May 1, 2017, it would revoke the Licence for any 2017 Production.
- 30. At the request of TCL, the Commission agreed to have a hearing with respect to matters related to the Licence and the Commission's Order. A pre-hearing was held via teleconference on May 11, 2017. The hearing was attended by counsel to the Company, Bridging, and the Monitor, among others. At that time, both counsel to the Company and Bridging expressed that they were reserving their rights to argue that the Commission proceeding could be stayed by these proceedings.

31. The Commission allowed parties to make written submissions as to the appropriate next steps with respect to the Licence. Bridging and the Company asked whether the Commission would permit the Licence to continue for 2017 Production if the parties could agree on appropriate financial security to be put in place that would protect 2017 Production tomato field growers.
32. The Commission released its decision on May 18, 2017, which concluded that a hearing on the issues would be held at the end of June, and that the Licence would continue for 2017 Production if the financial security discussed above was agreed to. In its decision, the Commission indicated that a vegetable processing licence is not transferrable. A copy of the Commission's decision is attached hereto and marked as **Appendix "J"**.
33. The Monitor understands that TCL has entered into an arrangement with one (1) tomato field grower for 2017 Production of 50 acres of organic tomato feedstock (the "**2017 Grower**") and that TCL, Bridging and the 2017 Grower have entered into an escrow agreement pursuant to which Bridging has placed approximately \$472,500 into escrow.
34. The escrow agreement provides the 2017 Grower with a put option to sell the organic tomato feedstock (the "**2017 Feedstock**") when the goods are ready for shipment irrespective if TCL or the Purchaser is eligible to take delivery of the goods or transfer them to another processor as per the Licence.
35. It is the Monitor's view that, if the Court does not grant the Lender's request to transfer the Licence to the Purchaser for 2017 Production, the result will be that the Purchaser will be unable to take delivery or transfer the 2017 Feedstock and will be prejudiced to the extent of the escrow amount plus any gross margin to be realized by the Purchaser in connection with the further processing and sale of finished product.

VI. FINANCIAL POSITION

Historical Operating Results

36. The Company's most recent internal year-to-date financial statements are presented for the eleven month period ended May 31, 2017. The Company's fiscal year-end is June 30.
37. Set out below is a summary of the Company's income statement for: (i) the year-to-date ended May 31, 2017 (internal F/S); (ii) the year-ended June 30, 2016 (internal F/S); (iii) the year ended June 30, 2015 (notice to reader); and (iv) the year ended June 30, 2014 (notice to reader):

Thomas Canning (Maidstone) Limited				
Income Statement				
(\$000's)	YTD	12 Months Ended June 30		
	Internal F/S	Notice to Reader		
	May-17	2016	2015	2014
Sales	\$ 6,584	\$ 8,663	\$9,098	\$13,061
Cost of sales (1)	(7,444)	(9,801)	(6,717)	(12,481)
Gross profit	(861)	(1,138)	2,381	581
Wages, commissions & benefits	296	540	395	326
Other operating costs	237	578	774	1,035
Expenses	533	1,118	1,169	1,362
Operating income (loss)	\$ (1,393)	\$(2,256)	\$1,212	\$ (781)
Interest expense (2)	(4)	(110)	(1,250)	(407)
Profit (loss) from farming operations	(47)	151	140	(106)
Gain (loss) on foreign exchange & other	81	1,751	(88)	(55)
Net income (loss)	\$ (1,363)	\$ (465)	\$ 14	\$ (1,348)
Notes				
(1) Cost of sales in 2016 & 2017 is understated due to a significant overstatement of inventory not booked.				
(2) Interest in 2016 & 2017 is understated as interest expense has not been booked.				

38. As noted above, the Company has generated approximately \$3.0 million of cumulative losses since 2014. It is likely that these losses are understated due to the state of the Company's books and records (i.e. expenses have not been entered, interest expenses have not booked in 2016 and 2017, inventory valuation adjustments haven't been performed, etc.).
39. These losses appear to be the result of a steadily declining sales/customer base since 2014, an erosion in gross margin (negative margin sales, tote leases, etc.), and an unsupportable capital structure.

Cash Flow and Cash Position

40. As a result of its persistent losses and liquidity constraints, the Company requested that Bridging issue a series of overadvances under its credit facilities, as described in the Bridging Affidavit, which were granted by Bridging from October 2015 through April 2017.
41. As described in the Bridging Affidavit, at the time the affidavit was sworn, the Company was in a significant overadvance position and was unable to provide an accurate representation of its borrowing base. As at April 1, 2017, the Company's borrowing base showed a significant margin deficit with marginable assets of approximately \$8.2 million in comparison to its outstanding revolving credit facility amount of approximately \$15.6 million.

42. The Monitor has completed an estimated security position with respect to Bridging’s credit facilities as at May 31, 2017, a copy of which attached hereto as **Confidential Appendix “A”**. The Monitor is of the view that, in an orderly liquidation scenario, it is expected that Bridging would suffer a significant shortfall on its security.

VII. CREDITORS

43. The Bridging Affidavit provides details with respect to the identity of the Company’s secured creditors. The following is a summary of the Monitor’s understanding of the indebtedness owed to such parties.

Bridging

44. The Monitor understands that the Company’s secured debt facilities consist of revolving and term loans made available by the Lender (the **“Credit Facilities”**) to TCL as borrower, 692 as guarantor, and Management as limited guarantors pursuant to the original credit agreement dated July 3, 2015, as amended (the **“Credit Agreement”**). Pursuant to the Credit Agreement, the maximum amounts available to TCL under the Credit Facilities are as follows:

Thomas Canning (Maidstone) Limited Credit Facilities		
Demand Revolving Loan (Facility A)	\$	15,000,000
Revolving Loan (Seasonal Bulge)		2,000,000
Demand Term Loan (Facility B)		608,000
Demand Term Loan (Facility C)		3,757,650
Term Revolving Loan		2,500,000
Total Credit Facilities	\$	23,865,650

45. Pursuant to the Accommodation Agreement, the Lender amended the terms of the Credit Agreement. The outstanding balances owing to the Lender, including the Interim Receiver’s borrowings, are as follows:

Thomas Canning (Maidstone) Limited Credit Facilities		
As at May 31, 2017		
Demand Revolving Loan (Facility A)	\$	16,214,034
Revolving Loan (Seasonal Bulge)		100,000
Demand Term Loan (Facility B)		220,796
Demand Term Loan (Facility C)		3,277,853
Term Revolving Loan		1,807,094
Total Credit Facilities	\$	21,619,777
Accrued Lender Legal Fees		200,000
Amounts Funded (Interim Receivership)		75,000
Total Estimated Lender Advances	\$	21,894,777

46. The Monitor understands that the Credit Facilities are secured by general security agreements granted by the Company dated July, 3, 2015, and a real property charge against real estate owned by the Company.
47. The Monitor has obtained an independent legal opinion from Chaitons with respect to the validity and enforceability of the personal and real property security granted by the Company in favour of Bridging under the laws of the Province of Ontario ("**Ontario Law**"). Chaitons has reviewed certain security documents and, subject to customary qualifications, assumptions and limitations is of the opinion that the security granted by the Company in favour of the Lender under Ontario Law is valid and enforceable against the Property in accordance with its terms.
48. Additionally, the Lender advanced funds to the Interim Receiver in connection with the interim receivership proceeding. The Interim Receiver's borrowings, which was in the amount of \$75,000, is subject to a super-priority Court-ordered charge over all of the Company assets, as granted under the Interim Receivership Order.

Other Secured Creditors

49. A search conducted as of June 8, 2017 by the Monitor's counsel of registrations made pursuant to the *Personal Property Security Act* (Ontario) (the "**PPSA**") against TCL disclosed registrations in favour of (i) Gould Lease Ltd.; (ii) CLE Leasing Enterprise Ltd.; (iii) Capmor Financial Services Corporation – in Trust; (iv) Bodkin Capital Corporation; (v) 1419768 Ontario Inc.; (vi) D&D Leasing (collectively, the "**Tote Leases**"); (vii) John Thomas; (viii) Julie Thomas; (ix) Robert Thomas; and (x) William Thomas (collectively, the "**Shareholder Loans**").
50. The Tote Leases relate to specific leased assets used to store and transport tomato product inventory.¹ The registrations in respect of the Shareholder Loans appear to be in respect of security over all of TCL's personal property. However, the Monitor understands that the Shareholder Loans of John Thomas, Robert Thomas and William Thomas have been postponed and assigned to Bridging pursuant to an Assignment and Postponement of Claim. The Monitor notes that the Tote Leases and the Shareholder Loans were all registered subsequent to Bridging's registrations. The Shareholder Loans, in particular, were registered only two days prior to the date of the Interim Receivership Order.
51. A search conducted on June 8, 2017 by the Monitor's counsel of registrations made pursuant to the PPSA against 692 outlined no registrations other than Bridging's registration.

¹ Bodkin also has an additional PPSA registration against all of TCL's personal property.

Priority Claims

52. Bridging's security is currently, and should the appointment of the Receiver be granted become, subject to potential prior charges, security interests or claims in respect of the Company's property, which include (each capitalized term as defined herein):
- (a) the Interim Receiver's Charge;
 - (b) the Interim Receiver's Borrowing Charge;
 - (c) the Monitor's Charge;
 - (d) the Receiver's Charge;
 - (e) the Receiver's Borrowings Charge;
 - (f) Statutory claims; and
 - (g) Statutory claims under the BIA.

Interim Receiver's Charge

53. As noted above, Richter was appointed as Interim Receiver pursuant to the Interim Receivership Order. The order granted a super-priority charge over the Property in favour of the Interim Receiver and its counsel (the "**Interim Receiver's Charge**") as security for payment of the fees and disbursements of the Interim Receiver and its counsel (the "**IR Professional Fees**").
54. The IR Professional Fees for the period from April 19, 2017 to May 1, 2017 total approximately \$81,000 (excluding HST), as detailed in the fee affidavits appended hereto. This amount has been repaid by the Interim Receiver through funds borrowed from Bridging and secured by the Interim Receiver's Borrowings Charge, and a retainer amount received from Bridging.
55. In the event that (i) the Receiver is appointed, (ii) the Court approves the IR Professional Fees, and (iii) the Sale Transaction is approved and closes, the Monitor understands that upon the filing of the IR Discharge Certificate, the Interim Receiver's Charge will be extinguished.

Interim Receiver's Borrowing Charge

56. Pursuant to paragraph 19 of the Interim Receivership Order, the Interim Receiver was authorized to borrow up to \$500,000, as it considered necessary or desirable. Repayment of such borrowings is secured by a

super-priority charge over the Property granted pursuant to the Interim Receivership Order (the “**Interim Receiver’s Borrowings Charge**”).

57. The Interim Receiver borrowed \$75,000 by way of an Interim Receiver’s certificate issued to Bridging. In the event that the Receiver is appointed and the Sale Transaction is approved and closes, the Monitor understands that the Receiver will remit payment of this amount plus interest to Bridging, at which time upon the filing of the IR Discharge Certificate, the Interim Receiver’s Borrowings Charge will be extinguished.

Monitor’s Charge

58. Pursuant to the Monitor Order, the Court granted a super-priority charge over the Property in favour of the Monitor and its counsel (the “**Monitor’s Charge**”) as security for payment of the fees and disbursements of the Monitor and its counsel (the “**Monitor Professional Fees**”).
59. The Monitor Professional Fees for the period from May 1, 2017 to June 11, 2017 total approximately \$243,000 (excluding HST) as detailed in the fee affidavits appended hereto, and the Monitor and its counsel estimates that additional fees and disbursements of approximately \$75,000 (excluding HST) will be incurred in the event that the Receiver is appointed (the “**Monitor Estimated Fees**”).
60. In the event that (i) the Receiver is appointed, (ii) the Court approves the Monitor Professional Fees and the Monitor Estimated Fees, and (iii) the Sale Transaction is approved and closes, the Monitor understands that the Receiver will remit payment of the Monitor Professional Fees and the Monitor Estimated Fees, at which time, upon the filing of the Monitor’s Discharge Certificate, the Monitor’s Charge will be extinguished.

Statutory Claims

61. The Monitor understands that the Company made normal course remittances to Canada Revenue Agency (“**CRA**”) in connection with source deductions withheld from its employees. Additionally, the Company has informed the Monitor that it has not filed harmonized sales tax (“**HST**”) returns with the CRA since April/May 2016. However, based on historic performance, the Company expects to be in a significant refund position. As such, the Monitor understands that the amount of deemed trust in favour of CRA would be limited to any source deductions outstanding (as detailed below).
62. Additionally, as noted above, TCL is the owner of the Premises. The Monitor currently has no information regarding the amount of property taxes that may be unpaid and outstanding with respect to the Premises.

BIA Claims

63. In the event that the Receiver is appointed by the Court, it is expected, given the reduced business operations of the Company, that there will be a minimal amount of goods that may have been delivered and unpaid as of the date of the receivership proceedings. To the extent that any claims are received by the Receiver, they will be assessed and administered in accordance with section 81.1 of the BIA.
64. The Monitor expects that there will be certain amounts of outstanding wages and/or vacation pay to which the Company's employees will be entitled to as at the date of the Receiver's appointment. Accordingly, in the event the Sale Transaction closes, the Receiver will be holding back an amount equal to \$2,000 per employee in respect of statutory charges pursuant to section 81.4 of the BIA. Since the Monitor Order is explicit that the Monitor is not in possession or control of TCL's business and is not a receiver for purposes of section 243 of the BIA, the appointment of the Receiver is necessary in order to trigger the protection afforded to employees by section 81.4 of the BIA.
65. Similarly, as noted above, the Monitor understands that the Company did not provide a registered pension plan for its employees. Accordingly, the Monitor is not aware of any amounts owing to the Company's employees pursuant to section 81.6 of the BIA.
66. Based upon discussions with Management, it is estimated that the Company will have the following liabilities that rank, or may rank, in priority to the secured claims of Bridging at the date of the appointment of the Receiver:
 - (a) section 81.1 30-day goods claims, should any exist, are estimated to be \$15,000 for purposes a cash reserve to held by the Receiver (as discussed later herein);
 - (b) source deduction payments are made semi-monthly and are understood to be current. The maximum amount outstanding at any point in time is understood to be approximately \$12,000; and
 - (c) wages, vacation and source deduction payments are understood to be current, with the possible exception at any point in time of one payroll cycle. Based on the number of current employees and a number of \$2,000 per employee pursuant to section 81.4 of the BIA, the Monitor understands that the amount will be approximately \$40,000.
67. The Monitor understands that the Purchaser is considering what employees it may offer employment to following the closing of the Sale Transaction to maintain the business as a going concern, and that no determination has been made by the Purchaser as of the date of the Report. With respect to any

employees who are not offered employment by the Purchaser, the Company and, where and to the extent applicable, its directors, will remain responsible for any outstanding employee wages, statutory deductions, remittances, assessments, bonuses, vacation pay, sick leave, severance pay, termination pay, amounts paid in lieu of notice, and any other remuneration, benefits and deductions for the employees that become due and payable prior to the receivership proceedings and will be dealt with in the receivership proceeding, including complying with the requirements of the *Wage Earner Protection Program Act*.

Unsecured Trade Creditors

68. The Monitor understands that the Company had unsecured trade payables owing of approximately \$1.1 million as at May 31, 2017. The Monitor also understands that these amounts may not include all of the 2016 Production Obligations (between \$2.9 and \$3.8 million) incurred but not paid for by the Company.
69. The Sale Transaction does not contemplate the assumption by the Purchaser of any outstanding trade payables of the Company.

VIII. THE MONITOR'S ACTIVITIES

70. The activities of the Monitor from the date of the Monitor Order to the date of this Report have included:
- (a) returning keys to Management and allowing unfettered access to the Premises;
 - (b) monitoring adherence to the terms of the Accommodation Agreement and the Monitor Order, including the blocked account arrangements with the Lender, including reviewing cheques received and tracing other forms of customer receipts (wires, Western Union, etc.);
 - (c) reviewing the Company's funding requests and making recommendations to the Lender in respect of critical payments for which funding should be advanced by Bridging (the "**Funding**"), as per the Accommodation Agreement;
 - (d) reconciling the Company's distribution bank account with BMO for the Funding received less approved payments cashed, outstanding or in process of being paid;
 - (e) monitoring shipping activity from the Premises, including review of supporting documentation. The Monitor did not monitor activity from the Warehouse, as it understands that shipments from the Warehouse are only made to the Premises, and not directly to customers;
 - (f) analyzing and reviewing operational matters regarding TCL's business;

- (g) performing random test counts of TCL's revised inventory listing, which led to an additional physical inventory count, preparation of an updated inventory schedule, and reconciliation;
- (h) reconciling the outstanding customer accounts receivable balances;
- (i) assisting TCL, Management and other stakeholders in understanding the 2016 Production Obligations and analyzing the 2017 tomato feedstock obligations and/or future obligations, and corresponding Licence implications;
- (j) assisting Management and other stakeholders in assessing TCL's customer base and associated gross margins;
- (k) reviewing and analyzing the conventional and organic product mix for the 2017 Production and the associated costing, gross margin and sales backlog coverage analysis;
- (l) assisting TCL, Management and other stakeholders with requirements associated with TCL's processing and facility licences;
- (m) reviewing TCL's quality control process;
- (n) engaging an outside security company, when needed, to safe guard the Property and the Premises;
- (o) conducting the RISP, as described in detail later in this Report;
- (p) participating in numerous update calls and email correspondence with the Lender, Lender's counsel, Monitor's counsel and Company's counsel in respect of the monitor proceedings and the RISP; and
- (q) preparing this Report.

IX. THE MONITOR'S FINDINGS

71. The findings of the Monitor should be read in conjunction with the preliminary findings of the Interim Receiver as outlined in the IR Report. The findings of the Monitor from the date of the Monitor Order to the date of this Report have included:

- (a) Management has hindered and frustrated the Monitor's ability to effectively and efficiently perform its duties including: misleading the Interim Receiver and its consultant as to the proper

categorization of inventory when the Interim Receiver and certain employees of TCL performed a full physical count; mislabeling of product with regards to product expiry dates; not updating TCL's accounts receivable balance to allow for an effective and timely reconciliation; providing no meaningful response to the Monitor's requests regarding potential diversion of funds; and providing no active management with regards to the finances of the business;

- (b) Upon the Monitor's reconciliation of the inventory balance and test counts regarding same, the Monitor was made aware by an employee of TCL on June 2, 2017 that instructions were provided to him to mislead the Interim Receiver as to the categorization of certain inventory items during the initial physical inventory count. The Monitor believes this mis-categorization of inventory further supports the \$1.5 - \$2.0 inventory overstatement outlined in the IR Report and resulted in additional time and expense of the Monitor to assess these discrepancies;
- (c) Additionally, on June 2, 2017, this same employee also suggested that the Monitor examine certain finished goods inventory that had been recently labeled. The Monitor examined this product, physically segregated it from the other inventory, took pictures of it, and discovered that TCL had added an extra year to the best before date of the 2014 canned product (2018 vs. 2017). The Monitor understands that the industry standards for best before dates is a three (3) year shelf life after the product is canned;
- (d) On additional review and reconciliation of TCL's accounts receivable balances, the Monitor identified additional potential diversion of customer receipts (as outlined below) in contravention of the cash management arrangements under the Company's Credit Facilities with the Lender and, in the most recent case, in breach of the Interim Receivership Order. The Monitor requested TCL's assistance in reconciling these receipts to the Company bank accounts (accounts of which the Monitor is aware of) and Management's response regarding the first occurrence identified was that they were acting in accordance with the Company's counsel's instruction, and on subsequent findings the Monitor was told by Management to deal directly with the Company's counsel. Numerous emails were made by the Monitor's counsel to counsel to the Company, and as of the date of this Report no clear answer has been provided. Attached hereto and marked as **Appendix "K"** are copies of the emails exchanged by counsel to the Monitor and counsel to the Company.

Thomas Canning (Maidstone) Limited						
Potential Diversion of Funds per Credit Facilities						
<u>Cheque From</u>	<u>Cheque Date</u>	<u>Curr</u>	<u>Cheque</u>	<u>Amount</u>	<u>Date</u>	<u>Date of Email</u>
Ali-Mondee Ltee	04/22/2017	CAD	19750	\$ 6,500.05	05/30/2017	05/31/2017
Ventura Foods Cdn Ltd.	04/03/2017	CAD	10904	22,335.20	05/30/2017	05/31/2017
UNFI Canada	04/12/2017	CAD	363258	4,095.42	05/30/2017	05/31/2017
Total				\$ 32,930.67		
Garden Fresh	02/17/2017	USD	Wire	50,646.96	06/05/2017	06/07/2017
Garden Fresh	03/10/2017	USD	Wire	25,704.00	06/05/2017	06/07/2017
The Fremont Company	04/06/2017	USD	47808	54,757.77	05/30/2017	05/31/2017
The Fremont Company	04/13/2017	USD	47932	36,563.18	06/08/2017	06/12/2017
Total				\$ 167,671.91		
Total		CAD		32,930.67		
Total		USD		167,671.91		
Total		CAD		\$ 259,287.75		

As previously outlined by the Interim Receiver, the Monitor has significant concerns that this listing is not complete given the lack of Management assistance with regards to this matter, the state of the Company's books and records and limited confirmation of accounts receivable balances/payment history with TCL's customers;

- (e) Despite the numerous requests, the Company's books and records still remain significantly out of date. As a result of the state of the Company's books and records and the little or no assistance provided by Management, the Company remains unable to provide visibility to the Monitor and the Company's stakeholders regarding its short term liquidity needs (i.e. unable to produce useable cash flows). In this regard, Management has taken no active management in running its business, as outlined below:
- (i) funding requests are ad hoc and appear to be on a "crisis" basis only (i.e. which vendors are calling the most, threat of litigation, showing up at the Premises, etc.);
 - (ii) vendor invoices are given in stacks to the Monitor and told that the items need to be paid without any summary and/or understanding by Management or finance personnel with regards to what service or product the invoices related to;
 - (iii) certain obligations have been incurred by Management without required pre-approval of the Monitor (as required pursuant to the Monitor Order) and then requested by Management be deemed critical and funded by the Lender;

- (iv) estimates are given without any backup and are subject to numerous changes as further clarification is requested by the Monitor;
 - (v) requesting approval of purchase orders without performing sufficient due diligence/assessment of the business needs;
 - (vi) Management and finance personnel directing vendors who are upset by the current status of their account to contact the Monitor for payment;
 - (vii) Management directing the Monitor to call customers to get the outstanding accounts receivable balances/payment history for reconciliation and cash flow purposes; and
 - (viii) Management believing that the top priority was engaging an outside accounting firm to get financial statements prepared for the RISP versus understanding that the books and records are required to be updated prior to producing meaningful financial statements.
- (f) The finance personnel that is available, though competent, remains overwhelmed given the state of accounts that she inherited from the former CFO (who resigned in March 2017) and personal obligations which has limited her availability at the Premises. Management continues to use a significant amount of her time and the Monitor has been challenged in requesting deliverables without her threatening to end her employment with TCL. Updating TCL's account payable balance, which has identified by the Interim Receiver and Monitor, is still not complete as of the date of this Report (some six weeks) and other critical update items such as updating the accounts receivable balances, HST filings to get the Company a refund/liquidity and other items required for the RISP have not been started;
- (g) The Monitor, in preparing the 2017 Production analysis with the assistance of Management, became aware that sales to TCL's largest organic customer were being made at negative gross margin and that TCL's conventional paste inventory was being sold at little or no gross margin. Until this analysis was completed by the Monitor, Management was unaware of this profitability by product category and associated TCL's cost base. Additionally, given the current levels of inventories on hand, it appears that TCL has been producing inventory that is not destined for any particular customer or open orders;
- (h) Management requested that the Monitor recommend that TCL proceed with the 2017 Production (400 acres/17,100 tons of tomatoes) and obtain the required funding from Bridging. The Monitor was unable to recommend this course of action due to the following:

- (i) inability of Management to provide visibility into the financial viability of this request, including a business plan and sufficient customer order backlog. In the event a business plan was ever provided by Management, the Monitor would have been unable to assess its viability given the current state of the Company's books and records;
- (ii) significant inventory already on-hand with insufficient customer order backlog and currently selling existing product at negative gross margins;
- (iii) uncertainty surrounding the status of the Licence (as previously outlined in this Report);
- (iv) uncertainty surrounding TCL's ability to source additional 2017 Growers;
- (v) significant upfront cash payments required to secure 2017 Production due to Licence conditions resulting from the 2016 Production Obligations; and
- (vi) significant concerns regarding Management's ability to execute a business plan.

72. Further to the issues identified above, Management and the Monitor disagreed as to the appropriate TCL financial projection (2017 Production) to include in the RISP dataroom. The Monitor, with the assistance of the TCL's finance personnel and Management, prepared this financial projection based on the TCL's available numbers. Management took the position that an earlier, incomplete draft of the financial projection should also be included in the dataroom, as the incomplete draft had more favourable numbers (missing significant costs and preliminary unsupported product selling prices) supporting the Company's position that the 2017 Production should be for 400 acres of tomato feedstock.

73. The Monitor, through its counsel, responded to questions asked of it by Management and the Company's counsel with respect to this issue, among others, in a letter dated May 17, 2017, a copy of which is attached hereto and marked as **Appendix "L"**.

74. The Company took the position that it needed to bring this matter to the Court's attention and required the parties to attend before the Court on May 18, 2017. At the attendance, Justice Newbould dismissed all of the positions taken by the Company, as set out in His Honour's endorsement dated May 18, 2017, a copy of which is attached hereto and marked as **Appendix "M"**.

X. RISP AND SUBMITTED OFFERS

75. As described in the Bridging Affidavit, in early 2016, the Company began searching for a lender to refinance the Bridging Credit Facilities. The Company retained two separate consulting firms to run investment

solicitation processes to raise equity, and/or locate a new lender. The Monitor understands that these efforts were unsuccessful.

76. As noted above, the Company, Management and the Lender (the “Parties”) entered into the Accommodation Agreement on April 29, 2017 and agreed to the RISP set out therein. A key term of the agreement was that a RISP would be implemented by the Monitor, with the assistance of the Company and Management. The RISP also provided that Bridging could not be a “Qualified Bidder” under the RISP, but reserved its right to credit bid any portion of its secured indebtedness if no acceptable offer was received or no sale transaction could otherwise be successfully completed.
77. The Parties consulted with Richter with respect to the proposed terms of the RISP prior to its appointment as Monitor. The RISP contemplated an eight (8) week period to market the Company’s business and/or assets to potentially interested parties and close a sale transaction, subject to Court approval.
78. In the Monitor’s view, given: (i) the Company’s deteriorating financial position/liquidity constraints, (ii) the Company had recently completed two unsuccessful professionally-led searches for new investors and/or lenders, (iii) the impending processing season (beginning in August), (iv) conditions with regards to the Licence, and (v) other potential issues (including Bridging funding additional operating losses and the Company’s indebtedness to Bridging increasing), the expedited timelines in the RISP were appropriate and commercially reasonable in the circumstances.
79. Richter was appointed, on consent of the Company and Management, as Monitor on May 1, 2017. Phase 1 of the RISP was to be commenced by no later than May 8, 2017, and would include the preparation of a teaser to be sent to a list of persons, compiled by the Monitor with the assistance of the Company, Management and Bridging, who could have an interest in making an offer during the RISP.
80. The RISP provided for an 8-week marketing and diligence period, with the following deadlines:
 - (a) May 8, 2017: commencement of marketing process;
 - (b) May 26, 2017: submissions of non-binding letters of intent (“LOI”);
 - (c) June 2, 2017: receipt of a binding LOI from an acceptable non-binding LOI submitted by May 26, 2017;
 - (d) June 15, 2017: completion of a definitive sale agreement; and
 - (e) June 30, 2017: completion of sale transaction after an approval and vesting order was obtained.

81. The RISP provided the Monitor with the ability to extend the deadline with respect to submissions of the non-binding LOIs and other deadlines outlined in the RISP at its own discretion and with the consent of Bridging. Additionally, the Monitor was under no obligation to accept any offer received, including but not limited to an offer insufficient to satisfy Bridging's secured debt at closing.
82. The Monitor understood that, because the May 26, 2017 deadline was relatively early on in the process, the Parties agreed to a second deadline of June 2, 2017 for an acceptable non-binding LOI to become binding.
83. On or about May 8, 2017, a teaser, which was reviewed by the Parties, was finalized (the "**Teaser**") and sent out to a list of 69 potential purchasers, investors and/or lenders (the "**Potential Interested Parties**"). The list of Potential Interested Parties included significant players in the wholesale produce processing and re-processing sectors, and prospective financial purchasers or investors. A copy of the Teaser is attached hereto and marked as **Appendix "N"**.
84. Following the release of the Teaser, the Monitor followed up with the Potential Interested Parties to discuss the Company's business and assets and confirm interest in same. Potential Interested Parties were required to sign a non-disclosure agreement ("**NDA**", becoming "**Interested Parties**") to commence due diligence and obtain access to the electronic dataroom established by the Monitor with the assistance of the Company.
85. During the course of the RISP, the Monitor received responses from 35 Potential Interested Parties, of which sixteen (16) became Interested Parties and the remaining nineteen (19) declined to take any further steps under the RISP.
86. Two (2) of the sixteen (16) Interested Parties were industry players: (i) a licensed processor who subsequently had no further interest in the business; and (ii) a customer of products similar to those produced by the Company.
87. The initial offer deadline of May 26, 2017 (the "**LOI Deadline**") required that an acceptable non-binding LOI be submitted by a bidder(s) likely to be able to consummate a transaction. The non-binding LOI's were to be made on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description.
88. On or before the LOI Deadline, the Monitor received non-binding LOI's from two (2) parties: Mahal and Bob Thomas (collectively, the "**Bidders**"). Redacted copings of the Mahal offer and Thomas offer (the "**Thomas LOI**") are attached hereto and respectively marked as **Appendices "O"** and "**P**", respectively. Unredacted copies of the offers are attached hereto and marked as **Confidential Appendices "B"** and "**C**", respectively.

89. The Thomas LOI included several conditions, whereas the Mahal offer only had the condition of receiving an approval and vesting order to complete the sale transaction.
90. Shortly following the LOI Deadline, the Monitor, with the consent of Bridging, informed the Bidders that they would each be afforded an opportunity to remove conditions and submit their final and best offer on or before May 30, 2017 at 5:00 p.m. (the "**Extended LOI Deadline**").
91. The Teaser provided that a binding offer would be accompanied by a deposit in the amount of at least the lesser of 10% of the total cash consideration or \$500,000. The RISIP as outlined in the Accommodation Agreement provided that a bidder was required to, among other things, provide a deposit of not less than 10% of the total proposed cash consideration. The intent of the deposit formula was to ensure that a \$500,000 minimum deposit was received by the Monitor in the event that an offer included little or no cash consideration (e.g. assumption of debt).
92. Given the significant cash portion of the consideration offered by the Bidders, on May 29, 2017, the Monitor, with the assistance of Chaitons, informed the Bidders that a deposit in the amount of 10% (the "**10% Deposit**") would be required in the non-binding LOIs from the Bidders prior to the Extended LOI Deadline.
93. Prior to the Extended LOI Deadline, Mahal provided the Monitor with an amended LOI (the "**Mahal LOI**") reflecting improved financial terms. The Mahal LOI included the required 10% Deposit, consistent with Mahal's offer received at the LOI Deadline. Counsel to Bob Thomas, Minden Gross LLP ("**Minden**"), sent a letter to the Monitor's counsel, Chaitons, dated May 30, 2017 clarifying certain terms and conditions of the Thomas LOI (the "**Thomas Letter**"), and indicated that Bob Thomas would not increase his cash consideration or provide the 10% Deposit, as his position was that he had fully complied with the bid process as outlined in the Teaser. Redacted copies of the Mahal LOI and the Thomas LOI are attached hereto and marked as **Appendices "Q"** and **"R"**, respectively. Unredacted copies of the offers are attached hereto and marked as **Confidential Appendices "D"** and **"E"**, respectively.
94. In response to the Thomas Letter, Chaitons, on behalf of the Monitor, advised Minden that, in the absence of the 10% Deposit, at the very least firm supporting documentation of Bob Thomas' financial ability to complete the sale transaction was required by June 2, 2017 at 5:00 p.m., being the binding offer deadline as set out in the Teaser (the "**Binding Offer Deadline**"). The Monitor understands that Chaitons and Minden also discussed certain alternative ways in which the Thomas LOI consideration could be improved to address the projected shortfall against Bridging's secured debt, including the assumption of the remaining secured indebtedness owing to Bridging, but Chaitons was advised by Minden that this was not acceptable to Bob Thomas.

95. On or about 1:30 p.m. on June 2, 2017, prior to the Binding Offer Deadline (but after the Extended LOI Deadline), Chaitons, on behalf of the Monitor, sent an email to Minden advising that the Monitor had declined to accept the Thomas LOI. Additionally the Chaitons email summarized certain facts contained in the Thomas LOI/Thomas Letter and noted that the alternatives available to the Thomas LOI were declined by Bob Thomas. The Monitor understands that Chaitons also provided particulars of the offer accepted by the Monitor (the Mahal LOI) to Minden, upon request shortly after 3:00 p.m.
96. Also in the afternoon of June 2, 2017, Chaitons, on behalf of the Monitor, advised Mahal by email that the Mahal LOI had been accepted and that subject to the confirmation by Mahal of certain terms, including that the 10% Deposit would be paid to the Monitor by June 6, 2017 at 5:00 p.m. (the "**Deposit Deadline**"), the Mahal LOI would be considered binding. Such terms were confirmed by Mahal prior to the Binding Offer Deadline. The wire transfer for the deposit was initiated by Mahal and confirmed by the respective financial institution prior to the Deposit Deadline and was received in the Monitor's trust account the next day.
97. At approximately 4:45 p.m. on June 2, 2017, Chaitons received a "binding" offer from Minden on behalf of Bob Thomas, providing an increase in the purchase price, and waiving certain conditions in the Thomas LOI. A deposit of \$500,000 from Bob Thomas was received by the Monitor, but which was significantly less than the previously requested 10% Deposit. A copy of this "binding" offer received is attached hereto as **Confidential Appendix "F"**.
98. The Monitor is of the view that: (i) the Thomas LOI was unacceptable and was previously rejected, (ii) this new offer was received after the Extended LOI Deadline and only after Minden was informed that another offer had been accepted in accordance with the RISP and that the accepted offer had higher consideration and deposit amounts, and (iii) that the requirement to provide the 10% Deposit or proof of financial ability to complete a transaction, and an assumption of the remaining Bridging debt, was not met by Bob Thomas. Accordingly, as previously noted, Minden was notified that the Monitor had accepted the Mahal LOI. A summary of the offers received in connection with the RISP has been prepared by the Monitor and is attached hereto as **Confidential Appendix "G"**.
99. The RISP contemplates that a definitive agreement be finalized by June 15, 2017 or such date as may be extended by the Monitor, and that the Monitor promptly seek Court approval of and close a transaction no later than June 30, 2017. As previously mentioned, the Monitor and the Purchaser are currently negotiating the APA and they expect to have the required definitive agreement finalized very shortly.

XI. SALE TRANSACTION

100. The Sale Transaction contemplates the purchase of substantially all of Company's Property and the assumption of certain obligations of the Company by the Purchaser. The purchased assets include, but are not limited to:
- (a) accounts receivable, including cash, pre-payments, deposit and any HST or other government refunds;
 - (b) inventory (including inventory stored at the Warehouse);
 - (c) office furniture, machinery & equipment and fixed assets (including farming equipment);
 - (d) real property and all rights under real property leases and Warehouse/storage agreements/arrangement;
 - (e) rights to any licences, consents, approval, certifications or other similar rights and/or property;
 - (f) open customer orders;
 - (g) all purchase orders for the supply of goods, all rights to receive goods in respect to the 2017 Feedstock;
 - (h) intellectual property; and
 - (i) documents and records with respect to transactions between the Company and customers.
101. The obligations assumed include, but are not limited to:
- (a) all remaining obligations of the Company relating to the indebtedness owing to the Bridging, including without limitation, any costs, fees, expenses, losses and damages incurred by Bridging in connection with its loans to the Company; and
 - (b) any guarantee or indemnity in favour of any other person and any amounts held in escrow for good in connection with the 2017 Feedstock.
102. It was contemplated under the RISP that any sale transaction would close by no later than June 30, 2017. The Monitor understands that, if all of the relief requested by Applicant is granted and the Receiver is appointed, the parties intend to close the transaction on June 21, 2017 or shortly thereafter.

103. As previously outlined, the RISP provided for a 4-week period to market the Company's business and/or assets to Potential Interested Parties. In the Monitor's view, this timeline was sufficient to allow Interested Parties to perform due diligence and submit offers, especially in light of the following circumstances:
- (a) the previous sale/refinancing efforts of the Company;
 - (b) the Company's liquidity constraints, as outlined in earlier sections of this Report;
 - (c) the compressed timeframe to make the 2017 Production decisions and arrangements;
 - (d) the Company's industry sector is composed of a limited number of strategic purchasers, and as such significant time was not required to canvass the market of industry players; and
 - (e) the current financial position of the Company was such that interest from financial purchasers, investors, or lenders was unlikely, as evidenced by the low level of due diligence performed by this segment of the Potential Interested Parties.
104. Without the certainty resulting from the Sale Transaction, it appears likely that value will quickly deteriorate for assets both subject to – and outside of – the Sale Transaction, for the reasons previously noted in this Report and in the Bridging Affidavit.
105. In the circumstances, the Monitor is of the view that the Sale Transaction is the best option available to the Company's stakeholders given that (i) the Company has been broadly marketed, (ii) the Mahal Offer represents the only viable offer received during the RISP, (iii) it includes a significant non-refundable deposit that has been received by the Monitor, (iv) it contains no conditions other than the approval of this Court, and (v) it appears to maximize the value of the Company's Property for the Company's stakeholders.
106. The Company continues to operate in a significant overadvance position, as outlined in the Company's most recent borrowing base certificate and as detailed in the Bridging Affidavit. The Monitor does not expect a significant reversal of the current overadvance position in the foreseeable future, given that Bridging is not willing to support an incremental overadvance to continue business operations and has made application to the Court for the appointment of a receiver. Additionally, as noted above, Bridging is expected to experience a significant shortfall on its security in a liquidation scenario.
107. Bridging has reviewed and is supportive of the Sale Transaction as it represents the highest and best offer received through the RISP, is the only offer received through the RISP that the Monitor believes has the sufficient resources to close, and preserves the Company's operations, customer base and asset value.

XII. INTERIM RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS

108. As mentioned earlier in this Report, the Monitor Order approved the IR Report and the activities referred to therein, and Richter was, subject to the performance of certain incidental duties, discharged as Interim Receiver.

109. The IR R&D is summarized as follows:

Thomas Canning (Maidstone) Limited Statement of Receipts and Disbursements For the period April 20, 2017 to May 31, 2017		
		<i>Notes</i>
Receipts		
Interim Receiver's borrowings	\$ 75,000.00	<i>a</i>
Third party fee guarantee/retainer	25,000.00	<i>b</i>
Total Receipts	<u>\$100,000.00</u>	
Disbursements		
Professional fees - Interim Receiver	71,552.03	<i>c</i>
Professional fees - Chaitons	9,459.50	<i>c</i>
HST paid on disbursements	7,924.68	<i>d</i>
Costs incurred to safeguard assets	4,947.50	
Filing fees	70.00	
Total Disbursements	<u>\$ 93,953.71</u>	
Excess Receipts over Disbursements/ Cash on Hand	<u>\$ 6,046.29</u>	

Notes:

- (a) As detailed in the table above, in order to fund the interim receivership, the Interim Receiver borrowed \$75,000 from the Lender on April 20, 2017, repayment of which is secured by the Interim Receiver's Borrowing Charge;
- (b) A guarantee/retainer of professional fees from the Lender was also deposited with the Interim Receiver, which deposit was used to offset the Interim Receiver's professional fees and disbursements, as discussed below;
- (c) Pursuant to the Interim Receivership Order, the fees and disbursements of the Interim Receiver and its counsel, Chaitons, were paid by the Interim Receiver. As previously outlined in this Report, the Interim Receiver is seeking the approval of the Interim Receiver's fees and disbursements, and those of its counsel; and

(d) Input tax credits (“**ITC(s)**”) in the amount of \$7,924.68 may be claimed by the Interim Receiver from HST paid on disbursements in connection with the interim receivership.

110. As at May 31, 2017, receipts exceeded disbursements by \$6,046.29. Following receipt of the ITC refund from CRA and any bank deposit interest earned less bank charges paid (collectively, the “**Remaining IR Amounts**”), the Interim Receiver will return IR Distribution to Bridging with the available cash on hand.

XIII. REQUEST FOR APPROVAL OF FEES

111. The Interim Receiver, the Monitor and their counsel have maintained detailed records of their professional time and disbursements since the date of the Interim Receivership Order.

112. The Interim Receiver’s professional fees incurred for services rendered from April 19, 2017 to May 1, 2017 (the “**IR Period**”) amount to \$67,897.22, plus disbursements in the amount of \$3,654.71 (all excluding HST). These amounts represent professional fees and disbursements not yet approved by the Court. The time spent by the Interim Receiver’s professionals is described in the Lonergan Affidavit.

113. The fees of the Interim Receiver’s counsel, Chaitons, for services rendered in the IR Period total \$9,459.50 (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 Benchetrit Affidavit.

114. The Monitor’s professional fees incurred for services rendered from May 1, 2017 to June 11, 2017 amount to \$203,074.50, plus disbursements in the amount of \$9,243.33 (all excluding HST). These amounts represent professional fees and disbursements not yet approved by the Court. The time spent by the Monitor’s professionals is described in the Lonergan Affidavit.

115. The fees of the Monitor’s counsel, Chaitons, for services rendered from May 1, 2017 to June 11, 2017 total \$30,749, plus disbursements in the amount of \$304.46 (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 Benchetrit Affidavit.

116. The Interim Receiver and the Monitor have reviewed Chaitons’ accounts and have determined that the services have been duly authorized and duly rendered and that the charges are reasonable given the circumstances.

117. In addition to the fees incurred by the Monitor and its counsel noted above, and on the assumption that there are no delays, disputes or unforeseen developments in connection with these proceedings, including the within motion, the Monitor has estimated the Monitor Estimated Fees to be in the amount of \$75,000 for

the Monitor and its counsel (all amounts excluding HST). These amounts represent the Monitor's best estimate of the reasonable professional and legal fees required to complete the terms of the Monitor Order up to the effective date of discharge.

XIV. REMAINING MATTERS

118. The remaining activities of the Interim Receiver include the following:
- (a) Complete and file HST remittances to recover ITCs paid on disbursements in connection with the interim receivership; and
 - (b) Distribute the IR Distribution to the Lender.
119. The remaining activities of the Monitor include the following:
- (a) Continue to perform the duties and responsibilities of Monitor as outlined in the Monitor Order up to the Monitor's discharge;
 - (b) Finalize the APA with the Purchaser; and
 - (c) Continue to assist the Company and Purchaser in the operational, financial and transitional items as they relate to the Sale Transaction.

XV. PROPOSED INTERIM DISTRIBUTION TO BRIDGING

120. The Monitor proposes that, following the appointment of the Receiver and the completion of the Sale Transaction, the Receiver be authorized to make an interim distribution to Bridging. The interim distribution will represent the net proceeds of realization from the Sale Transaction, less a reserve to be held by the Receiver sufficient to complete the receivership proceedings.
121. Other than the claims described above, the Monitor is not aware of any security interests, liens, charges, encumbrances or other rights of third parties that would have priority over Bridging's security, with respect to the Property or the proceeds therefrom.
122. The Monitor is of the view that, in order to maximize efficiency, it is appropriate, in addition to seeking approval of the interim distribution, to seek the Court's approval to make such subsequent distributions to Bridging as the Receiver determines are appropriate, provided the aggregate distributions to Bridging do not exceed the indebtedness owing by the Company to Bridging, and subject to the Receiver maintaining

sufficient reserves to complete the administration of the Company's receivership proceedings, as previously outlined in this Report.

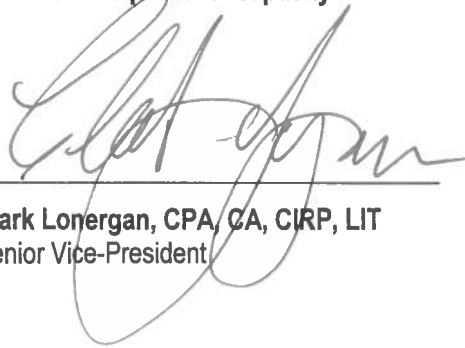
123. The Monitor respectfully requests that, should the Receiver be appointed and the Sale Transaction be approved and closed, the Court authorize the Receiver to make the interim distribution to the Lender and such subsequent distributions to Bridging as the Receiver determines are appropriate.

XVI. RECOMMENDATION

124. As detailed above, in the circumstances, the Proposed Receiver is of the view that the Sale Transaction, together with the RISP, represents a reasonable and value-maximizing approach to realizing on the Property. If the Court sees fit to appoint a receiver in the circumstances, the Monitor recommends proceeding in this manner.

All of which is respectfully submitted on the 15th day of June, 2017.

Richter Advisory Group Inc.
as Interim Receiver and Monitor 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 ‘F’

THOMAS CANNING LTD.

Packers of UTOPIA Brand Products

R.R.#1 - 326 South Talbot Rd.
Maidstone, Ontario
N0R 1K0



2017 Organic Tomato Plant Contract

Thomas Canning (Maidstone) Limited hereinafter called the Company, hereby agrees to purchase from the undersigned Grower in the 2017 season, the tomato seedlings named in this contract.

The Grower hereby agrees to plant and care for **1,004,000 organic tomato plants** using only seeds supplied by the Company. The grower also agrees to use only those products approved for the organic production of greenhouse tomato seedlings and a current record of all applications should be readily available.

The Company hereby agrees to pay the grower by certified cheque for 80% at the time of seed delivery with the balance due by certified cheque June 15th. A budgeted plant count of 250 applies to all 288 cell organic plug plants. A budgeted plant count of 184 applies to all 200 cell organic plug plants. The Board license fee of 0.20 cents per thousand and the grower's plant count and residue testing fee of 0.05 cents per thousand will be deducted from the price of plants.

A 20% premium applies to all certified organic plants and will be paid only upon satisfactory performance as outlined in the Seedling Board Agreement.

DELIVERY SCHEDULE

Tomato seedling plug plants shall be grown in accordance with Marketing Board specifications and available for delivery

Variety	Cell	Quantity	Date
TSH18	288	162,000	May 10
TSH18	288	162,000	May 13
TSH28	288	138,000	May 15
TSH40	288	84,000	May 26
TSH28	288	138,000	June 10
1301	288	320,000	June 10
Total		1,004,000 plants	

The provisions of the Farms Product Marketing Act and the Regulations and The Agreement for Marketing the 2017 Crop of Tomato Plants as approved by the Seedling Board shall apply to and form part of this contract.

A handwritten signature in black ink, located in the bottom right corner of the page.

The term contract in section 2 of The Agreement For Marketing The 2017 Crops Of Processing Tomato Seedling Plants is also granted under this agreement, amending section 1(h) allowing organic seedlings to be covered by the term contract for the processor's local Organic plant requirements, shall apply to and form part of this contract.

NOTICE TO BANKERS AND LENDING INSTITUTES

In the event the crop covered by this contract is used as collateral for a loan, or a lien is placed against the crop covered by this contract, or this contract is used in any way as collateral for a loan, the lender must notify the contractor of the crop as listed above to ensure payment is made to the appropriate parties.

=====

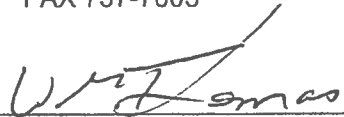
GROWER SANDRA CARTHER (CARTHER PLANTS LTD)
ADDRESS 30627 JANE R., THAMESVILLE, ON, NOP 2K0

SIGNATURE  TELEPHONE: 519-359-2130 FAX: 519-695-5452

Thomas Canning (Maidstone) Limited hereby accepts the above contract and agrees to bind itself to the terms thereof.

=====

Processor License Number 18
DATE: March 30th, 2017
PER THOMAS CANNING (MAIDSTONE) LTD.
PHONE 737-1531 FAX 737-7003

Signature 
Bill Thomas/Vice-President





Carther Plants Ltd.
 30627 Jane Rd; RR5
 Thamesville, ON N0P2K0
 Phone # 519-695-5445 Fax # 519-695-5452
 sandra@cartherplants.com
 www.cartherplants.com

Invoice

Date	Invoice #
2017-03-31	384 - A

Invoice To
Thomas Canning RR#1; 326 South Talbot Rd. Maidstone, ON N0R 1K0

Ship To

GST/HST No.	Terms	Ship Date	Ship Via	FOB
828419390	DUE ON ORDER	2017-03-31		

Production	Description	Lot #	Qty	Rate	Amount
	80% DEPOSIT OF CONTRACT VALUE FOR ORGANIC TOMATO TRANSPLANTS 288 cell	TBD	803,200	0.03048	24,481.54
	WIRE TRANSFER FEE			20.00	20.00
	HST (ON) on sales			13.00%	3,185.20

Organic products are in compliance with the National Standard of Canada for Organic Agriculture CAN/CGSB-32.310-2006, with COR/NOP equivalency. Certified Organic by Pro-Cert Ltd. To maintain status of ORGANIC plants, applications of non OMRI approved products is strictly prohibited.

Plants subject to ROYALTY FEES are protected by Patents / Rights granted under the Plant Variety Protection Act (USA) and Plant Breeders' Rights Act (Canada). TRANSFER OF PLANT MATERIAL FOR PROPAGATION IS PROHIBITED, UNLESS SUCH TRANSFER IS TO PARTIES LICENSED BY PATENT&/OR RIGHTS HOLDER.
TRANSFER OF THE PLANT MATERIAL OUTSIDE OF CANADA OR THE USA FOR ANY PURPOSE IS PROHIBITED.

Subtotal	\$24,501.54
Sales Tax	\$3,185.20
Total	\$27,686.74
Payments/Credits	\$0.00
Balance Due	\$27,686.74

Carther Plants Ltd. makes no warranty, guarantee, or representation whatsoever, statutory, express or implied as to the marketability, fitness for a purpose, condition, quality, viability, quantity, or otherwise, of the crops grown from plants. By acceptance of the product, the customer agrees not to hold Carther Plants Ltd. responsible for disease, genetic disorders, off types, failure of performance, mislabelling or otherwise. In the event of any direct, indirect or consequential damage, whatsoever and howsoever caused to the Purchaser, due to the negligence of Carther Plants Ltd, its directors or employees, the Purchaser acknowledges that the total liability shall not exceed the purchase price of the plants actually paid to Carther Plants by the purchaser. Purchaser assumes full responsibility for all plants / products from the time the plants / products leave the farm at Carther Plants. Accounts not paid within 30 days shall bear interest of 2%/month(26.77%/yr)

APPENDIX “G”



Plant Order Form

Date: 4/17/2017
 Order #: _____
 Change Order: _____
 Salesperson: _____
 Customer #: _____

Nursery Location: Sun City, FL
 Sold To: Thomas Canning Co.
 Address: _____
 City/State/Zip: Canada
 Phone: _____

Customer PO: _____
 Ordered By: _____
 Office: _____

Ship To: _____
 Address: _____
 City/State/Zip: _____
 Fax: _____

Remarks: **ORGANIC** price does not include freight. Box charge is quoted at 100% germ and subject to reduction. 10% scrap per your request

Box Type:	<u>Pull N Pack</u>	Box Qty:	<u>1378</u>
Price Per Box:	<u>\$3.00</u>	Total:	<u>\$4,134.00</u>
FREIGHT:	<u>Charge Freight</u>	TERMS:	<u>Cash</u>

ORDER DATE: _____ SHIP VIA: _____

LINE	UNIT OF MEASURE	TRAY SIZE	CROP	VARIETY	QTY	APPROX SOW DATE	APPROX DEL DATE	SOW ALL	LINE REMARKS	SCRAP RATE	SPEC HGT	PRICE PER U O M	SEED CHARGE PER MPLANT	TOTAL
1	Mplant	242	PTOM Processing		<u>454,545</u> <u>272,727</u>		<u>May 27/17</u>			10%	5"	\$37.50		\$10,227.26
2	Mplant	242	PTOM Processing		<u>454,545</u> <u>272,727</u>		<u>MAY 30/17</u>			10%	5"	\$37.50		\$10,227.26
3	Mplant	242	PTOM Processing		<u>363,636</u>					10%	5"	\$37.50		\$13,636.35
4	Mplant													\$0.00
5	Tray	45		PHYTO CERTS	3							\$100.00		\$300.00
6														FALSE
7														FALSE
8														FALSE
9														FALSE
10														FALSE

Payment Terms: This purchase order agreement includes and is subject to all provisions and conditions stated in Speedling Incorporated Terms of Sales, including commodity disease specific waivers, limiting warranties, damages and remedies. The standard terms set forth on Speedling Incorporated Terms of Sales and commodity specific waivers are applicable to this order.

Box Charge:	\$4,134.00
Order Total:	\$38,524.88
Deposit Percentage:	50%
Deposit:	\$19,262.44

[Signature]
 Authorized By: _____ Date: APRIL 19/17

WILLIAM THOMAS
 Print Name

APPENDIX ‘H’

HST REGISTRATION # R119444149

PRIVATE AND CONFIDENTIAL
Thomas Canning (Maidstone) Limited
326 South Talbot Road
Maidstone, ON N0R 1K0

Date
April 30, 2017

Invoice No.
607546

File No.
111384-0002

Attention: Robert Thomas
Vice President

RE: Accommodations Agreement

TO ALL PROFESSIONAL SERVICES RENDERED on your behalf in connection with the above noted matter for the period ended April 30, 2017 as more particularly described below.

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
April 21, 2017	DU	6.20	Extended calls with client to consider options, draft forbearance
April 23, 2017	DU	5.00	Draft settlement, Telephone call Bill, Telephone call Ken Rosenstein, extended conference call
April 24, 2017	DU	4.50	Call with client, email to Ken research, review monitor option
April 24, 2017	AT	2.00	Telephone call with clients regarding settlement agreement with Bridging; reviewed settlement proposal between Bridging and David Ullmann
April 25, 2017	AT	1.30	Attend to forbearance
April 26, 2017	AT	1.90	Reviewed settlement proposals between Bridging and client; reviewed case law regarding receiver/Monitors under s. 101 of the CJA
April 27, 2017	DU	3.30	Email to and from opposing counsel regarding status of forbearance
April 28, 2017	DU	5.00	Attend court, review accommodation agreement, multiple Telephone call with clients regarding same

Date
April 30, 2017

Invoice No.
607546

File No.
111384-0002

-2-

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
April 28, 2017	AT	2.00	Reviewed correspondence with counsel for Bridging and clients regarding settlement proposals; telephone call with clients regarding Forbearance Agreement
April 29, 2017	DU	3.50	Revise forbearance, email to and from Ken Rosenstein, multiple emails, review final form of forbearance
April 30, 2017	AT	1.10	Call with clients regarding Commission license and Order

OUR FEE HEREIN: \$18,510.00
FEE HST: \$2,406.30

<u>Lawyer</u>	<u>Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
David Ullmann	Partner	27.50	\$575.00	\$15,812.50
Alexandra Teodorescu	Associate	8.30	\$325.00	\$2,697.50

TOTAL FEES AND DISBURSEMENTS: \$18,510.00
TOTAL HST: \$2,406.30

TOTAL AMOUNT DUE: \$20,916.30

BLANEY McMURTRY LLP

David Ullmann
E. & O.E

Fees may include charges for services provided by Lawco Limited.
Details are available upon request.

Make payment(s) payable to Blaney McMurtry LLP.
We accept Visa, Mastercard and AMEX.

For Wire Transfers: TD Canada Trust, Bank No. 004, Transit No. 10252,
General Account No. 0680-5215022 Swift Code: TDOMCATTOR

Please ensure our account number and/or file number is quoted on the wire transfer.

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

SECOND REPORT OF THE RECEIVER
DATED SEPTEMBER 25, 2017
(re motions returnable September 27, 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 Richter Advisory Group Inc.,
Court-appointed Receiver