

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

Final Report of the Receiver  
(Subsection 246(3) of the *Bankruptcy and Insolvency Act*)

**Introduction**

1. This final report is filed by Richter Advisory Group Inc. (“**Richter**”) in its capacity as receiver (“**Receiver**”) of Thomas Canning (Maidstone) Limited (“**TCL**”) and 692194 Ontario Limited (“**692**”) and together with TCL, the “**Company**”).

**Background and Events Leading to the Receiver’s Appointment**

2. On April 20, 2017, Bridging Finance Inc., as agent for Sprott Bridging Income Fund LP (“**Bridging**” or the “**Lender**”) brought an ex-parte application for the appointment of Richter as interim receiver (the “**Interim Receiver**”) of the Company under section 47(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”) and requested a return date for the hearing of its application for the appointment of Richter as Receiver of the Company under section 243(1) of the BIA and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43 (the “**CJA**”).
3. On the same date, Richter was appointed as Interim Receiver of the Company pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). As set out in the endorsement of the Honourable Mr. Justice Newbould granting the interim receivership, the comeback date for the hearing of the application for the appointment of a receiver was scheduled for April 28, 2017 (the “**Receivership Application**”).
4. On April 28, 2017, with the consent of certain interested parties, the Receivership Application was extended to May 1, 2017.
5. Following negotiations between Bridging and the Company, on May 1, 2017, Richter was appointed as monitor (the “**Monitor**”) of all of the assets, properties and undertakings of the Company pursuant to section 101 of the CJA (the “**Monitor Appointment Order**”).
6. As provided for in the Monitor Appointment Order, the Monitor was authorized to market the Company’s business and assets in accordance with the terms of a refinancing, investment and/or sale process (the “**RISP**”) agreed to by Bridging and the Company.
7. The RISP was completed in early June 2017 and resulted in the sale, subject to Court approval, of substantially all of the Company’s business and assets (the “**Transaction**”) to 2581150 Ontario Inc. (“**258**” or the “**Purchaser**”). In order to facilitate the completion of the Transaction, Bridging sought to have its Receivership Application heard on June 21, 2017
8. On June 21, 2017, the Court issued orders, *inter alia*, (i) appointing Richter as Receiver of the Company pursuant to section 243 of the BIA and section 101 of the CJA (the “**Receivership Appointment Order**”), and (ii) approving the Transaction (the “**Sale Approval Order**”).



9. On the same date, the Court issued a further order that, among other things, discharged (subject to the completion of certain incidental duties / activities) the Interim Receiver. The Interim Receiver completed its remaining duties / activities and filed its discharge certificate with the Court on July 31, 2017.

### **Receivership Proceedings**

10. The primary purpose of the receivership was to facilitate the completion of the Transaction, as contemplated by the Sale Approval Order.
11. The Transaction provided for a purchase price of \$20 million. In addition, the Purchaser entered into an agreement with Bridging whereby 258 agreed to assume any remaining Company indebtedness to Bridging.
12. The Transaction was completed on July 7, 2017.
13. The Receivership Application sought authorization for the Receiver to distribute the net proceeds realized from the Transaction (the **"Sale Proceeds"**) to Bridging in respect of its secured loans to the Company. As a result of submissions made by certain interested parties, including the Company, the Receivership Appointment Order authorized the Receiver to distribute the Sale Proceeds to Bridging subject to a \$1.2 million reserve (the **"Reserve"**). Entitlements and priority to the Reserve would be subject to further Order of the Court. Among other things, the Company requested that certain fees and disbursements of its legal counsel, Blaney McMurtry LLP, and amounts owed to alleged suppliers of goods / services to the Company during the period of the Monitor's appointment, be paid out of the Sale Proceeds in priority to Bridging's interest in the Sale Proceeds.
14. During the receivership proceedings, the Receiver submitted six (6) reports to the Court and the Court issued various Orders / Endorsements / File Directions in respect of a variety of matters raised during the receivership proceedings, including entitlements and priority to the Sale Proceeds (and Reserve).

### **Statement of Receipts and Disbursements**

15. Attached to this report as Schedule "A" is the Receiver's Final Statement of Receipts and Disbursements (the **"Final R&D"**).

### **Statement of Unrealized Property**

16. All of the assets of the Company under the administration of the Receiver have been realized.

### **Distribution of Proceeds Realized from the Property**

17. The realizations from the Transaction and other amounts collected during the receivership proceedings will be insufficient to repay, in full, the secured amounts owed by the Company to Bridging. Accordingly, there will be no funds available to support a distribution to the Company's unsecured creditors.
18. As detailed in the Final R&D, the Receiver has distributed \$19,058,609.50 to Bridging in respect of its secured loans to the Company.


## Status of Receivership Proceedings

19. As at the date of this report, the Receiver has realized on all of the Company's property and does not anticipate any further realizations. In the Receiver's view, it has completed its statutory duties as well as those duties set out in any order of the Court.
20. By Court order dated May 14, 2018, Richter was discharged as Receiver, subject to the completion of certain remaining duties / activities and the filing of a certificate (the "**Discharge Certificate**") with the Court certifying that any remaining matters have been completed. On the same date, Richter was discharged as Monitor of the Company.
21. The Receiver has completed all remaining administrative or other matters associated with the receivership proceedings and filed its Discharge Certificate with the Court on September 13, 2018.
22. Further information regarding the receivership proceedings and materials relating to the proceedings may be obtained from the Receiver's website at <https://www.richter.ca/t/thomas-canning-limited>

Dated at Toronto, Ontario, this 5<sup>th</sup> day of November, 2018.

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

Per:



Adam Sherman, MBA, CIRP, LIT  
Senior Vice President

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**Final Statement of Receipts and Disbursements (Note 1)**

	\$ CAN	Notes
<b>Receipts</b>		
Sale Proceeds	20,000,000.00	
Deposits in Financial Institutions	7,326.14	2
Accounts Receivable	528,822.26	2
Sales Tax Refund (Pre-Interim Receivership)	179,743.23	
Sales Tax Refund (Interim Receivership)	7,924.68	
Sales Tax Refund (Post-Receivership)	109,715.51	
Miscellaneous Refunds (Deposits, etc.)	7,495.39	
Interest	12,200.98	
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<b>Total Receipts</b>	<b>20,853,228.19</b>	
<b>Disbursements</b>		
Filing Fee	70.00	
Repayment of Interim Receiver Borrowings	78,154.32	3
Monitor Fees and Disbursements (including Legal Fees and Disbursements)	283,103.22	4
Receiver Fees	295,705.55	5
Receiver Legal Fees and Disbursements	160,509.05	5
2581150 Ontario Inc.	715,834.10	6
Blaney McMurtry LLP	53,605.84	7
Operating Expenses	52,611.47	8
Sales Tax Paid on Disbursements	109,715.51	
Employees (re Section 81.4 Payments)	23,315.85	9
Employee Source Deductions	8,520.70	10
Contractor Payments	13,374.51	11
Bank Charges	98.57	
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<b>Total Disbursements</b>	<b>1,794,618.69</b>	
<b>Excess of Receipts over Disbursements</b>	<b>19,058,609.50</b>	
<b>Payments to Secured Creditor</b>		
Sprott Bridging Income Fund LP - July 10, 2017	(18,800,000.00)	
Sprott Bridging Income Fund LP - November 29, 2017	(200,000.00)	
Sprott Bridging Income Fund LP - September 12, 2018	(58,609.50)	
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	<b>(19,058,609.50)</b>	
<b>Net funds on Hand</b>	<hr/> <b>-</b> <hr/>	

**Notes:**

Note 1 - On April 20, 2017, the Ontario Superior Court of Justice (Commercial List) (the "**Court**") appointed Richter Advisory Group Inc. ("**Richter**") as interim receiver of Thomas Canning (Maidstone) Limited ("**TCL**") and 692194 Ontario Limited ("**692**" and together with TCL, the "**Company**") pending the hearing of an application for the appointment of Richter as receiver (the "**Receiver**") of the Company. On May 1, 2017, the Court appointed Richter as monitor (the "**Monitor**") of the Company and authorized the Monitor to undertake a refinancing, investment and/or sale process for the Company's business and assets. On June 21, 2017, the Court appointed Richter as Receiver of the Company, approved the sale of substantially all of the Company's business and assets (the "**Transaction**") to 2581150 Ontario Inc. ("**258**" or the "**Purchaser**") and authorized and instructed the Receiver to take such further steps/actions necessary to complete the Transaction.

Note 2 - Amounts realized in \$USD have been converted to \$CAN at an f/x rate of 1.28.

Note 3 - Repayment of the principal amount borrowed by the Interim Receiver (\$75,000), and any interest accrued thereon, in accordance with the Interim Receivership Order and secured by the Interim Receiver's Borrowing Charge.

Note 4 - Payment of the fees and disbursements of the Monitor and its counsel as approved by Court order entered May 18, 2018.

Note 5 - Payment of the Receiver's fees and the fees and disbursements of the Receiver's counsel (Chaitons LLP) as approved by Court order entered May 18, 2018.

Note 6 - Payment to the purchaser of amounts realized by the Receiver that were acquired by the purchaser pursuant to the Transaction.

Note 7 - Payment to counsel for the Company, as approved by the Court.

Note 8 - Includes amounts for equipment leases, storage, utilities, security and other operating costs of the receivership proceedings.

Note 9 - Payment of unpaid priority amounts owed to the Company's employees as per section 81.4 of the *Bankruptcy and Insolvency Act* (Canada).

Note 10 - Payment of priority amounts owing in respect of unpaid source deductions.

Note 11 - Payment to former Company employees engaged as contractors by the Receiver to assist with the administration of the receivership.