

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

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

Applicant

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED

Respondents

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

**MOTION RECORD OF THE INTERIM RECEIVER
AND THE MONITOR
(returnable June 21, 2017)**

June 15, 2017

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**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

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

Applicant

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED

Respondents

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

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**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

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

NOTICE OF MOTION
(returnable June 21, 2017)

RICHTER ADVISORY GROUP INC. (“**Richter**”), in its capacities as Court-appointed interim receiver (the “**Interim Receiver**”) and Court-appointed monitor (the “**Monitor**”) of the property, assets and undertakings of the Respondents, will make a motion to a Judge of the Commercial List on Wednesday June 21, 2017 at 10:00 a.m., or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

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

THE MOTION IS FOR:

- (a) an order:
 - (i) abridging the time for service of this notice of motion and the motion record so that the motion is properly returnable on June 21, 2017;
 - (ii) approving the fees and disbursements of the Interim Receiver and its counsel, as set out in the Report of Richter in its capacities as Interim Receiver and Monitor dated June 15, 2017 (the “**Report**”), the Affidavit of Clark Lonergan sworn June 14, 2017 (the “**Lonergan Affidavit**”), and the Affidavit of George Benchetrit sworn June 15, 2017 (the “**Benchetrit Affidavit**”);
 - (iii) approving the Statement of Receipts and Disbursements of the Interim Receiver contained in the Report;
 - (iv) authorizing the Interim Receiver to pay the monies currently in its hands, and any and all monies received by the Interim Receiver after the date hereof, to the Applicant;
 - (v) terminating the interim receivership proceeding and other ancillary relief, upon the Interim Receiver filing a discharge certificate with the Court;
 - (vi) approving the Report, and the activities of the Interim Receiver and the Monitor described therein;

- (vii) sealing the Confidential Appendices to the Report pending further Order of the Court;
 - (viii) approving the fees and disbursements of the Monitor and its counsel, as set out in the Report, the Lonergan Affidavit, and the Benchetrit Affidavit;
 - (ix) terminating the monitorship proceeding, discharging and releasing the Monitor, and other ancillary relief, upon the Monitor filing a discharge certificate with the Court; and
- (b) such further and other relief as counsel may request and this Honourable Court may permit.

THE GROUNDS FOR THE MOTION ARE:

1. Richter was appointed as Interim Receiver pursuant to the Order of The Honourable Mr. Justice Newbould dated April 20, 2017.
2. Richter was discharged as Interim Receiver and appointed as Monitor pursuant to the Order of Justice Newbould dated May 1, 2017.
3. The activities of the Interim Receiver and the Monitor are detailed in the Report.
4. The Report.
5. Rules 1.04, 1.05, 2.01, 2.03, and 37 of the *Rules of Civil Procedure* (Ontario).
6. The *Bankruptcy and Insolvency Act* (Canada) and the *Courts of Justice Act* (Ontario).
7. The inherent and equitable jurisdiction of the Court.

8. Such other grounds as counsel may advise and this Honourable Court may permit.

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

1. The Report and the appendices annexed thereto, including without limitation the Lonergan Affidavit and the Benchetrit Affidavit; and
2. such further and other material as counsel may advise and this Honourable Court may permit.

June 15, 2017

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

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and
692194 ONTARIO LIMITED
Respondents

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

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

NOTICE OF MOTION
(returnable June 21, 2017)

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

June 15, 2017

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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**

**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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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	\$100,000.00	
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	\$ 93,953.71	
Excess Receipts over Disbursements/ Cash on Hand	\$ 6,046.29	

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.

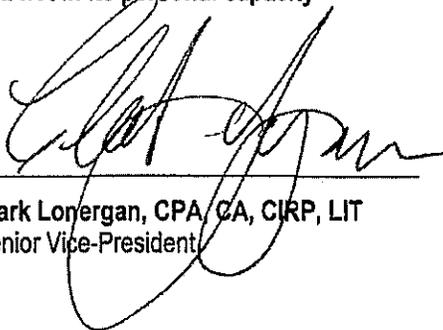
123. The Monitor respectfully requests that, should the Receiver be appointed and the Sale Transaction be approved and closed, the Court authorize the Receiver to make the interim distribution to the Lender and such subsequent distributions to Bridging as the Receiver determines are appropriate.

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



A handwritten signature in black ink, appearing to read 'Clark Loryergan', is written over a horizontal line. The signature is fluid and cursive.

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

APPENDIX “A”

**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**

**AFFIDAVIT OF GRAHAM MARR
(sworn April 19, 2017)**

I, **GRAHAM MARR**, of Toronto, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am a Portfolio Manager at Bridging Finance Inc. ("**Bridging**"), the senior secured creditor of Thomas Canning (Maidstone) Limited (the "**Borrower**") and 692194 Ontario Limited ("**6921**") and creditor of William Thomas, Robert Thomas and John Thomas (together with 6921 the "**Guarantors**" and, the Guarantors together with the Borrower, the "**Obligors**"). As such, I have knowledge of the matters to which I hereinafter depose, except where the information set out below is based upon the information I have received from others, in which case I have stated the source of that information and, in all such cases, believe it to be true.

NATURE OF APPLICATION AND RELIEF SOUGHT

2. This Affidavit is sworn in support of an application by Bridging for:

- (a) an *ex parte* Order (the “**Interim Receivership Order**”) pursuant to subsection 47(1) of the *Bankruptcy and Insolvency Act* (the “**BIA**”) appointing Richter Advisory Group Inc. (“**Richter**”) as interim receiver, without security, over all of the assets, undertaking and property of the Borrower and 6921 (in such capacity, the “**Interim Receiver**”); and
- (b) on a date to be set by the Court, an Order (the “**Receivership Order**”) pursuant to subsection 243(1) of the BIA appointing Richter as receiver, without security, over all of the assets, undertaking and property of Borrower and 6921 (in such capacity, the “**Receiver**”).

3. Bridging has been the Borrower’s secured lender since July 2015. Despite multiple events of default dating back to late 2015, Bridging has allowed the Borrower to overdraw on their asset-based credit facilities and has continued to advance credit even after the maturity of the facilities in January, 2015. The Borrower remains in an overadvance position and cannot provide Bridging with an accurate picture of its borrowing base.

4. The Borrower has been unable to raise new debt or equity financing despite 16 months of trying with the help of multiple outside professionals. The Borrower has been unable to repay overadvances since October, 2015 let alone repay the now mature credit facilities. The Borrower has been chronically in breach of its reporting obligations and has materially overstated its inventory. The Borrower remains in a significant overadvance position and cannot provide Bridging with an accurate picture of its borrowing base. Perhaps most concerning of all is that the Borrower has stated it will no longer respect the agreed-to cash management arrangements that are critical to the credit facilities and will divert receipts away from its blocked accounts. The Borrower has a history of doing just that.

5. The Borrower is at a critical stage in its season and needs funding now in order to have a supply of tomatoes for packing in the fall. Bridging has lost faith in the Borrower’s abilities and intention and will only fund through a receivership. The Borrower has no other funding alternative.

BACKGROUND TO THE OBLIGORS

6. The Borrower is a privately-owned Ontario corporation, which operates a tomato canning business in Lakeshore, Ontario. The Borrower is wholly-owned by 6921, also an Ontario corporation, which is, in turn, owned by members of the Thomas family and a related corporation. A copy of the Corporation Profile Reports for the Borrower and 6921 obtained from the Ontario Ministry of Government Services are attached to this Affidavit as **Exhibit “A”** and **Exhibit “B”**, respectively.

7. The Borrower produces a variety of organic and conventional tomato products including pastes, sauces, canned tomatoes (whole, diced and crushed), juices and ketchup. Its tomato supply comes from greenhouse farmers with whom it has contracted for the planting and care of tomato plants grown from seeds supplied by the Borrower.

8. During the packing season of August to October, the Borrower typically employs up to 60 seasonal workers, most of whom are foreign migrant workers under the Temporary Foreign Workers Program. Otherwise the Borrower maintains a core staff of approximately 10 employees. The Borrower is not subject to any collective bargaining agreement and does not administer any pension plan.

9. The Borrower operates from a plant it owns at 326 South Talbot Road, Maidstone, Ontario. That plant is licensed by the Canadian Food Inspection Agency (“CFIA”) pursuant to the *Safe Food for Canadians Act*. The Borrower also leases warehouse space at 2755 Lauzon Parkway, Windsor, Ontario (the “**Windsor Warehouse**”).

10. The Borrower and 6921 also each own parcels of farming lands surrounding the processing plant, which are mostly leased out to farmers of cash crops.

BRIDGING’S LOANS AND SECURITY

Credit Agreement and Security

11. Bridging (as agent for the Sprott Bridging Income Fund LP), the Borrower, 6921 (as guarantor) and each of William Thomas, Robert Thomas and John Thomas (as limited guarantors) are parties to a letter credit agreement dated July 3, 2015 (the “**Original Credit**”).

Agreement”), a copy of which Original Credit Agreement is attached as **Exhibit “C”** to this Affidavit. The Original Credit Agreement was amended by a First Amending Letter Agreement dated May 17, 2016, a Second Amending Letter Agreement dated May 31, 2016, and a Third Amending Letter Agreement dated July 26, 2016 (collectively, the “**Credit Amendments**”, and, together with the Original Credit Agreement, the “**Credit Agreement**”), copies of which Credit Amendments are attached, collectively as **Exhibit “D”** to this Affidavit.

12. Pursuant to the Credit Agreement, Bridging has supplied the Borrower with:

- (a) a demand revolving operating facility in the maximum amount of CDN\$15,000,000, with a sub-limit of USD\$1,000,000, plus a seasonal structured overadvance of CDN\$2,000,000, all margined against current assets (the “**Facility A Loan**”);
- (b) a CDN\$608,000 demand term loan facility (the “**Facility B Loan**”);
- (c) a CDN\$3,757,650 demand term loan facility (the “**Facility C Loan**”);
- (d) a term revolving facility in the maximum amount of CDN\$2,500,00 (the “**Temporary Loan**”);

(collectively, the “**Credit Facilities**”). The Facility A Loan, Facility B Loan and Facility C Loan had a maturity date of January 3, 2017 and were to be used to refinance existing indebtedness with Callidus Capital Corporation and to finance working capital. The Temporary Loan was used to finance a litigation settlement and had a maturity date of August 15, 2016.

13. By a Guarantee Agreement dated as of July 3, 2015 (the “**6921 Guarantee**”), 6921 guaranteed all present and future obligations under the Credit Agreement. The obligations under the 6921 Guarantee are payable on demand (pursuant to Section 3.2 thereof) and Bridging is not bound to exhaust resources against the Borrower before pursuing the 6921 Guarantee (pursuant to Section 3.1 thereof). A copy of the 6921 Guarantee is attached as **Exhibit “E”** to this Affidavit.

14. As security for its obligations to Bridging, the Borrower provided, among other things, a General Security Agreement dated July 3, 2015 (the “**Borrower GSA**”), registration in respect

of which was made pursuant to the *Personal Property Security Act* (Ontario) (the “**PPSA**”) on June 30, 2015 by financing statement no.: 20150630 1440 1793 5906, and a copy of which GSA is attached as **Exhibit “F”** to this Affidavit. The Borrower GSA provides, among other things: (a) that all amounts received by the Borrower after an event of default and demand are deemed to be held in trust, separate and apart, for Bridging; (b) that a receiver may be appointed upon default (at Section 8.4), and (c) that the Borrower submits to the jurisdiction of the Toronto courts and irrevocably waives any objection to enforcement through such courts (at Section 10.9).

15. The Borrower, Bridging and Bank of Montreal (“**BMO**”) also entered in to a Blocked Account Agreement dated as of June 29, 2015 (the “**Blocked Account Agreement**”), pursuant to which Bridging was given full cash dominion over a CDN\$ collection account and a \$USD collection account, both located at BMO’s Toronto main branch. A copy of the Blocked Account Agreement is attached as **Exhibit “G”** to this Affidavit.

16. There previously was also a blocked account agreement in place with The Toronto-Dominion Bank (“**TD**”), but those accounts were closed in later 2016 after being garnished by a judgment creditor of the Borrower.

17. As security for its obligations under the 6921 Guarantee, 6921 provided, among other things:

- (a) a General Security Agreement dated July 3, 2015 (the “**6921 GSA**” and, together with the Borrower GSA, the “**GSAs**”), in the same form as the Borrower GSA, registration in respect of which was made pursuant to PPSA on June 30, 2015 by financing statement no.: 20150630 1440 1793 5907, and a copy of which is attached as **Exhibit “H”** to this Affidavit; and
- (b) a Securities Pledge Agreement dated July 3, 2015 (the “**Share Pledge**”) pursuant to which 6921 pledged, as collateral, all its present or future investment property including all its shares in the capital of the Borrower, and a copy of which is attached as **Exhibit “I”** to this Affidavit.

18. The First Amending Letter Agreement dated May 17, 2016 (the “**First Amendment**”), attached at Exhibit “D” hereto, also gave Bridging the right to be issued, on request, shares in the capital of the Borrower sufficient to grant Bridging two thirds of the voting and non-voting equity of the Borrower. This right was triggered when the Borrower did not repay certain advances in August, 2016.

19. The Borrower and 6921 also granted Bridging a first mortgage on all their owned real estate.

OTHER CREDITORS

20. A search conducted by Bridging’s counsel of registrations made pursuant to the PPSA against the Borrower revealed the following registrations made *subsequent* to Bridging’s registration in respect of the Borrower GSA:

- (a) two registrations in favour of Gould Leasing Ltd., each apparently in respect of specific equipment;
- (b) two registrations in favour of Capmor Financial Services Corporation – in Trust, each apparently in respect of specific equipment;
- (c) two registrations in favour of CLE Leasing Enterprise Ltd., each apparently in respect of specific equipment;
- (d) two registrations in favour of Bodkin Capital Corporation, one apparently in respect of specific equipment and one apparently in respect of a general security interest; and
- (e) a registrations in favour of 1419768 Ontario Inc. and D&D Leasing, apparently in respect of specific equipment.

21. A copy of the PPSA search results for the Borrower is attached as **Exhibit “J”** to this Affidavit.

22. A search conducted by Bridging's counsel of registrations made pursuant to the PPSA against 6921 revealed no registrants other than Bridging. A copy of the PPSA search results for 6921 is attached as **Exhibit "K"** to this Affidavit.

FINANCIAL DIFFICULTIES AND DEFAULTS

Perpetual Overadvance

23. Bridging's business model is true to its name; it only makes loans to clients who aim to obtain alternate financing in a relatively short timeframe. At the time of the Original Credit Agreement, the Borrower was developing a new tomato paste product line which it hoped would improve its profitability enough to attract a bank lender to refinance the Credit Facilities after eighteen months. The intention was that the Credit Facility would therefore be a relatively short term bridge between the Borrower's previous asset-based lending credit facilities and some future, traditional bank facilities.

24. The tomato paste line required a significant increase under the Facility A operating line to build inventory, and the Borrower immediately availed itself of the \$2,000,000 seasonal structured overadvance offered as part of that facility. The structured overadvance was not fully repaid by December 2015 as required, and the Borrower made its first request for a further overadvance in October, 2015. The Borrower has been in an overadvance position ever since.

25. The Borrower also failed to repay the temporary loan advanced pursuant to the First Amendment (the "**Temporary Loan**") when it was due in August, 2016.

26. The Borrower's failure to pay down the 2015 seasonal structured overadvance under Facility A, its continued, further overadvance since October 2015, and the Temporary Loan were all events of default under the Credit Agreement.

Failed Financing and Refinancing Efforts

27. Starting in early 2016, the Borrower began to search for a lender to refinance the Credit Facilities when they would become due in January, 2017. In March, 2016 the Borrower retained Norton McMullen Corporate Finance Inc. to run an investment solicitation process to raise equity. These efforts were unsuccessful.

28. In the summer of 2016 the Borrower retained The Coterie Group as funding consultants to assist in finding refinancing for the Credit Facilities. These efforts were also unsuccessful and no transaction was ever consummated. The Borrower has not presented Bridging with any evidence of other concrete refinancing opportunities since the term of the Credit Facilities expired in January, 2017.

Diversion of Funds

29. In October 2016, Bridging discovered that accounts had been opened in the Borrower's name at Royal Bank of Canada ("RBC") and that funds had been paid in and out of those accounts. This was a direct violation of the terms of the Borrower's cash management arrangements with Bridging and, at the time, the Toronto-Dominion Bank ("TD"). The Credit Agreement states (at pages 8 to 9):

- “(i) The Borrower and 692 shall establish and shall continue to maintain, at their expense, blocked deposit accounts (collectively, the “Blocked Account”) at BMO/TD into which they shall promptly deposit all funds received from all sources including, without limitation, all account receivable payments, cash sales receipts, credit card payments, any and all refunds received from any source whatsoever and any proceeds of any advances or other loans made to it and shall direct its account debtors that remit payments by electronic funds transfers to directly remit all payments into the Blocked Account;
- (ii) BMO/TD, the Lender, the Borrower and 692 shall enter into an agreement (the “Blocked Account Agreement”), in form and substance satisfactory to the Lender, acting reasonably, providing that all funds received or deposited in the Blocked Account are the property of the Lender, that BMO/TD has no Lien upon, or right to set off against, the Blocked Account, the items received for deposit therein, or the funds from time to time on deposit therein and that BMO/TD will wire, or otherwise transfer, in immediately available funds, on a daily basis, all funds received or deposited into the Blocked Account to the Lender's account, as the Lender may from time to time designate for such purpose. The Borrower and 692 agree that all payments made to the Blocked Account or other funds received and collected by the Lender, shall be property of

the Lender. The Borrower and each of the Guarantors hereby acknowledge, confirm and agree that the Lender shall have the contractual right to continue to apply the contemplated cash management arrangements contemplated herein notwithstanding any default, termination or non-renewal of this Agreement or any of the credit facilities contemplated herein or any stay of proceedings or filing under any applicable insolvency statute and/or Applicable Law as a matter of, and shall be considered and deemed to be a matter of, replacing and monitoring the Lender's Collateral and not as an enforcement of any of their Security or Liens.

...

- (iii) The Borrower and 692 and all of its affiliates, subsidiaries, officers, employees, agents, directors, shareholders or other persons (a "related person") shall, acting as trustee for the Lender, receive, as the property of the Lender, any monies, cheques, notes, drafts or any other payment which comes into the possession or under their control or, in the case of any related person, comes into its possession or under its control and is rightfully that of the Borrower and 692, and immediately upon receipt thereof where received by any of them or upon becoming aware of the receipt thereof where received by a related person, the Borrower and 692 shall deposit or shall cause the same to be deposited in the Blocked Account, or remit the same or cause the same to be remitted, in kind, to the Lender. In no event shall the same be commingled with any of the Borrower's and 692's own funds. The Borrower and 692 agrees to reimburse the Lender on demand for any amounts owed or paid to BMO/TD regarding the Blocked Account or any other bank or person involved in the transfer of funds to or from such Blocked Account arising out of the Lender's payments to or indemnification of such bank or person.

...

- (v) The Borrower and 692 shall make all of its payments and disbursements only from its Disbursement Accounts."

30. Similarly, Section 2 of the Blocked Accounts Agreement states:

“Deposits to Collection Accounts. In connection with its financing arrangements with CREDITOR, the Borrower has agreed with CREDITOR to (i) in the case of proceeds that are denominated in the lawful currency of the United States of America, to deposit or cause to be deposited, all such proceeds of the collateral of CREDITOR to the US\$ Collection Account; and (ii) in the case of proceeds that are denominated in the lawful currency of Canada, deposit or cause to be deposited, all such proceeds of the collateral of CREDITOR to the CDN\$ Collection Account.”

31. Bridging’s suspicions were first raised when it noticed large amounts being transferred from the personal accounts John Thomas and Shirley Thomas to Bridging’s TD account, booked by the Borrower as shareholder loans. Between May and August 2016, almost \$250,000 had been deposited from the John and Shirley Thomas’ personal account. Bridging made inquiries about this with the Borrower as it did not think John Thomas should have had those kind of funds to loan. At the same time, Bridging had been calling certain of the Borrower’s customers because accounts receivable owing from those customers had been getting old. Apparently worried that the next customer Bridging would call was one whose accounts receivable had been already been collected and diverted, the Borrower’s Vice President and Chief Operating Officer at the time, Brian Payne, disclosed the existence of the RBC accounts and the fact that receipts had been diverted thereto and that disbursements had been made therefrom.

32. When Bridging was given access to the RBC account statements, it was revealed that a total of US\$215,000 and CDN\$178,000 had been collected from customers and deposited into the RBC accounts in or about May and June 2016, without any update to the Borrower’s accounts receivable ledger. Some funds were used to pay accounts payable directly from the RBC accounts, some were forwarded to the TD blocked accounts, some funds were wired from the RBC USD account to the Borrower’s foreign exchange broker to then pay USD accounts payable and US\$51,000 to the personal account of Shirley and John Thomas, and \$10,000 had been withdrawn in cash. Attached **Exhibit “L”** to this Affidavit is an emails from Brian Payne setting out the amounts received from three customers that were diverted to the RBC Accounts. Attached as **Exhibit “M”** to this Affidavit is a copy of payment instructions given by the Borrower to its foreign exchange brokerage for regarding payments to be made with funds wired from RBC to the brokerage, including the US\$51,000 payment to John and Shirley Thomas.

33. As discussed below, counsel to the Borrower has advised that the Borrower intends to resume diversion of funds from the blocked accounts, and bank record shown that, in fact, such diversion is taking place.

Overstatement of Inventory

34. Under the Credit Agreement, at page 21, Bridging is free to perform field examinations as frequently as it wants given that one or more events of default have occurred (including the Borrowers' continued failure to repay the overadvances). More generally, the Credit Agreement (at page 13) allows Bridging at any time and from time to time with such frequency as it, in its sole discretion, may require, to visit and inspect any premises, properties and assets of the Borrower.

35. On March 22 and 23, 2017, two Bridging employees and an outside advisor, Julio Cacoilo, conducted inventory counts at the Borrower's plant and the Windsor Warehouse. The results showed total inventory of approximately \$10,894,401, which was approximately \$2,058,076 less than the inventory amount certified by on the Borrower's March 18, 2017 borrowing request. The discrepancy was almost entirely localized at the plant, as opposed to the Windsor Warehouse where a third-party keeps real time track of what goes in an out. The certified inventory amount on the Borrower's next borrowing request, on March 28, 2017, was \$12,793,783, or only \$158,695 less than the certified March 18 amount. There is no way to explain a dip and recovery in inventory of that magnitude in that time frame.

36. When Julio Cacoilo returned to the plant on April 12, 2017 to perform another count, he was refused entry to the premises. Under the Credit Agreement, at page 21, Bridging is free to perform field examinations as frequently as it wants given that one or more events of default have occurred (including the Borrowers' continued failure to repay the overadvances). More generally, the Credit Agreement (at page 13) allows Bridging at any time and from time to time with such frequency as it, in its sole discretion, may require, to visit and inspect any premises, properties and assets of the Borrower.

Lack of Reporting

37. The Credit Agreement (at pages 14 to 15) requires, among other reporting, that the Borrower supply monthly internally prepared financial statements as well as audited financial statements within 120 days of its June 30 year end. The last financial statements of any kind Bridging received from the Borrower were unaudited and un-reviewed statements for the year ending June 30, 2015.

38. The Credit Agreement (at page 14) also requires weekly delivery of an aged accounts receivable schedule. The Borrower's accounts receivable sub-ledger is, however, entirely unreliable as collected receivables are not being taken off. The Borrower's bookkeeper advised a Bridging employee that she stopped updating the ledger for cash received some time in December, 2016.

39. The inadequacy of the reporting on accounts receivable and inventory has made it impossible for Bridging to measure the Borrower's borrowing base and Bridging has lost all faith in management's ability to operate the business.

CFIA Legal Action

40. In March, 2017 it was reported in the press that CFIA commenced court proceedings against the Borrower for mislabelling US product as "made in Canada" and mislabelling conventional product as "organic". The proceedings were also brought against William Thomas personally for lying to a federal food inspector. A copy of March 9, 2017 article from the Windsor Star is attached as **Exhibit "N"** to this Affidavit.

Demands

41. In light of the following defaults:

- (a) the Borrowers' inability to repay the 2015 seasonal structured overadvances and the additional growing overadvance that has persisted since October, 2015;
- (b) the Borrower's failure to repay the Credit Facilities as a whole upon their 18 month maturity in January, 2017;

- (c) the Borrower's breaches of its reporting obligations; and
- (d) the Borrower's overstatement of inventory,

Bridging, by its counsel on April 5, 2017, sent the Obligors demands for repayment of the Borrowers' obligations under the Credit Agreement (the "**Demands**"). In the case of the Borrower and 6921, their demands were accompanied by notices of intention to enforce security under Section 244 of the BIA dated the same date (the "**BIA Notices**"). Copies of the Demands and the BIA Notices are attached as **Exhibit "O"** to this Affidavit.

42. Subsequent to the issuance of the Demands and BIA Notices, there were a series of discussions with the Borrower and its counsel about the forbearance and the appointment of a chief restructuring officer. These discussions ended when Bridging's counsel received an email from counsel to the Borrower on April 16, 2017, the day after the BIA notice period had expired, asserting that the Obligors were farmers subject to the *Farm Debt Mediation Act* and that because the Credit Facilities had matured in January, 2017, the Credit Agreement itself had "expired" and his client were no longer subject to the required cash management arrangements and would do as they thought fit with receipts diverted from the blocked accounts. A copy of that email is attached as **Exhibit "P"** to this Affidavit.

43. It has come to Bridging's attention that the Borrower has, in fact, commenced diversion of receipts away from the cash management system. Attached as **Exhibit "Q"** to this Affidavit is a screen print of the Borrower's BMO disbursement account, showing a \$10,434.05 deposit on April 18, 2017. Any such deposit should be deposited to the blocked account, with only advances under the Credit Facilities being deposited in the disbursement account.

44. The Credit Agreement (at page 8) clearly states that the cash management obligations thereunder survive any non-renewal of the Credit Agreement:

"The Borrower and each of the Guarantors hereby acknowledge, confirm and agree that the Lender shall have the contractual right to continue to apply the contemplated cash management arrangements contemplated herein notwithstanding any default, termination or non-renewal of this Agreement or any of the credit facilities contemplated herein or any stay of proceedings or

filing under any applicable insolvency statute and/or Applicable Law as a matter of, and shall be considered and deemed to be a matter of, replacing and monitoring the Lender's Collateral and not as an enforcement of any of their Security or Liens."

45. Similarly, the Blocked Account Agreement states, at Section 12:

"Termination. The Borrower shall have no right to terminate this Agreement or the account agreements relating to the Collection Accounts without the written consent of the CREDITOR . . ."

46. The conduct of the parties since the maturity of the Credit Facilities also contradicts the claim that obligations under the Credit Agreement have expired. The Borrower has continued to submit weekly borrowing requests, and Bridging has continued to fund to those requests. Even since the Demands were issued, Bridging funded payroll and insurance, and continues to received borrowing requests.

47. It has always been Bridging's understanding that the Borrower was solely in the business of canning and that 6921 was not in any business other than being a holding company. The Borrower's last available financial statements, the unaudited and un-reviewed statements from 2015, show farming revenue of \$153,669 for that year and loss of \$55,222 for the prior year, 2014. Since those financial statements were not audited or even reviewed, Bridging has no way to judge the accuracy of these figure, but they suggest that whatever farming the Borrower was carrying on, if any, represented only about one percent of its overall activities, on average. A copy of the Borrower's 2015 financial statements is attached as **Exhibit "R"** to this Affidavit.

APPOINTMENT OF THE INTERIM RECEIVER AND RECEIVER

48. For the above reasons, Bridging believes that there is an urgent need to preserve and protect the assets of the Borrower by the immediate *ex parte* appointment of an interim receiver and the subsequent appointment of a full receiver.

49. The Borrower is at a critical time in its season as commitments have to be made immediately to the growers for this year's supply and the purchase of seeds has to be funded. Bridging is willing to funds these critical expenses and the ongoing operations, but it has lost

faith in the Borrower’s abilities and intention. Bridging will therefore only fund with the oversight and control of a receiver.

50. Pursuant to subsection 8.4 of the GSAs, Bridging has the right, upon an event of default, to seek the court-appointment of a receiver over any or all of the assets of the Borrower and 6921. Pursuant to section 10.9 of the GSAs, the Borrower and 6921 submitted to the jurisdiction of the courts sitting in Toronto.

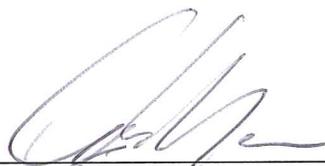
51. Bridging has, at all times, acted in good faith and with considerable patience towards the Borrower, including by continuing to provide overadvances in the face of mounting events of default. At this time, however, Bridging considers it just and equitable that a receiver be appointed over Borrower and 6921.

52. Richter is a licensed trustee and has consented to act as Interim Receiver and Receiver should the Court so appoint it.

53. In light of the foregoing, the Interim Receiver must be appointed immediately on *an ex parte* basis and its power expanded to that of the Receiver upon notice to the Borrower and 6921 at a date to be set by the Court upon appointment of the Interim Receiver.

54. This Affidavit is made in support of the within application for the appointment of Richter as receiver of Borrower and 6921, and for no other or improper purpose whatsoever.

SWORN before me at the City of)
Toronto, Province of Ontario,)
this 19th day of April, 2017.)
_____)
Commissioner of Oaths, etc.



Graham Marr

APPENDIX “B”

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

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

THE HONOURABLE MR) THURSDAY, THE 20TH DAY
)
JUSTICE NEWBOULD) OF APRIL, 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;**

**ORDER
(Appointment of Interim Receiver)**

THIS APPLICATION made by the Applicant for an Order pursuant to subsection 47(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), appointing Richter Advisory Group Inc. (“**Richter**”) as interim receiver (in such capacities, the “**Interim 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 affidavit of Graham Marr sworn April 19, 2017 and the exhibits thereto and on hearing the submissions of counsel for the Applicant, no one appearing for any other person, and on reading the consent of Richter to act as the Interim Receiver,

APPOINTMENT

1. **THIS COURT ORDERS** that pursuant to subsection 47(1) of the BIA, Richter is hereby appointed Interim Receiver, without security, of all of the assets, undertakings and properties of the Debtors acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (the “**Property**”).

INTERIM RECEIVER’S POWERS

2. **THIS COURT ORDERS** that the Interim Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Interim Receiver is hereby expressly empowered and authorized to do any of the following where the Interim 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 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 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 Interim Receiver's powers and duties, including without limitation those conferred by this Order;
- d) to report to, meet with and discuss with such affected Persons (as defined below) as the Interim Receiver deems appropriate on all matters relating to the Property and the interim receivership, and to share information, subject to such terms as to confidentiality as the Interim Receiver deems advisable; and

e) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

f) and in each case where the Interim 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.

CASH MANAGEMENT

3. **THIS COURT ORDERS** that the Debtors shall be required to continue to comply with cash management arrangements as set out and required under letter credit agreement dated July 3, 2015, as amended, between Thomas Canning, the Applicant and others, and the blocked account agreement dated June 29, 2015 entered into between Bank of Montreal, the Applicant and Thomas Canning.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE INTERIM RECEIVER

4. **THIS COURT ORDERS** that (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents, advisors, consultants, legal counsel and shareholders, and all other persons acting on their 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 Interim 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 Interim Receiver, and shall deliver all such Property to the Interim Receiver upon the Interim Receiver's request.

5. **THIS COURT ORDERS** that all Persons shall forthwith advise the Interim 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 Interim Receiver or permit the Interim Receiver to make, retain and take away copies thereof and grant to the Interim 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 Interim 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 Interim Receiver for the purpose of allowing the Interim 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 Interim Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Interim Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Interim Receiver with all such assistance in gaining immediate access to the information in the Records as the Interim Receiver may in its discretion require including providing the Interim Receiver with instructions on the use of any computer or other system and providing the Interim 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 INTERIM 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 Interim Receiver except with the written consent of the Interim 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 Interim 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 Interim Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Interim 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 Interim Receiver or the Debtors to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Interim 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 INTERIM 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, licence or permit in favour of or held by the Debtors, without written consent of the Interim 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 Interim Receiver, and that the Interim 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 Interim 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 Interim Receiver, or as may be ordered by this Court.

INTERIM RECEIVER TO HOLD FUNDS

12. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments that may be received or collected directly by the Interim Receiver from and after the making of this Order from any source whatsoever shall be deposited into one or more new accounts to be opened by the Interim Receiver (the “**Post Interim Receivership Accounts**”) and the monies standing to the credit of such Post Interim Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Interim 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 shall remain the employees of the Debtors. The Interim 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, other than such amounts as the Interim 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*.

LIMITATION ON ENVIRONMENTAL LIABILITIES

14. **THIS COURT ORDERS** that nothing herein contained shall require the Interim 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 Interim Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Interim Receiver shall not, as a result of this Order or anything done in pursuance of the Interim 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 INTERIM RECEIVER'S LIABILITY

15. **THIS COURT ORDERS** that the Interim 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 Interim Receiver by section 14.06 of the BIA or by any other applicable legislation.

INTERIM RECEIVER'S ACCOUNTS

16. **THIS COURT ORDERS** that the Interim Receiver and counsel to the Interim Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Interim Receiver and counsel to the Interim Receiver shall be entitled to and are hereby granted a charge (the "**Interim 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 Interim Receiver's Charge shall form a charge on the Property in priority to the security interests in favour of the Applicant but behind all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise (collectively, "**Encumbrances**"), in favour of any Person that has not been served with the notice of the application of this Order, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA. The Applicant and the beneficiaries of the Interim Receiver's Charge shall be entitled to seek priority ahead of all Encumbrances, on notice to those parties likely to be affected by such priority.

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

18. **THIS COURT ORDERS** that prior to the passing of its accounts, the Interim 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 standard rates and charges of the Interim 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 INTERIM RECEIVERSHIP

19. **THIS COURT ORDERS** that the Interim 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 \$500,000 (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 Interim 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 “**Interim Receiver’s Borrowings Charge**”) as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to the security interests in favour of the Applicant but behind all other Encumbrances in favour of any Person that has not been served with the notice of application of this Order, but subordinate in priority to the Interim Receiver’s Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA. The Applicant and the beneficiaries of the Interim Receiver’s Borrowings Charge shall be entitled to seek priority ahead of all Encumbrances, on notice to those parties likely to be affected by such priority.

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

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

22. **THIS COURT ORDERS** that the monies from time to time borrowed by the Interim Receiver pursuant to this Order or any further order of this Court and any and all Interim 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 Interim Receiver's Certificates.

SERVICE AND NOTICE

23. **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/e-service-protocol/>) 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>'.

24. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Interim 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.

GENERAL

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

26. **THIS COURT ORDERS** that nothing in this Order shall prevent the Interim Receiver from acting as a BIA section 243(1) receiver or as a trustee in bankruptcy of the Debtors.

27. **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 Interim 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 Interim Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Interim Receiver and its agents in carrying out the terms of this Order.

28. **THIS COURT ORDERS** that the Interim 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 Interim 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.

29. **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 Interim Receiver from the Debtors' estate with such priority and at such time as this Court may determine.

30. **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 Interim 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.



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

APR 20 2017

PER / PAR: 

SCHEDULE "A"

INTERIM RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. **THIS IS TO CERTIFY** that Richter Advisory Group Inc., the interim receiver (the “**Interim 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 ___ day of _____, 2017 (the “**Order**”) made in an action having Court file number ___-CL-_____, has received as such Interim Receiver from the holder of this certificate (the “**Lender**”) the principal sum of \$_____, being part of the total principal sum of \$_____ which the Interim 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 _____ 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 Interim 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*, and the right of the Interim 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 Interim 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 Interim 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 Interim 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 _____, 20__.

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

Per: _____
Name:
Title:

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

Applicant

THOMAS CANNING (MAIDSTONE) LIMITED and 692194
ONTARIO LIMITED

Respondents

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
PROCEEDING COMMENCED AT TORONTO

ORDER
(Appointment of Interim Receiver)

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

Sam Babe - LSUC # 49498B
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Fax: 416.863.1515
Email: sbabe@airdberlis.com

*Lawyers for the Applicant, Bridging Finance Inc., as
Agent For Sprott Bridging Income Fund LP*

APPENDIX “C”

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;

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

THOMAS CANNING (MAIDSTONE) LIMITED and 692194
ONTARIO LIMITED

Applicant

Respondents

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

May 20, 2017

In my view, on the basis of the material before me, an interim receiver is warranted. In light of the designation of funds, it is appropriate that this application be heard on an ex parte basis. Comeback date of April 28, 2017.

Dredy

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
PROCEEDING COMMENCED AT TORONTO

APPLICATION RECORD

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Barristers and Solicitors
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Lawyers for the Applicant, Bridging Finance Inc., as
Agent For Sprott Bridging Income Fund LP

APPENDIX “D”

ACCOMMODATION AGREEMENT

THIS ACCOMMODATION AGREEMENT (this “**Accommodation Agreement**”) is made with effect as of the 29th day of April, 2017 and is entered into by and among:

BRIDGING FINANCE INC., as Administrative and Collateral Agent for
Sprott Bridging Income Fund LP

- and -

THOMAS CANNING (MAIDSTONE) LIMITED, as Borrower

- and -

692194 ONTARIO LIMITED, as Guarantor

- and -

WILLIAM THOMAS, ROBERT THOMAS AND JOHN THOMAS,
as Limited Guarantors

RECITALS:

- A. Thomas Canning (Maidstone) Limited (the “**Borrower**”) is indebted to Bridging Finance Inc. (“**Bridging**”) and the other lenders under the Credit Agreement (as defined below) with respect to certain credit facilities (the “**Credit Facilities**”) granted pursuant to and under the terms of a Credit Agreement dated July 3, 2015 among and between Bridging as administrative and collateral agent (in such capacity, the “**Agent**”) for Sprott Bridging Income Fund LP (together with the Agent, the “**Lender**”), 692194 Ontario Limited, as guarantor (“**6921**”) and each of William Thomas, Robert Thomas and John Thomas, as limited guarantors (collectively, the “**Personal Guarantors**” and, together with 6921, the “**Guarantors**”, and the Guarantors together with the Borrower, the “**Obligors**”), as amended by a First Amending Letter Agreement dated May 17, 2016, a Second Amending Letter Agreement dated May 31, 2016, and a Third Amending Letter Agreement dated July 26, 2016 (collectively, and as further amended, supplemented, restated, replaced or renewed from time to time, the “**Credit Agreement**”).
- B. As security for the payment of all advances made to and obligations of the Borrower under the Credit Facilities and all other present and future indebtedness, fees, costs, expenses and other liabilities owing by the Borrower to the Lender (collectively, the “**Obligations**”), the Agent holds the security made by the Borrower detailed in Schedule “**A**” to this Accommodation Agreement (as amended, supplemented, restated, replaced or renewed from time to time, the “**Borrower’ Security**”).
- C. The Guarantors have delivered the guarantees of the Obligations in favour of the Agent and the Lenders detailed on Schedule “**A**” to this Accommodation Agreement (the “**Guarantees**”) and have granted security to the Agent detailed on Schedule “**A**” to this

Accommodation Agreement for their respective obligations under the Guarantees (as amended, supplemented, restated, replaced or renewed from time to time, collectively, the "Guarantors' Security" and, together with the Borrower's Security, the "Security").

- D. The Borrower is in breach of its obligations under the Credit Agreement as a result of the Events of Default detailed on Schedule "B" to this Accommodation Agreement (collectively, the "Existing Defaults").
- E. As a result of the Existing Defaults, the Agent, by its counsel, issued demands for repayment of the Obligations to each of the Obligors (collectively, the "Demands" and, each, a "Demand"), which Demands, in the case of the Borrower and 6921, were accompanied by Notices of Intention to Enforce Security (collectively, the "BIA Notices") pursuant subsection 244(1) of the *Bankruptcy and Insolvency Act* (the "BIA"), all dated April 5, 2017.
- F. The notice period set out in the BIA Notices has expired and the Obligors have failed to repay the outstanding Obligations and the Agent is entitled to pursue any and all remedies to enforce its rights pursuant to the Credit Agreement, the Security and the other Credit Documents, as such term is defined in the Credit Agreement (hereinafter, the "Credit Documents"), as well as under Applicable Laws, including, without limitation, the right to appoint, or seek the court-appointment of, a receiver over the Borrower and 6921.
- G. The Obligors breached their obligations in respect of the Cash Management (as defined below). On April 20, 2017, the Agent filed an application with the Ontario Superior Court of Justice (Commercial List) in Toronto (the "Court"), under Court file number CV-17-11773-00CL, for: (1) the *ex parte* appointment of Richter Advisory Group Inc. ("Richter") as interim receiver over the Borrower and 6921 (in such capacity, the "Interim Receiver") pursuant to subsection 47(1) of the *Bankruptcy and Insolvency Act* (the "BIA") and the subsequent appointment of Richter as receiver of the Borrower and 6921 (in such capacity, the "Receiver") pursuant to subsection 243(1) of the BIA (the "Original Application").
- H. Also on April 20, 2017, the Agent obtained an Order of the Court, made on an *ex parte* basis, appointing the Interim Receiver (the "Interim Receivership Order").
- I. On April 21, 2017, the Agent filed an amended Original Application, expanding the proposed legislative basis for the appointment of the Receiver to include section 101 of the *Courts of Justice Act* (Ontario) (as amended, the "Application", and the Court proceedings commenced thereby, the "Receivership Proceedings").
- J. The Obligors have requested that the Agent forbear from exercising and enforcing any rights and remedies available under Applicable Laws or under the Credit Documents and the adjournment of the Receivership Proceedings arising as a result of the Existing Defaults to allow the Borrower to conduct a refinancing, investment and/or sale solicitation process ("RISP").
- K. The Obligors have also requested that Lender provide certain funding of "critical payments" to the Borrower under the Credit Facilities, on the terms and conditions and

subject to the limitations as specified in the Credit Agreement as amended by this Accommodation Agreement.

NOW THEREFORE, in consideration of the premises above, the respective covenants of the parties hereto as herein contained, and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Accommodation Agreement, unless the context otherwise requires, all capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to them in the Credit Agreement. All monetary amounts referred to in this Agreement shall refer to Canadian currency save and except where the initials "U.S." appear in reference to any sum, in which event such reference shall be to currency of the United States of America.

1.2 Gender and Number

Words importing the singular include the plural and vice versa and words importing gender include all genders.

1.3 Severability

Each of the provisions contained in this Accommodation Agreement is distinct and severable, and a declaration of invalidity, illegality or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision of this Accommodation Agreement.

1.4 Headings

The division of this Accommodation Agreement into articles, sections and clauses, and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Accommodation Agreement.

1.5 Attornment

The parties hereto irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario and, in first instance, the Court, for all matters arising out of or in connection with this Accommodation Agreement.

1.6 Conflicts

If there is any inconsistency or conflict between the terms of this Accommodation Agreement and the terms of the Credit Documents, the provisions of this Accommodation Agreement shall prevail to the extent of such inconsistency or conflict, but the foregoing shall not apply to limit or

restrict in any way the rights and remedies of the Lender under the Credit Documents or this Accommodation Agreement other than as may be specifically contemplated herein.

ARTICLE 2 ACKNOWLEDGEMENTS AND CONFIRMATIONS

2.1 Acknowledgements and Confirmations

The Obligors hereby irrevocably and unconditionally acknowledge, agree, represent, warrant, confirm and agree as follows:

- (a) the statements contained in the Recitals of this Accommodation Agreement are true and accurate in every respect;
- (b) the Security is fully enforceable by the Agent against the Obligors and the Agent is entitled to exercise all of its rights and remedies under the Security;
- (c) the Obligations under the Credit Agreement as of the date of this Accommodation Agreement set out on **Schedule "C"** hereto are owing by the Obligors, jointly and severally, to the Agent and Lenders unconditionally, without offset, defence or counterclaim of any kind, nature or description whatsoever, except with regard to the limitations on the principal amount of the obligations of the Personal Guarantors under their respective Guarantees;
- (d) the Existing Defaults have occurred and are continuing and each constitutes an Event of Default under the Credit Agreement for all purposes (but not a Termination Event under this Accommodation Agreement) and the Obligors will not assert or exercise any right of defence, dispute, counterclaim or other right, claim, demand, challenge, objection or appeal of any kind in respect of such Existing Defaults, other than in opposition to any attempt to use such Existing Defaults as a basis for terminating this Accommodation Agreement;
- (e) each of the Demands and the BIA Notices has been validly and effectively given to the Obligor to which it was addressed in full compliance with the Credit Documents and Applicable Laws and will remain in full force and effect at all times until the Obligations are paid to the Agent in full, subject only to the provisions of this Accommodation Agreement;
- (f) the notice period set out in the BIA Notices has expired;
- (g) the Agent has not waived and shall not be deemed to have waived any of the Existing Defaults and the Agent has validly and effectively accelerated all Obligations and, subject only to the provisions of this Accommodation Agreement, the Agent is immediately entitled, in respect of the Existing Defaults, without limitation or restriction of any kind and as it may determine in its sole discretion, to take and exercise all rights, remedies, actions, proceedings and claims available to the Agent as secured creditor under or in respect of the Credit Agreement, the Obligations, the Credit Documents or otherwise under Applicable

Laws, including, without limitation, the appointment of a receiver, an interim receiver or trustee in bankruptcy under the BIA (such rights, remedies, action, proceedings and claims, collectively, "**Lender Enforcement Actions**");

- (h) nothing in this Accommodation Agreement constitutes a withdrawal or revocation of any of the Demands or the BIA Notices, or a waiver by or on behalf of the Agent of any Existing Defaults, a waiver of any other or future defaults or Events of Defaults under the Credit Agreement, the Security or the other Credit Documents or a waiver of any Lender Enforcement Actions relating to any existing or other or future defaults or Events of Default under the Credit Agreement, the Security, the other Credit Documents or Applicable Laws (including the Existing Defaults), or a waiver of the obligation of the Obligors to pay the entirety of the Obligations to the Agent when due;
- (i) the Credit Agreement, the Security and the other Credit Documents are in full force and effect, constitute legal, valid and binding obligations of the Obligors enforceable against the Obligors in accordance with their terms, and each Obligor hereby waives and agrees not to assert or cause to be asserted on its behalf, and is hereby estopped from asserting or causing to be asserted on its behalf, any rights of defense, dispute, counterclaim, set-off, deduction or other rights, claims, demands, challenges, objections or appeals of any kind whatsoever arising from or relating to any matter, cause or thing whatsoever existing as of the date of this Accommodation Agreement, whether in respect to the legal effect of any of the Credit Documents or the legality, validity or binding effect of the obligations of the Obligors thereunder or the enforceability of same;
- (j) this Accommodation Agreement has been duly executed and delivered by a duly authorized officer on behalf of each Obligor and constitutes a legal, valid and binding obligation of the Obligors, enforceable in accordance with its terms;
- (k) this Accommodation Agreement has been fairly and freely negotiated between sophisticated commercial parties having received the benefit of independent legal advice of experienced legal counsel, and the Obligors are entering into this Agreement voluntarily with full understanding of the nature and consequences of same and without duress, bad faith, unreasonable or oppressive conduct, undue influence or other unfair advantage of any kind by or on behalf of the Agent or any other person;
- (l) nothing herein shall require or constitute an agreement on the part of the Agent (i) to forbear from taking or exercising any Lender Enforcement Actions at any time in respect of any other or future Event of Default; or (ii) to forbear in the exercise of any Lender Enforcement Actions at any time upon or following the occurrence of any Forbearance Termination Event (as defined in section 6.1 below);
- (m) as of the date hereof, the Agent has acted in a commercially reasonable manner and the Obligors, are estopped from disputing same;

- (n) as of the date hereof, the Borrower has remained in possession and control of its business and assets at all times;
- (o) the Obligors do not fall under the definition of "farmer" in the *Farm Debt Mediation Act* (the "FDMA") and are hereby estopped from disputing same and/or from making any claim under the FDMA and hereby waive any right to assert that they are a "farmer" or have any rights under the FDMA;
- (p) in entering into this Accommodation Agreement, the Agent is relying on the covenants, acknowledgements, agreements, representations and warranties of the Obligors being true and correct at all times and that all such covenants, acknowledgements, agreements, representations and warranties are and will continue to be in full force and effect at all times, both before, during and after any Forbearance Period (as defined in section 3.1 below), notwithstanding (i) that any of the forbearance conditions in section 3.2 below (the "Forbearance Conditions") may not be satisfied or waived, or (ii) any expiry of the Forbearance Period;
- (q) all terms and conditions of the Credit Documents shall continue in full force and effect save and except as amended by this Accommodation Agreement, and to the extent than any provision thereof conflicts with this Accommodation Agreement, this Accommodation Agreement shall prevail to the extent of such conflict;
- (r) the existing cash management arrangements contemplated in the Credit Agreement (the "Cash Management"), including pursuant to which Bridging has full cash dominion over the Borrower's CDN\$ and U.S.\$ collection accounts at the Toronto main branch of the Bank of Montreal ("BMO") under the terms of a Blocked Account Agreement between the Agent, the Borrower and BMO dated as of June 29, 2015 (the "Blocked Account Agreement"), are being and shall continue to be maintained in order for the Agent to maintain the collateral monitoring and protection that it currently has over all proceeds of Collateral under the terms of the Credit Agreement and the Blocked Account Agreement;
- (s) despite the oversight and approval role of the Monitor (as defined in section 5.2 below), the Borrower shall remain, and be deemed to remain, in possession and control of its business throughout the Forbearance Period (as defined in subsection 3.1(a) below); and
- (t) title to the generator/cooling system in the possession of one or more of the Personal Guarantors, all growing contracts for the 2017 season and all seeds supplied in connection therewith are legally and beneficially solely owned and held by the Borrower.

**ARTICLE 3
FORBEARANCE**

3.1 Forbearance

- (a) In reliance upon the representations, warranties and covenants of the Obligors contained in this Accommodation Agreement, the Agent agrees to forbear from exercising its rights and remedies under the Security, the Guarantees and under Applicable Laws in accordance with the terms and conditions of this Accommodation Agreement, and any document(s) executed in connection herewith, for the period (the "**Forbearance Period**") commencing on the date the conditions precedent in subsection 3.2(a) are confirmed satisfied or waived by the Agent in writing and ending on the earliest of:
- (i) June 30, 2017 (the "**Outside Date**");
 - (ii) the occurrence of any Forbearance Termination Event (as defined in section 6.1 below); and
 - (iii) the completion of an acceptable transaction under Section 3.2(d) below;
- or such later date as agreed to in writing by the Agent and the Obligors (the "**Forbearance Termination Date**").
- (b) Subject to the satisfaction of the conditions in subsection 3.2(a), the Agent agrees that it shall take no further action or proceedings in furtherance of the Demands or the BIA Notices during the currency of the Forbearance Period.
- (c) Upon the expiration or termination of the Forbearance Period, the agreement of the Agent to forbear shall automatically and without further action terminate and be of no further force and effect, it being expressly agreed that the effect of such termination will be to permit the Agent, at its option, to take all Lender Enforcement Actions on not less than two (2) Business Days' notice to the Obligors and the Monitor.
- (d) If no acceptable offer is received and/or transaction is completed under the RISP as set out in Section 3.2(d) below or the Obligations are not repaid by the Outside Date, the Agent will, if requested by the Borrower, extend the Forbearance Period to allow for further operations of and an orderly wind-down of the Borrower's canning business (the "**Business**"), provided that the Monitor recommends such extension and advises the Agent that the Borrower can survive and operate solely on its own cash flow without any deterioration of the Business, customer base or value of Agent's secured position or Collateral and provided further that no Forbearance Termination Event has occurred and that the Individual Guarantors have and continue during such extension to fully cooperate with the Monitor in all respects. For greater certainty, the concept of "operate solely on its own cash flow" requires that the Lender will make advances to the Borrower, during the extension, as recommended by the Monitor, in amounts equal the amount of the

cash flow deposited into the Blocked Account and but no further advances can be required of the Lender.

3.2 Conditions

As conditions to the Agent's forbearance and funding obligations under this Accommodation Agreement:

Conditions Precedent

- (a) As conditions precedent to the parties hereto being able to rely on any aspect of this Accommodation Agreement:
 - (i) each of the Obligors shall have executed and delivered this Accommodation Agreement;
 - (ii) the Agent and the Obligors shall have obtained the Monitor Order as set out in section 5.2 below;

Operations

- (b) The Obligors shall comply with and operate the Business in a manner consistent with the following:
 - (i) the recommendations and approvals of the Monitor and any 13-week cash flow projections/budget to be prepared by the Monitor with the assistance of the Obligors, as such projections may only be modified from time to time by the Monitor with the written consent of the Agent (the "Cash Flows");
 - (ii) the RISP;
 - (iii) shall at any and all times and in all respects obtain the prior approval of the Monitor, act on all recommendations of the Monitor, and not attempt to hinder, delay, interfere with or frustrate the efforts of the Monitor, in respect of any business decisions including regarding sales, supply and expenditures;
 - (iv) not sell any assets out of the ordinary course of business or attempt to remove them from their existing collateral locations without the prior written approval of the Monitor and the Agent;
 - (v) any cash disbursements including but not limited to cheque requisitions, wire transfers requests and electronic fund transfers requests shall be reviewed and approved by the Monitor prior to execution by the senior officers of the Borrower.

- (c) The Borrower shall not pay any salary, bonuses or shareholder loans or any other form of remuneration or reimbursement to any related party, including the Personal Guarantors.

Refinancing, Investment and/or Sale Solicitation Process

- (d) The Monitor, with the assistance of the Obligors, shall implement the RISP in accordance with the following structure and milestones:
 - (i) the RISP will seek proposals for one or more of: (A) refinancing of the Obligations; investment in the Borrower; purchase of the Borrower's business and assets, including its owned real estate core to its canning operations (the "Plant Lands"); and (B) purchase of the Borrower's and 6921's real estate other than the Plant Lands (the "Agricultural Lands");
 - (ii) Phase 1 of the RISP shall commence no later than May 8, 2017 ("Phase 1"):
 - (A) the Monitor shall, with the assistance of the Obligors, prepare and send a teaser to a list of persons who may have interest in bidding for the refinancing or sale of or investment in the Business (the "Known Potential Bidders"), which list shall be compiled by the Monitor with the assistance of the Obligors and the Agent;
 - (B) the Monitor will, with the assistance of the Obligors, prepare and enter into non-disclosure agreements in form and substance satisfactory to the Monitor with known Potential Bidders who are likely to be able to consummate a transaction (each, a "Qualified Bidder");
 - (C) the Monitor shall, with the assistance of the Obligors, grant access to Qualified Bidders to a data room (the "Data Room");
 - (D) the Monitor shall market the Business so as to allow for a bid that includes the assumption of the remaining obligations of the company's Totes lease(s);
 - (E) non-binding letters of intent (each, an "LOI") will be accepted from Qualified Bidders by no later than 5:00 p.m. (Eastern Standard time) on May 26, 2017;
 - (iii) the Monitor may extend these milestones at any time, with the consent of the Agent;
 - (iv) the Monitor may not accept bids to purchase the Business or Plant Lands at any time prior to May 26, 2017 and the Monitor shall be under no obligation to accept any offer including any offer that would not pay out the Obligations (as at the closing date) in full;

- (v) by no later than June 2, 2017 ("Phase 2"):
 - (A) the Monitor shall:
 - (1) in consultation with the Agent, review each LOI received and, if necessary, request clarification from the applicable Qualified Bidders to assess each LOI based on, among other things: (i) the form and amount of consideration, investment or credit being offered, including any adjustments and/or non-cash consideration; (ii) the demonstrated financial capability of the Qualified Bidder to consummate the proposed transaction; (iii) the conditions to closing of the proposed transaction; and (iv) the estimated time to closing the proposed transaction in relation to the Outside Date;
 - (2) the Monitor shall share such LOIs with the Obligors and may seek their input and assistance (provided they have declared their interest in writing as not being a potential bidder); and
 - (3) with the consent of the Agent and subject to the reservation of the right of the Monitor and/or the Agent to not accept any LOI, select the most favourable of any acceptable LOI(s);
 - (B) upon selection of an acceptable LOIs the applicable Qualified Bidder shall conduct any further due diligence it requires and, by the end of Phase 2, waive any condition other than the procurement of a sale approval order and provide a deposit of not less than 10% of the total proposed cash consideration; and
- (vi) by no later than June 15, 2017 ("Phase 3") and upon waiver of any condition other than the procurement of a sale approval order, the Monitor shall negotiate and finalize the required definitive agreements with the applicable Qualified Bidder;
- (vii) the Monitor shall promptly seek court approval (in the Receivership Proceedings) of and close the chosen transaction(s) by no later than the Outside Date;
- (viii) the above milestone dates may be adjusted or extended by the Monitor for the sale of Agricultural Lands if no acceptable offer was made for such Agricultural Lands and the Monitor recommends such adjustment or extension;
- (ix) the Lender shall not be a Qualified Bidder in the RISP, but reserves its right to credit bid any portion of the Obligations if no LOIs acceptable to

the Monitor and Agent are received and/or any such transaction is not successfully completed; and

(x) the Lender may assign its debt and security at any time, provided that, a) so long as no Forbearance Termination Event has occurred, the Lender shall not assign the personal Guarantees without the consent of the Personal Guarantors, b) the assignee shall not be assigned this Accommodation Agreement and shall not be entitled to rely upon the acknowledgements and consents to enforcement contained herein or the right to enforce that debt and security as a result of the Existing Defaults. For clarity, an entity who takes an assignment of the debt and security would only be able to enforce that debt and security over the Obligors upon the occurrence of a new Event of Default thereafter.

(e) The Monitor shall provide the Agent and the Obligors or its advisors with weekly progress reports on the RISP.

Credit Facilities, Cash Management and Interim Repayment

(f) The Borrowers shall continue to be liable for all interest on all amounts outstanding under the Credit Documents in accordance with section 4.1 hereof.

(g) The Borrowers shall at any and all times maintain the Cash Management.

Co-operation

(h) The Obligors shall fully cooperate with the Agent and the Monitor in preparing the Cash Flows and with all other matters associated with valuations or assessments on any of the property of the Borrower or 6921 that forms part of the Collateral.

(i) The Obligors shall permit the Monitor to discuss their affairs, finances and condition with the Agent and their advisors.

(j) The Obligors shall promptly provide all information requested by the Agent or the Monitor, including any legal counsel, financial advisors, or appraisers engaged on behalf of the Agent or the Monitor, and shall provide full access to the books, records, property and assets of the Obligors wherever they may be situated, which right of access shall include the right to inspect, appraise and take possession of any such property and assets of the Borrower and 6921.

(k) The Obligors shall fully cooperate and grant full access to the Monitor's security contractors and otherwise assist the Monitor in securing the property of the Borrower and 6921.

(l) The Obligors shall fully cooperate with the Monitor in the implementation of this Accommodation Agreement, any order of the Court and the RISP.

- (m) The Monitor shall be permitted to engage whatever advisors and consultants it deems necessary or advisable.

Financial Performance and Reporting

- (n) the Obligors shall continue to honour all reporting requirements as are presently provided for in the Credit Agreement, including any rights of the Agent for additional reporting as it may be entitled to (whether as a result of the occurrence of an Event of Default or otherwise) pursuant to the Credit Agreement or this Accommodation Agreement;
- (o) the Obligors shall immediately notify the Agent in writing of any material adverse change after the date hereof in the business or financial condition of the Borrower, or the occurrence of any Event of Default or Forbearance Termination Event (other than the Existing Defaults), or any event which with notice or lapse of time or both would constitute an Event of Default or Forbearance Termination Event.

**ARTICLE 4
INTEREST RATES**

4.1 Interest Rates

The Loans under the Credit Agreement and all other Obligations arising from or related to such Loans (including all Obligations outstanding as at the date hereof), until a Forbearance Termination Event as hereinafter defined, shall continue to bear interest during the Forbearance Period at the rate of interest provided under the Credit Agreement upon the occurrence of an Event of Default or demand.

**ARTICLE 5
OBLIGATIONS OF THE LENDER DURING FORBEARANCE PERIOD**

5.1 Loan Availability

Subject to a Forbearance Termination Event, the Lender shall continue to provide advances under the Credit Agreement (but without further reference to any borrowing base calculation which would, but for this Accommodation Agreement, impact such advances) during the Forbearance Period in order to fund the "critical payments" requested by the Obligors and recommended and approved by the Monitor. For greater certainty, the Lender shall not be obligated to fund full normal course operations during the Forbearance Period, but rather only amounts which are necessary to allow the Borrower to continue to operate the Business for the duration of the Forbearance Period. The Lender will, in accordance with and upon the Monitor's review and recommendation, fund the payment of the reasonable fees and disbursements of the Borrower's counsel, Blaney McMurtry LLP, incurred in connection with this 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 also in accordance with the Monitor's review and recommendation but excepting any fees and disbursements relating to work done in opposition to motions brought by the Monitor or the Agent in connection with the RISP or any transaction resulting from the RISP.

5.2 Receivership Proceedings

The Agent shall, on May 1, 2017, seek an Order, in form and substance satisfactory to Richter, the Obligors and the Agent (the "**Monitor Order**"), discharging Richter as Interim Receiver and reappointing it as a monitor of the Borrower and 6921 (in such capacity, the "**Monitor**"). The Monitor's powers under the Monitor Order shall not include taking possession or control of the property of the Borrower and 6921, but shall include power to secure the property, powers of approval and oversight of sales, supply, expenditures and other business decisions, the power to implement the RISP, the power to report to the Court and to the Agent and the power to appoint counsel, agents, consultants and advisors of its choosing. The Monitor Order shall also terminate any stay of proceedings against other creditors but not against any governmental or licensing body or agency in favour of the Borrower and 6921, but will provide for a stay in favour of the Monitor as well as provide for borrowing powers and a borrowing and administrative charge and the dispensing of any public and/or statutory notices required under the BIA or other Applicable Law. At the same hearing, the Application for the Receivership Order (for a full BIA subsection 243(1) receiver) will be adjourned until a date to be set.

ARTICLE 6 FORBEARANCE TERMINATION EVENTS

6.1 Forbearance Termination Events

This Accommodation Agreement shall forthwith terminate upon the happening of any one or more of the following events (each called a "**Forbearance Termination Event**")

- (a) if at any time any Obligor consents to or makes a general assignment for the benefit of creditors or takes advantage of, any insolvency, restructuring, reorganization or similar legislation, including the FDMA, or take any corporate step in furtherance of the foregoing, or is declared bankrupt, or if a liquidator, trustee in bankruptcy, bailee, custodian, interim receiver, receiver or receiver and manager or other officer with similar powers is appointed or taking any proceedings with respect to any Obligor or a related or affiliated company or any of its respective property, or any step in furtherance of any of the foregoing is taken by any Obligor or a related or affiliated company, its respective directors or officers, affiliates or any third party (excluding the Receivership Proceedings);
- (b) if at any time any Obligor seeks interim financing for the Business, outside the RISP, from a third party without prior written approval from the Agent;
- (c) if the Obligors fail to achieve any milestone in the RISP after June 1, 2017, including as specified in subsection 3.2(d) hereof (including if no LOIs received are determined to be acceptable);
- (d) the failure to obtain an order of the Court appointing the Monitor in form and substance acceptable to Agent, Richter and the Obligors;

- (e) the occurrence of any Event of Default under the Credit Agreement or any other Loan Document other than the Existing Defaults or any Event of Default caused by:
 - (i) the Receivership Proceedings or
 - (ii) the RISP or any actions taken in accordance therewith; and
 - (iii) any payments by the Borrower on account of pre-Receivership Proceedings critical supplier claims, where such payments have been approved and recommended by the Monitor;
- (f) the Obligors default in the performance or observance of any covenant, term, agreement or condition of this Accommodation Agreement;
- (g) the failure of the Obligors to seek the approval of the Monitor hereunder with respect to decisions concerning the Business or the failure to follow or implement the recommendations of the Monitor concerning the Business or any attempt to hinder, delay, interfere with or frustrate the Monitor, its mandate hereunder, or the implementation of the RISP as set out in section 3.2(d) hereof;
- (h) if any confirmation, representation or warranty given by the Obligors herein is untrue or incorrect, other than if rendered untrue or incorrect by the existence of the Existing Defaults, the RISP or the Receivership Proceedings;
- (i) if the Obligors challenge in any manner the legality, validity, or enforceability this Accommodation Agreement, the Credit Agreement, any Security or any other Loan Documents or any order of the Court or challenges any of the liabilities or obligations owing to the Lender;
- (j) any failure by the Obligors, at the end of the Forbearance Period to pay the total then-outstanding Obligations to the Agent in full and without any claim, counterclaim, set-off, deduction or dispute of any kind;
- (k) any threatened garnishment, seizure other similar action or proceeding against any Collateral; or
- (l) the expiry of the Forbearance Period.

Each Forbearance Termination Event shall be deemed an Event of Default pursuant to the Credit Agreement and the other Loan Documents. Upon the occurrence of a Forbearance Termination Event, the Agent shall be entitled, but not required to exercise in respect of the Existing Defaults or any other Event of Default all rights and remedies under this Accommodation Agreement, the Credit Agreement, the other Loan Documents or otherwise. Without limiting the foregoing and effective upon the occurrence of a Forbearance Termination Event, the Obligors hereby consent to the immediate appointment of a receiver over the Borrower and 6921 pursuant to the Application for Receivership Order and hereby agree not to contest the appointment, on return of

the Application, of Richter as receiver or interim receiver or the appointment of any other receiver/interim receiver selected by the Agent, over the Collateral of the Borrower and 6921.

ARTICLE 7 GENERAL PROVISIONS

7.1 Release

Each of the Obligors (collectively, the “Releasors”) hereby releases, remises, acquits and forever discharges and indemnifies and holds harmless the Agent, the Lender, the Interim Receiver and Richter (in its personal capacity) and each of their respective employees, agents, representatives, consultants, attorneys, advisors, fiduciaries, servants, officers, directors, partners, predecessors, successors and assigns, affiliates, subsidiary corporations, parent corporations, related corporate divisions, shareholders, participants and assigns (all of the foregoing hereinafter called the “Released Parties”), of and from any and all actions and causes of action, judgments, executions, suits, debts, claims, demands, liabilities, obligations, setoffs, recoupments, counterclaims, defences, damages and expenses of any and every character, known or unknown, suspected or unsuspected, direct and or indirect, at law or in equity, of whatsoever kind or nature, whether heretofore or hereafter arising, for or because of any matter or things done, omitted or suffered to be done by any of the Released Parties prior to and after the date hereof, and in any way directly or indirectly arising out of or in any way connected to this Accommodation Agreement, the Credit Agreement, the Security (and any enforcement relating thereto), any of the other Loan Documents, the Interim Receivership or the Monitor Order other than as a result of the Monitor’s gross negligence or wilful misconduct (all of the foregoing hereinafter called the “Released Matters”). Each Releasor acknowledges that the agreements in this Section are intended to be in full satisfaction of all or any alleged injuries or damages arising in connection with the Released Matters and constitute a complete waiver of any right of setoff or recoupment, counterclaim or any defence of any nature whatsoever with respect to the Released Matters or which might limit or restrict the effectiveness or scope of its agreements in this Section. Each Releasor represents and warrants that it has no knowledge of any claim by it against the Released Parties or of any facts, or acts or omissions of the Released Parties which on the date hereof would be the basis of a claim by the Releasors against the Released Parties which is not released hereby. Each Releasor represents and warrants that it has not purported to transfer, assign, pledge or otherwise convey any of its right, title or interest in any Released Matter to any other person or entity and that the foregoing constitutes a full and complete release of all Released Matters. The Releasors have granted this release freely, and voluntarily and without duress.

It is hereby understood and agreed that the Guarantees of John Thomas, Robert Thomas and William Thomas, and any claim which the Agent or Lender may have against Julie Thomas, will be released by the Agent upon: i) the successful completion of a transaction under the RISP, ii) the expiry of the Forbearance Period in the ordinary course and not as a result of a Forbearance Termination Event or any discovery of any fraudulent activity, behaviour or conduct; or iii) upon the completion of any orderly wind down of the Business as set out and in accordance with Section 3.1(d) above; provided that there has been no Event or Default (other than the Existing Defaults) under the Credit Agreement and there has been no Forbearance Termination Event hereunder including no breach of the obligations of the Obligors hereunder to fully cooperate with the Agent and the Monitor. In addition, provided the aforementioned conditions for release

of the personal Guarantees has been met, the Agent will, upon the completion of any realization over the property of 6921 in furtherance of its guarantee to the Agent, release the guarantee of 6921. In addition, if the conditions for releasing the Guarantees have been met, the Agent will also release any claim it may have against any of the foregoing entities in connection with any Existing Defaults, provided that this paragraph shall not require the Agent to release any claim against any such party for fraudulent activity, behaviour or conduct.

7.2 Effect of this Agreement

Except as modified pursuant hereto, no other changes or modifications to the terms of the Obligations, the Loan Documents or the other financing agreements are intended or implied and in all other respects the terms of the Obligations, the Loan Documents and the other financing agreements are confirmed.

7.3 Cost and Expenses

The Obligors hereby remain liable to the Agent whether or not all of the transactions contemplated by this Accommodation Agreement are consummated, for all reasonable costs, fees, expenses and disbursements of the Agent chargeable pursuant to the Credit Agreement or this Accommodation Agreement, and its legal and financial advisors (or any supplemental legal or financial advisors retained by the Agent) engaged by it in connection with the preparation, negotiation, execution, delivery, administration, interpretation or enforcement of this Accommodation Agreement, the Credit Agreement, the other Loan Documents and any agreements delivered in connection with the transactions contemplated hereby or thereby, and the RISP. The Agent continues to be authorized and directed to debit the account of the Borrower for such amounts. Without limiting the generality of the foregoing, the Obligors acknowledge and agree that the Agent shall have the right, at any time after the date hereof, to retain, within its sole discretion, upon reasonable terms and conditions, supplemental legal advisors and financial advisors of its sole choosing, and the costs and expenses thereof shall be for the account of the Obligors.

7.4 Further Assurances

The parties hereto shall execute and deliver such supplemental documents and take such supplemental action as may be necessary or desirable to give effect to the provisions and purposes of this Accommodation Agreement all at the sole cost and expense of the Borrower.

7.5 Binding Effect

This Accommodation Agreement shall be binding upon and enure to the benefit of each of the parties hereto and their respective heirs, executors, administrators, trustees, successors and assigns.

7.6 Survival of Representations and Warranties

All representations and warranties made in this Accommodation Agreement or any other document furnished in connection herewith shall survive the execution and delivery of this Accommodation Agreement and such other document, and no investigation by the Agent or any

closing of any transaction contemplated herein shall affect the representations and warranties or the rights of the Agent to rely upon such representations and warranties.

7.7 No Novation

This Accommodation Agreement will not discharge or constitute novation of any debt, obligation, covenant or agreement contained in the Credit Agreement or any of the other Loan Documents but same shall remain in full force and effect save to the extent same are amended by the provisions of this Accommodation Agreement.

7.8 Notice

Any notice, demand or other communication required or permitted to be given to any party hereunder shall be given in writing and addressed as follows:

in the case of Agent:

Bridging Finance Inc.
77 King Street West, Suite 2925
Toronto, Ontario M5K 1K7

Attention: Natasha Sharpe
Email: nsharpe@bridgingfinance.ca

In the case of the Obligors:

c/o Thomas Canning (Maidstone) Limited
326 South Talbot Road
Maidstone, Ontario N0R 1K0

Attention: William Thomas
Email: williamt@thomascanning.net

with a copy to Monitor:

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

Attention: Clark Lonergan
Email: CLonergan@Richter.ca

Any such notice shall be deemed to be sufficiently given if personally delivered or sent by facsimile transmission, and in each case shall be deemed to have been received by the other party on the same day on which it was delivered or sent by facsimile transmission, if such day is a Business Day, and, if not, on the next following Business Day.

7.9 Execution in Counterparts

This Agreement may be executed and delivered by facsimile and in any number of counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same agreement.

7.10 Governing Law

This Agreement shall be exclusively (without regard to any rules or principals relating to conflict of laws) governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first above mentioned.

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

By: 
Name:
Title:

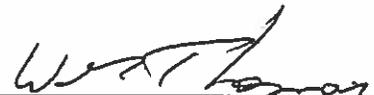
**THOMAS CANNING (MAIDSTONE)
LIMITED**

By: 
Name: WILLIAM THOMAS
Title: CEO / VP

692194 ONTARIO LIMITED

By: 
Name: John Thomas
Title: PRESIDENT

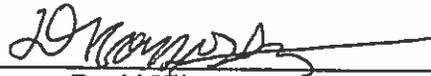

Witness: ~~David Ullman~~
Daniel Korsunsky

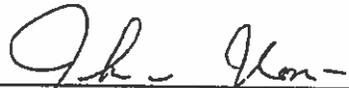

William Thomas


Witness: ~~David Ullman~~
Daniel Korsunsky

)
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)
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Robert Thomas


Witness: David Ullman
Daniel Korsunsky

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John Thomas

APPENDIX ‘E’

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

FIRST REPORT OF THE INTERIM RECEIVER

April 28, 2017

**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**

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

April 28, 2017

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APPENDICIES

APPENDIX “A” – ORDER OF THE HONOURABLE MR. JUSTICE NEWBOULD DATED APRIL 20, 2017

APPENDIX “B” – ENDORSEMENT OF THE HONOURABLE MR. JUSTICE NEWBOULD MADE APRIL 20, 2017

I. INTRODUCTION

1. Upon application by Bridging Finance Inc., as agent for Sprott Bridging Income Fund LP (“**Bridging**” or the “**Lender**”), on April 20, 2017, The Honourable Mr. Justice Newbould of the Superior Court of Justice (Commercial List) (the “**Court**”) issued an order (the “**IR Order**”) appointing Richter Advisory Group Inc. (“**Richter**”) as interim receiver (the “**Interim Receiver**”) of all of the assets, undertakings and properties (the “**Property**”) of Thomas Canning (Maidstone) Limited (“**TCL**”) and 692194 Ontario Limited (together with TCL, the “**Company**”) pursuant to subsection 47(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”). A copy of the Interim Receivership Order is attached hereto as **Appendix “A”**.
2. As noted in the endorsement of Justice Newbould, a copy of which is attached hereto as **Appendix “B”**, the Interim Receivership Order was granted on an *ex-parte* basis with a comeback hearing date of April 28, 2017 (the “**Comeback Hearing**”).
3. The Interim Receiver understands that an application will be made by Bridging before the Court at the Comeback Hearing for an order appointing Richter as receiver pursuant to subsection 243(1) of the BIA, and section 101 of the *Courts of Justice Act* R.S.O. 1990 c. C.43, as amended, without security, of the Property of the Company.
4. 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 that this Court grants the relief sought by the Lender. Richter files this report in its capacity as the Interim Receiver of the Company.

II. PURPOSE OF REPORT

5. The purpose of this report (the “**Report**”) is to:
 - a) inform this Court of the activities of the Interim Receiver since the granting of the IR Order; and
 - b) provide this Court with the Interim Receiver’s preliminary observations and findings.

III. QUALIFICATIONS

6. In preparing this Report, the Interim 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 Interim 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 Interim 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 Interim 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.

7. Unless otherwise noted, all monetary amounts contained in this Report are expressed in Canadian dollars ("**CAD**").

IV. BACKGROUND

8. Reference is made to the Affidavit of Graham Marr of the Lender, sworn April 19, 2017 (the "**Bridging Affidavit**") and filed with the Court in support of the Lender's application for the IR Order made April 20, 2017 (the "**Date of Appointment**"). While this Report summarizes some of the information set out in the Bridging Affidavit, for context, readers are directed to the Bridging Affidavit for a more detailed explanation of the grounds for the Lender's application.

Company Overview

9. TCL is a privately-owned Ontario corporation founded by the principals' grandparents in 1933, which operates a tomato canning business in Essex County, Ontario. The principals of the Company include: Mr. William Thomas ("**Bill Thomas**"), CEO; Mr. John Thomas ("**Jack Thomas**"), President; and Mr. Robert Thomas ("**Bob Thomas**", and together with Bill Thomas and Jack Thomas, the "**Management**"), VP Production and Plant Engineering.
10. TCL produces a variety of canned tomato product including pastes, sauces, canned tomatoes (whole, diced and crushed), juices and ketchup from both conventional and organic tomato feedstock, which is secured by contracts first with third party greenhouses, and then with conventional farms later in the production cycle. TCL sells its product under white label branding and its own Utopia Brand™ to customers primarily located in Canada and the United States.
11. 692194 Ontario Limited is a non-operating holding company, which the Interim Receiver understands owns the shares of TCL and certain real estate assets.

V. ACTIVITIES OF THE INTERIM RECEIVER

12. In the afternoon of April 20, 2017, following the granting of the IR Order, the Interim Receiver arrived onsite at the Company's premises at 326 South Talbot Road, Lakeshore, Ontario (the "**Premises**"), and was granted access by Bill Thomas upon being advised of the Interim Receiver's appointment. The Interim Receiver explained the terms

of the IR Order, after which Bill Thomas requested that the Interim Receiver vacate the office building (located on the Premises) until such time as the Company's counsel could be reached.

13. Shortly thereafter, the Interim Receiver and its counsel, Chaitons LLP ("**Chaitons**") were contacted by, and corresponded with, the Company's counsel, Mr. David Ullmann of Blaney McMurtry LLP ("**Mr. Ullmann**") on the terms of the IR Order, and the Interim Receiver's intentions with respect to accessing the Premises and the third party warehouse (the "**Third Party Warehouse**") where it understood that certain of the Company's inventory was located. Additionally, Mr. Ullmann raised concern over potential notification by the Interim Receiver of its appointment to third parties, on the premise that it would be disruptive to the Company's operations.
14. Mr. Ullmann advised, in an email to the Interim Receiver, Chaitons, and the Lender's counsel, Aird & Berlis LLP ("**Aird**"), that the Company would only provide access to the Interim Receiver at 5:00 p.m. that day, or shortly thereafter, being after business hours once the majority of the Company's employees had left the Premises. Mr. Ullmann further advised that the Third Party Warehouse had closed at 3:30 p.m. as per normal operating hours. As such, the Interim Receiver was not able to access the Third Party Warehouse on the Date of Appointment.
15. Shortly after 5:00 p.m., the Interim Receiver was granted access to, and was provided a tour of, the Premises by Bill Thomas. The Interim Receiver 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.
16. The Interim Receiver also 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 due to the aforementioned building configuration, significant inventory stored in large containers outdoors on the Premises (not secured against theft), and the fact that seven (7) Company employees are living on the Premises in trailers. No action was taken by the Interim Receiver to secure or safeguard the employees' lodgings.
17. On April 21, 2017, the Interim Receiver provided the Company's employees and Management access to the Premises. Such access has continued to be provided on a daily basis as requested, and business continues to operate in the normal course.
18. The Interim Receiver has also completed the following activities from the Date of Appointment up to and including the date of this Report:
 - a) Accessed the Third Party Warehouse for a brief inspection of the Company's inventory onsite on April 21, 2017. Subsequently, on April 24, 2017, the Interim Receiver was granted access to perform a physical count of the inventory at the Third Party Warehouse, which it understood was owned by the Company;
 - b) Photographed certain machinery/equipment and inventory located at the Premises;

- c) Performed a full physical count of the Company's inventory on the Premises, subject to certain limitations where certain of the inventory was not made readily accessible by Management;
 - d) Confirmed with Management that valid insurance was in place;
 - e) Requested and was provided with access to the computer system in order access certain of the Company's books and records;
 - f) Reviewed the Company's books and records in an effort to gain an understanding of the Company's financial position;
 - g) 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 ("**BMO**"), with the Lender's assistance; and (iv) opening mail received at the Premises in order to monitor customer payments and information pertinent to the Property;
 - h) Obtained from Management and reviewed recent bank statements of non-BMO accounts outside of the Lender's blocked account agreement with the Company and understood to no longer be in active use. With the exception of ongoing bank fees, the Interim Receiver noted no activity in these bank accounts, but notes that it has yet to review the April 2017 statement for one of the accounts (with Royal Bank of Canada);
 - i) 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 understands that shipments from the Third Party Warehouse are only made to the Premises, and not directly to customers;
 - j) Obtained an understanding from Management of the Company's canning cycle (the "**Production Cycle**") and the status thereof, including reviewing supporting documentation for seeds purchased and provided to third party greenhouses in support of production, and related agreements between the Company and the greenhouses;
 - k) Participated in numerous update calls with the Lender and Aird, and Mr. Ullmann in respect of the interim receivership proceedings; and
 - l) Prepared this Report.
19. The Interim Receiver also engaged Mr. Julio Cacoilo, on a day-to-day independent consultant basis, to assist the Interim Receiver in safeguarding and securing the Property. Mr. Cacoilo was familiar with the Company having

provided monitoring services to the Lender prior to the granting of the IR Order. Mr. Cacoilo assisted the Interim Receiver in conducting the physical inventory count mentioned above, and once finalized; his services were terminated by the Interim Receiver.

VI. INTERIM RECEIVER'S FINDINGS

20. As at the date of this Report the Interim Receiver has made the following preliminary findings:

- a) Management has assisted the Interim Receiver when requested, however has not been proactive in identifying potential risks and/or concerns that may be of interest of the Interim Receiver with respect to the Property (e.g. aged inventory product, extent of damage to inventory product, etc.);
- b) In relation to the Production Cycle, the Interim Receiver understands that all seeds have been procured by the Company and are in the process of being planted by the third party greenhouses;
- c) The Company has processed fifteen (15) shipments since the Date of Appointment, totaling sales of approximately \$219k;
- d) Bridging provided the Company with financing to make approximately \$52k in critical payments since the Date of Appointment, including payroll costs (\$27k), warehouse costs (\$17k) and packaging materials (\$7k). However, Management has been unable to provide any visibility into the Company's short term liquidity needs;
- e) The Company has insufficient senior finance and accounting resources to effectively operate its business. The Interim Receiver understands that the previous CFO resigned in March 2017 and the Company's inventory costing accountant resigned in September 2016, and that these resources have not been replaced. The Interim Receiver further understands that Management's background is in operations, and as a result it cannot adequately support the finance function;
- f) The Company's books and records are not up-to-date, as evidenced by:
 - (i) Bank reconciliations not completed since July 2015;
 - (ii) HST returns not completed or filed since mid-2016. Given the nature of the industry, the Interim Receiver understands that the Company may be in a refund position, however has not been able to confirm the HST position to date;
 - (iii) The Interim Receiver discovered that approximately \$320k of cash receipts had not been posted in the accounting system, resulting in an overstatement of accounts receivable ("AR", approximately 10% of the most recent AR balance);

- (iv) Due to the Company's gaps in its inventory management processes and procedures (including system limitations), the Interim Receiver could not rely on the Company's books and records to conduct its physical inventory count. A material overstatement of approximately \$1.5 million - \$2.0 million (including potentially aged/damaged product) was determined by the Interim Receiver as follows:

Thomas Canning Ltd.			
Results of Inventory Count			
As at April 20, 2017	Per Company	Physical Count	Variance
Goods Counted			
Finished Goods (Note)	\$ 4,098,300	\$ 4,975,200	\$ 876,900
Raw Materials - Paste	3,599,500	1,764,500	(1,835,000)
Raw Materials - Containers	1,008,800	1,053,600	44,800
Raw Materials - Tomatoes	445,400	-	(445,400)
Total	9,152,000	7,793,300	(1,358,700)
Goods Not Counted			
Raw Materials - Plants	\$ 801,500		
Packaging & Storage	555,000		
Parts	535,600		
Raw Materials - Other	173,500		
Total	2,065,600		
Grand Total	\$ 11,217,600		
Note:			
Finished goods counted include ~35,000 cases (book value of ~\$440,000) of unlabelled aged (canned in 2011-2014) or damaged product.			

- g) Given the status of Company's books and records and the AR and inventory overstatements previously noted, it is likely the assets included in the Company's borrowing base certificate submitted to the Lender are overstated;
- h) During the tour of the Premises, the Interim Receiver noted that the plant's HVAC system was located on a property adjacent to the Premises, understood to be owned by Bob Thomas. Management informed the Interim Receiver that the HVAC system had been installed on the adjacent property (few years ago) due to timing constraints and its proximity to the area of production that requires a regulated temperature;
- i) The Company employs migrant workers as part of its Production Cycle. As previously noted, seven (7) of the Company's employees currently live on the Premises. The number of migrant workers is expected to double over the coming weeks, and increase to a total of 50-60 employees in the third quarter of the year. The Company utilizes a third party agency to handle jurisdiction requirements for its foreign workers; and

- j) Per the Company's blocked account agreement with the Lender, all receipts are required to be deposited to a blocked account with BMO. The Interim Receiver has not completed a detailed review of the Company's bank accounts, however has noted the following deposits were made into the Company's disbursement account at BMO.

Thomas Canning Ltd.		
Deposits into Canadian Disbursement Account		
January 1 to April 24, 2017		
Date	Description	Amount
01/10/2017	Grain Process Enterprises Ltd.	\$ 3,108.04
01/11/2017	On The Move Organics	637.00
01/20/2017	Pasta House	310.00
03/17/2017	Deposit	210.00
03/28/2017	Deposit	96.00
04/18/2017	Deposit	10,434.05
04/20/2017	Deposit	200.00
		<u>\$ 14,995.09</u>

21. The Interim Receiver has discussed the above findings with Management and the Company's counsel.

All of which is respectfully submitted on the 28th day of April, 2017.

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



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

APPENDIX ‘F’

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR) MONDAY, THE 1ST DAY
)
JUSTICE NEWBOULD) OF MAY, 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 Monitor)**

THIS APPLICATION made by the Applicant for an Order pursuant to 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 monitor (in such capacity, the “**Monitor**”) of each of Thomas Canning (Maidstone) Limited (“**Thomas Canning**”) and 692194 Ontario Limited (together with Thomas Canning, the “**Debtors**”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Graham Marr sworn April 19, 2017, and the exhibits thereto, and the Report of Richter in its capacity as Court-appointed Interim Receiver (the “**Interim Receiver**”) dated April 28, 2017 (the “**IR Report**”), and on hearing the submissions of counsel for the Applicant, counsel for the Debtors and no one appearing for any other person although duly served as appears from the affidavit of service of Paula Hoosain sworn April 21, 2017 and on reading the consent of Richter to act as the Monitor,

SERVICE

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

INTERIM RECEIVERSHIP

2. **THIS COURT ORDERS** that the IR Report, and the activities of the Interim Receiver referred to therein, be and are hereby approved.

3. **THIS COURT ORDERS** that Richter is hereby discharged as Interim Receiver of the undertaking, property and assets of the Debtors, provided however that, notwithstanding its discharge herein, (a) Richter shall remain Interim Receiver for the performance of such incidental duties as may be required to complete the administration of the interim receivership herein (the “**Interim Receivership**”), and (b) Richter shall continue to have the benefit of the provisions of the Interim Receivership Order made in this proceeding on April 20, 2017 (the “**Interim Receivership Order**”), including the Interim Receivership Charge (as such term is defined in the Interim Receivership Order) and all approvals, protections and stays of proceedings in favour of Richter in its capacity as Interim Receiver.

4. **THIS COURT ORDERS AND DECLARES** that the Interim Receiver, having not taken possession or the Debtors’ current assets, did and does not have the obligations of a receiver under sections 81.4(5) or 81.6(3) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) or under the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s. 1 (“**WEPPA**”).

5. **THIS COURT ORDERS** that Richter is authorized to take down the Interim Receivership Case Website established pursuant to paragraph 23 of the Interim Receivership Order.

6. **THIS COURT ORDERS AND DECLARES** that Richter be and is hereby released and discharged 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 Interim Receiver herein, save and except for any gross negligence or wilful misconduct on the Interim Receiver's part. Without limiting the generality of the foregoing, Richter is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within Interim Receivership proceedings, save and except for any gross negligence or wilful misconduct on the Interim Receiver's part.

7. **THIS COURT ORDERS** that, notwithstanding its discharge hereby, the Interim Receiver and its legal counsel shall pass their accounts in accordance with paragraph 17 of the Interim Receivership Order at a later date.

APPOINTMENT

8. **THIS COURT ORDERS** that pursuant to section 101 of the CJA, Richter is hereby appointed Monitor of the Debtors and of all of their assets, undertakings and properties (the "Property").

MONITOR'S POWERS

9. **THIS COURT ORDERS** that the Monitor 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 Monitor is hereby expressly empowered and authorized to do any of the following where the Monitor considers it necessary or desirable:

- (a) to monitor, make recommendations and approve of all matters concerning the management and operation of the Debtors' business as has been agreed to between the Debtors and the Applicant;

- (b) to market the Debtors' business and/or any or all of the Property in accordance with the terms of such refinancing, investment and/or sale process as agreed to among and between the Applicant, the Debtors and the Monitor, provided any resulting sale or sales of all or substantially all of the Property acquired for or used in relation to the business of Thomas Canning shall be subject to prior approval of this Court on motion brought by the Debtors or the Applicant in the Receivership Proceedings;
- (c) to engage consultants, appraisers, examiners, advisors, 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 Monitor's powers and duties, including without limitation those conferred by this Order;
- (d) to report to, meet with and discuss with such affected Persons (as defined below) as the Monitor deems appropriate on all matters relating to the Property, and to share information, subject to such terms as to confidentiality as the Monitor deems advisable; and
- (e) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

10. **THIS COURT ORDERS AND DECLARES** that:

- (a) the Monitor shall not take possession or control, nor shall it be deemed to have taken possession or control, of the Debtors' business or the Property;
- (b) the Monitor shall not be and shall not be deemed to be a receiver for purposes of subsection 243(1) of the BIA; and
- (c) the appointment of the Monitor shall not be and shall not be deemed to be a change of control of the Debtors.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE MONITOR

11. **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 Monitor of the existence of any Property in such Person’s possession or control and shall grant immediate and continued access to the Property to the Monitor.

12. **THIS COURT ORDERS** that all Persons shall forthwith advise the Monitor 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 Monitor or permit the Monitor to make, retain and take away copies thereof and grant to the Monitor unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 12 or in paragraph 13 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 Monitor due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

13. **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 Monitor for the purpose of allowing the Monitor 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 Monitor in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Monitor. Further, for the purposes of this paragraph, all Persons shall provide the Monitor with all such assistance in gaining immediate access to the information in the Records as the Monitor may in its discretion require including

providing the Monitor with instructions on the use of any computer or other system and providing the Monitor 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 MONITOR

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

NO INTERFERENCE WITH THE DEBTORS

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

EMPLOYEES

16. **THIS COURT ORDERS** that all employees of the Debtors shall remain the employees of the Debtors until such time as the Debtors’ may terminate the employment of such employees. The Monitor shall not be liable for any employee-related liabilities, including: (a) any successor employer liabilities; (b) any obligations of a receiver under sections 81.4(5) or 81.6(3) of the BIA or under WEPPA; or (c) 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.

PIPEDA

17. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Monitor 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 Monitor, 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 Monitor, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

18. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor 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**”). The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor’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.

LIMITATION ON THE MONITOR’S LIABILITY

19. **THIS COURT ORDERS** that the Monitor 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. Nothing in this Order shall derogate from the any protections afforded the Monitor herein or by any applicable legislation.

MONITOR’S ACCOUNTS

20. **THIS COURT ORDERS** that the Monitor and counsel to the Monitor shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Monitor and counsel to the Monitor shall be entitled to and are hereby granted a charge (the

“**Monitor’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 Monitor’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 the Interim Receiver’s Charge (as defined in the Interim Receivership Order), with which it shall rank *pari passu*. The Monitor’s Charge shall rank in priority to the Interim Receiver’s Borrowings Charge (as defined in the Interim Receivership Order).

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

CASH MANAGEMENT

22. **THIS COURT ORDERS** that the Debtors shall be required to continue to comply with cash management arrangements as set out and required under letter credit agreement dated July 3, 2015, as amended, between Thomas Canning, the Applicant and others, and the blocked account agreement dated June 29, 2015 entered into between Bank of Montreal, the Applicant and Thomas Canning.

GENERAL

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

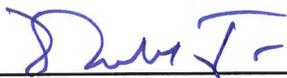
24. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as a BIA section 243(1) receiver or a trustee in bankruptcy of the Debtors.

25. **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 Monitor and/or the Debtors and their respective 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

Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Monitor and its agents in carrying out the terms of this Order.

26. **THIS COURT ORDERS** that the Monitor 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 Monitor 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.

27. **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 Debtors and the Monitor 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.



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

MAY 01 2017

PER / PAR: 

**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 MONITOR)**

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
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Lawyers for the Applicant

APPENDIX “G”

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

**APPLICATION UNDER 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.43, AS AMENDED**

**AND IN THE MATTER OF THE INTERIM RECEIVERSHIP OF
Thomas Canning (Maidstone) Limited and 692194 Ontario Limited**

**AND IN THE MATTER OF THE MONITORSHIP OF
Thomas Canning (Maidstone) Limited and 692194 Ontario Limited**

AFFIDAVIT OF CLARK LONERGAN

I, **CLARK LONERGAN**, of the Town of Richmond Hill, in the Province of Ontario, **MAKE OATH AND SAY** that:

1. I am a Senior Vice President of Richter Advisory Group Inc. ("**Richter**") and, as such, I have knowledge of the matters hereinafter deposed to except where stated to be on information and belief, and whereso stated, I verily believe it to be true.
2. By order (the "**Interim Receivership Order**") of the Honourable Mr. Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated April 20, 2017 (the "**Date of IR Appointment**"), Richter Advisory Group Inc. ("**Richter**") was appointed Interim Receiver (the "**Receiver**") of all of the property, assets and undertakings (the "**Property**") of Thomas Canning (Maidstone) Limited and 692194 Ontario Limited ("**Company**"), pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. c. B-3, as amended.
3. By order (the "**Monitor Order**") of the Honourable Mr. Justice Newbould of the Court dated May 1, 2017 (the "**Date of Monitor Appointment**"), Richter was appointed monitor (the "**Monitor**") of all of the property, assets and undertakings (the "**Property**") of the Company, pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c.43, as amended.

Interim Receivership Order

4. Pursuant to the Interim Receivership Order, the Interim Receiver has provided services and incurred disbursements, in the amount of \$67,897.22 and \$3,654.71 (all excluding HST), respectively, in the period from the Date of IR Appointment to May 1, 2017 (the "**IR Period**") with respect to services provided.

Attached hereto and marked as Exhibit "A" to this my Affidavit is a summary of the invoice rendered by the Interim Receiver during the Period (the "**IR Account**").

5. A true copy of the IR Account, which include a fair and accurate description of the services provided along with hours and applicable rates claimed by the Interim Receiver, is attached as Exhibit "B" to this my Affidavit.
6. In the course of performing its duties pursuant to the Interim Receivership Order, the Interim Receiver's staff has expended a total of 196.15 hours during the Period. Attached as Exhibit "C" to this my Affidavit is a schedule setting out a summary of the individual staff involved in the administration of the interim receivership and the hours and applicable rates claimed by the Interim Receiver for the IR Period. The average hourly rate billed by the Interim Receiver during the Period is \$339.36.
7. The Interim Receiver requests that this Court approve its Accounts for the IR Period, in the total amount of \$71,551.93 (excluding HST) for services rendered and recorded during the IR Period.
8. Chaitons LLP ("**Chaitons**"), as independent legal counsel to the Interim Receiver, has provided legal services to the Interim Receiver, rendered services throughout these proceedings in a manner consistent with the instructions of the Interim Receiver and has prepared an affidavit with respect to the services rendered in the IR Period. The Interim Receiver has reviewed the invoices rendered by Chaitons during the IR Period.

Monitor Order

9. Pursuant to the Monitor Order, the Monitor has provided services and incurred disbursements, in the amount of \$203,074.50 and \$9,243.33 (all excluding HST), respectively, in the period from the Date of Monitor Appointment to June 11, 2017 (the "**Monitor's Period**") with respect to services provided. Attached hereto and marked as Exhibit "E" to this my Affidavit is a summary of all invoices rendered by the Monitor on a periodic basis during the Period (the "**Monitor's Accounts**").
10. True copies of the Monitor's Accounts, which include a fair and accurate description of the services provided along with hours and applicable rates claimed by the Monitor, are attached as Exhibit "F" to this my Affidavit.
11. In the course of performing its duties pursuant to the Monitor Order, the Monitor's staff has expended a total of 538.55 hours during the Period. Attached as Exhibit "G" to this my Affidavit is a schedule setting out a summary of the individual staff involved in the administration of the Monitor's appointment and the hours and applicable rates claimed by the Monitor for the Monitor's Period. The average hourly rate billed by the Interim Receiver during the Period is \$369.68.

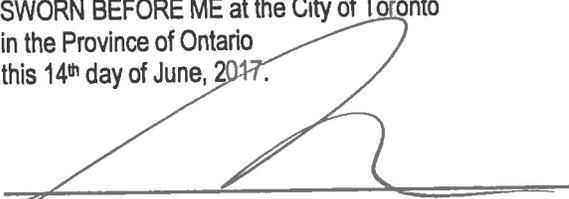
12. The Monitor requests that this Court approve its Monitor's Accounts for the Monitor's Period, in the total amount of \$212,317.83 (excluding HST) for services rendered and recorded during the Monitor's Period.
13. Chaitons, as independent legal counsel to the Monitor, has provided legal services to the Monitor, rendered services throughout these proceedings in a manner consistent with the instructions of the Monitor and has prepared an affidavit with respect to the services rendered in the Monitor's Period. The Monitor has reviewed the invoices rendered by Chaitons during the Monitor's Period.
14. To the best of my knowledge, the rates charged by the Interim Receiver, the Monitor, and Chaitons are comparable to the rates charged for the provision of similar services by other accounting and law firms in downtown Toronto.
15. I verily believe that the fees and disbursements incurred by Richter, in its respective capacities as Interim Receiver and Monitor, and Chaitons are fair and reasonable in the circumstances.
16. This Affidavit is sworn in connection with a motion for an Order of this Court to, among other things, approve the fees and disbursements of the Interim Receiver and the Monitor and those of its legal counsel and for no improper purpose.

Dated at Toronto, Province of Ontario, this ____ day of June, 2017.

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

Clark Lonergan, CA, CPA, CIRP, LIT

SWORN BEFORE ME at the City of Toronto
in the Province of Ontario
this 14th day of June, 2017.



Commissioner of Oaths

SAM BASS

This is ExhibitA..... referred to in the
affidavit ofClark Lonergan.....
sworn before me, this14th.....
day ofJune....., 20 17.

Exhibit "A"

.....
A COMMISSIONER FOR TAKING AFFIDAVITS

Court File No. CV-16-11773-00CL

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

**AND IN THE MATTER OF THE INTERIM RECEIVERSHIP OF
Thomas Canning (Maidstone) Limited and 692194 Ontario Limited**

Statement of Fees Summary

Richter Advisory Group Inc.

IN THE MATTER OF THE INTERIM RECEIVERSHIP

Re: Thomas Canning (Maidstone) Limited and 692194 Ontario Limited

Statement of Fees Summary

For the Period from April 20, 2017 to May 12, 2017

Invoice #	Period	Fees Incurred	Administrative Fees	Disbursements	Subtotal	HST	Total
20401975	April 20 to May 12, 2017	\$ 66,566.00	\$ 1,331.22	\$ 3,654.71	\$ 71,551.93	\$ 9,301.76	\$ 80,853.69
		<u>\$ 66,566.00</u>	<u>\$ 1,331.22</u>	<u>\$ 3,654.71</u>	<u>\$ 71,551.93</u>	<u>\$ 9,301.76</u>	<u>\$ 80,853.69</u>

This is ExhibitB..... referred to in the
affidavit ofClark Lonergan.....
sworn before me, this14th.....
day ofJune....., 20 17.

.....
A COMMISSIONER FOR TAKING AFFIDAVITS

Exhibit "B"

Court File No. CV-16-11773-00CL

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

**AND IN THE MATTER OF THE INTERIM RECEIVERSHIP OF
Thomas Canning (Maidstone) Limited and 692194 Ontario Limited**

Copies of Invoices of the Interim Receiver

RICHTER

Bridging Finance Inc.
77 King Street West
Suite 2925
P.O. Box 322
Toronto, ON M5K 1K7

Date: 05/31/2017
Invoice No.: 20401975
Engagement No.: 2020897
Payment Terms: Net 30 Days

Re: Thomas Canning - Interim Receivership	
Professional services rendered May 12, 2017	\$ 66,566.00
Disbursements	3,654.71
	<hr/>
Sub-Total	70,220.71
Administrative Fees	1,331.32
GST/HST #885435842 RT0001	9,301.76
Progress Billing	-25,000.00
GST/HST	-3,250.00
	<hr/>
Total Due	CAD \$ 52,603.79

T. 416.488.2345

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

Toronto, Montreal



Invoice No.: 20401975
Date: 05/31/2017



Fees

Name	Hours	Rate	Amount
Carol O'Donnell	1.00	\$ 250.00	\$ 250.00
Clark Lonergan	32.70	550.00	17,985.00
Daniel Korsunsky	62.50	250.00	15,625.00
Katherine Forbes	18.60	450.00	8,370.00
Soazig Bourgine	0.60	185.00	111.00
Wuji Mahmood	80.75	300.00	24,225.00
	196.15		\$ 66,566.00

Disbursements

Disbursements			\$ 3,654.71
			\$ 3,654.71

Invoice No.: 20401975
 Date: 05/31/2017



Fee and Disbursement Details

Date	Name and Description	Hours	Rate	Amount
04/19/2017	Katherine Forbes Review, comment and correspondence with Chaitons, Aird & Berlis re: interim receivership order. Review of Bridging Finance affidavit. Correspondence re: planning securing premises. URL for Order.	2.80	\$ 450.00	\$ 1,260.00
04/19/2017	Katherine Forbes Review of information provided by Lender; discussions with Lender and counsels on interim receivership planning.	1.00	450.00	450.00
04/19/2017	Clark Lonergan Review and comment on draft Orders, discussion with stakeholders, etc.	1.50	550.00	825.00
04/19/2017	Wuji Mahmood Several calls with Richter team and Lender's counsel.	2.75	300.00	825.00
04/20/2017	Katherine Forbes Attendance at appointment hearing, forwarding documents to C. O'Donnell for posting to website.	1.00	450.00	450.00
04/20/2017	Katherine Forbes Calls with C. Lonergan, Chaitons, Aird & Berlis re: receivership application, day 1 interim receivership activities. Call with J. Cacailo. Drafting J. Cacailo engagement letter agreement, notices to Company's bank and third party warehouse.	3.50	450.00	1,575.00
04/20/2017	Clark Lonergan Attendance at Court, review of Lender documents, attendance at Company to safeguard assets, meeting with Company to discuss the Order and next steps, walk through of the premises with management, management discussion regarding operations, etc.	5.50	550.00	3,025.00
04/20/2017	Wuji Mahmood Meeting with B. Thomas re: serving of Court Order and process. Coordination of security services and locksmith for the safeguarding of assets. Several calls with the IR's counsel, Lender counsel and Company counsel.	4.50	300.00	1,350.00
04/20/2017	Daniel Korsunsky Day 1 activities onsite at the premises, including calls re: access to premises, obtaining security services and locksmith. Creating interim receivership checklist.	6.50	250.00	1,625.00
04/21/2017	Carol O'Donnell	0.50	250.00	125.00

Invoice No.: 20401975
 Date: 05/31/2017



Date	Name and Description	Hours	Rate	Amount
04/21/2017	Open new bank account, email with K. Forbes. Read Order and application record. Katherine Forbes Interim Receiver's report and drafting of proposed sale process. Interim Receiver banking access. Communications with S. Bourgine re: website postings.	3.40	450.00	1,530.00
04/21/2017	Clark Lonergan Attendance on the premises, meeting with the Company, books and records review, asset review, update to stakeholders re: asset safeguarding and planning for weekend security. Inventory count procedures, etc.	5.00	550.00	2,750.00
04/21/2017	Wuji Mahmood 6:30am arrival for open of business at management's request. Inventory count on premises and at third party warehouse. Meetings and discussions with management re: funding requests. Discussions/email with Richter team.	12.00	300.00	3,600.00
04/21/2017	Daniel Korsunsky Inventory count and documentation, calls with security company, meetings with Richter team and management.	12.00	250.00	3,000.00
04/22/2017	Clark Lonergan Asset review, team planning discussions and calls, update to stakeholders, consultant discussions, inventory update, etc.	2.25	550.00	1,237.50
04/22/2017	Wuji Mahmood Arrived on premises at 7am at the request of the principals to provide access until 11am. Various discussions with the principals. Calls with Richter team re: various matters. Call with Lender re: IR matters.	7.00	300.00	2,100.00
04/23/2017	Clark Lonergan Discussion with stakeholders re: next steps, Richter team discussion on cash flow and controls, cash cycle review, inventory count update, etc.	1.45	550.00	797.50
04/23/2017	Wuji Mahmood Arrive on premises at 7am at the request of the principals to provide access until noon. Calls with Richter team re various matters. Various discussions with principals.	6.50	300.00	1,950.00
04/24/2017	Clark Lonergan	3.00	550.00	1,650.00

Invoice No.: 20401975
Date: 05/31/2017



Date	Name and Description	Hours	Rate	Amount
04/24/2017	Cash funding process and review, inventory update, books and records update re: assets, cash update, discussion with stakeholders, etc. Wuji Mahmood	10.50	300.00	3,150.00
04/24/2017	Providing access to premises. Coordination of Butcher count. Preparation of funding request. Discussions with management and calls/emails with Richter team, including information gathering re: operations and financials for Court report. Daniel Korsunsky	10.00	250.00	2,500.00
04/25/2017	Arrival on premises at 7am. Butcher inventory count. Capital asset walkthrough, cash testing, petty cash counts, and documentation. Discussions with Richter team and management. Katherine Forbes	0.80	450.00	360.00
04/25/2017	Interim receivership activities including discussions with Richter team. Clark Lonergan	2.50	550.00	1,375.00
04/25/2017	Stakeholder update, seeding analysis, accommodation agreement discussions, review of funding request. Wuji Mahmood	10.25	300.00	3,075.00
04/25/2017	Arrival on premises at 6am to provide access to management. Review and walkthrough of inventory re: possible obsolescence. Discussions with management and calls/emails with Richter team and counsel. Review of bank activity, and inventory analysis. Daniel Korsunsky	9.00	250.00	2,250.00
04/26/2017	Providing access to premises. Inventory walkthrough with Company. Reviewing and approving shipments. Petty cash, disbursements and cash receipts testing. Discussions with Richter team and management. Soazig Bourguine	0.20	185.00	37.00
04/26/2017	Follow up (Ascend update, federal search). Clark Lonergan	3.00	550.00	1,650.00
04/26/2017	Daily funding review, operations update. Inventory count review, cash review, etc. Wuji Mahmood	9.50	300.00	2,850.00

Invoice No.: 20401975
 Date: 05/31/2017



Date	Name and Description	Hours	Rate	Amount
	Arrival on premises at 6am to provide access to management. Discussions with management and calls/emails with Richter team and counsel re: various matters. Review of inventory, AR/AP and gathering information for reporting.			
04/26/2017	Daniel Korsunsky Providing access to premises. Inventory obsolescence count and related documentation. Review of shipping activity. Analysis of inventory count results and costing based on records. Petty cash. Discussions with Richter team and Company.	6.00	250.00	1,500.00
04/27/2017	Katherine Forbes Review of physical inventory count analysis and table for IR court report. Discussions with Richter team. Drafting and editing Interim Receiver's report.	5.00	450.00	2,250.00
04/27/2017	Clark Lonergan Drafting and review of IR court report, review of draft accommodation agreement, numerous discussions with counsel and Lender's counsel, etc.	6.50	550.00	3,575.00
04/27/2017	Wuji Mahmood Providing access to premises. Review of Company books and records for Court report. Discussions with management and calls/emails with Richter team re: various matters. Review of inventory analysis with Company. Review of Court report.	10.25	300.00	3,075.00
04/27/2017	Daniel Korsunsky Providing access to premises. Reviewing and approving shipments. Comparing inventory count results to records and other inventory analysis. Petty cash counts. Discussions with Richter team and management.	6.00	250.00	1,500.00
04/28/2017	Soazig Bourguine Obtaining OSB estate number from OSB website.	0.10	185.00	18.50
04/28/2017	Clark Lonergan Attendance at Court, review of draft accommodation agreement, etc.	1.50	550.00	825.00
04/28/2017	Wuji Mahmood Discussions with Company re: various matters. Calls/emails with Richter team and counsel. Drafting of funding requests and review of supporting documentation.	7.50	300.00	2,250.00
04/28/2017	Daniel Korsunsky	3.00	250.00	750.00

Invoice No.: 20401975
 Date: 05/31/2017

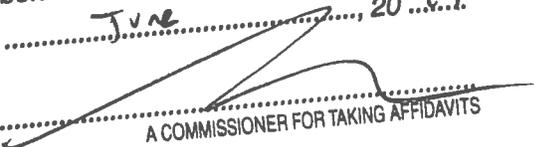


Date	Name and Description	Hours	Rate	Amount
	Arrival at premises at 6am to provide access to management, and securing premises at close of business. Cash counts, assisting with funding request and discussions with management and Richter team.			
04/29/2017	Daniel Korsunsky Arrival at premises at 7am to provide access to management, and securing premises at close of business. Monitoring operational activity, and cash flow monitoring.	5.00	250.00	1,250.00
04/30/2017	Katherine Forbes Interim Receiver's certificate.	0.30	450.00	135.00
04/30/2017	Clark Lonergan Review of draft Monitoring Order.	0.50	550.00	275.00
04/30/2017	Daniel Korsunsky Arrival at premises at 7am to provide access to management, and securing premises at close of business. Monitoring operational activity, and cash flow monitoring.	5.00	250.00	1,250.00
05/01/2017	Carol O'Donnell Verify bank for wire transfer. Open new bank account in Ascend. Update deposit. Open banking file.	0.50	250.00	125.00
05/01/2017	Katherine Forbes Banking and payment activities. Administration re: terms of Order and website.	0.80	450.00	360.00
05/01/2017	Soazig Bourgine Removed website, Order faxed to OSB.	0.30	185.00	55.50
Fees Total		196.15		\$ 66,566.00
Date	Name and Description	Hours	Rate	Amount
04/23/2017	Disbursements Travel (airfare, accommodation, meals), Mileage, Postage, Photocopy, Courier, etc.			\$ 3,654.71
Disbursements Total				\$ 3,654.71

This is Exhibit C referred to in the
affidavit of Clark Laneyan
sworn before me, this 14th
day of June, 2017.

Exhibit "C"

Court File No. CV-16-11773-00CL


A COMMISSIONER FOR TAKING AFFIDAVITS

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

AND IN THE MATTER OF THE INTERIM RECEIVERSHIP OF
Thomas Canning (Maidstone) Limited and 692194 Ontario Limited

Time Summary

Richter Advisory Group Inc.

IN THE MATTER OF THE INTERIM RECEIVERSHIP

Re: Thomas Canning (Maidstone) Limited and 692194 Ontario Limited
 Time Summary
 For the Period from April 20, 2017 to May 12, 2017

	Hours		Rate		Amount
Carol O'Donnell, File administrator	1.00	\$	250.00	\$	250.00
Clark Lonergan, Partner	32.70		550.00		17,985.00
Daniel Korsunsky, Associate	62.50		250.00		15,625.00
Katherine Forbes, Vice-president	18.60		450.00		8,370.00
Soazig Bourgine, File administrator	0.60		185.00		111.00
Wuji Mahmood, Senior associate	80.75		300.00		24,225.00
Grand Total	<u>196.15</u>			\$	<u>66,566.00</u>
Average Hourly Amount				\$	<u><u>339.36</u></u>

This is Exhibit D referred to in the
affidavit of Clark Lonergan
sworn before me, this 19th
day of June 20 .. 17

Exhibit "D"

.....
A COMMISSIONER FOR TAKING AFFIDAVITS

Court File No. CV-16-11773-00CL

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

**AND IN THE MATTER OF THE INTERIM RECEIVERSHIP OF
Thomas Canning (Maidstone) Limited and 692194 Ontario Limited**

Disbursement Summary

Richter Advisory Group Inc.

IN THE MATTER OF THE INTERIM RECEIVERSHIP

Re: Thomas Canning (Maidstone) Limited and 692194 Ontario Limited

Disbursement Summary
For the Period from April 20, 2017 to May 12, 2017

Meals	790.71
Car Rental	345.94
Hotel	2,014.84
Mileage	471.59
Taxi	31.63
	<hr/>
	3,654.71
	<hr/>

This is Exhibit F referred to in the
affidavit of Clark Lonergan
sworn before me, this 14th
day of June, 20 ..17..

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A COMMISSIONER FOR TAKING AFFIDAVITS

Exhibit "F"

Court File No. CV-16-11773-00CL

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

**AND IN THE MATTER OF THE MONITORSHIP OF
Thomas Canning (Maidstone) Limited and 692194 Ontario Limited**

Copies of Invoices of the Monitor

RICHTER

Bridging Finance Inc.
77 King Street West
Suite 2925
P.O. Box 322
Toronto, ON M5K 1K7

Date: 06/14/2017
Invoice No.: 20402017
Engagement No.: 2020908
Payment Terms: Due on Receipt

Re: Thomas Canning (Monitoring)	
Professional services rendered to June 11, 2017	\$ 113,042.50
Disbursements	9,243.33
	<hr/>
Sub-Total	122,285.83
Administrative Fees	2,261.00
GST/HST #885435842 RT0001	16,191.09
	<hr/>
Total Due	CAD \$ 140,737.92

T. 416.488.2345

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

Toronto, Montreal



Invoice No.: 20402017
Date: 06/14/2017



Fees

Name	Hours	Rate	Amount
Clark Lonergan	86.85	\$ 550.00	\$ 47,767.50
Daniel Korsunsky	71.80	250.00	17,950.00
Katherine Forbes	20.00	450.00	9,000.00
Wuji Mahmood	127.75	300.00	38,325.00
	306.40		\$ 113,042.50

Disbursements

Disbursements (travel, accomodation, and meals)			\$ 9,243.33
			\$ 9,243.33

Invoice No.: 20402017
Date: 06/14/2017



Fee and Disbursement Details

Date	Name and Description	Hours	Rate	Amount
05/01/2017	Clark Lonergan Preparation and review of documents for Court, attendance at Court for monitoring appointment order, etc.	2.35	\$ 550.00	\$ 1,292.50
05/01/2017	Wuji Mahmood Compilation of information in support of the Company's funding request. Numerous discussions with Company and Richter team re: various matters. Review of AR, AP and inventory details. Monitoring activities including review of bank and shipping activities.	7.25	300.00	2,175.00
05/01/2017	Daniel Korsunsky Providing access to the premises. Assistance with funding request and inspecting shipments. Payment of security and locks invoices, cashflow forecasting. Correspondence with Hydro One re: disconnection notice. Calls with Richter team.	9.00	250.00	2,250.00
05/02/2017	Clark Lonergan Onsite at premises, organic/conventional production analysis, inventory count review, funding request update and review, farming operations update, etc.	3.00	550.00	1,650.00
05/02/2017	Wuji Mahmood Review of OMAFRA letter and order. Discussions with Richter team, Company and counsels re: OMAFRA and various matters. Review of draft cash flow projection prepared by MNP and preparation of cash flow projection. Monitoring bank and shipping activities.	7.25	300.00	2,175.00
05/02/2017	Daniel Korsunsky Onsite at premises. Drafting narrative on government agencies. Cash flow (AR, sales, customer analysis), inventory analysis, breakdown of organic vs. conventional production. Funding request activities.	8.00	250.00	2,000.00
05/03/2017	Katherine Forbes Review of cash flow model with D. Korsunsky.	1.00	450.00	450.00
05/03/2017	Clark Lonergan Preparation and review of documents for Court, attendance at Court for monitoring appointment order.	2.50	550.00	1,375.00
05/03/2017	Clark Lonergan Onsite at premises, 2017 production cycle analysis, 2016 and 2017 production analysis, cash flow analysis.	1.50	550.00	825.00

Invoice No.: 20402017
 Date: 06/14/2017



Date	Name and Description	Hours	Rate	Amount
05/03/2017	Wuji Mahmood Compilation of information in support of the Company's funding request. Numerous discussions with Company and Richter team re: various matters. Review of AR, AP and inventory details. Monitoring activities including review of bank and shipping activities.	6.00	300.00	1,800.00
05/03/2017	Daniel Korsunsky Onsite at premises. Funding request activities, cash flow forecasting. Discussions with Company re: same. Sales breakdown by org/conventional and by customer. AR collections testing.	7.00	250.00	1,750.00
05/04/2017	Clark Lonergan Real estate summary review, funding request and cash flow review, weekly reporting follow-up with the Company, Licencing correspondence with Company's counsel, review of Highbury Canco information from Lender, etc.	2.75	550.00	1,512.50
05/04/2017	Wuji Mahmood Discussions with Richter team and counsel re: various matters. Monitoring of bank activity and review of information re: Highbury Canco settlement.	2.50	300.00	750.00
05/04/2017	Daniel Korsunsky Onsite at premises. Lease document scanning. Bank account monitoring. Cash flow forecasting. Discussions with the Company re: same.	4.00	250.00	1,000.00
05/05/2017	Katherine Forbes Responding to stakeholder inquiries re: interim receivership, pending receivership.	0.50	450.00	225.00
05/05/2017	Clark Lonergan Sales analysis review, production analysis review, licencing discussion and review of Company's counsel emails re: same. Waste water disposal review, organic vs. conventional production review, etc.	3.50	550.00	1,925.00
05/05/2017	Wuji Mahmood Daily monitoring of bank activity. Calls with Richter team and counsel re: various matters.	4.00	300.00	1,200.00
05/05/2017	Daniel Korsunsky Inventory analysis and reconciliation since April 20. Payroll cheque inspection. Organic/conventional sales analysis and forecasts. Reviewing funding with Company.	3.50	250.00	875.00

Invoice No.: 20402017
Date: 06/14/2017



Date	Name and Description	Hours	Rate	Amount
05/08/2017	Katherine Forbes Preliminary review of Highbury Canco reconciliation.	0.20	450.00	90.00
05/08/2017	Clark Lonergan Land and farming analysis required for waste disposal from processing. Licencing review and analysis, review of Company counsel emails re: same. Growers update, funding review, etc.	4.25	550.00	2,337.50
05/08/2017	Wuji Mahmood Monitoring activities and numerous discussions with Management re: various matters. Discussions with Richter team and Management re: funding request items, and gathering information.	3.25	300.00	975.00
05/08/2017	Daniel Korsunsky Highbury Canco analysis/reconciliation and write-up. Bank monitoring: reconciling funds and cheques that cleared; payroll and other requests.	2.00	250.00	500.00
05/09/2017	Clark Lonergan Lender meeting and update, model review, funding request review, strategic options review, licencing review and update, cost review, etc.	5.00	550.00	2,750.00
05/09/2017	Wuji Mahmood Monitoring activities and numerous discussions with Management re: various matters. Discussions with Richter team and Management re: funding request items, and gathering information.	5.50	300.00	1,650.00
05/09/2017	Daniel Korsunsky Monitoring daily bank activity and documenting.	0.50	250.00	125.00
05/10/2017	Clark Lonergan 2017 production analysis update, review of daily cash flow request/funding, sales analysis, costing analysis. Review of model with the Company, 2017 growers update, etc.	5.00	550.00	2,750.00
05/10/2017	Wuji Mahmood Performance of monitoring duties and numerous discussions with Management and Richter team re: various matters. Preparation of Company's funding request.	3.25	300.00	975.00
05/10/2017	Daniel Korsunsky Tracking shipments, reconciling, and documenting activity. Analysis of Company's sales forecast. Monitoring bank activity and reconciling. Inventory reconciliation by item.	3.60	250.00	900.00

Invoice No.: 20402017
 Date: 06/14/2017



Date	Name and Description	Hours	Rate	Amount
05/11/2017	Clark Lonergan Onsite at the Company, 2017 production analysis, sales analysis, cash flow update, growers update and seedling update with the Company, etc.	3.50	550.00	1,925.00
05/11/2017	Wuji Mahmood Performance of monitoring duties and numerous discussions with Management and Richter team re: various matters.	4.25	300.00	1,275.00
05/12/2017	Clark Lonergan 2017 production analysis update, discussion with Company, counsels re: same.	3.00	550.00	1,650.00
05/12/2017	Wuji Mahmood Monitoring cash and operations, and numerous discussions with Management and Richter team re: various matters.	4.75	300.00	1,425.00
05/12/2017	Daniel Korsunsky Monitoring bank activity and funding of payments.	0.80	250.00	200.00
05/13/2017	Clark Lonergan Organic 2017 production analysis and gross margin analysis. Various discussions with the Company and Richter team, etc.	3.00	550.00	1,650.00
05/13/2017	Wuji Mahmood Preparation of production analysis to assist in decision making for acreage commitments.	2.00	300.00	600.00
05/14/2017	Clark Lonergan 2017 grower analysis for organic production, review production analysis with the Lender, various calls with stakeholders, etc.	2.50	550.00	1,375.00
05/15/2017	Clark Lonergan Various discussions with Richter team and Company regarding 2017 field growers, discussions with other stakeholder re: same. Response to Mr. Ullmann's email dated May 15, 2017, etc.	3.00	550.00	1,650.00
05/15/2017	Wuji Mahmood Monitoring activities and numerous discussions with Management re: various matters. Discussions with Richter team and Management re: funding request items, and gathering information.	2.75	300.00	825.00
05/15/2017	Daniel Korsunsky Updating funding tracker for deposits received and cleared cheques. Updating shipments tracker for shipments made in prior week and following up with Company to obtain full shipping records for week.	1.80	250.00	450.00

Invoice No.: 20402017
Date: 06/14/2017



Date	Name and Description	Hours	Rate	Amount
05/16/2017	Clark Lonergan Production analysis overview, responding to Mr. Ullman's email, gross margin analysis, dicussions regarding field grower production re: 2017/2018 crop, other potential execution risks identified with the Company go-forward, inventory review, etc.	3.00	550.00	1,650.00
05/16/2017	Wuji Mahmood Monitoring activities and numerous discussions with Management re: various matters. Discussions with Richter team and Management re: funding request items, and gathering information.	3.00	300.00	900.00
05/16/2017	Daniel Korsunsky Monitoring funding and bank account and reconciliation of activities. Compiling documentation in support of Company's funding request. Detailing and categorizing expenses claimed to have been personally funded but the principals.	1.60	250.00	400.00
05/17/2017	Clark Lonergan Preparing for Court appearance, review of facts, and summary of findings document, drafting and review with Monitor's counsel, etc.	2.50	550.00	1,375.00
05/17/2017	Wuji Mahmood Monitoring activities and numerous discussions with Management re: various matters. Discussions with Richter team and Management re: funding request items, and gathering information.	4.25	300.00	1,275.00
05/17/2017	Daniel Korsunsky Updating daily tracker for bank activity; reconciling bank activity to all payroll since April 20 to validate all bank activity. Calls with Richter team. Shipment document requests.	1.20	250.00	300.00
05/18/2017	Clark Lonergan Funding request review, AP review, forecast model costing review, etc.	1.50	550.00	825.00
05/18/2017	Wuji Mahmood Monitoring activities and numerous discussions with Management re: various matters. Discussions with Richter team and Management re: funding request items, and gathering information.	2.00	300.00	600.00
05/19/2017	Clark Lonergan	3.50	550.00	1,925.00

Invoice No.: 20402017
Date: 06/14/2017



Date	Name and Description	Hours	Rate	Amount
05/19/2017	2017 organic grower discussion and analysis, escrow agreement review and contract review re: same. Discussion with the Commission regarding the Licence, funding request update, coventional vs. organic analysis update, etc. Wuji Mahmood Monitoring activities and numerous discussions with Management re: various matters. Discussions with Richter team and Management re: funding request items, and gathering information.	2.50	300.00	750.00
05/21/2017	Clark Lonergan Grower update to stakeholders, discussion with the Company re: same, etc.	0.75	550.00	412.50
05/23/2017	Clark Lonergan Discussion with Richter team regarding the 2017 crop analysis/conventional/organic feedstock allocation, discussion with the Company and Lender re: same, correspondence with Company and Lender counsel re: same, etc.	2.50	550.00	1,375.00
05/23/2017	Wuji Mahmood Monitoring activities and numerous discussions with Management re: various matters. Discussions with Richter team and Management re: funding request items, and gathering information.	3.00	300.00	900.00
05/24/2017	Clark Lonergan Funding review and analysis, AP update and review, etc.	0.75	550.00	412.50
05/24/2017	Wuji Mahmood Monitoring activities including review of bank and shipping activity. Assisting the Company in determining funding request, and assess items identified by the Company. Numerous discussions with the Company and Richter team re: various matters.	2.50	300.00	750.00
05/25/2017	Clark Lonergan Company sales and collection analysis, correspondence with the Company re: escrow agreement, funding request review and update, discussion with Lender re: same, activities.	1.25	550.00	687.50
05/25/2017	Wuji Mahmood Monitoring activities including review of bank and shipping activity, drafting overview of the Company's funding request to the Lender. Numerous discussions with the Company and Richter team re: various matters.	2.75	300.00	825.00

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Date: 06/14/2017



Date	Name and Description	Hours	Rate	Amount
05/26/2017	Clark Lonergan 2017 production analysis update, and discussion with the Company and stakeholders regarding potential conventional acres for 2017. Funding analysis and reconciliation, discussion with counsel regarding accommodation agreement terms, etc.	1.50	550.00	825.00
05/26/2017	Wuji Mahmood Performance of monitoring duties including review of bank and shipping activity and numerous discussions with the Company and Richter team re: various matters.	2.00	300.00	600.00
05/29/2017	Clark Lonergan Conventional acreage dicussion with Richter team.	0.25	550.00	137.50
05/29/2017	Wuji Mahmood Monitoring Activities including review of bank and shipping activity. Assessing items identified by the Company and compiling funding request of the Company. Numerous discussions with the Company and Richter team re: various matters.	3.50	300.00	1,050.00
05/30/2017	Clark Lonergan Conventional acreage discussion with Richter team and potential purchaser.	0.25	550.00	137.50
05/30/2017	Wuji Mahmood Monitoring activities including review of bank and shipping activity, sending funding request to the Lender on behalf of the Company. Numerous discussions with the Company and Richter team re: various matters.	3.25	300.00	975.00
05/31/2017	Clark Lonergan Review of AR for potential diverted funds, discussion with Counsel re: same. Discussion with Richter team regarding AR and inventory, etc.	1.50	550.00	825.00
05/31/2017	Wuji Mahmood Monitoring activities including review of bank and shipping activity. Numerous discussions with the Company and Richter team re: various matters.	3.25	300.00	975.00
06/01/2017	Clark Lonergan	3.25	550.00	1,787.50

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Date	Name and Description	Hours	Rate	Amount
06/01/2017	Funding analysis review, and discussion with Lender re: same. Critical funding discussion regarding conventional acres and tomato feedstock, expired product. Correspondence with Company, counsel regarding critical payments, etc. Wuji Mahmood	5.00	300.00	1,500.00
06/02/2017	Monitoring activities including review of bank and shipping activity. Confirming AR balances with customers, with the Company's assistance. Investigation into untraceable cheques. Numerous discussions with the Company and Richter team re: various matters. Katherine Forbes	1.50	450.00	675.00
06/02/2017	Discussions with W. Mahmood and D. Korsunsky re: inventory issues and next steps, AR confirmations, other monitoring activities. Discussions with C. Lonergan re: funding status, etc. Clark Lonergan	2.00	550.00	1,100.00
06/02/2017	Diverted funds analysis and discussion with Richter team, conventional acres discussions with Company. Funding and cash flow review, mislabelling narrative and analysis, email to counsel re: same. Migrant worker discussion with counsel, etc. Wuji Mahmood	7.00	300.00	2,100.00
06/05/2017	Performance of monitoring duties including review of bank and shipping activity. Continued investigation into untraceable cheques. Investigation of labelling and inventory issues. Various discussions with the Company and Richter team. Katherine Forbes	6.00	450.00	2,700.00
06/05/2017	Drafting monitor's report, comments on points for draft orders, fee affidavit. Katherine Forbes	0.80	450.00	360.00
06/05/2017	Numerous discussions with Richter team re: developments, monitoring activities. Update and circulation of work plan. Clark Lonergan	1.00	550.00	550.00
06/05/2017	Update call with counsel regarding next steps, court order and report discussion regarding relief to be sought, etc. Wuji Mahmood	5.25	300.00	1,575.00

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Date	Name and Description	Hours	Rate	Amount
	Monitoring activities including review of bank and shipping activity, assess items identified by Company for funding request. Follow-up re: AR confirmations. Planning inventory count. Discussions with Company and Richter team re: various matters.			
06/05/2017	Wuji Mahmood Overseeing conduct of inventory count.	1.25	300.00	375.00
06/05/2017	Daniel Korsunsky Inventory count and analysis of results.	7.50	250.00	1,875.00
06/06/2017	Katherine Forbes Discussions with W. Mahmood re: inventory count and results, and funding requests.	0.50	450.00	225.00
06/06/2017	Katherine Forbes Monitor's report, and related discussions with C. Lonergan.	1.50	450.00	675.00
06/06/2017	Clark Lonergan Court order planning and report update, relief to be sought update discussion with counsel, diversion of funds and mislabelling discussion with counsel and correspondence with the Company's counsel re: the same, etc.	2.50	550.00	1,375.00
06/06/2017	Wuji Mahmood Performance of monitoring duties including review of bank and shipping activity, discussions with Company re funding request items. Follow ups re AR confirms. Supervision of inventory count. Discussions with Company and Richter team re various matters.	6.75	300.00	2,025.00
06/06/2017	Daniel Korsunsky Inventory count and analysis of results.	7.00	250.00	1,750.00
06/07/2017	Katherine Forbes Drafting monitor's report and review of offers, other correspondence in support thereof. Discussions with W. Mahmood re: developments and funding requests. Correspondence with counsel re: correspondence with Company's counsel.	3.50	450.00	1,575.00
06/07/2017	Clark Lonergan Correspondence with counsel and response to Company's counsel. Funding request discussion, debt analysis, etc.	1.25	550.00	687.50
06/07/2017	Wuji Mahmood	7.25	300.00	2,175.00

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Date: 06/14/2017



Date	Name and Description	Hours	Rate	Amount
	Monitoring activities, submission of funding request on the Company's behalf. Analysis of AR responses and follow up re: outstanding AR confirmations. Review of leases and inventory count. Discussions with Company and Richter team re: various matters.			
06/07/2017	Daniel Korsunsky Inventory count and analysis of results.	6.50	250.00	1,625.00
06/08/2017	Katherine Forbes Discussions with W. Mahmood re: monitoring activities, developments. Detailed invoicing activities. Drafting Court report.	2.00	450.00	900.00
06/08/2017	Clark Lonergan Discussion with Richter team re: funding request. Discussions/correspondence with Monitor's and Lender's counsel regarding court dates available, and the mechanics and desired outcome of the court hearing, etc.	1.75	550.00	962.50
06/08/2017	Wuji Mahmood Monitoring activities, follow-up re: funding request. Discussions with the Richter team and the Company re: various matters. Gathering and compiling of information for Court report.	5.50	300.00	1,650.00
06/08/2017	Daniel Korsunsky Inventory analysis. Butcher and main warehouse shipment and inventory reconciliation.	5.50	250.00	1,375.00
06/09/2017	Katherine Forbes Estimated security position, company financials for Court report. Review of correspondence to/from Company counsel, and discussions with C. Lonergan re: Court report.	2.50	450.00	1,125.00
06/09/2017	Clark Lonergan Drafting of Monitor's report, funding request call with the Lender, etc.	6.00	550.00	3,300.00
06/09/2017	Wuji Mahmood Monitoring activities, follow-up re: funding request. Reconciling of AR for payments received but not posted. Gathering and compiling of information for Court report. Discussions with the Richter team and the Company re: various matters.	3.50	300.00	1,050.00
06/09/2017	Daniel Korsunsky Lease documentation/analysis. Tote inventory documentation.	2.30	250.00	575.00
06/10/2017	Wuji Mahmood	1.50	300.00	450.00

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Date	Name and Description	Hours	Rate	Amount
06/11/2017	Review of banking activity and completion of AR reconciliation. Clark Loneragan Drafting the Monitor's report, discussion with Richter team and counsel re: same, etc.	5.00	550.00	2,750.00
Fees Total		306.40		\$ 113,042.50
Date	Name and Description	Hours	Rate	Amount
05/06/2017	Disbursements (travel, accomodation, and meals)			\$ 9,243.33
Disbursements Total				\$ 9,243.33

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Date: 06/14/2017



Remittance Form

Bridging Finance Inc.
77 King Street West
Suite 2925
P.O. Box 322
Toronto, ON M5K 1K7

Invoice Summary

Sub-Total		\$ 122,285.83
Administrative Fees		2,261.00
GST/HST #885435842 RT0001		16,191.09
Total Due	CAD	\$ 140,737.92

Payment Options

Wire Transfer

Toronto Dominion Bank
Commercial Banking Center
525 Av. Viger Ouest, Montréal (Qc) H2Z 0B2

CAD Account no.: 5300836 Transit no.: 41601 Swift code: TDOMCATT
USD Account no.: 7332090 Transit no.: 41601 Swift code: TDOMCATTOR

Email payment details, including invoice number and amount paid to:
ClientService@richter.ca

Cheques

Payable to: Richter Advisory Group Inc.
Send to: 181 Bay Street, Suite 3320, Bay Wellington Tower, Toronto ON M5J 2T3

Inquiries: please call our general line 416.488.2345 or e-mail ClientService@richter.ca

T. 416.488.2345

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

Toronto, Montreal

RICHTER

Bridging Finance Inc.
77 King Street West
Suite 2925
P.O. Box 322
Toronto, ON M5K 1K7

Date: 06/14/2017
Invoice No.: 20402016
Engagement No.: 2020909
Payment Terms: Due on Receipt

Re: Thomas Canning (Sales Process)

Professional services rendered to June 11, 2017 \$ 86,050.00

Sub-Total		<u>86,050.00</u>
Administrative Fees		1,721.00
GST/HST #885435842 RT0001		11,410.23
Total Due	CAD	\$ 99,181.23

T. 416.488.2345

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

Toronto, Montreal



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Fees

Name	Hours	Rate	Amount
Clark Lonergan	59.00	\$ 550.00	\$ 32,450.00
Daniel Korsunsky	28.40	250.00	7,100.00
Katherine Forbes	20.50	450.00	9,225.00
Wuji Mahmood	124.25	300.00	37,275.00
	<hr/>		
	232.15		\$ 86,050.00

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Fee and Disbursement Details

Date	Name and Description	Hours	Rate	Amount
05/02/2017	Clark Lonergan NDA update and review. Review of Lender dataroom information, target list update, etc.	2.50	\$ 550.00	\$ 1,375.00
05/02/2017	Wuji Mahmood Preparation of draft NDA, preparation of information required for dataroom.	2.25	300.00	675.00
05/03/2017	Clark Lonergan Dataroom information update, financial statement review, etc.	1.25	550.00	687.50
05/03/2017	Wuji Mahmood Work on target list and preparation of data room information.	3.75	300.00	1,125.00
05/04/2017	Katherine Forbes Research re: potential strategic investors, correspondence with D. Korsunsky. Review of target list. Compiling information for dataroom. Call with Richter team.	2.00	450.00	900.00
05/04/2017	Clark Lonergan Updating target list, data room listing and information review.	0.75	550.00	412.50
05/04/2017	Wuji Mahmood Setup of dataroom and gathering of information.	3.00	300.00	900.00
05/04/2017	Daniel Korsunsky Populating dataroom, dataroom information tracking sheet, target list, contact information. Research and compiling notes on industry reports.	3.50	250.00	875.00
05/05/2017	Katherine Forbes Gathering contacts and completing target list. Gathering and compiling Company information for dataroom.	2.50	450.00	1,125.00
05/05/2017	Clark Lonergan Dataroom update, drafting teaser and review with counsel, production analysis review for dataroom, etc.	2.50	550.00	1,375.00
05/05/2017	Wuji Mahmood Work on 2017 production analysis.	4.00	300.00	1,200.00
05/05/2017	Daniel Korsunsky Discussions with Management re: dataroom information. Updating dataroom outstanding list, compiling financial information and inventory data, other documents for dataroom.	3.00	250.00	750.00
05/06/2017	Katherine Forbes	3.00	450.00	1,350.00

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Date: 06/14/2017



Date	Name and Description	Hours	Rate	Amount
	Review of RISP. Licencing status update for dataroom. Review of dataroom information and following up on outstanding items. Internal correspondence re: information for dataroom.			
05/08/2017	Katherine Forbes Updating target list. Compiling and reviewing Company information for dataroom. Drafting of Company overview and investment memo, including discussion with C. Lonergan.	3.00	450.00	1,350.00
05/08/2017	Clark Lonergan Teaser update and review, dataroom update, emails to Company counsel re: teaser and licencing, emailing of teaser to target list, etc.	2.25	550.00	1,237.50
05/08/2017	Wuji Mahmood Indexing dataroom information, setting up folders, and labelling. Other sales process activities. Sales by top 5 customers, obtaining payroll data and compiling employee listing.	5.75	300.00	1,725.00
05/08/2017	Daniel Korsunsky Indexing dataroom information, setting up folders, and labelling. Other sales process activities. Sales by top 5 customers, obtaining payroll data and creating listing.	3.00	250.00	750.00
05/09/2017	Katherine Forbes Drafting of company overview and investment memorandum (based on Company information), and correspondence with Richter team re: same. Call with W. Mahmood re: NDA and communications with interested parties.	2.00	450.00	900.00
05/09/2017	Clark Lonergan NDA reviews, discussion with prospective purchasers/financers, correspondence with targets, etc.	1.50	550.00	825.00
05/09/2017	Wuji Mahmood Gathering and compilation of information for dataroom and numerous discussions with Richter team.	4.00	300.00	1,200.00
05/09/2017	Daniel Korsunsky Updating employee/payroll listing, updating dataroom, reconciling sales report to I/S, Visio decision tree creation for strategic alternatives. NDA tracker and populating NDAs for interested parties.	5.00	250.00	1,250.00
05/10/2017	Katherine Forbes	1.00	450.00	450.00

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Date	Name and Description	Hours	Rate	Amount
	Review of payroll information for dataroom, and follow-up on other outstanding items. Discussion with W. Mahmood.			
05/10/2017	Clark Lonergan 2017 production analysis update, Licence update and analysis, etc.	2.00	550.00	1,100.00
05/10/2017	Wuji Mahmood Gathering and compilation of information for dataroom and numerous discussions with Richter team.	4.75	300.00	1,425.00
05/11/2017	Clark Lonergan Update with 2017 production analysis, Company overview data review, call with targets, etc.	2.00	550.00	1,100.00
05/11/2017	Wuji Mahmood Gathering and compilation of financial and operational information for dataroom and numerous discussions with Richter team.	6.25	300.00	1,875.00
05/11/2017	Daniel Korsunsky Obtaining financial data for FY 17 sales. Analyzing selling prices from shipping documents, compiling sales by month by item.	2.20	250.00	550.00
05/12/2017	Katherine Forbes Review of Company overview for dataroom, and mark-ups to certain NDAs.	1.00	450.00	450.00
05/12/2017	Clark Lonergan Dataroom review, NDA update, discussion with targets, etc. Update of the 2017 crop forecast model, etc.	2.50	550.00	1,375.00
05/12/2017	Wuji Mahmood Gathering and compilation of information for dataroom and numerous discussions with Richter team, including re: 2017 crop forecast model.	3.25	300.00	975.00
05/12/2017	Daniel Korsunsky Sales by month and by item report, summarizing project status report (\$3M government grant).	1.20	250.00	300.00
05/13/2017	Wuji Mahmood Preparation of 2017 crop forecast model for dataroom.	5.25	300.00	1,575.00
05/15/2017	Clark Lonergan Dataroom summary index review, update calls with targets, review of Company production analysis, etc.	1.50	550.00	825.00
05/15/2017	Wuji Mahmood	5.25	300.00	1,575.00

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Date	Name and Description	Hours	Rate	Amount
	Gathering and compilation of information for dataroom and numerous discussions with Richter team, including production analysis and forecasting.			
05/15/2017	Daniel Korsunsky Dataroom discussion with W. Mahmood.	0.30	250.00	75.00
05/16/2017	Clark Lonergan Meeting with MB financial to discuss the RISP, call with Third Eye Capital to discuss the opportunity. Production analysis update for the dataroom, review of the Company overview, etc.	2.50	550.00	1,375.00
05/16/2017	Wuji Mahmood Gathering and compilation of information for dataroom and numerous discussions with Richter team, including production analysis.	5.00	300.00	1,500.00
05/16/2017	Daniel Korsunsky Compiling addresses and teasers to certain targets. Updates to dataroom, and calls with Richter team.	0.90	250.00	225.00
05/17/2017	Clark Lonergan Preparing for Court appearance, review of facts and summary of findings document, drafting and review with Monitor's counsel. Summary of sales process for the stakeholders, etc.	3.50	550.00	1,925.00
05/17/2017	Wuji Mahmood Gathering and compilation of information for dataroom and numerous discussions with Richter team, including production scenarios analysis.	3.75	300.00	1,125.00
05/18/2017	Clark Lonergan Attendance at Court for hearing, preparing for Court, sales process update, etc.	3.50	550.00	1,925.00
05/18/2017	Wuji Mahmood Gathering and compilation of information for dataroom and numerous discussions with Richter team, including production scenarios analysis and discussions with Management.	6.00	300.00	1,800.00
05/19/2017	Clark Lonergan NDA and sales process tracker update and review. Update discussion re: sales process with stakeholders and correspondence regarding potential offer from Management, etc.	1.25	550.00	687.50
05/19/2017	Wuji Mahmood	5.50	300.00	1,650.00

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 Date: 06/14/2017



Date	Name and Description	Hours	Rate	Amount
	Gathering and compilation of information for dataroom, correspondence to targets. Production analysis update, and numerous discussions with Richter team.			
05/23/2017	Clark Lonergan RISP correspondence with the Company's counsel, update and review of target list, NDA/RISP discussions with various parties, etc.	1.50	550.00	825.00
05/23/2017	Wuji Mahmood Follow up with target list re: interest in opportunity and update of sales process tracker. Calls/emails with various potential interested parties to respond to questions. Execution of NDAs and granting dataroom access to interested parties.	5.50	300.00	1,650.00
05/23/2017	Daniel Korsunsky Email follow-up with all non-respondents re: opportunity and sending NDAs to potential interested parties. Providing dataroom access and updating sales process tracker.	2.50	250.00	625.00
05/24/2017	Clark Lonergan Barberian, Pomegranate Captial, Regimen Partners, Bibby, Signal Hill Partners, InvestEco Capital NDA and RISP discussions. Review of dataroom information, sales process update to stakeholders, etc.	1.75	550.00	962.50
05/24/2017	Wuji Mahmood Follow-up with target list re: interest in opportunity and update of sales process tracker. Calls/emails with various potential interested parties to respond to questions. Execution of NDAs and granting dataroom access to interested parties.	6.25	300.00	1,875.00
05/24/2017	Daniel Korsunsky Completing NDAs re: interested parties.	0.80	250.00	200.00
05/25/2017	Clark Lonergan Bidding process review, bank details, offer submission protocol, vesting order notes re: 2017 growing contracts, appraisal discussion regarding the dataroom. PNC, CIBC, Bibby, TD RISP update. RISP extension discussions with counsels to Monitor and Lender.	3.25	550.00	1,787.50
05/25/2017	Wuji Mahmood	5.75	300.00	1,725.00

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Date	Name and Description	Hours	Rate	Amount
05/26/2017	Follow-up with target list re: interest in opportunity and update of sales process tracker. Calls/emails with various potential interested parties including RBC, MB Financial, and Wells Fargo to discuss opportunity. Clark Lonergan	3.50	550.00	1,925.00
05/26/2017	Discussions with BMO, BNS & FGI regarding NDA and RISP. Correspondence with stakeholders and Company counsel regarding RISP timetable, review of offers from qualified bidders, compiling summary, and discussions with stakeholders re: same. Wuji Mahmood	4.50	300.00	1,350.00
05/27/2017	Follow up with target list re: interest in opportunity and update of sales process tracker. Calls/emails with Richter team and counsel re: RISP activity and bids received at LOI deadline. Discussion with the Company re: RISP. Clark Lonergan	1.25	550.00	687.50
05/29/2017	Summary of LOI's received, provided to stakeholders, discussion with counsel re: correspondence with qualified bidders, etc. Clark Lonergan	1.50	550.00	825.00
05/29/2017	Correspondence with Company 's counsel regarding RISP and acreage planting. Update and review of RISP tracking document, RISP discussions with various parties. Wuji Mahmood	4.50	300.00	1,350.00
05/29/2017	Numerous discussions with Richter team and counsel re: offers and information requested on RISP activity. Update of sales process tracker. Daniel Korsunsky	1.40	250.00	350.00
05/30/2017	Updating inventory records (re: shipments between May 12 and May 30). Clark Lonergan	2.75	550.00	1,512.50
05/30/2017	Review of revised offer and letter from potential purchasers, discussion with counsel and Lender re: same. Correspondence with potential purchasers regarding deposit and other items in connection with offers. Wuji Mahmood	4.75	300.00	1,425.00
05/31/2017	Numerous discussions with Richter team and counsel re: updated offers and information to analyze offers. Clark Lonergan	1.25	550.00	687.50

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Date	Name and Description	Hours	Rate	Amount
05/31/2017	RISP update with the stakeholders, responses to potential purchasers, etc. Wuji Mahmood Numerous discussions with Richter team and counsel re: analysis of updated offers and qualifications of bidders.	4.75	300.00	1,425.00
06/01/2017	Clark Lonergan Asset review, AR update and inventory and schedule discussion. Planning prospective transaction closing, APA considerations, etc.	0.75	550.00	412.50
06/01/2017	Wuji Mahmood Discussions with Richter team re: RISP update and review offer terms. Update of target list tracker for additional responses received. Discussions with Richter team and counsel re: various developments.	3.50	300.00	1,050.00
06/01/2017	Daniel Korsunsky Inventory analysis for transaction purposes.	3.00	250.00	750.00
06/02/2017	Clark Lonergan Various emails and correspondence with potential purchasers, binding offer review and correspondence re: same. Call with counsel to discuss closing agenda, court process, report contents, correspondence to unsuccessful bidder, etc.	2.25	550.00	1,237.50
06/02/2017	Wuji Mahmood Coordination of information re: bid deposit requested by Monitor and discussions with Richter team and counsel re: various matters.	1.75	300.00	525.00
06/02/2017	Daniel Korsunsky Inventory analysis for transaction purposes.	1.60	250.00	400.00
06/03/2017	Katherine Forbes Preliminary calculation of holdback amount from transaction proceeds.	0.80	450.00	360.00
06/05/2017	Katherine Forbes Call with successful bidder.	0.30	450.00	135.00
06/05/2017	Clark Lonergan Review and response to unsuccessful bidder's counsel, emails and call with counsel re: same, etc.	1.75	550.00	962.50
06/05/2017	Wuji Mahmood Update of target list for additional responses received. Various discussions with the Company, Richter team and counsel re: various matters in connection with RISP and closing matters.	2.25	300.00	675.00

Invoice No.: 20402016
 Date: 06/14/2017



Date	Name and Description	Hours	Rate	Amount
06/06/2017	Katherine Forbes Call with successful bidder re: wire details for deposit, correspondence with Richter team.	0.20	450.00	90.00
06/06/2017	Clark Lonergan Update with potential purchaser, discussion regarding closing items and deposit, etc.	1.50	550.00	825.00
06/06/2017	Wuji Mahmood Gathering of information in preparation of closing. Various discussions with the Company, Richter team and counsel re: same.	1.75	300.00	525.00
06/07/2017	Katherine Forbes Review and discussion with W. Mahmood re: calculation of holdback amount from proposed transaction, compiling offer summary. Follow-up re: wire confirmation.	3.20	450.00	1,440.00
06/07/2017	Clark Lonergan Purchase price analysis, offer review and drafting the report re: same, etc.	1.50	550.00	825.00
06/07/2017	Wuji Mahmood Gathering of information in preparation of closing. Various discussions with the Company, Richter team and counsel re: same.	1.75	300.00	525.00
06/08/2017	Katherine Forbes Updating offer summary. Correspondence re: schedules to draft APA, and discussions with Richter team re: same.	1.00	450.00	450.00
06/08/2017	Clark Lonergan APA schedules, debt analysis with regards to the proposed transaction and offer summary analysis, etc.	1.50	550.00	825.00
06/08/2017	Wuji Mahmood Gathering and compilation of information required for APA drafting. Coordination with prospective purchaser for site visit. Discussion with Richter team and counsel re: various matters.	3.50	300.00	1,050.00
06/09/2017	Katherine Forbes Correspondence with W. Mahmood re: information for APA, prospective purchaser site visit.	0.50	450.00	225.00
06/09/2017	Clark Lonergan Drafting and reviewing APA schedules, closing agenda and discussion with Richter team regarding the purchaser site visit, etc.	3.50	550.00	1,925.00
06/09/2017	Wuji Mahmood	6.00	300.00	1,800.00

Invoice No.: 20402016
Date: 06/14/2017



Date	Name and Description	Hours	Rate	Amount
	Compilation of information needed for APA. Attendance for site visit by purchaser and discussions with purchaser and Company re: same.			
Fees Total		<hr/> 232.15		<hr/> \$ 86,050.00

Invoice No.: 20402016
Date: 06/14/2017



Remittance Form

Bridging Finance Inc.
77 King Street West
Suite 2925
P.O. Box 322
Toronto, ON M5K 1K7

Invoice Summary

Sub-Total		\$ 86,050.00
Administrative Fees		1,721.00
GST/HST #885435842 RT0001		11,410.23
Total Due	CAD	\$ 99,181.23

Payment Options

Wire Transfer

Toronto Dominion Bank
Commercial Banking Center
525 Av. Viger Ouest, Montréal (Qc) H2Z 0B2

CAD Account no.: 5300836 Transit no.: 41601 Swift code: TDOMCATT
USD Account no.: 7332090 Transit no.: 41601 Swift code: TDOMCATTTOR

Email payment details, including invoice number and amount paid to:
ClientService@richter.ca

Cheques

Payable to: Richter Advisory Group Inc.
Send to: 181 Bay Street, Suite 3320, Bay Wellington Tower, Toronto ON M5J 2T3

Inquiries: please call our general line 416.488.2345 or e-mail ClientService@richter.ca

T. 416.488.2345

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

Toronto, Montreal

This is Exhibit E referred to in the
affidavit of Clark Lonergan
sworn before me, this 14th
day of June 20 ..17.

Exhibit "E"

.....
A COMMISSIONER FOR TAKING AFFIDAVITS

Court File No. CV-16-11773-00CL

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

**AND IN THE MATTER OF THE MONITORSHIP OF
Thomas Canning (Maidstone) Limited and 692194 Ontario Limited**

Statement of Fees Summary

Richter Advisory Group Inc.

IN THE MATTER OF THE MONITORSHIP OF

Re: Thomas Canning (Maldstone) Limited and 692194 Ontario Limited
 Statement of Fees Summary
 For the Period from May 1, 2017 to June 11, 2017

Invoice #	Period	Administrative			Subtotal	HST	Total
		Fees Incurred	Fees	Disbursements			
20402017	May 1 to June 11, 2017	\$ 113,042.50	\$ 2,261.00	\$ 9,243.33	\$ 124,546.83	\$ 16,191.09	\$ 140,737.92
20402016	May 2 to June 11, 2017	86,050.00	1,721.00	-	87,771.00	11,410.23	99,181.23
		<u>\$ 199,092.50</u>	<u>\$ 3,982.00</u>	<u>\$ 9,243.33</u>	<u>\$ 212,317.83</u>	<u>\$ 27,601.32</u>	<u>\$ 239,919.15</u>

This is Exhibit G referred to in the
affidavit of Clark Lonergan
sworn before me, this 14th
day of JUN 20 17

Exhibit "G"

.....
A COMMISSIONER FOR TAKING AFFIDAVITS

Court File No. CV-16-11773-00CL

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

**AND IN THE MATTER OF THE OF MONITORSHIP
Thomas Canning (Maidstone) Limited and 692194 Ontario Limited**

Time Summary

Richter Advisory Group Inc.

IN THE MATTER OF THE MONITORSHIP OF

Re: Thomas Canning (Maidstone) Limited and 692194 Ontario Limited
Time Summary
For the Period from May 1, 2017 to June 11, 2017

	Hours	Rate	Amount
Clark Lonergan, Partner	145.85	550.00	80,217.50
Daniel Korsunsky, Associate	100.20	250.00	25,050.00
Katherine Forbes, Vice-president	40.50	450.00	18,225.00
Wuji Mahmood, Senior associate	252.00	300.00	75,600.00
Grand Total	<u>538.55</u>		<u>\$ 199,092.50</u>
Average Hourly Amount			<u><u>\$ 369.68</u></u>

This is Exhibit H referred to in the
affidavit of Clark Lunerigan
sworn before me, this 14th
day of June, 20 17

Exhibit "H"


.....
A COMMISSIONER FOR TAKING AFFIDAVITS

Court File No. CV-16-11773-00CL

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

**AND IN THE MATTER OF THE MONITORSHIP OF
Thomas Canning (Maidstone) Limited and 692194 Ontario Limited**

Disbursement Summary

Richter Advisory Group Inc.

IN THE MATTER OF THE MONITORSHIP OF

Re: Thomas Canning (Maidstone) Limited and 692194 Ontario Limited

Disbursement Summary
For the Period from May 1, 2017 to June 11, 2017

Meals	1,381.39
Car Rental	1,078.06
Hotel	4,297.62
Mileage	2,440.70
Taxi	30.42
Miscellaneous	15.14
	<hr/>
\$	9,243.33

APPENDIX ‘H’

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

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

Applicant

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED

Respondents

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

**AFFIDAVIT OF GEORGE BENCHETRIT
(sworn June 15, 2017)**

I, GEORGE BENCHETRIT, of the City of Toronto, in the Province of Ontario,

MAKE OATH AND SAY AS FOLLOWS:

1. I am a partner with the law firm of Chaitons LLP (“**Chaitons**”), lawyers for Richter Advisory Group Inc., in its capacity as Court-appointed interim receiver (the “**Interim Receiver**”) and Court-appointed monitor (the “**Monitor**”) of the property, assets and

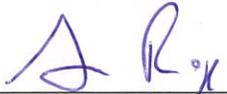
undertakings of the Respondents, and as such have knowledge of the matters to which I hereinafter depose.

2. Attached hereto and marked as **Exhibit "A"** is a copy of an account for the period of April 19, 2017 up to and including May 1, 2017 issued by Chaitons to the Interim Receiver totalling \$10,689.24 (comprised of fees of \$9,459.50 and HST of \$1,229.74) with respect to this proceeding.

3. Attached hereto and marked as **Exhibit "B"** is a copy of an account for the period of May 1, 2017 up to and including June 11, 2017 issued by Chaitons to the Monitor totalling \$35,065.65 (comprised of fees of \$30,749.00, costs of \$304.46 and HST of \$4,012.19) with respect to this proceeding.

4. I confirm that the accounts described above accurately reflect the services provided by Chaitons in this matter to the Interim Receiver and the Monitor and the fees and disbursements claimed by it from April 19, 2017 to June 11, 2017.

SWORN before me at the)
City of Toronto, this)
15th day of June, 2017)
)



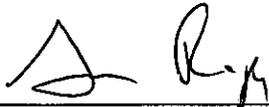
Sam Rappor

A Commissioner For Taking Affidavits, etc.



GEORGE BENCHETRIT

This is Exhibit "A" referred to in the Affidavit of GEORGE
BENCHETRIT sworn June 15, 2017

A handwritten signature in black ink, appearing to read "S. Rappos", positioned above a horizontal line.

Commissioner for Taking Affidavits (or as may be)

SAM RAPPOS



INVOICE NUMBER: 262447

May 1, 2017

RICHTER ADVISORY GROUP INC.
181 BAY STREET, SUITE 3320
TORONTO, ON, M5J 2T3

Re: INTERIM RECEIVERSHIP OF THOMAS CANNING MAIDSTONE LIMITED
Our file: 007152-52569

FOR PROFESSIONAL SERVICES RENDERED on this matter up to and including May 1, 2017:

PROFESSIONAL FEES		
SUBJECT TO HST	\$9,459.50	
SUB-TOTAL		\$9,459.50
HST at 13.00%		\$1,229.74
GRAND TOTAL		<u>\$10,689.24</u>

Amount payable on the current invoice	\$10,689.24
Plus outstanding invoices on this matter	\$0.00
Amount Due	<u>\$10,689.24</u>
Trust Balance	



PROFESSIONAL FEES:

Apr 19, 17	SPR	Reviewed and commented on draft order; attended numerous call to discuss draft order provisions with client and with counsel to lender; drafted consent to appointment; reviewed search results; reviewed and drafted correspondence regarding court attendance; reviewed draft affidavit in support of application;
Apr 20, 17	SPR	Discussed proposed notices to be sent out by client to third parties; discussed various matters with client regarding attendance at the premises and discussions with management; discussed draft order for appointment of national receiver with client and sent comments to counsel to lender; reviewed and drafted various correspondence regarding draft order and proposed notices;
Apr 21, 17	SPR	Discussed various matters with client; reviewed draft consultant engagement letter; attended conference call with client and counsel to lender; drafted correspondence to counsel to TCL;
Apr 24, 17	SPR	Reviewed and drafted correspondence regarding ongoing discussions amongst parties; discussed matters with client regarding draft report;
Apr 26, 17	SPR	Reviewed correspondence; discussed matters with client and with counsel to TCL;
Apr 27, 17	MK	Conference call with S. Rappos, S. Babe, K. Plunkett and Richter to discuss receivership application;
Apr 27, 17	SPR	Attended numerous conference calls with client, counsel to lender, and counsel to TCL; reviewed and drafted correspondence regarding same; reviewed draft accommodation agreement; reviewed and revised draft report of the interim receiver;
Apr 28, 17	MK	Review first report of interim receiver;
Apr 28, 17	SPR	Attended to electronic service of the interim receiver's report; discussed matters with client, counsel to lender and counsel to TCL; attended at Commercial List for appearances before Justice Newbould; reviewed and drafted correspondence regarding next steps;



Apr 30, 17	SPR	Discussed matters with client; reviewed draft discharge order and provided comments thereon; reviewed and drafted correspondence regarding draft order and accommodation agreement;
May 1, 17	SPR	Attended at Commercial List for appearance before Justice Newbould to obtain order discharging interim receiver and appointment of monitor; discussed matters with client, counsel to lender and counsel to TCL; reviewed and drafted correspondence;

TOTAL PROFESSIONAL FEES
\$9,459.50

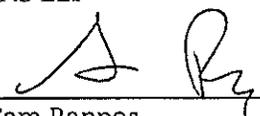
HST at 13.00%

1,229.74

GRAND TOTAL**\$10,689.24**

CHAITONS LLP

per:


 A handwritten signature in black ink, appearing to read "S Rappos", is written over a horizontal line.

 Sam Rappos

**LAWYERS' SUMMARY:**

Lawyers and legal assistants involved	Hourly Rate	Hours Billed	Total Billed
MICHAEL KRIL-MASCARIN	\$300.00	1.30	\$390.00
SAM RAPPOS	\$485.00	18.70	\$9,069.50
Total:		20.00	\$9,459.50

GST No R124110933

INVOICE NUMBER: 262447

E. & O.E. Payment due on receipt of the account. In Accordance with the Solicitor's Act, interest will be charged on any unpaid balance at the rate of 0.5% per annum commencing one month after delivery of this account.

Doc#3907129v1

This is Exhibit "B" referred to in the Affidavit of GEORGE
BENCHETRIT sworn June 15, 2017



Commissioner for Taking Affidavits (or as may be)

SAM RAPPOS



INVOICE NUMBER: 262990

June 15, 2017

RICHTER ADVISORY GROUP INC.
181 BAY STREET, SUITE 3320
TORONTO, ON, M5J 2T3

Re: MONITOR FOR THOMAS CANNING MAIDSTONE LIMITED
Our file: 007152-52648

FOR PROFESSIONAL SERVICES RENDERED on this matter up to and including June 11, 2017:

PROFESSIONAL FEES

SUBJECT TO HST	\$30,749.00	
SUB-TOTAL		\$30,749.00

DISBURSEMENTS

NON TAXABLE	\$190.46	
SUBJECT TO HST	\$114.00	
SUB-TOTAL		\$304.46
HST at 13.00%		\$4,012.19

GRAND TOTAL		\$35,065.65
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Amount payable on the current invoice	\$35,065.65
Plus outstanding invoices on this matter	\$0.00
Amount Due	<u>\$35,065.65</u>
Trust Balance	



PROFESSIONAL FEES:

May 1, 17	SPR	Reviewed and drafted correspondence;
May 2, 17	SPR	Reviewed and drafted correspondence; discussed matters with client and with counsel to the company; reviewed commission matters;
May 3, 17	SPR	Reviewed Accommodation Agreement re RISP deadlines; discussed matters with counsel to the company and drafted correspondence regarding same; reviewed correspondence re commission matters;
May 4, 17	SPR	Reviewed and drafted correspondence; discussed matters with client and counsel to the company;
May 5, 17	SPR	Reviewed and drafted correspondence; discussed matters with client and with counsel to the company;
May 6, 17	SPR	Reviewed and drafted correspondence re RISP;
May 7, 17	SPR	Reviewed and drafted correspondence; reviewed RISP teaser;
May 8, 17	SPR	Reviewed and drafted correspondence re commission matters; attended conference call with counsel to company and lender; discussed matters with client; drafted correspondence to counsel to the company;
May 9, 17	SPR	Attended meeting at office of counsel to lender to discuss RISP and outstanding matters; reviewed and drafted correspondence regarding commission and other matters; discussed matters with client;
May 10, 17	SPR	Reviewed forecast and drafted correspondence regarding same; attended call with counsel to company and lender;
May 11, 17	SPR	Attended commission pre-hearing via teleconference; reviewed and drafted correspondence; discussed matters with client and with counsel to the company; drafted disclaimer;
May 12, 17	SPR	Reviewed NDAs and provided comments thereon; discussed matters with client and with counsel to the company; attended call with counsel to company and the lender; reviewed and drafted various correspondence; reviewed submission to commission;
May 15, 17	SPR	Reviewed commission submission; reviewed company's request for reconsideration and discussed with client; reviewed and drafted correspondence; reviewed and commented on NDAs;
May 16, 17	SPR	Reviewed and drafted correspondence; discussed matters with client;

GST No R124110933

INVOICE NUMBER: 262990

E. & O.E. Payment due on receipt of the account. In Accordance with the Solicitor's Act, interest will be charged on any unpaid balance at the rate of 0.5% per annum commencing one month after delivery of this account.

Doc#3945946v1



May 17, 17	SPR	Drafted letter to counsel to company regarding reconsideration by the Monitor; discussed same with client; reviewed affidavit of Bill Thomas and request for chambers appointment; reviewed and drafted correspondence regarding same; discussed affidavit with client; finalized letter to counsel to the company; discussed matters with counsel to the lender; reviewed and drafted correspondence to the Court; reviewed and drafted correspondence regarding the RISP;
May 18, 17	SPR	Attended at chambers appointment before the Commercial List; discussed matters with client and with counsel to the company and lender; reviewed and drafted correspondence; reviewed and commented on NDAs; reviewed commission decision;
May 19, 17	SPR	Reviewed and drafted correspondence;
May 23, 17	SPR	Reviewed and commented on NDA; discussed matters with client; drafted correspondence to counsel to the company;
May 24, 17	SPR	Reviewed and commented on NDA; drafted language to be included with appraisals in the dataroom; reviewed and drafted correspondence; discussed matters with client;
May 25, 17	SPR	Reviewed and drafted correspondence; discussed matters with client; reviewed and responded to correspondence from counsel to the company; discussed matters with counsel to the lender;
May 26, 17	SPR	Reviewed offers received in RISP; discussed same with client; discussed sale process matters with client;
May 27, 17	SPR	Drafted correspondence to bidders and discussed same with client;
May 29, 17	SPR	Reviewed offer from Bob Thomas and drafted correspondence regarding same; discussed matters with client; drafted correspondence to bidders and discussed same with client; reviewed various correspondence received from counsel to the company, discussed same with client, and drafted responses;
May 30, 17	SPR	Reviewed and responded to correspondence received from bidders; discussed matters with client;
May 31, 17	SPR	Discussed matters with client; drafted detailed correspondence to counsel to bidder and reviewed same with client; reviewed and responded to various emails;



Jun 1, 17	SPR	Discussed bidder matters with client; discussed matters with counsel to bidder; reviewed and responded to correspondence from this counsel; reviewed and responded to correspondence from counsel to the company and discussed same with client; discussed matters with counsel to lender and with client;
Jun 2, 17	SPR	Discussed various matters with client throughout the day; reviewed and responded to correspondence from counsel to bidder; reviewed and responded to correspondence from counsel to the company; attended calls with counsel to lender and with client; drafted correspondence to successful bidder;
Jun 3, 17	SPR	Attended conference calls with counsel to lender and with client; reviewed and drafted various correspondence regarding received offers; drafted detailed correspondence to counsel to the company and discussed same with client;
Jun 4, 17	SPR	Discussed matters with counsel to bidder; discussed matters with counsel to lender and with client; reviewed and responded to various emails;
Jun 5, 17	SPR	Reviewed and responded to numerous correspondence from counsel to the company; attended conference call with client and successful bidder and his representatives; discussed matters with counsel to lender and with client; attended to various RISP matters;
Jun 6, 17	SPR	Drafted correspondence to successful bidder and discussed same with client; drafted detailed correspondence to counsel to company and discussed same with client; discussed matters with counsel to bidder; drafted detailed correspondence to this counsel and discussed same with client; discussed matters for draft report with client; drafted correspondence to counsel to lender regarding next steps in process; reviewed and responded to numerous other emails;
Jun 7, 17	SPR	Reviewed and responded to various correspondence to counsel to the company and others; discussed matters with client; discussed matters with counsel to lender;
Jun 8, 17	SPR	Drafted detailed correspondence to counsel to the company; discussed matters with client; discussed scheduling matter with trial coordinator and drafted correspondence with respect thereto; reviewed Bridging indebtedness number and discussed same with client; reviewed and responded to various correspondence regarding scheduling of motion and next steps in RISP;

GST No R124110933

INVOICE NUMBER: 262990

E. & O.E. Payment due on receipt of the account. In Accordance with the Solicitor's Act, interest will be charged on any unpaid balance at the rate of 0.5% per annum commencing one month after delivery of this account.

Doc#3945946v1



Jun 9, 17	SPR	Attended conference call with counsel to the lender and to the company; reviewed and responded to various correspondence; reviewed offer summary analysis and discussed same with client; reviewed draft report;
Jun 10, 17	SPR	Reviewed and revised draft report; drafted APA;

TOTAL PROFESSIONAL FEES	\$30,749.00
HST at 13.00%	3,997.37

DISBURSEMENTS:**Subject to HST:**

Internet Search Fee Taxable	\$114.00	\$114.00
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Non-Taxable:

Government Disbursement Internet Search Non-tax.	\$190.46	\$190.46
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TOTAL DISBURSEMENTS	\$304.46
HST at 13.00%	14.82

GRAND TOTAL	\$35,065.65
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CHAITONS LLP

per:

 A handwritten signature in black ink, appearing to read "S Rappos", is written over a horizontal line. Below the line, the name "Sam Rappos" is printed in a standard font.

Sam Rappos

GST No R124110933

INVOICE NUMBER: 262990

E. & O.E. Payment due on receipt of the account. In Accordance with the Solicitor's Act, interest will be charged on any unpaid balance at the rate of 0.5% per annum commencing one month after delivery of this account.

**LAWYERS' SUMMARY:**

Lawyers and legal assistants involved	Hourly Rate	Hours Billed	Total Billed
SAM RAPPOS	\$485.00	63.40	\$30,749.00
Total:		63.40	\$30,749.00

GST No R124110933

INVOICE NUMBER: 262990

E. & O.E. Payment due on receipt of the account. In Accordance with the Solicitor's Act, interest will be charged on any unpaid balance at the rate of 0.5% per annum commencing one month after delivery of this account.

Doc#3945946v1

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

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and
692194 ONTARIO LIMITED
Respondents

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

AFFIDAVIT OF GEORGE BENCHETRIT
(sworn June 15, 2017)

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

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

Lawyers for the Interim Receiver and the Monitor

APPENDIX “I”

Archived: April-19-17 12:51:23 PM
From: David T. Ullmann
Sent: April-16-17 8:53:11 PM
To: Ken Rosenstein
Cc: Alexandra Teodorescu; Sam Babe
Subject: Thomas Canning
Importance: Normal

Ken,

I have had a chance to review our without prejudice discussion with our clients. However, certain important facts were brought to my attention over the weekend which alter how my clients wish to proceed.

First, please note that my clients are "farmers" as defined within the *Farm Debt Mediation Act*. They are obviously engaged in commercial farming. As a result, they are entitled to the protections provided under that statute.

I have reviewed the demand letters sent by your firm on April 5th, 2017. While those letters do include a notice under section 244 of the Bankruptcy and Insolvency Act, which would expire at the end of the day tomorrow (assuming it was properly constituted and sent etc.), it does not appear that a notice was sent to my clients under section 21 of the FDMA. As such, in accordance with section 22(1) of the FDMA, the BIA notice is invalid, as is the accompanying demand. Even if you had issued such a notice under the FDMA, you will know that the notice period under that statute runs for 15 business days. As of today, there have only been 6 business days since April 5th, as a result of the weekends and the Easter break.

Therefore, even under the most liberal interpretation had your client issued an FDMA notice (which it appears they did not), my clients have a further 9 business days during which they can consider their options and during which your client cannot take other steps to enforce their debt and security against them, such as it is. *It is our position that you must reissue your demands with an FDMA notice to enforce, if you wish to do so, and then, if required, issue new demands and 244 notices after the FDMA notice expires.* I can advise you that unless you issue a section 21 notice, or produce an FDMA notice for our review which was properly sent and received by our clients on or after April 5th, 2017 (which my clients advise has not happened), they will certainly take the position in resisting any unilateral enforcement your client may try that your client is statute barred from doing so.

It has also been drawn to our attention that the loan agreement, dated July 5, 2015, which we believe to be the central loan agreement, had a term of 18 months. We have not been provided with a written extension of that agreement and we are advised by our clients that the agreement was never extended. As such, it appears that the loan agreement expired on January 3rd, 2017. While the termination of the agreement does not remove the obligation of our clients to repay amounts that are outstanding, it does remove certain operating restrictions required under that agreement, including without limitation, the requirement to continue to deposit future amounts into a blocked account swept by your client.

Finally, I am advised that our clients are in the midst of one of their two most important seasons. For your information, our client must purchase approximately \$50,000 worth of seeds immediately. These seeds are to be provided to the company's greenhouse operations. The greenhouse operators are also requiring a substantial up front deposit given the problems which the company had last year. I am given to understand that the necessary deposit is in the range of \$100,000 (approximately half the final bill which will be due in May). As you will understand, the growing season for tomatoes is finite. Ideally, the company should have delivered the seed to the greenhouse last week, or even the week before. If they wait any longer, the seedlings (which are grown from the seeds by the greenhouse) will not be ready in time to be planted to ensure that the crop can be harvested before the Fall frost. Also, the company has growers under contract to grow these seedlings into crops. If the seeds are not delivered to the greenhouse, the seedlings will not be delivered to the growers and those growers may not be available when needed if there is further delay. Truly this is an absolutely critical moment in the economic cycle of this company and it cannot be suspended while we negotiate a solution.

All the foregoing provides a new dynamic to our negotiations which I was unaware of when we had our call on Friday.

As such, my clients intend to proceed as follows. They will continue with their engagement of MNP and continue to review their financial affairs so as to be able to make a transparent report to your clients as to their financial position and to better assist them in making sensible decisions moving forward. I hope that some material reporting can be made available this week. While we are negotiating, they will deposit all future receipts into a new account (not the blocked account), but MNP will audit all receipts and withdrawals from that account. Any surplus amounts not required for critical business operations (such as payroll, seed purchase, machinery maintenance, professional fees, utilities, etc.) will be left in that account. No amounts will be used to pay any payroll to any of the principals of the company, or to pay any amounts which are owing to any of the principals of the company for their shareholder loans or past advances. Any future advances made by the shareholders will be secured advances, although I am hoping no such future advances are required. We will seek to address how to deal with the repayment of the shareholders amounts in the future, once the immediate critical moment has passed.

We will seek to negotiate with you over the period of the FDMA notice period towards a path forward once that notice period (and any future BIA notice period) expires. If such a mutually acceptable resolution cannot be found, the company will likely make an application under the FDMA to allow for the use of a mediator and the appointment of a guardian, as provided for in that statute.

The company has the right to a notice period within which the law recognizes it should have the chance to stabilize its business and consider its options. The longer period of notice under the FDMA (as opposed to the BIA) recognizes that farming is a business which should not be stopped abruptly. I would also note that the company is under no obligation to appoint MNP or otherwise provide the cash controls we are proposing in this letter, but they are doing so in the interest of demonstrating that, regardless of the confusion on both sides about the past, their intent going forward is to make sure the business survives and there is a proper opportunity to consider all options.

I look forward to reviewing this with you once you have reviewed it with your client. I am sure you will want to discuss it with me. While I am not available for the balance of the day today, I will be available at 9 AM tomorrow for such a call or through most of the morning tomorrow.

Regards,

David

 2 Queen Street East | Suite 1500
Toronto, Ontario M5C 3G5

David T. Ullmann
Partner

dullmann@blaney.com
☎ 416-596-4289 | ☎ 416-594-2437
🌐 Blaney.com

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APPENDIX “J”

**Ontario Farm Products Marketing
Commission**

1 Stone Road West, 5th Floor SW
Guelph, (Ontario) N1G 4Y2
Tel: (519) 826-4220
Fax: (519) 826-3400

**Commission de commercialisation des
produits agricoles de l'Ontario**

1 Stone Road West, 5th Floor SW
Guelph (Ontario) N1G 4Y2
Tél.: (519) 826-4220
Télééc.: (519) 826-3400



IN THE MATTER OF:

The *Farm Products Marketing Act* ("FPMA") and sections 3 to 8 of Regulation 440 (Vegetables for Processing – Marketing) made under the FPMA

AND IN THE MATTER OF:

An order of Ontario Farm Products Marketing Commission ("Commission") issued to Thomas Canning (Maidstone) Limited ("Thomas Canning") dated April 13, 2017 ("Order")

AND IN THE MATTER OF:

A request from Thomas Canning to the Commission asking for an oral hearing dated April 24, 2017

AND IN THE MATTER OF:

The Commission's decision of April 27, 2017 to hold an oral hearing with respect to the Order

AND IN THE MATTER OF:

A pre-hearing teleconference held on May 11, 2017 pursuant to Rule 5.0 of the Commission's Rules of Procedure.

DECISION OF THE ONTARIO FARM PRODUCTS MARKETING COMMISSION

BACKGROUND

The Commission administers six processor and dealer licensing programs under the FPMA including the licensing of vegetable processors in accordance with Regulation 440 (Vegetables for Processing – Marketing). Thomas Canning currently holds a Commission issued processing licence (Licence No. 1994-18).

Under Regulation 440, the Commission may impose terms and conditions on a processor's licence and may require a processor to furnish security. If the Commission requires a processor to furnish security, the amount of security shall not exceed 50 per cent of the price payable to producers for vegetables processed during the immediately

PRE-HEARING CONFERENCE

The Commission held a pre-hearing teleconference on Thursday, May 11, 2017 to determine procedural matters including the hearing date.

During the teleconference, Thomas Canning's counsel requested that the Commission hold the hearing at the end of June to allow time for negotiations to conclude with respect to Thomas Canning's financial circumstances and possible opportunities to refinance. Legal counsel for BFI and Richter supported Thomas Canning's request for a June hearing date.

Legal counsel for OPVG and Mr. Hewitt were in favour of a May hearing date. They raised concerns that the request to delay until June should not be used by the parties to draw the process out and that an earlier date would provide 2017 growers with some certainty in their dealings with Thomas Canning.

The Commission invited the parties to make brief written submissions outlining the financial assurances they were prepared to offer 2017 growers contracting with Thomas Canning should the hearing date be moved to June.

SUBMISSIONS OF THE PARTIES WITH RESPECT TO PROTECTION FOR 2017 GROWERS TO SUPPORT A JUNE HEARING DATE

On May 12, 2017, the Commission received written submissions from counsel for Thomas Canning and BFI.

Thomas Canning's counsel advised that all growers considering contracting with Thomas Canning for 2017 are aware of the Commission's process with regard to the company's licence. Subject to the approval of BFI, Thomas Canning will only contract with farmers for the 2017 season upon reaching an arrangement to provide for such security as may be reasonably requested by those growers on such terms as are negotiated among the parties.

Counsel for BFI advised that it has the financial resources and is prepared to fund Thomas Canning for security which may be negotiated between Thomas Canning and the 2017 growers subject to the following terms and conditions:

- the proposed growing contracts shall be for an amount of product and on terms and conditions acceptable to BFI;
- the proposed security or deposits shall be reasonable in both quantum and structure; and

Thomas Canning, whether that breach relates to a non-payment for product received or a refusal to receive product in that regard;

2. Any grower contracting with Thomas Canning for the 2017 crop year and Thomas Canning will advise the Commission directly and as applicable that:
 - (a) the grower believes the security is reasonable;
 - (b) the security has been accepted by all parties; and
 - (c) the security has been properly documented to reflect the agreement of the parties.

3. One week in advance of the hearing, Thomas Canning shall submit its business plan for making settlement with all growers for tomatoes not received or paid for in 2016 and those growers and OPVG shall be prepared to advise the Commission at the hearing with respect to:
 - (a) whether they believe the business plan is reasonable; and
 - (b) whether the business plan is acceptable to them, acting reasonably.

4. Thomas Canning, BFI and Richter shall each provide the Commission with a written undertaking that they will advise the Commission immediately of any material change in Thomas Canning's financial status, including paying out any of the pledged security to 2017 growers, or its ability to accept delivery of and process the 2017 crop.

BFI has asked the Commission to commit to providing a licence to any purchaser of Thomas Canning's business in order that they may be in a position to take delivery and make payment in full for such product. A vegetable processing licence issued by the Commission is not transferable. In the event that Thomas Canning's business is sold to a new legal entity, that entity may apply to the Commission for a processing licence. The Commission's licensing criteria is set out in Regulation 440.

The Commission relied on the following factors in coming to this decision:

- Ensuring that 2017 growers are financially protected puts them in a better position to make planting decisions for 2017.
- OPVG has indicated in writing that it is willing to support the continuation of Thomas Canning's processing licence if certain conditions are met. The Commission has required that those conditions be met.
- 2016 growers seeking payment from Thomas Canning have advised that they support OPVG's position, although they wish to ensure their interests are considered as well.

- TO:** Thomas Canning (Maidstone) Ltd.
c/o Mr. David Ullmann
Blaney McMurtry LLP
2 Queen Street East, Suite 1500
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dullmann@blaney.com
- AND TO:** Bridging Finance Inc.
c/o Mr. Sam Babe
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sbabe@airdberlis.com
- AND TO:** Richter Advisory Group Inc.
c/o Sam Rappos
Chaitons LLP
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samr@chaitons.com
- AND TO:** OPVG
c/o Mr. Geoff Spurr
Wilson, Spurr
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- AND TO:** David Dick
Ontario Tomato Seedling Growers' Marketing Board
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dvd5@bell.net
- AND TO:** Jeffrey Hewitt, Lawyer
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Windsor, ON N8N 4R8
jeff@hewittlaw.ca
- AND TO:** Agricorp
c/o Kevin McCormack
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kevin.mccormack@agricorp.com

APPENDIX “K”

Sam P. Rappos

From: David T. Ullmann [DUllmann@blaney.com]
Sent: Thursday, June 15, 2017 1:27 PM
To: Sam P. Rappos
Cc: 'Lonergan, Clark'; Forbes, Katherine; Mahmood, Wajahat; Ken Rosenstein; 'Sam Babe'; William Thomas
Subject: Re: Thomas Canning
Categories: Queued DM

Sam,

We have had a chance to review the issues raised in your email of May 31 and June 3rd with the Company. We are responding to you as Company counsel. Please be advised that the Company is satisfied that no funds have been diverted from the company at any time since our engagement (or prior to the best of our knowledge), and that no funds were received by or applied to the benefit of any of the principals of the Company or the other Obligors (as that terms is defined in the Accommodation Agreement). Indeed, as you are aware, the principals of the Company have repeatedly put personal funds in to the Company, including, I understand, as recently as last week, and have for some time been operating with no salary or compensation of any kind.

The Company believes that when the analysis of the books and records of the company are complete, which you have repeatedly advised they are not, it will be clear that there are no funds to return to the company, that material amounts of money are owing to the Thomas's, and that all funds which have been received and spent at any time by the company were spent or applied to the benefit of the company and for no other or improper purpose. We also note that your subsequent emails on this topic demonstrate that you are continuing to discover information related to this matter and clearly the analysis on your end is not complete.

There was no violation of the Interim Receivership order nor has there been any violation of the Monitor Order at any time of which we are aware or of which the Company has advised us.

If Bridging or the Monitor seeks to make any further allegations in this matter in respect of these amounts against the principals of the company please advise and we will determine whether or not it is necessary for those parties to seek independent counsel in order to deal with this matter further. We do not represent them in that capacity . We are, however, quite confident that those efforts will come to nothing of value. The company and the obligors have at all times, and specifically since the execution of the AA, acted in good faith and in cooperation with the process which has been followed, notwithstanding that they have disagreed at various points with decisions made in that process, as you are aware.

Regards,

David



David T. Ullmann
Partner

dullmann@blaney.com

☎ 416-596-4289 | ☎ 416-594-2437

☎ Blaney.com

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From: Sam P. Rappos <samr@chaitons.com>

Sent: June 12, 2017 11:37 AM

To: David T. Ullmann

Cc: 'Lonergan, Clark'; Forbes, Katherine; Mahmood, Wajahat; Ken Rosenstein; 'Sam Babe'

Subject: RE: Thomas Canning

David,

Further to my emails to you dated May 31, June 3 and June 7 regarding the whereabouts of certain funds, we wanted to bring to your attention another matter that has come to the Monitor's attention.

As detailed in the attached e-mail, the Monitor and the Company received payment information from a customer, Fremont (Rockford Division). The customer has confirmed that it paid \$36,505.81 to the Company on Feb 9, 2017 for two (2) invoices (T003192 & T003493). Based on its review of the BMO blocked account and the Company's systems, the Monitor has been unable to locate these funds.

The Monitor enquired of the Company and Bob Thomas on June 9, 2017 if they would be able to assist in locating these funds. The response from Bob Thomas was this is to be addressed through counsel.

As a result, we ask that you confer with your client and confirm the whereabouts of the \$36,505.81 as soon as possible and return such funds to the BMO lockbox bank account.

Regards,
Sam

Sam P. Rappos

Lawyer | Chaitons LLP | T: 416.218.1137

From: Sam P. Rappos

Sent: Wednesday, June 07, 2017 2:23 PM

To: 'David T. Ullmann'

Cc: 'Lonergan, Clark'; Forbes, Katherine; Mahmood, Wajahat; Ken Rosenstein; 'Sam Babe'

Subject: RE: Thomas Canning

Importance: High

David,

Further to my emails to you dated May 31 and June 3 regarding the whereabouts of certain funds, we wanted to bring to your attention a similar matter that has just come to the Monitor's attention.

As detailed in the attached e-mail, the Monitor, with the assistance of an employee of the Company, received payment information and a balance confirmation from Garden Fresh (the "**Customer**") in the course of attempting to reconcile the Company's accounts receivable.

The Customer reported payment of three (3) invoices on or about February 13, 2017 totaling US\$76,359.96 (T003460 - \$24,942.96, T003462 - \$25,704, T003528 - \$25,704). These payments were processed through Custom House/Western Union.

These payments could not be traced to any deposits made to the BMO lockbox bank account.

The Monitor inquired of the senior finance person, Eva, as to any information relating to these payments received. Eva was able to find email correspondence that indicated that the direction of payment instructions were to be provided by Bob Thomas. Eva had no knowledge as to what instructions were given to Custom House/Western Union by Mr. Thomas.

The Monitor enquired with Mr. Thomas regarding the directions provided to Custom House/Western Union, and where the above payments were deposited, but he indicated that he was advised by you that these diversion matters are being handled between counsel.

As a result, we ask that you confer with your client and confirm the whereabouts of the US\$76,359.96 as soon as possible and return such funds to the BMO lockbox bank account.

Regards,
Sam

Sam P. Rappos

Lawyer | Chaitons LLP | T: 416.218.1137

From: David T. Ullmann [<mailto:DUllmann@blaney.com>]

Sent: Monday, June 05, 2017 10:04 AM

To: Sam P. Rappos

Cc: 'Lonergan, Clark'; Forbes, Katherine; Mahmood, Wajahat; 'Ken Rosenstein'; Sam Babe; William Thomas

Subject: Re: Thomas Canning

Sam,

Thank you for your email. Please be advised as follows.

We note that all of the cheques to which you refer in your email materially predate your client's report to court which indicated that only minimal funds had been diverted, as itemized therein. Given that your client's principal mandate at that time was to track down the allegedly missing fund, the company relied on the that report as evidence on this issue and thereafter spent little to no time considering this issue as it appeared

resolved. We also note that your client has consistently complained about the conditions of the books and records of the company and yet it seems it is now seeking to strictly rely on those same books and records to jump to conclusions that funds are missing. Given the receiver's own findings and the state of the records, despite your email is it not equally likely that there may not be an issue here at all or that it is a very small one? In any event, the allegation you are raising merit review and we are reviewing this with our client. We are advised and wish it noted for the record that despite the statement in your emails, the company and the obligors have at all times cooperated and answered the questions put them. The company will continue to cooperate in respect of this matter, including contacting the customers who claim that these cheques have been provided and reviewing its records in respect of same. As you are aware though, the company is somewhat distracted by the RISP process, which I understand remains very active, so the response may not be immediate. I have previously provided my clients with the court order and have again highlighted the paragraph you note in your email. With respect to the issue with the migrant workers, I am advised that the truth of the matter is as follows. When Richter was appointed, the company met with Richter and explained to them the nature of how the migrant worker system functions. This led to the Monitor approving the engagement of a finite number of migrant workers which the company did with the Monitor's approval and oversight. Last week, 3 of those workers asked to be excused from work so that they could return to Jamaica. The company, with the Monitor's oversight, went through the usual regulatory/immigration process to allow these workers to return to Jamaica. As a result, the company will be short 3 migrant workers. It has made arrangements to replace these workers, as they are required for operations. It has not, however, purchased any plane tickets or otherwise made any final or irreversible commitments and would not do so without the Monitor's approval and oversight. Incidentally, it is worth noting that the total cost to the company of purchasing tickets for these workers to come to Canada is in the aggregate around \$500 per ticket or \$1500 in total. I am assured that no one will be getting on any planes without your client's approval. The company has no money with which to purchase tickets without it. With respect to the alleged mislabeling of product, we are advised by our client that while this has apparently happened, that it was likely an unintentional clerical error, that it is a minor issue (approximately \$10-15,000 worth of product) and was unintentional. Errors of this type are not uncommon from time to time in a process the size and scope of the Company's. We understand that many customers require different wording on the cans of products the company ships (best before, vs use by, vs just the date, etc.) and as such the product is labelled with the wording at the time of shipping and not at the time of storage. The most likely explanation is that a run of 2015 products was recently processed (which would have included a 2018 best before date) and the printer was not properly reset for the run of 2014 product which followed and the error was not immediately noticed. The company also notes that this error most likely occurred as a result of funding restrictions imposed by the Monitor and Bridging which limited the staffing the company would otherwise ordinarily have had monitoring this issue. However, I am advised that the problem can be solved. The product can simply be re-labeled and re-shipped. It is still salable. Finally, please we are advised that apparently the Monitor and or Bridging have refused to approve the invoices presented by each of Rol-land Farms and Speedling Inc. for the millions of seedlings which were grown during this process. As we have advised our client, these are clearly post-filing obligations and I am sure you will agree that the Monitor will be personally liable to these companies if these amounts are not paid for services rendered. Further, we remind you that the seedling growers can also make application and or complaint to the Farm Products Marketing Board, which will jeopardize the company's licence. Please ensure that these two greenhouses are paid immediately on Monday. The Monitor has been provided with the specific invoices (which you referred to in your email of May 25) by the company.

Regards,
David



David T. Ullmann

Partner

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🌐 Blaney.com

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From: Sam P. Rappos <samr@chaitons.com>

Sent: June 3, 2017 12:42 PM

To: David T. Ullmann

Cc: 'Lonergan, Clark'; Forbes, Katherine; Mahmood, Wajahat; 'Ken Rosenstein'; Sam Babe

Subject: Thomas Canning

David,

As you know, Richter Advisory Group was appointed as Monitor of the Company pursuant to the Order of the Court dated May 1, 2017, a copy of which is attached hereto. The role of the Monitor is also detailed in the Accommodation Agreement dated April 29, 2017, a copy of which is attached hereto.

Pursuant to paragraph 9 of the Order, the Monitor has been empowered and authorized to act with respect to the property, assets and undertakings of the Company (the “**Property**”). Under the Agreement, the Company is required to promptly provide all information requested by the Monitor, provide full access to the books and records of the Company and the Property, and fully cooperate with the Monitor in implementing the Agreement. The Agreement also confirms that the Monitor’s powers include taking steps to secure the Property and having oversight of sales, supply, expenditures and other business decisions. The Company is required to obtain prior approval of the Monitor in respect of any business decisions including expenditures.

As detailed in the email dated May 31, 2017, a copy of which is attached, the Monitor recently discovered copies of three cheques from customers in the aggregate amount of CDN\$32,930.67, and a copy of a cheque from a customer in the amount of US\$54,757.77. The Monitor has confirmed that these cheques were not deposited into the Company’s blocked account. The Monitor has been repeatedly informed by the Company that it has no other bank accounts. The Monitor asked Mr. Bob Thomas for additional information with respect to these cheques, and his response was that he followed your instructions as the Company’s lawyer. Mr. Thomas did not provide any information as to the whereabouts of the cheques or funds to the extent they were deposited.

In accordance with its powers pursuant to the Order and the Agreement, we hereby demand, on behalf of the Monitor, that the Company return the cheques forthwith to the Monitor, in the event they have not been cashed, or return forthwith to the Monitor the amounts of CDN\$32,930.67 and US\$54,757.77 in the event the cheques were cashed.

Also, further to my email to you dated May 25, 2017, a copy of which is attached, the Monitor continues to request information from the Company regarding a listing of all customer payments made via custom house/western union so that receipts and deposits can be traced to the BMO blocked account and the accounts receivable balance can be updated accordingly.

Lastly, the Monitor was approached by an employee of the Company yesterday, June 2, 2017 and the Monitor was informed about the following two troubling items:

- The Company has made arrangements for three migrant workers from Jamaica to arrive on Thursday June 8, 2017. The Company did not consult or seek the approval of the Monitor with respect to this, in violation of the terms of the Agreement. On behalf of the Monitor, we hereby demand that the Company immediately takes steps to cancel these arrangements and provide written confirmation of this cancellation to the Monitor.
- The Company has been intentionally mislabelling certain of its 2014 products so that some of its “aging” inventory can be monetized. The Monitor understands that rules and regulations require that canned products are to have a 3 year after canning best before date, not the 4 year best before date that was placed on identified product (certain canned items were listed as having best before dates of 2018 notwithstanding that the tomatoes were canned in 2014 per Julian Date). The Monitor, with the assistance of the respective employee, has segregated this inventory and pictures were taken. The Monitor is currently compiling a listing of the shipping documents with respect the mislabelled product that has already been shipped to customers . The Monitor understands that the Company is currently subject to a number of outstanding charges by the Canadian Food and Inspection Agency and other regulatory bodies with respect to previous mislabelling issues.

We trust that you will ensure that the foregoing matters are brought to your client’s attention and be given the attention and consideration these serious issues deserve and require.

Regards,
Sam

Sam P. Rappos

Lawyer

Direct Tel: 416.218.1137

Direct Fax: 416.218.1837

samr@chaitons.com

5000 Yonge Street, 10th Floor, Toronto, Canada, M2N 7E9

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Sam P. Rappos

From: Sam P. Rappos
Sent: Wednesday, May 31, 2017 3:26 PM
To: David T. Ullmann
Cc: Clark Lonergan; Ken Rosenstein; Sam Babe; Wajahat Mahmood; Katherine Forbes
Subject: Fwd: Missing cheques
Attachments: image32adeb.JPG

Categories: DM, Recipient Copy, #52648 : 3932618

David,

We wanted to notify you of the information discovered by the Monitor regarding diversion of funds by your client, as detailed in the email enclosed below.

We will advise Tim Dunn of this as well.

Regards,
Sam

Begin forwarded message:

From: "Lonergan, Clark" <CLonergan@Richter.ca>
Date: May 31, 2017 at 3:01:58 PM EDT
To: "Sam P. Rappos" <samr@chaitons.com>
Cc: "Forbes, Katherine" <KForbes@richter.ca>, "Mahmood, Wajahat" <WMahmood@richter.ca>
Subject: Re: Missing cheques

Sam

The Monitor was reviewing Company records to reconcile the Fremont Company (Rockford Division) account due to a significant short pay on the customers last remittance to the Company when it was discovered that a certain payment had not been deposited into the BMO locked account or any other account known to the Monitor. The Monitor then expanded its search to look through other Company records for the period of January 2017 to May 2017. The Monitor has not performed a detailed review of this time period or reviewed the period prior to January 2017, which could result in further findings.

During this review the Monitor identified the following cheques copies that were not able to be traced to the known bank accounts.

Cheque From	Cheque Date	Currency	Cheque #	Cheque Amount
Ali-Mondee Ltee	04/22/2017	CAD	19750	6,500.05
Ventura Foods Canada Ltd.	04/03/2017	CAD	10904	22,335.20
UNFI Canada	04/12/2017	CAD	363258	4,095.42
				<u><u>32,930.67</u></u>
The Fremont Company	04/06/2017	USD	47808	54,757.77

The Monitor was told to speak with Bob when enquiring about these amounts. When approached, Bob's response, without looking at the cheque copies or information about the documents in hand, was he abided by his counsel's instructions and did not deviate from his counsel's instructions. He did not deny or acknowledge the misdirection of the funds.

The Company, and specifically Bob, was asked on numerous occasions by the IR/Monitor, with the exception of the previously noted \$10k that was deposited to the Company's BMO disbursement account, if there were instances where funds were deposited into accounts other than the BMO blocked accounts. The response at all times was "No".

When requesting further information, Bob instructed he would look into it at a later time as he was busy with the RISP process.

<imagecdcd7d.JPG>

Wajahat Mahmood, CPA, CA, CBV

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APPENDIX “L”



REPLY TO: SAM RAPPOS
FILE NO.: 52648
DIRECT: 416-218-1137
FAX: 416-218-1837
EMAIL: samr@chaitons.com

May 17, 2017

VIA EMAIL

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

Re: Thomas Canning (Maidstone) Limited (the "Company")

Dear Mr. Ullmann,

We write to you in response to your e-mail dated Monday May 15, 2017.

The Company has asked the Monitor to re-consider its recommendation that the Company proceed with contracting with growers to plant 150 acres of tomato crop during the RISP period, as opposed to the 400 acres desired by the Company. The Company has also requested that the time frame for submissions of bids in the RISP be extended by one week and that certain projections you circulated on Friday May 13, 2017, along with a letter from the Company, be included in the RISP dataroom.

At the outset, we wish to make it clear that Richter is well aware of its role as court officer in its appointment as Monitor. Although it should not have to be said, Richter at all times has and will continue act in the best interests of all of the Company's stakeholders when carrying out its mandate as Court-appointed Monitor.

Set out below are the Monitor's responses to each of the requests made by the Company and issues raised by it in your e-mails.

To summarize:

- (a) the Monitor has reviewed all of the financial and other information available to it and, following a re-consideration, remains of the view that the best course of action for all of the Company's stakeholders is for the Company to proceed with arranging for growers to plant 150 acres of crop during the RISP period;
- (b) the Monitor will consider an extension of the RISP deadlines pending receipt of responses and activity in the RISP over the next week; and
- (c) the Monitor does not support the Company's request to include the projections you circulated last week and/or a letter from the Company in the dataroom.



Summary of the Company's Position

Based on our review of your e-mail and subsequent emails, the Company's position is believed to be as follows:

1. The Company has been operating under a business plan to contract growing 400 acres of crops, this amount was previously agreed to by Bridging, the Company has a license for 400 acres and has committed to proceed with 400 acres, and the funding of the planting of 400 acres is a "critical payment" under the Accommodation Agreement.
2. Growing 150 acres of tomatoes will likely ruin the business of the Company, and result in the Company losing customers and its license and will decrease the value of the Company's business during the RISP.

Accommodation Agreement

As you know, the Monitor is not a party to the Accommodation Agreement. The terms of the agreement were negotiated and agreed to by the Company and Bridging. It is correct that Richter did have an opportunity to review a draft of the Accommodation Agreement prior to its execution.

We do not believe there is any value for the Monitor to delve into an argument as to how the terms of the Accommodation Agreement should be interpreted and what were the intentions of the parties when negotiating the agreement.

We note that, in our view, the role of the Monitor under the Accommodation Agreement is to make its recommendations to the parties. That is all. Notwithstanding your repeated assertions, the Monitor cannot, and has no power to, compel Bridging to advance funds to the Company.

400 acres v. 150 acres

In response to the statements made by you in your e-mails, we note that:

- (a) the Monitor has no personal knowledge and thus cannot speak to your comments with respect to what was communicated to Mr. Marr of Bridging regarding the Company's business plan and/or what transpired during any meetings held during March 2017. Those issues are between the Company and Bridging. In the same vein, the Monitor cannot comment on any license issues and/or what may have been discussed by the Company and the Commission, as the Monitor has only been provided with information and communications on a second hand basis; and
- (b) at no time did the Monitor recommend payment of costs related to the Company contracting with growers to plant 400 acres. The decisions to plant seedlings in greenhouses sufficient for 400 acres and making substantial payments for seeds and greenhouses were made by the Company



prior the Monitor's appointment. Any payments made subsequent to that, which is believed to be approximately \$6,000, was recommended by the Monitor so that all options would remain open to the Company during the RISP and while the Monitor was in the process of reviewing the Company's books and records and assisting the Company in preparing a financial forecast.

You have indicated that the Company has been "operating on its business plan to operate 400 acres of crops". However, the Company has provided no business plan to the Monitor based on 400 acres, or any acres for that matter. Additionally, given the resignation of the Company's CFO in March 2017, the lack of financial acumen of the Company's principals, and the Company's current financial resources available to it, the Company is unable to provide any credible business plan that would support the 400 acres that it desires to produce.

Other than the Company's bald assertions that 400 acres is key, it has not produced any documents or information to support its assertions that 150 acres would negatively impact the business. In both instances, the Company is securing tomato feedstock and producing organic and conventional tomato product. Additionally, given the Company's historical financial performance (losses), current balance sheet (significant amounts of past due accounts payable and high debt load), and senior management deficiencies, it is the Monitor's view that it is likely that potentially interested parties under the RISP will be focussed on the Company's asset base and production capacity as opposed to the current crop production and respective canning cycle.

Although it has been discussed by the Monitor with the Company on numerous occasions, and communicated to yourself and counsel to Bridging, the Monitor's recommendation for the Company to proceed with 150 acres as opposed to 400 acres was based on the following factors, among others:

- (a) the Company does not have sufficient finance resources to adequately plan and monitor the Company's financial performance and liquidity needs. The Company continues to have limited ability to provide visibility for the Company's stakeholders into the Company's short/medium/long term cash flow projections;
- (b) the Monitor has no confidence in the completeness of the Company's books and records and in the ability of the Company to make financially supportable operational decisions, which includes the following:
 - (i) Inventory and Sales:
 - (A) the Company produced on approximately 300 acres in its 2016 crop production, which resulted in a significant level of inventory on-hand of approximately \$10.7 million, even though the next production cycle is only months away. This



raises significant concerns that the Company is producing inventory without the required customer base;

- (B) the Company's FY16 sales are projected to be \$5.5 million, which is a 42% year-over-year decline. As result, the Company's current sales trend will not be able to sell through the existing inventory and the new inventory generated through the proposed 400 acres of planting;
 - (C) the Company has significant inventory management constraints (the person responsible for inventory and quality control resigned in September 2016) and has limited knowledge of what and where its current inventory levels are; and
 - (D) an inventory count performed by the Interim Receiver with the assistance of the Company indicated a \$1.0 to \$2.0 million overstatement and noted approximately \$400,000 in aged inventory or damaged product.
- (ii) Accounts Receivable – the Monitor has identified several instances (approximately \$600,000) from the period of November 2016 to April 2017 where customer payments were deposited in the Company's bank accounts but were not recorded in the Company's books and records. Based on this overstatement it is difficult for the Company and the Monitor to assess what cash flows are still to be received and their associated timing of receipt;
 - (iii) Accounts Payable – the accounts payable ledger is significantly past due and includes invoices that have not been entered by the Company and does not include significant payments the Monitor understands have been made by the principals;
 - (iv) Operational Decisions:
 - (A) the Company is unable to generate and/or provide the Monitor with any reliable reports for operational decisions (i.e. standard costing, gross margin by product, sales by customer by product category, etc.), which reduces the confidence the Monitor can place on the Company's ability to assess, plan and/or monitor any proposed business plan;
 - (B) the Company continues to operate at a net loss, which is consistent with its historic performance, and the Company has been selling organic product to Neil Jones, its largest customer of organic product, with a negative gross margin. The Monitor understands that this came as a surprise to the



Company as it and the Monitor worked together to assess the FY18 sales forecast; and

- (C) the Company was of the view that paste sales were a pivotal product line and generated significant profits and, on this basis, the Company planned on a substantial portion of 2017 feedstock to be used for paste production. However, the Company's and Monitor's recent analysis has indicated that paste generates a mere 2% margin.
- (c) to proceed with 400 acres, the Company may require additional cash and/or security to be posted by Bridging in the amount of approximately \$2.8 million. The Company would likely only require less than \$1.0 million to be posted by Bridging if it proceeds with 150 acres. Such payment would be made upfront, as the Company defaulted under the 2016 growers contracts, resulting in a lawsuit from 9 of 14 growers in the amount of approximately \$3.0 million and settled with 3 of the 14 growers for approximately \$500,000 (payable over 10 years), with 2 growers currently outstanding. In the Monitor's view, it would be prudent, given all of the risks outlined above, to minimize cash outlays in the circumstances.

Extension of the RISP Submission Deadline

The Monitor will consider the Company's request for the extension of the RISP bid submission deadline based on the responses it receives from interested parties and activity in the RISP during the next week.

Dataroom

The Monitor does not support the Company's request for its additional projection and/or letter from the Company to be placed in the dataroom. As has been discussed with you, the numbers in that projection were taken from an early draft forecast circulated for discussion purposes only that had not yet been fully reviewed by the Company and/or been finalized by the Company and the Monitor. That projection should not be relied upon by any party, let alone potentially interested parties.

It is the Monitor's view, based on its vast experience in this area, that it would be harmful to the RISP to have multiple projections in the dataroom, as it would serve to confuse potentially interested parties and likely result in them distrusting the state of the business and accuracy of the financials of the Company.

We would be happy to discuss the foregoing with you at your convenience.



Yours truly,
CHAITONS LLP

Sam Rappos

(computer generated signature)

Sam Rappos
LAWYER

Cc: Client
Aird & Berlis LLP

APPENDIX “M”

Commercial List File Number: CV-17-11773-00CL
 Civil File Number:

Date: May 17, 2017

SUPERIOR COURT OF JUSTICE – COMMERCIAL LIST
 9:30 A.M. HEARING REQUEST FORM

18 MAY 2017 w/ Newbould J.

A PLEASE NOTE: The 9:30 hearing procedure is only for "ex parte, urgent, scheduling and consent matters which take no longer than 10 minutes" (Practice Direction, (2002), 57 O.R. (3rd) 97; paragraph 25). This restriction will be enforced. This matter is (tick one or more):

ex parte
 urgent
 scheduling
 consent
 other (explain)

B Short Title of Proceeding:
 Bridging Finance Inc., et al. v. Thomas Canning (Maidstone) Limited, et al.

C Date(s) Requested:
 May 18, 2017 @ 9:30am before Justice Newbould

D The following is a brief description of the matter to be considered at the 9:30 appointment:
 For a motion directing the Monitor to extend the Sale Process

E The following materials will be necessary for the matter to be considered. (it is the responsibility of counsel to confirm that the proper materials are available for the Court.)
 Order of Justice Newbould dated May 1st, 2017, and the Affidavit of William Thomas sworn May 17th, 2017.

F Is any Judge seized of these matters or any judicial conflicts? Justice Newbould has heard the last motion.

COUNSEL FOR APPLICANT/MOVING PARTY		COUNSEL FOR OTHER PARTY	
Party	Lawyers for Thomas Canning (Maidstone) Limited. and 692194 Ontario Limited, Respondents	Party	
Counsel	 David Ullmann PRINT AND SIGN OR INITIAL	Counsel	
Address	Blaney McMurtry LLP 2 Queen Street East Suite 1500 Toronto, ON M5C 3G5	Address	
Phone	416.596-4289	Phone	
Fax	416.594.2437	Fax	
E-Mail	dullmann@blaney.com	E-Mail	
Party			
Counsel			
Address			
Phone			
Fax			
Email			

To be submitted to: Commercial List Office, 330 University Avenue, 7th Floor, Toronto Ontario Fax to: (416) 327-6228
 You may also convert to PDF and email to Toronto.Commercialist@jus.gov.on.ca

Endorsement/Disposition See attached Yellow Endorsement Form.

May 18/17
 I am not prepared to make any order regarding the Monitor to change the sales strategy. The Monitor was just recently
 (1-1-17)

appointed on May 1, 2017 on consent and given
the authority to sell the business. Having read
the affidavit of Mr. Thomas sworn yesterday and
the report of the Maritimer Trust Mr. Rappos dated
yesterday, I am not at all persuaded that
the Maritimer Trust should be required to change
its strategy or timing regarding the sale.

The debtor is not to interfere with the sale by
sending out information ~~to the public~~.
regarding the business unless with the
consent of the Maritimer in writing.

D.W.J.

APPENDIX “N”

RICHTER

TRANSACTION OPPORTUNITY: PRODUCE PROCESSING AND CANNING OPERATION

Company Overview

The Company is a family-owned food processor licensed under the Ontario Farm Products Marketing Commission and regulated by the Canadian Food Inspection Agency. The Company enjoys a solid reputation for quality and operates its canning facility to Safe Quality Food (SQF) 2000 standards.

The Company processes and packages both conventional and organic produce from local farms into a variety of canned, drum and tote products. These products then are sold under the Company's own brand as well as under the private labels of some of its largest customers.

Annual production capacity is approximately 36,000 to 45,000 tons of produce during the three-month processing season which runs from mid-August through the end of October/early November.

Key Investment Highlights

The Company offers potential investors an attractive opportunity due to the following positive attributes:

Operating in a \$3.2 billion dollar industry in Canada, greater than 40% concentrated in Ontario

- The Company is one of only eight licensed processors within its respective produce segment of this industry in Ontario, and contracted approximately 10% of the 2016 crop within this segment.

Long standing history and reputation

- The Company has been in Southwestern Ontario for over 80 years and has developed strong relationships with local farms to secure consistent quality produce feedstock.

Strong customer base in both Canada and the USA

- The Company's customer base includes Canadian and American national grocery retail chains and large re-processors.

Significant real estate holdings allowing for future expansion and development

- The Company's property comprises eight separate parcels of land including: the plant and 48,000 sq.ft. warehouse on 58 acres (21 & 37 acres of industrial land and farmland, respectively); 32 acres of vacant farmland approved for future development of a new canning facility; and an additional six separate parcels totaling approximately 200 acres of farmland.
- Significant farmland allows the Company to utilize manage in own processing waste organically.

Solicitation Process

The Company, with the assistance of Richter Advisory Group Inc. and its affiliates, ("**Richter**") is soliciting offers from third parties interested in one or more of: (A) refinancing of the Company's debt obligations; investment in the Company; purchase of the Company's business and assets, including its owed real estate core to its processing operations and (B) purchase of the Company's other real estate assets (the "**Potential Transaction(s)**").

The bid process contemplates the following general steps to conclude the Potential Transaction(s) (the "**Bid Process**"):



RICHTER

- Interested parties shall be required to execute a non-disclosure agreement (“**NDA**”) and return it to Richter in order to gain access to confidential information maintained in a data room;
- Parties will be required to submit a non-binding offer (“**Initial Offer**”) to Richter by 5:00 pm Eastern Standard Time (“**EST**”) on May 26, 2017 (the “**Bid Deadline**”).
- Richter, with the assistance of the Company, shall have discretion to consult and negotiate with any party who is likely to consummate a transaction (the “**Qualified Bidder(s)**”) with respect to their Initial Offer;
- Upon selection of acceptable Initial Offers, the acceptable Qualified Bidders may conduct any further due diligence they require, and by no later than June 2, 2017 at 5:00 pm EST provide Richter with a binding offer (“**Binding Offer Deadline**”), waving any conditions other than the procurement of a sale approval and vesting order, and including a deposit of at least the lesser of: 10% of the cash purchase price; or \$500,000 (the “**Binding Offer(s)**”);
- Richter, with the assistance of the Company shall negotiate and finalize the required definitive agreement with the applicable Qualified Bidder by no later than 5:00 pm EST on June 15, 2017. A template agreement shall be made available; and
- The Company shall promptly seek a sale approval order with the Ontario Superior Court of Justice (Commercial List) and close the chosen transaction by no later than June 30, 2017 (the “**Closing Date**”); and
- The Company is not required to accept the highest or best offer, or any offer received;
- It is at the Company’s discretion as to what constitutes a qualified bidder (e.g. financial capability), best offer and if the timeline and/or terms outlined above are required to be altered.

Confidentiality and Disclaimer

- This document has been prepared on information provided by the Company and is intended to provide preliminary information to interested parties to formulate the basis of their refinancing, investment or acquisition intent. The information contained herein is confidential and proprietary to the Company. Accordingly, the reader agrees to treat all information as strictly confidential and shall not disclose, either in part or in whole, to any party not directly involved in the refinancing, investment or acquisition decision.
- This document is not intended for general circulation or publication and cannot be reproduced in any form without written permission of Richter and the Company. This document does not constitute a prospectus, offering memorandum or public offering. No guarantees are made or implied with regards to the Proposed Transaction(s) that may ultimately result.

If you would like to execute an NDA or discuss any specific questions regarding this transaction opportunity, please direct all enquiries to:

Clark Lonergan
Senior Vice President
(416) 485-5502
clonergan@richter.ca

Katherine Forbes
Vice President
(416) 785-1151
kforbes@richter.ca

Wuji Mahmood
Senior Associate
(416) 642-0840
wmahmood@richter.ca

APPENDIX “O”

May 26, 2017

Richter Advisory Group Inc.

181 Bay Street, Suite 3320

Bay Wellington Tower

Toronto, ON M5J 2T3

Attention: Clark Lonergan (clonergan@richter.ca)

- and to -

Thomas Canning (Maidstone) Ltd.

326 South Talbot Road

Maidstone, ON N0R 1K0

Attention: William Thomas

Dear Sirs/Mesdames:

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

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

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



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

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

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

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



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

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

[SIGNATURE PAGE FOLLOWS]



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

_____ on behalf of a company to be incorporated

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

ACCEPTED by the undersigned this _____, 2017,

THOMAS CANNING (MAIDSTONE) LTD.

By: _____
Name:
Authorized Signing Officer

692194 ONTARIO LTD.

By: _____
Name:
Authorized Signing Officer

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

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

By: _____
Name: Clark Lonergan
Authorized Signing Officer

APPENDIX “P”

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

CONFIDENTIAL

May 26, 2017

DELIVERED VIA E-MAIL

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

Attention: Clark Lonergan, Senior Vice President

Dear Sirs:

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

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

1. **Assets**

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

2. Purchase Price for the Assets

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

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

3. Conditions

This letter of intent is subject to the following conditions:

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

4. Employment Matters and Associate Agreements

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

5. Taxes

- (a) The Purchaser shall be responsible for and shall pay all federal and provincial sales or other transfer taxes arising as a result of the closing of the Proposed Transaction, or, alternatively, shall provide the Company and the Monitor with appropriate exemption certificates.
- (b) The Purchaser, Company and Monitor will, through good faith negotiations, agree upon an allocation of the Purchase Price among the Purchased Assets for tax purposes.

- (c) The Company and Purchaser shall, on Closing, elect jointly under subsection 167(1) of the *Excise Tax Act* (Canada) in respect of the sale of the Purchased Assets. The Purchaser shall undertake to file such election with Canada Revenue Agency not later than the day on which it is required to file its HST return for its reporting period which includes the date of Closing.

6. **Due Diligence**

The Purchaser and its representatives will be provided with full and complete access to the assets, books, records, personnel and premises of the Company in order to conduct its legal, operational and financial review of the assets and the Business. The acquisition is subject to completion of the Purchaser's investigation of the assets, affairs and condition of the Business, and satisfaction with the results of such investigation. Such due diligence shall be completed on or before June 2, 2017.

7. **Costs**

Each of the Purchaser, Company and Monitor will be responsible for and bear all of their own respective costs and expenses incurred at any time in connection with pursuing or completing the Proposed Transaction.

8. **Status of this Letter of Intent**

It is understood that this letter of intent is a statement of the intention to proceed in good faith as outlined above and it does not create any binding obligations. Any purchase will be subject to the execution of a definitive agreement of purchase and sale (the "**Definitive Agreement**") to be negotiated by the parties.

9. **Business in the Ordinary Course**

From the date of this letter to the completion of the Proposed Transaction or termination of negotiations, the Monitor and the Company shall conduct the Business in the usual and ordinary manner and use all reasonable efforts to maintain good relations with its employees, customers, suppliers and other contracting parties.

10. **Governing Law**

This letter of intent will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario.

Yours very truly,



**Robert Thomas, in trust for a corporation(s)
to be incorporated**

Confirmed, agreed to and accepted this _____ day of June, 2017.

RICHTER ADVISORY GROUP INC.
in its capacity as court-appointed Monitor
of Thomas Canning (Maidstone) Limited and
692194 Ontario Limited, and not in its personal
or corporate capacity

Per: _____
Name:
Title:

I Have Authority to Bind the Corporation

692194 ONTARIO LIMITED

Per: _____
Name:
Title:

I Have Authority to Bind the Corporation

THOMAS CANNING (MAIDSTONE) LIMITED

Per: _____
Name:
Title:

I Have Authority to Bind the Corporation

APPENDIX “Q”

May 26, 2017

Richter Advisory Group Inc.

181 Bay Street, Suite 3320
Bay Wellington Tower
Toronto, ON M5J 2T3

Attention: Clark Lonergan (clonergan@richter.ca)

- and to -

Thomas Canning (Maidstone) Ltd.

326 South Talbot Road
Maidstone, ON N0R 1K0

Attention: William Thomas

Dear Sirs/Mesdames:

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

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

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

may 30-17 (SM)

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

May 30, 2017


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

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

May 30, 2017


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

may 30 2017
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basis, subject only to any appropriate disclosure to regulatory authorities or the Court and as otherwise required by law.

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

[SIGNATURE PAGE FOLLOWS]

May 30, 2017


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

on behalf of a company to be incorporated

By: Sanokh Mahal
Name: Sanokh Mahal
Authorized Signing Officer

ACCEPTED by the undersigned this _____, 2017.

THOMAS CANNING (MAIDSTONE) LTD.

By: _____
Name:
Authorized Signing Officer

692194 ONTARIO LTD.

By: _____
Name:
Authorized Signing Officer

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

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

By: _____
Name: **Clark Lonergan**
Authorized Signing Officer

APPENDIX “R”



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DIRECT DIAL 416-369-4335
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FILE NUMBER 1111111

May 30, 2017

VIA EMAIL (samr@chaitons.com)

CHAITONS LLP
5000 Yonge St.
10th Floor
Toronto, ON M2N 7E9
Attention: Sam Rappos

Dear Sam:

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

I have now had an opportunity to review both of your emails from yesterday and have received instructions in respect of same this morning.

For ease of reference, I will adopt the naming convention used in your emails when answering your questions below.

1. Deposit

* The Purchaser has fully complied with the bid process.

* A non-binding letter of intent ("LOI") was submitted prior to the 5pm deadline on May 26, 2017, and it intends to submit the requisite binding offer before 5pm on June 2, 2017.

* The Bid Process clearly states that ".....a deposit of at least the lesser of: 10% of the cash purchase price; or \$500,000".

* The Purchaser is not a signatory to the subject Accommodation Agreement. Bob Thomas is a signatory but the Purchaser is not. Leaving aside this technical distinction, the more concerning issue for me lies in your suggestion that there should be one bid process for Bob Thomas and another for everyone else. This



is completely contrary to the principles of fairness that must be adhered to by court officers in establishing a sales process.

A court officer cannot "given the quantum of offers received" arbitrarily change the Bid Process to require the Purchaser to post an additional [REDACTED] by way of a deposit on very short notice.

If the Monitor is unwilling to honour the terms of the Bid Process, I am of the view that this is a sufficiently serious issue to warrant a judicial determination respecting the fairness of this process before any bidder is selected as the successful purchaser. It is imperative that the fairness of a sales process be beyond question and clearly, in the current circumstances, the bidding procedure is less than clear.

2. Conditions

* Please consider the language of the LOI to be amended by this letter to more clearly reflect the intention of the Purchaser. Specifically, the LOI is only conditional upon receipt of an Order approving the sale transaction, the form of the Agreement of Purchase and Sale and vesting all the purchased assets in the Purchaser free and clear of any and all security interests and other encumbrances etc. in accordance with the model form of order.

* reference to adjustments will be amended to more clearly reflect the intention to limit the same to the usual adjustments for property taxes, utilities etc. that one would expect when acquiring real property.

* the Purchaser is not looking to have a working capital adjustment.

3. Obligations

* I was not aware of the lender posting security, but have confirmed with my client that the Purchaser intends to assume this obligation as part of the sale transaction. Naturally, we will require a breakdown of this security amount. Please provide as soon as possible.

* Similarly, the Purchaser intends to assume the existing Tote and vehicle leases.

* I note that the above is consistent with the language found in subsection 1(b) of the LOI in which the Purchaser states that it intends to "continue to operate the Business with the same business partners in the farming community and to honour the previous commitments made by the Company to such business partners".

4. Transaction Mechanism

* With respect, I do not think it appropriate for the Monitor to ask the Purchaser what it intends to do with the Company. Surely, this is a question better asked of the principal secured creditor and/or the Company. Have other bidders been asked this question?



* the Purchaser has submitted an offer to purchase all of the assets of the Company. It is not party to enforcement options and strategy available to the principal secured creditor should it suffer a shortfall (which appears to be the implication from this question).

5. Timeline

* the Bid Process requires a closing of the purchase transaction by no later than June 30, 2017. The Purchaser has structured its affairs on this basis. If it becomes possible for an earlier closing, the Purchaser will gladly close earlier. However, it is not fair or acceptable that the Monitor is proposing to move the goal posts again - this time in connection with timing for completion.

* the 28 day timeline from binding offer to completion is already tight and I cannot believe that completion a few days before the June 30th date set out in the Bid Process makes any material difference.

6. Additional 100 Acres

* in your second email, you have requested clarification from the Purchaser respecting the additional 100 acres of conventional tomato feedstock that has potentially been secured by the Company.

* the Purchaser is in favour of the Company proceeding with this feedstock for the upcoming 2017 processing season.

* the estimated [REDACTED] required to move forward with these additional acres will be added to the \$ [REDACTED] offer submitted by the Purchaser.

I hope that the foregoing serves to clarify the position of the Purchaser in respect of the issues you have raised.

With respect to the Bid Process and, more particularly, the ambiguity around the quantum of the deposit required, we will obviously need your written position today. Should the Monitor insist upon maintaining its position, I will be recommending that the Purchaser seek a judicial determination respecting the overall fairness of the Bid Process before any further steps are undertaken in furtherance of the same.

**MINDEN
GROSS** LLP

I look forward to hearing from you.

Yours truly,

MINDEN GROSS LLP

Per:

Timothy R. Dunn
TRD/th

cc Bob Thomas

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

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and
692194 ONTARIO LIMITED
Respondents

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

MOTION RECORD OF THE INTERIM RECEIVER
AND THE MONITOR
(returnable June 21, 2017)

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

Sam Rappos (LSUC # 51399S)
Tel: (416) 218-1137
Fax: (416) 218-1187
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Lawyers for the Interim Receiver
and the Monitor