

IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK

IN BANKRUPTCY AND INSOLVENCY

JUDICIAL DISTRICT OF FREDERICTON

IN THE MATTER OF THE RECEIVERSHIP OF:

Gray's Aqua Management Ltd., Gray Aqua Farms Ltd., Gray Aqua Group Ltd., Butter Cove Aqua Farms Ltd., Goblin Bay Aqua Farms Ltd., Jervis Island Aqua Farms Ltd., Pass-My-Can Aqua Farms Ltd., Gray Aqua Processing Ltd., M. Gray Holdings Ltd., 608672 N.B. Ltd., 608690 N.B. Ltd., 608691 N.B. Ltd., 608715 NB Limited and 608716 NB Limited

- and -

PURSUANT TO Section 33 of The *Judicature Act*, R.S.N.B. 1973, Ch. J-2, Rule 41, Rules of Court, New Brunswick and Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3

BETWEEN:

CALLIDUS CAPITAL CORPORATION

APPLICANT

- and -

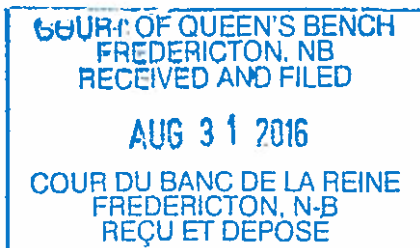
GRAY'S AQUA MANAGEMENT LTD., GRAY AQUA FARMS LTD., GRAY AQUA GROUP LTD., BUTTER COVE AQUA FARMS LTD., GOBLIN BAY AQUA FARMS LTD., JERVIS ISLAND AQUA FARMS LTD., PASS-MY-CAN AQUA FARMS LTD., GRAY AQUA PROCESSING LTD., M. GRAY HOLDINGS LTD., 608672 N.B. LTD., 608690 N.B. LTD., 608691 N.B. LTD., 608715 NB LIMITED and 608716 NB LIMITED,

RESPONDENTS

AFFIDAVIT OF TIMOTHY R. GRAY

I, Timothy R. Gray, of Northampton, New Brunswick, MAKE OATH AND SAY AS FOLLOWS:

1. I, along with my brothers Robert and Jeffrey, are the principals of Gray's Aqua Management Ltd., Gray Aqua Farms Ltd., Gray Aqua Group Ltd., Butter Cove Aqua Farms

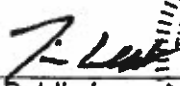


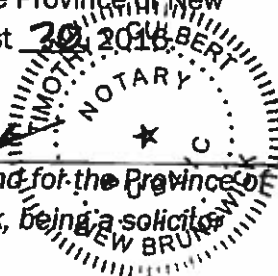
Ltd., Goblin Bay Aqua Farms Ltd., Jervis Island Aqua Farms Ltd., Pass-My-Can Aqua Farms Ltd., Gray Aqua Processing Ltd., m. Gray Holdings Ltd., 608672 N.B. Ltd., 608690 N.B. Ltd., 608691 N.B. Ltd., 608715 NB limited and 608716 NB Limited (collectively, the "Companies" and each a "Company"). As well, I along with my brothers are the sole directors of 628228 N.B. Incorporated ("628228"). As such, I have personal knowledge of the matters herein deposed to.

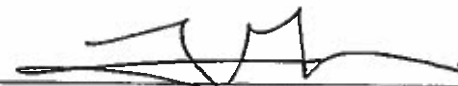
2. I have read the notice of application of 047759 N.B. Ltd. (the ("047759 Application") filed against Gray Aqua Group Ltd. ("Gray Aqua") et. al. in relation to certain fish inventory (the "Fish Inventory") located at Marine Aquaculture Site MF - 0044 (the "Site") and matters related to the Site.
3. Gray Aqua, a company incorporated under the laws of the Province of Newfoundland and Labrador, ran salmon farming operations at various aquaculture sites located off the South Coast of Newfoundland and Labrador and off the coast of New Brunswick including the Site.
4. The Fish Inventory was grown until they were smolt by Gray Aqua Farms Ltd. ("Gray Farms") at its hatchery facility in Northampton, New Brunswick prior to be placed on the Site. Gray Farms was never paid for the smolt placed on the Site.
5. The 047759 Application does not set out all of the material facts. In particular, the Fish Inventory was at all times the property of Gray Aqua and any interest of 628228 was to be paid for use of the site by Gray Aqua. As well, and provided the sale of the Fish Inventory resulted in a profit, 628228 may have been paid some further amount after payment of the costs of Gray Aqua to rear and sell the Fish Inventory.
6. 628228 did not record the Fish Inventory on its books and records and never claimed any ownership interest therein. Gray aqua did record the Fish Inventory on its books and records. To the extent 628228 may have had some form of interest in the Fish Inventory because it was located on the Site, that interest was disposed of and subordinated to Gray Aqua's interest in the Fish Inventory for the costs to grow same and the resulting profit.

7. I, along with my brothers, have continued to work with Ernest & Young since its appointment as Receiver of the Companies. The Receiver's assessment of the Fish Inventory, the cost to grow out the Fish Inventory and the likelihood that growing the Fish Inventory will result in a loss is reasonable.

SWORN BEFORE ME at the Town of
Woodstock in the Province of New
Brunswick, on August 30, 2018.


Notary Public in and for the Province of
New Brunswick, being a solicitor.




TIMOTHY GRAY