Appendix “A”

Court File No. FM-22-16

IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK

IN BANKRUPTCY AND INSOLVENCY

JUDICIAL DISTRICT OF FREDERICTON

I certify that this document, each page of which has been initialed by me, is a true copy of the original on file in the office of the Court for the Judicial District of Fredericton, issued under the Seal of the Court

this 25 day of April 2016

Boni Scott

Boni Scott
Under written authorization of the Registrar dated this 1st day of November, 1995

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

COURT OF QUEEN'S BENCH
FREDERICTON, NB
RECEIVED AND FILED
APR 25 2016
COUR DU BANC DE LA REINE
FREDERICTON, N-B
REÇU ET DÉPOSÉ

- 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

RECEIVERSHIP ORDER

THIS APPLICATION, made by the Applicant for an Order pursuant to Section 33 of the *Judicature Act*, R.S. N.B. 1973, Ch. J-2, (the "***Judicature Act***"), Rule 41 of the Rules of Court of New Brunswick (the "***Rules***") and Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "***BIA***") appointing Ernst & Young Inc. as receiver (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of the Respondents acquired for, or used in relation to a business carried on by the Respondents, was heard this day at the Justice Building, 427 Queen Street, Fredericton, New Brunswick.

ON READING the affidavit of James W. Hall sworn April 15, 2016 (the "**Hall Affidavit**") and the exhibits thereto and on hearing the submissions of counsel for the Applicant, Business Development Bank of Canada ("**BDC**"), and Ernst & Young Inc. as proposed Receiver, no one appearing for the other parties identified in the affidavits of service of Antoinette DePinto sworn April 18, 2016 and Lynn Lee sworn April 21, 2016 although duly served, and on reading the consent of Ernst & Young Inc. to act as the Receiver.

IT IS ORDERED THAT:

SERVICE

1. The time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. Pursuant to section 33 of the *Judicature Act*, Rule 41 of the *Rules* and section 243(1) of the *BIA*, the Receiver is hereby appointed receiver, without security, of all of the assets, undertakings and properties of the Respondents acquired for, or used in relation to the businesses carried on by the Respondents, including all proceeds thereof (the "**Property**").

RECEIVER'S POWERS

3. The 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 Receiver is hereby empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

   (a) to take possession and control of the Property and any proceeds or receipts arising from the Property but, while the Receiver is in possession of any of the Property, the Receiver must preserve and protect it;

   (b) to change locks and security codes, relocate all or some of the Property to safeguard it, engage independent security personnel, take physical inventories and place insurance coverage;

   (c) to manage, operate, and carry on the businesses of the Respondents, including the powers to enter into any agreements, incur and pay any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Respondents;

   (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

   (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the businesses of the Respondents, or any part or parts thereof;

   (f) to receive and collect all monies and accounts now owed or hereafter owing to the Respondents and to exercise all remedies of the Respondents in

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collecting such monies, including, without limitation, to enforce any security held by the Respondents;

(g) to settle, extend or compromise any indebtedness owing to the Respondents;

(h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Respondents, for any purpose pursuant to this Order;

(i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Respondents;

(j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

(k) to make payment of any and all costs, expenses and other amounts that the Receiver determines, in its sole discretion, are necessary or advisable to preserve, protect or maintain the Property, including, without limitation taxes, municipal taxes, insurance premiums, repair and maintenance costs, costs or charges related to security, management fees, and any costs and disbursements incurred by any manager appointed by the Receiver;

(l) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

(m) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

(i) without the approval of this Court in respect of any transaction not exceeding $100,000, provided that the aggregate consideration for all such transactions does not exceed $1,000,000; and

(ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under section 59 of the *Personal Property Security Act* (New Brunswick) shall not be required.

(n) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

(o) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

(p) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

(q) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Respondents;

(r) to enter into agreements with any trustee in bankruptcy appointed in respect of the Respondents including, without limiting the generality of the

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foregoing, the ability to enter into occupation agreements for any property owned or leased by the Respondents;

(s) to exercise any shareholder, partnership, joint venture or other rights which the Respondents may have; and

(t) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

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

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. The Respondents, all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, and all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Respondents, 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, subject to their right to seek a variation of this order, provide to the Receiver or permit the

Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. 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, subject to their right to seek a variation of this Order, forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. No proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE RESPONDENTS OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

9. All rights and remedies of any individual, firm, corporation, governmental body or agency or any other entity against the Respondents, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the *BIA*, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Respondents to carry on any business which the Respondents are not lawfully entitled to carry on, (ii) exempt the Receiver or the Respondents 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 and the related filing of an action to preserve the right of a lien holder provided that the Applicant shall not be required to file a defence to same as the further prosecution of any such claim is stayed except with the written consent of the Receiver, or leave of this Court.

PERSONAL PROPERTY LESSORS

10. All rights and remedies of any Person pursuant to any arrangement or agreement to which any of the Respondents is a party for the lease or other rental of personal property of any nature or kind are hereby restrained except with consent of the Receiver in writing or leave of this Court. The Receiver is authorized to return any Property which is subject to a lease from a third party to such Person on such terms

and conditions as the Receiver, acting reasonably, considers appropriate and upon the Receiver being satisfied as to the interest of such Person in the applicable Property. The return of any item by the Receiver to a Person is without prejudice to the rights or claims of any other Person to the property returned or to an interest therein.

NO INTERFERENCE WITH THE RECEIVER

11. Subject to Section 16 of this Order related to the Respondents' employees, 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 any of the Respondents, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. All Persons having oral or written agreements with any of the Respondents 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 any of the Respondents, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and the Receiver shall be entitled to the continued use of the Respondents' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Respondents or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

13. The Receiver, in its sole discretion, may (but shall not be obligated to) establish accounts or payment on delivery arrangements with suppliers in its name on behalf of any of the Respondents 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 Respondents, or any of them, if the Receiver determines that the opening of such accounts is appropriate.

14. No creditor of the Respondents shall be under any obligation as a result this Order to advance or re-advance any monies or otherwise extend any credit to the Respondents.

RECEIVER TO HOLD FUNDS

15. All funds, monies, cheques, instruments, and other forms of payment received or collected by the Receiver from and after the making of this Order from any source whatsoever, subject to Section 30 of this Order, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

16. All employees of the Respondents shall remain the employees of the Respondents until such time as the Receiver, on the Respondents' behalf, may terminate the employment of such employees or they resign in accordance with their employment contracts. The Receiver shall not be liable as a result of this Order for any employee-related liabilities, including any successor employer liabilities as

provided for in section 14.06(1.2) of the *BIA*, wages, severance pay, termination pay, vacation pay, and pension or benefit amounts, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5), 81.6(3) of the *BIA* or under the *Wage Earner Protection Program Act*, such amounts as may be determined in a Proceeding before a court or tribunal of competent jurisdiction.

17. Pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver may disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**") as permitted at law. Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. A prospective purchaser or bidder requesting the discolure of personal information shall execute such documents to confirm the agreement of such Person to maintain the confidentiality of such information on terms acceptable to the Receiver. The purchaser of any Property shall be entitled to continue to use the personal information provided to it related to the Property purchased in a manner which is in all material respects identical to the permitted prior use of such information by the Respondents, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

18. Nothing herein contained shall require or obligate the Receiver to occupy or to take control, care, charge, occupation, possession or management (separately and/or collectively, "**Possession**") of any of the Property or any part thereof, that may 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 legislation, statute, regulation or rule of law or equity respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, *Canadian Environmental Protection Act, 1999* (Canada), the *Clean Water Act* (New Brunswick), the *Clean Environment Act* (New Brunswick), the *Clean Air Act* (New Brunswick), and *Unsightly Premises Act* (New Brunswick) (collectively, the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation.

LIMITATION ON LIABILITY

19. Ernst & Young Inc. including, without limitation, any director, officer or employee of the Receiver, shall incur no liability or obligation as a result of its appointment as the Receiver or the carrying out the provisions of this Order, or in the case of any party acting as a director, officer or employee of the Receiver so long as acting in such capacity, save and except for any gross negligence, breach of contract or actionable misconduct on the part of such party, or in respect of the Receiver's obligations under sections 81.4(5) and 81.6(3) of the *BIA* or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the *BIA* or by any other applicable legislation.

RECEIVER'S ACCOUNTS

20. The Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and, subject to Section 30 of this Order, the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge to a maximum of $500,000 (the "**Administrative 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 the

Administrative Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the *BIA* and subject to Section 30 of this Order.

21. The Receiver and its legal counsel shall pass their respective accounts from time to time and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a Judge of the Court of Queen's Bench in New Brunswick in accordance with the *Rules*.

22. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees, expenses and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved in accordance with the the preceding paragraph hereof.

RECEIVER'S INDEMNITY CHARGE

23. Subject to Section 30 of this Order, the Receiver shall be entitled to and is hereby granted a charge (the "**Receiver's Indemnity Charge**") upon all of the Property as security for all of the obligations incurred by the Receiver including obligations arising from or incident to the performance of its duties and functions under this Order including the management, operation and carrying on of all or part of the business of any of the Respondents, the *BIA* or otherwise, saving only liability arising from negligence or actionable misconduct of the Receiver.

24. The Receiver's Indemnity Charge shall form a second charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the *BIA* and subordinate in priority to the Administrative Charge and subject to Section 30 of this Order.

ALLOCATION OF COSTS

25. The Receiver shall file with the Court for its approval a report setting out the costs, fees, expenses and liability of the Receiver giving rise to the Administrative Charge, the Receiver's Indemnity Charge and the Receiver's Borrowings Charge (as defined below) and, unless the Court orders otherwise, all such costs, fees, expenses and liability shall be paid, subject to Section 30 of this Order, in the following manner:

   (a) Firstly, applying the costs incurred in the receivership proceedings specifically attributable to an individual asset or group of assets against the realizations from such asset or group of assets;

   (b) Secondly, applying the costs pro rata against all of the assets based on the net realization from such asset or group of assets; and

   (c) Thirdly, applying non-specific costs incurred in the receivership proceedings *pro rata* against all of the assets based on the net realization from each asset or group of assets.

FUNDING OF THE RECEIVERSHIP

26. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed $15,000,000 (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 making payments (including interim payments) required or permitted to be made by this Order (including, without limitation, payments of amounts secured by the Administrative Charge and the Receiver's Indemnity Charge). Subjec to Section 30 of this Order, the whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment

of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Indemnity Charge, the Administrative Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the *BIA* and subject to Section 30 of this Order.

27. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court on seven days notice to the Receiver and the Applicant.

28. The Receiver is authorized to issue certificates substantially in the form annexed as **Schedule "A"** hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

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

OVERIDING PROVISIONS RELATED TO CERTAIN PROPERTY

30. Notwithstanding anything else contained in this Order, this Section shall govern the Administrative Charge, the Receiver's Indemnity Charge and the Receiver's Borrowings Charge or any other charge, claim or indemnity in favour of the Receiver howsoever arising (collectively, the "**Charges**") in relation to the Property defined as "BDC Priority Collateral" in an intercreditor agreement dated as of March 2, 2015 between BDC, the Applicant and the Respondents and attached as Exhibit "W' to the Hall Affidavit (the "**Intercreditor Agreement**"):

(a) The Administrative Charge shall not charge, attach or be allocated to the BDC Priority Collateral other than for costs, fees and expenses of the Receiver that were incurred:

(i) in relation to the Receiver's maintenance and management of the real or personal property of the Respondents used as part of its processing facility in Hermitage Newfoundland and Labrador (the "**Processing Facility**"); and

(ii) in relation to a sale of the BDC Priority Collateral or part thereof provided any such sale and the manner of the allocation of any such costs, fees and expenses of the Receiver associated with such a sale or the proceeds thereof was consented to in advance by BDC in writing.

(b) The Receiver's Borrowings Charge shall not charge or attach to the BDC Priority Collateral except to the extent funds under such Charge are borrowed by the Receiver to pay its costs, fees and expenses giving rise to the Administrative Charge set out in this Section 30. The BDC Priority Collateral shall be unaffected by and not subject to the Charges other than as specifically set out in this Section 30 including, without limiting the generality of the foregoing, the Receiver's Indemnity Charge which shall not charge or attach to the BDC Priority Collateral.

(c) BDC shall be paid all amounts due under the Intercreditor Agreement as provided therein in relation to the use of the BDC Priority Collateral by the Receiver and in no case shall such amounts be added to any Charge as against the BDC Priority Collateral.

(d) The foregoing provisions shall apply to the extent of BDC's interest in the BDC Priority Collateral and the Charges shall otherwise attach to the BDC Priority Collateral subsequent to the interest of BDC but in advance and in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person who has an interest subsequent to the interest of BDC, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the *BIA*.

GENERAL

31. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

32. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of any of the Respondents.

33. The aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States is hereby requested to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Receiver in any foreign proceeding, or to assist the Receiver and its agents in carrying out the terms of this Order.

34. The Receiver is hereby authorized and empowered to apply to any court, tribunal, or regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act in a representative capacity in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

35. The Applicant shall have its costs of this Application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Respondents' estate with such priority and at such time as this Court may determine.

36. Any interested party may apply to this Court to vary or amend this Order upon such notice required under the *Rules*, if any, or on such notice as this Court may order.

37. Any Person affected by this Order which did not receive notice in advance of the hearing of the initial application may apply to this Court to vary or amend this Order within five (5) days of such Person being served with a copy of this Order.

38. In addition to the reports to be filed by the Receiver under the *BIA* or *New Brunswick Business Corporations Act*, on the application to the Court of any secured creditor, the Receiver shall file a report of its activities with the Court.

39. The Receiver shall not be discharged without notice to such secured creditors and other parties as the Court directs.

Dated at Fredericton, New Brunswick, this 25th day of April, 2016.

Judy L. Clendening
Justice of the Court of Queen's Bench
of New Brunswick

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____________

AMOUNT $____________________

1. THIS IS TO CERTIFY that Ernst & Young Inc., the receiver (the "**Receiver**") of the assets, undertakings and properties 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 acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Court of Queen's Bench of New Brunswick (the "**Court**") dated the 25th day of April, 2016 (the "**Order**") made in an action having Court file number FM-22-16, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of $__________, being part of the total principal sum of $__________ which the Receiver is authorized to borrow under and pursuant to the Order.

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

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the

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Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

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

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

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

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

DATED the _____ day of _____________, 20__.

ERNST & YOUNG INC., solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: ________________________________

Name:

Title:

PP

Appendix "B"

SIMCorp Assessment of Gray Aqua Group Marine Production Sites

Introduction

The assessment of the Gray Aqua Group Marine production sites is to provide guidance on the current status of the sites as well as any upcoming issues that may arise in the production of the stocks from now to time of harvest.

Status / Risks & Mitigations / Process

The assessment of the Gray Aqua Group Marine production sites was developed from visiting the New Brunswick marine sites, attending on site lice counts, reviewing weight samples data and doing dive inspections with video. This same process will take place in Newfoundland once temperatures and weather allow, but currently is based on onsite observations and communication with production staff.

1.) New Brunswick

a. Condition of fish

RISK	MITIGATION/CONCERNS
SEA LICE	· A sea Lice management plan has been developed to the start of July, · past July current resources will struggle to keep lice under control
MATURATION	· Hog Island Stock are S2's and would expect maturation rates to start rising mid July
JAW DEFORMITIES	· In the Simpson Island and Hospital Island population, a high % of jaw deformities have been identified, causing concerns for down grades at time of harvest

b. Cages and Nets

RISK	MITIGATION/CONCERNS
FALLOWING	· Nets currently having moderate fallowing · A net washing schedule will start Monday May 2nd, with 2 small nets washing systems · Current net washing resources will struggle to keep nets clean during warmer months · Secondary plan, would be to employ divers to spray nets

c. Vessels

RISK	MITIGATION/CONCERNS

DEPENABILITY	· Condition of vessels is causing frequent maintenance issues and downtime, going into the high production months will cause issues to multiply
COVERAGE	· Currently vessels are having a hard time maintaining sites, in the summer months is very likely that more vessels would need to be added to the fleet to properly maintain sites
TRAINING	· Only 1 of the current staff (Clinton McCulloch) has the proper certification to run maintenance and feed delivery vessels · 2 skippers with proper certification needed

d. Feed management

RISK	MITIGATION/CONCERNS
LOGISTICS	· Current feed logistics plan will work until July · After July 1st, resources will struggle to keep proper feed supply to the marine sites
FEEDING	· Current plan for feeding is to install 2 feed systems from NL · Very tight timeline for getting these feed systems in place and a lot of work to complete in that time frame · If feeder do not get installed, the current resources are inadequate

e. Harvesting/Processing/Sales

RISK	MITIGATION/CONCERNS
NO PLAN	· No plan

Summary:

2.) Newfoundland

a. Condition of fish

RISK	MITIGATION/CONCERNS
SEA LICE	· Current sea lice counts are very low, but should be watched very closely as part of the sea lice management plan · Sea lice management plan currently being evaluated
MATURATION	· MCS stock is a 2014YC, and with no lighting deployed through the winter months, high maturation would be expected to start in mid to late August

b. Cages and Nets

RISK	MITIGATION/CONCERNS
FALLOWING	· Nets currently have moderate fallowing · A net washing regime will start once temperatures allow · A net washing team/schedule is planned as part of conversations and emails · Net washing team will require more staffing · Secondary plan, would be to employ divers to spray nets

c. Vessels

RISK	MITIGATION/CONCERNS
DEPENABILITY	· Maintenance was priority over the winter months and vessels are in proper working order

COVERAGE	· Adequate vessels for the marine site to properly care for site needs

d. Feed management

RISK	MITIGATION/CONCERNS
LOGISTICS	· With plenty of proper storage on land and site this will not be an issue
FEEDING	· A 100mt feeder is in place and in good working order · Secondary blowers are also on site · Cameras should be changed to wide angle view to ensure proper feeding

e. Harvesting/Processing/Sales

RISK	MITIGATION/CONCERNS
HARVESTING	· Harvesting vessel recently completed steamboat inspection and will allow for proper safe harvesting · No schedule or plan
PROCESSING	· No Plan
SALES	· No plan

Summary:

Appendix “C”

New Nouveau Brunswick CANADA

July 31, 2016

George C Kinsman
Ernst and Young Inc.
RBC Waterside Center
1871 Hollis St.,
Halifax, NS

Re: Depopulation of Marine Sites in SWNB

George,

As per our conversation Friday, July 29th 2016, regarding the fish health status at 3 marine sites in SW New Brunswick (Hospital Isl, Hog Isl and Simpson Isl), the following should be noted;

- With great certainty, as the Chief Veterinarian Prov. of NB, I can attest that all of the fish at the three indicated sites will expire within the next 30-60 days.
- This geographical area is experiencing the highest water temperatures ever recorded since 1989 (per DFO sampling stations).
- The life cycle of the ectoparasite sea lice is directly related to water temperatures. Thus at present water temperatures the full life cycle is approximately 14 days. Regarding the present trend line for water temperatures within this region, this cycle will further reduced to 10 days within the next week.
- The average lice counts being reported for these sites range from 65-135 per fish. These counts will increase exponentially over the next 4 weeks, as every gravid female will produce a minimum of 100 viable offspring. Auto-reinfection will also be enhanced by fish demonstrating effects of extreme stress.

It is the position of the Dept. of Agriculture, Aquaculture and Fisheries that these populations of fish should be depopulated immediately.............prior to creating a catastrophic event.

Sincerely,

Michael J Beattie DVM, MSc., MRCVS
Chief Veterinarian
Dept. of Agriculture, Aquaculture and Fisheries
Prov of New Brunswick

Appendix “D”

George Kinsman

From:	George Kinsman
Sent:	July-29-16 6:32 PM
To:	'Greg Potten'; Andy Williams
Cc:	John Stringer - McInnes Cooper (john.stringer@mcinnescooper.com)
Subject:	RE: Sea Lice

Andy,

I appreciate our call this morning. As you are aware, sea lice counts in Hospital Island are at critical levels such that the Court Appointed Receiver is now forced to take immediate attention to avoid what will be an industry disaster. The advice provided to the Receiver by Gray Aqua management, industry consultants who the Receiver has engaged to assist with the grow out in New Brunswick and the Provincial Veterinarian (Mike Beattie) confirms that all parties share the consistent view that mass sea lice mortalities will arise within the next 60 days. The entire farm is expected to be a loss.

In order to avoid what will otherwise be a catastrophe for the Company, the Province of New Brunswick, residents and business owners from the town of St. Andrews and other parties who would be adversely affected should the Hospital Island inventory not be depopulated in a systematic manner now (ie prior to allowing the inventory that will die in the immediate near term in unmanageable numbers resulting in approximately 600 tons of salmon biomass to end up in the bottom of the Hospital Island cages which will decompose in a short period of time – water temperatures are currently at 18 degrees), the Receiver believes that it has no choice but to depopulate the site. Failing to do so may lead to future legal or regulatory claims being made against the Company, its directors and its insurers.

Arrangements are being made to start the depopulation on Wednesday August 2nd. The depopulation will be carried out by bringing a 3rd party harvest barge to site, the inventory will be pumped directly from the sea cages, euthanized, and then loaded aboard a 3rd party transport vessel that will deliver the biomass to a fish meal facility in Yarmouth Nova Scotia. The depopulation process at Hospital Island is expected to take approximately 2 weeks to complete.

I appreciate you brining the exclusion for Intentional Slaughter provision to my attention (which is found on page 21 of the Policy). The Receiver understood that the Gray Aqua insurance policy provided coverage for sea lice losses, however, we were not aware of the exclusion until earlier today. The Receiver does not believe that the exclusion provision in these circumstances should invalidate the coverage. The option to allow the inventory to die in the normal course (in mass quantities over the next 60 days) will result in an environmental disaster with 600 tons of rotting biomass washing up along the St. Andrews sea shore line, resulting in unsightly and unbearable odours that will affect the seaside vacation townships. Furthermore, the site clean-up option for disposing of the biomass through the fish meal plant will not be available (they can only process fresh product). The Receiver does not have the ability to properly dispose of the mass losses if not addressed in this manner.

As discussed, the Receiver requires confirmation from the Insurers that the Hospital Island sea lice losses will be an insurable claim. We have notified the senior secured creditor of the policy terms and the unique circumstances associated with the situation and confirmed that we are seeking confirmation of the Insurers position. As we discussed, it does not seem to make sense in the circumstances that the Receiver and its Insurer elect to stand by and wait for an environmental disaster to arise (a fact that all parties including the Provincial Veterinarian confirms will arise) thereby opening the parties up to additional litigation, cost and damage claims or being found negligent to properly manage the situation when the opportunity presented itself.

Please communicate the Insurers position as soon as possible as the Court Appointed Receiver may be forced to bring this matter to the Court of Queens Bench attention and seek appropriate directions.

Regards,

George C Kinsman | Partner

Ernst & Young Inc.
RBC Waterside Centre, 1871 Hollis Street, Suite 500, Halifax, Nova Scotia B3J 0C3, Canada
Direct: 902 421 6282 | Fax: 902 420 0503 | george.c.kinsman@ca.ey.com
Cell: 902 478 5152 | EY/Comm: 2554368
Website: http://www.ey.com
Laurie Dorey | Phone: 902 421 6298 | laurie.dorey@ca.ey.com

From: Greg Potten [mailto:greg.potten@amgclaims.ca]
Sent: Friday, July 29, 2016 8:19 AM
To: bbosien@simcorp.ca
Cc: George Kinsman; Andy Williams
Subject: Sea Lice

George – further our discussion of yesterday, your notifying the broker and AMG Claims of the sea lice issue is sufficient notice enough. We will report it to the Insurer of record and get the ball rolling. We will use July 27th as the notification date at Hospital Island and July 28th for Hogg Island.

Bryan – can you please provide the stocking reports for both sites as well as the production/status report for both sites as of July 25th?

Thank you,

Greg Potten, BPE, CIP, CFEI
Senior Loss Adjuster

AMG
CLAIMS INC.

212 Queen Street, Suite 308
Fredericton, NB, Canada, E3B 1A8
Phone: 506.458.9000
Cell: 506.461.5398
Fax: 506.458.9595
greg.potten@amgclaims.ca
www.amgclaims.ca

Appendix “E”

AMG
CLAIMS INC.

Reservation of Rights

George C Kinsman, Partner
Receiver for Gray Aqua Group Limited
Ernst & Young Inc.
1871 Hollis Street, Suite 500
Halifax, Nova Scotia B3J 0C3

Re:	Insured:	GRAY AQUA GROUP LIMITED
	Policy No:	B1098Q150055
	Date of Notification:	July 27, 2016
	Our File No:	16404

Dear Mr. Kinsman,

We are writing further to our various email exchanges and our telephone conversation in regards to the above noted Insured and the sea lice situation being experienced at their sea sites in New Brunswick; namely Hospital Island, Hogg Island and Simpsons Island.

This letter is to advise you that we are acting as Independent Adjusters for the Insurers of the Livestock Insurance for Gray Aqua Group Limited. We are commencing our investigation under a full Reservations of Rights pursuant to the terms and conditions of the insurance contract. We hereby then reserve on behalf of Interested Lloyd's Underwriters any rights which they had, presently have or may have hereafter in this matter.

The details of the claim and information that we have received to date will require full investigation but such investigation is not to be construed as a Waiver of Rights for your Insurers within the terms and conditions of the policy.

This letter reserves all Rights of the Insurers pending completion of the investigation and a complete review of all pertinent details.

If you have any questions or comments regarding this letter, please do not hesitate to contact the undersigned at the address below.

Yours truly,

Andrew Williams

Andrew Williams, B.Comm, FCIP
Senior Loss Adjuster

Appendix “F”

CANADA
DISTRICT OF NEW BRUNSWICK
DIVISION NO. 02-FREDERICTON
COURT NO. FM-22-16
ESTATE NO. 51-125907

APPENDIX F

IN THE MATTER OF THE RECEIVERSHIP OF
GRAY AQUA GROUP OF COMPANIES
INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD 25 APRIL 2016 TO 3 FEBRUARY 2017

		$
RECEIPTS		
Sale of inventory	11,152,934	
Advance from secured creditor	7,600,000	
Tender Deposits - Marine Harvest	1,125,000	
Smolt sale	1,102,386	
GST & HST refund	949,898	
Accounts receivable pre-receivership	758,274	
Settlement - CFIA	519,073	
Simpson Island sale agreement	349,209	
Rental income	322,600	
Fry sale	170,000	
Cash on hand	150,759	
HST collected	54,747	
Corporate income tax refund - pre-receivership	36,882	
Interest allocation	14,665	
Miscellaneous other receipts	136,370	
TOTAL RECEIPTS		24,442,797
DISBURSEMENTS		
Feed costs	4,054,513	
Wages	1,292,523	
Processing	1,238,540	
Receiver's fees and disbursements	1,182,070	
HST paid (ITC)	926,791	
Products and chemicals	873,821	
Diving Expenses	843,261	
Freight	788,328	
Source remittances / employee benefits	738,963	
Repairs & maintenance	715,087	
Insurance	600,870	
Rent & lease costs	340,159	
Legal fees and disbursements	293,772	
Fuel & sundry costs	256,376	
Professional fees - Other	184,439	
Management services	164,275	
Utilities	151,009	
Legal action - Settlement	139,886	
Appraisal fees	76,527	
Contract services	76,505	
Property & municipal taxes	63,147	
Waste disposal	58,422	
Customs clearance charges	38,963	
Loan repayment	34,462	
Filing fees paid to Official Receiver	70	
Other misc. disbursements for operations	179,050	
TOTAL DISBURSEMENTS		15,311,828
EXCESS OF RECEIPTS OVER DISBURSEMENTS		9,130,969

Ernst & Young Inc.,
Licenced Insolvency Trustee

Per:

George C. Kinsman, CPA, CA, CIRP, LIT
Senior Vice President
RBC Waterside Centre
1871 Hollis Street, Suite 500
Halifax, Nova Scotia B3J 0C3

Appendix “G”

LEASE

Between

ERNST & YOUNG INC., IN ITS CAPACITY AS COURT APPOINTED RECEIVER OF ALL OF THE ASSETS OF THOSE ENTITIES LISTED IN SCHEDULE A HERETO

and

KELLY COVE SALMON LTD.

Dated as of the 12th day of August, 2016

3801 Route 105, Northampton, NB E7N 1C7

TABLE OF CONTENTS

THIS INDENTURE OF LEASE (the "Lease") made the 12th day of August, 2016,

BETWEEN:

ERNST & YOUNG INC., IN ITS CAPACITY AS COURT APPOINTED RECEIVER OF ALL OF THE ASSETS OF THOSE ENTITIES LISTED IN SCHEDULE A HERETO

(the "Landlord")

AND

KELLY COVE SALMON LTD.

(the "Tenant")

WHEREAS:

A. Pursuant to a court order made in the Court of Queen's Bench of New Brunswick in Bankruptcy and Insolvency in the Judicial District of Fredericton dated on or about April 25, 2016, (the "Order"), the Landlord is the court appointed receiver of those entities set out in **Schedule A** hereto;

B. By lease or leases (collectively, the "Head Lease") made between Marjorie Ann Slipp, Frank Terrence Slipp, Dale A Slipp, Kateherine A. Core, Robert H. Slipp and James S. Slipp or any of them, as landlord (collectively, the "Head Landlord"), and one or more of those entities set out in **Schedule A** hereto, the Head Landlord leased to one or more of those entities set out in **Schedule A** hereto those lands and premises comprised of the lands described in **Schedule 1.1**;

C. The Landlord wishes to lease to the Tenant and the Tenant wishes to lease from the Landlord the Premises and the Equipment, each as hereinafter defined, on the terms and subject to the conditions set out herein;

WITNESSETH that in consideration of the rents, covenants, conditions and agreements herein contained, the Landlord and the Tenant covenant and agree as follows:

1. DEMISE

1.1 Premises

The Landlord hereby leases to the Tenant the lands described in **Schedule 1.1**, including all improvements, buildings, structures, facilities, fixtures and appurtenances thereon and benefits thereto (the "Premises").

1.2 Equipment

The Landlord hereby leases to the Tenant the equipment described in **Schedule 1.2** (the "Equipment").

2. TERM

To have and to hold the Premises and Equipment for and during the term (the "Term") commencing on August 22, 2016 (the "Commencement Date") and ending July 31, 2017.

3. RENT AND ADDITIONAL RENT

3.1 Rent

(a) The Tenant agrees to pay to the Landlord, as rent for the Premises and the Equipment a base rent in the total sum of $12,500.00 per month, plus HST, payable on the Commencement Date and the first day of each calendar month of the Term, in advance except as otherwise set out herein.

(b) It is the intention of the parties that the base rent and additional rent payable hereunder shall be net to the Landlord and that, except as otherwise herein expressly provided, the Tenant shall at its expense pay or cause to be paid all non-capital costs, outlays and expenses of any nature and kind whatsoever relating to or affecting the Premises or Equipment or for any other matter or thing affecting the Premises or Equipment and in connection with any business carried on therein or thereon; provided, however, that the Tenant shall not be responsible for the payment of any amounts for the performance of any obligations under any prior mortgage or charge affecting the Premises and Equipment or any lease or licence fees or other financing fees.

(c) If the Term commences on any day other than the first day of the month, or ends on any day other than the last day of the month, rent for the fractions of a month at the commencement and at the end of the Term shall be calculated on a *pro rata* basis and shall be payable on the first day of the partial month.

3.2 Payment as Rent

All of the payments set out in this Lease shall constitute additional rent, and shall be deemed to be and shall be paid as rent, whether or not any payment is payable to the Landlord or otherwise, and whether or not as compensation to the Landlord for expenses to which it has been put.

3.3 Interest on Overdue Amounts

If the Tenant shall fail to pay any rent or other amount when the same is due and payable to the Landlord, such unpaid amount shall bear interest at the rate of twelve percent (12%) per annum (calculated monthly at the rate of one percent (1.0%)), such interest to be calculated from the time the amount becomes due until paid by the Tenant.

4. USE

4.1 Use

The Tenant agrees to use the Premises and Equipment for the purpose of operating a fish hatchery and any other ancillary, complementary or other such use in a careful, prudent and lawful manner. The Tenant shall keep the Premises and Equipment in as good order, condition and repair as the same now are and shall deliver up the Premises and Equipment at the expiration or termination of this Lease in such condition, reasonable wear and tear thereof only excepted. The Tenant shall not do or suffer any waste or damage, disfiguration or injury to the

Premises or Equipment, nor permit or suffer any overloading of the floors, roof deck, walls or any other part of the Premises, and shall not use or permit to be used any part of the Premises or Equipment for any illegal or unlawful purpose.

4.2 "As Is" Condition

(a) The Tenant acknowledges that it has inspected the Premises and Equipment prior to taking possession thereof and except as specifically provided in this Lease, the Premises are being accepted in an "as is" condition and the Landlord is not responsible for performing any leasehold improvements or other work and the Landlord makes no representations or warranties as to the state of the Premises or Equipment.

(b) Without limiting the generality of the foregoing, the Tenant acknowledges presence of bacterial kidney disease in the Premises.

4.3 Quiet Enjoyment

The Tenant, upon paying the rent hereby reserved, and performing and observing the covenants and provisions herein required to be performed and observed on its part, shall peaceably enjoy the Premises and Equipment for the Term.

4.4 Landlord's Covenants

The Landlord represents, warrants and covenants with the Tenant as follows:

(a) to pay rent and all other amounts to the Head Landlord in accordance with the terms of the Head Lease;

(b) to perform and observe the covenants on its part contained in the Head Lease with respect to the Premises so far as such covenants are not required to be performed and observed by the Tenant, and at all times to keep the Tenant indemnified against all actions, expenses, claims and demands on account of the non-performance of such covenants so far as such covenants are not required to be performed and observed by the Tenant. In the event of any default or failure of performance by the Head Landlord, the Landlord agrees upon notice from the Tenant, to make demand upon the Head Landlord to perform its obligations under the Head Lease;

(c) that the Head Lease is presently in full force and effect and that all rent and other payments required to be made thereunder have been made to the date hereof; and

(d) the Landlord is authorize to execute and deliver this Lease pursuant to the Order and this Lease constitutes a legal, valid and binding obligation of the Landlord enforceable in accordance with its terms.

5. TAXES, UTILITIES AND OTHER CHARGES

5.1 Property Taxes

The Landlord agrees to be responsible for and pay all real estate taxes levied or assessed against the Premises and Equipment, which include property taxes, business taxes, municipal fire service, water and sewer to the Premises and standard municipal garbage collection from the Premises as and when due during the Term (collectively the "Property Taxes").

5.2 Tenant's Responsibilities

The Tenant agrees to be responsible to pay all third party utility providers the cost of all fuel, power, electricity and telephone/internet used or consumed in the Premises, the cost of any disposal of waste, the cost of solid waste collection exceeding local municipal responsibility and any tax assessable on the Premises and Equipment and on the property and equipment of the Tenant in the Premises calculated and payable on a pro-rated monthly basis. The Tenant shall make all arrangements with, monthly payments to any such utility company. The Tenant shall not install any equipment which would exceed or overload the capacity of the utility facilities in the Premises or the electrical wiring and service in the Premises. For certainty, the Tenant shall not be responsible for charges or expenses including, without limitation, any Property Taxes, utility costs or similar charges that relate to periods prior to the Commencement Date.

6. ALTERATIONS AND REPAIRS

6.1 Improvements and Alterations

No additions, modifications or alterations to the Premises or the Equipment are to be made by the Tenant without the prior written consent of the Landlord, which consent shall not be unreasonably withheld. Except as otherwise set out herein, all such additions, modifications or alterations consented to by the Landlord are to be made only at the expense of the Tenant. Any and all such additions, alterations and modifications shall be made in accordance with all applicable laws and regulations. The Tenant agrees that it shall, upon request of the Landlord, at the end of the Term or other expiration of this Lease, put the Premises back in the same condition as when the Tenant took possession, except to the extent that any addition, alteration or modification had been previously consented to by Landlord. If any construction or other lien or order for the payment of money shall be filed against the Premises by reason of or arising out of any labour or material furnished to the Tenant or to anyone claiming through the Tenant, the Tenant, within ten (10) days after receipt of notice of the filing thereof, shall cause the same to be discharged by bonding, deposit, payment, court order or otherwise. The Tenant shall defend all suits to enforce such lien or orders against the Tenant, at the Tenant's sole expense. The Tenant hereby indemnifies the Landlord against any expense or damage incurred as a result of such liens or orders.

6.2 Equipment

(a) **Tenant's Equipment:** All fixtures and equipment whether owned by the Tenant or leased by the Tenant from another party (hereinafter called the "Equipment Lessor") installed in, at, on or under the Premises by the Tenant regardless of the manner or mode of attachment, shall be and remain the property of the Tenant or any such Equipment Lessor and may be removed by the Tenant or any such Equipment Lessor at any time. In no event shall the Landlord have any liens, rights or claims in the Tenant's or Equipment Lessor's fixtures and equipment and Landlord agrees to execute and deliver to the Tenant and Equipment Lessor, within ten (10) days after request therefor, any document required by the Tenant or Equipment Lessor in order to evidence the foregoing. The Tenant shall promptly repair all damage to the Premises caused by the removal of any such fixtures or equipment.

(b) **Landlord's Equipment:** The Equipment situated at the Premises as of the Commencement Date which is owned, leased or controlled by the Landlord, as described in **Schedule 1.1** hereof, shall be and remain the property of or controlled by the Landlord, as the case may be, or any such lessor of Equipment to the Landlord and may not be removed by the Tenant at any time. In no event shall the Tenant have in respect of the Equipment nor cause to attach to the Equipment any liens, rights or claims in the Equipment save as provided herein, and the Tenant agrees to execute and deliver to the Landlord and/or any lessor of Equipment to the Landlord, within ten (10) days after request therefor, any document required by the Landlord or any lessor of Equipment to the Landlord in order to evidence the foregoing.

6.3 Maintenance and Repair

The maintenance and repair of the Premises shall be governed as follows:

(a) the Tenant shall be responsible, at its expense, for the day-to-day maintenance and repair of the Premises, including, without limitation, plumbing fixtures and lines, electrical wiring, all heating, ventilation and air-conditioning equipment and facilities, all facilities and equipment providing water, light and heat and all decorating and redecorating of the Premises, including the floor coverings and painting and maintenance of all walls (exterior and interior), and shall make any and all other repairs due to the negligence or misuse of Premises by the Tenant (except to the extent covered by Landlord's insurance);

(b) the Tenant shall be responsible, at its expense, for the day-to-day maintenance and repair of the Equipment, to be maintained at all times in accordance with the manufacturer's specifications; and

(c) notwithstanding anything to the contrary contained herein the Tenant and shall surrender return the Premises and Equipment to the Landlord at the end of the Term in substantially the same condition as it was received from the Landlord, normal wear and tear excepted. For certainty and without limitation, nothing herein shall obligate the Tenant to return the Premises or Equipment to the Landlord at the end of the Term in better conditions than existed as at the Commencement Date.

6.4 Compliance with Laws

The Tenant shall, at its own expense, comply with all applicable laws and regulations affecting the Premises or the use or occupation thereof including, without limitation, police, fire, health, environmental, labour, workplace health and safety, federal, provincial and municipal regulations, and requirements of the fire insurance underwriters.

6.5 Landlord's Right to Inspect

The Tenant shall permit the Landlord, its servants or agents to enter upon the Premises during normal business hours and provided the Landlord has provided the Tenant with not less than 24 hours prior notice for the purpose of inspection and of making repairs, alterations or improvements to the Premises.

6.6 Landlord's Right to Enter

The Tenant shall permit the Landlord, its servants or agents or invitees to enter upon the Premises during normal business hours and provided the Landlord has provided the Tenant with not less than 24 hours prior notice for the purpose of exhibiting the Premises to prospective mortgagees and/or purchasers. The Landlord shall have the right to place on the Premises a "for sale" sign of reasonable dimensions.

7. INSURANCE, RELEASES AND INDEMNITY

7.1 Tenant's Insurance

(a) The Tenant shall obtain and maintain in force and effect, the following insurance:

(i) fire and extended insurance coverage on all property of the Tenant, or for which the Tenant is legally liable, or which is installed by or on behalf of the Tenant, within the Premises including, without limitation, stock-in-trade, furniture, equipment, partitions, trade fixtures and Leasehold Improvements, in an amount not less than the full replacement cost thereof from time to time;

(ii) commercial general liability and property damage insurance, including personal liability, public liability, contractual liability, tenants' legal liability, non-owned automobile liability, and owners' and contractors' protective insurance coverage with respect to the Premises, which coverage shall include the business operations conducted by the Tenant and any other person on the Premises. Such policies shall be written on a comprehensive basis with coverage for any one occurrence or claim as would be carried by a prudent Tenant carrying on the same business as the Tenant in the Premises from time to time. Said general liability policy shall name Landlord as an additional insured covered under such insurance contract but only to the extent of losses or claims caused by or arising out of the negligent acts of the Tenant and its employees, agents and partners; and

(iii) such other forms of insurance as would be carried by a prudent Tenant carrying on the same business as the Tenant in the Premises from time to time.

(b) The Tenant shall, upon request, provide to the Landlord certificates or policies of insurance evidencing compliance with the foregoing requirements.

7.2 Landlord's Insurance

The Landlord shall obtain and maintain in full force and effect at its sole cost and expense, insurance on the whole of the Premises and Equipment against loss, damage or destruction caused by fire and extended perils under a standard extended form of fire insurance policy in such amounts and on such terms and conditions as would be carried by a prudent owner of a similar premises and equipment.

7.3 Mutual Indemnity

Each of the Landlord and Tenant (the "<u>Indemnifying Party</u>", as the case may be) shall indemnify the other (the "<u>Indemnified Party</u>", as the case may be) and save such Indemnified Party harmless from any and all losses or claims, actions, demands, liabilities and expenses (including in connection with loss of life, personal injury and/or damage to or loss of property): (a) arising out of any occurrence occasioned or caused wholly or in part by any act or omission of such Indemnifying Party or anyone for whom it is in law responsible; or (b) arising from any breach by the Indemnifying Party of any provision of this Lease.

7.4 Tenant's Indemnity

(a) The Tenant hereby covenants and agrees, at its expense, to release, indemnify and save harmless the Landlord, its officers, directors, agents, employees, contractors and invitees, from any and all losses or claims, actions, demands, liabilities and expenses (including in connection with loss of life, personal injury and/or damage to or loss of property) (including legal and other defence costs) and/or damages arising out of or in connection with the use of the Premises and/or Equipment or the business to be conducted by the Tenant or the Tenant's contractors, subtenants or agents at or upon the Premises during the Term;

(b) In the event that the Landlord becomes aware of any claim, proceeding or other matter (a "Claim") in respect of which the Tenant agreed to indemnify the Landlord pursuant to this Lease, the Landlord shall promptly give written notice thereof to the Tenant. Such notice shall specify with reasonable particularity (to the extent that the information is available) the factual basis for the Claim and the amount of the Claim, if known; and

(c) With respect to any Claim, the Tenant shall have the right, at its expense, to participate in or assume control of the negotiation, settlement or defence of the Claim provided that the Tenant acknowledges and agrees that it is fully responsible for such Claim and agrees to keep the Landlord fully advised of all developments in respect of such Claim. If the Tenant so elects to assume such control, the Landlord shall have the right to participate in the negotiation, settlement or defence of such Claim and to retain counsel to act on its behalf, provided that the fees and disbursements of such counsel shall be paid by the Landlord unless the Tenant consents to the retention of such counsel.

8. ENVIRONMENTAL MATTERS

8.1 Definitions

In this Lease:

(a) "Environmental Law" means any law, by-law, order, ordinance, ruling, regulation, certificate, approval, consent or directive of any applicable federal, provincial or municipal government, governmental department, agency or regulatory authority or any court of competent jurisdiction: (i) relating to pollution or the protection of human health or the environment (including workplace health and safety); (ii) dealing with filings, registrations, emissions, discharges, spills, releases or threatened releases of Hazardous Material or substances containing Hazardous Material; and/or (iii) regulating the import, storage, distribution, labelling, sale, use, handling, transport or disposal of a Hazardous Material; and

(b) "Hazardous Material" shall mean any substance capable of posing a risk or damage to health, safety, property or the environment including, without limitation, any contaminant, pollutant, dangerous or potentially dangerous substance, noxious substance, toxic substance, hazardous waste, flammable or explosive material, radioactive material, urea formaldehyde foam insulation, asbestos, polychlorinated biphenyls, polychlorinated biphenyl waste, polychlorinated biphenyl related waste, and any other substance or material now or hereafter declared, defined or deemed to be regulated or controlled under any applicable Environmental Law.

8.2 Tenant's Warranty

The Tenant shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Premises; provided however that if any Hazardous Material is necessary to the Tenant's business, such Hazardous Material may be brought upon, kept or used in or about the Premises by Tenant but only if such Hazardous Materials are used, kept and/or stored in a manner that complies with all Environmental Law. The Tenant shall immediately notify the Landlord in writing or any release or other activity at or upon the Premises for which notification of any governmental entity is required pursuant to applicable Environmental Laws.

8.3 Tenant's Indemnity

The Tenant covenants and agrees that it shall be fully responsible for any and all environmental liabilities relating to the Premises that are caused by the Tenant or any person or party for whom it is responsible at law, and shall indemnify and save the Landlord harmless from and against, any and all liabilities, claims, damages, interest, penalties, fines, monetary sanctions, losses, costs and expenses whatsoever (including, without limitation, reasonable costs of professional advisors, consultants and experts in respect of any investigation and all costs all remediation and other clean-up costs and expenses) arising in any manner whatsoever out of any and all such environmental liabilities relating to the Premises that are caused by the Tenant or any person or party for whom it is responsible at law, and any breach by the Tenant of any provisions of this Article 8 or any noncompliance with any Environmental Law by the Tenant and those for whom it is responsible. Without limiting the foregoing, if the presence of any Hazardous Material on the Premises caused or permitted by the Tenant results in any contamination of the Premises, the Tenant shall promptly take all actions, at its sole expense, as are necessary to return the Premises to the condition existing prior to the introduction of any such Hazardous Material to the Premises by the Tenant.

8.4 Release of Tenant

Notwithstanding any other provision of this Lease, the Tenant shall not be responsible or liable in any manner for, and the Landlord releases, indemnifies and saves harmless the Tenant from and against any and all liability, claims, damages, penalties, fines, losses, costs and expenses in respect of:

(a) any non-compliance with any Environmental Law, unless such non-compliance was caused by the Tenant or is a result of the Tenant's use of the Premises; or

(b) all remediation and cleanup costs and expenses required due to environmental conditions existing prior to the Tenant's initial occupancy of the Premises.

9. SUBLEASE, ASSIGNMENT AND SALE

9.1 Sublease and Assignment by Tenant

(a) Except as provided for in this lease, Tenant may not sublet the Premises or Equipment in whole or in part or assign or charge or encumber this Lease or any interest therein or otherwise part with or share possession of the Premises (any of the foregoing being a "<u>Transfer</u>") without the prior written consent of the Landlord, which consent shall not be unreasonably withheld.

(b) So long as the Tenant is Kelly Cove Salmon Ltd., it shall have the right to grant a license for the use and occupation of, or a sublease of, the Premises and Equipment to any corporation or entity affiliated with Kelly Cove Salmon Ltd. or Cooke Aquaculture Inc. for the purposes of the operation of the business to be conducted upon the Premises without the consent of, but with prior written notice to, the Landlord.

(c) In no event shall any grant of license or sublease by the Tenant release or relieve the Tenant from its obligations fully to perform all the terms, covenants and conditions of this

Lease to be performed. Notwithstanding any such license or sublease, the Tenant shall not be relieved of liability by any subsequent amendment of the terms hereof between the Landlord and the licensee or subtenant or any granting of time, renewals, extensions, indulgences, releases, discharges or other assignments with the licensee or subtenant.

9.2 Sale by Landlord / Non-Disturbance

(a) In the event of the sale by the Landlord of its interest in the Premises and Equipment or any part or parts thereof, and in conjunction therewith the assignment by the Landlord of this Lease or any interest of the Landlord herein, the Landlord shall be relieved of any liability under this Lease in respect of matters arising from and after such assignment provided that the transferee or assignee, as the case may be, enters into an agreement with the Tenant agreeing to be bound by the terms and conditions of this Lease.

(b) Notwithstanding anything to the contrary herein, no sale or transfer by the Landlord of its interest in the Premises or Equipment or any part or parts thereof shall have the effect of permitting such assignee or transferee to disturb the occupation, possession and use by the Tenant of the Premises and Equipment or of affecting the rights of the Tenant pursuant to the terms of this Lease, provided that the Tenant performs all of its covenants, agreements and conditions contained in this Lease.

(c) In the event the Premises is assigned or transferred to the Tenant or an affiliate thereof, this Lease will automatically terminate and be of no further force and effect.

10. DEFAULT AND REMEDIES

10.1 Tenant's Default

The Landlord shall have all remedies, including damages and injunction, available to the Landlord at law or in equity arising upon any default by the Tenant under this Lease.

11. MISCELLANEOUS

11.1 Notices

All notices, demands, requests and payments (including rent) which may be or are required to be given pursuant to this Lease shall be in writing and shall be sufficiently given if served personally upon any officer of the party for whom it is intended, sent by facsimile or other electronic means of communication or mailed, prepaid and registered:

(a) In the case of the Landlord, addressed to it, as follows:

RBC Waterside Centre
1871 Hollis Street, Suite 500
Halifax, Nova Scotia B3J 0C3

Attention: George Kinsman CPA, CA, CIRP, LIT
Facsimile: 902 420-0503

(b) In the case of the Tenant, addressed to it, as follows:

255 Metcalf Street
Saint John, NB E2K 1K7
Attention: Kris Nicholls
Facsimile: 506.694.1381

with a copy to:

255 Metcalf Street
Saint John, NB E2K 1K7
Attention: Chief Legal Officer
Facsimile: 506.694.1381

or at such other address in Canada as the parties may from time to time advise by notice in writing. The date of receipt of any such notice, demand or request shall be deemed to be the date of delivery if such notice, demand or request is served personally, upon receipt of the answer-back if sent by facsimile or on the third business day next following the date of such mailing if mailed as aforesaid; provided, however, that no notice shall be deemed to have been given if sent by mail at any time when a threatened or actual work stoppage exists in the post offices in the municipalities from which or to which such notices are to be sent.

11.2 Force Majeure

Notwithstanding any other provision contained herein, in the event that either the Landlord or the Tenant should be delayed, hindered or prevented from the performance of any act required hereunder by reason of any unavoidable delay, including strikes, lockouts, unavailability of materials, inclement weather, acts of God or any other cause beyond its reasonable care and control, but not including insolvency or lack of funds, then performance of such act shall be postponed for a period of time equivalent to the time lost by reason of such delay. The provisions of this Section shall not under any circumstances operate to excuse the Tenant from prompt payment of rent and/or any other charges payable under this Lease.

11.3 Waiver

No waiver by any party hereto of any breach by any other party of any of its covenants, agreements or obligations contained in this Lease shall be or be deemed to be a waiver of any subsequent breach thereof or the breach of any other covenants, agreements or obligations, nor shall any forbearance by any party hereto to seek a remedy for any breach by any other party be a waiver by the party so forbearing of its rights and remedies with respect to such breach or any subsequent breach. The subsequent acceptance of rent by the Landlord shall not be deemed to be a waiver of any preceding breach by the Tenant of any term, covenant or condition regardless of the Landlord's knowledge of such preceding breach at the time of the acceptance of such rent.

11.4 Registration

Neither the Tenant nor anyone on the Tenant's behalf or claiming under the Tenant (including any Transferee) shall register this Lease against the Premises. The Tenant may register a notice or caveat of this Lease provided that: (a) a copy of the Lease is not attached; (b) no financial terms are disclosed; (c) the Landlord, acting reasonably, gives its prior written approval to the form of notice or caveat; and (d) the Tenant shall immediately discharge or otherwise vacate any such notice or caveat upon the expiry of the Term.

11.5 Interpretation

Words importing the singular number only shall include the plural and *vice versa*, words importing the masculine gender shall include the feminine and neuter genders, and words importing persons shall include firms and corporations and *vice versa*. The division of this Lease into Sections and the insertion of headings are for convenience of reference only, and shall not affect the construction or interpretation of this Lease. If any Section or part or parts of a Section in this Lease are or become illegal or unenforceable, it or they shall be considered separate and severable from the Lease and the remaining provisions of this Lease shall remain in full force and effect and shall be binding upon the Landlord and the Tenant as though such Section or part or parts thereof had never been included in this Lease. Time shall be of the essence in this Lease.

11.6 Laws of Agreement

This Lease shall be governed by and shall be construed in accordance with the laws of the Province of New Brunswick.

11.7 Successors and Assigns

The rights and liabilities of the parties shall enure to the benefit of their respective heirs, executors, administrators, successors and permitted assigns.

11.8 Entire Agreement

There are no covenants, representations, warranties, agreements or other conditions, express or implied, collateral or otherwise, forming part of or in any way affecting or relating to this Lease, save as expressly set out or incorporated by reference herein, and this Lease constitutes the entire agreement duly executed by the parties hereto, and no amendment, variation or change to this Lease shall be binding unless the same shall be in writing and signed by the parties hereto.

11.9 Schedules

The schedules attached to this Lease and forming part hereof are as follows:

Schedule A	-	Companies
Schedule B	-	Additional Provisions
Schedule 1.1	-	Premises
Schedule 1.2	-	Equipment

11.10 Counterparts

This Lease may be executed in any number of counterparts. Any party hereto may send a copy of its executed counterpart to the other parties hereto by facsimile transmission or by electronic mail in PDF format instead of delivering a signed original copy of such counterpart. Each executed counterpart (including each copy sent by facsimile transmission or electronic mail) shall be deemed to be an original and all such executed counterparts taken together shall constitute one and the same agreement, and notwithstanding the date of execution shall be deemed to bear the same date as written above on this Lease.

[*The balance of this page is intentionally left blank*]

IN WITNESS WHEREOF the parties have caused this Lease to be duly executed as of the date first herein above written.

ERNST & YOUNG INC., IN ITS CAPACITY AS COURT APPOINTED RECEIVER OF ALL OF THE ASSETS OF THOSE ENTITIES LISTED IN SCHEDULE A HERETO

Per: ______________________________
Name: George Kinsman
Title: Senior Vice President

KELLY COVE SALMON LTD.

Per: ______________________________
Name: Rodney Gould
Title: Chief Legal Officer

Schedule A
Companies

1. Gray's Aqua Management Ltd.
2. Gray Aqua Farms Ltd.
3. Gray Aqua Group Ltd.
4. Butter Cove Aqua Farms Ltd.
5. Goblin Bay Aqua Farms Ltd.
6. Jervis Island Aqua Farms Ltd.
7. Pass-My-Can Aqua Farms Ltd.
8. Gray Aqua Processing Ltd.
9. M. Gray Holdings Ltd.
10. 608672 N.B. Ltd.
11. 608690 N.B. Ltd.
12. 608691 N.B. Ltd.
13. 608715 NB Limited
14. 608716 NB Limited

Schedule B
Additional Provisions

In the event of conflict or inconsistency between the provisions of this Schedule and any other provision of this Lease, the provisions of this Schedule shall apply to the extent only of such conflict or inconsistency.

1. Prior Agreements

(a) On or about April 17, 2014,

(i) the Tenant and Gray Aqua Farms Ltd., being one of the entities set out in **Schedule A** hereto, entered into a smolt purchase agreement (as amended, extended, replaced or substituted from time to time, the "Smolt Purchase Agreement");

(ii) Gray Aqua Group Ltd., being one of the entities set out in **Schedule A** hereto, and Hermitage Processing Inc., an affiliate of the Tenant entered into a processing agreement (as amended, extended, replaced or substituted from time to time, the "Processing Agreement");

(iii) Gray Aqua Processing Ltd., being one of the entities set out in **Schedule A** hereto, and Hermitage Processing Inc., an affiliate of the Tenant entered into a lease agreement (as amended, extended, replaced or substituted from time to time, the "Lease" together with the Processing Agreement and the Smolt Purchase Agreement collectively referred to herein as the "Three Agreements"); and

(iv) inter alia, the Tenant, Gray Aqua Farms Ltd., Gray Aqua Group Ltd., and Hermitage Processing Inc. entered into a linkage agreement (as amended, extended, replaced or substituted from time to time, the "Linkage Agreement") whereby it was agreed that the performance of the obligations of the parties to the Three Agreements would be linked to one another as set forth within the Linkage Agreement.

(b) Notwithstanding anything to the contrary set out in the Three Agreement or the Linkage Agreement, effective as of the Commencement Date:

(i) the Smolt Purchase Agreement is terminated and surrendered by each of the parties thereto and of no further force and effect as at and from the Commencement Date (provided that nothing herein shall relieve the parties of any obligations arising thereunder prior to the Commencement Date). For certainty, neither party shall be under any obligations under the Smolt Purchase Agreement for any biomass grown out within the hatchery after the Commencement Date; and

(ii) the Processing Agreement and the Lease remain in full force and effect enforceable in accordance with their terms.

2. Purchase of Fry

The Tenant agrees to purchase from the Landlord and the Landlord agrees to sell to the Tenant the fry located at the Premises in accordance with the following terms:

(a) The purchase price shall be the greater of:

   (i) $0.10 per disease-free fry; or

   (ii) $0.05 per fry whether disease-free or having bacterial kidney disease but free from other disease

   to a maximum amount of $170,000.00 to be paid within 30 days following the confirmation set out in subsection 2(b) below;

(b) The purchase fry shall be confirmed by a bacterial culture carried out by third party lab acceptable to the Tenant, acting reasonably, at the Tenant's cost on or before 30 days following the Commencement Date;

(c) The Tenant shall not be required to purchase more than 1,700,000 confirmed disease free fry.

Schedule 1.1
Premises

That certain real property located in the Province of New Brunswick having parcel identifier numbers 10276152, 10241453, 10241479 and 10276160.

Schedule 1.2
Equipment

That certain machinery and equipment located at the Premises, including, without limitation, the following:

[*Attach list*]

Lease Agreement between Ernst & Young Inc., in it's capacity as court-appointed receiver of the Gray Aqua Group of Companies and Kelly Cove Salmon Ltd.

List of equipment to be part of the lease agreement
Schedule 1.2

Qty	Description
	Machinery & Equipment
	Gray Aqua Farms Ltd ("GAF") P+E - Located at 3801 Route 105, Northampton, NB
1	Case Model 21E Series 3 Wheel Loader, S/N NAGT00125 (New 2011), with Bucket, Forks, Snow Plow
9	Fairbanks Morse Model 1-STG-7B, 30' Inground Water Pumps, Motor Size Range from 15-HP to 20-HP
1	Pack Model PA10021, 3 Cu. Yr. Batch Mixer, S/N PMC6263 (New 2012), 10-Hp
12	40-HP Spare Pump Motors
	#2 Head House, Consisting of:
3	5-HP Pumps
1	15-HP Pump
3	Pressurized O2 Injectors, Plastic Tube
1	Construction, with O2 Sensors
2	Wedeco Model BX650, Stainless Steel UV Water Disinfection Systems, S/N VA55189.7 (New 2004), with Digital Controller, UV Reactor, 480-Cu.
1	Meters Per Hour, 4° - 60°C
1	Stainless Steel Pressurized O2 Injector, with O2 Sensors
2	4' x 12' x 20' Aluminum Head Tanks, with Flow Meters, 1,500-Gallon Per Minute
25	40' Dia. x 6'H, 200-Cu. Meter Fiber Glass Tanks, Each Tank with (2) Feeders, Aeration Pump, 40' Catwalk
1	82' Dia. x 6"H, 1,000-Cu. Meter Fiber Glass Tank, Each with (4) Feeders and Catwalk
	#1 Head House, Consisting of:
1	Alfa Laval Type A20-BFL, Heat Exchanger, (New 1995)
3	Aluminum Head Tanks
3	Wedeco Model BX650, Stainless Steel UV Water Disinfection Systems, (New 2004), with Digital Controller, UV Reactor, 480-Cu. Meters Per Hour, 5° - 60°C
1	Stainless Steel Pressurized O2 Injector, with 15-HP Pump, O2 Sensors
3	Plastic Aerator Injectors, Each with 5-HP Pump
	#3 Head House, Consisting of:
3	Aluminum Head Tanks
3	Wedeco Model DX650, Stainless Steel UV Water Disinfection Systems, with Digital Controller, UV Reactor, 480 Meters Per Hour, 5°C - 60°C
1	DV Systems 7.5-HP, 2-Stage Vertical Tank Mounted Air Compressor
2	Maskinfabrikken Hydraulic Drive Fish Transfer Pumps, Each with 15-HP Portable Hydraulic Unit
2	Easy-Kleen Pressure Systems Ltd. Model OH300, Gas Powered Heated Pressure Washers, S/N 10067, 4,000-PSI
	Portable Fish Grading Wagon, Consisting of: Maskinfabrikken Model Apollo A/S, 3-Channel Fish Grader, (New 2006), with (5) Tracks, (3) Fish Scanner Chutes, 3-4 Tons/Hr, Grading-ranges: 1-650 Or 5-750 Grams Vaki 4-Channel Fish Bio Scanner 8' x 16' 4-Wheel Trailer Mounted Sorting Wagon
3	Vaki 4-Channel Bio Scanners, (New 2005), with 11 Registration Units, B Counter Heads
2	50-HP Water Pumps, 10'L
2	Wedeco Model DX650, Stainless Steel UV Water Disinfection Systems, S/N DA55189.6 & DA55189.3 (New 2004), with Digital Controller, UV Reactor, 480-Cu. Meters Per Hour, 4° - 60°C
1	Schmidt Model Sigma 65H Heat Exchanger, S/N 11047-1 (New 1987)
3	Alfa Laval Model A20-DFL Heat Exchangers, S/N 98875 (New 1994)
1	Stainless Steel Pressurized O2 Injector, (New 2002), with 15-HP Pump, 120-PSI at 100°F, Flow Meter, S/N 2511822-01

Qty	Description	
	<u>**Machinery & Equipment**</u>	
	Gray Aqua Farms Ltd ("GAF") P+E - Located at 3801 Route 105, Northampton, NB	
18	15' Dia. x 4'H Bolted Galvanized Steel Constructed Hatchery Tanks, Each with Reinforced Vinyl Lining, Gravity Feed From Head Tank, O2 Probes, Feeder	
1	Comphatch Custom Designed and Fabricated Egg Hatching System, with (8) Double Tray Drawers, (320) Egg Holders, (16) Flow Valves, Aluminum Portable Frames	
56	Emperor Aquatics 25-Liter Fish Egg Incubators, (8) Tubes Per Rack, Each Holds 20-Liters of Eggs	
20	12' Dia. x 4'H Fiber Glass Fish Egg Hatch Tanks, with Feeders, O2 Sensors	
1	600-Gallon Per Minute Aluminum Head Tank, with 3-HP Pump, (2) 2-HP Pump, Controller 1,500	
1	1,500-Gallon Per Minute Aluminum Head Tank	
2	Pressurized O2 Injectors, with 5-HP Pump	
80	3' x 4' x 4" Custom Fabricated Plastic Fish Hatching Trays, Each with Screens	**Located in the warehouse/shop**
1	6' x 12' x 5' Fiber Glass Head Tank, with 10' Aluminum Extension Tank	**Located in the warehouse/shop**
1	Custom Designed and Fabricated Fish Enviroment Monitoring System, with Personal Computer, Allen Bradley Controls, Monitors, Sensors, Probes	
13	Nordic Model W-150-H, 50,000-BTU Electric Geothermal Heat Pumps, (New 1998), with Monarch Model ETT30M5MS-TR2VF Pump, 15-HP Motor	
1	Easy-Kleen Pressure Systems Ltd. Model E202035, Electric Heated Pressure Washer, S/N 9108	
1	Jensorter Model JH, Optical Fish Egg Sorter, 10-Gal. Hopper	
4	AquaScan Model CSE1600 Fish Counters, S/N RF2001594-AC, with Controller	
3	40-HP, 40'L Pump House Water Pumps	**On a flat bed outside the warehouse/shop**
1	30' x 40' Tarpped Quonset Hut	
1	1,000' of 4" Dia. Flex Hose	
1	Tamper 300-KW Generator, S/N 33046, 375-KVA, Skid Mounted Diesel Engine	
1	Cummins Model DFGB-3370073, 600-KW Diesel Generator, S/N D990897895 (New 1999), 750-KVA, 900-HP V12 Diesel Engine	
2	500-Gallon Diesel Fuel Tanks	
1	Ingersoll Rand Model T30, 15-HP 2-Stage Horizontal Tank Mounted Air Compressor, S/N 647588	
1	Daewoo Model G25S, 5,000-Lb. Capacity LP Gas Forklift Truck	
1	2004 Chevrolet Model 3500, 4-Door Dump Truck, VIN: 1GCJK33G34F216016, with 10' Dump, 255,374 Miles	
1	1991 International Model 9300, 6x4 Tractor, VIN: 2HSFEBGR5NC056812, with 694,520 Miles	
1	1998 Navistar International Model 4700, 4x2 24' Vaccination Box Truck, VIN: 1HTFCAANXXH612494, 34,863 Miles at Time of Inspection	
	Miscellaneous Equipment Throughout, Consisting of: Hatching Trays Storage Cabinets, Refrigerators.	
	Miscellaneous Office Furnishings Consisting of: 4 desktop Computers with Monitors, 1 Printer Chairs, Desks, Bookshelves, Credenzas, Etc.	

Appendix “H”

This **Asset Purchase and Sale Agreement** is made effective as of the 19th day of September, 2016;

BETWEEN:

KELLY COVE SALMON LTD. a corporation duly incorporated pursuant to the *Business Corporations Act* (New Brunswick) (hereinafter the "**Purchaser**");

OF THE FIRST PART

- and -

ERNST & YOUNG INC., a corporation duly incorporated pursuant to the *Canada Business Corporations Act* (Canada), in its capacity as court appointed received of all of the assets of those entities listed in Schedule "A" hereto (hereinafter the "**Vendor**");

OF THE SECOND PART

WHEREAS:

A. Pursuant to a court order made in the Court of Queen's Bench of New Brunswick in Bankruptcy and Insolvency in the Judicial District of Fredericton on or about April 25, 2016 Vendor is the court appointed receiver of those entities set out in Schedule "A" hereto; and

B. Vendor wishes to sell, and Purchaser wishes to purchase, the Purchased Assets (as hereinafter defined) upon the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto hereby agree as follows:

1. **DEFINITIONS AND INTERPRETATION.**

1.1. **Definitions.** Unless the context otherwise requires, when used in this Agreement (as hereinafter defined) the following capitalized terms have the meanings set forth in this Section 1.1:

(a) "**Agreement**" means this agreement including its recitals and schedules as well as any amendment made thereto from time to time by the Parties in compliance with Section 12.8 and the terms "herein", "hereof", "hereto", "herewith", "hereunder", "hereby" and other similar terms, when used in this

Agreement, shall generally refer to the agreement as a whole rather than to a specific part thereof, unless otherwise indicated in the text;

(b) "**Business Day**" means a day, other than a Saturday or a Sunday, on which chartered banks are required or permitted to be open for business in Saint John, NB, Canada;

(c) "**Closing Date**" means the first Business Day on which the conditions of closing set forth in Sections 7.3 and 8.3 are satisfied or such later date as the Parties may agree in writing in compliance with Section 12.8 hereof;

(d) "**Encumbrance**" means a secured claim or debt, a right to use or enjoy property, including an ownership interest, restriction on the right to sell or security interest and "**Encumber**" means to create or grant an encumbrance;

(e) "**Force Majeure**" means any event beyond the control of a Party which could not have been reasonably foreseen and against which it could not have protected itself such as, without limiting the generality of the foregoing, natural disasters, epidemics, fires, accidents, acts of war (whether declared or not), insurrections, riots, acts of terrorism, wildcat strikes, partial or total work stoppages or slowdowns, lock-outs, changes in market conditions, power or communications breakdowns, interventions by civil or military authorities, compliance with any orders of governmental authorities, courts or tribunals or public authorities;

(f) "**Governmental Authorities**" means any nation or government, any federal, state, provincial, territorial, regional, local or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government;

(g) "**Head Lessor**" means 628228 N.B. Incorporated;

(h) "**Law**" means, in respect of any Person, all provisions of constitutions, statutes, rules, regulations and orders of Governmental Authorities applicable to such Person, and all orders and decrees of all courts and arbitrators in proceedings or actions to which the Person in question is a party or by which it is bound;

(i) "**Mortgagee**" means 047759 N.B. Ltd.;

(j) "**Non-Disturbance Agreement**" means a non-disturbance agreement related to the Site made between Purchaser, Head Lessor and Mortgagee in the form annexed hereto as Schedule "B";

(k) "**Parties**" means Vendor and Purchaser collectively, and "**Party**" means either of them separately;

(l) "**Person**" includes an individual, a corporation, a partnership, a joint venture, a trust, an unincorporated organization, a company, an association and any other incorporated or unincorporated entity;

(m) "**Purchased Assets**" means all of Vendor's Atlantic Salmon inventory located at the Site (as hereinafter defined) as of the opening of business on the Closing Date which is estimated to consist of approximately Two Hundred Twenty Thousand (220,000) live fish;

(n) "**Site**" means New Brunswick aquaculture site MF-0044 (commonly referred to as the "Simpsons Island site");

(o) "**Sublease**" means a sublease of the Site granted by the Head Lessor in favour of Purchaser in the form annexed hereto as Schedule "C" with a term to expire August 30, 2017; and

(p) "**Time of Closing**" means 2:00 p.m. Saint John, New Brunswick time on the Closing Date.

1.2. **Gender and Number.** Unless otherwise required by the context, words importing the singular shall include the plural and vice-versa, and words importing the use of any gender shall include all genders.

1.3. **References within Agreement.** Unless otherwise indicated in the text, a reference to an Article includes all of the Sections contained in such Article, and a reference to a Section includes all the Paragraphs contained in such Section.

1.4. **Financial References.** Unless specifically indicated otherwise, all amounts referred to in this Agreement are in Canadian dollars.

1.5. **Headings.** Headings used in the Agreement shall have no interpretative value. Their sole purpose shall be to help identify the content of the provisions contained in the Agreement.

1.6. **Knowledge.** A Party shall be deemed to have knowledge of a particular fact or matter only if such Party is actually aware of such fact or matter.

2. PURCHASE AND SALE OF PURCHASED ASSETS.

2.1. **Purchase and Sale.** Subject to compliance with the terms of this Agreement, including, without limitation, the conditions set forth in Article 7, Vendor hereby agrees to sell the Purchased Assets to Purchaser and Purchaser hereby agrees to purchase same.

2.2. **Consideration.** In consideration of the transfer of the Purchased Assets, Purchaser shall pay to Vendor the following consideration:

(a) Three Hundred Forty-Nine Thousand Two Hundred Nine Dollars ($349,209) by certified cheque, bank draft or electronic funds transfer at the Time of Closing; plus

(b) an amount equivalent to $2.65 for each Atlantic Salmon in excess of One Hundred Thirty-Two Thousand (132,000) Atlantic Salmon harvested by the Purchaser at the Site from the Purchased Assets, such amount to be paid to Vendor by certified cheque, bank draft or electronic funds transfer within thirty (30) days following completion of the Purchaser's harvesting activities at the Site unless Vendor is then contesting the number of fish harvested in accordance with Section 2.3.

2.3. **Applicable Taxes.** The purchase price provided for in Section 2.2 is exclusive of all applicable taxes, including, without limitation, harmonized sales tax (HST).

2.4. **Verification.** Vendor shall be entitled to have one of its agents or employees present during the Purchaser's harvesting activities at the Site in order to verify the number of Atlantic Salmon harvested. Purchaser shall deliver to Vendor its calculation of the number of fish harvested from the Site within ten (10) days after completion of its harvesting activities at the Site. In the event that Vendor disagrees with Purchaser's calculations, Vendor shall, within ten (10) days of receipt of Purchaser's calculations, notify Purchaser of such dispute. If Vendor does not so notify Purchaser within the ten (10) day timeframe provided for in this Section 2.3, Purchaser's calculations shall be deemed correct and conclusive for all purposes of this Agreement. In the event Vendor does notify Purchaser of a dispute and the Parties are unable to negotiate a resolution to the dispute within ten (10) days after delivery of such notification, the Parties shall refer the dispute to an independent accounting firm of national standing chosen by mutual agreement of the Parties whose calculation of the number of Atlantic Salmon harvested shall be deemed correct and conclusive for all purposes of this Agreement, and the Parties agree to cooperate with such accounting firm to provide all information it reasonably requires to make such calculation.

3. MUTUAL REPRESENTATIONS AND WARRANTIES.

To induce the other Party to enter into this Agreement, each Party hereby represents and warrants the following:

3.1. **Status.** It is duly incorporated under the laws of its jurisdiction of incorporation and is in compliance with all of the regulatory filing duties and obligations incumbent upon it under applicable Laws to maintain it in good standing.

3.2. **Authority.** It has full right, power and authority to enter into this Agreement and to perform all of its duties and obligations hereunder and there are no contractual or legal restrictions prohibiting it from carrying out its obligations under this Agreement.

3.3. **Binding Agreement.** This Agreement represents a legal, valid and binding agreement enforceable against it and its authorized assigns, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other Laws affecting creditors' rights generally.

3.4. **Tax Residency.** It is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

4. **ADDITIONAL REPRESENTATIONS AND WARRANTIES OF VENDOR.**

To induce Purchaser to enter into this Agreement, Vendor hereby represents and warrants the following:

4.1. **Title.** The Vendor is the owner of the Purchased Assets, to the exclusion of any other Person.

4.2. **Encumbrances.** The Purchased Assets, and the Vendor's title thereto, are free and clear of any Encumbrances except for Encumbrances that shall be removed as of the Time of Closing.

4.3. **Fish Health.** To the best of Vendor's knowledge, the live fish inventory included in the Purchased Assets do not suffer from any recognized fish health condition which could materially impact their value to the Purchaser and that has not previously been disclosed by Vendor to Purchaser. Purchaser acknowledges that Vendor has disclosed to Purchaser that the Purchased Assets currently suffer from sea lice infestation.

4.4. **Governmental Authorities; Consents.** No consent, order, approval or authorization of, or designation, declaration, notice or filing with, any Governmental Authority or other Person is required on the part of the Vendor in connection with the Vendor's execution and delivery of this Agreement or the consummation of the transaction contemplated hereby with respect to the Purchased Assets; provided, however it is understood by the Parties that consent by appropriate Governmental Authorities will be required with respect to the Sublease and the issuance to Purchaser of an aquaculture license with respect to its proposed aquaculture activities at the Site, being the growing-out and harvesting of the Purchased Assets.

4.5. **Governmental Licenses and Permits.** The Vendor holds all governmental licenses and authorizations necessary under applicable Laws to permit the Vendor to own, use and maintain the Purchased Assets in the manner in which they are currently used and maintained.

4.6. **Litigation and Proceedings.** There are no pending or, to the knowledge of the Vendor, threatened lawsuits, actions, suits, claims or other proceedings at law or in equity, which could be reasonably expected to have the effect of enjoining or otherwise preventing the consummation of the purchase and sale transaction contemplated by this Agreement. There are no pending or, to the knowledge of the Vendor, threatened investigations before or by any Governmental Authority against the Vendor which relate to or pertain to the Purchased Assets.

4.7. **Insurance.** Vendor has insured the Purchased Assets against loss or damage by all insurable hazards or risks on a replacement cost basis and such insurance will be continued in full force and effect to and including the Time of Closing.

5. **COVENANTS OF VENDOR.**

5.1. **Preservation of Purchased Assets.** As and from the date of this Agreement, Vendor covenants that it shall take all steps consistent with best commercial practice to preserve the Purchased Assets in good and marketable condition. Without limiting the generality of the foregoing, Vendor shall not harvest the Purchased Assets or take any action which could reasonably be expected to materially diminish the value of same to Purchaser.

5.2. **Encumbrances.** Vendor covenants and agrees to cause all Encumbrances on the Purchased Assets or Vendor's title thereto to be removed at or prior to the Time of Closing.

5.3. **Access.** As and from the Time of Closing, Vendor covenants and agrees to provide Purchaser with unrestricted access to the Site and the nets, cages and moorings located thereon as of the date of this Agreement for purposes of harvesting the Purchased Assets. Vendor further covenants and agrees not to remove such nets, cages and moorings from the Site prior to the completion of the harvesting of the Purchased Assets without the consent of Purchaser. This covenant shall survive the closing of the transaction contemplated by this Agreement until such time as final payment of the consideration provided for in Paragraph 2.2(b) is made by Purchaser to Vendor.

5.4. **Employees.** Vendor agrees to sever the employment of those employees listed in Schedule "D" hereto at the Time of Closing.

5.5. **Insurance.** Vendor shall continue to maintain in full force and effect all policies of insurance or renewals thereof now in effect that pertain to the Purchased Assets or the Site until the Time of Closing.

5.6. **Regulatory Consents.** Vendor shall use commercially reasonable efforts to cooperate with Purchaser in order to obtain from appropriate Governmental Authorities consent to the Sublease and the aquaculture license required by the Purchaser to grow-out and harvest the Purchased Assets at the Site.

6. **COVENANTS OF PURCHASER.**

6.1. **Regulatory Consents.** Purchaser shall use commercially reasonable efforts to obtain from appropriate Governmental Authorities consent to the Sublease and the aquaculture license required by the Purchaser to grow-out and harvest the Purchased Assets at the Site.

6.2. **Fish Feed and Sea Lice Treatments.** As and from the date of this Agreement until the Time of Closing, Purchaser agrees to (a) supply adequate fish feed required by Vendor from time to time to enable Vendor to grow-out the Purchased Assets in accordance with standard industry practice, and (b) to provide such sea lice treatments as may be required to grow-out the Purchased Assets in accordance with standard industry practice. Vendor shall not be required to reimburse Purchaser for the cost of such fish feed and sea lice treatments otherwise than in accordance with Section 11.3 hereof.

7. **CONDITIONS OF CLOSING IN FAVOUR OF VENDOR.**

The Parties acknowledge and agree that the conditions of closing set forth in this Article 7 are for the sole and exclusive benefit of Vendor and may be waived by Vendor in its sole discretion.

7.1. **Representations and Warranties.** The representations and warranties of Purchaser contained in this Agreement shall be true and correct at the Time of Closing, with the same force and effect as if such representations and warranties were made at and as of such time, and a certificate of a responsible officer of Purchaser dated the Closing Date to that effect shall have been delivered to Vendor, such certificate to be in form and substance satisfactory to Vendor, acting reasonably.

7.2. **Covenants.** All of the terms, covenants and conditions of this Agreement to be complied with or performed by Purchaser at or before the Time of Closing shall have been complied with or performed and a certificate of a responsible officer of Purchaser dated the Closing Date to that effect shall have been delivered to Vendor, such certificate to be in form and substance satisfactory to Vendor, acting reasonably.

7.3. **Regulatory Consents.** There shall have been obtained, from all appropriate Governmental Authorities, such licenses, permits, consents, approvals, certificates, registrations and authorizations (including, without limitation, consent to the Sublease and the required New Brunswick aquaculture license) as are required to be obtained by either Party in order to give effect to the purchase and sale of the Purchased Assets and to permit Purchaser to grow-out and harvest the Purchased Assets at the Site.

8. CONDITIONS OF CLOSING IN FAVOUR OF PURCHASER.

The Parties acknowledge and agree that the conditions of closing set forth in this Article 8 are for the sole and exclusive benefit of Purchaser and may be waived by Purchaser in its sole discretion.

8.1. **Representations and Warranties.** The representations and warranties of Vendor contained in this Agreement shall be true and correct at the Time of Closing, with the same force and effect as if such representations and warranties were made at and as of such time, and a certificate of a responsible officer of Vendor dated the Closing Date to that effect shall have been delivered to Purchaser, such certificate to be in form and substance satisfactory to Purchaser, acting reasonably.

8.2. **Covenants.** All of the terms, covenants and conditions of this Agreement to be complied with or performed by Vendor at or before the Time of Closing shall have been complied with or performed and a certificate of a responsible officer of Vendor dated the Closing Date to that effect shall have been delivered to Purchaser, such certificate to be in form and substance satisfactory to Purchaser, acting reasonably.

8.3. **Regulatory Consents.** There shall have been obtained, from all appropriate Governmental Authorities, such licenses, permits, consents, approvals, certificates, registrations and authorizations (including, without limitation, consent to the Sublease and the required New Brunswick aquaculture license) as are required to be obtained by either Party in order to give effect to the purchase and sale of the Purchased Assets and to permit Purchaser to grow-out and harvest the Purchased Assets at the Site.

8.4. **Encumbrances.** The Purchased Assets, and Vendor's title thereto, shall be free and clear of any Encumbrances as of the Time of Closing.

8.5. **Material Adverse Change.** There shall have been no material adverse change in the condition or quantity of the Purchased Assets since the date of this Agreement.

8.6. **Fish Health.** Without limiting the generality of section 8.5, the Purchased Assets shall be free and clear of any recognized fish health condition that could materially impact their value to Purchaser and that has not previously been disclosed by Vendor to Purchaser pursuant to Section 4.3 hereof.

8.7. **Employees.**. Purchaser shall be satisfied that Vendor has terminated the employment of the employees listed on Schedule "D" hereto.

8.8. **No Action or Proceeding.** No legal or regulatory action or proceeding shall be pending or threatened by any person to enjoin, restrict or prohibit the purchase and sale of the Purchased Assets contemplated by this Agreement.

8.9. **Sublease.** Purchaser and Head Lessor shall have duly executed and delivered the Sublease at or prior to the Time of Closing.

8.10. **Non-Disturbance Agreement.** Purchaser, Head Lessor and Mortgagee shall have duly executed and delivered the Non-Disturbance Agreement at or prior to the Time of Closing.

9. **VENDOR'S CLOSING DELIVERIES.**

9.1. **Bill of Sale.** At the Time of Closing, Vendor shall deliver a bill of sale conveying title to the Purchased Assets to Purchaser in form and substance satisfactory to Purchaser.

9.2. **Certificate re Representations and Warranties.** At the Time of Closing, Vendor shall deliver to Purchaser the certificates referred to in Sections 8.1 and 8.2.

9.3. **Sublease.** Vendor shall deliver two (2) originals of the Sublease to Purchaser at the Time of Closing, duly executed by the Head Lessor, together with such ancillary documentation as counsel for Purchaser may reasonably request.

9.4. **Non-Disturbance Agreement.** Vendor shall deliver three (3) originals of the Non-Disturbance Agreement to Purchaser at the Time of Closing, duly executed by Head Lessor and Mortgagee, together with such ancillary documentation as counsel for Purchaser may reasonably request.

10. **PURCHASER'S CLOSING DELIVERIES.**

10.1. **Consideration.** Purchaser shall pay to Vendor the closing consideration provided for in Paragraph 2.2(a) at the Time of Closing in the manner provided for in that Paragraph.

10.2. **Certificate re Representations and Warranties.** At the Time of Closing, Purchaser shall deliver to Vendor the certificates referred to in Sections 7.1 and 7.2.

10.3. **Sublease.** Purchaser shall deliver two (2) originals of the Sublease to Vendor at the Time of Closing that have been duly executed by Purchaser.

10.4. **Non-Disturbance Agreement.** Purchaser shall deliver three (3) originals of the Non-Disturbance Agreement to Vendor at the Time of Closing that have been duly executed by Purchaser.

11. **TERM AND TERMINATION.**

11.1. **Term.** This Agreement is effective immediately as of the date of this Agreement and remains in full force and effect until terminated in accordance with Section 11.2.

11.2. **Termination.** This Agreement shall terminate upon the earliest to occur of:

(a) the closing of the purchase and sale transaction with respect to the Purchased Assets contemplated hereby;

(b) the date the Parties mutually agree to terminate this Agreement; or

(c) if the Purchaser elects, on or after 5:00 p.m. Saint John, New Brunswick time on September 30th, 2016.

11.3. **Reimbursement.** In the event that this Agreement is terminated prior to the Time of Closing due to all of the conditions of closing set forth in Articles 7 and 8 not being satisfied or waived, Vendor shall reimburse Purchaser for out-of-pocket expenses incurred by Purchaser pursuant to Section 6.2 hereof to a maximum amount of One Hundred Thousand Dollars ($100,000); provided, however that the limitation on the maximum amount of expenses to be reimbursed pursuant to this Section 11.3 shall not apply in the event that (A) Vendor commits an intentional breach of this Agreement; or (B) the closing of the purchase and sale transaction contemplated by this Agreement does not occur due in whole or in part to the conditions of closing provided for in Sections 8.9 and 8.10 not being satisfied or waived.

12. **GENERAL PROVISIONS.**

12.1. **Time of the Essence.** Time shall be of the essence of this Agreement unless indicated otherwise. No extension of or amendment to the Agreement shall operate as a waiver of this provision unless clearly stated therein.

12.2. **Assignment.** Neither Vendor nor Purchaser may assign or transfer all or any part of their respective rights or obligations hereunder without the prior written consent of the other party.

12.3. **Notice.** Notices and other communications given under this Agreement shall be in writing and personally delivered, transmitted by telecopier, sent by electronic mail, or sent by certified, prepaid mail return receipt requested, or sent by an overnight courier service addressed to the other Party as follows:

If to Vendor:

RBC Waterside Centre
1871 Hollis Street, Suite 500
Halifax, NS, B3J 0C3
Canada

Telecopier: 902.420.0503

Electronic Mail: george.c.kinsman@ca.ey.com

Attention: George C. Kinsman

If to Purchaser:

255 Metcalf Street
Saint John, NB, E2K 1K7
Canada

Telecopier: 506.694.1381

Electronic Mail: rgould@cookeaqua.com

Attention: Chief Legal Officer

Any notice or other communication given under the Agreement shall be deemed to have been received five (5) Business Days after the day it was mailed or upon receipt, as evidenced by the postal service return receipt card, and upon receipt if personally delivered, sent by overnight courier service, by telecopier or by electronic mail.

12.4. **Counterparts and Electronic Transmission.** This Agreement may be signed in several counterparts; each of which when so signed shall be deemed to be an original, and together shall constitute one and the same document. The Parties agree that this Agreement may be transmitted by facsimile, e-mail or similar forms of communication. The Parties further agree that signatures duplicated by facsimile, electronic signatures or similar authentication modes shall be treated as originals, and each Party proceeding in such a manner undertakes to provide the other Parties with a copy of this Agreement bearing its original signature forthwith, upon demand.

12.5. **No Third Party Beneficiaries.** This Agreement is not made for the benefit of any person who is not expressly a party hereto.

12.6. **Force Majeure.** A Party shall not be considered in default of its duties or obligations hereunder or liable for any damages or delay if such default, damages or delay is the result of Force Majeure. Should such a cause of delay occur, the Party unable to perform its obligations hereunder shall, whenever possible to do so, take the necessary steps to put an end to such cause of delay or, if unable to do so, to lessen the impact thereof on the other Party. The Party to whom the duty or obligation is owed in respect of which a cause of delay has occurred may, in such circumstances, for as long as such Force Majeure prohibits the other Party from performing its duties and obligations hereunder, take temporary steps to mitigate the damages it may sustain on the understanding that no claim may result from such actions in favour of the other Party.

12.7. **Choice of Venue.** The Parties agree, in respect of any claim or legal proceeding for any purpose whatsoever arising out of or in connection with this Agreement, to submit such claim or legal proceeding to the jurisdiction of the courts of the Province of New Brunswick, Canada as the proper forum for the hearing of said claim or legal proceeding, to the exclusion of any other jurisdiction that may have jurisdiction to hear such dispute according to applicable laws.

12.8. **Amendment.** This Agreement may be amended at any time by mutual consent of both Parties. Any such amendment must be made in writing and signed by each Party.

12.9. **Severability.** In the event that any provision of this Agreement is deemed to be invalid or unenforceable under applicable Laws, the provision shall, whenever possible to do so, be interpreted, construed, limited or if necessary severed to the extent necessary to eliminate such invalidity or unenforceability. All the remaining provisions of the Agreement shall remain valid and continue to bind the Parties.

12.10. **Non-Waiver of Rights.** The silence, failure or delay by a Party in exercising any right or remedy hereunder shall under no circumstances be interpreted or construed as a waiver of such right or remedy by said Party, and said Party may avail itself of any such right or remedy until such time as it contractually or legally expires.

12.11. **Survival after Termination.** The termination of this Agreement in accordance with Section 11.2 will not affect the survival and enforceability of any provision of this Agreement that is expressly or implicitly intended to remain in effect after such termination including, without limitation, Sections 2.2 and 2.4. The representations and warranties set forth in Articles 3 and 4 of this Agreement shall survive the termination of this Agreement for a period of six (6) months from the date of termination.

12.12. **Binding Effect.** This Agreement will be binding upon and inure to the benefit of the Parties and their respective heirs and successors.

12.13. **Further Assurances.** Each Party to this Agreement covenants and agrees that, from time to time subsequent to the Closing Date, it will, at the request and expense of the requesting Party, execute and deliver all such documents, including, without limitation, all such additional conveyances, transfers, consents and other assurances and do all such other acts and things as the other Party, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement or of any agreement or other document executed pursuant to this Agreement or any of the respective obligations intended to be created hereby or thereby.

12.14. **Entire Agreement.** This Agreement reflects the entire understanding between the Parties. It supersedes all other written or verbal promises or covenants made prior to its signing and all amendments agreed upon by the Parties which do not comply with Section 12.8 of this Agreement.

[Signature page follows.]

IN WITNESS WHEREOF the Parties have executed this Agreement effective as of the date first above-written.

KELLY COVE SALMON LTD.

per: ____________________________

Name: Rodney D. Gould
Title: Chief Legal Officer

ERNST & YOUNG INC., in its capacity as court appointed received of all of the assets of those entities listed in Schedule "A" hereto

per: ____________________________

Name: George Kinsman
Title: Senior Vice President

SCHEDULE "A" - LIST OF ENTITIES

1. Gray's Aqua Management Ltd.
2. Gray Aqua Farms Ltd.
3. Gray Aqua Group Ltd.
4. Butter Cove Aqua Farms Ltd.
5. Goblin Aqua Farms Ltd.
6. Jervis Island Aqua Farms Ltd.
7. Pass-My-Can Aqua Farms Ltd.
8. Gray Aqua Processing Ltd.
9. M. Gray Holdings Ltd.
10. 608672 N.B. Ltd.
11. 608690 N.B. Ltd.
12. 608691 N.B. Ltd.
13. 608715 NB Limited
14. 608716 NB Limited

SCHEDULE "B" - FORM OF NON-DISTURBANCE AGREEMENT

[To be attached.]

SCHEDULE "C" - FORM OF SUBLEASE

[To be attached.]

SCHEDULE "D" - LIST OF EMPLOYEES

1. Comeau, Jason
2. Pendleton, Loren
3. Johnston, Alexander
4. Bartlett, Christopher
5. Henry, Mark