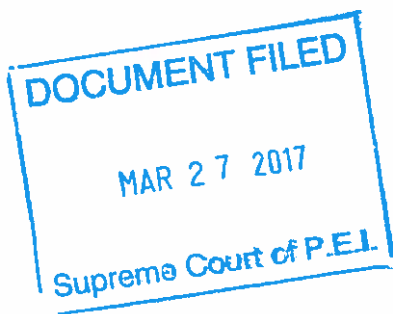




SUPREME COURT OF PRINCE EDWARD ISLAND

GS- 27628
S1-BK-

THE BANK OF NOVA SCOTIA

Applicant

and

SILVER HILL FUR FARM LTD. as represented by
PricewaterhouseCoopers Inc. as trustee in bankruptcy

Respondent

NOTICE OF APPLICATION

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicants. The claim made by the applicants appears on the following page.

THIS APPLICATION will come on for a hearing on the 29th day of March, 2017 at 1:30 pm.

IF YOU WISH TO OPPOSE THIS APPLICATION, you or a Prince Edward Island lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office where the Application is to be heard as soon as possible, but not later than noon on the day before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR
ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. __IF YOU WISH TO OPPOSE THIS

Dated this 27 day of March, 2017 .

(SGD.) ELIZABETH MURRAY
Deputy Registrar

Issued by _____

Sir Louis Henry Davies Law Courts
42 Water Street
Charlottetown, PE C1A 1A4

To: PricewaterhouseCoopers Inc.
as trustee in bankruptcy of the
Respondent

Attention: David A. Boyd

APPLICATION

The Applicant makes application for:

- a) abridging the time for the hearing of this matter;
- b) in the form of the draft order attached hereto as Schedule "A" appointing Ernst & Young Inc. as receiver ("**Receiver**") of the assets and undertaking of the Respondent, Silver Hill Fur Farm Ltd., pursuant to Section 44 of the Judicature Act, R.S.P.E.I. 1988, Cap. J-2.1 (the "**Judicature Act**"), Rule 41 of the Rules of Court of Prince Edward Island (the "**Rules**") and Section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and such other powers as the Court deems advisable; and
- c) in the form of the draft order attached hereto as Schedule "B" providing for the cooperation of various parties with the Receiver; and,
- d) Such further and other relief as Applicant may advise and this Honourable Court may permit.

The grounds for the application are:

1. The Applicant, The Bank of Nova Scotia ("**BNS**") is a Canadian Chartered Bank.
2. The Respondent, Silver Hill Fur Farm Ltd. (the "**Borrower**"), is a company incorporated under the laws of Prince Edward Island with its registered office at 20823 Route 12, Sea Cow Pond, RR # 4, Tignish, PE COB 2B0. The Respondent carries on the business of a mink farm.
3. The Respondent is indebted to BNS in the aggregate amount of \$2,663,818, as of March 24, 2017.
4. As security for all obligations of the Respondent, BNS holds various security including the following charging the assets of the Respondent:
 - a. General Security Agreement dated September 5, 2013, executed by Silver Hill Fur Farm Ltd. which was registered with the PPR pursuant to the PPSA on April 21, 2014, as registration number 3398656.
 - b. General Security Agreement dated September 5, 2013, executed by Silver Hill Fur Farm Ltd. which was registered with the PPR pursuant to the PPSA on August 27, 2014, as registration number 3501437.
 - c. Collateral Mortgage dated September 10, 2013, registered in the Prince County Registry Office on October 15, 2013, as document number 3435 and 3233. (PID1054402)

5. Ernst & Young Inc. has consented to this appointment.
6. The Respondent has defaulted in its obligations to BNS in that it has closed operations and it has caused the death of 20,000 mink in such a manner that their potential value of \$1,000,000 has been lost, and has sold assets without the knowledge or consent of BNS
7. The Respondent filed for bankruptcy with PricewaterhouseCoopers Inc. who is the Respondent's trustee under the BIA (the "Trustee").
8. The Trustee has consented to the relief requested by the Applicant.
9. The appointment of a Receiver is appropriate in the circumstances and is required to protect the interests of BNS and other creditors in the remaining assets of the Respondent.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Application.

10. Affidavit of James Cook sworn on March 27, 2017;
11. Affidavit of Katie Morello sworn on March 27, 2017;
12. Affidavit of Jamie Aiken sworn on March 27, 2017;
13. Affidavit of David A. Boyd sworn on March 27, 2017;
14. Consent of Ernst & Young Inc. dated March 27, 2017; and
15. Such further and other documentation as counsel may advise and this Honourable Court may permit.

27 DATED at Charlottetown, Queens County, Province of Prince Edward Island this day of March, 2017.

**Original signed by
Pamela J. Williams, Q.C.**

PAMELA J. WILLIAMS, Q.C. &
Cox & Palmer
97 Queen Street, Suite 600
Charlottetown, PE C1A 4A9
Telephone: (902) 628-1033
Fax: (902) 566-2639
Solicitors for the Applicant

Schedule "A" – Draft Receivership Order

Court File No. _____

SUPREME COURT OF PRINCE EDWARD ISLAND

BETWEEN:

BANK OF NOVA SCOTIA

APPLICANT

- and -

SILVER HILL FUR FARM LTD.

RESPONDENT

RECEIVERSHIP ORDER

THIS APPLICATION, made by the Applicant for an Order pursuant to Section 44 of the Judicature Act, R.S.P.E.I. 1988, Cap. J-2.1 (the "**Judicature Act**"), Rule 41 of the Rules of Court of Prince Edward Island (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. ("**EYI**") as receiver and receiver manager (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of the Respondent in relation to the business carried on by the Respondent was heard this day at 42 Water Street, Charlottetown, Prince Edward Island.

ON READING the affidavit of James Cook, sworn _____ and the exhibits thereto, the affidavit of Jamie Aitken sworn _____ and the exhibits thereto, the affidavit of _____ sworn _____ on hearing the submissions of counsel for the Applicant and on reading the consent of the Receiver 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 as required so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. Pursuant to section 44 of the *Judicature Act*, Rule 41 of the Rules and section 243(1) of the BIA, the Receiver is hereby appointed receiver and receiver manager, without security, of all of the assets, undertakings and properties of the Respondent whether in its name or in the name of the predecessor corporations, Silver Hill Fur Farm Ltd., Silver Hill Fur and Feeds Inc., Silverhill Transport Ltd. and CJ Gavin Holdings Inc., including all proceeds thereof (collectively, 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 and all proceeds, receipts and disbursements arising out of or from the Property.
 - b. To receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
 - c. To manage, operate, and carry on the business of the Respondent, including the powers to enter into any agreements, incur any obligations in the

ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Respondent;

- d. To make such payments or disbursements as determined are necessary by the Receiver;
- e. 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;
- f. To purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Respondent, or any part or parts thereof;
- g. To receive and collect all monies and accounts now owed or hereafter owing to the Respondent and to exercise all remedies of the Respondent in collecting such monies, including, without limitation, to enforce any security held by the Respondent;
- h. To settle, extend or compromise any indebtedness owing to the Respondent;
- i. 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 Respondent, for any purpose pursuant to this Order;
- j. To undertake environmental or workers' health and safety assessments of the Property and operations of the Respondent;
- k. 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 any of the Property 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;

- I. 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;
- m. 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;
- n. To sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business, without the approval of this Court in respect of:
 - i. any transaction not exceeding \$50,000.00, provided that the aggregate consideration for all such transactions does not exceed \$500,000.00; and
 - ii. with the approval of this Court in respect of any transaction not in the form provided in the foregoing clauses.

and in each such case notice under any provincial legislation shall not be required.

- o. To apply for any vesting order or other orders necessary in relation to a transaction for which Court approval is required 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;

- p. 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;
- q. To register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- r. 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 Respondent;
- s. To enter into agreements with PricewaterhouseCoopers Inc., the trustee in bankruptcy appointed in respect of the Respondent (the "Trustee") including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any Property owned or leased by the Respondent;
- t. To exercise any shareholder, partnership, joint venture or other rights which the Respondent may have; and
- u. 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 Respondent, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. Each of (i) the Respondent, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this

Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the 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 Respondent, 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.

MAINTAINING INTEGRITY OF RECORDS

7. Unless otherwise ordered by this Court, any Person(s) having notice of this Order shall not directly or indirectly, by any means whatsoever:

- (a) remove Records from the Property or from their current location, erase or delete from any means of electronic storage, or transmit any of the Records, or alter, deface, discard, conceal or destroy in any manner any of the Records; and
- (b) without limiting the foregoing, touch, activate, or operate any computer equipment either locally or remotely from any location, or access or alter any text, graphics, electronic data, information, or other content of any web site or its databases or any electronic mail, newsgroup or Internet relay chat communications, or other information, instructions or data stored in any location remote from the Property that may contain or constitute the Records.

8. In order to give effect to the Order, any Person who is ordered not to do something shall not do it personally, through others acting on their behalf, or on their instructions, or with his encouragement or acquiescence, or in any other way.

NO PROCEEDINGS AGAINST THE RECEIVER

9. 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 RESPONDENT OR THE PROPERTY

10. No Proceeding against or in respect of the Respondent 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 Respondent or the Property are hereby stayed and suspended pending further

Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

11. All rights and remedies of any individual, firm, corporation, governmental body or agency or any other entity against the Respondent, 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 Respondent to carry on any business which the Respondent is not lawfully entitled to carry on, (ii) exempt the Receiver or the Respondent 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

12. All rights and remedies of any Person pursuant to any arrangement or agreement to which the Respondent 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

13. Subject to Section 18 of this Order related to the Respondent's 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 the Respondent, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

14. All Persons having oral or written agreements with the Respondent or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Respondent, 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 Respondent's 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 Respondent 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.
15. 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 the Respondent 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 Respondent, or any of them, if the Receiver determines that the opening of such accounts is appropriate.
16. No creditor of the Respondent shall be under any obligation as a result this Order to advance or re-advance any monies or otherwise extend any credit to the Respondent.

RECEIVER TO HOLD FUNDS

17. 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, 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

18. All employees of the Respondent shall remain the employees of the Respondent until such time as the Receiver, on the Respondent's 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.

19. 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 disclosure 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 Respondent, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

20. 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, the Clean Water Act, the *Environmental Protection Act*, (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON LIABILITY

21. EYI 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

22. 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 the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge to a maximum of \$100,000.00 (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.
23. 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 the Clerk of the Court of Supreme Court of Prince Edward Island in accordance with the Rules.
24. 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 preceding paragraph hereof.

RECEIVER'S INDEMNITY CHARGE

25. 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 the Respondent), the *Bankruptcy and Insolvency Act* or otherwise, saving only liability arising from the gross negligence or willful misconduct of the Receiver.

26. The Receiver's Indemnity Charge shall form a second charge on the Property in priority to all Claims 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.

ALLOCATION OF COSTS

27. 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 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

28. 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 \$100,000.00 (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). 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.
29. 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.
30. 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.
31. 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.

GENERAL

32. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
33. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Respondent.
34. 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.
35. 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.
36. 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 Respondent's estate with such priority and at such time as this Court may determine.
37. Any interested party may apply to this Court to vary or amend this Order upon such notice required under the *Rules of the Court*, if any, or on such notice as this Court may order.

38. 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.

39. In addition to the reports to be filed by the Receiver under the BIA, on the application to the Court of any secured creditor, the Receiver shall file a report of its activities with the Court.

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

Dated at Charlottetown, Prince Edward Island, this ____ day of ____, 2017.

J.

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

THIS IS TO CERTIFY that [RECEIVER'S NAME], the receiver (the "**Receiver**") of the assets, undertakings and properties [DEBTOR'S NAME] 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 Supreme Court of Prince Edward Island (the "**Court**") dated the ____ day of _____, 20__ (the "**Order**") made in an action having Court file number _____, 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.

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.

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 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.

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

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.

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.

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__.

[RECEIVER'S NAME], solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

Court File No. _____

Schedule "B" COOPERATION ORDER

Court File No. _____

SUPREME COURT OF PRINCE EDWARD ISLAND

BETWEEN:

THE BANK OF NOVA SCOTIA

- and -

SILVER HILL FUR FARM LTD.

APPLICANT

RESPONDENT

COOPERATION ORDER

WHEREAS this Court granted the Initial Receivership Order (the "Initial Order") on even date herewith in relation to the Respondent;

AND UPON reading the material filed in support thereof;

AND UPON hearing the submissions of counsel for the Applicant; and

UPON being satisfied that the granting of this Order will assist in the orderly administration of the Receivership proceedings;

COOPERATION, ACCESS AND INFORMATION

1. THIS COURT ORDERS that in addition to such duties as are imposed by virtue of the Initial Order, each of:
 - a. the Respondent, which is an amalgamated entity arising from the amalgamation of:
 - i. Silver Hill Fur Farm Ltd.;
 - ii. Silver Hill Fur and Feeds Inc.;
 - iii. Silverhill Transport Ltd.; and
 - iv. CJ Gavin Holdings Inc.
 - b. all of the current and former directors, officers, employees, agents, accountants, legal counsel and shareholders of (or any person or entity

otherwise having an interest in, whether legal or beneficial) the Respondent or its predecessor amalgamating corporations, and all other persons acting on their instructions or behalf, including, without limitation, Casey Gavin, Leigh Gavin and Joyce Ann Gavin; and

- c. all other individuals, firms, corporations, governmental bodies or agencies, or other entities having received this Order,

(all of the foregoing collectively, the **“Cooperating Parties”** and each a **“Cooperating Party”**)

shall forthwith advise the Receiver of the existence of any all of the assets, undertakings and properties of the Respondent (whether in its name or in the name of the predecessor corporations, Silver Hill Fur Farm Ltd., Silver Hill Fur and Feeds Inc., Silverhill Transport Ltd. and CJ Gavin Holdings Inc.), including all proceeds thereof (collectively, the **“Property”**) in such person's possession or control, shall grant immediate and continued access to the Property to the Receiver, whether located on such person's property or elsewhere, and shall deliver all such Property to the Receiver upon the Receiver's request.

2. Each Cooperating Party:

- a. shall provide the Receiver with free and unfettered access to and occupation of, among other things, any and all real property used or occupied by (or formerly used or occupied by) the Respondent in connection with the business carried on by (or formerly carried on by) the Respondent, including but not limited to such buildings, offices, warehouses, vacant lands, plant facilities, storage facilities, fixtures, appurtenances, or other real property, and all access roads and other manners of ingress and egress (collectively, the **“Real Property”**) including the Real Property of Casey Gavin and Leigh Gavin; and
- b. is hereby stayed and restrained from taking any steps or continuing any steps or proceedings for the cancellation, termination, amendment or variance of any usage, leasehold (whether oral or written), occupation or access to the Real

Property formerly enjoyed or exercised or exercisable by the Respondent and shall not impede or otherwise hinder the Receiver in its duties or interfere with the Receiver in the exercise of its rights of unfettered access to and occupation of such Real Property, without further order of this Court.

3. THIS COURT ORDERS that Casey Gavin, a Cooperating Party, shall provide any and all electronic devices used in relation to the operations of the Respondent including, without limitation, all cell phones, smartphones, computers, tablets or other devices on which information related to the Respondent and the Property may be located including call logs, text logs and logs of other forms of communication. Casey Gavin shall also provide any passwords required for accessing such devices so that the Receiver may access and copy all such information.
4. THIS COURT ORDERS, without limiting the generality of the foregoing, a Cooperating Party includes any individuals, firms, corporations, governmental bodies or agencies or other entities having received this Order which includes, but is not limited to:
 - a. any Canadian Chartered Bank, Credit Union, brokerage firm or other financial institution or entity providing financial services or advice of any nature or kind;
 - b. any provincial or federal body regulating the transportation, sale or any other matter related to mink, fox or other fur trade;
 - c. any lawyer, law firm, accountant, accounting firm or other professional or professional services firm;

and each such Cooperating Party shall provide all Property in its possession to the Receiver as set out in paragraph 1 above and in addition thereto shall provide an accounting of any money, shares, investments or other Property managed, received or paid by such Cooperating Party including, but not limited to, a statement of trust accounts or general accounts for the Respondent which for certainty includes its predecessor amalgamated entities Silver Hill Fur Farm Ltd., Silver Hill Fur and Feeds Inc., Silverhill Transport Ltd. and CJ Gavin Holdings Inc. and such accounting shall be

for any and all activity in the last five years.

ASSISTANCE OF PEACE OFFICERS

5. THIS COURT ORDERS that any peace officer including any Royal Canadian Mounted Police or other law enforcement agency shall assist the Receiver in carrying out its duties and exercising its rights as contained herein and in the Initial Order including, without limiting the generality of the foregoing, the retrieval of Property.

GENERAL

6. THIS COURT ORDERS that in all respects the Initial Order remains in full force and effect and nothing herein derogates from the Initial Order but is supplementary and ancillary thereto.
7. 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.
8. 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.

9. 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.

Dated at Charlottetown, Prince Edward Island, this ____ day of ____, 2017.

J.

THE SUPREME COURT OF
PRINCE EDWARD ISLAND

PROCEEDING COMMENCED AT
CHARLOTTETOWN, P.E.I.

NOTICE OF APPLICATION

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