

24. In August 2015, Callidus was informed by the Companies that they had discovered elevated levels of sea lice in or around the first week of July 2015 at its Newfoundland and Labrador marine sites including its site at Indian Tea Point. As a result of the sea lice infestation, Gray Aqua experienced materially elevated mortality rates and the infestation affected biomass growth rates within the inventory.
25. Following the crop failure at Indian Tea Point, Callidus retained EY in October 2015 to conduct a review of the business operations and financial position of the Companies. The Companies consented to the engagement and worked co-operatively with EY during the course of their review. The financial implications associated with the crop failures were significant and long lasting.
26. Additionally, in March 2016, Callidus was informed by the Companies that approximately 380,000 smolt in the hatchery facility had to be destroyed due to an outbreak of bacterial kidney disease.
27. By letter from Chaitons LLP, lawyers for Callidus, dated 4 April 2016, Callidus demanded repayment of the loans in full, which then totaled \$54,987,322.59. Callidus then sought the appointment of the Receiver.

THE FISH INVENTORY, THE SITE AND 047759