

SUPREME COURT OF NOVA SCOTIA

IN THE MATTER OF the *Companies' Creditors Arrangement Act* R.S.C., 1985 c. C-36, as amended (the "**CCAA**")

AND IN THE MATTER OF an application of Blue Lobster Capital Limited ("**Blue Lobster Capital**"), 3284906 Nova Scotia Limited ("**328NSL**"), 3343533 Nova Scotia Limited ("**334NSL**"), and 4318682 Nova Scotia Limited ("**431NSL**") (collectively, the "**Applicants**")

NOTICE OF MOTION

To: The Service List as set out in Schedule "A" hereto

MOTION:

The Applicants in this proceeding are applying to a judge for an order pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), substantially in the form attached as **Schedule "B"**, which, among other things:

- (a) abridges the time for service of the motion and the materials filed in support thereof, and dispensing with further service thereof;
- (b) terminates these CCAA proceedings and the stay of proceedings (the "**Stay Period**") upon the expiry of the requested Stay Period extension;
- (c) terminates the Administrative Charge and DIP Lenders' Charge;
- (d) establishes a process for the approval of the fees and disbursements of the Monitor and its counsel;
- (e) approves the activities of the Monitor, discharges the Monitor, and releases the Monitor from any potential claims against it;
- (f) extends the Stay Period until 30 July 2025; and

- (g) such other and further relief as counsel may request and this Honourable Court may deem appropriate.

TIME AND PLACE:

This motion is to be heard by a judge on _____, 2025, at The Law Courts, 1815 Upper Water Street, Halifax, Nova Scotia. The moving party has set the motion for a half-day in chambers beginning at _____.

REFERENCES:

The moving party relies on the following legislation:

- (a) The provisions of the CCAA generally, including s. 11;
- (b) The inherent and equitable jurisdiction of this Honourable Court; and
- (c) Such further and other grounds as counsel and this Honourable Court may permit.

EVIDENCE:

The evidence in support of the motion is as follows:

- (a) Affidavits of Kevin Alexander Rice filed in relation to this matter, including the 23 June 2025 affidavit of Kevin Alexander Rice (the “**Rice Affidavit**”);
- (b) Affidavit of Gavin MacDonald with respect to discharge funds in escrow sworn 23 June 2025;
- (c) Monitor’s Reports filed in relation to this matter, including the Monitor’s Fourth Report dated 17 June 2025; and
- (d) such further and other evidence as counsel may advise and this Honourable Court may permit.

POSSIBLE ORDER AGAINST YOU:

You may file an affidavit and a brief, attend the hearing of the motion, and state your position on whether the proposed order should be made. If you do not attend, the judge may grant an order without further notice to you.

GROUND FOR ORDER:

1. On 13 December 2024, the Applicants obtained CCAA protection from the Nova Scotia Supreme Court under an initial order (the “**Initial Order**”). KSV Restructuring Inc. was appointed as Monitor (the “**Monitor**”). The Initial Order was amended and restated at the 20 December 2024 comeback hearing.
2. Pursuant to the Amended and Restated Initial Order dated 20 December 2024 (the “**ARIO**”), the Applicants, in consultation with the monitor, KSV Restructuring Inc. (the “**Monitor**”), have the authority to file a plan of compromise or arrangement with this Court.
3. On 21 January 2025, the Court issued an Order (the “**Charging Order**”) approving a DIP Facility in the amount of \$300,000.00 and granting a charge in this amount in favour of Royal Bank of Canada (“**RBC**”), the Applicants’ senior lender (the “**DIP Lender’s Charge**”). The Applicants have not utilized the DIP Facility.
4. The Applicants sought and were granted approval on 07 March 2025 to conduct a sales and investment solicitation process (a “**SISP**”) to solicit interest in and seek opportunities for (i) one or more sale or partial sales of all, substantially all, or certain portions of the Applicants’ businesses and/or assets, (ii) investment in, restructuring, recapitalization, refinancing or other form of reorganization of the Applicants businesses, or (iii) some combination thereof. The SISP concluded on 09 May 2025.
5. Following the conclusion of the SISP, the Monitor selected successful bids and sought to enter transactions with these bidders (the “**Transactions**”). The Transactions are summarized in the Fourth Report of the Monitor dated 17 June 2025.
6. The Monitor moved for Court approval of the Transactions on 17 June 2025. However, recent developments have made approval of the Transactions unnecessary.

Applicants’ Current Position

7. Both before and after the SISP, the Applicants transparently continued exploring financing options. The Applicants are pleased to now confirm that they have entered an agreement with a third party lender (the “**Lender**”), who will refinance the Applicants’ operations.

8. As a result of the Lender's refinancing, the Applicants will be able to repay their secured creditors in full, pay all known unsecured creditors with uncontested claims, and resume ordinary course business operations. The Applicants will respond to any other unknown or contested unsecured claims if and when they arise as they would have prior to entering CCAA, i.e. the Applicants are not seeking to extinguish any claims.
9. While not required to exit these CCAA proceedings, the Applicants have proposed paying CRA's debt in full as part of its proposed termination plan. In the unlikely event the Applicants do not have sufficient funds to pay the secured and unsecured creditors in full once the final payout statements are provided (from RBC and others), CRA have confirmed they will accept a twenty-four-month payment plan from Blue Lobster Capital Ltd. to satisfy their outstanding debt of \$978,000.00. This leaves more than enough liquidity to clearly satisfy all claims and allow the Companies to exit these proceedings.
10. Given that the Applicants are now liquid and have the means to terminate the CCAA, the Transactions resulting out of the SISF are unnecessary. The Applicants thereby oppose the Monitor's Motion for approval of the Transactions.
11. If the Court agrees to allow the Applicants to terminate the CCAA, then the funds held in trust by Cox & Palmer as Escrow Agent of the Lender will be released to satisfy all secured claims prior to the end of the extended Stay Period and termination of the CCAA.

Termination of CCAA Proceedings

12. The proposed CCAA Termination Order provides that these CCAA proceedings will terminate when the Monitor serves a certificate on the Service List certifying that the Monitor has been advised in writing by counsel for the Applicants that the items remaining to be completed by the Applicants in this proceeding (the "**Remaining Activities**", as itemized in the Rice Affidavit) have been completed (such certificate being referred to herein as the "**Monitor's Certificate**").
13. The service of the Monitor's Certificate will have the effect of, *inter alia*:
 - a. terminating these CCAA proceedings;
 - b. discharging KSV from its duties as the Monitor, but notwithstanding the discharge of KSV as Monitor:

- i. KSV will remain Monitor and have the authority to carry out or complete or address any matters in its role as Monitor that are ancillary or incidental to these CCAA Proceedings following the CCAA Termination Time; and
 - ii. KSV and its counsel will continue to have the benefit of any of the rights, approvals, releases and protections in favour of the Monitor at law or pursuant to the CCAA, the Initial Order, and all other Orders made in these CCAA proceedings;
- c. releasing claims in favour of the Monitor and its counsel, with certain exceptions; and
- d. terminating the Administration Charge and DIP Lender's Charge.

CCAA Charges

- 14. All amounts owing to the beneficiaries of the Administration Charge and the DIP Lender's Charge, if any amount is owed, for the period up to the CCAA Termination Time (as defined in the proposed CCAA Termination Order) are anticipated to be paid prior to the service of the Monitor's Certificate.
- 15. As noted above, the Applicants have not utilized the DIP Facility and therefore do not anticipate any material amount to be paid in that respect.

Outstanding Liabilities

- 16. The Applicants intend to pay their post-filing debts and all known unsecured creditors with uncontested claims. To the extent of any unknown, are not seeking to impact their pre-filing unsecured debts, which will continue unimpaired after the termination of these CCAA Proceedings. The Applicants will pay any unknown unsecured debts that may come to light post-CCAA termination in the ordinary course.
- 17. With respect to unsecured creditors with contested claims, the Applicants are not seeking to impact their entitlement to assert such claims and propose that they also be dealt with in the ordinary course post-CCAA termination.

Approval of Activities and Fees

18. The Monitor has undertaken various activities pursuant to its mandate in these CCAA proceedings. The Applicants seek to establish a process to have the Monitor's activities approved by this Court and for payment of the Monitor's fees and disbursements, including those of the Monitor's counsel.
19. The proposed CCAA Termination Order sought by the Applicants also provides that any further fees and disbursements incurred by the Monitor and the Monitor's counsel up to the CCAA Termination Time are authorized and approved without further Order of this Court, up to an agreed upon amount.

Extension of the Stay Period

20. The Applicants are seeking to extend the Stay Period for 15 days from the date of the order issued herein.
21. The proposed extension to the Stay Period will be used to resolve outstanding matters (including to complete the Remaining Activities set out in the Rice Affidavit), including the repayment of all creditors, prior to the termination of these CCAA proceedings. The Applicants have sufficient liquidity to meet their obligations during the proposed extension to the Stay Period and will provide confirmation from Cox & Palmer that a sufficient amount is being held in trust to satisfy all claims.
22. The Applicants have acted and continue to act in good faith and with due diligence during these CCAA proceedings.

Conclusion and Requested Relief

23. The Applicants seek an order terminating this CCAA proceeding in accordance with this Court's general discretion under s. 11 of the CCAA. The Applicants submit that the CCAA Termination Order as drafted provides for an effective and appropriate process to terminate these CCAA Proceedings and reflects a fair, reasonable and successful conclusion to the CCAA.

Signed this 23 day of June 2025.

O'KEEFE & SULLIVAN



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