



HFX No. 538745

SUPREME COURT OF NOVA SCOTIA

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED**

- AND -

**IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF BLUE LOBSTER
CAPITAL LIMITED, 3284906 NOVA SCOTIA LIMITED, 3343533 NOVA SCOTIA LIMITED AND
4318682 NOVA SCOTIA LIMITED**

**FIFTH REPORT OF KSV RESTRUCTURING INC.
AS MONITOR**

October 15, 2025

Contents

Page

1.	Introduction	1
1.1	Purposes of this Report.....	3
1.2	Restrictions	3
1.3	Currency	4
2.	Background	4
3.	Claims Procedure.....	5
3.1	Notice to Creditors	5
3.2	Filing a Proof of Claim.....	6
3.3	Claims Process for Terminated Employees.....	6
3.4	Determination of Claims.....	7
3.5	Excluded Claims	8
3.6	Recommendation re: Claims Procedure.....	8
4.	BLCL Real Properties Owned.....	9
5.	Cash Flow Forecast.....	10
6.	Stay Extension	11
7.	Monitor's Activities since the Fourth Report.....	12
8.	Next Steps.....	12
9.	Conclusion and Recommendation	13

Appendix

Tab

Amended and Restated Initial Order.....	A
Fourth Report of the Monitor (without appendices)	B
July 17 th Ancillary Order.....	C
Order Regarding BLCL Settlements	D
Cash Flow Forecast and Statutory Reports	E

1. Introduction

1. Pursuant to an Initial Order issued by the Supreme Court of Nova Scotia (the “**Court**”) on December 13, 2024 (the “**Filing Date**”), Blue Lobster Capital Limited (“**BLCL**”), 3284906 Nova Scotia Limited (“**Spirit Co**”), 3343533 Nova Scotia Limited (“**Lost Bell**”) and 4318682 Nova Scotia Limited (“**Annapolis Cider**”, together with Spirit Co and Lost Bell, the “**Operating Companies**” and with BLCL, the “**Applicants**”) were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), and KSV Restructuring Inc. (“**KSV**”) was appointed as monitor in the CCAA proceedings (the “**Monitor**”).
2. The comeback motion (the “**Comeback Motion**”) in the CCAA proceedings was heard on December 20, 2024. At the Comeback Motion, the Court issued an Amended and Restated Initial Order (the “**ARIO**”), which extended the stay of proceedings to and including March 8, 2025 and set a hearing on January 21, 2025 to consider approval of a debtor-in-possession (“**DIP**”) financing facility to fund the Operating Companies’ operations and the costs of these proceedings (the “**DIP Facility**”). A copy of the ARIO is provided in **Appendix “A”**.
3. On January 21, 2025, the Court issued an Order (the “**Charging Order**”), which approved the DIP Facility in the amount of \$300,000 and granted a charge in this amount in favour of Royal Bank of Canada (“**RBC**”), the Operating Companies’ senior lender (the “**DIP Lender’s Charge**”).
4. On March 7, 2025, the Court issued an Order (the “**SISP Approval Order**”) which:
 - a) approved a sale and investment solicitation process (the “**SISP**”) to be carried out by the Monitor as set out in the Monitor’s Third Report to the Court dated February 28, 2025; and
 - b) extended the stay of proceedings to and including June 30, 2025.
5. The stay of proceedings was subsequently further extended to July 7, 2025.
6. The sale approval motion (the “**Sale Approval Motion**”) in the CCAA proceedings was heard on July 7, 2025. Following the Sale Approval Motion, the Court issued an Order dated July 11, 2025 which extended the stay of proceedings to and including July 31, 2025.

7. On July 17, 2025, the Court issued the following Orders:
- a) an Approval and Vesting Order (the “**Lynch AVO**”), which:
 - i. approved a transaction (the “**Lynch Transaction**”) between Spirit Co and Annapolis Cider, as vendors, as represented by the Monitor, and Shannon Theresa Lynch, on behalf of a corporation to be incorporated, as purchaser (“**Lynch**”), for the business and assets of Spirit Co and Annapolis Cider pursuant to an asset purchase agreement dated May 31, 2025 (the “**Lynch APA**”); and
 - ii. vested the Purchased Assets (as defined in the Lynch APA) in Lynch, free and clear of encumbrances, upon execution and delivery of a certificate by the Monitor confirming completion of the Lynch Transaction;
 - b) an Approval and Vesting Order (the “**Coast AVO**”), which:
 - i. approved a transaction (the “**Coast Transaction**” and together with the Lynch Transaction, the “**Transactions**”) between Lost Bell, as vendors, represented by the Monitor, and Coast to Coast Marketing Ltd. and James Roue Beverage Company Ltd., as purchasers(together, “**Coast**”, and together with Lynch, the “**Purchasers**”), for the business and assets of Lost Bell pursuant to an asset purchase agreement dated May 9, 2025 (the “**Coast APA**”); and
 - ii. vested the Purchased Assets (as defined in the Coast APA) in Coast, free and clear of encumbrances, upon execution and delivery of a certificate by the Monitor confirming completion of the Coast Transaction; and
 - c) an ancillary Order (the “**July 17th Ancillary Order**”) expanding the Monitor’s powers to:
 - i. execute the Transactions;
 - ii. approve the Operating Companies’ receipts and disbursements; and
 - iii. perform such other activities as may be required to realize on the Operating Companies’ remaining assets, including the real property owned by BLCL (the “**BLCL Real Properties**”).
8. The July 17th Ancillary Order also extended the stay of proceedings to and including October 31, 2025.
9. A copy of the Monitor’s fourth report to the Court (the “**Fourth Report**”) is attached as **Appendix “B”**, without appendices, and a copy of the July 17th Ancillary Order is attached as **Appendix “C”**.
10. The Monitor closed the Transactions on August 8, 2025.

11. The Affidavit of Kevin Alexander Rice, the President of the Operating Companies, affirmed November 27, 2024, and KSV's pre-filing report dated November 27, 2024 filed in connection with the initial application, provide, *inter alia*, background information concerning the Operating Companies, BLCL and their businesses, as well as the reasons that these proceedings were commenced. These documents, together with all other materials filed in these proceedings, including additional affidavits filed by Mr. Rice and the Monitor's Reports can be found on the Monitor's website at <https://www.ksvadvisory.com/experience/case/blue> (the "**Case Website**").

1.1 Purposes of this Report

1. The purposes of this report (the "**Fifth Report**") are to:
- a) provide background information about these CCAA proceedings;
 - b) summarize the proposed procedure (the "**Claims Procedure**") for soliciting and determining claims against the Operating Companies;
 - c) report on the sale process for the BLCL Real Properties;
 - d) report on the Applicants' weekly cash flow projections for the period October 5, 2025 to January 31, 2026;
 - e) summarize the Monitor's activities since the Fourth Report; and
 - f) recommend that the Court issue the following Orders:
 - i. a Claims Procedure Order (the "**Claims Procedure Order**") to, among other things, approve the Claims Procedure and authorize the Monitor to carry out the Claims Procedure on the basis set out in the proposed Claims Procedure Order; and
 - ii. an Ancillary Order (the "**Ancillary Order**") to, among other things:
 - 1. extend the stay of proceedings to and including January 31, 2026; and
 - 2. approve the Fifth Report and the Monitor's activities described in the Fifth Report.

1.2 Restrictions

1. In preparing this Fifth Report, the Monitor has relied upon the Operating Companies' unaudited financial information, financial forecasts, books and records, information available in the public domain and discussions with the Operating Companies' management ("**Management**") and advisors.

2. The Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Fifth Report in a manner that complies with Canadian Auditing Standards (“**CAS**”) pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the Operating Companies’ financial information should perform its own diligence.

1.3 Currency

1. All currency references in this Fifth Report are in Canadian dollars.

2. Background

1. The Operating Companies are private companies incorporated under the laws of Nova Scotia.
2. Prior to these proceedings, the primary business of the Operating Companies was the manufacturing and sale of alcoholic beverages (including Ready-To-Drink (“**RTD**”) beverages), such as spirits, wine and cider. The Operating Companies sold their beverages to liquor boards in Ontario, Nova Scotia and Prince Edward Island, as well as to restaurants and directly to consumers.
3. BLCL is primarily a real estate investment company which owns the following BLCL Real Properties:

Address	Property Type
14 Allen Ave., Stellarton, Nova Scotia	Residential – Duplex
140 George St., Stellarton, Nova Scotia	Heritage Commercial Property; presently vacant
18 Claremont St., Stellarton, Nova Scotia	Residential – Single Family Home; presently vacant
2138 Brunswick St., Halifax, Nova Scotia (the “ Brunswick Property ”)	Residential – Single Family Home
224 Old Post Rd., Crapaud, PEI	9,000 square foot Warehouse
61/63 Provost St., New Glasgow, Nova Scotia	4-unit Corporate Office Space – the Operating Companies’ head office

4. The Operating Companies had approximately 36 employees as of the date the Transactions closed. An additional 26 staff were employees of Blue Ocean Management Group Limited (“**Blue Ocean**”), an affiliate of the Operating Companies that provided management, accounting and other support to the Operating Companies. Blue Ocean is not an applicant in these proceedings.

3. Claims Procedure¹

1. The following sections summarize the proposed Claims Procedure to be conducted by the Monitor, which is required to be completed before the Monitor can make distributions to the Applicants' creditors in these proceedings.
2. The amounts available for distribution are net of repayments of the Operating Companies' indebtedness to RBC, which was repaid following the closing of the Transactions. As of the date of this Fifth Report, BLCL remains indebted to RBC in the approximate amount of \$1.02 million, before interest and costs, which continue to accrue. A portion of this indebtedness is guaranteed by certain of the Operating Companies.²
3. The full details of the Claims Procedure have not been reproduced or summarized in this Fifth Report and interested parties are strongly encouraged to review the Claims Procedure Order in its entirety. To the extent there are inconsistencies between this Fifth Report and the Claims Procedure Order, the Claims Procedure Order prevails.
4. The Monitor has developed the Claims Procedure to solicit and determine any and all Prefiling Claims, D&O Claims, Restructuring Period Claims, and/or Termination Claims, each as defined in the proposed Claims Procedure Order and described below.

3.1 Notice to Creditors

1. The Claims Procedure requires Notice to Creditors to be published once in *The Globe and Mail* (National Edition) and once in the Halifax Herald as soon as practicable after the date of the Claims Procedure Order.
2. The Monitor will post the Notice to Creditors, the Proof of Claim Document Package, and the Claims Procedure Order on its Case Website within two Business Days of issuance of the Claims Procedure Order. The Proof of Claim Document Package includes the Instruction Letter, a Proof of Claim form, a D&O Proof of Claim form and a D&O Claim Instruction Letter, as well as any other materials the Monitor considers appropriate to facilitate the Claims Procedure. The Monitor will disseminate an Employee Claim Package to Terminated Employees that includes a Termination Claim Statement, a Notice of Dispute form, and such other materials as the Monitor considers appropriate.
3. The Monitor will send a Proof of Claim Document Package to each Known Creditor of the Applicants within 10 Business Days following the granting of the Claims Procedure Order.

¹ Capitalized terms in this section have the meaning provided to them in the Claims Procedure Order unless otherwise defined herein.

² RBC may have sundry ongoing expenses and charges owed to it by the Operating Companies. If so, those fees and costs would be a senior ranking claim against the Operating Companies.

4. The Monitor will work with the Applicants to confirm that the list of Known Creditors includes:
 - a) all known creditors according to the Applicants' books and records;
 - b) any party that commenced a legal proceeding against the Applicants, including their directors and officers, provided that the Monitor has notice of such legal proceeding; and
 - c) any party who has contacted the Monitor during these proceedings about the amount that may be owing to them by the Applicants and/or the process in which they may file a claim.

3.2 Filing a Proof of Claim

1. Any Creditor that intends to file a Prefiling Claim or D&O Claim relating to the Prefiling Period is required to deliver to the Monitor a Proof of Claim or a D&O Proof of Claim, as applicable, prior to 4:00 p.m. AT on the date that is 35 calendar days from the granting of the proposed Claims Procedure Order (the "**Claims Bar Date**").
2. Any Creditor that intends to file a Restructuring Period Claim or a D&O Claim relating to the Restructuring Period shall file a Proof of Claim or a D&O Proof of Claim, as applicable, prior to 4:00 p.m. AT on the day that is the later of: (i) the Claims Bar Date, and (ii) thirty-five (35) calendar days after the Monitor sends a Proof of Claim Document Package with respect to a Restructuring Period Claim (the "**Restructuring Period Claims Bar Date**").
3. Any Creditor that does not file a Proof of Claim prior to the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable, shall not be entitled to receive any distributions in respect of such Claim, shall have its claim forever extinguished, and shall be barred from making or enforcing such Claim.

3.3 Claims Process for Terminated Employees

1. The Claims Procedure provides for a "negative notice" process for Terminated Employees of the Applicants with severance and termination claims. The Monitor, in consultation with the Applicants, will calculate the Termination Claims by deeming each Terminated Employee's notice period to be the greater of the Terminated Employee's entitlement (a) under applicable employment standards legislation, (b) any contractual arrangement in effect between any of the Applicants and the Terminated Employee, and (c) common law severance, calculated based on a Terminated Employee's position, years of service and age, among other factors.
2. The Monitor will send an Employee Claim Package to each Terminated Employee within 10 Business Days following the granting of the Claims Procedure Order, which will provide a Termination Claim Statement for the applicable Terminated Employee that will set out the individual Termination Claim, as well as the Terminated Employee's personal information used in the calculation of the Termination Claim.

3. The Termination Claim Statement included in the Employee Claim Package will be prepared by the Monitor, with the assistance of the Applicants. The Termination Claim Statement shall state the amount of such Terminated Employee's Termination Claim for distribution purposes. No further action is required by a Terminated Employee if the Terminated Employee agrees with the amount of its Termination Claim as set out in a Termination Claim Statement.
4. Any Terminated Employee who disputes the Termination Claim set forth in the Termination Claim Statement or wishes to assert an additional Claim in relation to the Applicants other than the Termination Claim, must deliver a Notice of Dispute to the Monitor so that it is received by the Monitor by no later than 4:00 p.m. AT on the day that is the later of (i) the Claims Bar Date, and (ii) thirty-five (35) calendar days after the date on which the Monitor sends an Employee Claims Package (the "**Terminated Employee Claims Bar Date**").
5. Any Terminated Employee that does not deliver a Notice of Dispute in respect of a Termination Claim Statement, or an Amended Termination Claim Statement, if applicable, on or before the relevant Terminated Employee Claims Bar Date shall be deemed to have accepted the Monitor's determination of the Termination Claim as set out in the Termination Claim Statement and shall be forever barred from disputing the amount of the Termination Claim.

3.4 Determination of Claims

1. The proposed Claims Procedure Order provides that:
 - a) on or before the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable, the Monitor shall review all Proofs of Claim and D&O Proofs of Claim received and shall accept, revise or reject each Claim set out therein; and
 - b) in the case of a D&O Claim set out in a D&O Proof of Claim, the Monitor shall accept, revise or reject such D&O Claim, provided the Monitor shall not accept or revise any portion of the D&O Claim absent consent of the applicable Directors and Officers or further Order of the Court.
2. If the Monitor intends to revise or reject a Proof of Claim or D&O Proof of Claim filed in accordance with the Claims Procedure Order, the Monitor shall send a Notice of Revision or Disallowance ("**NORD**") of the Claim to the Creditor.
3. Any Creditor who disputes the NORD shall deliver a Notice of Dispute of Revision or Disallowance to the Monitor by 4:00 p.m. AT on the day which is twenty-one (21) calendar days after the date on which the Creditor is deemed to have received the NORD. Should the Creditor fail to deliver a Notice of Dispute of Revision or Disallowance by that date, the Creditor shall be deemed to accept the nature and amount of its Claim as such Claim is set out in the NORD.³

³ The process for disputing Employee Claims is summarized in section 3.3.4 above.

4. Upon receipt of a Notice of Dispute of Revision or Disallowance, the Monitor shall: (a) attempt to resolve such dispute and settle the Disputed Claim with the Creditor, or (b) refer the dispute to a Claims Officer in these CCAA proceedings to determine the classification, amount and/or nature of the Disputed Claim.
5. Upon receipt of a Notice of Dispute of Revision or Disallowance in respect of a D&O Claim, the Monitor, with the Director, shall: (a) attempt to resolve such dispute and settle the Disputed Claim with the Creditor, or (b) refer the dispute to a Claims Officer in these CCAA proceedings to determine the classification, amount and/or nature of the Disputed Claim.
6. The Claims Procedure Order contemplates that Jeffrey Larry, a partner at the law firm of Paliare Roland Rosenberg Rothstein LLP, will be the Claims Officer, and such other Persons as may be appointed by the Court from time to time on application of the Monitor. The Monitor has discussed the proposed appointment with Mr. Larry and he has consented to act as Claims Officer in these proceedings, subject to Court approval. Mr. Larry is an experienced litigator who focuses, in part, on insolvency matters. Mr. Larry is routinely engaged to act in receiverships, CCAA proceedings and other restructuring matters.
7. Any determination made by the Claims Officer may be appealed by the Monitor, the Creditor, the Applicants, and/or the applicable Directors and Officers in respect of any D&O Claims, within 10 days of such party being deemed to have received a notice of the Claims Officer's determination of the classification, amount and/or nature of the Disputed Claim, failing which the Claims Officer's determination shall be final and binding on the applicable parties and there shall be no further right of appeal, review or recourse to the Court. Any determination by the Court of a Disputed Claim is subject to each party's rights of appeal.

3.5 Excluded Claims

1. Excluded Claims under the proposed Claims Procedure Order are limited to:
 - a) any Claim secured by the Court-ordered charges (as defined in the ARIO), being the Administration Charge (\$175,000)⁴; and
 - b) any Claim of an Intercompany Claimant.

3.6 Recommendation re: Claims Procedure

1. The Monitor believes the Claims Procedure is reasonable and appropriate for the following reasons:
 - a) the proposed notices, dispute resolution provisions and timelines set out in the Claims Procedure Order are consistent with those commonly approved by Canadian courts in insolvency proceedings and, in the Monitor's view, provides reasonable time and procedures for the identification of Claims;

⁴ Pursuant to an order dated January 21, 2025, the Court approved a DIP Lender's Charge in the amount of \$300,000. No amounts were advanced under the DIP Facility.

- b) in the Monitor's view, the Claims Bar Date, being approximately 35 calendar days following the return of this motion, is sufficient for creditors to file a Proof of Claim and D&O Proof of Claim (as applicable) with the Monitor. The Monitor and the Purchasers have been in contact with several Creditors and advised of the pending Claims Procedure;
- c) the basis on which the Claims Procedure proposes to address Creditors will allow the Monitor to calculate Creditors' Claims on a consistent manner based on the Applicants' books and records, which should minimize the number of Disputed Claims, thereby streamlining the Claims Procedure and reducing professional costs;
- d) in the Monitor's view, the basis on which the Claims Procedure proposes to address Employee Claims, being the highest amount owing under applicable employment standards legislation, contractual arrangements or estimated common law entitlement, is fair and reasonable, treats these Employee Claims consistently and should assist to minimize the number of Disputed Claims by Employees; and
- e) retaining a Claims Officer provides an efficient mechanism to determine Disputed Claims.

4. BLCL Real Properties Owned

1. BLCL owns the BLCL Real Properties described in paragraph 2.3 of this Fifth Report.
2. Following closing of the Transactions, the Monitor and Mr. Rice negotiated an agreement (the "**Settlement Agreement**") pursuant to which Mr. Rice would have until September 16, 2025 to sell the BLCL Real Properties on terms acceptable to the Monitor and RBC, as senior lender to BLCL, following which the Monitor shall conduct the sale process for the Real Properties. Mr. Rice was also required to vacate the Brunswick property by September 16, 2025.
3. On September 16, 2025, the Court issued an Order (the "**Settlement Order**"), which, among other things, (i) varied the procedures for the sale and marketing of the BLCL Real Properties as set out in the July 17th Ancillary Order, and (ii) approved the terms of the Settlement Agreement. A copy of the Settlement Order and the Settlement Agreement are provided in **Appendix "D"**.
4. As of September 16, 2025, Mr. Rice had only listed the Brunswick Property for sale. On the advice of the realtor retained by Mr. Rice, on September 26, 2025, the Monitor reduced the listing price of the Brunswick Property from \$1,599,000 to \$1,499,000. On October 15, 2025, the Monitor entered into a binding agreement for the sale of the Brunswick Property. The transaction is subject to a home inspection to be performed by October 23, 2025. The sale of that property is subject to approval of the Court, which the Monitor intends to seek forthwith after the inspection condition is waived.
5. In addition to the Brunswick Property, listing agents have been retained for all of the other BLCL Properties and all of those properties have been listed for sale, or will be by the return of this motion.

5. Cash Flow Forecast

1. As set out in the Fourth Report, the Applicants, with the assistance of the Monitor, prepared a cash flow forecast (the “**Cash Flow Forecast**”) from June 8, 2025 to November 1, 2025 (the “**Forecast Period**”).
2. A comparison of the Cash Flow Forecast to the actual results for the Forecast Period is provided below:

(unaudited; \$)	Forecast	Actual	Variance
Receipts			
Trade Sales	1,251,451	2,384,155	1,132,704
Direct Sales	416,500	623,481	206,981
Shopify	60,600	350,138	289,538
Other Sales	163,207	225,949	62,742
Drawn from sale proceeds	441,000	-	(441,000)
	2,332,758	3,583,723	1,250,965
Disbursements			
Payroll	457,237	862,014	(404,777)
Equitable Life Benefits	18,000	26,131	(8,131)
Professional Fees	654,336	659,937	(5,601)
Rent	6,357	19,070	(12,713)
HST	284,833	218,636	66,197
Excise Tax	118,500	87,758	30,742
Operating Costs	944,576	1,796,012	(851,436)
	2,483,839	3,669,558	(1,185,719)
Net Cash Flow	(151,081)	(85,835)	65,246
Opening Cash Balance	152,433	152,433	-
Net Cash Flow	(151,081)	(85,835)	65,246
Line of credit advances	-	210,000	210,000
Line of credit repayments	-	(263,000)	(263,000)
Ending Cash Balance	1,352	13,598	12,246
Transaction proceeds	-	7,875,298	7,875,298
Interest on Transaction proceeds	-	18,876	18,876
Lynch WCA	-	(394,869)	(394,869)
Distribution to RBC	-	(5,164,073)	(5,164,073)
Post-close professional fees ⁵	-	(451,895)	(451,895)
Total cash	1,352	1,896,935	1,895,583

3. The table above reflects that the Applicants presently have a cash balance of approximately \$1.9 million, before additional realizations, costs and other adjustments to account for, *inter alia*, costs of the BLCL proceedings funded by the Operating Companies⁶.

⁵ See paragraph 5.4 below.

⁶ This will be addressed in a subsequent motion.

4. The Cash Flow Forecast assumed the Transactions would close by the week ending July 19, 2025; however, approval of the Transactions was opposed by the Applicants, resulting in delays and substantial additional professional costs by the Monitor, its counsel and the Applicants' counsel.
5. Following closing of the Lynch Transaction, the Monitor was advised by Lynch that a material portion of Spirit Co's inventory, primarily aluminum cans stored at a third-party warehouse, was significantly aged and unsaleable. Historically, the Operating Companies included this inventory at book value notwithstanding that it should have been written off long ago. This resulted in a negative adjustment to the purchase price under the Lynch APA in the amount of \$435,000, less a \$40,000 holdback to be adjusted based on the proceeds from sale of the obsolete inventory⁷.
6. The Monitor, with the assistance of Management, has prepared an updated cash flow forecast with an extended period to January 31, 2026 (the "**Extended Cash Flow Forecast**"). Copies of the Extended Cash Flow Forecast, the statutory report required to be signed by Management pursuant to Section 10(2)(b) of the CCAA (the "**Management Stat Report**") and the report required to be signed by the Monitor pursuant to Section 23(1)(b) of the CCAA are included in **Appendix "E"**. In accordance with the Monitor's enhanced powers pursuant to the July 17th Ancillary Order, the Monitor has signed the Management Stat Report on behalf of Management.
7. The Extended Cash Flow Forecast reflects that the costs of these proceedings will be paid from cash on hand and further recoveries in these proceedings.
8. The Extended Cash Flow Forecast reflects that the Applicants are projected to have sufficient cash to fund these proceedings during the stay extension period.

6. Stay Extension

1. The stay of proceedings currently expires on October 31, 2025. The Monitor recommends that the stay of proceedings be extended to January 31, 2026 for the following reasons:
 - a) it will enable the Monitor to carry out the proposed Claims Procedure;
 - b) it will provide the Monitor with additional time to realize on the Applicants' remaining assets, including the BLCL Real Properties;
 - c) the Monitor believes that the extension is in the best interest of the Applicants' stakeholders and that no stakeholder will be prejudiced by extending the stay of proceedings;

⁷ At the Sale Approval Motion, the Monitor advised the Court that it expected the working capital adjustment contemplated under the Lynch APA to be positive, i.e., an increase in the purchase price. This would have been the case had it not been for the unsaleable inventory, which was identified by Lynch subsequent to closing of the Lynch Transaction. The Monitor confirmed these adjustments with representatives of the Applicants.

- d) the Extended Cash Flow Forecast reflects that there is sufficient cash on hand to fund these proceedings; and
- e) as of the date of this Fifth Report, neither the Applicants nor the Monitor is aware of any party opposed to an extension of the stay of proceedings.

7. Monitor's Activities since the Fourth Report

1. Since the Fourth Report, the Monitor has, among other things:
 - a) corresponded regularly with Management regarding these proceedings, the Operating Companies' operations and the SISP;
 - b) engaged with its counsel, Reconstruct LLP, Stewart McKelvey LLP ("**McKelvey**"), RBC's legal counsel, and Ernst & Young LLP ("**EY**"), RBC's financial advisor, regarding various matters relating to these proceedings, including operating matters, the BLCL Real Properties and closing of the Transaction;
 - c) monitored and approved the Operating Companies' receipts and disbursements, including reviewing and commenting on the Operating Companies' bi-weekly cash flow reporting;
 - d) attended at the Operating Businesses to conduct closing inventory counts;
 - e) closed the Transactions;
 - f) dealt with post-closing transition issues and corresponded with the Purchasers regarding same;
 - g) corresponded with Mr. Rice and the Operating Companies' counsel regarding the sale of the BLCL Real Properties;
 - h) solicited proposals from multiple real estate brokers regarding the real property municipally known as MNZ-3 Lot Black River Road, PID #55450050 (the "**LB Property**") and listing it for sale on September 10, 2025;
 - i) corresponded with Royal LePage regarding offers and potential offers for the LB Property; and
 - j) prepared this Fifth Report and reviewed all motion materials filed in connection with this motion.

8. Next Steps

1. The following is a summary of the next steps in these proceedings:
 - a) seeking approval of and conducting the Claims Procedure;
 - b) continuing to market the LB Property and the BLCL Real Properties for sale;

- c) considering distribution and cost allocation issues, including reimbursement of the Operating Companies by BLCL for costs related to the CCAA proceedings;
- d) continuing to work with the Purchasers considering post-closing matters, including certain issues which have arisen since closing; and
- e) dealing with post-closing administrative matters on behalf of the Operating Companies, including HST and Excise tax filings.

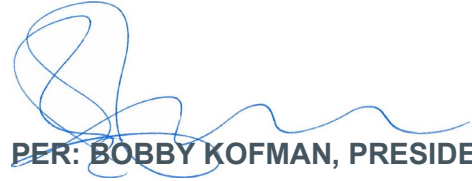
9. Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court grant the relief sought by the Monitor in this motion.

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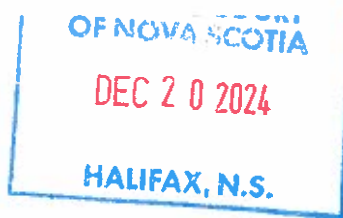
All of which is respectfully submitted,

**KSV RESTRUCTURING INC., IN ITS CAPACITY AS MONITOR OF
BLUE LOBSTER CAPITAL LIMITED, 3284906 NOVA SCOTIA LIMITED, 3343533 NOVA
SCOTIA LIMITED AND 4318682 NOVA SCOTIA LIMITED
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITY**



PER: BOBBY KOFMAN, PRESIDENT

Appendix “A”



Hfx. No. 538745

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 by Blue Lobster Capital Limited, 3284906 Nova Scotia Limited, 3343533 Nova Scotia Limited and 4318682 Nova Scotia Limited (collectively, the "**Applicants**") for relief under s. 11 of the CCAA and other relief

AMENDED AND RESTATED INTIAL ORDER



Before the Honourable Justice D. Jamieson in chambers:

The Applicants propose to make a compromise or arrangement under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 as amended (the "**CCAA**") and they applied for an initial order and, now or in the future, other relief under the CCAA as may be sought on notice of motion.

The following parties received notice of this application:

The Service List attached hereto as Schedule "A"

The following parties, represented by the following counsel, made submissions:

Party	Counsel
Applicants	Darren D. O'Keefe, O'Keefe & Sullivan Marc Dunning, Burchell Wickwire Bryson LLP
Royal Bank of Canada (" RBC ")	Maurice Chiasson, K.C. and Sara Scott, Stewart McKelvey
KSV Restructuring Inc.	Sharon Kour, Reconstruct LLP

On motion of the Applicants and upon reading the affidavits of Kevin Alexander Rice sworn November 27, 2024 and 17 December 2024 (the "**Rice Affidavits**") and the Exhibits thereto, the affidavit of Marc Dunning sworn on November 27, 2024 (the "**Dunning Affidavit**") and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicants and such other counsel as appeared, with all parties being duly served as appears from the affidavits of service of Marc Dunning sworn 11 December 2024, 12 December 2024 and 17 December 2024, and on reading the Pre-Filing Report of KSV Restructuring Inc. dated 27 November 2024 the Supplement to the Pre-Filing Report of KSV Restructuring Inc. dated December 10, 2024, and their consent act as the Monitor attached to the within application, the following is ordered and declared:

Service:

1. The service of the notice of application in chambers, and the supporting documents, as set out in the affidavit of service is hereby deemed adequate notice so that the motion is properly returnable today and further service thereof is hereby dispensed with.

Application:

2. The Applicants are companies to which the CCAA applies.

Plan of Arrangement:

3. The Applicants, in consultation with the Monitor, shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (the "**Plan**").

Possession of Property and Operations:

4. The Applicants shall remain in possession and control of their current and future assets, undertakings, and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property. The Applicants shall be authorized and empowered to continue to retain and employ consultants, agents, experts, accountants,

counsel, and such other persons (collectively "**Assistants**") and the employees currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. The Applicants shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- a. all outstanding and future wages, salaries, employee and pension benefits, vacation pay, and expenses payable to employees who continue to provide service on or after the date of this Order ("**Active Employees**"), in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
- b. all existing and future employee health, dental, life insurance, short- and long-term disability and related benefits (collectively, the "Group Benefits") payable on or after the date of this Order to Active Employees, in each case incurred in the ordinary course of business and consistent with existing policies and arrangements or such amended policies and arrangements as are necessary or desirable to deliver the existing Group Benefits;
- c. with prior written approval of the Monitor, the fees and disbursements for any Assistants retained or employed by the Applicants in respect of these proceedings, at their reasonable standard rates and charges.

6. Except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- a. all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance including directors and officers insurance, maintenance, and security services; and
- b. payment for goods or services actually supplied to the Applicants prior to and following the date of this Order, provided that to the extent such expenses were

incurred prior to the date of this Order, the Applicants shall only be entitled to pay such amounts if they are determined by the Applicants, in consultation with the Monitor, to be necessary to the continued operation of the Business or preservation of the Property and such payments are approved in advance by the Monitor or by further Order of this Court. Notwithstanding the foregoing, any such payments shall not exceed the amount of \$125,000.00.

7. The Applicants shall remit or pay, in accordance with legal requirements or on terms as may be agreed to between the Applicants and the applicable authority:

- a. any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of: i) employment insurance, ii) Canada Pension Plan, iii) Quebec Pension Plan, and iv) income taxes;
- b. all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and
- c. any amount payable to the Crown in right of Canada or of any Province or any regulatory or administrative body or any other authority, in all cases in respect of municipal realty, municipal business, or other taxes, assessments or levies of any nature or kind which are: i) entitled at law to be paid in priority to claims of secured creditors; ii) attributable to or in respect of the ongoing Business carried on by the Applicants; and iii) payable in respect of the period commencing on or after the date of this Order.

8. Until such time as a real property lease is disclaimed in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases, including, for greater certainty, common area maintenance charges, utilities and realty taxes, and any other amounts payable to the landlord under the lease, or as otherwise may be negotiated between the Applicants and the landlord from time to time ("**Rent**"), for the period

commencing from and including the date of this Order, in accordance with its existing lease agreements. On the date of the first of such payments, any arrears relating to the period commencing from and including the date of this Order shall also be paid.

9. Except as specifically permitted herein or by further order of this Court, the Applicants are hereby directed, until further order of this Court: i) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their respective creditors as of this date without prior written consent of the Monitor; ii) to grant no security interests, trusts, liens, charges, or encumbrances upon or in respect of any of its Property; and iii) to not grant credit or incur liabilities except in the ordinary course of the Business or with the prior written approval of the Monitor.

Restructuring:

10. The Applicants shall, subject to such requirements as are imposed by the Monitor and under any agreements for debtor in possession financing which may be granted, have the right to:

- a. permanently or temporarily cease, downsize or shut down any of its business or operations; and
- b. pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any refinancing.

No Proceedings Against the Applicants or the Property:

11. Until and including 08 March 2025 or such later date as this Court may order (the "**Stay Period**"), no claim, grievance, application, action, suit, right or remedy, or proceeding or enforcement process in any court, tribunal, or arbitration association (each, a "**Proceeding**") shall be commenced, continued, or enforced against or in respect of any of the Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court.

No Exercise of Rights or Remedies:

12. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on; ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by section 11.1 of the CCAA; iii) exempt the Applicants from compliance with statutory or regulatory provisions relating to health, safety, or the environment; iv) prevent the filing of any registration to preserve or perfect a security interest; or v) 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 Applicants shall not be required to file a defence during the stay period.

No Interference with Rights:

13. During the Stay Period, 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 Applicants, including but not limited to renewal rights in respect of existing insurance policies on the same terms, except with the written consent of the Applicants and the Monitor, or leave of this Court.

Continuation of Services:

14. During the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods 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 Business or the Applicants, 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 Applicants, and the Applicants shall be entitled to the continued use of its current premises, 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 Applicants in accordance with normal payment practices of

the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

Non-Derogation of Rights:

15. Notwithstanding anything else contained herein, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property, or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants.

Proceedings Against Directors and Officers:

16. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current, or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court, these proceedings are dismissed by final order of this Court, or with leave of this Court.

Appointment of Monitor:

17. KSV Restructuring Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Business and financial affairs of the Applicants, the Property, and the Applicants' conduct of the Business with the powers and obligations set out in the CCAA or set forth herein and the Applicants and its shareholders, officers, directors, employees and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, cooperate fully with the Monitor in the exercise of its powers and discharge of its obligations, and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

18. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- a. monitor the Applicant's receipts and disbursements;

- b. report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, the activities of the Applicants, and such other matters as may be relevant to the proceedings herein;
- c. advise the Applicants in its development of the Plan and any amendments to the Plan, and, to the extent deemed appropriate by the Monitor, assist in its negotiations with creditors, customers, vendors, and other interested Persons;
- d. assist the Applicants, to the extent deemed appropriate by the Monitor, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- e. have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents and to the Business of the Applicants, to the extent that is necessary to adequately assess the Applicant's Business and financial affairs or to perform its duties arising under this Order;
- f. be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order, including any affiliate of, or person related to the Monitor;
- g. be at liberty to perform such other duties as are required by this Order or by this Court from time to time.

19. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

20. Nothing herein contained shall limit the protections afforded the Monitor at law including those protections set out in the CCAA.

21. Nothing herein shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the

Property that might 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 law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Nova Scotia Environment Act*, the *Nova Scotia Water Resources Protection Act*, or the *Nova Scotia Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor'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.

22. The Monitor shall provide any creditor of the Applicants with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

23. The Monitor, counsel to the Monitor, and all counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case not to exceed their standard rates and charges, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a semi-monthly basis and, in addition, the Applicants are hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicants, retainers to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

24. The Monitor and its legal counsel shall pass their accounts from time to time before a judge of this court or a referee appointed by a judge.

25. The Monitor, counsel to the Monitor, if any, and the Applicant's counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$175,000, as security for their

professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraph 27 hereof.

26. The filing, registration or perfection of the Administration Charge shall not be required, and that the Administration Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Administration Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

27. The Administration Charge shall constitute a charge on the Property of the Applicants and shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

28. That except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any further Encumbrances over any Property that ranks in priority to, or *pari passu* with the Administration Charge, unless the Applicants also obtain the prior written consent of the Monitor, RBC and the beneficiaries of the Administration Charge, or further Order of this Court.

29. The Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Administration Charge (collectively, the "Chargees") shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- a. the creation of the Administration Charge shall not create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;

- b. none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Administration Charge; and
- c. the payments made by the Applicant pursuant to this Order and the granting of the Administration Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

30. That any charge created by this Order over leases of real property in Canada shall only be a charge in the Applicants' interest in such real property leases.

Refinance or Sale Process:

31. That the Applicants with the assistance of the Monitor are hereby authorized and empowered to take such steps as are deemed necessary or desirable to, subject the approval of this Court, carry out and perform a refinancing transaction whereby the Applicants' obligations to RBC (as they exist at the time of any repayment, including all accrued interest, professional costs and other costs) are repaid in full, or such other transaction satisfactory to RBC (the "Refinancing Process"), and in so doing the Monitor shall incur no liability or obligation as a result of assisting the Applicants with the Refinancing Process or in carrying out the other provisions of this Order, save and except for gross negligence or willful misconduct on its part. Any payments made by the Applicants pursuant to this paragraph and any Order of this Court do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law and shall be received by RBC free and clear of the claims of other creditor of the Applicants.

Service and Notice:

32. The Monitor shall: i) without delay, publish in a notice containing the information prescribed under the CCAA, ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with section 23(1)(a) of the CCAA and the regulations made thereunder.

33. The Applicants and the Monitor may give notice of this Order, any other materials and orders in these proceedings, and any notices, and provide correspondence, by forwarding originals or true copies by prepaid ordinary mail, courier, personal delivery, or electronic transmission to the Applicant's creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and any such notice by courier, personal delivery, or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

34. The Applicants and the Monitor, and any party who has filed a demand of notice may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsel's e-mail addresses as recorded on the service list from time to time, and the Monitor may post a copy of any or all such materials on its website at <https://www.ksvadvisory.com/experience/case/blue>.

General:

33. The Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

34. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, construction lien trustee, or a trustee in bankruptcy of the Applicants, the Business or the Property.

35. The aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction outside Nova Scotia, is requested to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, and regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

36. Each of the Applicants and the Monitor may 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 the Monitor may act as a representative in respect of

the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

37. Any interested party, including the Applicants and the Monitor, may apply to this Court to vary or amend this Order on such notice required under the *Civil Procedure Rules* or as this Court may order.

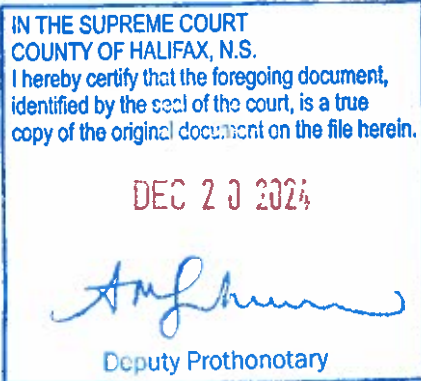
38. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Atlantic Standard Time on the date of this Order.

Issued December 20 2024.



Prothonotary

ALEXIS SCHURMAN
Deputy Prothonotary



Schedule "A"

Service List

Name	Contact
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Appendix “B”



HFX No. 538745

SUPREME COURT OF NOVA SCOTIA

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED**

- AND -

**IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF BLUE LOBSTER
CAPITAL LIMITED, 3284906 NOVA SCOTIA LIMITED, 3343533 NOVA SCOTIA LIMITED AND
4318682 NOVA SCOTIA LIMITED**

**FOURTH REPORT OF KSV RESTRUCTURING INC.
AS MONITOR**

June 17, 2025

Contents

Page

1.	Introduction	1
1.1	Purposes of this Report	2
1.2	Restrictions	4
1.3	Currency	4
2.	Background	4
3.	RBC Debt	5
3.1	BLCL Loans	5
3.2	Operating Businesses Loans	6
3.3	Security Opinion	7
4.	SISP	7
4.1	Marketing Process	8
4.2	SISP Results	10
5.	The Lynch Transaction	11
5.1	The Lynch APA	11
5.2	Lynch Transaction Recommendation	12
6.	The Coast Transaction	13
6.1	The Coast APA	13
6.2	Coast Transaction Recommendation	14
7.	Urgency	15
8.	RBC Distribution	15
9.	Sealing	16
10.	Distributions to the Operating Businesses' Creditors	16
11.	Real Properties Owned by BLCL	16
12.	Cash Flow Forecast	18
13.	Enhanced Powers of the Monitor	19
14.	Applicants' Activities since the Filing Date	19
15.	Monitor's Activities since the Filing Date	20
16.	Stay Extension	21
17.	Conclusion and Recommendation	22

Appendix	Tab
Amended and Restated Initial Order.....	A
Third Report of the Monitor (without appendices)	B
SISP approval Order	C
Redacted Lynch APA	D
Redacted Coast APA.....	E
Cash Flow Forecast and Related Statutory Report.....	F

Confidential Appendix	Tab
Offer Summary	1
Unredacted Lynch APA	2
Unredacted Coast APA	3

1. Introduction

1. Pursuant to an Initial Order issued by the Supreme Court of Nova Scotia (the “**Court**”) on December 13, 2024 (the “**Filing Date**”), Blue Lobster Capital Limited (“**BLCL**”), 3284906 Nova Scotia Limited (“**Spirit Co**”), 3343533 Nova Scotia Limited (“**Lost Bell**”) and 4318682 Nova Scotia Limited (“**Annapolis Cider**”) (collectively, the “**Applicants**”) were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), and KSV Restructuring Inc. (“**KSV**”) was appointed as monitor in the CCAA proceedings (the “**Monitor**”).
2. The comeback motion (the “**Comeback Motion**”) in the CCAA proceedings was heard on December 20, 2024. At the Comeback Motion, the Court issued an Amended and Restated Initial Order (the “**ARIO**”) extending the stay of proceedings to March 8, 2025 and setting a hearing on January 21, 2025 to consider approval of a debtor-in-possession (“**DIP**”) financing facility potentially required by the Applicants to fund their operations and the costs of these proceedings (the “**DIP Facility**”). A copy of the ARIO is provided in **Appendix “A”**.
3. On January 21, 2025, the Court issued an Order (the “**Charging Order**”) approving the DIP Facility in the amount of \$300,000 and granting a charge in this amount in favour of Royal Bank of Canada (“**RBC**”), the Applicants’ senior lender (the “**DIP Lender’s Charge**”).
4. On March 7, 2025, the Court issued an Order (the “**SISP Approval Order**”):
 - a) approving a sale and investment solicitation process (the “**SISP**”) to be carried out by the Monitor as set out in the Monitor’s Third Report to Court dated February 28, 2025 (the “**Third Report**”); and
 - b) extending the stay of proceedings to and including June 30, 2025 (the “**Stay Period**”).
5. A copy of the Third Report (without appendices) is attached as **Appendix “B”**. A copy of the SISP Approval Order is attached as **Appendix “C”**.
6. The Affidavit of Kevin Alexander Rice (the “**Rice Affidavit**”), the President of the Applicants, affirmed November 27, 2024, and KSV’s pre-filing report dated November 27, 2024 (the “**Pre-filing Report**”) filed in connection with the initial application, provide, *inter alia*, background information concerning the Applicants and their businesses, as well as the reasons that the Applicants commenced these proceedings.

1.1 Purposes of this Report

1. The purposes of this report (the “**Fourth Report**”) are to:
 - a) provide background information about the Applicants;
 - b) review the structure of RBC’s debt among the Applicants;
 - c) report on the results of the SISP;
 - d) summarize a proposed transaction (the “**Lynch Transaction**”) between Spirit Co and Annapolis Cider (the “**SCAC Vendors**”), as represented by the Monitor, and Shannon Theresa Lynch, on behalf of a nominee corporation to be incorporated (the “**Lynch Purchaser**”) for the business and assets of Spirit Co and Annapolis Cider pursuant to an Asset Purchase Agreement dated May 31, 2025 between the SCAC Vendors, as represented by the Monitor, and the Lynch Purchaser (the “**Lynch APA**”);
 - e) summarize a proposed transaction (the “**Coast Transaction**” and together with the Lynch Transaction, the “**Transactions**”) between Lost Bell, as represented by the Monitor, and Coast to Coast Marketing Ltd, and James Roue Beverage Company Ltd. (together, “**Coast**”, and together with the Lynch Purchaser, the “**Purchasers**”) for the business and assets of Lost Bell pursuant to an Asset Purchase Agreement dated May 9, 2025, between Lost Bell, as represented by the Monitor, and Coast (the “**Coast APA**”);
 - f) provide the rationale for sealing the Offer Summary, as defined in Section 4.2 below, and the purchase price for both Transactions;
 - g) report on the Monitor’s efforts to facilitate a resolution of any outstanding issues between Alex Rice, a principal of the Company, and RBC in respect of the Transactions;
 - h) provide the rationale for expanding the Monitor’s powers, including authority to complete the Transactions on behalf of the SCAC Vendors and Lost Bell and to take such steps on behalf of the vendors as the Monitor considers necessary to facilitate the orderly closing and transition of the Transactions to the Purchasers following closing;
 - i) report on the Applicants’ weekly cash flow projections for the period June 8, 2025 to November 1, 2025 (the “**Cash Flow Forecast**”);
 - j) summarize the Applicants’ and the Monitor’s activities since the Filing Date;
 - k) discuss and provide the Monitor’s recommendation that the Court issue the following Orders:
 - i. an Approval and Vesting Order (the “**Lynch AVO**”) providing for the following substantive relief:

1. approving the Lynch APA and the Lynch Transaction; and
 2. vesting the Purchased Assets (as defined in the Lynch APA) in the Lynch Purchaser, or as it may direct, free and clear of encumbrances, upon execution and delivery of a certificate by the Monitor confirming completion of the Lynch Transaction;
- ii. an Approval and Vesting Order (the “**Coast AVO**”) consisting of the following substantive relief:
1. approving the Coast APA and the Coast Transaction; and
 2. vesting the Purchased Assets (as defined in the Coast APA) in Coast free and clear of encumbrances, upon execution and delivery of a certificate by the Monitor confirming completion of the Coast Transaction; and
- iii. an Ancillary Order (the “**Ancillary Order**”):
1. sealing the confidential appendices to this Fourth Report (the “**Confidential Appendices**”);
 2. subject to receipt of the Security Opinion (as defined below), authorizing the Monitor to make distributions to RBC up to the amount of its indebtedness on a per-entity basis from the proceeds of the Transactions;
 3. directing BLCL to ensure vacant possession of the BLCL Real Properties and directing and authorizing the Monitor to immediately list the BLCL Real Properties for sale;
 4. ordering Mr. Rice to vacate the Brunswick Property within 30 days of the date of the Ancillary Order to allow the BLCL Real Properties to be listed for sale on a vacant basis;
 5. expanding the Monitor’s powers and authorizing and directing the Monitor to execute the Lynch APA, the Coast APS and all closing documents related thereto as vendor on behalf of the SCAC Vendors and Lost Bell, respectively, to disclaim contracts not assumed by the Purchasers, and to take all other steps necessary to close the Transactions;
 6. extending the Stay Period to October 31, 2025; and
 7. approving the Fourth Report and the Monitor’s activities described in the Fourth Report.

1.2 Restrictions

1. In preparing this Fourth Report, the Monitor has relied upon the Applicants' unaudited financial information, financial forecasts, books and records, information available in the public domain and discussions with the Applicants' management ("**Management**") and advisors.
2. The Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Fourth Report in a manner that complies with Canadian Auditing Standards ("**CAS**") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the Applicants' financial information should perform its own diligence.
3. An examination of the Cash Flow Forecast as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future oriented financial information relied upon in this Fourth Report is based upon assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Monitor expresses no opinion or other form of assurance as to whether the Cash Flow Forecast will be achieved.

1.3 Currency

1. All currency references in this Fourth Report are in Canadian dollars.

2. Background

1. The Applicants are private companies incorporated under the laws of Nova Scotia.
2. The primary business of Spirit Co, Lost Bell and Annapolis Cider (collectively, the "**Operating Businesses**") is the manufacturing and sale of alcoholic beverages (including Ready-To-Drink ("**RTD**") beverages), including spirits, wine and cider. The Applicants sell their beverages to liquor boards in Ontario, Nova Scotia and Prince Edward Island, as well as to restaurants and directly to consumers.
3. BLCL is primarily a real estate investment company which owns the following properties (the "**BLCL Real Properties**"):

Address	Property Type
14 Allen Ave., Stellarton, Nova Scotia	Residential – Duplex
140 George St., Stellarton, Nova Scotia	Heritage Commercial Property; presently vacant
18 Claremont St., Stellarton, Nova Scotia	Residential – Single Family Home; presently vacant
2138 Brunswick St., Halifax, Nova Scotia	Residential – Single Family Home
224 Old Post Rd., Crapaud, PEI	9,000 Square foot Warehouse
61/63 Provost St., New Glasgow, Nova Scotia	4-unit Corporate Office Space – the Applicants' head office

4. The Applicants have 36 employees. An additional 26 staff are employees of Blue Ocean Management Group Limited ("**Blue Ocean**"), an affiliate of the Applicants that provides management, accounting and other support to the Applicants. Blue Ocean is not an applicant in these proceedings.
5. Additional background information about the Applicants is provided in the Rice Affidavit and in the Monitor's prior reports to Court, copies of which are posted on the Monitor's website at: <https://www.ksvadvisory.com/experience/case/blue>.

3. RBC Debt

1. The Applicants advised the Monitor that as of June 13, 2025, they were each indebted to RBC in the total amount of approximately \$6.062 million, as summarized in the table below. Interest and costs continue to accrue on these amounts.

Company	\$000s
Spirit Co	3,096
Lost Bell	1,191
Annapolis Cider	770
BLCL	1,005
Total	6,062

2. Each of RBC's loans is described below.

3.1 BLCL Loans

1. RBC advanced loans to BLCL (the "**BLCL Loans**") pursuant to a credit agreement dated January 18, 2021, as amended and restated on August 10, 2021. As of June 13, 2025, RBC has extended to BLCL four term loan facilities and a Visa facility with a balance owing of approximately \$1 million.
2. As security for the BLCL Loans, BLCL granted RBC, among other things: (i) collateral mortgages registered against title to certain of the Real Properties; (ii) a general assignment of rents; and (iii) a general security interest in all of the present and after-acquired personal property of BLCL (the "**BLCL Security**"). Spirit Co. has guaranteed the BLCL indebtedness up to \$251,000 (the "**BLCL Guarantee**"). Mr. Rice is also a guarantor of the BLCL Loans up to a maximum of \$400,000.
3. The following collateral mortgages were registered by RBC against the following BLCL Real Properties:

Address	Date Registered	\$000s
61/63 Provost St., New Glasgow, Nova Scotia	June 4, 2019	200
14 Allan Ave., Stellarton, Nova Scotia	February 4, 2020	140
18 Claremont St., Stellarton, Nova Scotia	February 4, 2020	133
2138 Brunswick St., Halifax, Nova Scotia	January 28, 2021	880

4. Pursuant to a forbearance agreement between BLCL and RBC dated February 26, 2024 (the "**BLCL Forbearance Agreement**"), BLCL granted collateral mortgages in favour of RBC in the principal amount of \$300,000 against the BLCL Real Properties listed above, as well as additional real property located at 140 George St, New Glasgow, Nova Scotia.

3.2 Operating Businesses Loans

1. RBC extended to Spirit Co, Lost Bell and Annapolis Cider (collectively, the “**Operating Businesses**”) the following loan facilities (the “**Operating Businesses Loans**”):
 - a) RBC provided financing to Spirit Co. (the “**Spirit Co. Loans**”) pursuant to a loan agreement dated January 18, 2021, as amended and restated by a loan agreement dated May 28, 2021 and May 26, 2023. The Spirit Co. Loans consist of a demand loan facility, three term loan facilities and a Visa facility. As security for the Spirit Co Loans, RBC was granted by Spirit Co., among other things: (i) collateral mortgages registered against title to the real property located at 230 Foord St, Stellarton, Nova Scotia, and at 6264 Trafalgar Road, Riverton, Nova Scotia (the “**Spirit Co. Real Property**”); (ii) a general assignment of rents for the real property located at 6264 Trafalgar Road, Riverton, Nova Scotia, and (iii) a general security interest in all the present and after-acquired personal property of Spirit Co. Lost Bell and Annapolis Cider are guarantors of the Spirit Co. Loans jointly and severally up to \$7,084,000. Daniel Allen and Tracey Allen, shareholders of the Operating Businesses, and Mr. Rice are also each guarantors of these facilities up to a maximum of \$500,000. Pursuant to a forbearance agreement between RBC and Spirit Co., Lost Bell, and Annapolis Cider dated February 26, 2024 (the “**NSL Forbearance Agreement**”), Spirit Co. has granted additional security to RBC to secure the obligations of Spirit Co., Lost Bell and Annapolis Cider: (i) collateral mortgages in the principal amount of \$4,500,000 over the real property located at 228-230 Foord St, Stellarton, Nova Scotia, 6264 Trafalgar Road, Riverton, Nova Scotia, and 4558 Pictou Landing Road, Hillside, Nova Scotia.
 - b) RBC provided financing to Lost Bell (the “**Lost Bell Loans**”) pursuant to a credit agreement dated January 18, 2021, as amended and restated by a loan agreement dated August 10, 2021. The credit facilities consist of two term loan facilities, a demand loan facility, a lease facility and a Visa facility. As security for the Lost Bell Loans, RBC was granted by Lost Bell, among other things: (i) collateral mortgages registered against title to 11 Dudley Park Lane, Falmouth, NS; (ii) a general assignment of rents; and (iii) a general security interest in all the present and after-acquired personal property of Lost Bell. Spirit Co. and Annapolis Cider are guarantors, each to the extent of \$2.3 million. Pursuant to the NSL Forbearance Agreements, Lost Bell granted a collateral mortgage over the real property located at 11 Dudley Park Lane, Falmouth, NS as security for the obligations of Spirit Co. and Annapolis Cider, (ii) BLCL guaranteed the obligations of Lost Bell up to a maximum of \$500,000 and (ii) Mr. Rice, Mr. Allen and Ms. Allen each guaranteed the obligations of Lost Bell up to the sum of \$500,000.
 - c) RBC provided financing to Annapolis Cider (the “**Annapolis Cider Loans**”) pursuant to a credit agreement dated April 9, 2019, as amended and restated May 28, 2021, August 10, 2021, and April 28, 2023. The credit facilities consist of three term loan facilities, one revolving loan facility, two lease facilities, and a Visa facility. As security for the Annapolis Cider Loans, RBC was granted by Annapolis Cider, among other things a general security interest in all the present and after-acquired personal property of Annapolis Cider. Spirit Co. and Lost Bell are guarantors, each to the extent of \$2.6 million. Pursuant to the NSL Forbearance Agreement, (i) Annapolis Cider granted additional security to RBC

to secure the obligations of Spirit Co. and Lost Bell through a collateral mortgage in the principal amount of \$1,000,000 over the real property located at 1151 Parkway Drive, Port Williams, (ii) BLCL guaranteed the obligations of Annapolis Cider to a maximum of \$500,000, and (iii) each of Mr. Rice, Mr. Allen, and Ms. Allen guaranteed the obligations of Annapolis Cider to a maximum of \$500,000.

3.3 Security Opinion

1. The Monitor has retained Lawson Creamer to provide an opinion on whether RBC's security interests described in Section 3.2 above are valid and enforceable as against the Applicants (the "**Security Opinion**"). Lawson Creamer is in the process of completing the Security Opinion. The Monitor will deliver a copy of the Security Opinion at the direction of the Court if the Court wishes to review the Security Opinion.
2. Subject to the Security Opinion confirming that RBC's security interests are valid and enforceable, the Monitor requests this Court permit the Monitor to make one or more distributions to RBC up to the full amount owing to it by the Operating Businesses.

4. SISP¹

1. The Monitor conducted the SISP on behalf of the Applicants. The SISP was summarized in the Third Report, a copy of which is attached (without appendices) as **Appendix "B"**. Commencement of the SISP was a condition of RBC agreeing to extend the DIP Facility and included, in its terms, the following:

In the event that the Borrowers have not executed an agreement with a lender or other third party in form and substance acceptable to the Bank by February 21, 2025, which will provide for the repayment in full of all obligations owing to the Bank under the Loan Agreements, the Borrowers shall complete their preparation for the SISP and shall make application for approval of the SISP by the Court no later than March 7, 2025. The Borrowers shall provide that all transactions under the SISP will be completed no later than June 30, 2025.

2. The Borrowers did not execute an agreement with a lender or other third party in form and substance acceptable to RBC by February 21, 2025.
3. The following table provides a summary of SISP milestones.

Milestone	Date
Court approval of SISP	March 7, 2025
Distribute teaser and confidentiality agreement	March 14, 2025
Bid Deadline	May 9, 2025
Review and negotiate bids	1-14 days after the bid deadline
Selection of Successful Bidder(s)	Immediately following negotiation of the bids, in consultation with RBC
Court approval and closing(s)	As soon as possible, with the objective of completing a transaction by June 30, 2025, unless extended with the consent of RBC

¹ Capitalized terms not defined in this section have their meanings defined in the Third Report.

4.1 Marketing Process

1. The Monitor conducted the SISP in accordance with the SISP Approval Order. The Monitor's activities included:
 - a) preparing: (i) a marketing brochure summarizing the SISP opportunity (the "**Teaser**") and inviting recipients of the Teaser to participate in the SISP; and (ii) a form of non-disclosure agreement (an "**NDA**"). Interested parties were advised that they would be given access to a virtual data room (the "**VDR**") and permitted to perform due diligence upon signing the NDA;
 - b) working with the Applicants to prepare a VDR with information regarding the Applicants' businesses, including historical and pro-forma financial records, anonymized employee information, key contracts, permits and licenses, marketing and customer data, real property information, intellectual property details, fixed asset lists and other pertinent information. Additionally, on April 15, 2025, the Monitor uploaded a template asset purchase agreement (the "**Template APS**") to the VDR.
 - c) launching the SISP on March 14, 2025 by distributing the Teaser by email to 156 potential purchasers (the "**Buyer's List**"). The Buyer's List included parties identified by the Applicants, parties who contacted the Monitor or the Applicants since the Filing Date, local and national beverage companies, and other strategic and financial parties. The Monitor followed up with each potential purchaser on the Buyer's List several times to determine their interest in the opportunity. In addition to the Buyer's List, the Monitor was contacted by several parties with an interest in this opportunity who participated in the SISP and these parties were provided the opportunity to participate in the SISP;
 - d) advertising the SISP in a prominent alcoholic beverage industry platform known as *The Drink Business*. An advertising banner (the "**Ad Banner**") was published on *The Drink Business* website, running from March 19 until April 30, 2025 (the "**Advertising Period**"). The Ad Banner linked to the Monitor's case website where prospective purchasers could access the Teaser and NDA;
 - e) facilitating, with the support of Management, extensive due diligence by prospective purchasers, including: (i) providing access to due diligence materials through, *inter alia*, the VDR; (ii) arranging calls and meetings with representatives of the Applicants to provide additional background on Applicants' businesses; (iii) responding to supplementary diligence requests; (iv) coordinating meetings with Management; and (v) facilitating tours of the Operating Businesses; and
 - f) contacting local realtors to provide listing proposals for the BLCL Real Properties. The realtors were identified by the Monitor based on its diligence, as well as discussions with RBC and Management.
2. Pursuant to the SISP Order, interested parties were required to submit offers by May 9, 2025 at 5pm AST (the "**Bid Deadline**"). To be a Qualified Bid, an offer had to:
 - a) be for all or part of the assets of the business, assets or shares of the Operating Businesses;

- b) be substantially in the form of the Template APS, with any changes to the offer blacklined against the template, subject to any changes that the Monitor may accept;
 - c) include a provision stating that the offer is irrevocably open for acceptance until 30 days after the Bid Deadline;
 - d) be accompanied by a cash deposit of not less than 10% of the proposed purchase price;
 - e) include an acknowledgement that the proposed transaction is to be completed on an "as is, where is" basis and that the purchaser has relied solely on its own independent review and investigation and that it has not relied on any representation by the Companies, the Monitor or their respective agents, employees or advisors;
 - f) not contain any condition or contingency relating to due diligence or financing or any other material conditions precedent to the purchaser's obligation to complete the transaction (except for approval by the Court); and
 - g) include written evidence, satisfactory to the Monitor in consultation with the RBC, that the bidder has the requisite consents (if required) and the financial ability to complete the proposed acquisition.
3. As set out in the Third Report: *"if the Companies and/or Management participate in the SISP as Potential Bidders, they may not receive disclosure about any other Potential Bidder or negotiations carried on in the SISP. Any and all offers submitted in the SISP shall be submitted to the Monitor and reviewed exclusively by it, in consultation with RBC. The Monitor may share and discuss the offers received in the SISP with the Companies and Management if they do not participate in the SISP as Potential Bidders. The Companies and Management must declare their intention in writing to participate as Potential Bidders in the SISP to the Monitor prior to the commencement of the SISP, after which they shall not be entitled to participate in the SISP as Potential Bidders without the consent of the Monitor."*
 4. Based on email correspondence, meetings, and telephone discussions with Mr. Rice and Evan MacEachern, the Operating Businesses' Director of Business Development, the Monitor determined that both individuals demonstrated an intention to make an offer in some form relating to the Operating Business and would therefore be Potential Bidders or associated with Potential Bidders.
 5. Given the potential conflict that could arise where a senior executive or shareholder of the Applicants is both a bidder in the SISP and the vendor in a transaction for any of the Applicants' businesses, the Template APS contemplated that the Monitor would act as the Vendor on behalf of the Applicants and that the Monitor would be authorized by the Court to execute documents on the Applicants' behalf.

6. After consultation with the Applicants and RBC, the Monitor advised the realtors that it did not intend to list the BLCL Real Properties prior to the Bid Deadline. The Monitor had been advised by certain Potential Bidders that the BLCL Real Properties would be integral part of their offers, and it was determined that it would be appropriate to consider those offers and the outcome of the SISP before the BLCL properties were listed for sale.

4.2 SISP Results

1. Following the launch of the SISP, 32 parties executed the NDA and performed due diligence, including being provided access to the VDR.
2. The Monitor received 12 Qualified Bids. Certain offers were submitted for specific assets, while several bids were for all of the Applicants' business and assets.
3. Following its review of the offers, the Monitor consulted with RBC regarding the outcome of the SISP (as required pursuant to the SISP Approval Order) and invited five of the Qualified Bidders to submit revised offers by no later than May 16, 2025 at 12pm EST (the "**Revised Bid Deadline**").
4. Following the Revised Bid Deadline, the Monitor continued negotiations with certain of the leading bidders to, among other things:
 - a) clarify the terms of their offers;
 - b) review the allocation of the purchase price among the Applicants' businesses and assets, including the BLCL Real Properties; and
 - c) consider the projected recoveries to stakeholders, including creditors of the Operating Businesses, on a per-entity basis, based on the purchase price allocations.
5. A summary of the offers (the "**Offer Summary**") submitted by the Bid Deadline and the Revised Bid Deadline is provided as **Confidential Appendix "1"**. The Monitor's rationale for sealing the Offer Summary is provided in Section 9 of this Fourth Report.
6. The Lynch Transaction and Coast Transaction were considered to be the best available transactions for the Operating Businesses and provide for the highest potential recovery for the creditors of those companies. Neither of the Transactions includes the BLCL Real Properties. The Monitor determined, that the offers made in the SISP that included the BLCL Properties allocated (i) less value to (i) the BLCL Real Properties than the opinions of value provided to the Monitor; and (ii) to the Operating Business than the Transactions. This issue is discussed in greater detail in Section 11.
7. A summary of the Transactions is provided below.

5. The Lynch Transaction

5.1 The Lynch APA

1. A summary of the Lynch APA is as follows²:
 - a) **Vendor:** the SCAC Vendors, as represented by the Monitor.
 - b) **Purchaser:** Ms. Lynch, on behalf of a nominee corporation to be incorporated. Ms. Lynch is the Chief Executive Officer of Cape Breton Beverages, a Pepsi bottling franchise which has operated in Cape Breton Island since 1949.
 - c) **Purchase Price and Deposit:** the Monitor recommends that the purchase price should be sealed for the reasons discussed in Section 9. The deposit contemplated in the Lynch APA has been paid in full.
 - d) **Purchased Assets:** substantially all of the right, title and interest in the property, assets and undertaking of Spirit Co. and Annapolis Cider.
 - e) **Assumed Liabilities:** include:
 - i. the Acquired Contracts, as set out in Schedule 1.1 of the Lynch APA, including, without limitation, any and all Cure Costs;
 - ii. the Acquired Personal Property Leases, as set out in Schedule 1.2 of the Lynch APA, including, without limitation, any and all Cure Costs;
 - iii. the Acquired Real Property Leases, as set out in Schedule 1.5 of the Lynch APA, including, without limitation, any and all Cure Costs;
 - iv. the Transferred Employees, in respect of the period commencing at the Closing Time.
 - f) **Excluded Liabilities:** any Liabilities of the Applicants other than the Assumed Liabilities.
 - g) **Representations and Warranties:** consistent with the terms of a standard insolvency transaction (i.e., on an “as is, where is” basis, with limited representations and warranties).

² Capitalized terms not defined in this section have the meanings defined in the Lynch APA

- h) **Closing Date:** Contemplated to be with three (3) Business Days following the date on which the Court grants the Lynch AVO or such other date that the parties may agree in writing (the “**Closing Date**”). If, prior to the Closing, the Vesting Order shall have been appealed or a proceeding shall have been commenced to restrain or prevent the completion of the Backup Transaction, then the Closing Date may be extended by the Vendor, in which case the Closing Date shall mean the day that is ten (10) Business Days after the date on which any such appeals and/or proceedings are dismissed.
 - i) **Outside Date:** August 31, 2025 or such later date as the parties may agree in writing.
 - j) **Material Conditions:** the conditions include, but are not limited to, the following:
 - i. the Vesting Order shall have been obtained and shall not have been stayed, varied or set aside;
 - ii. there shall be no litigation or proceedings pending against any of the Parties or involving any of the Purchased Assets for the purpose of enjoining, preventing or restraining the completion of the Lynch Transaction or otherwise claiming that such completion is improper; and
 - iii. there shall have been obtained from all appropriate federal, provincial, municipal or other governmental or administrative bodies, such approvals, consents or licenses as are required to permit the change in ownership of the Assets and the carrying on of the Spirit Co and Annapolis Cider businesses by the Purchaser without interruption.
2. A redacted³ copy of the Lynch APA is provided as **Appendix “D”**. A copy of the Lynch APA, without redactions, is provided as **Confidential Appendix “2”**.

5.2 Lynch Transaction Recommendation

- 1. The Monitor respectfully recommends that this Court approve the Lynch APA for the following reasons:
 - a) the SISP undertaken by the Monitor to market the Applicants was carried out in accordance with the terms of the SISP Approval Order. The Monitor extensively canvassed the market for local and national beverage companies, and other strategic and financial parties. The SISP provided for a fair, transparent and thorough marketing of the Applicants’ businesses and assets;
 - b) the Lynch Transaction provides for Spirit Co. and Annapolis Cider to continue as going-concern businesses and preserves employment for substantially all of their employees;

³ Redacted only for purchase price and the amount of the deposit. The purchase price can be inferred by the amount of the deposit.

- c) the Monitor is of the view that additional time spent marketing Spirit Co. and Annapolis Cider will not result in a superior transaction;
- d) the Monitor believes that the terms of the Lynch APA are commercially reasonable;
- e) the Lynch Transaction provides the highest available realization in the circumstances for the stakeholders of Spirit Co. and Annapolis Cider;
- f) the Lynch Purchaser has paid a non-refundable deposit, and the Lynch Transaction is unconditional except for Court approval; and
- g) RBC, the Applicants' senior secured stakeholder, has advised the Monitor that it consents to the approval by the Court of the Lynch Transaction.

6. The Coast Transaction

6.1 The Coast APA

1. A summary of the Coast APA is as follows⁴:
 - a) **Vendor:** Lost Bell, as represented by the Monitor.
 - b) **Purchaser:** Coast to Coast Marketing Ltd., and James Roue Beverage Company Ltd., a joint venture.
 - c) **Purchase Price and Deposit:** the Monitor recommends that the purchase price should be sealed for the reasons discussed in Section 9. The deposit contemplated in the Coast APA has been paid in full;
 - d) **Purchased Assets:** substantially all of the right, title and interest in the property, assets and undertaking in Lost Bell.
 - e) **Assumed Liabilities:** include:
 - i. the Acquired Contracts, as set out in Schedule 1.1 of the Coast APA, including, without limitation, any and all Cure Costs;
 - ii. the Acquired Personal Property Leases, as set out in Schedule 1.2 of the Coast APA, including, without limitation, any and all Cure Costs;
 - iii. the Acquired Real Property Leases, as set out in Schedule 1.5 of the Coast APA, including, without limitation, any and all Cure Costs;
 - iv. the Transferred Employees in respect of the period commencing at the Closing Time.

⁴ Capitalized terms not defined in this section have the meanings defined in the Coast APA

- f) **Excluded Liabilities:** any Liabilities of the Applicants other than the Assumed Liabilities.
 - g) **Representations and Warranties:** consistent with the terms of a standard insolvency transaction (i.e., on an “as is, where is” basis, with limited representations and warranties).
 - h) **Closing Date:** Contemplated to be with three (3) Business Days following the date on which the Court grants the Coast AVO or such other date that the parties may agree in writing (the “**Closing Date**”). If, prior to the Closing, the Coast AVO shall have been appealed or a proceeding shall have been commenced to restrain or prevent the completion of the Coast Transaction, then the Closing Date may be extended by the Vendor, in which case the Closing Date shall mean the day that is ten (10) Business Days after the date on which any such appeals and/or proceedings are dismissed.
 - i) **Outside Date:** August 31, 2025 or such later date as the parties may agree in writing.
 - j) **Material Conditions:** the conditions include, but are not limited to, the following:
 - i. the Coast AVO shall have been obtained and shall not have been stayed, varied or set aside; and
 - ii. there shall be no litigation or proceedings pending against any of the Parties or involving any of the Purchased Assets for the purpose of enjoining, preventing or restraining the completion of the Coast Transaction or otherwise claiming that such completion is improper.
2. A redacted copy of the Coast APA is provided as **Appendix “E”**. A copy of the Coast APA, without redactions, is provided as **Confidential Appendix “3”**.

6.2 Coast Transaction Recommendation

- 1. The Monitor respectfully recommends that this Court approve the Coast APA for the following reasons:
 - a) the SISP undertaken by the Monitor to market the Applicants was carried out in accordance with the terms of the SISP Approval Order;
 - b) the Coast Transaction provides for Lost Bell to continue as a going-concern and preserves employment;
 - c) the Monitor is of the view that additional time marketing Lost Bell will not result in a superior transaction
 - d) Lost Bell is not currently operating on a cash flow positive basis, and any further marketing period will result in further carrying costs which may not be recovered through a further marketing of the Lost Bell business;

- e) the Monitor believes that the terms of the Coast APA are commercially reasonable;
- f) the Coast Transaction provides the highest available realization in the circumstances for the stakeholders of Lost Bell⁵;
- g) Coast has paid a non-refundable deposit and is unconditional except for Court approval; and
- h) RBC has advised the Monitor that it consents to the approval by the Court of the Coast Transaction.

7. Urgency

1. The summer months are the most active for the Operating Businesses, particularly for: a) Spirit Co. and Annapolis Cider where approximately 45% of the volume of RTD revenue is generated between May and August; and b) Lost Bell, where its wine yield is largely a function of the summer growing period and management of the vineyard during that period.
2. Both the Lynch Purchaser and Coast have expressed to the Monitor that their respective transactions need to close promptly in order to not lose the current season activity and to address any issues affecting the business resulting from the CCAA proceedings, including the risk of losing customers and employees. In the context of the Lynch Transaction, it is important that Spirit Co and Annapolis Cider customers be assured that there will be no disruption in the business resulting from the transaction, as any risk in fill rates puts at risk the listings that are critical to the financial viability of those businesses. In the case of the Coast Transaction, the Lost Bell business will take time to be re-established as its sales have declined in recent years. Steps need to be taken immediately to improve the Lost Bell business.

8. RBC Distribution

1. As referenced in section 3.3 above, the Monitor has retained Lawson Creamer to provide a Security Opinion with respect to RBC's security.
2. The sale proceeds from the Lynch Transaction and the Coast Transaction are contemplated to be paid to the Monitor. If the Security Opinion confirms that, subject to the standard assumptions and qualifications contained therein, RBC's security is valid and enforceable, the Monitor recommends that it be authorized to distribute the proceeds from each transaction to RBC up to the full amount owing to them by the Operating Businesses.

⁵ The offer by Coast was the only stand-alone bid submitted for Lost Bell. The Monitor was provided with a letter of intent ("LOI") submitted to Mr. Rice for the purchase of Lost Bell as part of a plan of arrangement that he was contemplating and which, in the Monitor's opinion, was submitted as bid in the SISP. The LOI was not made to the Monitor in the SISP nor accompanied by a deposit, this LOI was also conditional on a 30-day diligence period.

3. Spirit Co has provided a \$251,000 guarantee of BLCL's obligations to RBC. The Monitor intends to hold this amount until the BLCL properties have been realized upon, as described in Section 11 below.

9. Sealing

1. The Monitor is recommending that the Offer Summary and the purchase price and deposit amounts in each of the Lynch APA and Coast APA be sealed (the "**Confidential Information**"). If the Transactions do not close for any reason, another realization process may be required. If the Confidential Information is not sealed, future bidders would know the purchase price of each Transaction, which could negatively impact the opportunity to maximize realization in the future if the assets were to be marketed again. The Monitor proposes that the Confidential Information be sealed until the earlier of: (a) 30 days following closing of the later of the Lynch Transaction and Coast Transaction; and (b) further Order of the Court.
2. The Monitor does not believe that any party will be prejudiced if the Confidential Information is sealed at this time in accordance with paragraph 9.1 above.
3. The salutary effects of sealing the Confidential Information from the public record greatly outweigh the deleterious effects of doing so under the circumstances. The Monitor is of the view that sealing the Confidential Information is consistent with the decision in *Sherman Estate v. Donovan*, 2021 SCC 25. Accordingly, the Monitor believes the proposed sealing order is appropriate in the circumstances.

10. Distributions to the Operating Businesses' Creditors

1. The Transactions are projected to generate material recoveries for the unsecured creditors of the Operating Businesses. The Monitor will, in due course, seek the Court's authority to conduct a process to determine claims against the Operating Businesses and to make distributions to creditors (a "**Claims Process**").
2. The Monitor expects that such distributions will exceed 50% of the unsecured claims, and potentially significantly more.
3. At this time, the Monitor is unable to provide a more accurate estimate as a Claims Process has not been conducted, and doing so may allow parties to infer the purchase prices of the Lynch APA and the Coast APA, which the Monitor recommends be sealed.

11. Real Properties Owned by BLCL

1. As reflected in the Offer Summary, no stand-alone offers were submitted for the BLCL Real Properties and, to-date, the BLCL Real Properties have not been listed for sale other than as part of the SISP. No professional realtors were retained for this purpose.

2. While certain offers submitted in the SISP included the BLCL Real Properties, the value that those bidders allocated to the Operating Businesses was (i) less than the value of the Lynch Transaction (even before considering the value of the Coast Transaction); and (ii) the value allocated to the BLCL Real Properties was less than the estimated net realizable value of the BLCL Real Properties if sold on stand-alone basis, based on information provided to the Monitor by several local realtors.
3. Mr. Rice resides at the BLCL-owned real property located at 2138 Brunswick Street, Halifax (the “**Brunswick Property**”), which is subject to a collateral mortgage in favour of RBC. Although the Monitor has not been provided with any written lease agreement, the fact that Mr. Rice resides in the Brunswick Property further complicates any offer that includes a purchase of that property on a vacant basis.
4. In connection with seeking RBC’s consent to the Transactions, the Monitor has consulted with RBC on its secured claim against BLCL. The Monitor understands that the indebtedness of BLCL to RBC, which, as referenced in Section 3.1 above, is approximately \$1 million as of the date of this Fourth Report (of which \$251,000 is guaranteed by Spirit Co).
5. The Monitor was advised by counsel to BLCL that Mr. Rice would object to the approval of any transaction and intended to file a plan of arrangement (the “**Rice Plan**”). Mr. Rice submitted an outline of the Rice Plan at the Bid Deadline. The Rice Plan provides lower recoveries for creditors than the Transactions, and has several conditions, including financing.⁶ The Monitor consulted with RBC’s advisors concerning the Rice Plan and was advised that RBC was not supportive of it.
6. To resolve Mr. Rice’s potential objection and to address BLCL’s indebtedness to RBC, the Monitor facilitated discussions to delay the listing of the BLCL Real Property to permit BLCL and Mr. Rice a period of time to pursue a sale or refinancing transaction of the BLCL Real Property to satisfy the amounts owed to RBC by BLCL.
7. The Monitor, RBC and BLCL’s counsel engaged in negotiations to settle terms of a potential resolution in a draft memorandum of understanding (the “**MOU**”), which terms the Monitor is not disclosing in this Fourth Report due to settlement privilege. Mr. Rice has not, as of the date of this Fourth Report, executed the MOU.
8. The Monitor is of the view that to maximize the value of the BLCL Real Properties and to facilitate the sale of those properties, it would be most efficient if they were vacant. In particular, the Brunswick Property is Mr. Rice’s residence; however, the Monitor is not aware of any lease between Mr. Rice and BLCL for the Brunswick Property, and Mr. Rice is not paying any rent for that property.

⁶ The Monitor has been advised by RBC’s advisors that Mr. Rice had been attempting to refinance the RBC debt for approximately a year prior to the commencement of the CCAA proceedings. The Monitor is aware that those efforts continued during the CCAA proceedings.

9. Pursuant to the SISP, the Monitor has the authority to list the BLCL Real Property for sale. The Monitor, however, seeks an order from this Court requiring BLCL to provide vacant possession of the BLCL Real Properties within 30 days of the Transactions, if approved by the Court, including requiring Mr. Rice to vacate the Brunswick Property by that date.

12. Cash Flow Forecast

1. As set out in the Third Report, the Applicants, with the assistance of the Monitor, prepared a cash flow forecast for the period February 16, 2025 to July 5, 2025 (the **"July 5 Cash Flow Forecast"**).
2. A comparison of the July 5 Cash Flow Forecast to the Applicants' actual results for the period February 16, 2025 to June 7, 2025 is provided below:

(unaudited; \$)	Forecast	Actual	Variance
Receipts			
Trade Sales	2,811,310	3,005,612	194,302
Direct Sales	812,000	902,953	90,953
Shopify	178,400	281,904	103,504
Other Sales	-	62,147	62,147
	3,801,710	4,252,616	450,906
Disbursements			
Payroll	922,040	853,150	68,890
Equitable Life Benefits	32,400	24,612	7,788
Professional Fees	545,000	598,045	(53,045)
Rent	25,427	25,749	(322)
HST	385,000	234,691	150,309
Excise Tax	167,500	116,668	50,832
Operating Costs	2,426,198	2,277,270	148,928
Contingency	80,000	-	80,000
	4,583,565	4,130,185	453,380
Net Cash Flow	(781,855)	122,431	904,286
Opening Cash Balance	91,385	86,465	(4,920)
Net Cash Flow	(781,855)	122,431	904,286
Line of credit advances	230,000	1,378,000	1,148,000
Line of credit repayments	-	(1,434,463)	(1,434,463)
Ending line of credit availability	-	286,463	286,463
DIP loan advances	300,000	-	(300,000)
Ending DIP loan availability	-	300,000	300,000
Ending Cash + LoC + DIP availability	(160,470)	738,896	899,366

3. As reflected above, the Applicants reported a positive variance of approximately \$899,000 during the forecast period. As a result, the Applicants have not drawn on the DIP Facility during these proceedings.

4. The Applicants, with the assistance of the Monitor, have prepared the Cash Flow Forecast which extends to November 1, 2025. Copies of the Cash Flow Forecast, the statutory report required to be signed by Management pursuant to Section 10(2)(b) of the CCAA and the report required to be signed by the Monitor pursuant to Section 23(1)(b) of the CCAA are included in **Appendix “F”**. As of the date of this Fourth Report, the Management had not signed the statutory report. The Monitor will provide an update to the Court on the return of this motion as to Management’s signature. The Monitor has signed its statutory report.
5. The Cash Flow Forecast reflects that the Applicants are projected to have sufficient cash flow to operate during the stay extension period.

13. Enhanced Powers of the Monitor

1. For reasons addressed earlier in this Fourth Report, the Monitor believes it is appropriate that its authority under the ARIO be enhanced to permit it to execute closing documents and take any other steps necessary to facilitate the orderly completion of the Transactions. Additionally, the Monitor is of the view that following closing, it should have additional authority to:
 - a) approve the Applicants’ receipts and disbursements;
 - b) take steps to cause the Applicants to disclaim any agreements in accordance with the CCAA; and
 - c) perform such other activities as may be required to realize on the Applicants’ remaining assets, including the BLCL Real Property, and to facilitate the orderly completion of the Transactions and these proceedings.
2. The enhancement of a Monitor’s powers in a CCAA proceeding is a common feature of CCAA proceedings after a transaction is completed and where there may not be any remaining signing officers or the signing officers may be conflicted, as is the case in this situation. In the Monitor’s view, this alternative is less costly and disruptive than terminating these proceedings and having a receiver appointed principally to close the Transactions.

14. Applicants’ Activities since the Filing Date

1. Since the Filing Date, the Applicants have, among other things:
 - a) continued to operate the Operating Businesses in the ordinary course, under the supervision of the Monitor;
 - b) communicated with employees, customers and suppliers regarding these proceedings;
 - c) prepared bi-weekly cash flow variance analyses and monthly financial reporting to the Monitor and RBC, as required pursuant to the terms of the DIP Facility;

- d) provided ongoing operational updates to the Monitor;
- e) assisted the Monitor in preparing for the SISP, including providing information to, among other things: (i) populate the VDR, (ii) prepare the Buyer's List, and (iii) prepare the Teaser;
- f) supported due diligence requests from interested parties participating in the SISP;
- g) attended tours of the Operating Businesses' facilities for interested parties during the SISP;
- h) reviewed and updated the Cash Flow Forecast, with the assistance of the Monitor;
- i) settled an insurance claim related to a fire at the production facility located at 230 Foord Street, which occurred on November 10, 2018;
- j) maintained the Operating Businesses' manufacturing and distribution licenses or permits from the Nova Scotia Liquor Corporation, as well as excise duty licenses from the Canada Revenue Agency (the "**CRA**"), in good standing; and
- k) complied with all CRA filing and payment requirements for GST/HST, payroll, and excise taxes.

15. Monitor's Activities since the Filing Date

1. Since the Filing Date, the Monitor has, among other things:
 - a) corresponded regularly with Management regarding these proceedings, the Applicants' operations and the SISP;
 - b) attended at the Operating Businesses and met with the Applicants' employees;
 - c) engaged with its counsel, Reconstruct, as well as Stewart McKelvey LLP ("**McKelvey**"), RBC's legal counsel, and Ernst & Young LLP ("**EY**"), RBC's financial advisor, regarding various matters relating to these proceedings, including operating matters, financial reporting and the SISP;
 - d) monitored the Applicants' receipts and disbursements, including reviewing and commenting on the Applicants' bi-weekly cash flow reporting required under the term of the DIP Facility;
 - e) reviewed the Applicants' monthly financial reporting required under the terms of the DIP Facility;
 - f) reviewed and commented on the Applicants' liquidity requirements based on the Applicants' cash flow forecasts;
 - g) assisted the Applicants in their dealings with key suppliers;

- h) dealt with matters related to the Retail Sales Mark-up Allocation reporting and remittance requirements of the Nova Scotia Liquor Corporation;
- i) conducted the SISP in accordance with the SISP Approval Order, as described in Section 4.1 and 4.2 above;
- j) solicited proposals from multiple real estate brokers regarding the Real Properties and discussed the proposed treatment of the properties with McKelvey and EY;
- k) met with certain of the Applicants' employees regarding the SISP and transition issues related to the Lynch Transaction and Coast Transaction;
- l) corresponded with Mr. Rice and the Applicants' counsel regarding the SISP and Mr. Rice's participation in it;
- m) corresponded with participants in the SISP, including bidders whose offers were not accepted; and
- n) prepared the Monitor's reports to Court, including this Fourth Report, and reviewed all motion materials filed in connection with this motion.

16. Stay Extension

1. The stay of proceedings currently expires on June 30, 2025. The Monitor recommends that the stay of proceedings be extended to October 31, 2025 for the following reasons:
 - a) the Applicants are acting in good faith and with due diligence;
 - b) going-forward, it is contemplated that the Monitor's power and authority will be expanded, subject to Court approval;
 - c) it will provide, subject to Court approval, an opportunity for the Monitor to close the Lynch Transaction and the Coast Transaction, and continue the SISP as it relates to the Real Properties on the basis set out in Section 11 of this Fourth Report;
 - d) the Monitor will commence the process for making distributions to the Operating Businesses' unsecured creditors, including commencing a claims process for determining same;
 - e) RBC does not oppose the stay extension;
 - f) the Monitor believes that the extension is in the best interest of the Applicants' stakeholders and that no stakeholder will be prejudiced by extending the stay of proceedings; and
 - g) as of the date of this Fourth Report, neither the Applicants nor the Monitor is aware of any party opposed to an extension of the stay of proceedings.

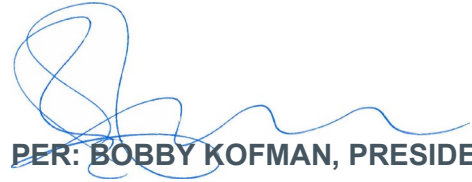
17. Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court grant the relief detailed in Section 1.1(1)(k) of this Fourth Report.

* * *

All of which is respectfully submitted,

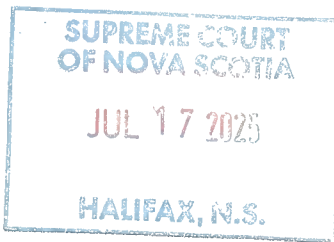
**KSV RESTRUCTURING INC., IN ITS CAPACITY AS MONITOR OF
BLUE LOBSTER CAPITAL LIMITED, 3284906 NOVA SCOTIA LIMITED, 3343533 NOVA
SCOTIA LIMITED AND 4318682 NOVA SCOTIA LIMITED
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITY**



PER: BOBBY KOFMAN, PRESIDENT

Appendix “C”

2024



Hfx No. 538745

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**")

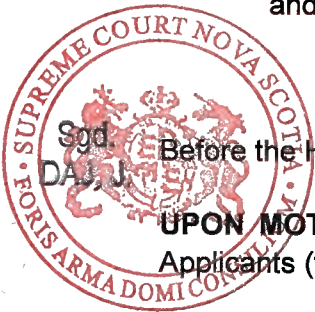
AND IN THE MATTER OF an application by Blue Lobster Capital Limited, 3284906 Nova Scotia Limited, 3343533 Nova Scotia Limited and 4318682 Nova Scotia Limited (collectively, the "**Applicants**") for relief under s. 11 of the CCAA and other relief.

ANCILLARY ORDER

Before the Honourable Justice Darlene Jamieson in chambers:

UPON MOTION of KSV Restructuring Inc. in its capacity as Court-appointed monitor of the Applicants (the "**Monitor**") for an Order:

- (i) sealing the confidential appendices to the report of the Monitor dated June 17, 2025 (the "**Fourth Report**") and the supplemental report of the Monitor dated January 23, 2025 (the "**Supplemental Report**");
- (ii) authorizing the Monitor to make distributions of proceeds of sale of the assets and property of the Applicants to the Royal Bank of Canada ("**RBC**") up to the amount of the indebtedness of the Applicants to RBC;
- (iii) directing Blue Lobster Capital Limited ("**BLCL**") to deliver vacant possession of certain real property owned by BLCL;
- (iv) ordering all persons residing at the real property located at 2138 Brunswick Street, Halifax (the "**Brunswick Property**") to vacate within 30 days of this Order to allow the Brunswick Property to be listed for sale on a vacant basis;
- (v) expanding the Monitor's powers and authorizing and directing the Monitor to, among other things, execute the sale transactions (the "**Transactions**") pursuant to:
 - a. the asset purchase agreement dated May 31, 2025 (the "**Lynch APA**") between 3284906 Nova Scotia Limited ("**Spirit Co.**") and 4318682 Nova Scotia Limited ("**Annapolis Cider**"), as represented by the Monitor as vendor, and Shannon Theresa Lynch on behalf of a nominee corporation to be incorporated as purchaser; and
 - b. the asset purchase agreement dated May 9, 2025 (the "**Coast APA**") between 3343533 Nova Scotia Limited ("**Lost Bell**"), as represented by the Monitor as vendor, and Coast to Coast Marketing Ltd. and James Roue Beverage Company



Ltd. as purchaser (together with Shannon Theresa Lynch, the “**Purchasers**”);

(vi) extending the stay of proceedings up to and including October 31, 2025; and

(vii) approving the Fourth Report and the Monitor’s activities described therein.

UPON READING the Fourth Report and other materials filed in this proceeding and on hearing the submissions of counsel for the Monitor, counsel for the Applicants, counsel for the Royal Bank of Canada, and such other counsel who were present and wished to be heard;

AND UPON READING the Affidavit of Service of Samantha Currie sworn June 23, 2025 confirming that the parties on the service list maintained in this proceeding were served with notice of this Motion;

NOW UPON MOTION:

IT IS HEREBY ORDERED THAT:

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

STAY OF PROCEEDINGS

2. The stay of proceedings granted pursuant to the Order of Justice Jamieson dated December 13, 2024 (as amended and restated, the “**Initial Order**”) is hereby extended up to and including October 31, 2025.

AUTHORITY OF THE MONITOR

3. The Monitor is authorized and directed to execute and deliver the Lynch APA and the Coast APA, and any other agreement, document, or arrangement related to the Transactions and to take all steps necessary to close the Transactions.
4. The Monitor, in addition to and without in any way limiting its powers set out in the Initial Order or any other Order of this Court in this proceeding, or under the CCAA or applicable law, is hereby authorized and empowered, but not obligated, to:
 - a. review and approve the Applicants’ receipts and disbursements;
 - b. disclaim, on behalf of the Applicants, any agreements that are not assumed by the Purchasers;
 - c. take such steps and perform such other activities as may be required to realize on the Applicants’ remaining assets, including the real property held by BLCL (the “**BLCL Real Property**”), including but not limited to the preparation of the BLCL Real Property for sale, the engagement of a listing broker, the listing of the BLCL

Real Property for sale, and negotiating, entering into, executing, and delivering any agreement, document, or arrangement for the sale of any of the BLCL Real Property, subject to Court approval;

- d. pay the Applicants' invoices received after closing of the Transactions that relate to the period after commencement of the CCAA proceeding and prior to closing of the Transactions;
- e. file tax returns for the Applicants, if necessary;
- f. terminate the employment of employees of the Applicants that are not retained by the Purchasers;
- g. transfer deposits received by the Applicants after the closing of the Transactions in accordance with the terms of the Coast APA and Lynch APA; and
- h. seek authorization and direction and any further Orders of this Court.

DISTRIBUTION

- 5. The Monitor is hereby authorized to make distributions from the net proceeds of the Transactions in payment of the secured obligations owing by the Applicants to RBC, which net proceeds and payments shall be calculated on an entity-by-entity basis according to the purchase price allocations in each Transaction.
- 6. Any distribution made to RBC pursuant to this Order shall be applied by RBC to pay down the secured obligations owed by the Applicants upon payment of such distribution.
- 7. The Monitor is hereby authorized and directed to take all necessary steps and actions to effect distributions pursuant to this Order and shall not incur any liability as a result of making the distributions.
- 8. This Court orders that, notwithstanding:
 - a. the pendency of these CCAA proceedings;
 - b. any application for a bankruptcy or receivership order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "BIA") or other applicable legislation in respect of the Applicants and any bankruptcy or receivership order issued pursuant to any such applications;
 - c. any assignment in bankruptcy made in respect of the Applicants; and
 - d. any provisions of any federal or provincial legislation.

the distributions shall be made free and clear of all security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively,

"Encumbrances") and shall be binding on any trustee in bankruptcy or receiver that may be appointed in respect of the Applicants and shall not be void or voidable nor deemed to be a preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

9. The Monitor shall withhold from the net proceeds allocated to Spirit Co. the amount of \$251,000, which the Monitor shall hold in an interest-bearing trust account until sale transactions have been approved and closed for the BLCL Real Property with sufficient net proceeds received by the Monitor to satisfy the amounts owing by BLCL to RBC, or further Order of the Court.
10. The Monitor shall hold all residual net proceeds in an interest-bearing trust account subject to further Order of the court, provided however that the Monitor shall be entitled to apply such proceeds as necessary to pay any priority payables, outstanding amounts secured by the charges granted in the Initial Order, and other post-filing amounts accrued.

SALE OF BLCL REAL PROPERTY

11. The Applicants are directed to facilitate and assist the Monitor to prepare the BLCL Real Property for listing and sale and shall within 30 days of this Order deliver to the Monitor vacant possession of the BLCL Real Property.
12. Any person residing at the BLCL Real Property shall vacate such property within 30 days of this Order.

SEALING

13. The confidential appendices to the Fourth Report and the Supplemental Report are hereby sealed, kept confidential and shall not form part of the public record until the earlier of the closing of the Transactions or further Order of this Court.

APPROVAL OF MONITOR'S ACTIVITIES

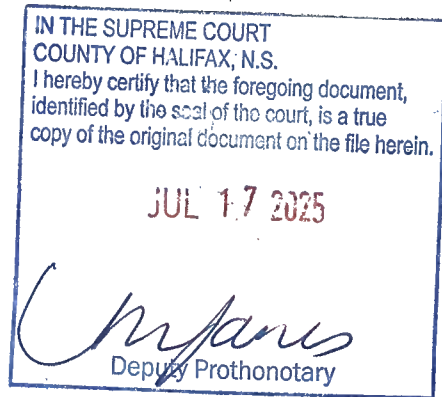
14. The Fourth Report and the activities of the Monitor referred to therein be and are hereby approved, provided, however, that only the Monitor, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.
15. This Order and all of its provisions are effective as of 12:01 a.m. local time on the date of this Order.

DATED at Halifax, Nova Scotia, this 17 day of July, 2025.



MYRA JANES

Deputy Prothonotary

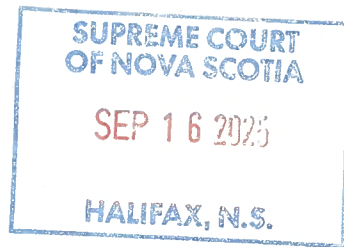


MYRA JANES

Deputy Prothonotary

Appendix “D”

2024



Hfx No. 538745

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 by Blue Lobster Capital Limited, 3284906 Nova Scotia Limited, 3343533 Nova Scotia Limited and 4318682 Nova Scotia Limited (collectively, the "**Applicants**") for relief under s. 11 of the CCAA and other relief.

ORDER

Before the Honourable Justice Darlene Jamieson in chambers:

UPON MOTION of KSV Restructuring Inc. in its capacity as Court-appointed monitor of the Applicants (the "**Monitor**") for an Order:

- (i) giving direction regarding the timing of closing of the transactions approved by the Court on July 17, 2025; and
- (ii) varying the procedures for the sale and marketing of the real property held by Blue Lobster Capital Limited ("**BLCL**").

UPON READING the report of the Monitor dated June 17, 2025 and the supplemental report of the Monitor dated June 23, 2025 and on reading the consent of counsel for the Monitor, counsel for the Applicants, and counsel for the Royal Bank of Canada;

AND UPON READING the Affidavit of Service of Alina Stoica sworn September 2, 2025 confirming that the parties on the service list maintained in this proceeding were served with notice of this Motion;

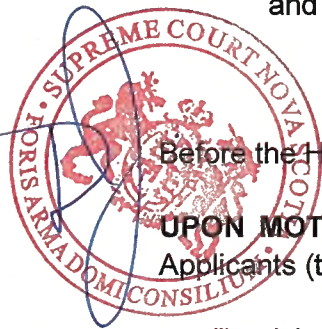
NOW UPON MOTION:

IT IS HEREBY ORDERED THAT:

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

CLOSING OF THE TRANSACTIONS

2. With the consent of the Applicants, the Monitor is directed *nunc pro tunc* to close the asset purchase agreement dated May 31, 2025 between 3284906 Nova Scotia Limited ("**Spirit Co.**") and 4318682 Nova Scotia Limited ("**Annapolis Cider**"), as represented by the



Monitor, as vendor (the “**Vendor**”), and Shannon Theresa Lynch, on behalf of a nominee corporation to be incorporated, as purchaser (the “**Purchaser**”) for the business and assets of Spirit Co. and Annapolis Cider as approved by this Court in the Sale Approval and Vesting Order dated July 17, 2025 in respect of that transaction.

3. With the consent of the Applicants, the Monitor is directed *nunc pro tunc* to close the asset purchase agreement dated May 9, 2025 (the “**Coast APA**”) between 3343433 Nova Scotia Limited (“**Lost Bell**”) and 3284906 Nova Scotia Limited (“**328NSL**” and together with Lost Bell, the “**Companies**”), as represented by the Monitor as vendor (the “**Vendor**”), and Coast to Coast Marketing Ltd. and James Roue Beverage Company Ltd. (together, the “**Purchaser**”) for the business and assets of the Companies as described in the Coast APA, as approved by this Court in the Sale Approval and Vesting Order dated July 17, 2025 in respect of that transaction.

SALE OF BLCL REAL PROPERTY

4. The Court’s Ancillary Order dated July 17, 2025 is varied by:

- i) deleting paragraph 11 and replacing it with the following:

11. The marketing and sale of the BLCL Real Property shall be subject to the following process:

- a) The marketing and sale of the BLCL Real Property by the Monitor is suspended until September 16, 2025;
 - b) BLCL may tender funds to the Monitor sufficient to repay all of its creditors on or before September 16, 2025;
 - c) BLCL may arrange for one or more unconditional agreements to sell one or more of the real properties that it owns on terms that (i) yield sufficient funds to repay all of its creditors, and (ii) are satisfactory to RBC and are approved by the Monitor, including as to closing date and deposit;
 - d) Any sale process carried out by BLCL in respect of the BLCL Real Property shall be done in consultation with and under the supervision of the Monitor;
 - e) The Monitor shall have unrestricted access to any advisors and agents engaged to sell or refinance by BLCL to sell the BLCL Real Property;
 - f) The Monitor shall be entitled to review and approve all marketing materials for the sale of the BLCL Real Property;
 - g) Any transaction by BLCL for the sale or refinancing of the BLCL Real Property is subject to the approval of the Court;

- h) If BLCL does not comply with either paragraph (b) or (c), above, the Monitor shall resume the marketing and sale of the BLCL Real Property on September 16, 2025;
 - i) The Applicants are directed to facilitate and assist the Monitor to prepare the BLCL Real Property for listing as of September 16, 2025 and shall by that date deliver to the Monitor vacant possession of the BLCL Real Property;
 - j) The Monitor in carrying out the sale process after September 16, 2025 shall be entitled but not obligated to retain any agents or advisors retained by BLCL prior to that date;
 - k) After September 16, 2025, the Monitor shall consult with BLCL and its representatives concerning the sale of the BLCL Real Property as considered appropriate and necessary by the Monitor; and
 - l) After September 16, 2025, BLCL may continue to exercise its right of redemption by tendering funds sufficient to repay all of its creditors before the date on which the Monitor accepts an offer which is unconditional offer (except for Court approval) to sell any of the BLCL Real Property (the "**Tendered Property**"), after which time the right of redemption in respect of the Tendered Property shall be extinguished.
 - m) BLCL and its representatives shall not be entitled to any information with respect to any other bids submitted in the BLCL Real Property sale process.
- ii) Deleting paragraph 12 and replacing it with the following:
12. To the extent that the Monitor shall list any of the BLCL Real Property for sale as set out in paragraph 11(i), any person residing at the BLCL Real Property to be listed for sale shall vacate such property no later than September 16, 2025.

TERMINATION OF INTERIM FINANCING FACILITY

5. The Interim Financing Facility provided to the Applicants by Royal Bank of Canada (the "Bank") pursuant to the letter agreement provided by the Bank to the Applicants and dated January 14, 2025 and approved by this Court under the Charging Order issued on January 21, 2025 is hereby terminated and the Bank shall have no further obligations to make any advances to the Applicants thereunder.

DATED at Halifax, Nova Scotia, this 16 day of September, 2025.



MYRA JANES
Deputy Prothonotary

IN THE SUPREME COURT
COUNTY OF HALIFAX, N.S.
I hereby certify that the foregoing document,
identified by the seal of the court, is a true
copy of the original document on the file herein.

SEP 16 2025


Deputy Prothonotary

MYRA JANES
Deputy Prothonotary

Appendix “E”

Forecasted Statement of Cash Flow

For the Period ending January 31, 2026

(Unaudited; \$C)

Notes	Week ending	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14	Week 15	Week 16	Week 17	Total
		2025-10-11	2025-10-18	2025-10-25	2025-11-01	2025-11-08	2025-11-15	2025-11-22	2025-11-29	2025-12-06	2025-12-13	2025-12-20	2025-12-27	2026-01-03	2026-01-10	2026-01-17	2026-01-24	2026-01-31	
Cash Inflows																			
1	Rental Income	2,760	-	-	560	2,200	-	-	-	560	2,200	-	-	560	2,200	-	-	560	11,600
2	Other	-	-	7,717	-	-	8,231	-	-	-	8,628	-	-	-	13,805	-	-	-	38,382
Total Cash Inflows		2,760	-	7,717	560	2,200	8,231	-	-	560	10,828	-	-	560	16,005	-	-	560	49,982
Cash Outflows																			
3	Payroll - CRA source remittances	-	56,707	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	56,707
	Professional Fees:																		
	Professional Fees - Legal Counsel	5,000	-	-	-	5,000	-	-	-	5,000	-	-	-	-	5,000	-	-	-	20,000
	Professional Fees - Monitor	49,195	-	-	-	50,000	-	-	-	75,000	-	-	-	-	50,000	-	-	-	224,195
	Professional Fees - Monitor Legal Counsel	17,352	-	-	-	20,000	-	-	-	40,000	-	-	-	-	30,000	-	-	-	107,352
	HST	-	114,971	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	114,971
	Excise Tax	-	66,250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	66,250
4	General Operating Expenses	4,552	89,685	400	400	550	510	400	2,880	550	510	400	400	550	510	400	400	550	103,647
Total Cash Outflows		76,099	327,613	400	400	75,550	510	400	2,880	120,550	510	400	400	550	85,510	400	400	550	693,122
Net Cash Flow		(73,339)	(327,613)	7,317	160	(73,350)	7,721	(400)	(2,880)	(119,990)	10,318	(400)	(400)	10	(69,505)	(400)	(400)	10	(643,140)
Opening Cash Balance		1,896,935	1,823,596	1,495,984	1,503,301	1,503,461	1,430,111	1,437,832	1,437,432	1,434,552	1,314,562	1,324,880	1,324,480	1,324,080	1,324,090	1,254,585	1,254,185	1,253,785	1,896,935
Increase / (decrease in cash flow)		(73,339)	(327,613)	7,317	160	(73,350)	7,721	(400)	(2,880)	(119,990)	10,318	(400)	(400)	10	(69,505)	(400)	(400)	10	(643,140)
Ending Cash Availability		1,823,596	1,495,984	1,503,301	1,503,461	1,430,111	1,437,832	1,437,432	1,434,552	1,314,562	1,324,880	1,324,480	1,324,080	1,324,090	1,254,585	1,254,185	1,253,785	1,253,795	1,253,795

Blue Lobster Capital Limited ("BLCL"), 3284906 Nova Scotia Limited, 3343533 Nova Scotia Limited, and 4318682 Nova Scotia Limited (the "Companies")
Notes to Forecasted Statement of Cash Flow
For the Period ending January 31, 2026
(Unaudited; \$C)

Purpose and General Assumptions

- 1 This purpose of the forecast is to present a cash flow forecast for the Companies on a consolidated basis in accordance with section 23(1)(b) of the Companies Creditors' Arrangement Act for the period October 5, 2025 to January 31, 2026.
- 2 The cash flow forecast has been prepared based on hypothetical and most probable assumptions.

Hypothetical Assumptions:

- 1 Reflects rent collected on the BLCL properties.
- 2 Reflects the collection of HST refunds.

Most Probable Assumptions:

- 3 Reflects source deduction remittances to the Canada Revenue Agency based on the Companies' final payroll for the period ending August 8, 2025.
- 4 Payments include CCAA filing accrued liabilities that the Companies did not pay prior to closing of the transactions, as well as projected utilities, maintenance costs, insurance premiums, and other costs related to the BLCL properties, but not property taxes, which will be paid from the sale proceeds for each property.

**SUPREME COURT OF NOVA SCOTIA
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF BLUE LOBSTER CAPITAL LIMITED,
3284906 NOVA SCOTIA LIMITED, 3343533 NOVA SCOTIA
LIMITED AND 4318682 NOVA SCOTIA LIMITED**

MANAGEMENT'S REPORT ON CASH FLOW STATEMENT
(paragraph 10(2)(b) of the CCAA)

The management of Blue Lobster Capital Limited, 3284906 Nova Scotia Limited, 3343533 Nova Scotia Limited and 4318682 Nova Scotia Limited (collectively, the "**Companies**") has developed the assumptions and prepared the attached consolidated statement of projected cash flow as of the 14th day of October, 2025, for the period October 5, 2025 to January 31, 2026 (the "**Cash Flow Forecast**"). All such assumptions are disclosed in the notes to the Cash Flow Forecast.

The hypothetical assumptions are suitably supported and consistent with the purpose of the Cash Flow Forecast as described in the Cash Flow Forecast, and the probable assumptions are suitably supported and consistent with the plans of the Companies and provide a reasonable basis for the Cash Flow Forecast.

Since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material.

The Cash Flow Forecast has been prepared solely for the purpose outlined in the Cash Flow Forecast using a set of probable assumptions set out therein. Consequently, readers are cautioned that the Cash Flow Forecast may not be appropriate for other purposes.

Dated at Halifax, NS this 15th day of October, 2025.

**BLUE LOBSTER CAPITAL LIMITED, 3284906 NOVA SCOTIA LIMITED, 3343533 NOVA
SCOTIA LIMITED AND 4318682 NOVA SCOTIA LIMITED**

KSV Restructuring Inc.

Per: KSV Restructuring Inc.

**SUPREME COURT OF NOVA SCOTIA
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF BLUE LOBSTER CAPITAL LIMITED,
3284906 NOVA SCOTIA LIMITED, 3343533 NOVA SCOTIA
LIMITED AND 4318682 NOVA SCOTIA LIMITED**

MONITOR'S REPORT ON CASH FLOW STATEMENT
(paragraph 23(1)(b) of the CCAA)

The attached consolidated statement of projected cash-flow of Blue Lobster Capital Limited, 3284906 Nova Scotia Limited, 3343533 Nova Scotia Limited and 4318682 Nova Scotia Limited (collectively, the "**Companies**") as of the 14th day of October, 2025, consisting of a weekly projected cash flow statement for the period October 5, 2025 to January 31, 2026 (the "**Cash Flow Forecast**") has been prepared by the management of the Companies for the purpose described in the Cash Flow Forecast, using probable and hypothetical assumptions set out in the notes to the Cash Flow.

Our review consisted of inquiries, analytical procedures and discussions related to information supplied by the management of the Companies. We have reviewed the support provided by management for the probable and hypothetical assumptions and the preparation and presentation of the Cash Flow Forecast.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow Forecast;
- b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Companies or do not provide a reasonable basis for the Cash Flow Forecast, given the hypothetical assumptions; or
- c) the Cash Flow Forecast does not reflect the probable and hypothetical assumptions.

Since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow Forecast will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report.

The Cash Flow Forecast has been prepared solely for the purpose described in the Cash Flow Forecast and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, ON this 15th day of October, 2025.

KSV Restructuring Inc.

KSV RESTRUCTURING INC.,

solely in its capacity as monitor of

Blue Lobster Capital Limited, 3284906 Nova Scotia Limited, 3343533 Nova Scotia Limited and
4318682 Nova Scotia Limited