



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

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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.

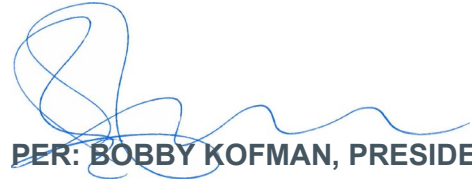
17. Conclusion and Recommendation

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.

* * *

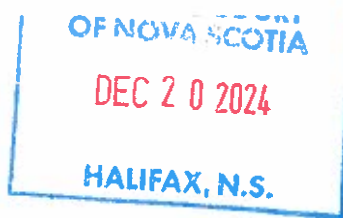
All of which is respectfully submitted,

**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 “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.

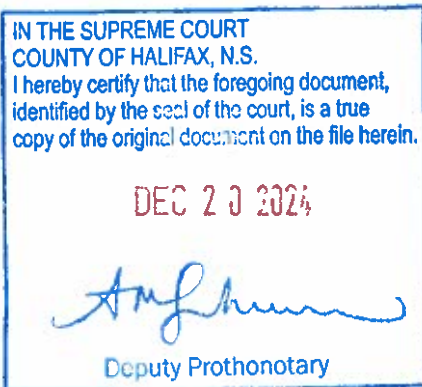
38. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Atlantic Standard Time on the date of this Order.

Issued December 20 2024.



Prothonotary

ALEXIS SCHURMAN
Deputy Prothonotary



Schedule "A"

Service List

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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**

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

February 28, 2025

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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 (“**Blue Lobster**”), 3284906 Nova Scotia Limited (“**3284**”), 3343533 Nova Scotia Limited (“**3343**”) and 4318682 Nova Scotia Limited (“**4318**”) (collectively, the “**Companies**”) 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 these proceedings (the “**Monitor**”).
2. The comeback motion (the “**Comeback Motion**”) in these 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 required by the Companies 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 Companies’ senior lender (the “**DIP Lender’s Charge**”).
4. The Affidavit of Kevin Alexander Rice (the “**Rice Affidavit**”), the President of the Companies, 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 Companies and their businesses, as well as the reasons that the Companies commenced these proceedings.

1.1 Purposes of this Report

1. The purposes of this report (the “**Third Report**”) are to:
 - a) provide background information about the Companies;
 - b) summarize a proposed Sale and Investment Solicitation Process (the “**SISP**”) to be carried out by the Monitor;
 - c) discuss the need for an extension of the stay of proceedings from March 8, 2025, the date the stay presently expires, to June 30, 2025;
 - d) discuss an issue that has arisen with the Nova Scotia Liquor Corporate (“**NSLC**”) regarding the renewal by NSLC of the Companies’ manufacturing permit;

- e) report on the Companies' weekly cash flow projections for the period February 16, 2025 to July 5, 2025 (the "**July 5 Cash Flow Forecast**"); and
- f) provide the Monitor's recommendations that the Court issue an Order:
 - i. approving the SISP; and
 - ii. extending the stay of proceedings under the ARIO from March 8, 2025 to June 30, 2025.

1.2 Restrictions

1. In preparing this Third Report, the Monitor has relied upon the Companies' unaudited financial information, financial forecasts, books and records, information available in the public domain and discussions with the Companies' 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 Third 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 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 Third 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 on whether the Cash Flow Forecast will be achieved.

1.3 Currency

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

2. Background

1. The Companies are private companies incorporated under the laws of Nova Scotia.
2. The primary business of 3284 (known as Nova Scotia Spirit Co.), 3343 (known as Lost Bell Winery) and 4318 (known as Annapolis Cider Company) (collectively, the "**Operating Businesses**") is the manufacturing and sale of alcoholic beverages (including Ready-To-Drink beverages), including spirits, wine and cider. The Companies sell their beverages to liquor boards in Ontario, Nova Scotia and Prince Edward Island, as well as to restaurants and directly to consumers.

3. Blue Lobster is primarily a real estate investment company which owns the following properties (the “**Real Properties**”):

Address	Property Type
14 Allen Ave., Stellarton, Nova Scotia	Residential – Duplex
140 George St., Stellarton, Nova Scotia	Heritage Commercial Property
18 Claremont St., Stellarton, Nova Scotia	Residential – Single Family
2138 Brunswick St., Halifax, Nova Scotia	Residential – Single Family
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 Companies’ head office

4. The Companies were indebted to RBC as of November 23, 2024 in the amount of approximately \$6.1 million, including approximately \$900,000 under an operating line of credit and \$5.2 million under a term loan facility. Interest and costs continue to accrue on these facilities.
5. The Companies’ head office is located at 61 Provost Street, New Glasgow, Nova Scotia. The Companies have 84 employees, including 46 who are employees of an affiliate of the Companies.
6. As of the date of this Third Report, the Companies had not drawn on the DIP Facility. As production increases for the spring and summer months, the Companies project that they will be required to draw on the DIP Facility by the week ending March 15, 2025 and that an increase in the DIP Facility may be required to provide liquidity to the Companies to June 30, 2025. If necessary, depending on the Companies’ actual cash flow results, the Companies will discuss with RBC any increase in the DIP Facility, and the Companies may seek an order of the Court in this regard in due course.
7. Additional background information about the Companies is provided in the Rice Affidavit.

3. **SISP**¹

1. On January 21, 2025, the Court approved a \$300,000 DIP Facility between the Companies and RBC pursuant to a DIP term sheet (the “**DIP Term Sheet**”). The DIP Term Sheet requires the Companies to conduct a SISP pursuant to the following provisions:

The Bank expects that the Borrowers will immediately begin preparation for a sale and investment solicitation process (the “SISP”) aimed at seeking offers for

¹ For the purpose of this section of the Report, the terms “Companies” and “Borrowers” are used interchangeably.

the sale of all or substantially all the business and assets of the Borrowers or significant investments in the businesses carried on by the Borrowers. Preparation for the SISP will run concurrent with the refinancing efforts of the Borrowers.

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.

As part of the preparations for the SISP, the Borrowers shall arrange to prepare, with the assistance of their advisors, among others, a teaser document outlining the opportunities available under the SISP, a preliminary list of parties to be solicited and a document outlining the terms and conditions of the SISP (the "SISP Materials"). The SISP Materials shall be provided to the Bank for review and approval no later than seven days prior to the date materials are filed by the Borrowers with the Court for approval of the SISP.

2. As of the date of this Third Report, the Companies have not executed an agreement that provides for the repayment in full of RBC loans to the Companies. Accordingly, the Companies, with the assistance of the Monitor, developed the SISP, which includes the Operating Businesses and the Real Properties.

3.1 Operating Businesses SISP

1. The following table sets out the key milestones and deadlines under the SISP for the Operating Businesses. The milestones and deadlines may be extended by the Monitor by up to two weeks without Court approval, or may be otherwise amended by the Monitor, with the consent of RBC:

Milestone	Key Dates
Court approval of SISP	No later than March 7, 2025
Distribute teaser and confidentiality agreement	March 14, 2025, assuming the Court approves the SISP on March 7, 2025
Distribute Confidential Information Memorandum (the " CIM ") and provide access to Virtual Data Room (the " VDR ") to interested parties	Upon signing a confidentiality agreement (the " CA ")
Bid Deadline	May 9, 2025 (the " Bid Deadline ")
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

Any extensions to the timelines or amendments to the SISP shall be communicated to all bidders and RBC in writing and posted on the Monitor's Website at <https://www.ksvadvisory.com/experience/case/blue>.

2. In order to launch the SISP immediately following Court approval, the Monitor, in consultation with the Companies, has prepared:
 - a) a buyer's list, including parties identified by the Companies, parties who have contacted the Monitor or the Companies since the Filing Date, local and national beverage companies and other strategic and financial parties;
 - b) a notice (the "**Notice**") of the SISP (and such other relevant information that the Monitor, considers appropriate) to be published in any industry journal, and, in the discretion of the Monitor, other news publications that the Monitor considers appropriate;
 - c) a teaser letter (the "**Teaser**"), which will be distributed to potential bidders ("**Potential Bidders**") together with the CA, and which provides an overview of the Operating Businesses, the opportunity and inviting recipients to participate in the SISP; and
 - d) a VDR (which will be updated from time-to-time to address due diligence questions), which will include information regarding the Operating Businesses, including, but not limited to, historical financial information, key contracts, equipment summaries and information regarding the Companies' product lines.
3. The Monitor will have responsibility for managing communication with Potential Bidders and shall facilitate the delivery of all communications, providing the Teaser, coordinating the execution of CAs and answering enquiries.
4. The Monitor will solicit bids to acquire all or part of the business and assets of the Operating Businesses and/or the Companies, or to invest or refinance the Operating Businesses and/or the Companies, pursuant to the SISP.
5. Access to the VDR and the opportunity to perform due diligence will only be provided to Potential Bidders that sign a CA.
6. The Monitor will also:
 - a) make the necessary inquiries to allow the Monitor to make a reasonable determination as to each Potential Bidder's financial and other capabilities to complete a transaction; and
 - b) facilitate due diligence by, among other things, arranging meetings with the Companies' key employees and management ("**Management**").
7. A template asset purchase agreement (the "**Template Purchase Agreement**") will be made available in the data room.

8. A Potential Bidder that wishes to submit a bid will be strongly encouraged to deliver to the Monitor a written copy of its bid and other materials using the Template Purchase Agreement, with a blackline to the Template Purchase Agreement. Any bid shall be delivered to the Monitor by no later than 5:00 pm (AST) on the Bid Deadline.
9. 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.
10. It is acknowledged that the Companies and/or Management may become aware of the identities of the Potential Bidders given their involvement in the day-to-day operations of the business and participation in Management presentations pursuant to the SISP.
11. Any transaction executed pursuant to the SISP will be completed on an “as is, where is” basis and without surviving material representations or warranties, nature or description by the Monitor, the Companies, or any of their respective directors, officers, agents, advisors, or other representatives unless otherwise agreed in a definitive agreement.
12. All of the Companies’ rights, title, and interest in and to any of the purchased assets (as set out in a definitive agreement of purchase and sale) will be sold free and clear of all liens, security interests, mortgages, charges, and other encumbrances, except those expressly assumed by a purchaser or investor as the case may be, pursuant to a Court order approving such transaction.
13. The Monitor will have the discretion to make non-material amendments to the SISP that it believes will facilitate the best possible outcome in the SISP.

3.2 Qualified Bids

1. To be a “Qualified Bid” for the Operating Businesses, a bid must, among other things, meet the following requirements:
 - a) an offer may be for all or part of the assets of the business, assets or shares of the Operating Businesses;
 - b) bidders will be strongly encouraged to submit offers substantially in the form of the Template Purchase Agreement, with any changes to the offer blacklined against the Template Purchase Agreement, 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 15% 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) it must 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) it must 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.

3.3 Qualified Bidders

1. If the Monitor determines that more than one Qualified Bid for the Operating Businesses has been received by the Bid Deadline, the Monitor will request that such bidders (each a "**Qualified Bidder**") submit additional offers until the Monitor, in consultation with RBC, selects the best offer, which may not necessarily be the highest offer, based on the reasonable business judgement of the Monitor.
2. Any transaction or transactions accepted by the Monitor, in consultation with RBC, is/are subject to Court approval.
3. The Monitor shall afford each Potential Bidder access to applicable due diligence materials and information pertaining to the business and assets of the Operating Businesses as the Monitor deems appropriate. Due diligence access may include Management presentations, access to a data room, on-site inspections, and to other matters which a Potential Bidder may reasonably request. The Monitor shall not be obligated to provide any information relating to the Operating Businesses to any person other than to Potential Bidders. The Monitor will designate one or more representatives to coordinate all reasonable requests for additional information and due diligence access from each Potential Bidder.
4. Neither the Monitor nor the Companies shall be obliged to provide any information relating to the Operating Businesses to any person other than to Potential Bidders. For greater certainty, selected materials may be withheld from certain Potential Bidders if the Monitor determines such information to represent proprietary or sensitive competitive information related to the Operating Businesses that should not be provided to a specific Potential Bidder.

5. Potential Bidders must rely solely on their own independent review, investigation, and/or inspection of all information and of the Operating Businesses in connection with their participation in the SISP, and any transaction they enter into with the Companies. The Companies, the Monitor and their respective directors, officers, agents and advisors make no representation or warranty whatsoever as to the information (including, without limitation, with respect to its accuracy or completeness): (i) contained in the CIM; (ii) provided through the due diligence process or otherwise made available pursuant to the SISP; or (iii) otherwise made available to a Potential Bidder except to the extent provided in any definitive documentation duly executed and delivered by the Successful Bidder (as defined below) and the Companies (or any of them), and approved by the Court.
6. At any time during the SISP, the Monitor may, in its reasonable business judgment, eliminate a Potential Bidder from the SISP, in which case such party will no longer be a Potential Bidder for the purposes of the SISP.

3.4 Credit Bids

1. Any party or parties holding a valid, enforceable, and properly perfected security interest in the Companies (or any of them) may, subject in all respects to such party's compliance with the SISP, credit bid the amount of debt secured by such lien as part of any transaction contemplated by the SISP, provided however that:
 - a) any such credit bid must be communicated to the Monitor in writing no later than the Bid Deadline; and
 - b) such transaction shall also provide for the indefeasible and irrevocable repayment in full in cash on the date of closing of any such transaction of any and all obligations: (i) owing to RBC (if any), (ii) owing pursuant to any charges granted by the Court in the CCAA Proceedings; and (iii) secured by a security interest in the asset(s) to be acquired under such transaction that is senior to the security interest held in such asset(s) by the party submitting such credit bid unless the holder or indenture trustee or agent of any such senior security interest otherwise agrees.

3.5 Real Properties

1. The Real Properties include three residential properties, two commercial properties and one warehouse. These properties are primarily located in Nova Scotia, with one in Prince Edward Island.
2. The Monitor will solicit listing proposals from two local realtors in each relevant market. The Monitor shall select, in consultation with the Companies (if they are not a bidder in the Real Properties sale process) and RBC, one or more realtors to list the Real Properties for sale based on guidance from the selected realtor, including whether: a) to list each property with an asking price or on an unpriced basis; and b) to set a bid date for offers or to consider offers as they are submitted.
3. The Real Properties will be marketed for sale by the listing agents using conventional methods to sell real property, including by listing them on the multiple listing service, placing signage on each of the Real Properties and using social media, mass mailings and direct solicitation of likely buyers, as well as such other methods as the Monitor and the listing agents agree.

4. Paragraphs 3.1.9 to 3.1.13 shall apply to the Real Properties SISP.
5. All offers for the Real Properties exceeding \$200,000 that are accepted by the Monitor, in consultation with RBC, are subject to Court approval. Any offers less than \$200,000 shall not require Court approval but shall be subject to RBC's consent.
6. A bidder may submit offers for the Operating Businesses and the Real Properties.

3.6 SISP Recommendation

1. The Monitor recommends that the Court issue an order approving the SISP for the following reasons:
 - a) The SISP is a fair, open and transparent process and is intended to canvass the market broadly to obtain the highest and best price for the Operating Businesses and the Real Properties, and therefore maximize value for the Companies' creditors;
 - b) the duration of the Operating Business SISP is sufficient to allow interested parties to perform diligence and submit offers;
 - c) the Real Properties SISP will use traditional methods for marketing real property for sale;
 - d) the Companies have not, as of the date of this Third Report, executed an agreement that provides for the repayment in full of RBC loans, and as such, the SISP provision in the DIP Term Sheet requires that the Companies conduct a SISP;
 - e) the Companies, with the assistance of the Monitor, prepared the SISP Materials, which were provided to RBC on February 21, 2025;
 - f) the SISP will be carried out by the Monitor, with the assistance of the Companies, subject to Management confirming in advance of the SISP whether they intend to participate in the SISP. If they decide to participate, they are not entitled to any confidential information concerning any other bidder or offer;
 - g) the Monitor is entitled to exercise its judgement to make immaterial amendments to the SISP if it believes it will benefit the process, and it can extend any timeline in the Operating Business SISP by up to two weeks without Court approval if RBC consents; and
 - h) RBC consents to the terms of the SISP.

4. Cash Flow Forecast

1. As set out in the Pre-filing Report, the Companies, with the assistance of the Monitor, prepared an initial cash flow forecast (the "**Initial Cash Flow Forecast**") for the period December 15, 2024 to March 15, 2025.

2. Just prior to the Comeback Motion, the Companies filed a revised cash flow forecast (the “**Revised Cash Flow Forecast**”) because it was discovered that the manner in which cash in the Companies’ accounts had been applied by RBC to the operating line differed from the Companies’ assumptions and presentation in the Initial Cash Flow Forecast. This change resulted in a material variance that necessitated that the Initial Cash Flow Forecast be updated.
3. A comparison of the Revised Cash Flow Forecast to the Companies’ actual results for the period December 15, 2024 to February 15, 2025 is provided below:

(unaudited; \$)	Forecast	Actual	Variance
Receipts			
Trade Sales	1,093,288	1,101,022	7,734
Direct Sales	233,182	435,464	202,282
Shopify	54,974	62,984	8,010
Other Sales	98,746	19,770	(78,976)
	1,480,190	1,619,240	139,050
Disbursements			
Payroll	478,133	469,278	8,855
Equitable Life Benefits	-	8,000	(8,000)
Professional Fees	337,297	188,622	148,675
Rent	7,794	7,795	(1)
HST	75,000	-	75,000
Excise Tax	30,000	15,479	14,521
Operating Costs	749,556	900,294	(150,738)
Contingency	262,000	-	262,000
	1,939,780	1,589,468	350,312
Net Cash Flow	(459,590)	29,772	489,362
Opening Cash Balance	206,890	291,614	84,724
Net Cash Flow	(459,590)	29,772	489,362
Line of credit advances	120,000	670,000	550,000
Line of credit repayments	-	(900,000)	(900,000)
Ending line of credit availability	-	230,000	230,000
Ending Cash Balance	(132,700)	321,386	454,086

4. As of the date of this Third Report, the Companies have not drawn on the DIP Facility. The Companies project that they will be required to draw on the DIP Facility by the week ending March 15, 2025.

4.1 Updated Cash Flow Forecast

1. The Companies, with the assistance of the Monitor, have prepared the Cash Flow Forecast which extends to July 5, 2025. Copies of the July 5 Cash Flow Forecast, the statutory report required by management pursuant to Section 10(2)(b) of the CCAA and the report required by the Monitor pursuant to Section 23(1)(b) of the CCAA are included in Appendix “B”.
2. The July 5 Cash Flow Forecast projects that the DIP Facility will be fully drawn by the week ending April 19, 2025, and that the Companies may require an additional approximately \$220,000 to July 5, 2025. Depending on the Companies’ actual cash flow results, the Companies will discuss an increase in the DIP Facility with RBC, if required, and may seek an order from the Court in this regard at a future motion.

5. Stay Extension

1. The stay of proceedings currently expires on March 8, 2025. The Companies are requesting an extension of the stay of proceedings to June 30, 2025. The Monitor supports the request for an extension of the stay of proceedings for the following reasons:
 - a. the Companies are acting in good faith and with due diligence;
 - b. it will allow the Monitor to carry out the SISP, which is a primary purpose of these proceedings;
 - c. RBC does not oppose the stay extension;
 - d. the Monitor believes that the extension is in the best interest of the Companies' stakeholders and that no stakeholder will be prejudiced by extending the stay of proceedings;
 - e. if an increase in the DIP Facility is required, the Companies will engage in discussions with RBC in this regard with the view to seeking an order increasing the maximum amount they can borrow under the DIP Facility; and
 - f. as of the date of this Third Report, neither the Companies nor the Monitor is aware of any party opposed to an extension of the stay of proceedings.

6. Renewal of Permits

1. The Monitor was advised by the Companies that NSLC has refused to issue certain permits that the Companies require for the manufacturing and sale of alcoholic beverages. The NSLC permits expired on December 31, 2024. The Monitor understands that NSLC's position is that the permits will not be issued due to the Companies' non-payment of approximately \$45,000 in retail sales markup allocation ("**RSMA**") that accrued and was payable prior to the commencement of the CCAA proceeding (the "**Pre-Filing RSMA Amounts**").
2. Neither the Initial Cash Flow Forecast nor the July 5 Cash Flow Forecast provide for the payment of the Pre-Filing RSMA Amounts.
3. The Monitor has reviewed the Amended and Restated Initial Order, which prohibits the Companies from paying any pre-filing amounts without the prior approval of the Monitor. The Amended and Restated Initial Order also prohibits any person from failing to renew a license or permit in favour of or held by an Applicant, during the pendency of the stay of proceedings, except with the written consent of the Companies and Monitor, or by order of the Court.
4. The Companies have advised the Monitor that NSLC's refusal to issue the renewed manufacturing licenses and permits could jeopardize the Companies' operations, contrary to the purpose of the restructuring proceeding and could negatively impact all of the Companies' creditors and stakeholders.

5. The Monitor has been advised by the Companies that the Companies' filings with NSLC are up to date and that the Companies have filed all prescribed materials necessary to obtain the permit.
6. The Monitor's counsel and the Companies' counsel have communicated with NSLC concerning this issue; however, NSLC continues to require payment of the pre-filing amounts. The Monitor further understands that the Companies may seek relief in respect of NSLC if this issue remains unresolved.

7. 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)(f) of this Third 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”

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
(SISP AND STAY EXTENSION)

Before the Honourable Justice Darlene Jamieson in chambers:

The Applicants applied for relief under the CCAA and were granted protection pursuant to an initial order dated 13 December 2024, and an amended and restated initial order (the “**ARIO**”) on 20 December 2024, with KSV Restructuring Inc. being appointed as monitor of the Applicants (the “**Monitor**”);

The Applicants now bring a motion for an order:

- a) abridging the time for service of the motion;
- b) approving a sales and investment solicitation process in respect of the business and assets of the Applicants (the “**SISP**”) substantially in the form and substance described in the Third Report of the Monitor dated 28 February 2025 (the “**Third Report**”);
- c) authorizing and directing the Monitor to conduct the SISP in accordance with its terms; and
- d) extending the stay of proceedings under the ARIO until 30 June 2025.

The following parties received notice of this motion: See attached Service List.

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

Party	Counsel
Applicants	Darren O'Keefe, O'Keefe & Sullivan Marc Dunning, Burchell Wickwire Bryson LLP
Royal Bank of Canada (" RBC ")	Maurice Chiasson, K.C.
KSV Restructuring Inc.	Sharon Kour, Reconstruct LLP
Canada Revenue Agency	David Lasaga

UPON motion of the Applicants, IT IS HEREBY ORDERED that:

Interpretation

1. All capitalized words used in this Order that are not otherwise defined in this Order have the meanings ascribed to them in the Third Report.

Service

2. The service of the Notice of Motion and supporting documents is hereby deemed adequate service so that this motion is properly returnable today and further service thereof is hereby dispensed with.

Sale and Investment Solicitation Process

3. The SISP is hereby approved in substantially the same form and substance as described in the Third Report.
4. The Applicants and the Monitor are hereby authorized and empowered to take such steps as are necessary or desirable to carry out and perform their obligations under the SISP, provided that any definitive agreement to be executed by the Applicants in respect of the sale of all or part of the assets, rights, undertakings and properties of the Applicants, of every nature and kind whatsoever, and wherever situated, including all proceeds thereof, shall require further approval of the Court, with the exception of any transaction up to \$200,000 that exceeds the assessed value of the property as set out in paragraph 28 of the affidavit of Kevin Alexander Rice filed on November 27, 2024, which shall not require Court approval but shall require consent of Royal Bank of Canada.

5. The Monitor shall incur no liability or obligation in carrying out the SISP or the provisions of this Order, save and except for gross negligence or willful misconduct on its part.

Extension of Stay Period

6. Until and including 30 June 2025, or such later date as this Court may order (the "**Stay Period**") no proceeding or enforcement process in any court or tribunal (each a "**Proceeding**") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property except with the written consent of the Monitor and the Applicants, 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.

Issued at Halifax, Nova Scotia, this 7th day of March, 2025.

Gael O'Keefe

Prothonotary
GAEL O'KEEFE
Deputy Prothonotary

Certified to be a true and correct copy
of original document herein

Date

March 7, 2025

Gael O'Keefe

GAEL O'KEEFE
Deputy Prothonotary

Schedule "A"

Service List

Name	Contact
Blue Lobster Capital Limited 3284906 Nova Scotia Limited 3343533 Nova Scotia Limited 4318682 Nova Scotia Limited Applicants	Darren O'Keefe, Lawyer for the Applicants O'Keefe Sullivan 80 Elizabeth Avenue, Suite 202 St, John's, NL A1A 1W7 Email: dokeefe@okeefesullivan.com Marc Dunning, Lawyer for the Applicants (Local Counsel) Burchell Wickwire Bryson LLP 1900-1801 Hollis Street Halifax, NS B3J 3N4 Email: mdunning@bwblp.ca
KSV Restructuring Inc. 220 Bay Street, Suite 1300 Toronto, ON M5J 2W3 Monitor	Bobby Kofman Email: bkofman@ksvadvisory.com Mitch Vininsky Email: mvininsky@ksvadvisory.com Sharon Kour, Lawyer for the Monitor Reconstruct LLP 120 Adelaide Street West, Suite 2500 Toronto, ON M5H 1T1 Email: skour@reconllp.com
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Penske Truck Leasing Canada Inc. / Locations de Camions Penske Canada Inc. 7405 East Danbro Crescent Mississauga, ON L5N 6P8	Robert Eiding Eiding & Associates 1350 rue Sherbrooke ouest, suite 320 Montreal, PQ H3G 1J1 Email: robert.eiding@eiding.ca
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Shell Canada Products Limited 2000 Barrington Street, Suite 1101-C Halifax, NS B3J 3K1	Barry Horne Miller Thompson, LLP 40 King Street West, Suite 5800 Toronto, ON M5H 3C2 Email: bhorne@millerthomson.com
Crews Automotive Incorporated 1917 Drummond Road Westville, NS B0K 2A0	Kenneth Crews, Recognized Agent Email: kennycrews@yahoo.ca

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Kevin Alexander Rice Daniel Ronald Allen Tracey Lynn Allen	Paul Radford, KC Patterson Law 2100-1801 Hollis Street Halifax, NS B3J 3N4 Email: pradford@pattersonlaw.ca
Canada Revenue Agency Insolvency Intake Centre Shawinigan – Sud National Verification and Collections Centre 4695 Shawinigan-Sud Boulevard Shawinigan, QC G9P 5H9	Deanna Frappier, KC Email: deanna.frappier@justice.gc.ca Caitlin Ward Email: caitlin.ward@justice.gc.ca
Office of the Superintendent of Bankruptcy Maritime Centre 1505 Barrington Street, 16 th Floor Halifax, NS	Email: ic.osbccaa-laccbsf.ic@canada.ca

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 laccbsf.ic@canada.ca;

Appendix “D”

ASSET PURCHASE AGREEMENT

This Agreement dated May 31, 2025 is made,

B E T W E E N:

KSV RESTRUCTURING INC., in its capacity as monitor of Blue Lobster Capital Limited, 3284906 Nova Scotia Limited (“3284906”), 3343533 Nova Scotia Limited and 4318682 Nova Scotia Limited (“4318682”) (collectively, the “Companies”) and not in its personal capacity or in any other capacity

(the “Vendor”)

and

SHANNON THERESA LYNCH, on behalf of a nominee corporation to be incorporated;

(the “Purchaser” and together with the Companies, the “Parties”)

RECITALS

WHEREAS the Companies are subject to an Amended & Restated Initial Order dated December 20, 2024, issued by the Supreme Court of Nova Scotia which, among other things, granted protection to the Companies under the *Companies’ Creditors Arrangement Act*, as amended (the “**CCAA Proceeding**”);

AND WHEREAS the Purchaser wishes to purchase the assets and property of 4318682 and 3284906 in accordance with the terms of this Agreement (as defined in section 1.1);

NOW THEREFORE, in consideration of the promises and mutual covenants and agreements contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties hereto agree as follows:

ARTICLE 1 **INTERPRETATION**

1.1 **Definitions.**

In this Agreement, the following terms shall have the meanings set out below unless the context requires otherwise:

- (1) **“3284906 Business”** means production and sale of beers, spirits, ciders and RTDs;
- (2) **“4318682 Business”** means production and sale of alcoholic ciders;
- (3) **“Acquired Contracts”** means the Contracts listed in Schedule 1.1.
- (4) **“Acquired Personal Property Leases”** means the Personal Property Leases listed in Schedule 1.2 as each is amended, restated, supplemented or otherwise modified from time to time.

- (5) “**Acquired Real Property**” means the real properties listed in the parcel registers listed in Schedule 1.3 together with the lands, buildings and improvements situated thereon.
- (6) “**Acquired Real Property Leases**” means the lease agreements listed in Schedule 1.5 relating to the Leased Real Properties, as each is amended, restated, supplemented or otherwise modified from time to time.
- (7) “**Adjustment Date**” has the meaning given in Section 2.6.
- (8) “**Agreement**” means this Agreement, including the Schedules to this Agreement, as it or they may be amended or supplemented from time to time, and the expressions “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions refer to this Agreement and not to any particular Section or other portion of this Agreement.
- (9) “**Applicable Law**” means, with respect to any Person, property, transaction, event or other matter, any Law relating or applicable to such Person, property, transaction, event or other matter. Applicable Law also includes, where appropriate, any interpretation of the Law (or any part) by any Person having jurisdiction over it, or charged with its administration or interpretation.
- (10) “**Assignment Order**” means an order of the Court (as defined below), in form and substance satisfactory to the Purchaser, acting reasonably, assigning to the Purchaser the rights and obligations of 4318682 and 3284906 under the Acquired Contracts and/or Acquired Personal Property Leases for which a consent, approval or waiver necessary for the assignment of such Acquired Contracts and Acquired Personal Property Leases has not been obtained, and which will include, if necessary, a mechanism for the resolution of any disputed Cure Costs (as defined below).
- (11) “**Assumed Liabilities**” means only the Liabilities incurred under or in respect of:
- (i) the Acquired Contracts listed in Schedule 1.1, including, without limitation, any and all Cure Costs;
 - (ii) the Acquired Personal Property Leases listed in Schedule 1.2, including, without limitation, any and all Cure Costs; and
 - (iii) the Acquired Real Property Leases listed in Schedule 1.5, including, without limitation, any and all Cure Costs; and
 - (iv) the Transferred Employees in respect of the period commencing at the Closing Time.
- (12) “**Book Value**” means the value assigned to a particular category of goods or Inventory in the financial Books and Records of 4318682 and 3284906 at any given time, recorded in accordance with past practices of 4318682 and 3284906 and applied consistently.
- (13) “**Books and Records**” means all books, records, files and papers, including computer programs (including source and object code), software programs, manuals and data, sales and advertising materials, lists of present and former customers and suppliers, personnel, employment and other records related to Transferred Employees, and all copies and recordings of the foregoing, but only to the extent that any of the above are essential for the acquisition of the Purchased Assets, and if so, only if copies thereof are not sufficient for the Purchaser’s purposes.

- (14) **“Business Day”** or **“Business Days”** means any day except Saturday, Sunday or any day on which banks are generally not open for business in the City of Halifax.
- (15) **“Calculation Date”** means 11:59 pm (Halifax time) on the day that is seven (7) days prior to the Closing Date.
- (16) **“Canadian Dollars”** means the lawful currency of Canada.
- (17) **“Closing”** means the completion of the purchase and sale of the Purchased Assets in accordance with the provisions of this Agreement.
- (18) **“Closing Date”** has the meaning given in Section 3.2.
- (19) **“Closing Inventory Report”** has the meaning given in Section 2.4(1).
- (20) **“Closing Receivables Listing”** has the meaning given in Section 2.5(1).
- (21) **“Closing Time”** has the meaning given in Section 3.1.
- (22) **“Companies”** has the meaning ascribed thereto in the preamble above.
- (23) **“Contracts”** means all rights and interests of 4318682 and 3284906 to and in all executory contracts, agreements and arrangements whether or not signed to which any of them is a party and/or by which any of the Purchased Assets is bound.
- (24) **“Court”** means the Supreme Court of Nova Scotia.
- (25) **“Cure Costs”** means the amount of all monetary defaults, if any, existing in respect of any Acquired Contracts, Acquired Personal Property Leases and/or Acquired Real Property Leases that are required to be paid in order to obtain the consent necessary to permit the assignment of such Acquired Contracts, Acquired Personal Property Leases and/or Acquired Real Property Leases.
- (26) **“Deposit”** has the meaning given in Section 2.3.
- (27) **“Employee”** means any individual who is employed in 4318682 and 3284906’s business on the date immediately prior to the Closing; **“Employees”** means more than one Employee.
- (28) **“Excluded Assets”** means only the following assets, property, or undertaking of 4318682 and 3284906:
- (a) all goods, machinery and equipment subject to true operating leases;
 - (b) the right to receive insurance recoveries under any insurance policies in existence on the date hereof in respect only of any claims with respect to Excluded Assets;
 - (c) cash, bank balances, moneys in possession of banks and other depositories, term or time deposits and similar cash items of, owned or held by or for the account of 4318682 and 3284906;
 - (d) amounts owing from and claims against related parties;
 - (e) any tax rebates or refunds due to 4318682 and 3284906;

- (f) the assets listed in Schedule 1.1; and
 - (g) any other assets that the Purchaser elects to exclude in writing prior to Closing in accordance with the terms of this Agreement.
- (29) “**Governmental Entity**” means any federal, provincial, or municipal court, board, tribunal, arbitrator or arbitral panel, administrative agency or commission or other governmental or regulatory agency, ministry, department or authority.
- (30) “**HST**” means the harmonized sales tax imposed under the *Excise Tax Act* (Canada).
- (31) “**Intellectual Property**” means any or all of the following items, wherever located: all patents and patent rights, trademarks and trademark rights, trade names and trade name rights, service marks and service mark rights, service names and service name rights, copyrights and copyright rights, brand names, trade dress, business and product names, domain names, corporate names, logos, slogans, trade secrets, inventions, processes, formulae, industrial models, designs, specifications, data, technology, methodologies, computer programs (including all source code), confidential and proprietary information, whether or not subject to statutory registration, all related technical information, manufacturing, engineering and technical drawings, know how, all pending applications for and registrations of patents, trademarks, service marks and copyrights, including all obligations of third parties relating to the protection of the foregoing, the goodwill associated with the foregoing, and the right to sue for past payment, if any, in connection with any of the foregoing, and all documents, disks and other media on which any of the foregoing is stored.
- (32) “**Inventories**” means all inventories of stock-in-trade and merchandise including materials, supplies, work-in-progress and purchased finished goods (including those in possession of suppliers, customers and other third parties).
- (33) “**Law**” means common law, order, judgment, decree, law, statute, rule, or regulation of any Governmental Entity.
- (34) “**Leased Real Properties**” means the real properties municipally described in Schedule 1.4.
- (35) “**Liabilities**” means all costs, expenses, charges, debts, liabilities, claims, demands and obligations, whether primary or secondary, direct or indirect, fixed, contingent, absolute or otherwise, under or in respect of any contract, agreement, arrangement, lease, commitment or undertaking, Applicable Law and Taxes.
- (36) “**Lien**” means any lien, mortgage, charge, hypothec, pledge, security interest, prior assignment, option, warrant, lease, sublease, right to possession, encumbrance, claim, right or restriction which affects, by way of a conflicting ownership interest or otherwise, the right, title or interest in or to any particular property.
- (37) “**Monitor**” means KSV Restructuring Inc., in its capacity as Court-appointed monitor in the CCAA Proceeding.
- (38) “**Monitor’s Certificate**” means the certificate delivered to the Purchaser, and filed with the Court, by the Monitor certifying that the Monitor has received written confirmation in form and substance satisfactory to the Monitor, in its sole discretion, from each of the Vendor and the

Purchaser that all conditions to Closing have been satisfied or waived by the applicable Parties and the Transaction contemplated by this Agreement have been completed.

(39) “**Outside Date**” means August 31, 2025 or such later date as the parties may agree in writing.

(40) “**Party**” means a party to this Agreement and any reference to a Party includes its successors and permitted assigns; “**Parties**” means every Party.

(41) “**Person**” is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity.

(42) “**Personal Property**” means all machinery, equipment, furniture, computer hardware and other chattels (including those in possession of third parties).

(43) “**Personal Property Leases**” means chattel leases, equipment leases, rental agreements and conditional sales contracts.

(44) “**Post-Closing Adjustment**” has the meaning given in Section 2.6.

(45) “**Purchase Price**” has the meaning given in Section 2.2.

(46) “**Purchased Assets**” means all the Rights, title and interest of 4318682 and 3284906 in and to the following assets, but excluding the Excluded Assets:

- (a) the Acquired Contracts;
- (b) the Acquired Personal Property Leases;
- (c) the Acquired Real Property Leases;
- (d) the Books and Records;
- (e) the Intellectual Property;
- (f) the Inventories;
- (g) the Personal Property;
- (h) the Acquired Real Property; and
- (i) the Receivables.

(47) “**Purchaser**” has the meaning given in the recitals above.

(48) “**Receivables**” means all accounts receivable, bills receivable, trade accounts, book debts and other amounts owed to 4318682 and 3284906, including recoverable deposits.

(49) “**Rights**” has the meaning given in Section 3.5.

(50) “**Taxes**” means all taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise and personal property taxes, and any other taxes, customs duties, fees, assessments or similar charges in the nature of a tax including Canada Pension Plan and provincial pension plan contributions, employment insurance payments and workers compensation premiums, together with any instalments with respect thereto, and any interest, fines and penalties, imposed by any governmental authority (including federal, state, provincial, municipal and foreign governmental authorities), and whether disputed or not.

(51) “**Transaction**” means the transaction of purchase and sale contemplated by this Agreement.

(52) “**Transferred Employees**” means Employees who have accepted an offer of employment from the Purchaser as of the Closing.

(53) “**Vendor**” has the meaning given in the recitals above.

(54) “**Vendor’s Solicitor**” means Reconstruct LLP.

(55) “**Vesting Order**” means an order made by the Court vesting in the Purchaser all the right, title and interest of 4318682 and 3284906 in the Purchased Assets free and clear of all Liens.

1.2 **Headings and Table of Contents.**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 **No Strict Construction.**

The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

1.4 **Number and Gender.**

Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders. Where the word “including” or “includes” is used in this Agreement, it means “including (or includes) without limitation”.

1.5 **Business Days.**

If any payment is required to be made or other action is required to be taken pursuant to this Agreement on a day which is not a Business Day, then such payment or action shall be made or taken on the next Business Day.

1.6 **Currency and Payment Obligations.**

Except as otherwise expressly provided in this Agreement:

(a) all dollar amounts referred to in this Agreement are stated in Canadian Dollars; and

- (b) any payment contemplated by this Agreement shall be made by cash, certified cheque or any other method that provides immediately available funds.

1.7 **Statute References.**

Any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time.

1.8 **Section and Schedule References.**

Unless the context requires otherwise, references in this Agreement to Sections or Schedules are to Sections or Schedules of this Agreement. The Schedules to this Agreement, listed as follows, are an integral part of this Agreement:

Schedule 1.1	Acquired Contracts
Schedule 1.2	Acquired Personal Property Leases
Schedule 1.3	Acquired Real Property
Schedule 1.4	Leased Real Properties
Schedule 1.5	Acquired Real Property Leases
Schedule 2.1	Excluded Assets
Schedule 3.1	Allocation of Purchase Price

ARTICLE 2 **PURCHASE OF ASSETS**

2.1 **Agreement to Purchase and Sell.**

Subject to the terms and conditions of this Agreement, the Vendor shall sell and the Purchaser shall purchase the Purchased Assets on an “*as is, where is*” and “*without recourse*” basis as they shall exist on the Closing Date.

2.2 **Amount of Purchase Price.**

The purchase price payable by the Purchaser to the Vendor for the Purchased Assets (the “**Purchase Price**”) shall be [REDACTED] as adjusted on the Closing Date in accordance with Sections 2.4 and 2.5 and on the Adjustment Date in accordance with Section 2.6, and shall be allocated among the Purchased Assets as set out in Schedule 3.1.

2.3 **Deposit.**

Concurrently with the execution of this Agreement, the Purchaser shall pay to the Vendor the sum of [REDACTED] as a deposit (the “**Deposit**”), being no less than 10% of the Purchase Price. The Vendor shall invest the Deposit in an interest-bearing account of a Canadian chartered bank or trust company, in trust, to be disbursed in accordance with the following provisions:

- (1) if the purchase and sale of the Purchased Assets is completed in accordance with the terms of this Agreement, then the Deposit shall be released from trust with interest and applied towards payment of the Purchase Price;

- (2) if the purchase and sale of the Purchased Assets is not completed in accordance with the terms of this Agreement, then the Deposit shall be dealt with in accordance with the provisions of Article 4.

2.4 **Inventories.**

- (1) On the Calculation Date, the Vendor shall deliver a report for 4318682 and 3284906 showing their respective Inventory by category and the total Book Value of such Inventory as of the Calculation Date (the “**Closing Inventory Report**”). The Vendor shall deliver such report to the Purchaser to review and for the Parties to finalize the Purchase Price as of the Closing Date. To the extent the aggregate value of Inventory in the Closing Inventory Report is higher or lower than the Book Value of such Inventory as of March 31, 2025, then the Purchase Price will be increased or decreased dollar for dollar by the difference on Closing.
- (2) The Parties agree that the value of the Inventory to be added to or deducted from the Purchase Price shall be the aggregate value of all categories of Inventory contained in the Closing Inventory Report. The Book Value of the Inventory shall be calculated consistently with 4318682 and 3284906’s historical accounting practices.

2.5 **Receivables.**

- (1) On the Calculation Date, the Vendor shall deliver a list of the Receivables of 4318682 and 3284906 as of the Calculation Date (the “**Closing Receivables Listing**”). The Vendor shall deliver such list to the Purchaser to review and for the Parties to finalize the Purchase Price as of the Closing Date. To the extent the Closing Receivables Listing is higher or lower than the Book Value of the Receivables as of March 31, 2025, then the Purchase Price will be increased or decreased dollar for dollar by the amount of the difference(s) on Closing.
- (2) The Parties agree that the value of the Receivables to be added to or deducted from the Purchase Price shall be the aggregate value of the Receivables in the Closing Receivables Listing. The Book Value of the Receivables shall be calculated in accordance with accounting principles and consistently with 4318682 and 3284906’s historical accounting practices.

2.6 **Post-Closing Adjustment**

No later than 30 days following the Closing Date (the “**Adjustment Date**”), the Vendor and the Purchaser shall determine the Book Values of the Inventory and the Receivables as of the Closing Date. The Purchaser shall pay the Vendor the difference between the combined Book Values of the Inventory and Receivables if the sum of those amounts exceeds their Book Values as of the Closing Date and the Vendor shall pay the Purchaser the difference between the combined Book Values of the Inventory and Receivables if the sum of those amounts is less than their Book Values as of the Closing Date (the “**Post-Closing Adjustment**”). Book Value will be calculated consistently with 4318682 and 3284906’s historical accounting practices at the Calculation Date, the Closing Date and the Adjustment Date.

2.7 **Payment of Purchase Price.**

The Purchase Price shall be paid and satisfied by the Purchaser at the Closing as follows:

- (1) the Deposit shall be paid to the Vendor and credited against the Purchase Price in accordance with Section 2.3(1);

- (2) the balance of the Purchase Price shall be paid to the Vendor by way of wire transfer, or as the Vendor may direct in writing; and
- (3) the Post-Closing Adjustment shall be paid no later than five (5) business days following the Adjustment Date:
 - (a) by the Purchaser to the Vendor if the Post-Closing Adjustment results in an increase in the Purchase Price; or
 - (b) by the Vendor to the Purchaser if the Post-Closing Adjustment results in a decrease in the Purchase Price.

2.8 **Allocation of Purchase Price.**

The Purchase Price shall be allocated among the Purchased Assets in the manner agreed to by the Purchaser and Vendor prior to Closing (acting reasonably) and as set out in Schedule 3.1. The Parties shall file their respective income tax returns prepared in accordance with such allocations.

2.9 **HST & Land Transfer Tax.**

- (1) At the Closing, if the Purchaser is a registrant, the Vendor and the Purchaser shall execute jointly an election under Section 167 of the *Excise Tax Act* (Canada) to have the sale of the Purchased Assets take place on a HST-free basis under Part IX of the *Excise Tax Act* (Canada) and the Purchaser shall file such election with its HST return for the reporting period in which the sale of the Purchased Assets takes place. The Purchaser will indemnify the Vendor against any tax, interest or penalties arising from a determination that the conditions for filing the election pursuant to s.167(1) of the *Excise Tax Act* (Canada) have not been satisfied for any reasons other than the inaccuracy of any of the representations and warranties made by the Vendor. The Purchaser shall further provide the Vendor with an undertaking to self assess, remit, file and pay HST and indemnify the Vendor from any and all HST arising from the completion of the Transaction. This covenant and indemnity survive the closing of the purchase and sale of the Purchased Assets and shall continue in full force and effect for the benefit of the Vendor indefinitely after the Closing Date.
- (2) The Purchaser shall be responsible for and pay any land transfer taxes payable on the transfer of the Acquired Real Property, including without limitation any “Non-Resident Deed Transfer Tax”, all registration fees payable in respect of registration by it of any documents on Closing (other than discharges of encumbrances which are required to be made by the Vendor, which will be the responsibility of the Vendor), and all other taxes and fees payable by a purchaser upon or in connection with the conveyance or transfer of the Acquired Real Property to it.

2.10 **Section 22 Election.**

The Purchaser and the Vendor shall execute jointly an election in prescribed form under Section 22 of the *Income Tax Act* (Canada) in respect of the Receivables and shall each file such election with their respective tax returns for their respective taxation years that include the Closing Date.

2.11 **Acquired Contracts, Acquired Personal Property Leases and Acquired Real Property Leases**

The Purchaser, with 4318682, 3284906, and Monitor's consent, will request any consents necessary, if any, to permit the assignment to the Purchaser of the Acquired Contracts, Acquired Personal Property Leases and Acquired Real Property Leases. 4318682 and 3284906 and the Monitor will provide its reasonable cooperation to assist the Purchaser to obtain such consents, including, at the expense of the Purchaser, by obtaining an Assignment Order and by providing financial and other information of 4318682 and 3284906 requested by the Purchaser or party to such Acquired Contract, Acquired Personal Property Lease and Acquired Real Property Leases.

The Purchaser will be responsible for all Cure Costs in respect of any Acquired Contracts, Acquired Personal Property Leases and Acquired Real Property Leases.

2.12 **Excluded Liabilities.**

Other than the Assumed Liabilities, the Purchaser shall not assume and shall not be liable for any debts, liabilities or other obligations of any one or all of the Companies.

2.13 **Excluded Assets.**

Notwithstanding anything to the contrary in this Agreement, the Purchaser may, at its option, exclude any of the Purchased Assets from the Transaction, upon written notice to the Vendor and the Monitor no later than five (5) Business Days prior to the Closing Date, whereupon the Purchased Assets shall not include any of the Excluded Assets, provided, however, that there shall be no adjustment in the Purchase Price.

ARTICLE 3

CLOSING ARRANGEMENTS

3.1 **Closing.**

The Closing shall take place at 10:00 a.m. on the Closing Date (the "**Closing Time**") at the offices of the Vendor's Solicitor, or at such other time on the Closing Date or such other place as may be agreed orally or in writing by the Vendor and the Purchaser, with the consent of the Monitor.

3.2 **Closing Date.**

The Transaction shall be completed by the Parties within three (3) Business Days following the date on which the Vesting Order shall have been obtained, or such other date as may be agreed between the parties hereto in writing, with the consent of the Monitor (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 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.

3.3 **Vendor's Closing Deliveries.**

At the Closing, the Vendor shall deliver or cause to be delivered to the Purchaser the following documents:

- (1) the elections referred to in Sections 2.9(1) and 2.10;
- (2) a certificate, dated as of the Closing Date addressed to the Purchaser and the Monitor, confirming that (i) all of the representations and warranties of the Vendor contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date and (ii) that each of the conditions precedent in Section 4.3 of this Agreement have been fulfilled, performed or waived as of the Closing Date;
- (3) the Vesting Order(s) and the vesting certificate relating thereto; and
- (4) all deeds of conveyance, bills of sale, assurances, transfers, assignments, consents, and such other agreements, documents and instruments as may be reasonably requested by the Purchaser to complete the Transaction.

3.4 **Purchaser's Closing Deliveries.**

At the Closing, the Purchaser shall deliver or cause to be delivered to the Vendor the following documents and payments:

- (1) the payment of the Purchase Price less the Deposit;
- (2) the elections referred to in Sections 2.9(1) and 2.10;
- (3) a certificate, dated as of the Closing Date addressed to the Vendor, confirming that (i) all of the representations and warranties of the Purchaser contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date and (ii) that each of the conditions precedent in Section 4.1 of this Agreement have been fulfilled, performed or waived as of the Closing Date;
- (4) all such other agreements, documents and instruments as may be reasonably requested by the Vendor to complete the Transaction.

3.5 **Non-Transferable and Non-Assignable Purchased Assets.**

To the extent that any of the Purchased Assets to be transferred to the Purchaser on the Closing, or any claim, right or benefit arising under or resulting from such Purchased Assets (collectively, the “Rights”), is not capable of being transferred without the approval, consent or waiver of any third Person, or if the transfer of a Right would constitute a breach of any obligation under, or a violation of, any Applicable Law unless the approval, consent or waiver of such third Person is obtained, then, except as expressly otherwise provided in this Agreement and without limiting the rights and remedies of the Purchaser contained elsewhere in this Agreement, this Agreement shall not constitute an agreement to transfer such Rights unless and until such approval, consent or waiver has been obtained. After the Closing

and for a period of ten (10) Business Days following the Closing, or such later date as the Parties may agree, the Vendor shall:

- (a) hold the Rights in trust for the Purchaser;
- (b) comply with the terms and provisions of the Rights as agent for the Purchaser at the Purchaser's sole cost and for the Purchaser's benefit;
- (c) cooperate with the Purchaser in any reasonable and lawful arrangements designed to provide the benefits of such Rights to the Purchaser; and
- (d) enforce, at the reasonable request of the Purchaser and at the expense and for the account of the Purchaser, any rights of the Vendor arising from such Rights against any third Person, including the right to elect to terminate any such Rights in accordance with the terms of such Rights upon the written direction of the Purchaser.

In order that the full value of the Rights may be realized for the benefit of the Purchaser, the Vendor shall, at the request and expense and under the direction of the Purchaser, in the name of the Vendor or otherwise as the Purchaser may specify, take all such action and do or cause to be done all such things as are, in the reasonable opinion of the Purchaser, necessary or proper in order that the obligations of 4318682 and 3284906 under such Rights may be performed in such manner that the value of such Rights is preserved and enures to the benefit of the Purchaser, and that any moneys due and payable and to become due and payable to the Purchaser in and under the Rights are received by the Purchaser. The Vendor shall promptly pay to the Purchaser all monies collected by or paid to the Vendor in respect of every such Right. To the extent that such approval, consent or waiver has not been obtained by the tenth (10th) Business Day following the Closing, or such later date as the Parties may agree, such Right shall be deemed to be an Excluded Asset and the Vendor may terminate any agreement pertaining to such Right. The Purchaser shall indemnify and hold the Vendor harmless from and against any claim or Liability under or in respect of such Rights arising because of any action of the Vendor taken in accordance with this Section.

3.6 **Risk.**

The Purchased Assets are and shall remain at 4318682's and 3284906's risk until Closing, and the Vendor shall hold all insurance policies and the proceeds thereunder, in trust, for the Parties as their respective interests may appear pending Closing. From and after Closing, the Purchased Assets shall be at the risk of the Purchaser. In the event that any of the Purchased Assets are materially damaged prior to Closing, then the Vendor shall advise the Purchaser, in writing, within two (2) Business Days of the Vendor learning of same. If the cost of rectifying such damage exceeds \$680,000.00, as determined by a third-party expert appointed by the Vendor, then the Purchaser shall be entitled, in their sole and absolute discretion, to elect to terminate this Agreement by notice, in writing, to the Vendor and in such event the Parties hereto shall be released from all obligations and liabilities hereunder. If the Purchaser shall not elect to terminate this Agreement as set out above, or if the cost of rectifying such damage does not exceed \$680,000.00, then the Transaction shall be completed.

If the uninsured cost of rectifying such damage exceeds \$250,000 as determined by a third party expert appointed by the Purchaser, then the Purchaser shall be entitled, in their sole and absolute discretion, to elect to terminate this agreement by notice, in writing, to the Vendor and in such event the Parties hereto shall be released from all obligations and liabilities thereunder. If the Purchaser shall not elect to terminate this Agreement as set out above, or if the uninsured cost of rectifying such damage does not exceed \$250,000, then the Transaction shall be completed.

ARTICLE 4

CLOSING

4.1 Purchaser's Conditions.

The Purchaser shall not be obliged to complete the purchase and sale of the Purchased Assets pursuant to this Agreement unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Purchaser and may be waived, in whole or in part, in writing by the Purchaser at any time; and the Vendor agrees with the Purchaser to take all such actions, steps and proceedings within their reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (1) *Representations and Warranties.* The representations and warranties of the Vendor in Section 5.2 shall be true and correct at the Closing.
- (2) *Vendor's Compliance.* The Vendor shall have performed and complied with all of the terms and conditions in this Agreement on their part to be performed or complied with at or before Closing and shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 3.3 or elsewhere in this Agreement.
- (3) *No Litigation.* There shall be no litigation or proceedings pending against any of the Parties hereto, or involving any of the business or the Purchased Assets, for the purpose of enjoining, preventing or restraining the completion of the Transaction or otherwise claiming that such completion is improper.
- (4) *Vesting Order(s).* The Vesting Order shall have been obtained and shall not have been stayed, varied or set aside.

4.2 If Purchaser's Condition not Fulfilled.

If any condition in Section 4.1 has not been fulfilled at or before the Closing Time, or if a condition in Section 4.1 becomes impossible to satisfy prior to the Outside Date (other than through the failure of the Purchaser to comply with its obligations under this Agreement), then the Purchaser in its sole discretion may either:

- (1) terminate this Agreement by notice to the Vendor, in which event the Purchaser shall be released from its obligations under this Agreement and the Deposit and all accrued interest shall be promptly returned to the Purchaser; or
- (2) waive compliance with any such condition without prejudice to its right of termination in the event of non-fulfillment of any other condition.

4.3 Vendor's Conditions.

The Vendor shall not be obliged to complete the Transaction unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Vendor, and may be waived, in whole or in part, in writing by the Vendor at any time; and the Purchaser agrees with the Vendor to take all such actions, steps and proceedings within the Purchaser's reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (1) *Purchaser's Compliance.* The Purchaser shall have performed and complied with all of the terms and conditions in this Agreement on its part to be performed by or complied with at or before the Closing Time and shall have executed and delivered or caused to have been executed and delivered to the Vendor at the Closing Time all the documents contemplated in Section 3.4 or elsewhere in this Agreement.
- (2) *Vesting Order.* The Vesting Order shall have been obtained and shall not have been stayed, varied or set aside.
- (3) *No Litigation.* There shall be no litigation or proceedings pending against any of the Parties hereto, or involving any of the Purchased Assets, for the purpose of enjoining, preventing or restraining the completion of the Transaction or otherwise claiming that such completion is improper.

4.4 **If Vendor's Condition not Fulfilled.**

If any condition in Section 4.3 shall not have been fulfilled at or before the Closing Time, or if a condition in Section 4.3 becomes impossible to satisfy prior to the Outside Date (other than through the failure of the Vendor to comply with their obligations under this Agreement), then the Vendor in their sole discretion may, without limiting any rights or remedies available to the Vendor at Law or in equity, either:

- (1) terminate this Agreement by notice to the Purchaser in which event the Vendor shall be released from all obligations under this Agreement and, if the condition that was not fulfilled was contained in Section 4.1, the Deposit and all accrued interest shall be promptly returned to the Purchaser and the Purchaser shall be released from all obligations under this Agreement; or
- (2) waive compliance with any such condition without prejudice to their rights of termination in the event of non-fulfillment of any other condition.

4.5 **Monitor**

When all conditions to Closing set out in this Article 4 have been satisfied or waived by the Vendor or the Purchaser, as applicable, the Vendor and the Purchaser, or their respective counsel, shall each deliver to the Monitor written confirmation, in form and substance satisfactory to the Monitor, that all conditions to Closing have been satisfied or waived, subject to the Monitor's delivery of the Monitor's Certificate to the Purchaser in accordance with the Vesting Order. Upon receipt of such written confirmation, the Monitor shall: (i) issue forthwith its Monitor's Certificate in accordance with the Vesting Order; and (ii) file as soon as practicable a copy of the Monitor's Certificate with the Court (and shall provide a true copy of such filed certificate to each of the Vendor and the Purchaser). The Parties hereby acknowledge and agree that the Monitor will be entitled to file the Monitor's Certificate with the Court without independent investigation upon receiving written confirmation from the Vendor and the Purchaser that all conditions to Closing have been satisfied or waived, and the Monitor will have no liability whatsoever to any of the Vendor or Purchaser or any other Person as a result of filing the Monitor's Certificate.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Purchaser.

As a material inducement to the Vendor entering into this Agreement and completing the Transaction and acknowledging that the Vendor are entering into this Agreement in reliance upon the representations and warranties of the Purchaser set out in this Section 5.1, the Purchaser represents and warrants to the Vendor as follows:

- (1) *Incorporation and Power.* The Purchaser is a corporation duly incorporated under the Law of the jurisdiction of its incorporation and is duly organized, validly subsisting and in good standing under such Law.
- (2) *Due Authorization.* The Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by it as contemplated by this Agreement and to carry out its obligations under this Agreement and such other agreements and instruments. The execution and delivery of this Agreement and such other agreements and instruments and the completion of the Transaction and such other agreements and instruments have been duly authorized by all necessary corporate action on the part of the Purchaser.
- (3) *Enforceability of Obligations.* This Agreement constitutes a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms subject, however, to limitations on enforcement imposed by bankruptcy, insolvency, reorganization or other laws affecting the enforcement of the rights of creditors or others and to the extent that equitable remedies such as specific performance and injunctions are only available in the discretion of the court from which they are sought.
- (4) *Financial Ability.* The Purchaser has the financial ability through its own resources or through financing that has been arranged and approved by a recognized financial lending institution, to close the Transaction and pay the balance of the Purchase Price on the Closing Date. The Purchaser confirms that it shall deliver to the Vendor, upon request, evidence of such financial ability by way of a copy of a binding commitment letter or letter from its banking institution confirming the foregoing, or such other evidence as the Vendor may deem appropriate.
- (5) *HST/GST.* The Purchaser is a “registrant” under Part IX of the *Excise Tax Act* (Canada) and its registration number is R● or the Purchaser will be such a “registrant” at the Closing Time and will notify the Vendor of its registration number prior to such time.

5.2 Representations and Warranties of the Vendor.

As a material inducement to the Purchaser entering into this Agreement and completing the Transaction and acknowledging that the Purchaser is entering into this Agreement in reliance upon the representations and warranties of the Vendor set out in this Section 5.2, the Vendor represents and warrants to the Purchaser as follows:

- (1) *Non-Residency:* 4318682 and 3284906 are not now and do not intend to become, prior to Closing, a non-resident of Canada within the meaning and purpose of Section 116 of the *Income Tax Act* (Canada).

- (2) *Authority to Sell*: Subject to obtaining the Vesting Order prior to Closing, on Closing the Vendor shall have the power and authority to sell the Purchased Assets, in accordance with the terms and conditions of this Agreement and the Vesting Order.

5.3 **Survival of Representations and Warranties.**

The representations and warranties of the Purchaser and Vendor contained in Sections 5.1 and 5.2, respectively, or any other agreement, certificate or instrument delivered pursuant to this Agreement shall survive the termination of this Agreement and the completion of the Transaction.

5.4 **“As is, Where is, Without Recourse”.**

The Purchaser acknowledges that the Vendor are selling the Purchased Assets on an “*as is, where is*” and “*without recourse*” basis as they shall exist on the Closing Date. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Vendor does not guarantee title to the Purchased Assets and that the Purchaser has conducted such inspections of the condition of and title to the Purchased Assets as it deemed appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Vendor to sell or assign same save and except as expressly represented or warranted herein. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (Nova Scotia) or similar legislation do not apply hereto and have been waived by the Purchaser. Without limiting the generality of the foregoing, the description of the Purchased Assets contained in the Schedules hereto is for the purpose of identification only. No representation, warranty or condition has or will be given by the Vendor concerning completeness or the accuracy of such descriptions. The Purchaser further acknowledges that all written and oral information (including, without limitation, analyses, financial information and projections, compilations and studies) obtained by the Purchaser from the Vendor with respect to the Purchased Assets or otherwise relating to the Transaction has been obtained for the convenience of the Purchaser only and is not warranted to be accurate or complete. The Purchaser further acknowledges that the Vendor shall be under no obligation to deliver the Purchased Assets to the Purchaser and that it shall be the Purchaser’s responsibility to take possession of the Purchased Assets.

5.5 **Employees.**

The Purchaser may offer employment, as of the Closing Time, to those Employees it so wishes to employ on terms and conditions of employment which are substantially similar to the current terms provided. For greater certainty, the Purchaser shall not be obligated to offer employment to any Employee. The Purchaser shall provide the Vendor with the names of Employees who will not be offered employment or who have not accepted an offer of employment by no later than five (5) Business Days prior to Closing.

ARTICLE 6

POST-CLOSING MATTERS

6.1 Access to Books and Records.

After Closing, the Purchaser shall provide the Vendor with access to the Books and Records for a period of six (6) years before the Closing Date, and, at the request of the Monitor, the Purchaser shall provide the Monitor with an electronic copy of all such Books and Records. The Purchaser shall not destroy any Books and Records without providing the Vendor with thirty (30) days' written notice of the Purchaser's intention to destroy such Books and Records. If the Vendor objects to the destruction of any or all of such Books and Records within thirty (30) days of receiving such notice, then the Vendor shall be responsible to collect such Books and Records from the Purchaser at a mutually agreeable date and time, failing which the Purchaser may proceed to destroy such Books and Records.

6.2 Non-Merger.

Each party hereby agrees that all provisions of this Agreement, other than the conditions in Article 4, shall forever survive the execution, delivery and performance of this Agreement, Closing and the execution, delivery and performance of any and all documents delivered in connection with this Agreement.

6.3 Further Assurances.

Each Party shall promptly do, execute, deliver or cause to be done, executed and delivered all further acts, documents and things in connection with this Agreement that the other Party may reasonably require, for the purposes of giving effect to this Agreement.

ARTICLE 7

GENERAL

7.1 Expenses.

Each Party shall be responsible for its own legal and other expenses (including any Taxes imposed on such expenses) incurred in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the Transaction and for the payment of any broker's commission, finder's fee or like payment payable by it in respect of the purchase and sale of the Purchased Assets pursuant to this Agreement.

7.2 Payment of Taxes.

Except as otherwise provided in this Agreement, the Purchaser shall pay all Taxes applicable to, or resulting from Transaction (other than Taxes payable under applicable legislation by the Vendor) and any filing or recording fees payable in connection with the instruments of transfer provided for in this Agreement. The Purchaser shall indemnify and save the Vendor harmless from and against any and all costs, expenses, liabilities and damages incurred or suffered by the Vendor as a result of the failure of the Purchaser to pay any Taxes.

7.3 **Announcements.**

Except as required by law, all public announcements concerning the Transaction or contemplated by this Agreement shall be jointly approved as to form, substance and timing by the parties to this Agreement and the Monitor, after consultation.

7.4 **Notices.**

- (1) Any notice, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent prepaid by fax or other similar means of electronic communication, in each case to the applicable address set out below:

- (i) if to the Purchaser, to:

Attention: Shannon T. Lynch
65 Harbour Dr, Edwardsville, Nova Scotia, B2A 4T7
Email: Shannon.Lynch@cbbeverages.ns.ca

with a copy to:

D. Greg Rushton
Greg.Rushton@mcinnescooper.com

- (ii) if to the Vendor, to:

KSV RESTRUCTURING INC.
220 Bay Street, 13th Floor
Toronto, ON M5J 2W4

Attention: Bobby Kofman
Email: bkofman@ksvadvisory.com

Attention: Mitch Vininsky
Email: mvininsky@ksvadvisory.com

with a copy to:

Reconstruct LLP
80 Richmond Street West, Suite 1700
Toronto, ON M5H 2A4

Attention: Sharon Kour
Email: skour@reconllp.com

- (2) Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of sending by electronic communication, provided that such day in either event is a Business Day and the communication is so delivered or sent before 4:30 p.m. (Atlantic Time) on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any such communication sent by mail shall be deemed to have been given and made and to have been received on the fifth (5th) Business Day following the mailing thereof; provided however that no such communication shall be mailed during any actual or apprehended disruption of postal services. Any such communication given or made in any other manner shall be deemed to have been given or made and to have been received only upon actual receipt.
- (3) Any Party may from time to time change its address under this Section 7.4 by written notice to the other Party given in the manner provided by this Section.

7.5 **Time of Essence.**

Time shall be of the essence of this Agreement in all respects.

7.6 **Time Periods.**

Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

7.7 **Entire Agreement.**

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties and set out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the Parties pertaining to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement.

7.8 **Amendments and Waiver.**

No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by the Purchaser and the Vendor. The Vendor and the Purchaser may consent to any such amendment at any time prior to the Closing with the prior authorization of their respective boards of directors. No waiver by either Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

7.9 **Severability.**

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

7.10 **Language.**

The Parties have required that this Agreement and all deeds, documents and notices relating to this Agreement be drawn up in the English language.

7.11 **Governing Law.**

This Agreement shall be governed by and construed in accordance with the Laws of the Province of Nova Scotia and the Laws of Canada applicable in that Province and shall be treated, in all respects, as a Nova Scotia contract.

7.12 **Successors and Assigns.**

No Party to this Agreement shall have the right to assign any of its rights and obligations hereunder without the prior written consent of the other Party hereto, which consent shall not be unreasonably withheld. The Purchaser may assign its rights and obligations under this Agreement to an affiliate of the Purchaser, provided that the Purchaser remains liable, jointly, with such affiliate for all the obligations of the Purchaser hereunder. To the extent that any such assignment occurs, this Agreement and all provisions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

7.13 **No Third Party Beneficiaries.**

This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns or as specifically referred to herein.

7.14 **Counterparts.**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original, faxed or email PDF form and the Parties adopt any signatures received by a receiving fax machine or email PDF as original signatures of the Parties; provided, however, that any Party providing its signature in such manner shall promptly forward to the other Party an original of the signed copy of this Agreement which was so faxed or emailed.

[remainder of page intentionally left blank]


IN WITNESS WHEREOF the Parties have executed this Agreement.

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 capacity or in any other capacity

By: _____
 Name:
 Title:

I have authority to bind the corporation.

SHANNON THERESA LYNCH, on behalf of a nominee corporation to be incorporated

By:  _____
 Name: Shannon Lynch
 Title: President & CEO, Cape Breton Beverages Ltd. & Trans-Atlantic Preforms Ltd.

I have authority to bind the corporation

SCHEDULE 1.1

Acquired Contracts

- (a) Contract between Ekos Software, Inc. and Nova Scotia Spirit Co. dated March 21, 2023.
- (b) Contract between Von Terra Enterprises Limited and Nova Scotia Spirit Co. dated January 7, 2020 for distribution in Ontario.
- (c) Contract between Mer et Soleil Fine Wines and Spirits Limited and Nova Scotia Spirit Company dated January 27, 2020 for distribution in New Brunswick and Newfoundland & Labrador.
- (d) Contract between Win-It-Too, Inc. dba Global Beer Network, and Nova Scotia Spirit Company dated September 26, 2024.
- (e) Contract between Sage Software Inc. and Nova Scotia Spirit Company.
- (f) Contract between Whitecap Entertainment Inc. and Nova Scotia Spirit Company dated March 4, 2025 for the Cavendish Beach Music Festival.
- (g) Contract between East Coast Music Association and Nova Scotia Spirit Company dated January 27, 2025.

SCHEDULE 1.2

Acquired Personal Property Leases

2023 Freightliner M2 106 – lease

SCHEDULE 1.3**Acquired Real Property and Parcel Registers**

Owned by 3284906 Nova Scotia Limited (Nova Scotia Spirit Co.):

- (a) Foord Street Distillery – 230 Foord Street, Stellarton, NS ([PID nos. 00942516 and 65065260](#))
- (b) Trafalgar Warehouse – 6264 Trafalgar Road, Stellarton, NS ([PID no. 65044018](#))
- (c) Trenton Warehouse – 4558 Pictou Landing Road, Trenton, NS ([PID no. 65055550](#))

Owned by 4318682 Nova Scotia Limited (Annapolis Cider Co.):

- (d) Port Williams Warehouse – 1161 Parkway Drive, Port Williams, NS ([PID no. 55022495](#))

SCHEDULE 1.4

Leased Real Properties

Leased by 4318682 Nova Scotia Limited (Annapolis Cider Co.)

- (a) Wolfville Cidery – 386/388 Main Street, Wolfville, NS

SCHEDULE 1.5

Acquired Real Property Leases

Lease Agreement dated November 1, 2017 between Wayne Ralph Merrill and Marion E. Merrill and 4318682 Nova Scotia Limited (Annapolis Cider Co.) in respect of the Wolfville Cidery located at 386/388 Main Street, Wolfville, NS.

SCHEDULE 2.1**Excluded Assets**

SCHEDULE 3.1**Allocation of Purchase Price****Purchased Assets of 3284906:**

- [REDACTED]

Subject to the Closing Inventory Report and Closing Receivables Listing.

Purchased Assets of 4318682:

- [REDACTED]

Subject to the Closing Inventory Reporting and Closing Receivables Listing.

Appendix “E”

ASSET PURCHASE AGREEMENT

This Agreement dated on May 9th, 2025 is made,

B E T W E E N:

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 (collectively, the “Companies”) and not in its personal capacity or in any other capacity

(the “Vendor”)

And

Coast to Coast Marketing Ltd, and James Roue Beverage Company Ltd (a Joint Business Venture) O/A Saint-Famille Beverage Company Ltd., a corporation incorporated under the laws of Nova Scotia-

(the “Purchaser” and together with the Companies, the “Parties”)

,

RECITALS

WHEREAS the Companies are subject to an Amended & Restated Initial Order dated December 20, 2024, issued by the Supreme Court of Nova Scotia which, among other things, granted protection to the Companies under the *Companies’ Creditors Arrangement Act*, as amended (the “**CCAA Proceeding**”);

AND WHEREAS the Purchaser wishes to purchase the assets and property of the Companies in accordance with the terms of this Agreement (as defined in section 1.1);

NOW THEREFORE, in consideration of the promises and mutual covenants and agreements contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties hereto agree as follows:

ARTICLE 1 **INTERPRETATION**

1.1 Definitions.

In this Agreement, the following terms shall have the meanings set out below unless the context requires otherwise:

- (1) “**Acquired Contracts**” means the Contracts listed in Schedule 1.1.
- (2) “**Acquired Personal Property Leases**” means the Personal Property Leases listed in Schedule 1.2 as each is amended, restated, supplemented or otherwise modified from time to time.

- (3) **“Acquired Real Property”** means the real properties listed in the parcel registers listed in Schedule 1.3 together with the lands, buildings and improvements situated thereon.
- (4) **“Acquired Real Property Leases”** means the lease agreements listed in Schedule 1.5 relating to the Leased Real Properties, as each is amended, restated, supplemented or otherwise modified from time to time.
- (5) **“Adjustment Date”** has the meaning given in Section 2.6.
- (6) **“Agreement”** means this Agreement, including the Schedules to this Agreement, as it or they may be amended or supplemented from time to time, and the expressions “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions refer to this Agreement and not to any particular Section or other portion of this Agreement.
- (7) **“Applicable Law”** means, with respect to any Person, property, transaction, event or other matter, any Law relating or applicable to such Person, property, transaction, event or other matter. Applicable Law also includes, where appropriate, any interpretation of the Law (or any part) by any Person having jurisdiction over it, or charged with its administration or interpretation.
- (8) **“Assignment Order”** means an order of the Court (as defined below), in form and substance satisfactory to the Purchaser, acting reasonably, assigning to the Purchaser the rights and obligations of the Companies under the Acquired Contracts and/or Acquired Personal Property Leases for which a consent, approval or waiver necessary for the assignment of such Acquired Contracts and Acquired Personal Property Leases has not been obtained, and which will include, if necessary, a mechanism for the resolution of any disputed Cure Costs (as defined below).
- (9) **“Assumed Liabilities”** means only the Liabilities incurred under or in respect of:
- (i) the Acquired Contracts listed in Schedule 1.1, including, without limitation, any and all Cure Costs;
 - (ii) the Acquired Personal Property Leases listed in Schedule 1.2, including, without limitation, any and all Cure Costs; and
 - (iii) the Acquired Real Property Leases listed in Schedule 1.5, including, without limitation, any and all Cure Costs; and
 - (iv) the Transferred Employees in respect of the period commencing at the Closing Time.
- (10) **“Book Value”** means the value assigned to a particular category of goods or Inventory in the financial Books and Records of the applicable Company at any given time, recorded in accordance with past practices of such Company and applied consistently.
- (11) **“Books and Records”** means all books, records, files and papers, including computer programs (including source and object code), software programs, manuals and data, sales and advertising materials, lists of present and former customers and suppliers, personnel, employment and other records related to Transferred Employees, and all copies and recordings of the foregoing, but only to the extent that any of the above are essential for the acquisition of the Purchased Assets, and if so, only if copies thereof are not sufficient for the Purchaser’s purposes.

- (12) **“Business Day”** or **“Business Days”** means any day except Saturday, Sunday or any day on which banks are generally not open for business in the City of Halifax.
- (13) **“Calculation Date”** means 11:59 pm (Halifax time) on the day that is seven (7) days prior to the Closing Date.
- (14) **“Canadian Dollars”** means the lawful currency of Canada.
- (15) **“Closing”** means the completion of the purchase and sale of the Purchased Assets in accordance with the provisions of this Agreement.
- (16) **“Closing Date”** has the meaning given in Section 3.2.
- (17) **“Closing Inventory Report”** has the meaning given in Section 2.4(1).
- (18) **“Closing Receivables Listing”** has the meaning given in Section 2.5(1).
- (19) **“Closing Time”** has the meaning given in Section 3.1.
- (20) **“Companies”** has the meaning ascribed thereto in the preamble above.
- (21) **“Contracts”** means all rights and interests of the Companies to and in all executory contracts, agreements and arrangements whether or not signed to which any of them is a party and/or by which any of the Purchased Assets is bound.
- (22) **“Court”** means the Supreme Court of Nova Scotia.
- (23) **“Cure Costs”** means the amount of all monetary defaults, if any, existing in respect of any Acquired Contracts, Acquired Personal Property Leases and/or Acquired Real Property Leases that are required to be paid in order to obtain the consent necessary to permit the assignment of such Acquired Contracts, Acquired Personal Property Leases and/or Acquired Real Property Leases.
- (24) **“Deposit”** has the meaning given in Section 2.3.
- (25) **“Employee”** means any individual who is employed in the Companies’ business on the date immediately prior to the Closing; **“Employees”** means more than one Employee.
- (26) **“Excluded Assets”** means only the following assets, property, or undertaking of the Companies:
- (a) all goods, machinery and equipment subject to true operating leases;
 - (b) the right to receive insurance recoveries under any insurance policies in existence on the date hereof in respect only of any claims with respect to Excluded Assets;
 - (c) cash, bank balances, moneys in possession of banks and other depositories, term or time deposits and similar cash items of, owned or held by or for the account of any Companies;
 - (d) amounts owing from and claims against related parties;
 - (e) any tax rebates or refunds due to the Companies;

- (f) the assets listed in Schedule 1.1; and
 - (g) any other assets that the Purchaser elects to exclude in writing prior to Closing in accordance with the terms of this Agreement.
- (27) “**Governmental Entity**” means any federal, provincial, or municipal court, board, tribunal, arbitrator or arbitral panel, administrative agency or commission or other governmental or regulatory agency, ministry, department or authority.
- (28) “**HST**” means the harmonized sales tax imposed under the *Excise Tax Act* (Canada).
- (29) “**Intellectual Property**” means any or all of the following items, wherever located: all patents and patent rights, trademarks and trademark rights, trade names and trade name rights, service marks and service mark rights, service names and service name rights, copyrights and copyright rights, brand names, trade dress, business and product names, domain names, corporate names, logos, slogans, trade secrets, inventions, processes, formulae, industrial models, designs, specifications, data, technology, methodologies, computer programs (including all source code), confidential and proprietary information, whether or not subject to statutory registration, all related technical information, manufacturing, engineering and technical drawings, know how, all pending applications for and registrations of patents, trademarks, service marks and copyrights, including all obligations of third parties relating to the protection of the foregoing, the goodwill associated with the foregoing, and the right to sue for past payment, if any, in connection with any of the foregoing, and all documents, disks and other media on which any of the foregoing is stored.
- (30) “**Inventories**” means all inventories of stock-in-trade and merchandise including materials, supplies, work-in-progress and purchased finished goods (including those in possession of suppliers, customers and other third parties).
- (31) “**Law**” means common law, order, judgment, decree, law, statute, rule, or regulation of any Governmental Entity.
- (32) “**Leased Real Properties**” means the real properties municipally described in Schedule 1.4.
- (33) “**Liabilities**” means all costs, expenses, charges, debts, liabilities, claims, demands and obligations, whether primary or secondary, direct or indirect, fixed, contingent, absolute or otherwise, under or in respect of any contract, agreement, arrangement, lease, commitment or undertaking, Applicable Law and Taxes.
- (34) “**Lien**” means any lien, mortgage, charge, hypothec, pledge, security interest, prior assignment, option, warrant, lease, sublease, right to possession, encumbrance, claim, right or restriction which affects, by way of a conflicting ownership interest or otherwise, the right, title or interest in or to any particular property.
- (35) “**Monitor**” means KSV Restructuring Inc., in its capacity as Court-appointed monitor in the CCAA Proceeding.
- (36) “**Monitor’s Certificate**” means the certificate delivered to the Purchaser, and filed with the Court, by the Monitor certifying that the Monitor has received written confirmation in form and substance satisfactory to the Monitor, in its sole discretion, from each of the Vendor and the

Purchaser that all conditions to Closing have been satisfied or waived by the applicable Parties and the Transaction contemplated by this Agreement have been completed.

(37) **“Outside Date”** means August 31, 2025 or such later date as the parties may agree in writing.

(38) **“Party”** means a party to this Agreement and any reference to a Party includes its successors and permitted assigns; **“Parties”** means every Party.

(39) **“Person”** is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity.

(40) **“Personal Property”** means all machinery, equipment, furniture, computer hardware and other chattels (including those in possession of third parties).

(41) **“Personal Property Leases”** means chattel leases, equipment leases, rental agreements and conditional sales contracts.

(42) **“Post-Closing Adjustment”** has the meaning given in Section 2.6.

(43) **“Purchase Price”** has the meaning given in Section 2.2.

(44) **“Purchased Assets”** means all the Rights, title and interest of the Companies in and to the following assets, but excluding the Excluded Assets:

- (a) the Acquired Contracts;
- (b) the Acquired Personal Property Leases;
- (c) the Acquired Real Property Leases;
- (d) the Books and Records;
- (e) the Intellectual Property;
- (f) the Inventories;
- (g) the Personal Property;
- (h) the Acquired Real Property; and
- (i) the Receivables.

(45) **“Purchaser”** has the meaning given in the recitals above.

(46) **“Receivables”** means all accounts receivable, bills receivable, trade accounts, book debts and other amounts owed to the Companies, including recoverable deposits.

(47) **“Rights”** has the meaning given in Section 3.5.

(48) “**Taxes**” means all taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise and personal property taxes, and any other taxes, customs duties, fees, assessments or similar charges in the nature of a tax including Canada Pension Plan and provincial pension plan contributions, employment insurance payments and workers compensation premiums, together with any instalments with respect thereto, and any interest, fines and penalties, imposed by any governmental authority (including federal, state, provincial, municipal and foreign governmental authorities), and whether disputed or not.

(49) “**Transaction**” means the transaction of purchase and sale contemplated by this Agreement.

(50) “**Transferred Employees**” means Employees who have accepted an offer of employment from the Purchaser as of the Closing.

(51) “**Vendor**” has the meaning given in the recitals above.

(52) “**Vendor’s Solicitor**” means Reconstruct LLP.

(53) “**Vesting Order**” means an order made by the Court vesting in the Purchaser all the right, title and interest of the Companies in the Purchased Assets free and clear of all Liens.

1.2 **Headings and Table of Contents.**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 **No Strict Construction.**

The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

1.4 **Number and Gender.**

Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders. Where the word “including” or “includes” is used in this Agreement, it means “including (or includes) without limitation”.

1.5 **Business Days.**

If any payment is required to be made or other action is required to be taken pursuant to this Agreement on a day which is not a Business Day, then such payment or action shall be made or taken on the next Business Day.

1.6 **Currency and Payment Obligations.**

Except as otherwise expressly provided in this Agreement:

(a) all dollar amounts referred to in this Agreement are stated in Canadian Dollars; and

- (b) any payment contemplated by this Agreement shall be made by cash, certified cheque or any other method that provides immediately available funds.

1.7 **Statute References.**

Any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time.

1.8 **Section and Schedule References.**

Unless the context requires otherwise, references in this Agreement to Sections or Schedules are to Sections or Schedules of this Agreement. The Schedules to this Agreement, listed as follows, are an integral part of this Agreement:

Schedule 1.1	Acquired Contracts
Schedule 1.2	Acquired Personal Property Leases
Schedule 1.3	Acquired Real Property
Schedule 1.4	Leased Real Properties
Schedule 1.5	Acquired Real Property Leases
Schedule 2.1	Excluded Assets
Schedule 3.1	Allocation of Purchase Price

ARTICLE 2 **PURCHASE OF ASSETS**

2.1 **Agreement to Purchase and Sell.**

Subject to the terms and conditions of this Agreement, the Vendor shall sell and the Purchaser shall purchase the Purchased Assets on an “*as is, where is*” and “*without recourse*” basis as they shall exist on the Closing Date.

2.2 **Amount of Purchase Price.**

The purchase price payable by the Purchaser to the Vendor for the Purchased Assets (the “**Purchase Price**”) shall be [REDACTED], as adjusted on the Closing Date in accordance with Sections 2.4 and 2.5 and on the Adjustment Date in accordance with Section 2.6, and shall be allocated among the Purchased Assets as set out in Schedule 3.1.

2.3 **Deposit.**

Concurrently with the execution of this Agreement, the Purchaser shall pay to the Vendor the sum of [REDACTED] as a deposit (the “**Deposit**”), being no less than 10% of the Purchase Price. The Vendor shall invest the Deposit in an interest-bearing account of a Canadian chartered bank or trust company, in trust, to be disbursed in accordance with the following provisions:

- (1) if the purchase and sale of the Purchased Assets is completed in accordance with the terms of this Agreement, then the Deposit shall be released from trust with interest and applied towards payment of the Purchase Price;

- (2) if the purchase and sale of the Purchased Assets is not completed in accordance with the terms of this Agreement, then the Deposit shall be dealt with in accordance with the provisions of Article 4.

2.4 **Inventories.**

- (1) On the Calculation Date, the Vendor shall deliver a report for each of the Companies showing their respective Inventory by category and the total Book Value of such Inventory as of the Calculation Date (the “**Closing Inventory Report**”). The Vendor shall deliver such report to the Purchaser to review and for the Parties to finalize the Purchase Price as of the Closing Date. To the extent the aggregate value of Inventory in the Closing Inventory Report is higher or lower than the Book Value of such Inventory as of March 31, 2025, then the Purchase Price will be increased or decreased dollar for dollar by the difference on Closing.
- (2) The Parties agree that the value of the Inventory to be added to or deducted from the Purchase Price shall be the aggregate value of all categories of Inventory contained in the Closing Inventory Report. The Book Value of the Inventory shall be calculated consistently with the Company’s historical accounting practices.

2.5 **Receivables.**

- (1) On the Calculation Date, the Vendor shall deliver a list of the Receivables of the Companies as of the Calculation Date (the “**Closing Receivables Listing**”). The Vendor shall deliver such list to the Purchaser to review and for the Parties to finalize the Purchase Price as of the Closing Date. To the extent the Closing Receivables Listing is higher or lower than the Book Value of the Receivables as of March 31, 2025, then the Purchase Price will be increased or decreased dollar for dollar by the amount of the difference(s) on Closing.
- (2) The Parties agree that the value of the Receivables to be added to or deducted from the Purchase Price shall be the aggregate value of the Receivables in the Closing Receivables Listing. The Book Value of the Receivables shall be calculated consistently with the Company’s historical accounting practices.

2.6 **Post-Closing Adjustment**

No later than 30 days following the Closing Date (the “**Adjustment Date**”), the Vendor and the Purchaser shall determine the Book Values of the Inventory and the Receivables as of the Closing Date. The Purchaser shall pay the Vendor the difference between the combined Book Values of the Inventory and Receivables if the sum of those amounts exceeds their Book Values as of the Closing Date and the Vendor shall pay the Purchaser the difference between the combined Book Values of the Inventory and Receivables if the sum of those amounts is less than their Book Values as of the Closing Date (the “**Post-Closing Adjustment**”). Book Value will be calculated consistently with the Companies’ historical accounting practices at the Calculation Date, the Closing Date and the Adjustment Date.

2.7 **Payment of Purchase Price.**

The Purchase Price shall be paid and satisfied by the Purchaser at the Closing as follows:

- (1) the Deposit shall be paid to the Vendor and credited against the Purchase Price in accordance with Section 2.3(1);

- (2) the balance of the Purchase Price shall be paid to the Vendor by way of wire transfer, or as the Vendor may direct in writing; and
- (3) the Post-Closing Adjustment shall be paid no later than five (5) business days following the Adjustment Date:
 - (a) by the Purchaser to the Vendor if the Post-Closing Adjustment results in an increase in the Purchase Price; or
 - (b) by the Vendor to the Purchaser if the Post-Closing Adjustment results in a decrease in the Purchase Price.

2.8 **Allocation of Purchase Price.**

The Purchase Price shall be allocated among the Purchased Assets in the manner agreed to by the Purchaser and Vendor prior to Closing (acting reasonably) and as set out in Schedule 3.1. The Parties shall file their respective income tax returns prepared in accordance with such allocations.

2.9 **HST & Land Transfer Tax.**

- (1) At the Closing, if the Purchaser is a registrant, the Vendor and the Purchaser shall execute jointly an election under Section 167 of the *Excise Tax Act* (Canada) to have the sale of the Purchased Assets take place on a HST-free basis under Part IX of the *Excise Tax Act* (Canada) and the Purchaser shall file such election with its HST return for the reporting period in which the sale of the Purchased Assets takes place. The Purchaser will indemnify the Vendor against any tax, interest or penalties arising from a determination that the conditions for filing the election pursuant to s.167(1) of the *Excise Tax Act* (Canada) have not been satisfied for any reasons other than the inaccuracy of any of the representations and warranties made by the Vendor. The Purchaser shall further provide the Vendor with an undertaking to self assess, remit, file and pay HST and indemnify the Vendor from any and all HST arising from the completion of the Transaction. This covenant and indemnity survive the closing of the purchase and sale of the Purchased Assets and shall continue in full force and effect for the benefit of the Vendor indefinitely after the Closing Date.
- (2) The Purchaser shall be responsible for and pay any land transfer taxes payable on the transfer of the Acquired Real Property, including without limitation any “Non-Resident Deed Transfer Tax”, all registration fees payable in respect of registration by it of any documents on Closing (other than discharges of encumbrances which are required to be made by the Vendor, which will be the responsibility of the Vendor), and all other taxes and fees payable by a purchaser upon or in connection with the conveyance or transfer of the Acquired Real Property to it.

2.10 **Section 22 Election.**

The Purchaser and the Vendor shall execute jointly an election in prescribed form under Section 22 of the *Income Tax Act* (Canada) in respect of the Receivables and shall each file such election with their respective tax returns for their respective taxation years that include the Closing Date.

2.11 **Acquired Contracts, Acquired Personal Property Leases and Acquired Real Property Leases**

The Purchaser, with the Companies' and Monitor's consent, will request any consents necessary, if any, to permit the assignment to the Purchaser of the Acquired Contracts, Acquired Personal Property Leases and Acquired Real Property Leases. The Companies and the Monitor will provide its reasonable cooperation to assist the Purchaser to obtain such consents, including, at the expense of the Purchaser, by obtaining an Assignment Order and by providing financial and other information of the Companies requested by the Purchaser or party to such Acquired Contract, Acquired Personal Property Lease and Acquired Real Property Leases.

The Purchaser will be responsible for all Cure Costs in respect of any Acquired Contracts, Acquired Personal Property Leases and Acquired Real Property Leases.

2.12 **Excluded Liabilities.**

Other than the Assumed Liabilities, the Purchaser shall not assume and shall not be liable for any debts, liabilities or other obligations of any one or all of the Companies.

2.13 **Excluded Assets.**

Notwithstanding anything to the contrary in this Agreement, the Purchaser may, at its option, exclude any of the Purchased Assets from the Transaction, upon written notice to the Vendor and the Monitor no later than five (5) Business Days prior to the Closing Date, whereupon the Purchased Assets shall not include any of the Excluded Assets, provided, however, that there shall be no adjustment in the Purchase Price.

ARTICLE 3

CLOSING ARRANGEMENTS

3.1 **Closing.**

The Closing shall take place at 10:00 a.m. on the Closing Date (the "**Closing Time**") at the offices of the Vendor's Solicitor, or at such other time on the Closing Date or such other place as may be agreed orally or in writing by the Vendor and the Purchaser, with the consent of the Monitor.

3.2 **Closing Date.**

The Transaction shall be completed by the Parties within three (3) Business Days following the date on which the Vesting Order shall have been obtained, or such other date as may be agreed between the parties hereto in writing, with the consent of the Monitor (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 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.

3.3 **Vendor's Closing Deliveries.**

At the Closing, the Vendor shall deliver or cause to be delivered to the Purchaser the following documents:

- (1) the elections referred to in Sections 2.9(1) and 2.10;
- (2) a certificate, dated as of the Closing Date addressed to the Purchaser and the Monitor, confirming that (i) all of the representations and warranties of the Vendor contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date and (ii) that each of the conditions precedent in Section 4.3 of this Agreement have been fulfilled, performed or waived as of the Closing Date;
- (3) the Vesting Order(s) and the vesting certificate relating thereto; and
- (4) all deeds of conveyance, bills of sale, assurances, transfers, assignments, consents, and such other agreements, documents and instruments as may be reasonably requested by the Purchaser to complete the Transaction.

3.4 **Purchaser's Closing Deliveries.**

At the Closing, the Purchaser shall deliver or cause to be delivered to the Vendor the following documents and payments:

- (1) the payment of the Purchase Price less the Deposit;
- (2) the elections referred to in Sections 2.9(1) and 2.10;
- (3) a certificate, dated as of the Closing Date addressed to the Vendor, confirming that (i) all of the representations and warranties of the Purchaser contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date and (ii) that each of the conditions precedent in Section 4.1 of this Agreement have been fulfilled, performed or waived as of the Closing Date;
- (4) all such other agreements, documents and instruments as may be reasonably requested by the Vendor to complete the Transaction.

3.5 **Non-Transferable and Non-Assignable Purchased Assets.**

To the extent that any of the Purchased Assets to be transferred to the Purchaser on the Closing, or any claim, right or benefit arising under or resulting from such Purchased Assets (collectively, the “Rights”), is not capable of being transferred without the approval, consent or waiver of any third Person, or if the transfer of a Right would constitute a breach of any obligation under, or a violation of, any Applicable Law unless the approval, consent or waiver of such third Person is obtained, then, except as expressly otherwise provided in this Agreement and without limiting the rights and remedies of the Purchaser contained elsewhere in this Agreement, this Agreement shall not constitute an agreement to transfer such Rights unless and until such approval, consent or waiver has been obtained. After the Closing

and for a period of ten (10) Business Days following the Closing, or such later date as the Parties may agree, the Vendor shall:

- (a) hold the Rights in trust for the Purchaser;
- (b) comply with the terms and provisions of the Rights as agent for the Purchaser at the Purchaser's sole cost and for the Purchaser's benefit;
- (c) cooperate with the Purchaser in any reasonable and lawful arrangements designed to provide the benefits of such Rights to the Purchaser; and
- (d) enforce, at the reasonable request of the Purchaser and at the expense and for the account of the Purchaser, any rights of the Vendor arising from such Rights against any third Person, including the right to elect to terminate any such Rights in accordance with the terms of such Rights upon the written direction of the Purchaser.

In order that the full value of the Rights may be realized for the benefit of the Purchaser, the Vendor shall, at the request and expense and under the direction of the Purchaser, in the name of the Vendor or otherwise as the Purchaser may specify, take all such action and do or cause to be done all such things as are, in the reasonable opinion of the Purchaser, necessary or proper in order that the obligations of any Company or of the Companies under such Rights may be performed in such manner that the value of such Rights is preserved and enures to the benefit of the Purchaser, and that any moneys due and payable and to become due and payable to the Purchaser in and under the Rights are received by the Purchaser. The Vendor shall promptly pay to the Purchaser all monies collected by or paid to the Vendor in respect of every such Right. To the extent that such approval, consent or waiver has not been obtained by the tenth (10th) Business Day following the Closing, or such later date as the Parties may agree, such Right shall be deemed to be an Excluded Asset and the Vendor may terminate any agreement pertaining to such Right. The Purchaser shall indemnify and hold the Vendor harmless from and against any claim or Liability under or in respect of such Rights arising because of any action of the Vendor taken in accordance with this Section.

3.6 **Risk.**

The Purchased Assets are and shall remain at the Companies' risk until Closing, and the Vendor shall hold all insurance policies and the proceeds thereunder, in trust, for the Parties as their respective interests may appear pending Closing. From and after Closing, the Purchased Assets shall be at the risk of the Purchaser. In the event that any of the Purchased Assets are materially damaged prior to Closing, then the Vendor shall advise the Purchaser, in writing, within two (2) Business Days of the Vendor learning of same. If the cost of rectifying such damage exceeds \$150,000.00, as determined by a third-party expert appointed by the Vendor, then the Purchaser shall be entitled, in their sole and absolute discretion, to elect to terminate this Agreement by notice, in writing, to the Vendor and in such event the Parties hereto shall be released from all obligations and liabilities hereunder. If the Vendor shall not elect to terminate this Agreement as set out above, or if the cost of rectifying such damage does not exceed \$150,000.00, then the Transaction shall be completed.

ARTICLE 4 **CLOSING**

4.1 **Purchaser's Conditions.**

The Purchaser shall not be obliged to complete the purchase and sale of the Purchased Assets pursuant to this Agreement unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Purchaser and may be waived, in whole or in part, in writing by the Purchaser at any time; and the Vendor agrees with the Purchaser to take all such actions, steps and proceedings within their reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (1) *Representations and Warranties.* The representations and warranties of the Vendor in Section 5.2 shall be true and correct at the Closing.
- (2) *Vendor's Compliance.* The Vendor shall have performed and complied with all of the terms and conditions in this Agreement on their part to be performed or complied with at or before Closing and shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 3.3 or elsewhere in this Agreement.
- (3) *No Litigation.* There shall be no litigation or proceedings pending against any of the Parties hereto, or involving any of the business or the Purchased Assets, for the purpose of enjoining, preventing or restraining the completion of the Transaction or otherwise claiming that such completion is improper.
- (4) *Vesting Order(s).* The Vesting Order shall have been obtained and shall not have been stayed, varied or set aside.

4.2 **If Purchaser's Condition not Fulfilled.**

If any condition in Section 4.1 has not been fulfilled at or before the Closing Time, or if a condition in Section 4.1 becomes impossible to satisfy prior to the Outside Date (other than through the failure of the Purchaser to comply with its obligations under this Agreement), then the Purchaser in its sole discretion may either:

- (1) terminate this Agreement by notice to the Vendor, in which event the Purchaser shall be released from its obligations under this Agreement and the Deposit and all accrued interest shall be promptly returned to the Purchaser; or
- (2) waive compliance with any such condition without prejudice to its right of termination in the event of non-fulfillment of any other condition.

4.3 **Vendor's Conditions.**

The Vendor shall not be obliged to complete the Transaction unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Vendor, and may be waived, in whole or in part, in writing by the Vendor at any time; and the Purchaser agrees with the Vendor to take all such actions, steps and proceedings within the Purchaser's reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (1) *Purchaser's Compliance.* The Purchaser shall have performed and complied with all of the terms and conditions in this Agreement on its part to be to be performed by or complied with at or before

the Closing Time and shall have executed and delivered or caused to have been executed and delivered to the Vendor at the Closing Time all the documents contemplated in Section 3.4 or elsewhere in this Agreement.

- (2) *Vesting Order.* The Vesting Order shall have been obtained and shall not have been stayed, varied or set aside.
- (3) *No Litigation.* There shall be no litigation or proceedings pending against any of the Parties hereto, or involving any of the Purchased Assets, for the purpose of enjoining, preventing or restraining the completion of the Transaction or otherwise claiming that such completion is improper.

4.4 **If Vendor's Condition not Fulfilled.**

If any condition in Section 4.3 shall not have been fulfilled at or before the Closing Time, or if a condition in Section 4.3 becomes impossible to satisfy prior to the Outside Date (other than through the failure of the Vendor to comply with their obligations under this Agreement), then the Vendor in their sole discretion may, without limiting any rights or remedies available to the Vendor at Law or in equity, either:

- (1) terminate this Agreement by notice to the Purchaser in which event the Vendor shall be released from all obligations under this Agreement and, if the condition that was not fulfilled was contained in Section 4.1, the Deposit and all accrued interest shall be promptly returned to the Purchaser and the Purchaser shall be released from all obligations under this Agreement; or
- (2) waive compliance with any such condition without prejudice to their rights of termination in the event of non-fulfillment of any other condition.

4.5 **Monitor**

When all conditions to Closing set out in this Article 4 have been satisfied or waived by the Vendor or the Purchaser, as applicable, the Vendor and the Purchaser, or their respective counsel, shall each deliver to the Monitor written confirmation, in form and substance satisfactory to the Monitor, that all conditions to Closing have been satisfied or waived, subject to the Monitor's delivery of the Monitor's Certificate to the Purchaser in accordance with the Vesting Order. Upon receipt of such written confirmation, the Monitor shall: (i) issue forthwith its Monitor's Certificate in accordance with the Vesting Order; and (ii) file as soon as practicable a copy of the Monitor's Certificate with the Court (and shall provide a true copy of such filed certificate to each of the Vendor and the Purchaser). The Parties hereby acknowledge and agree that the Monitor will be entitled to file the Monitor's Certificate with the Court without independent investigation upon receiving written confirmation from the Vendor and the Purchaser that all conditions to Closing have been satisfied or waived, and the Monitor will have no liability whatsoever to any of the Vendor or Purchaser or any other Person as a result of filing the Monitor's Certificate.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Purchaser.

As a material inducement to the Vendor entering into this Agreement and completing the Transaction and acknowledging that the Vendor are entering into this Agreement in reliance upon the representations and warranties of the Purchaser set out in this Section 5.1, the Purchaser represents and warrants to the Vendor as follows:

- (1) *Incorporation and Power.* The Purchaser is a corporation duly incorporated under the Law of the jurisdiction of its incorporation and is duly organized, validly subsisting and in good standing under such Law.
- (2) *Due Authorization.* The Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by it as contemplated by this Agreement and to carry out its obligations under this Agreement and such other agreements and instruments. The execution and delivery of this Agreement and such other agreements and instruments and the completion of the Transaction and such other agreements and instruments have been duly authorized by all necessary corporate action on the part of the Purchaser.
- (3) *Enforceability of Obligations.* This Agreement constitutes a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms subject, however, to limitations on enforcement imposed by bankruptcy, insolvency, reorganization or other laws affecting the enforcement of the rights of creditors or others and to the extent that equitable remedies such as specific performance and injunctions are only available in the discretion of the court from which they are sought.
- (4) *Financial Ability.* The Purchaser has the financial ability through its own resources or through financing that has been arranged and approved by a recognized financial lending institution, to close the Transaction and pay the balance of the Purchase Price on the Closing Date. The Purchaser confirms that it shall deliver to the Vendor, upon request, evidence of such financial ability by way of a copy of a binding commitment letter or letter from its banking institution confirming the foregoing, or such other evidence as the Vendor may deem appropriate.
- (5) *HST/GST.* The Purchaser is a “registrant” under Part IX of the *Excise Tax Act* (Canada) and its registration number is R● or the Purchaser will be such a “registrant” at the Closing Time and will notify the Vendor of its registration number prior to such time.

5.2 Representations and Warranties of the Vendor.

As a material inducement to the Purchaser entering into this Agreement and completing the Transaction and acknowledging that the Purchaser is entering into this Agreement in reliance upon the representations and warranties of the Vendor set out in this Section 5.2, the Vendor represents and warrants to the Purchaser as follows:

- (1) *Non-Residency:* The Companies are not now and do not intend to become, prior to Closing, a non-resident of Canada within the meaning and purpose of Section 116 of the *Income Tax Act* (Canada).

- (2) *Authority to Sell*: Subject to obtaining the Vesting Order prior to Closing, on Closing the Vendor shall have the power and authority to sell the Purchased Assets, in accordance with the terms and conditions of this Agreement and the Vesting Order.

5.3 **Survival of Representations and Warranties.**

The representations and warranties of the Purchaser and Vendor contained in Sections 5.1 and 5.2, respectively, or any other agreement, certificate or instrument delivered pursuant to this Agreement shall survive the termination of this Agreement and the completion of the Transaction.

5.4 **“As is, Where is, Without Recourse”.**

The Purchaser acknowledges that the Vendor are selling the Purchased Assets on an “*as is, where is*” and “*without recourse*” basis as they shall exist on the Closing Date. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Vendor does not guarantee title to the Purchased Assets and that the Purchaser has conducted such inspections of the condition of and title to the Purchased Assets as it deemed appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Vendor to sell or assign same save and except as expressly represented or warranted herein. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (Nova Scotia) or similar legislation do not apply hereto and have been waived by the Purchaser. Without limiting the generality of the foregoing, the description of the Purchased Assets contained in the Schedules hereto is for the purpose of identification only. No representation, warranty or condition has or will be given by the Vendor concerning completeness or the accuracy of such descriptions. The Purchaser further acknowledges that all written and oral information (including, without limitation, analyses, financial information and projections, compilations and studies) obtained by the Purchaser from the Vendor with respect to the Purchased Assets or otherwise relating to the Transaction has been obtained for the convenience of the Purchaser only and is not warranted to be accurate or complete. The Purchaser further acknowledges that the Vendor shall be under no obligation to deliver the Purchased Assets to the Purchaser and that it shall be the Purchaser’s responsibility to take possession of the Purchased Assets.

5.5 **Employees.**

The Purchaser may offer employment, as of the Closing Time, to those Employees it so wishes to employ on terms and conditions of employment which are substantially similar to the current terms provided. For greater certainty, the Purchaser shall not be obligated to offer employment to any Employee. The Purchaser shall provide the Vendor with the names of Employees who will not be offered employment or who have not accepted an offer of employment by no later than five (5) Business Days prior to Closing.

ARTICLE 6

POST-CLOSING MATTERS

6.1 Access to Books and Records.

After Closing, the Purchaser shall provide the Vendor with access to the Books and Records for a period of six (6) years before the Closing Date, and, at the request of the Monitor, the Purchaser shall provide the Monitor with an electronic copy of all such Books and Records. The Purchaser shall not destroy any Books and Records without providing the Vendor with thirty (30) days' written notice of the Purchaser's intention to destroy such Books and Records. If the Vendor objects to the destruction of any or all of such Books and Records within thirty (30) days of receiving such notice, then the Vendor shall be responsible to collect such Books and Records from the Purchaser at a mutually agreeable date and time, failing which the Purchaser may proceed to destroy such Books and Records.

6.2 Non-Merger.

Each party hereby agrees that all provisions of this Agreement, other than the conditions in Article 4, shall forever survive the execution, delivery and performance of this Agreement, Closing and the execution, delivery and performance of any and all documents delivered in connection with this Agreement.

6.3 Further Assurances.

Each Party shall promptly do, execute, deliver or cause to be done, executed and delivered all further acts, documents and things in connection with this Agreement that the other Party may reasonably require, for the purposes of giving effect to this Agreement.

ARTICLE 7

GENERAL

7.1 Expenses.

Each Party shall be responsible for its own legal and other expenses (including any Taxes imposed on such expenses) incurred in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the Transaction and for the payment of any broker's commission, finder's fee or like payment payable by it in respect of the purchase and sale of the Purchased Assets pursuant to this Agreement.

7.2 Payment of Taxes.

Except as otherwise provided in this Agreement, the Purchaser shall pay all Taxes applicable to, or resulting from Transaction (other than Taxes payable under applicable legislation by the Vendor) and any filing or recording fees payable in connection with the instruments of transfer provided for in this Agreement. The Purchaser shall indemnify and save the Vendor harmless from and against any and all costs, expenses, liabilities and damages incurred or suffered by the Vendor as a result of the failure of the Purchaser to pay any Taxes.

7.3 Announcements.

Except as required by law, all public announcements concerning the Transaction or contemplated by this Agreement shall be jointly approved as to form, substance and timing by the parties to this Agreement and the Monitor, after consultation.

7.4 **Notices.**

- (1) Any notice, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent prepaid by fax or other similar means of electronic communication, in each case to the applicable address set out below:

- (i) if to the Purchaser, to:

Coast to Coast Marketing Ltd
2 Lakemist Court, Dartmouth NS B3A 4Z1

Attention: Nancy Hartnett
Email: nancy@unfb.ca

James Roue Beverage Company Ltd
201 Water Street, Windsor, NS, B0N 2T0

Attention: Michael Oxner
Email: moxner@jamesroue.com

- (ii) if to the Vendor, to:

KSV RESTRUCTURING INC.
220 Bay Street, 13th Floor
Toronto, ON M5J 2W4

Attention: Bobby Kofman
Email: bkofman@ksvadvisory.com

Attention: Mitch Vininsky
Email: mvininsky@ksvadvisory.com

with a copy to:

Reconstruct LLP
80 Richmond Street West, Suite 1700
Toronto, ON M5H 2A4

Attention: Sharon Kour
Email: skour@reconllp.com

- (2) Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of sending by electronic

communication, provided that such day in either event is a Business Day and the communication is so delivered or sent before 4:30 p.m. (Atlantic Time) on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any such communication sent by mail shall be deemed to have been given and made and to have been received on the fifth (5th) Business Day following the mailing thereof; provided however that no such communication shall be mailed during any actual or apprehended disruption of postal services. Any such communication given or made in any other manner shall be deemed to have been given or made and to have been received only upon actual receipt.

- (3) Any Party may from time to time change its address under this Section 7.4 by written notice to the other Party given in the manner provided by this Section.

7.5 **Time of Essence.**

Time shall be of the essence of this Agreement in all respects.

7.6 **Time Periods.**

Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

7.7 **Entire Agreement.**

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties and set out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the Parties pertaining to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement.

7.8 **Amendments and Waiver.**

No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by the Purchaser and the Vendor. The Vendor and the Purchaser may consent to any such amendment at any time prior to the Closing with the prior authorization of their respective boards of directors. No waiver by either Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

7.9 **Severability.**

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

7.10 **Language.**

The Parties have required that this Agreement and all deeds, documents and notices relating to this Agreement be drawn up in the English language.

7.11 **Governing Law.**

This Agreement shall be governed by and construed in accordance with the Laws of the Province of Nova Scotia and the Laws of Canada applicable in that Province and shall be treated, in all respects, as a Nova Scotia contract.

7.12 **Successors and Assigns.**

No Party to this Agreement shall have the right to assign any of its rights and obligations hereunder without the prior written consent of the other Party hereto, which consent shall not be unreasonably withheld. The Purchaser may assign its rights and obligations under this Agreement to an affiliate of the Purchaser, provided that the Purchaser remains liable, jointly, with such affiliate for all the obligations of the Purchaser hereunder. To the extent that any such assignment occurs, this Agreement and all provisions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

7.13 **No Third Party Beneficiaries.**

This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns or as specifically referred to herein.

7.14 **Counterparts.**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original, faxed or email PDF form and the Parties adopt any signatures received by a receiving fax machine or email PDF as original signatures of the Parties; provided, however, that any Party providing its signature in such manner shall promptly forward to the other Party an original of the signed copy of this Agreement which was so faxed or emailed.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF the Parties have executed this Agreement.

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 capacity or in any other capacity

By: _____
 Name:
 Title:

I have authority to bind the corporation.

[PURCHASER]

By: _____
 Name: Nancy Hartnett
 Title: President – Coast to Coast
 Marketing Ltd.

I have authority to bind the corporation

By: _____
 Name: Michael Oxner
 Title: President- James Roue Beverage
 Company Ltd.

I have authority to bind the corporation

SCHEDULE 1.1

Acquired Contracts

SCHEDULE 1.2

Acquired Personal Property Leases

SCHEDULE 1.3**Acquired Real Property and Parcel Registers**

- Owned by 3343533 Nova Scotia Limited (Lost Bell Winery): 11 Dudley Park Lane and 61 Dudley Park Lane, Falmouth, NS. PIDs 45220357 and 45035300.
- All existing winery and vineyard equipment, production and bottling equipment, and wine product in production, as documented on the Lost Bell Winery Capital Asset List dated May 6, 2025
- Included in the purchase price are the blending and bottling rights of Lost Bell Winery, and the registered CIPO trademark of Lost Bell Winery (#2102481).

SCHEDULE 1.4

Leased Real Properties

SCHEDULE 1.5

Acquired Real Property Leases

SCHEDULE 2.1**Excluded Assets**

SCHEDULE 3.1**Allocation of Purchase Price**

Winery Building: [REDACTED].
Winery & Bottling Equipment: [REDACTED].
Vineyard: [REDACTED].
Winery Inventory: [REDACTED].
Vineyard Equipment: [REDACTED].

TOTAL PRICE: [REDACTED]

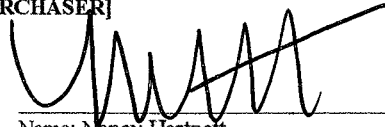
IN WITNESS WHEREOF the Parties have executed this Agreement.

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 capacity or in any other capacity

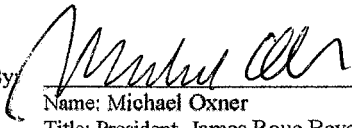
By: _____
 Name:
 Title:

I have authority to bind the corporation.

[PURCHASER]

By: 
 Name: Nancy Hartnett
 Title: President – Coast to Coast Marketing Ltd.

I have authority to bind the corporation

By: 
 Name: Michael Oxner
 Title: President- James Roue Beverage Company Ltd.

I have authority to bind the corporation

Appendix “F”

Forecasted Statement of Cash Flow

For the Period ending November 1, 2025

(Unaudited; \$C)

Notes	Week ending	Week 1 2025-06-14	Week 2 2025-06-21	Week 3 2025-06-28	Week 4 2025-07-05	Week 5 2025-07-12	Week 6 2025-07-19	Week 7 2025-07-26	Week 8 2025-08-02	Week 9 2025-08-09	Week 10 2025-08-16	Week 11 2025-08-23	Week 12 2025-08-30	Week 13 2025-09-06	Week 14 2025-09-13	Week 15 2025-09-20	Week 16 2025-09-27	Week 17 2025-10-04	Week 18 2025-10-11	Week 19 2025-10-18	Week 20 2025-10-25	Week 21 2025-11-01	Total
Cash Inflows																							
1	Trade Sales	96,031	284,756	254,854	237,960	199,850	175,000	-	1,000	-	-	-	-	1,000	-	-	-	1,000	-	-	-	1,000	1,252,451
2	Direct Sales	65,000	76,500	65,000	75,000	70,000	65,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	416,500
3	Shopify	10,100	10,100	10,100	10,100	10,100	10,100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60,600
4	Other	163,207	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	163,207
5	Drawn from sales proceeds	-	-	-	-	-	-	-	76,000	150,000	22,000	1,000	5,000	186,000	-	1,000	-	-	89,000	1,000	2,000	7,000	540,000
Total Cash Inflows		334,338	371,356	329,954	323,060	279,950	250,100	-	77,000	150,000	22,000	1,000	5,000	187,000	-	1,000	-	1,000	89,000	1,000	2,000	8,000	2,432,758
Cash Outflows																							
6	Salaries, wages, and benefits	10,000	84,000	10,000	90,000	10,000	84,000	10,000	42,000	-	-	-	-	-	-	-	-	-	-	-	-	-	340,000
	Payroll - CRA source remittances	11,612	-	25,000	-	22,500	12,500	25,000	-	-	20,625	-	-	-	-	-	-	-	-	-	-	-	117,237
	Equitable Life Benefits	9,000	-	-	-	9,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,000
	Professional Fees:																						
	Professional Fees - Legal Counsel	105,442	-	-	-	45,000	-	-	-	45,000	-	-	-	10,000	-	-	-	-	10,000	-	-	-	215,442
	Professional Fees - Monitor	123,894	-	-	-	75,000	-	-	-	75,000	-	-	-	75,000	-	-	-	-	50,000	-	-	-	398,894
	Professional Fees - Monitor Legal Counsel	20,000	-	-	-	20,000	-	-	-	30,000	-	-	-	30,000	-	-	-	-	30,000	-	-	-	130,000
	Professional Fees - Accounting	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Rent	-	-	-	6,357	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,357
	HST	-	-	-	100,000	-	-	-	134,000	-	-	-	-	50,833	-	-	-	-	-	-	-	-	284,833
	Excise Tax	-	-	-	52,500	-	-	-	46,000	-	-	-	-	20,000	-	-	-	-	-	-	-	-	118,500
7	General Operating Expenses	19,681	23,072	32,094	31,045	18,500	15,000	10,400	700	450	900	1,500	4,932	600	400	350	300	250	100	600	2,250	8,200	171,324
8	Inventory & Raw Materials Purchases	127,215	100,382	128,150	84,026	122,705	135,000	33,161	-	-	-	-	-	-	-	-	-	-	-	-	-	-	730,639
9	Advertising & Promotion	17,921	17,921	17,921	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	53,763
Total Cash Outflows		444,765	225,375	213,165	363,928	322,705	246,500	78,561	222,700	150,450	21,525	1,500	4,932	186,433	400	350	300	250	90,100	600	2,250	8,200	2,584,990
Net Cash Flow		(110,427)	145,981	116,789	(40,868)	(42,755)	3,600	(78,561)	(145,700)	(450)	475	(500)	68	567	(400)	650	(300)	750	(1,100)	400	(250)	(200)	(152,231)
Opening Cash Balance		152,433	42,006	187,987	304,776	263,908	221,153	224,753	146,192	492	42	517	17	85	652	252	902	602	1,352	252	652	402	152,433
Increase / (decrease in cash flow)		(110,427)	145,981	116,789	(40,868)	(42,755)	3,600	(78,561)	(145,700)	(450)	475	(500)	68	567	(400)	650	(300)	750	(1,100)	400	(250)	(200)	(152,231)
Ending Cash Availability		42,006	187,987	304,776	263,908	221,153	224,753	146,192	492	42	517	17	85	652	252	902	602	1,352	252	652	402	202	202

Notes to Forecasted Statement of Cash Flow

For the Period ending November 1, 2025

(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 June 8, 2025 to November 1, 2025.
- 2 The cash flow forecast has been prepared based on hypothetical and most probably assumptions.

Hypothetical Assumptions:

- 1 Collections up to July 5 are based on filled sales orders.
Collections after July 5 are based on the Companies' monthly collections in the prior year.
Collections beyond July 19 reflect rent on a BLCL property only.
- 2 Direct Sales are made to consumers, including restaurants, and are assumed to be paid immediately.
Sales are based on the prior year's monthly sales.
- 3 Shopify Sales include online sales to customers, and all on-premise sales at Annapolis Cider Company through the Shopify point-of-sale system. Sales are based on historical results and are assumed to be collected at the time of sale.
Sales are based on the prior year's results.
- 4 Reflects an insurance claim related to a fire at the production facility located at 230 Foord Street, Stellarton, which occurred on November 10, 2018. This amount has been collected.
- 5 The forecast assumes that post-closing accrued liabilities will be funded from the sale proceeds held in trust by the Monitor.

Most Probable Assumptions:

- 6 Payroll is based on the last payroll run to June 30. Thereafter, payroll is based on forecasted headcount, which is anticipated to increase in line with revenue growth, consistent with prior year actuals.
The forecast assumes that the final payroll run covers the period up to July 19.
- 7 Includes forecasted utilities, maintenance costs, insurance premiums, property taxes, and other miscellaneous costs, which have been forecasted based on prior year's results.
- 8 Inventory purchases up to July 12 are based on the Companies' production schedule. Thereafter, inventory purchases are based on prior year spend.
- 9 Based on the Companies' advertising and promotion budget for 2025, which represents approximately 95% of prior year spend. Assumed to be nil after the sale transactions are approved by the Court.

**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 16th day of June, 2025, consisting of a weekly projected cash flow statement for the period June 8, 2025 to November 1, 2025 (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 16th day of June, 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