

Form 5.03

2024

Hfx No.

SUPREME COURT OF NOVA SCOTIA

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

AND IN THE MATTER OF A PLAN OR ARRANGEMENT OF SALTWIRE NETWORK INC.,
THE HALIFAX HERALD LIMITED, HEADLINE PROMOTIONAL PRODUCTS LIMITED, TITAN
SECURITY & INVESTIGATION INC., BRACE CAPITAL LIMITED AND BRACE HOLDINGS
LIMITED

BETWEEN:

Fiera Private Debt Fund III LP and Fiera Private Debt Fund V LP,
each by their general partner, Fiera Private Debt GP Inc.

Applicants

-and-

Saltwire Network Inc., The Halifax Herald Limited, Headline Promotional Products Limited, Titan
Security & Investigation Inc., Brace Capital Limited and Brace Holdings Limited

Respondents

NOTICE OF APPLICATION IN CHAMBERS

To: Saltwire Network Inc., The Halifax Herald Limited, Headline Promotional Products
Limited, Titan Security & Investigation Inc., Brace Capital Limited and Brace Holdings
Limited

c/o **STEWART MCKELVEY**
600-1741 Lower Water St.
Halifax, NS B3J 0J2

Maurice Chiasson
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Email: mchiasson@stewartmckelvey.com

Sara Scott
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and the Service List attached hereto as Schedule "A"

THE APPLICANTS REQUEST AN ORDER AGAINST YOU.

The Applicants are applying to a judge in chambers for the below relief:

1. Under the *Companies' Creditors Arrangements Act, supra*, ("**CCAA**") for an Order substantially in the form attached hereto as Schedule "B" (the "**Proposed Initial Order**"), among other things:

- (a) Abridging and validating the time for service of this Notice of Application and dispensing with further service thereof;
- (b) Declaring that Saltwire Network Inc. ("**Saltwire**"), The Halifax Herald Limited ("**The Herald**"), Headline Promotional Products Limited ("**Headline**"), Titan Security & Investigation Inc. ("**Titan**"), Brace Capital Limited ("**Brace Capital**") and Brace Holdings Limited ("**Brace Holdings**" and together with Saltwire, The Herald, Headline, Titan and Brace Capital, the "**Companies**") are companies to which the CCAA applies;
- (c) Appointing KSV Restructuring Inc. ("**KSV**") as court-appointed monitor in these proceedings (in such capacity, the "**Monitor**") in respect of the business and affairs of the Companies;
- (d) Appointing David Boyd, a representative of Resolve Advisory Services Ltd., as Chief Restructuring Officer ("**CRO**");

- (e) Staying, for an initial period of not more than ten (10) days (the “**Stay**”), all proceedings and remedies taken or that might be taken in respect of the Companies, the Monitor or affecting the Companies’ business and/or their property;
- (f) Authorizing the Companies to borrow funds pursuant to the DIP Financing (as defined below) to be provided to the Companies pursuant to the Proposed Interim Financing Term Sheet (as defined below), in the maximum initial amount of \$500,000;
- (g) Granting the following priority charges (the “**Charges**”) over the Companies’ property, such Charges to rank in the priority set out in the Proposed Initial Order:
 - (i) First, the Administration Charge (as defined below) up to a maximum of \$300,000;
 - (ii) Second, the DIP Lender’s Charge (as defined below); and
 - (iii) Third, the Directors’ Charge (as defined below) up to a maximum of \$1,075,000;
- (h) Ordering that the proposed Charges shall rank in priority to all other existing liens, encumbrances, charges or security interests on any of the assets, property or undertaking of the Companies other than those parties that have equipment financing or equipment leases with the Companies and who have not been provided notice of the application; and

2. If the Proposed Initial Order is granted, the Applicants intend to seek an amended and restated initial order (the “**Comeback Order**”) within 10 days of the Initial Order being granted,

- (a) Extending the Stay;
 - (b) Increasing the Administration Charge;
 - (c) Enhancing the powers of the CRO;
 - (d) Enhancing , if necessary, the Monitor’s powers and authorizations; and
 - (e) Approving a sale investment and solicitation process to be conducted by FTI Capital Advisors-Canada ULC (“**FTI**”); and
 - (f) Such other relief as may be requested at that time.
3. Such further and other relief as to this Honourable Court may deem just.

The Applicants started this application by filing this notice on the date certified by the Prothonotary.

GROUND FOR ORDER

The Applicants are applying for the order on the following grounds:

Background

1. The Applicants, Fiera Private Debt Fund III LP (“**Fund III**”) and Fiera Private Debt Fund V LP (“**Fund V**” and together with Fund III, the “**Lenders**”), are the senior secured creditors of the Companies.
2. The Lenders are private debt lenders providing corporate loans to Canadian midmarket companies.
3. Each of the Companies are incorporated pursuant to the laws of Nova Scotia.

4. The registered office for each of the Companies (other than The Herald) is 600-1741 Lower Water Street, Halifax, NS, B3J 0J2. The registered office of The Herald is 2717 Joseph Howe Drive, Halifax, Nova Scotia, B3J 0J2. Mr. Mark Lever and other members of senior management are all located in Halifax, Nova Scotia.

5. Mr. Lever is the president and CEO of the Companies and has had day-to-day responsibility for the operations of the Companies for the time that the Lenders have had a relationship with the Saltwire and The Herald.

6. Ms. Sarah Dennis is the President of Headline.

7. Mr. Lever and Ms. Dennis are the directors of each of Headline, Saltwire, The Herald, Brace Capital and Brace Holdings. Mr. Lever is the sole director of Titan. Mr. Lever is Ms. Dennis' spouse.

8. In addition to Mr. Lever, the Companies are managed on a day-to-day basis by Mr. Ian Scott, chief operating officer and Mr. Chace Hynes, chief financial officer. Mr. Scott is believed to be a long-standing employee of Saltwire and The Herald. Mr. Hynes joined Saltwire and The Herald within the last 2 years.

The Business

9. Saltwire and The Herald operate the largest media and newspaper business in Atlantic Canada including The Chronicle Herald, the Cape Breton Post, The Telegram (St. John's) and The Guardian (Charlottetown) and offer print and online sources of news.

10. In 2017, the Companies acquired several publishing assets including a number of publications from Transcontinental Nova Scotia Media Group Inc. and related companies

(“**Transcontinental**”) which significantly increased the number of the Companies’ media outlets and for which, Fund V provided acquisition financing.

11. In 2017, Brace Capital acquired Titan, a full services security and health care services company. Although certain logistical elements of Titan may have been integrated into the Borrowers since the acquisition, Titan is believed to be a stand-alone business that is largely unrelated to the business of Saltwire and The Herald.

12. Headline is a promotional products company that procures branded novelty and other products for corporate buyers.

13. Brace Capital believed to be an inactive holding company.

14. Brace Holdings believed to be an inactive holding company.

Outstanding Obligations owed to the Lenders

15. Each of Saltwire and The Herald (collectively, the “**Borrowers**”) have outstanding credit facilities with Fund V and Fund III respective (collectively, the “**Credit Facilities**”).

16. As of March 4, 2024, the outstanding amounts (exclusive of fees and interests, both of which continue to accrue) under the Credit Facilities totalled \$32,735,094 (plus \$588,772 of accrued and outstanding payment-in-kind (“**PIK**”) interest) consisting of: (a) The Herald: \$8,236,551 (plus \$150,592 of PIK interest); and (b) Saltwire: \$24,498,543 (plus \$438,180 of PIK interest).

17. Each of the Companies are obligors under the Credit Facilities and have granted certain security in respect of their obligations.

Other Outstanding Obligations

Transcontinental

18. As noted above, the loan provided to Saltwire by Fund V was to provide acquisition financing for the purchase by Saltwire of several of Transcontinental's commercial printing and publishing businesses across Atlantic Canada. Pursuant to the terms of the acquisition, Saltwire issued to Transcontinental a vendor take back note (the "**VTB Note**") in the amount of \$10 million, which is unsecured and subordinated to the amounts owing to the Lenders.

19. Saltwire was to pay the amounts owing under the VTB Note in three annual installments on the first, second and third anniversaries of the closing date of the transaction.

20. To the Lender's knowledge, no payments were ever made on account of the VTB Note.

21. Saltwire and Transcontinental are engaged in litigation in connection with the acquisition. On March 7, 2024, Saltwire was ordered to pay \$500,000 as security for costs by April 30, 2024.

Canada Revenue Agency

22. Both Saltwire and The Herald have significant liabilities to the Canada Revenue Agency in respect of collected and unremitted HST.

23. As of January 2, 2024, the outstanding balances, prior to any application of accrued tax credits, owing in respect of HST are: (a) Saltwire: \$2,340,392; and (b) The Herald: \$4,715,654.

Pension Liabilities

24. The Companies maintain a series of pension and benefits plans including, one defined benefit plan (the "**Herald DB Plan**") and a defined contribution plan (the "**Saltwire DC Plan**"). The

most recent actuarial valuation report prepared by Eckler dated August 2022 states, upon a wind up, the Herald DB Plan has a significant solvency deficiency of approximately \$7 million.

25. Additionally, on February 8, 2024, the Supreme Court of Nova Scotia issued a decision upholding a decision by the Nova Scotia Labour Board, confirming that The Herald was liable for significant outstanding special payments that it had not made in 2018 and 2019 of over \$2.6 million.

26. On January 9, 2024, the trustee of the CWA/ITU Pension Plan filed a notice of application against The Herald, alleging that The Herald failed to make several payments under the CWA/ITU Pension Plan and requesting payment of \$70,000.

Equipment Leases

27. Based on the personal property searches conducted against the Companies in Nova Scotia, Newfoundland, Prince Edward Island and New Brunswick, it also appears that the Companies lease a number of vehicles, as well as certain office equipment.

28. The Pre-Filing Report (defined below) will contain additional information with respect to other liabilities of the Companies (to the extent known).

Forbearance and Defaults

29. The Borrowers have been in default of their obligations under their respective credit agreements for over 5 years, have made little progress on the repayment of principal under either Credit Facilities and have no path, plan or timeline for repayment of the Credit Facilities. In fact, the Borrowers have made only approximately 1/3 of their regular monthly principal payments—cumulatively since inception, principal payments totalling more than \$26 million have been deferred.

30. During this time, the Lenders have provided significant concessions to the Borrowers over the course of nine (9) Forbearance Agreements (as defined in the affidavit of Russell French, affirmed March 8, 2024 (the "**French Affidavit**")).

31. In the past several months, the Borrowers have failed to (a) comply with their obligations under the applicable forbearance agreement, (b) failed to provide timely, complete and comprehensible financial information to the Lenders' financial advisor, KSV Advisory Inc. ("**KSV Advisory**") or to respond to KSV Advisory's questions regarding the financial information, and (c) cooperate or engage in meaningful discussions as to the Lenders' concerns about the business and the Borrowers' credit position.

32. During the course of the most recent forbearance period, the Borrowers, with the consent of the Lenders, retained FTI to conduct a recapitalization process (the "**Recapitalization Process**") to find an investor or purchaser for their business. At least one letter of intent ("**LOI**") acceptable to the Lenders was to have been delivered by January 31, 2024; however, no LOIs were delivered by that deadline.

33. Although a preliminary draft LOI was delivered on February 22, 2024, it was highly conditional and not, in its current form, acceptable to the Lenders.

34. The period under the Forbearance Agreements has now expired.

35. The Companies have signed a consent, consenting to CCAA proceedings being commenced by the Lenders (the "**Consent**").

Summary of Current Circumstances

36. The Lenders have lost faith in senior management who have, over the course of the last several years, mismanaged the business, used employee pension funds for operations, routinely

failed to remit HST as it was collected instead funding the business with such amounts, have been uncooperative and have provided no solution for the repayment of the Credit Facilities.

37. The Companies are insolvent, are unable to pay their debts as they come due and are on the verge of a liquidity crisis—the Borrowers have outstanding HST liabilities of over \$7 million (which continue to accrue), The Herald recently had a court decision issued against it to pay over \$2.6 million in outstanding pension liabilities and, on March 5, 2024, Saltwire had a decision issued against it requiring it to post \$500,000 as security for costs in the Transcontinental litigation.

38. The Forbearance Agreements and the Consent contractually entitle the Lenders to commence these proceedings without opposition from the Companies.

39. The Lenders are prepared to support the Companies through these CCAA proceedings with interim financing, as described below, so that an expedited and orderly sale and investment solicitation process (“**SISP**”) continuing the Recapitalization Process.

CCAA Proceedings

40. The Lenders are requesting a Stay of proceedings in respect of the Companies and their property up to and including a date that is not more than 10 days to be granted to provide the Companies, their businesses, the CRO and Monitor with a stabilized environment to pursue one or more transactions arising from the SISP process.

Appointment of Monitor

41. The Applicant seeks to appoint KSV as the Monitor in the CCAA proceedings.

42. KSV Advisory was previously retained as the Lenders’ financial advisor in October 2023. The KSV engagement letter expressly provides that if KSV is appointed as court officer in any proceeding, its engagement with the Lenders terminates immediately prior to its appointment.

43. KSV has consented to act as the Monitor in these proceedings, should the Proposed Initial Order be granted.

44. KSV is based in Toronto, Ontario, however, it has experience in most Provinces across Canada spanning many industries, including the media sector, and has the qualifications and expertise to act as the court-appointed monitor in these proceedings.

45. KSV is the financial advisor with the most familiarity with the Companies and, in particular, the Borrowers. It has been retained as the Lender's financial advisor since October 2023 whereas Grant Thornton Inc., the Companies' proposed monitor, has been retained for less than a week.

Appointment of CRO

46. Mr. Boyd was previously appointed as "chief strategy officer" of the Companies and was in that role from August 2022 and as such, he is familiar with the Companies and their businesses.

47. Mr. Boyd is an experienced restructuring professional in the Atlantic Provinces and the Lenders support Mr. Boyd's appointment as CRO.

48. The Lenders believe the Companies require the supervision of an empowered CRO given the degree of mismanagement and lack of cooperation received by the Lenders from the Companies' management. In the event that the CRO is appointed, the Lenders may request further enhanced powers and authorizations on the comeback motion.

Administration Charge

49. The Lenders are proposing an administration charge (the "**Administration Charge**") in the initial maximum amount of \$300,000 to be granted over the Companies' property to secure payment of the fees and expenses of the Monitor, its counsel, the Lenders' counsel and the CRO.

50. The Lenders have not included any provision for the fees of counsel (or its financial advisor) for the Companies or protection for such fees pursuant to the Administration Charge given, among other things, the fact that it appears that the majority of the current fees relate to bringing a competing CCAA application that is contrary to the Consent provided by the Companies and the Lenders do not believe that such fees should be funded by their collateral.

51. However, the Lenders recognize that there may be a productive and accretive role for the Companies' counsel to play in this restructuring and are prepared to consider an increase to the Administration Charge to accommodate for a reasonable amount of such fees in connection with the Comeback Order.

52. The expertise and participation of the proposed beneficiaries of the Administration Charge are crucial to the completion of these proceedings. None of the professionals covered by the Administration Charge has received a retainer.

Directors and Officers

53. During the restructuring process, the Lenders anticipate that the assistance of certain of the directors and officers of the Companies may continue to be required.

54. It is customary to request an indemnity and charge in favour of the directors (the "**Directors' Charge**") for obligations to them for acting in such capacity that arise post-filing.

55. The Proposed Initial Order contemplates the establishment of the Directors' Charge in the amount of \$1,075,000, which was developed with regard to the Companies' estimated payroll and collected HST post-filing, which are amounts that are anticipated to be paid during the course of the proceedings.

56. It is believed that Brace Holdings maintains certain directors and officers' insurance that

may cover the liabilities of its subsidiaries, including the Companies.

57. The Directors' Charge would only apply to the extent that coverage is not available.

Interim Financing Facility and DIP Lender's Charge

58. Attached to the proposed Monitor's pre-filing report is the Companies' proposed initial cash flow (the "**Initial Cash Flow Forecast**"), which was not delivered to the Lenders until the evening of March 7 and it cannot be fully assessed prior to the filing of the materials.

59. If appointed, KSV intends to immediately engage with the Companies and the CRO to confirm a number of points and anticipates that an updated cash flow forecast may be filed prior to the hearing for the Comeback Order.

60. Based on the Initial Cash Flow Forecast, it appears that the Companies will require debtor-in-possession financing ("**DIP Financing**") immediately to finance both working capital as well as the restructuring costs in these proceedings.

61. The Lenders are prepared to provide DIP Financing to the Companies in these proceedings.

62. As an initial advance, the Lenders are prepared to immediately enter into an DIP term sheet ("**Proposed Interim Financing Term Sheet**") to provide up to \$500,000 of funding on the terms set out therein, which is to be secured by a priority charge (the "**DIP Lender's Charge**").

63. The interest rate under the Proposed Interim Financing Term Sheet is 8%.

64. The Lenders are charging a 1% commitment fee of \$5,000.

65. The maximum amount being proposed under the Proposed Interim Financing Term Sheet until the comeback motion is \$500,000.

66. The amount of DIP Financing required for these proceedings is likely to increase but, given the lack of cooperation from the Companies with respect to cash flow forecast and these proceedings generally, this initial amount is being proposed primarily as a “stop-gap” measure for any immediate funding prior to the hearing for the Comeback Order.

67. The Lenders will re-assess the funding needs prior to the hearing for the Comeback Order once there is greater clarity on the cash flow forecast.

Priority of Charges

68. The proposed ranking of the court-ordered Charges as amongst themselves is as follows:

- (a) First, the Administration Charge (up to a maximum of \$300,000);
- (b) Second, the DIP Lender’s Charge; and
- (c) Third, the Directors’ Charge (up to a maximum of \$1,075,000).

69. It is further proposed that the Charges will constitute super-priority charges ranking in priority to all other existing liens, encumbrances, charges or security interests on any of the assets, property or undertaking of the Companies other than those parties that have equipment financing or equipment leases with the Companies and who have not been provided notice of the Application.

Additional Grounds

70. The Lenders are not prepared to support a company-driven CCAA proceeding or the Companies’ proposed monitor, Grant Thornton Inc. In light of the fact that the Lenders possess a signed Consent, this Application should be granted and the Companies’ application dismissed.

71. The Companies do not have a lender committed to funding their businesses and thus,

absent the support of the Lenders, the Companies will not be able to meet their obligations as they come due.

72. Such further and other grounds as the lawyers may advise.

EVIDENCE SUPPORTING APPLICATION

The Applicants offer the following affidavits in support of the application:

1. The French Affidavit;
2. The pre-filing report of KSV as proposed Monitor dated March 8, 2024 (the “**Pre-Filing Report**”);
3. Consent of KSV to act as Monitor in these proceedings;
4. Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

A copy of each affidavit is to be delivered to you with this notice, and further affidavits may be delivered before the deadlines provided in Civil Procedure Rule 5 – Application.

YOU MAY PARTICIPATE

You may file with the court a notice of contest, and any affidavits upon which you rely. Filing the notice of contest entitles you to notice of further steps in the application, including notice of further affidavits.

TIME, DATE, AND PLACE

The Application is to be heard by a judge in Chambers on 13th day of March, 2024 at 2:00 p.m. in the Supreme Court of Nova Scotia, 1815 Upper Water Street, Halifax,, Nova Scotia. You have the right to be present and to be represented by counsel or to act on your own. If you are not present, the judge may proceed without you.

POSSIBLE ORDER AGAINST YOU

The judge may grant a final order on the application without further notice to you if you fail to deliver your notice of contest on time, or if you or your counsel fail to appear in chambers at the above time, date, and place.

FILING AND DELIVERING DOCUMENTS

Any documents you file with the court must be filed at the office of the Prothonotary, 1815 Upper Water Street, Halifax, Nova Scotia, B3J 1S7 (Tel: 902.424.6900).

When you file a document you must immediately deliver a copy of it to the application and each other party entitled to notice, unless the document is part of an ex parte motion, the parties agree delivery is not required, or a judge orders it is not required.

CONTACT INFORMATION

The applicants designate the following addresses:

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jsantimaw@boyneclarke.com

Documents delivered to these addresses are considered received by the applicants.

Further contact information is available from the prothonotary.

SIGNATURE

Signed March __, 2024

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BOYNECLARKE LLP

Joshua J. Santimaw

Lawyers for the Lenders, Fiera Private Debt Fund III
LP and Fiera Private Debt Fund V LP

PROTHONOTARY'S CERTIFICATE

I certify that this notice of application was filed with the court on March __, 2024.

Prothonotary

**SCHEDULE A
SERVICE LIST**

SUPREME COURT OF NOVA SCOTIA

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

AND IN THE MATTER OF A PLAN OR ARRANGEMENT OF SALTWIRE NETWORK INC., THE
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SECURITY & INVESTIGATION INC., BRACE CAPITAL LIMITED AND BRACE HOLDINGS
LIMITED

BETWEEN:

Fiera Private Debt Fund III LP and Fiera Private Debt Fund V LP,
each by their general partner, Fiera Private Debt GP Inc.

Applicants

-and-

Saltwire Network Inc., The Halifax Herald Limited, Headline Promotional Products Limited, Titan
Security & Investigation Inc., Brace Capital Limited and Brace Holdings Limited

Respondents

SERVICE LIST

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<p>STEWART MCKELVEY 600-1741 Lower Water St. Halifax, NS</p> <p>Maurice Chiasson Tel: 902.420.3300 Email: mchiasson@stewartmckelvey.com</p> <p>Sara Scott Tel: 902.420.3363 Email: sscott@stewartmckelvey.com</p> <p>Lawyers for the Debtors</p>	<p>RESOLVE ADVISORY SERVICES LTD</p> <p>David Boyd davidboyd.resolve@gmail.com</p> <p>Proposed Chief Restructuring Officer</p>
<p>CANADA REVENUE AGENCY Insolvency Division P.O. Box 638, Stn Central 145 Hobsons Lake Drive Halifax, NS B3J 2T5</p> <p>Devon.Steele@cra-arc.gc.ca</p> <p>SHAWINIGAN-SUD NATIONAL VERIFICATION AND COLLECTION CENTRE Canada Revenue Agency 4695 Shawinigan-Sud Blvd. Shawinigan QC G9P 5H9</p>	<p>ATTORNEY GENERAL OF CANADA, DEPARTMENT OF JUSTICE Tax Law Services Atlantic Regional Office Suite 1400, Duke Tower 5251 Duke Street Halifax, NS N3J 1P3</p> <p>AGC_PGC_ARO-BRA@JUSTICE.GC.CA</p> <p>Deanna M. Frappier, K.C. Deanna.frappier@justice.gc.ca</p>

PPSA REGISTRANTS

XEROX CANADA LTD. 20 York Mills Rd, Suite 500 Box 700 Toronto, ON N2P 2C2	HYUNDAI CAPITAL LEASE INC. 123 Front Street, Suite 1000 Toronto ON M5J2M3
THE TORONTO-DOMINION BANK – 54203 1785 Barrington St. Po Box 427 Halifax, Nova Scotia B3J 2P8	THE TORONTO DOMINION BANK – 54213 7071 Bayers Rd. Halifax, Nova Scotia B3L 2C2 Kirk Milligan, Manager
CISCO SYSTEMS CAPITAL CORPORATION 170 W. Tasman Drive MS SJ13-3 San Jose, CA 95134 USA	WELLS FARGO EQUIPMENT FINANCE COMPANY 1290 Central Parkway W. Suite 1100 Mississauga, ON L5C 4R3
LBEL INC. 5035 South Service Rd Burlington, ON L7L 6M9	THE QUEEN IN RIGHT OF CANADA AS REPRESENTED BY THE MINISTER OF NATIONAL REVENUE NOVA SCOTIA TAX SERVICES OFFICE 47 Dorchester St. Sydney, NS B1P 6K3
THE BANK OF NOVA SCOTIA 10 Wright Boulevard Stratford, ON N5A 7X9	DE LAGE LANDEN FINANCIAL SERVICES CANADA INC. 3450 Superior Court, Unit 1 Oakville, ON L6L 0C4
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**SCHEDULE B
PROPOSED INITIAL ORDER**

2024

Hfx No.

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Applicants

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Saltwire Network Inc., The Halifax Herald Limited, Headline Promotional Products Limited, Titan
Security & Investigation Inc., Brace Capital Limited and Brace Holdings Limited

Respondents

INITIAL ORDER

Before the Honourable Justice Keith 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**") in respect of Saltwire Network Inc., The Halifax Herald Limited, Headline Promotional Products Limited, Titan Security & Investigation Inc., Brace Capital Limited and Brace Holdings Limited (collectively, the "**Companies**") 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: see attached as Schedule "A".

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

Party

Counsel

Applicants

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-and-

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Proposed Monitor,
KSV Restructuring Inc.

KSV Restructuring Inc.

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Mitch Vininsky

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On motion of the Applicants 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 Companies are affiliated debtor companies within the meaning of the CCAA and are companies to which the CCAA applies.

POSSESSION OF PROPERTY AND OPERATIONS

3. The Companies 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 Companies shall continue to carry on business in a manner consistent with the preservation of their business (the “**Business**”) and Property. The Companies, with the consent of the CRO (defined below), 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.

4. The Companies may 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 CRO and the Monitor, the fees and disbursements for any Assistants retained or employed by the Companies in respect of these proceedings, at their reasonable standard rates and charges.

5. Except as otherwise provided to the contrary herein, with the consent of the CRO, the Companies may pay all reasonable expenses incurred by the Companies 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 Companies following the date of this Order.

6. The Companies shall remit or pay, in accordance with legal requirements or on terms as may be agreed to between the Companies 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 Companies in connection with the sale of goods and services by the Companies, 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 Companies; and iii) payable in respect of the period commencing on or after the date of this Order.

7. Until such time as the Companies disclaim a real property lease in accordance with the CCAA, the Companies 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 Companies 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.

8. Except as specifically permitted herein or by further order of this Court, the Companies 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 Companies to any of their 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 their 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

9. The Companies shall, with the consent of the CRO and subject to the DIP Documents (defined below), 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 their business or operations,
- b. terminate the employment of such of their employees or temporarily lay off such of their employees as it deems appropriate and, as applicable, in accordance with the terms *of any collective agreement*,
- c. pursue all avenues of refinancing of the Business or Property, in whole or part, subject to prior approval of this Court being obtained before any refinancing; and
- d. in accordance with the ordinary course of business, dispose of redundant or nonmaterial assets not exceeding \$100,000 in value.

NO PROCEEDINGS AGAINST THE COMPANIES OR THE PROPERTY

10. Until and including the day of March 22, 2024, 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 Companies or the Monitor, or affecting the Business or the Property, except with the written consent of the Companies, the CRO and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Companies or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

11. 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 Companies, the CRO or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Companies, the CRO and the Monitor, or leave of this Court, provided that nothing in this Order shall i) empower the Companies to carry on any business which the Companies 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 Companies 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 Companies shall not be required to file a defence during the Stay Period.

NO INTERFERENCE WITH RIGHTS

12. 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 Companies, including but not limited to renewal rights in respect of existing insurance policies on the same terms, except with the written consent of the Companies, the CRO and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

13. During the Stay Period, all Persons having oral or written agreements with the Companies 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 Companies, 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 Companies, and the Companies shall be entitled to the continued use of their 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 Companies in accordance with normal payment practices of the Companies or such other practices as may be agreed upon by the supplier or service provider and each of the Companies, the CRO and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

14. 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 Companies.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

15. 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 Companies with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Companies 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 Companies, if one is filed, is sanctioned by this Court or is refused by the creditors of the Companies or this Court, these Proceedings are dismissed by final order of this Court, or with leave of this Court.

APPOINTMENT OF CRO

16. David Boyd, as a representative of Resolve Advisory Services Ltd., is hereby appointed Chief Restructuring Officer (the “**CRO**”) over the Companies and shall, subject to the Orders of the Court that have been and may be granted from time to time in these proceedings, have those powers as are set out in the engagement letter (the “**CRO Agreement**”) attached to affidavit of Russell French sworn March 8, 2024 (the “**French Affidavit**”).

17. The CRO Agreement is approved and the Companies are authorized to perform all of their obligations pursuant to the CRO Agreement.

18. Neither the CRO nor any employee or agent of the CRO shall be deemed to be a director or trustee of any of the Companies.

19. Neither the CRO nor any officer, director, employee or agent of the CRO, including without limitation, David Boyd, shall incur any liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any liability or obligation incurred as a result of gross negligence or wilful misconduct on its or their part; provided that any liability of the CRO hereunder shall in no event exceed the quantum of the fees paid to the CRO.

20. The fees and expenses payable to the CRO are entitled to the benefit of the Administration Charge (defined below).

APPOINTMENT OF MONITOR

21. 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 Companies, the Property, and the Companies' conduct of the Business with the powers and obligations set out in the CCAA or set forth herein and the Companies and their shareholders, officers, directors, employees and Assistants and the CRO shall advise the Monitor of all material steps taken by the Companies or the CRO 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.

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

- a. monitor the Companies' 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 Companies, and such other matters as may be relevant to the proceedings herein;

- c. 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 Companies, to the extent that is necessary to adequately assess the Companies' Business and financial affairs or to perform its duties arising under this Order;
- d. 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;
- e. meet and consult with the CRO in respect of any matter pertaining to these proceedings or this Order;
- f. be at liberty to perform such other duties as are required by this Order or by this Court from time to time.

23. 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.

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

25. All employees of the Companies shall remain the employees of the Companies and shall not be employees of the CRO or the Monitor. Neither the Monitor nor the CRO shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA.

26. The Monitor shall provide any creditor of the Companies or a potential debtor-in-possession lender (“**DIP Lender**”) with information provided by the Companies or the CRO in response to reasonable requests for information made in writing by such creditor or a DIP Lender 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 Companies or the CRO is confidential, the Monitor shall not provide such information to creditors or a DIP Lender unless otherwise directed by this Court or on such terms as the Monitor, the CRO and the Companies may agree.

27. The Monitor, counsel to the Monitor, counsel to the Applicants and the CRO shall be paid their reasonable fees and disbursements, in each case not to exceed their standard rates and charges, by the Companies as part of the costs of these proceedings. The Companies are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, counsel for the Applicants and the CRO on a monthly basis.

28. 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.

ADMINISTRATIVE CHARGE

29. The Monitor, the Monitor's counsel, the Applicants' counsel and the CRO shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Companies' Property, which charge shall not exceed an aggregate amount of \$300,000, 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 paragraphs 41 and 42 herein.

DIRECTORS' CHARGE

30. The Companies shall indemnify their current directors and officers (including the CRO) (the "**Current Directors and Officers**") against obligations and liabilities that they may incur as directors or officers of the Companies after the commencement of the within proceedings, except that to the extent that with respect to any officer or director, the obligation or liability was incurred as a result of such directors or officers' gross negligence or wilful misconduct.

31. The Current Directors and Officers of the Companies shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Companies' Property, which charge shall not exceed an aggregate amount of \$1.075 million, as security for the indemnity provided in paragraph 30. The Directors' Charge shall have the priority set out in paragraphs 41 and 42 herein.

32. Notwithstanding any language in any applicable insurance policy to the contrary, (i) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (ii) the Current Directors and Officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' or officers' insurance policy, or to the extent such coverage is insufficient to pay amounts indemnified in accordance with paragraph 30 of this Order.

DEBTOR-IN-POSSESSION FINANCING

33. The Companies are hereby authorized and empowered to obtain and borrow under a credit facility from the Applicants (the "**DIP Lender**") in order to finance the Companies' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$500,000 (the "**DIP Facility**") unless permitted by further order of this Court.

34. The DIP Facility shall be substantially on the terms and subject to the conditions set forth in the Interim Financing Term Sheet, as attached to the French Affidavit, as same may be amended from time to time with the Monitor's written consent provided any amendment may not affect a secured creditor's rights without further order of this Court.

35. Without limiting the powers granted to the CRO pursuant to the CRO Agreement, the CRO shall be entitled to and is hereby authorized and empowered to sign the Interim Financing Term Sheet on behalf of the Companies.

36. The Companies or the CRO on behalf of the Companies, are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**DIP Documents**"), as are contemplated by the Interim Financing Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Companies are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations including, on account of any pre-filing obligations, to the DIP Lender under and pursuant to the Interim Financing Term Sheet as and when the same become due and are to be performed, from funds on hand or from funds generated by ordinary course post-filing sales, notwithstanding any other provision of this Order. For certainty, no advance under the DIP Facility shall be used to pay any pre-filing obligations of the Companies.

37. The DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Companies' Property as security for any and all obligations of the Companies under or pursuant to the DIP Facility and the Interim Financing Term Sheet, which charge shall not exceed the aggregate amount owed to the DIP Lender under or pursuant to the DIP Facility and Interim Financing Term Sheet. The DIP Lender's Charge shall have the priority set out in paragraphs 41 and 42 herein.

38. Notwithstanding any other provision of this Order:

- a. the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or the Interim Financing Term Sheet or any of the DIP Documents;
- b. upon the occurrence of an event of default under the Interim Financing Term Sheet or DIP Documents or the DIP Lender's Charge, the DIP Lender, upon five (5) days notice to the Companies, the CRO and the Monitor, may with leave of the Court exercise any and all of its rights and remedies against the Companies or the Property under or pursuant to the Interim Financing Term Sheet, DIP Documents and the DIP Lender's Charge; and
- c. the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Companies or the Property.

39. The DIP Lender shall be treated as unaffected in any plan under the CCAA, or any proposal filed by the Companies under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**"), with respect to any advances made under the Interim Financing Term Sheet or the DIP

Documents and with respect to any claims and rights the DIP Lender may have under or pursuant to any agreements related to the DIP Facility.

VALIDITY AND PRIORITY OF THE CHARGES CREATED BY THIS ORDER

40. The filing, registration or perfection of the Administration Charge, the DIP Lenders' Charge and the Directors' Charge (collectively, the "**Charges**") shall not be required and the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

41. The priorities of the Charges, as among them, with respect to the Property shall be as follows:

- a. First – Administration Charge (to the maximum amount of \$300,000);
- b. Second – the DIP Lender's Charge; and
- c. Third – Directors' Charge to the maximum amount of \$1.075 million).

42. The Charges shall constitute a charge on the Property and shall rank in priority to claims of the following secured creditors: (a) the Applicants; (b) Canada Revenue Agency; and (c) in priority to any other interests, trusts, liens, charges, and encumbrances and claims, statutory or otherwise, in favour of any Person other than those parties with equipment financing liens or leases who finance or lease equipment to the Companies in their ordinary course of business and who have not received notice of this Application.

43. The Companies and beneficiaries of the Charges shall be entitled, upon giving notice to parties likely affected, to seek an order changing the amount of the Charges or providing the Charges shall rank in priority to secured creditors not named in paragraph 42.

44. Except as otherwise expressly provided for herein, or as may be approved by this Court, the Companies shall not grant any encumbrance over any Property that ranks in priority to, or pari passu with the Charges unless the Companies also obtain the prior written consent of the beneficiaries of the Charges, or further order of this Court.

45. The Charges shall not be rendered invalid or unenforceable and the rights and remedies of the beneficiaries of the Charges 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 for a bankruptcy order issued pursuant to the 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; or (d) 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 Companies, and notwithstanding any provision to the contrary in any Agreement:

- a. the creation of the Charges shall not create or be deemed to constitute a breach by the Companies of any Agreement to which they are party;
- b. none of the beneficiaries of the Charges shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Companies seeking the creation of the Charges; and
- c. the payments made by the Companies pursuant to this Order do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

SERVICE AND NOTICE

46. 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 Companies 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.

47. The Companies, the CRO 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 Companies' creditors or other interested parties at their respective addresses as last shown on the records of the Companies 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.

48. The Companies, the CRO 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 **[.com]**.

GENERAL

49. The Companies, the CRO and the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

50. 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 Companies, the Business or the Property.

51. 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 Companies, the CRO, 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 Companies, the CRO 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 Companies, the CRO and the Monitor and their respective agents in carrying out the terms of this Order.

52. Each of the Companies, the CRO 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.

53. Any interested party, including the Companies, the CRO 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.

54. This Order and all of its provisions are effective as of [a.m./p.m.] [Atlantic Standard/Atlantic Daylight Saving] Time on the day of , 20

Issued

, 20

Prothonotary

SCHEDULE C
BLACKLINE OF PROPOSED INITIAL ORDER TO MODEL ORDER

2024

Hfx No.

~~Supreme Court of Nova Scotia~~

- Application by - - - (the "Applicant")

SUPREME COURT OF NOVA SCOTIA

~~for relief under the Companies' Creditors Arrangement Act~~

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

AND IN THE MATTER OF A PLAN OR ARRANGEMENT OF SALTWIRE NETWORK INC.,
THE HALIFAX HERALD LIMITED, HEADLINE PROMOTIONAL PRODUCTS LIMITED, TITAN
SECURITY & INVESTIGATION INC., BRACE CAPITAL LIMITED AND BRACE HOLDINGS
LIMITED

BETWEEN:

Fiera Private Debt Fund III LP and Fiera Private Debt Fund V LP,
each by their general partner, Fiera Private Debt GP Inc.

Applicants

-and-

Saltwire Network Inc., The Halifax Herald Limited, Headline Promotional Products Limited, Titan
Security & Investigation Inc., Brace Capital Limited and Brace Holdings Limited

Respondents

INITIAL ORDER

Before the Honourable Justice ~~[name or blank]~~ Keith in chambers:

The Applicants proposes to make a compromise or arrangement under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 as amended (the "CCAA") ~~and it~~ in respect of Saltwire Network Inc., The Halifax Herald Limited, Headline Promotional Products Limited, Titan Security & Investigation Inc., Brace Capital Limited and Brace Holdings Limited (collectively, the "Companies") 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:

[see attached as Schedule "A"](#).

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

<u>Party</u>	<u>Counsel</u>
<u>Applicants</u>	<u>Norton Rose Fulbright Canada LLP</u> <u>222 Bay Street, Suite 3000</u> <u>Toronto, ON M5K 1E7</u> <u>Jennifer Stam</u> <u>Tel: 416.202.6707</u> <u>Email: Jennifer.stam@nortonrosefulbright.com</u> <u>-and-</u> <u>BOYNECLARKE LLP</u> <u>99 Wyse Road, Suite 600</u> <u>Dartmouth, Nova Scotia B3A 4S5</u> <u>Joshua J. Santimaw</u> <u>Tel: 902.460.3451</u> <u>jsantimaw@boyneclarke.com</u>
<u>Companies</u>	<u>Stewart McKelvey</u> <u>600-1741 Lower Water Street</u> <u>Halifax, Nova Scotia</u> <u>Maurice Chiasson</u> <u>Tel: 902.420.3300</u> <u>Email: mchiasson@stewartmckelvey.com</u> <u>Sara Scott</u> <u>Tel: 302.420.3363</u> <u>Email: sscott@stewartmckelvey.com</u>
<u>Proposed Monitor,</u> <u>KSV Restructuring Inc.</u>	<u>KSV Restructuring Inc.</u> <u>220 Bay Street, Suite 1300</u> <u>Toronto, ON M5J 2W3</u> <u>Bobby Kofman</u>

Tel: [416.932.6228](tel:416.932.6228)
Email: bkofman@ksvadvisory.com

Mitch Vininsky
Tel: [416.932.6013](tel:416.932.6013)
Email: mvininsky@ksvadvisory.com

On motion of the Applicants 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 notice¹ so that the motion is properly returnable today ~~and further service thereof is hereby dispensed with~~².

APPLICATION

2. The ~~Applicant is a~~ Companies are affiliated debtor companies within the meaning of the CCAA and are companies to which the CCAA applies³.

Plan of Arrangement

~~3. The Applicant, 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").~~

¹ ~~The Applicant should seek to have service deemed adequate if it was done in a manner other than as authorized by the Rules of Court.~~

² ~~This provision should only be used when all parties entitled to notice have been served with notice of the application. If all parties entitled to notice have not been served then the section should be deleted and the Initial Order should provide for a motion hearing.~~

³ ~~If there are multiple applicants, the Order should confirm that the applicants are "affiliated debtor companies" within the meaning of the CCAA.~~

POSSESSION OF PROPERTY AND OPERATIONS

3. ~~4.~~ The Applicant Companies shall remain in possession and control of ~~its~~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 Applicant Companies shall continue to carry on business in a manner consistent with the preservation of ~~its~~their business (the "Business") and Property. The Applicant Companies, with the consent of the CRO (defined below), 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.

4. ~~5.~~⁴ The Applicant Companies may pay the following expenses whether incurred prior to or after this Order:

~~⁴If the Applicant has a central cash management system, the provision below may be inserted in advance of paragraph 5 above. This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of Applicant. Specific attention should be paid to cross border and inter company transfers of cash. If there are multiple Applicant companies, it may be appropriate to create an inter company charge that provides a charge against the assets of one applicant company for any amount advanced from another applicant company.~~

~~“5. The Applicant shall be entitled to continue to utilize the central cash management system currently in place as described in the Affidavit of — - or replace it with another substantially similar central cash management system (the "Cash Management System") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.”~~

- 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 CRO and the Monitor, the fees and disbursements for any Assistants retained or employed by the ApplicantCompanies in respect of these proceedings, at their reasonable standard rates and charges.

5. ~~6.~~ Except as otherwise provided to the contrary herein, with the Applicant consent of the CRO, the Companies may pay all reasonable expenses incurred by the ApplicantCompanies 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 ~~Applicant~~Companies following the date of this Order.

6. ~~7.~~ The ~~Applicant~~Companies shall remit or pay, in accordance with legal requirements or on terms as may be agreed to between the ~~Applicant~~Companies 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 ~~Applicant~~Companies in connection with the sale of goods and services by the ~~Applicant~~Companies, 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 ~~Applicant~~Companies; and iii) payable in respect of the period commencing on or after the date of this Order.

7. ~~8.~~ Until such time as the ~~Applicant~~ [Companies] disclaim~~s/disclaims or resiliates~~⁵ a real property lease in accordance with the CCAA, the ~~Applicant~~Companies 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 ~~Applicant~~Companies 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.

8. ~~9.~~ Except as specifically permitted herein or by further order of this Court⁶, the ~~Applicant~~ is Companies 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 ~~Applicant~~Companies to any of ~~its~~their 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~~their 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

9. ~~10.~~ The ~~Applicant shall~~ Companies shall, with the consent of the CRO and subject to the DIP Documents (defined below), subject to such requirements as are imposed by the Monitor

⁵ ~~The term "resiliate" should be included if there are leased premises in the Province of Quebec, but can otherwise be removed.~~

⁶ ~~This language is inserted to clearly allow for payments which may be authorized by the Court under a companion charging order or otherwise.~~

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~~their business or operations,
- b. ~~terminate the employment of such of its~~their employees or temporarily lay off such of ~~its~~their employees as it deems appropriate and, as applicable, in accordance with the terms of *any collective agreement*;⁷
- c. pursue all avenues of refinancing of ~~its~~the Business or Property, in whole or part, subject to prior approval of this Court being obtained before any refinancing; and
- d. in accordance with ~~its~~the ordinary course of business, dispose of redundant or nonmaterial assets not exceeding \$100,000 in value.

NO PROCEEDINGS AGAINST THE ~~APPLICANT~~COMPANIES OR THE PROPERTY

10. ~~11.~~ Until and including the day of March 22, 2024 ~~—[no more than 30 days]—~~, 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 ~~Applicant~~Companies or the Monitor, or affecting the Business or the Property, except with the written consent of the ~~Applicant~~Companies, the CRO and the Monitor, or with leave of this Court, and any and all Proceedings currently under way

⁷~~Reference should be made to section 33 of the CCAA.~~

against or in respect of the ~~Applicant~~Companies or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

11. ~~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 ~~Applicant~~Companies, the CRO or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the ~~Applicant~~Companies, the CRO and the Monitor, or leave of this Court, provided that nothing in this Order shall i) empower the ~~Applicant~~Companies to carry on any business which the ~~Applicant is~~Companies 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 ~~Applicant~~Companies 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 ~~Applicant~~Companies shall not be required to file a defence during the ~~s~~Stay period.

NO INTERFERENCE WITH RIGHTS

12. ~~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 ~~Applicant~~Companies, including but not limited to

renewal rights in respect of existing insurance policies on the same terms, except with the written consent of the ~~Applicant~~Companies, the CRO and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

13. ~~14.~~ During the Stay Period, all Persons having oral or written agreements with the ~~Applicant~~Companies 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 ~~Applicant~~Companies, 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 ~~Applicant~~Companies, and the ~~Applicant~~Companies shall be entitled to the continued use of ~~its~~their 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 ~~Applicant~~Companies in accordance with normal payment practices of the ~~Applicant~~Companies or such other practices as may be agreed upon by the supplier or service provider and each of the ~~Applicant~~Companies, the CRO and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

14. ~~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 ~~Applicant.~~⁸Companies.

⁸~~The Order must conform with the provisions of the CCAA. Particular attention should be paid when drafting the Order as a number of actions or steps cannot be stayed and the stay is subject to certain limits and restrictions under the CCAA. See, for example, CCAA sections 11.01, 11.04, 11.06, 11.07, and 11.08, and subsections 11.1(2) and 11.5(1).~~

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

15. ~~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 ~~Applicant~~Companies with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the ~~Applicant~~Companies 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 ~~Applicant~~Companies, if one is filed, is sanctioned by this Court or is refused by the creditors of the ~~Applicant~~Companies or this Court, these ~~p~~Proceedings are dismissed by final order of this Court, or with leave of this Court.

APPOINTMENT OF CRO

16. David Boyd, as a representative of Resolve Advisory Services Ltd., is hereby appointed Chief Restructuring Officer (the "CRO") over the Companies and shall, subject to the Orders of the Court that have been and may be granted from time to time in these proceedings, have those powers as are set out in the engagement letter (the "CRO Agreement") attached to affidavit of Russell French sworn March 8, 2024 (the "French Affidavit").

17. The CRO Agreement is approved and the Companies are authorized to perform all of their obligations pursuant to the CRO Agreement.

18. Neither the CRO nor any employee or agent of the CRO shall be deemed to be a director or trustee of any of the Companies.

19. Neither the CRO nor any officer, director, employee or agent of the CRO, including without limitation, David Boyd, shall incur any liability or obligation as a result of its appointment

or the carrying out of the provisions of this Order, save and except for any liability or obligation incurred as a result of gross negligence or wilful misconduct on its or their part; provided that any liability of the CRO hereunder shall in no event exceed the quantum of the fees paid to the CRO.

20. The fees and expenses payable to the CRO are entitled to the benefit of the Administration Charge (defined below).

APPOINTMENT OF MONITOR

21. ~~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 ~~Applicant~~ Companies, the Property, and the Companies' ~~Applicant's~~ conduct of the Business with the powers and obligations set out in the CCAA or set forth herein and the ~~Applicant and its~~ Companies and their shareholders, officers, directors, employees and Assistants and the CRO shall advise the Monitor of all material steps taken by the ~~Applicant~~ Companies or the CRO 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.

22. ~~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~~ Companies' 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 Companies, and such other matters as may be relevant to the proceedings herein;

~~Applicant, and such other matters as may be relevant to the proceedings herein,~~

- ~~e. advise the Applicant 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 Applicant, to the extent deemed appropriate by the Monitor, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;~~
- c. ~~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 ~~Applicant~~Companies, to the extent that is necessary to adequately assess the ~~Applicant's~~Companies' Business and financial affairs or to perform its duties arising under this Order;
- d. ~~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. develop a claims process to ascertain the quantum of the claims of all creditors; and~~
- e. meet and consult with the CRO in respect of any matter pertaining to these proceedings or this Order;

f. ~~h.~~ be at liberty to perform such other duties as are required by this Order or by this Court from time to time.

23. ~~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.

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

25. All employees of the Companies shall remain the employees of the Companies and shall not be employees of the CRO or the Monitor. Neither the Monitor nor the CRO shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA.

26. ~~21.~~ The Monitor shall provide any creditor of the ~~Applicant~~Companies or a potential ~~Debtor In Possession~~debtor-in-possession lender (“**DIP Lender**”) with information provided by the ~~Applicant~~Companies or the CRO in response to reasonable requests for information made in writing by such creditor or a DIP Lender 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 ~~Applicant~~Companies or the CRO is confidential, the Monitor shall not provide such information to creditors or a DIP Lender unless otherwise directed by this Court or on such terms as the Monitor, the CRO and the ~~Applicant~~Companies may agree.

27. ~~22.~~ The Monitor, counsel to the Monitor, ~~and all~~ counsel to the Applicants and the CRO shall be paid their reasonable fees and disbursements, in each case not to exceed their standard rates and charges, by the ~~Applicant~~ Companies as part of the costs of these proceedings. The ~~Applicant is~~ Companies are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor ~~and~~, counsel for the Applicants and the CRO on a ~~-[monthly/semi-annual/other]-~~ basis and, in addition, ~~the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant, retainers in the amounts of \$, \$, and \$ respectively to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.~~ basis.

28. ~~23.~~ 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.

~~{~~ **ADMINISTRATIVE CHARGE**⁹

29. ~~24.~~ The Monitor, the Monitor's counsel, the Applicants' counsel and the ~~Applicant's counsel (collectively, the CRO "Chargees")~~ shall be entitled to the benefit of and are hereby granted a charge (the ~~"Administration Charge"~~) on the Companies' Property, which charge shall not exceed an aggregate amount of \$300,000, 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 paragraphs 41 and 42 herein.

⁹ ~~If a companion CCAA Charging Order is not granted, these provisions may be used to provide for an interim Administrative Charge.~~

DIRECTORS' CHARGE

30. The Companies shall indemnify their current directors and officers (including the CRO) (the "Current Directors and Officers") against obligations and liabilities that they may incur as directors or officers of the Companies after the commencement of the within proceedings, except that to the extent that with respect to any officer or director, the obligation or liability was incurred as a result of such directors or officers' gross negligence or wilful misconduct.

31. The Current Directors and Officers of the Companies shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Companies' Property, which charge shall not exceed an aggregate amount of \$1.075 million, as security for the indemnity provided in paragraph 30. The Directors' Charge shall have the priority set out in paragraphs 41 and 42 herein.

32. Notwithstanding any language in any applicable insurance policy to the contrary, (i) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (ii) the Current Directors and Officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' or officers' insurance policy, or to the extent such coverage is insufficient to pay amounts indemnified in accordance with paragraph 30 of this Order.

DEBTOR-IN-POSSESSION FINANCING

33. The Companies are hereby authorized and empowered to obtain and borrow under a credit facility from the Applicants (the "DIP Lender") in order to finance the Companies' working capital requirements and other general corporate purposes and capital expenditures, provided

that borrowings under such credit facility shall not exceed \$500,000 (the "DIP Facility") unless permitted by *further order of this Court.*

34. The DIP Facility shall be substantially on the terms and subject to the conditions set forth in the Interim Financing Term Sheet, as attached to the French Affidavit, as same may be amended from time to time with the Monitor's written consent provided any amendment may not affect a secured creditor's rights without further order of this Court.

35. Without limiting the powers granted to the CRO pursuant to the CRO Agreement, the CRO shall be entitled to and is hereby authorized and empowered to sign the Interim Financing Term Sheet on behalf of the Companies.

36. The Companies or the CRO on behalf of the Companies, are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**DIP Documents**"), as are contemplated by the Interim Financing Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Companies are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations including, on account of any pre-filing obligations, to the DIP Lender under and pursuant to the Interim Financing Term Sheet as and when the same become due and are to be performed, from funds on hand or from funds generated by ordinary course post-filing sales, notwithstanding any other provision of this Order. For certainty, no advance under the DIP Facility shall be used to pay any pre-filing obligations of the Companies.

37. The DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Companies' Property as security for any and all obligations of the Companies under or pursuant to the DIP Facility and the Interim Financing Term Sheet,

which charge shall not exceed the aggregate amount owed to the DIP Lender under or pursuant to the DIP Facility and Interim Financing Term Sheet. The DIP Lender's Charge shall have the priority set out in paragraphs 41 and 42 herein.

38. Notwithstanding any other provision of this Order:

- a. the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or the Interim Financing Term Sheet or any of the DIP Documents;
- b. upon the occurrence of an event of default under the Interim Financing Term Sheet or DIP Documents or the DIP Lender's Charge, the DIP Lender, upon five (5) days notice to the Companies, the CRO and the Monitor, may with leave of the Court exercise any and all of its rights and remedies against the Companies or the Property under or pursuant to the Interim Financing Term Sheet, DIP Documents and the DIP Lender's Charge; and
- c. the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Companies or the Property.

39. The DIP Lender shall be treated as unaffected in any plan under the CCAA, or any proposal filed by the Companies under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**"), with respect to any advances made under the Interim Financing Term Sheet or the DIP Documents and with respect to any claims and rights the DIP Lender may have under or pursuant to any agreements related to the DIP Facility.

VALIDITY AND PRIORITY OF THE CHARGES CREATED BY THIS ORDER

40. ~~25.~~ The filing, registration or perfection of the Administration Charge, the DIP Lenders' Charge and the Directors' Charge (collectively, the "Charges") shall not be required and the ~~Administration~~ Charges 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~~ Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

41. The priorities of the Charges, as among them, with respect to the Property shall be as follows:

- a. First – Administration Charge (to the maximum amount of \$300,000);
- b. Second – the DIP Lender's Charge; and
- c. Third – Directors' Charge to the maximum amount of \$1.075 million).

42. ~~26.~~ The ~~Administration~~ Charges shall constitute a charge on the Property and shall rank in priority to claims of the following secured creditors: ~~—[name secured creditors who have received notice as required by CCAA section 11.52 and over whom priority is sought]—and~~ (a) the Applicants; (b) Canada Revenue Agency; and (c) in priority to any other interests, trusts, liens, charges, and encumbrances and claims, statutory or otherwise, in favour of any Person other than those parties with equipment financing liens or leases who finance or lease equipment to the Companies in their ordinary course of business and who have not received notice of this Application.

43. ~~27.~~ The ~~Applicant and~~ Companies and beneficiaries of the Chargees shall be entitled, upon giving notice to parties likely affected, to seek an order changing the amount of the ~~Administration~~ Charges or providing ~~that~~ the ~~Administrative~~ Charges shall rank in priority to secured creditors not named in paragraph 426.

44. ~~28.~~ Except as otherwise expressly provided for herein, or as may be approved by this Court, the ~~Applicant~~ Companies shall not grant any encumbrance over any Property that ranks in priority to, or pari passu with the ~~Administration~~ Charges unless the ~~Applicant~~ Companies also obtains the prior written consent of the beneficiaries of the Chargees, or further order of this Court.

45. ~~29.~~ The ~~Administration~~ Charges shall not be rendered invalid or unenforceable and the rights and remedies of the beneficiaries of 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 for a bankruptcy order issued pursuant to the 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; or (d) 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 ~~Applicant~~ Companies, and notwithstanding any provision to the contrary in any Agreement:

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

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

SERVICE AND NOTICE

46. ~~30.~~ 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 ~~Applicant~~Companies 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.

47. ~~31.~~ The ~~Applicant~~Companies, the CRO 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~~Companies' creditors or other interested parties at their respective addresses as last shown on the records of the ~~Applicant~~Companies 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.

48. ~~32.~~ The ~~Applicant~~Companies, the CRO 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 .com.

GENERAL

49. ~~33.~~ The ~~Applicant or~~Companies, the CRO and the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

50. ~~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 ~~Applicant~~Companies, the Business or the Property.

51. ~~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 ~~Applicant~~Companies, the CRO, 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 ~~Applicant~~Companies, the CRO 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 ~~Applicant~~Companies, the CRO and the Monitor and their respective agents in carrying out the terms of this Order.

52. ~~36.~~ Each of the ~~Applicant~~ Companies, the CRO 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.

53. ~~37.~~ Any interested party, including the ~~Applicant~~ Companies, the CRO 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.

54. ~~38.~~ This Order and all of its provisions are effective as of [a.m./p.m.] [Atlantic Standard/Atlantic Daylight Saving] Time on the _____ day of _____, 20____.

Issued _____, 20____

Prothonotary