



2024

Hfx No. 538745

SUPREME COURT OF NOVA SCOTIA

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

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

AFFIDAVIT OF KEVIN ALEXANDER RICE
(sworn on February 27, 2025)

I, **Kevin Alexander Rice**, of Halifax, Nova Scotia, **MAKE OATH AND SAY THAT:**

1. I am the President of Blue Lobster Capital Limited ("**Blue Lobster Capital**"), 3284906 Nova Scotia Limited ("**328NSL**"), 3343533 Nova Scotia Limited ("**334NSL**") and 4318682 Nova Scotia Limited ("**431NSL**"), collectively, the "**Applicants**". As such, I have direct knowledge of the Applicants' business and financial affairs.
2. This affidavit is sworn in support of the Applicants' motion for approval of a sale and investment solicitation process (a "**SISP**") under s. 11.02 of the CCAA. Where capitalized terms are used herein but not defined, they correspond to the terms as defined in the Notice of Motion seeking approval of the SISP (the "**SISP Motion**"), the supporting Memorandum of Fact and Law, or in the ARIO (defined below).
3. I have reviewed the SISP Motion and can confirm that the facts contained therein are true to the best of my knowledge, information, and belief. Where the information provided herein is not based on my direct knowledge, I have indicated the third-party source for that information.
4. I refer the Court to my previous affidavit filed on 27 November 2024 which outlines the background of the Applicants' CCAA filing, the purpose of its proposed restructuring, and its intention to apply for the approval of a SISP in the event its refinancing efforts did not materialize in a full payout of the Applicants' current debt with the Royal Bank of Canada ("**RBC**") on or before the end of February 2025.
5. Since providing the Applicants with CCAA protection on 13 December 2024 by way of the Initial Order (subsequently amended and restated, the "**ARIO**"), I can confirm that the Applicants have acted in good faith and with due

diligence in this CCAA Proceeding and have cooperated with KSV Restructuring Inc., the Monitor, throughout, as well as being responsive to any requests from counsel and other parties.

6. We have also continued engaging with potential alternative third party lenders, and facilitating the Monitor's involvement in those discussions as authorized under the Refinancing Process permitted by the Initial Order. In addition, we have continued to communicate with RBC regarding our financial position.

Approval of SISP

7. The Applicants seek approval of a proposed SISP to solicit interest in and seek opportunities for (i) one or more sales or partial sales of all, substantially all, or certain portions of the Business, (ii) investment in, restructuring, recapitalization, refinancing or other form of reorganization of the Business, or (iii) some combination thereof.
8. The timelines prescribed in the SISP are as set out in the Monitor's Third Report.
9. The SISP is to be conducted by the Monitor, in consultation with Applicants and RBC. Credit bids and insider bids are expressly permitted under the SISP terms and any such bidders are required to declare their intention to participate in the SISP as bidders in accordance with the timelines set out in the SISP. Once a credit bidder or insider bidder has declared an intention to bid, they will be treated as potential bidders and their access to information about other bids and bidders will be limited to only the information permitted to be disclosed to all potential bidders participating in the SISP.
10. The SISP is intended to broadly canvass interest to maximize value for creditors and stakeholders. The timeline of the SISP was developed in consultation with the Monitor and RBC.
11. I can report that there have already been some marketing efforts including that the Applicants have been in discussions with a number of interested parties who may wish to participate in the SISP. A list of interested parties and other parties who have expressed interest in participating in the SISP (or potentially participating in the SISP) has been provided by the Applicants to the Monitor.
12. The SISP is designed to balance the need to broadly canvass for interest in the Business with the Applicants' financial challenges and liquidity needs. The SISP timelines allow a reasonable opportunity for bidders to conduct due diligence and develop and submit competing offers. The Monitor will be primarily responsible for conducting the SISP to ensure even-handed treatment of bidders and fairness of the process.

13. The Applicants respectfully request the approval of the SISP, with a view to concluding a transaction for the Business that is better for the general body of creditors and stakeholders than a wind-up and liquidation.

Extension of Stay of Proceedings


14. The current stay of proceedings under the ARIO expires on 08 March 2025. In order to permit Applicants to continue operating while the SISP is underway and to extend the time for the Applicants to conduct the SISP, the Applicants are seeking an extension of the stay of proceedings up to and including 30 June 2025.
15. The extension of the stay of proceedings until 30 June 2025 will permit the Applicants to continue operating while the SISP is underway and avoids the potential expiry of the stay period and perceived risk of termination of the proceeding mid-way through the SISP, which could discourage going-concern bidders in the SISP.
16. The stability offered by an extended stay of proceedings will benefit the Applicants' ongoing operations, provide reassurance to customers, suppliers, and employees, and provide an opportunity to maximize realization for creditors and stakeholders through the SISP.
17. The Cash Flow Forecast demonstrates that the Applicants, with advances under the DIP Term Sheet, will have sufficient cash flow to operate over the stay period. If necessary based on the Applicants' actual cash flow results, the Applicants will discuss with RBC any increase in the DIP Facility that may be required and the Applicants may seek an order of the Court in this regard in due course. In the meantime, the Applicants will continue to work with due diligence and in good faith to develop a plan of arrangement for the benefit of its general body of creditors. I am not aware of any creditors who would be prejudiced by the extension of time sought.

Relief Sought

18. The Applicants respectfully seek the following relief in its Notice of Motion:
 - a) approval of the SISP as set out in the Monitor's Third Report; and
 - b) extension to the stay of proceedings under the ARIO up to and including 30 June 2025.

19. I swear this affidavit in support of Applicants' motion for the relief requested and for no other or improper purpose.

SWORN BEFORE ME in the city of)
Halifax in the Province of Nova)
Scotia this 27th day of February)
2025.)



A Barrister of the Supreme
Court of Nova Scotia



Kevin Alexander Rice

MARC L.J. DUNNING
A Barrister of the Supreme
Court of Nova Scotia