



SUPREME COURT OF NOVA SCOTIA

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

- AND -

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

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

February 28, 2025

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1. Introduction

1. Pursuant to an Initial Order issued by the Supreme Court of Nova Scotia (the “**Court**”) on December 13, 2024 (the “**Filing Date**”), Blue Lobster Capital Limited (“**Blue Lobster**”), 3284906 Nova Scotia Limited (“**3284**”), 3343533 Nova Scotia Limited (“**3343**”) and 4318682 Nova Scotia Limited (“**4318**”) (collectively, the “**Companies**”) were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), and KSV Restructuring Inc. (“**KSV**”) was appointed as monitor in these proceedings (the “**Monitor**”).
2. The comeback motion (the “**Comeback Motion**”) in these CCAA proceedings was heard on December 20, 2024. At the Comeback Motion, the Court issued an Amended and Restated Initial Order (the “**ARIO**”) extending the stay of proceedings to March 8, 2025, and setting a hearing on January 21, 2025 to consider approval of a debtor-in-possession (“**DIP**”) financing facility required by the Companies to fund their operations and the costs of these proceedings (the “**DIP Facility**”). A copy of the ARIO is provided in Appendix “A”.
3. On January 21, 2025, the Court issued an Order (the “**Charging Order**”) approving the DIP Facility in the amount of \$300,000 and granting a charge in this amount in favour of Royal Bank of Canada (“**RBC**”), the Companies’ senior lender (the “**DIP Lender’s Charge**”).
4. The Affidavit of Kevin Alexander Rice (the “**Rice Affidavit**”), the President of the Companies, affirmed November 27, 2024, and KSV’s pre-filing report dated November 27, 2024 (the “**Pre-filing Report**”) filed in connection with the initial application, provide, *inter alia*, background information concerning the Companies and their businesses, as well as the reasons that the Companies commenced these proceedings.

1.1 Purposes of this Report

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

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

1.2 Restrictions

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

1.3 Currency

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

2. Background

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

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

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

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

3. **SISP**¹

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

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

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

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

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

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

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

3.1 Operating Businesses SISP

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

Milestone	Key Dates
Court approval of SISP	No later than March 7, 2025
Distribute teaser and confidentiality agreement	March 14, 2025, assuming the Court approves the SISP on March 7, 2025
Distribute Confidential Information Memorandum (the “CIM”) and provide access to Virtual Data Room (the “VDR”) to interested parties	Upon signing a confidentiality agreement (the “CA”)
Bid Deadline	May 9, 2025 (the “Bid Deadline”)
Review and negotiate bids	1-14 days after the Bid Deadline
Selection of Successful Bidder(s)	Immediately following negotiation of the bids, in consultation with RBC
Court approval and closing(s)	As soon as possible, with the objective of completing a transaction by June 30, 2025, unless extended with the consent of RBC

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

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

8. A Potential Bidder that wishes to submit a bid will be strongly encouraged to deliver to the Monitor a written copy of its bid and other materials using the Template Purchase Agreement, with a blackline to the Template Purchase Agreement. Any bid shall be delivered to the Monitor by no later than 5:00 pm (AST) on the Bid Deadline.
9. If the Companies and/or Management participate in the SISP as Potential Bidders, they may not receive disclosure about any other Potential Bidder or negotiations carried on in the SISP. Any and all offers submitted in the SISP shall be submitted to the Monitor and reviewed exclusively by it, in consultation with RBC. The Monitor may share and discuss the offers received in the SISP with the Companies and Management if they do not participate in the SISP as Potential Bidders. The Companies and Management must declare their intention in writing to participate as Potential Bidders in the SISP to the Monitor prior to the commencement of the SISP, after which they shall not be entitled to participate in the SISP as Potential Bidders without the consent of the Monitor.
10. It is acknowledged that the Companies and/or Management may become aware of the identities of the Potential Bidders given their involvement in the day-to-day operations of the business and participation in Management presentations pursuant to the SISP.
11. Any transaction executed pursuant to the SISP will be completed on an “as is, where is” basis and without surviving material representations or warranties, nature or description by the Monitor, the Companies, or any of their respective directors, officers, agents, advisors, or other representatives unless otherwise agreed in a definitive agreement.
12. All of the Companies’ rights, title, and interest in and to any of the purchased assets (as set out in a definitive agreement of purchase and sale) will be sold free and clear of all liens, security interests, mortgages, charges, and other encumbrances, except those expressly assumed by a purchaser or investor as the case may be, pursuant to a Court order approving such transaction.
13. The Monitor will have the discretion to make non-material amendments to the SISP that it believes will facilitate the best possible outcome in the SISP.

3.2 Qualified Bids

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

- c) include a provision stating that the offer is irrevocably open for acceptance until 30 days after the Bid Deadline;
- d) be accompanied by a cash deposit of not less than 15% of the proposed purchase price;
- e) include an acknowledgement that the proposed transaction is to be completed on an "as is, where is" basis and that the purchaser has relied solely on its own independent review and investigation and that it has not relied on any representation by the Companies, the Monitor or their respective agents, employees or advisors;
- f) it must not contain any condition or contingency relating to due diligence or financing or any other material conditions precedent to the purchaser's obligation to complete the transaction (except for approval by the Court); and
- g) it must include written evidence, satisfactory to the Monitor in consultation with the RBC, that the bidder has the requisite consents (if required) and the financial ability to complete the proposed acquisition.

3.3 Qualified Bidders

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

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

3.4 Credit Bids

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

3.5 Real Properties

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

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

3.6 SISP Recommendation

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

4. Cash Flow Forecast

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

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

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

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

4.1 Updated Cash Flow Forecast

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

5. Stay Extension

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

6. Renewal of Permits

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

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

7. Conclusion and Recommendation

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

* * *

All of which is respectfully submitted,

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



PER: BOBBY KOFMAN, PRESIDENT

Appendix “A”

OF NOVA SCOTIA
DEC 20 2024
HALIFAX, N.S.

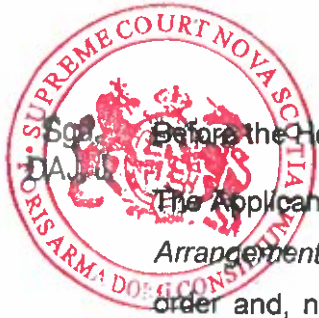
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SUPREME COURT OF NOVA SCOTIA

In the matter of the *Companies' Creditors Arrangement Act*, R.S.C 1985, c. C-36, as amended (the "CCAA")

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

AMENDED AND RESTATED INITIAL ORDER



Before the Honourable Justice D. Jamieson in chambers:

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

The following parties received notice of this application:

The Service List attached hereto as Schedule "A"

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

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

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

Service:

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

Application:

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

Plan of Arrangement:

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

Possession of Property and Operations:

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

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

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

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

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

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

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

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

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

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

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

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

Restructuring:

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

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

No Proceedings Against the Applicants or the Property:

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

No Exercise of Rights or Remedies:

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

No Interference with Rights:

13. During the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate, or cease to perform any right, renewal right, contract, agreement, licence, or permit in favour of or held by the Applicants, including but not limited to renewal rights in respect of existing insurance policies on the same terms, except with the written consent of the Applicants and the Monitor, or leave of this Court.

Continuation of Services:

14. During the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility, or other services to the Business or the Applicants, are hereby restrained until further order of this Court from discontinuing, altering, interfering with, or terminating the supply of such goods or services as may be required by the Applicants, and the Applicants shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses, and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with normal payment practices of

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

Non-Derogation of Rights:

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

Proceedings Against Directors and Officers:

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

Appointment of Monitor:

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

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

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

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

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

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

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

Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Nova Scotia Environment Act*, the *Nova Scotia Water Resources Protection Act*, or the *Nova Scotia Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

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

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

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

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

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

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

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

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

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

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

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

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

Refinance or Sale Process:

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

Service and Notice:

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

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

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

General:

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

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

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

36. Each of the Applicants and the Monitor may apply to any court, tribunal, or regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and the Monitor may act as a representative in respect of

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

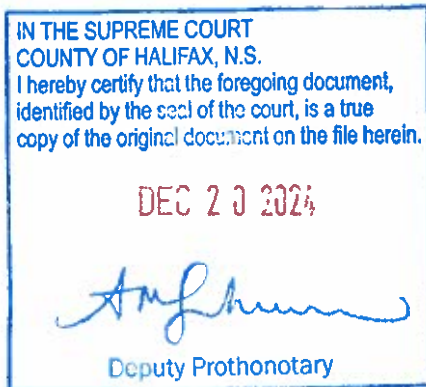
37. Any interested party, including the Applicants and the Monitor, may apply to this Court to vary or amend this Order on such notice required under the *Civil Procedure Rules* or as this Court may order.

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

Issued December 20 2024.

Prothonotary

ALEXIS SCHURMAN
Deputy Prothonotary



Schedule "A"

Service List

Name	Contact
<p>Blue Lobster Capital Limited 3284906 Nova Scotia Limited 3343533 Nova Scotia Limited 4318682 Nova Scotia Limited</p> <p>Applicants</p>	<p>Darren O'Keefe, Lawyer for the Applicants O'Keefe Sullivan 80 Elizabeth Avenue, Suite 202 St, John's, NL A1A 1W7 Email: dokeefe@okeefesullivan.com</p> <p>Marc Dunning, Lawyer for the Applicants (Local Counsel) Burchell Wickwire Bryson LLP 1900-1801 Hollis Street Halifax, NS B3J 3N4 Email: mdunning@bwblp.ca</p>
<p>KSV Restructuring Inc. 220 Bay Street, Suite 1300 Toronto, ON M5J 2W3</p> <p>Monitor</p>	<p>Bobby Kofman Email: bkofman@ksvadvisory.com</p> <p>Mitch Vininsky Email: mvininsky@ksvadvisory.com</p> <p>Sharon Kour, Lawyer for the Monitor Reconstruct LLP 120 Adelaide Street West, Suite 2500 Toronto, ON M5H 1T1 Email: skour@reconllp.com</p>
<p>Royal Bank of Canada 700-1871 Hollis Street Halifax, NS B3J 0C3</p>	<p>Dave Northrup Email: dave.northrup@rbc.com</p> <p>Maurice P. Chiasson, KC Email: mchiasson@stewartmckelvey.com</p> <p>Sara Scott Email: sscott@stewartmckelvey.com</p> <p>Colton Smith Email: csmith@stewartmckelvey.com</p> <p>Stewart McKelvey Queen's Marque 600-1741 Lower Water Street Halifax, NS B3J 0J2</p>

Name	Contact
<p>Ernst & Young Inc. Benjamin Place 11 Englehart Street, Suite 200 Dieppe, NB E1A 7Y7</p>	<p>Steven J. McLaughlin Email: Steven.J.McLaughlin@parthenon.ey.com</p> <p>Drew MacCormack Email: Drew.Maccormack@parthenon.ey.com</p>
<p>Bank of Nova Scotia 1709 Hollis Street, 6th Floor Halifax, NS B3J 1W1</p>	<p>Stephen Kingston, Recognized Agent McInnes Cooper 1969 Upper Water Street, Suite 1300 Halifax, NS B3J 3R7 Email: stephen.kingston@mcinnescooper.com</p>
<p>Tesla Motors ULC 1325 Lawrence Avenue, East Toronto, ON M3A 1C6</p>	<p>Christopher MacIntyre, Recognized Agent McInnes Cooper 1969 Upper Water Street, Suite 1300 Halifax, NS B3J 3R7 Email: chris.macintyre@mcinnescooper.com</p>
<p>Penske Truck Leasing Canada Inc. / Locations de Camions Penske Canada Inc. 7405 East Danbro Crescent Mississauga, ON L5N 6P8</p>	<p>Robert Eiding Eiding & Associates 1350 rue Sherbrooke ouest, suite 320 Montreal, PQ H3G 1J1 Email: robert.eiding@eiding.ca</p>
<p>Toyota Credit Canada 80 Micro Court, Ste. 200 Markham, ON L3R 9Z5</p>	<p>Gavin MacDonald, Recognized Agent Cox & Palmer Nova Centre, South Tower 1500-1625 Grafton Street Halifax, NS B3J 3E5 Email: gmacdonald@coxandpalmer.com</p>
<p>L. Burge Services Limited 179 Foord Street Stellarton, NS B0K 1S0</p>	<p>Ray O'Blenis, Recognized Agent O'Blenis Law 179 Foord Street Stellarton, NS B0K 1S0 Email: ray@oblenislaw.com</p>
<p>Shell Canada Products Limited 2000 Barrington Street, Suite 1101-C Halifax, NS B3J 3K1</p>	<p>Barry Horne Miller Thompson, LLP 40 King Street West, Suite 5800 Toronto, ON M5H 3C2 Email: bhorne@millertthomson.com</p>
<p>Crews Automotive Incorporated 1917 Drummond Road Westville, NS B0K 2A0</p>	<p>Kenneth Crews, Recognized Agent Email: kennycraws@yahoo.ca</p>

Name	Contact
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Suzanne Corkum 106 Greenpark Close, Unit 612 Halifax, NS B3S 0A4	Michael MacKenzie Atlantica Law Group 99 Water Street Windsor, NS B0N 2T0 Email: mmackenzie@atlanticalaw.ca
Kevin Alexander Rice Daniel Ronald Allen Tracey Lynn Allen	Paul Radford, KC Patterson Law 2100-1801 Hollis Street Halifax, NS B3J 3N4 Email: pradford@pattersonlaw.ca
Canada Revenue Agency Insolvency Intake Centre Shawinigan – Sud National Verification and Collections Centre 4695 Shawinigan-Sud Boulevard Shawinigan, QC G9P 5H9	Deanna Frappier, KC Email: deanna.frappier@justice.gc.ca Caitlin Ward Email: caitlin.ward@justice.gc.ca
Office of the Superintendent of Bankruptcy Maritime Centre 1505 Barrington Street, 16 th Floor Halifax, NS	Email: ic.osbccaa-laccbsf.ic@canada.ca

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Appendix “B”

Blue Lobster Capital Limited, 3284906 Nova Scotia Limited, 3343533 Nova Scotia Limited, and 4318682 Nova Scotia Limited (the "Companies")

Notes to Projected Statement of Cash Flow

For the Period ending July 5, 2025

(Unaudited; \$C)

Purpose and General Assumptions

- 1 This purpose of the projection is to present a cash flow forecast for the Companies on a consolidated basis in accordance with section 23(1)(b) of the Companies Creditors' Arrangement Act for the period February 16, 2025 to July 5, 2025.
- 2 The cash flow projection has been prepared based on hypothetical and most probable assumptions.

Hypothetical Assumptions:

- 1 Collections up to March 15 are based on filled purchase orders.
Collections after March 15 are based on the Companies' monthly collections in the prior year.
- 2 Direct Sales are made to consumers, including restaurants, and are assumed to be paid immediately.
Sales are based on the prior year's monthly sales.
- 3 Shopify Sales include online sales to customers, and all sales at the Annapolis Cider Company tasting room through the Shopify point-of-sale system. Sales are based on historical results and are assumed to be collected at the time of sale.
Sales are based on the prior year's results.

Most Probable Assumptions:

- 4 Payroll is based on the last payroll run to February 28. Thereafter, payroll is based on projected headcount, which is anticipated to increase in line with revenue growth, which is consistent with prior year actuals.
- 5 Includes projected utilities, maintenance costs, insurance premiums, and other miscellaneous costs, which have been projected based on prior year's results.
- 6 Based on the Companies' advertising and promotion budget for 2025, which represents approximately 70% of prior year spend.

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

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

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

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

The management of Blue Lobster Capital Limited, 3284906 Nova Scotia Limited, 3343533 Nova Scotia Limited and 4318682 Nova Scotia Limited (collectively, the "**Companies**") has developed the assumptions and prepared the attached consolidated statement of projected cash flow as of the 27th day of February, 2025, for the period February 16, 2025 to July 5, 2025 (the "**Cash Flow Forecast**"). All such assumptions are disclosed in the notes to the Cash Flow Forecast.

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

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

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

Dated at Halifax, NS this 27th day of February, 2025.

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



Per: Alex Rice

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

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

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

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

The attached consolidated statement of projected cash-flow of Blue Lobster Capital Limited, 3284906 Nova Scotia Limited, 3343533 Nova Scotia Limited and 4318682 Nova Scotia Limited (collectively, the "**Companies**") as of the 27th day of February, 2025, consisting of a weekly projected cash flow statement for the period February 16, 2025 to July 5, 2025 (the "**Cash Flow Forecast**") has been prepared by the management of the Companies for the purpose described in the Cash Flow Forecast, using probable and hypothetical assumptions set out in the notes to the Cash Flow.

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

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

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

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

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

Dated at Toronto, ON this 27th day of February, 2025.

A handwritten signature in blue ink that reads "KSV Restructuring Inc." in a cursive style.

KSV RESTRUCTURING INC.,

solely in its capacity as monitor of

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