2022 01G ______

IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR

IN BANKRUPTCY AND INSOLVENCY

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 of Edward Collins Contracting Ltd., Classic Security Limited, FGC Holdings Limited, 51037 Newfoundland and Labrador Inc. and H&E Designs Ltd. (collectively, "**ECC**" or the "**Company**"); and

SUMMARY OF CURRENT DOCUMENT	
Court File Number (s):	2022 01G ________
Date of Filing of Document:	13th July, 2022
Name of Filing Party or Person:	Applicant, Edward Collins Contracting Ltd. ("**ECC**"), Classic Security Limited ("**Classic**"), FGC Holdings Limited ("**FGC**"), 51037 Newfoundland and Labrador Inc. ("**51037**") and H&E Designs Ltd. ("**H&E**") (collectively, "**ECC Group**" or the "**Company**")
Application to which Document being filed relates:	Originating Application filed by the Applicant.
Statement of purpose in filing:	In support of an Interlocutory Application seeking appointment of S.R. Stack & Company Ltd. as Monitor of the Company pursuant to the CCAA, seeking an Administrative Charge and seeking approval of the DIP Financing Agreement.
Court Sub-File Number, if any:	N/A

AFFIDAVIT

I, Francis Collins of the Town of Placentia, in the Province of Newfoundland and Labrador, MAKE OATH AND SAY THAT:

1. I am a director of each of the companies listed in the ECC Group and am familiar with their financial affairs and status for the purpose of the within application.

F.C.

2. The facts stated in this Affidavit are based on my knowledge of the Company and its business and affairs up to July 12th, 2022. Where I have relied on the information provided to me by others, I have stated the source of the information and I believe the same to be true.

I. OVERVIEW:

3. This affidavit is sworn in support of an application made by the Company pursuant to the *Companies' Creditors Arrangement Act* (Canada) R.S.C. 1985, c. C-36, as amended (the "**CCAA**").

4. I have reviewed the within application and the facts contained therein are true to the best of my knowledge, information and belief.

II. DESCRIPTION OF THE COMPANY:

5. Edward Collins Contracting Ltd., Classic Security Limited, FGC Holdings Limited, 51037 Newfoundland and Labrador Inc. and H&E Designs Ltd. (collectively "**ECC**" or the "**Company**") are each incorporated under the laws of the Province of Newfoundland and Labrador. Each of these companies is owned either directly or indirectly by my family.

6. The Company's chief place of business is the Town of Placentia, Newfoundland and Labrador.

7. The Company's main lines of business are heavy civil construction, waste management, logistics, manufacturing of aggregates and industrial materials, property ownership and management.

8. Up to 2019 the Company relied significantly on rental income from Husky Energy with rental properties in Argentia. In 2019 the Company decided to diversify into the asphalt and aggregates business and invested heavily into equipment and training. The equipment was purchased from Europe and ended up being a major problem after it was purchased with the onset of Covid-19, and the inability to have service people or

F.C

parts imported from Europe. These problems increased the company's capital costs significantly. Further, because of Covid-19 the Company's business went downhill overall with the Company finding it increasingly difficult to obtain and complete construction contracts.

III. EMPLOYEES:

9. At peak operations, the Company has approximately 110 employees. Currently, as a result of the financial difficulties the Company is facing and the cyclical nature of the project work the Company does, there are currently approximately 50 employees working for the Company.

IV. THE COMPANY'S FINANCIAL POSITION:

10. Attached to this Affidavit as **Exhibit "A"** is the most recent Financial Statements for the companies in the ECC Group, broken out by each entity (the "**Financial Statements**").

11. As noted in the within application, the ECC Group have been experiencing liquidity challenges operating losses over the calendar years 2021 and to 2022. Notwithstanding its liquidity challenges, the Company continued to pay its obligations to its senior secured lender, Royal Bank of Canada ("**RBC**"). While RBC had provided forbearance to the Company up to June 16th, 2022, it indicated during the week of June 16ththth, 2022 that it would no longer support the Company, and issued formal demand letters and s.244 BIA Notices dated June 17th, 2022. The Company takes the position that these demand letters and s.244 Notices were defective and did not provide a reasonable timeframe within which the ECC Group could rectify the alleged breaches within the notice period.

12. As appears from the Company's books and records, there is currently a significant amount outstanding to the Canada Revenue Agency ("**CRA**"). The Company is actively working with CRA to determine the full outstanding balance and to work on a payment plan to relieve this liability. The Company is hopeful that the CCAA proceedings will bring CRA to the table to discuss options, as to date CRA has not

F. C.

been forthcoming with information or responsive to requests from the Company to discuss the Company's CRA position or potential discrepancies in CRA's accounting.

13. On July 12, 2022, the boards of directors for each of ECC, FGC, Classic, 51037 and H&E passed resolutions to make application pursuant to the CCAA due to the liquidity crisis facing the Company and increasing pressure from RBC notwithstanding the absence of a compliant BIA s.244 notice and demand.

V. DEBT PROFILE:

14. A significant portion of the Company's liabilities consist of secured debt with RBC, which is further described below:

(a) Credit facility agreement dated March 29, 2018, as amended on May 13, 2019, in respect of the following facilities:

(i) Facility #1 - a revolving facility in the amount of $1,500,000.00.
(ii) Facility #2 - a revolving lease line in the amount of $1,600,000.00; and
(iii) Corporate Visa Account with a limit of $100,000.00.

(b) Credit facility agreement dated January 20, 2020, as amended on July 16, 2020, in respect of the following facilities:

(i) Facility #1 - a revolving facility in the amount of $1,500,000.00;
(ii) Facility #2 - a term loan in the amount of $300,000.00;
(iii) Facility #3 - a revolving lease line in the amount of $2,800,000.00 (Facilities 3 and 4 not to exceed $2,800,000.00 in aggregate);
(iv) Facility #4 – facility term loans in the amount of $1,400,000.00;
(v) Facility #5- a term loan in the amount of $318,750.00; and
(vi) Corporate Visa Account with a limit of $175,000.00.

15. H&E is an affiliated corporation of ECC with obligations to RBC governed by Credit facility agreement dated January 21, 2020 in respect of the following facilities:

A. C.

(i) Facility #1 - a term loan/mortgage in the amount of $350,000.00 increased $3,000,000 in March, 2022; and

(ii) Corporate Visa Account with a limit of $2,500.00.

16. Classic is an affiliated corporation of ECC with obligations to RBC governed by:

(i) Confirmation of credit facilities letter dated May 9, 2003 in respect of a term loan in the amount of $110,000.00;

(ii) Credit facility agreement dated June 22, 2007 in respect of a revolving facility in the amount of $80,000.00; and

(iii) Credit facility agreement dated March 29, 2018 in respect of a revolving facility in the amount of $80,000.00.

17. FGC is an affiliated corporation of ECC with obligations to RBC governed by credit facility agreement dated on or about April 2, 2018 and a term loan in the amount of $264,000.00.

18. 51037 is an affiliated corporation of ECC with obligations to RBC governed by:

(i) Credit facility agreement dated August 3, 2015, as amended on August 2, 2016 and renewed March 22, 2017, in respect of:

i. Facility #1 - revolving loan in the amount of $50,000.00;

ii. Facility# 2- revolving loan in the amount of $100,000.00;

iii. Facility# 3 - a term loan in the amount of $100,000.00; and

iv. Corporate Visa Account with a limit of $30,000.00.

(ii) Credit facility agreement dated May 28, 2019 in respect of the following:

i. Facility #1 - revolving loan in the amount of $50,000.00;

ii. Facility# 2 - a term loan in the amount of $42,287.20; and

iii. Corporate Visa Account with a limit of $30,000.00.

VI. OTHER CREDITORS

19. The Company has the following other creditors with registrations at the Registry of Deeds ("**ROD**") or on the Personal Property Security Registry ("**PPR**"):

ECC:

(i) Daimler Truck Financial Services Canada Corporation has various registrations against specific serial number goods at the PPR;

(ii) John Deere Financial Inc. has various registrations against specific serial number goods at the PPR;

(iii) The Bank of Nova Scotia has various registrations against specific serial number goods at the PPR;

(iv) John Deere Credit ULC has various registrations against specific serial number goods at the PPR;

(v) Caterpillar Financial Services Limited has various registrations against specific serial number goods at the PPR;

(vi) De Lage Lender Financial Services Canada Inc. has various registrations against specific serial number goods at the PPR;

(vii) Wells Fargo has various registrations against specific serial number goods at the PPR;

(viii) Brandt Financial Ltd. and Brandt Tractor Ltd. have various registrations against specific serial number goods at the PPR;

(ix) Honda Canada Finance Inc. has various registrations against specific serial number goods at the PPR;

(x) Western Surety has an all present and after acquired personal property registration at the PPR; and

(xi) Intact Insurance Company has an all present and after acquired personal property registration at the PPR;

H&E

(xii) Nissan Canada Inc. has a registration against specific serial number goods at the PPR;

FGC

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(xiii) Club National Leasing Inc. has a registration against specific serial number goods at the PPR;

51037

(xiv) John Deere Canada ULC has a registration against specific serial number goods at the PPR;

(xv) At the RML, the following Claims for Lien and Certificates of Action exist with respect to ECC:

Claims for Liens:

(xvi) A Claim for Lien in the amount of $57,627.37 filed by Provall Parts Limited on January 14, 2022, for which a Certificate of Action was filed on March 1, 2022; and

(xvii) A Claim for Lien in the amount of $508,271.00 filed by Rodeo Mechanical (2014) Ltd. on December 3, 2021, for which a Certificate of Action was filed on February 4, 2022;

VI. THE COMPANY'S FINANCIAL DIFFICULTIES:

20. While the Company has experienced problems, we have been working diligently to come up with solutions. The Company is currently in advanced discussions with a tier one equipment lender who has, in turn, engaged Ritchie Bros. Auctioneers (Canada) Ltd. ("**Ritchie Bros**") to undertake an appraisal of its equipment for re-finance purposes. This appraisal commenced on July 8th and is expected to be completed by July 15th. RBC has been made aware of this refinancing effort and appraisal process and has been provided with a draft term sheet from Travelers Capital Corp. ("**Travelers**") attached hereto as **Exhibit "B"** (the "**Travelers Term Sheet**") and a comfort letter from Travelers attached hereto as **Exhibit "C"** (the "**Travelers Comfort Letter**").

F.C.

21. The Company has engaged S.R. Stack & Company Ltd. to act as Monitor and review the 13-week Cash Flow Forecast ("**Cash Flow**") prepared by the Company. I understand this cashflow will be finalized within the next 2-3 business days.

22. The Company is currently working on a restructuring plan, which we expect to have completed with in the next 2-3 business days.

XI. RECENT ACTION TAKEN BY RBC AND DEMANDS:

23. On June 17th RBC issued its formal demand letters and s.244 BIA Notices (the "**Demands**").

24. On the 24th day of June, after various discussions with RBC concerning the Company's plans to restructure its debt, the Company requested that RBC provide a further forbearance on its Demands and threats of enforcement to allow the Company time to complete appraisal with Ritchie Bros. and complete the proposed refinancing with Travelers. The Company indicated it would need approximately thirty (30) days to undertake its re-finance efforts and were confident that the refinance would see RBC repaid in full.

25. With respect to this request for forbearance, RBC provided a draft agreement to the Company on June 27th, 2022, attached hereto as **Exhibit "D"**. This forbearance agreement was of no value to the Company in that it only provided a forbearance of less than two weeks, in exchange for which RBC was seeking an additional approximate $300,000.00 in security over unsecured assets owned by an ECC affiliate. This was completely inconsistent with the Company's request for forbearance, and it is my view RBC were attempting to take advantage of the Company by extracting more value with no practical benefit. RBC's position, as communicated to the Company through our legal counsel, was that without further security RBC were going to move forward and enforce regardless of the efforts with Travelers.

26. The Company paid Travelers a $25,000.00 engagement fee to commence the refinance process and appraisal on the 27th of June and provided confirmation of this to RBC through its financial advisors on the following day.

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27. On June 23rd, 2022, the Company provided RBC with a copy of the proposed Travelers Capital Term Sheet. On July 5th the Company provided RBC with a copy of the Travelers Comfort Letter. As set out in the Comfort Letter, Travelers were willing to work with RBC on a re-finance of the Company's debt and sought RBC's input and cooperation. <u>RBC did not respond to this letter or request for cooperation.</u>

28. In my observation, RBC is aware, or ought to be aware, that their position will not be materially prejudiced by providing a standstill to the Company for 30 days to complete the Travelers refinance. RBC is aware the Company is actively working with Travelers on a refinance and are aware that Travelers are seeking their cooperation. I consider any action taken by RBC to be heavy handed and inconsiderate of the Company's efforts to restructure its business.

29. Also, during the discussions referenced in paragraph 25 above, the Company requested on several occasions that RBC provide copies of their security documents so that the Company could review its position with RBC and ascertain what the alleged breaches of security were, as it was not clear to us how the Company was in default. RBC refused to give the Company copies of its security unless a request was made through legal counsel.

30. The Company retained insolvency counsel on July 4th, 2022, and a request was made for copies of the Companies security documents on July 5th, 2022, attached hereto as **<u>Exhibit "E"</u>**.

31. After our legal counsel requested copies of our security documents, RBC responded on July 5th, 2022, indicating it would have the security documents sent to the Company the next day. Four (4) days passed, and RBC still did not send the Company its security documents and our legal counsel had to follow up again on July 9th, 2022. Ultimately, the documents were provided on Tuesday, July 12th, some Seven (7) days after our legal counsel's request and weeks after our initial request. This delay in providing copies of our security documents seriously prejudiced the Company's ability to negotiate with RBC or to deal with its restructuring efforts in a timely fashion.

32. Further, RBC's demand letters are deficient. Our Company cannot tell from the RBC demand letters exactly what the alleged breaches of our security agreements are, and

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thus, without that information being provided, and absent RBC providing copies of our security on a timely basis, we could not properly negotiate with RBC on how to resolve the alleged breaches in the short-term pending the outcome of the Travelers refinance. On this basis we take the position that the demand letters and related s.244 Notices are defective in that they are not in keeping with the rationale of s.244 of the BIA by allowing us sufficient time to negotiate with our secured creditors on a potential short-term resolution of the alleged breaches pending a refinance.

X. CONCLUSION AND RELIEF SOUGHT:

33. The Company has determined based on its preliminary work that the proposed CCAA proceedings represent the best available strategy to maximize value for its stakeholders and to find a potential solution that sees the Company continue as a going concern.

34. I believe that if the relief sought is granted, the Company will have an opportunity to effect a restructuring of its debt and operations immediately which would be in best interests of the Company, its stakeholders, its many employees.

35. The CCAA will provide the Company with the necessary creditor protection so that it may have an opportunity to complete the proposed re-finance with Travelers and move forward with paying out RBC and CRA.

36. I make this affidavit in support of the within application and for no other purpose.

SWORN at St. John's, Newfoundland and Labrador, on the 13 day of July 2022, before me

Commissioner, notary public, etc.
Barrister, NL

Francis Collins

This is Exhibit A to the affidavit of Frank Calderaro sworn before me on the 13 day of Aug 20 22.

EXHIBIT "A"

EDWARD COLLINS CONTRACTING LTD.

FINANCIAL STATEMENTS

EDWARD COLLINS CONTRACTING LIMITED/UNIVERSAL ENVIRONMENTAL SERVICES INC./FGC HOLDINGS INC.

Consolidated Financial Statements

Year Ended July 31, 2021

(Unaudited - See Notice To Reader)

EDWARD COLLINS CONTRACTING LIMITED/UNIVERSAL ENVIRONMENTAL SERVICES INC./FGC HOLDINGS INC.

Index to Consolidated Financial Statements

Year Ended July 31, 2021

(Unaudited - See Notice To Reader)

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CDT Dawe & Tuck

PROFESSIONAL CORPORATION

NOTICE TO READER

On the basis of information provided by management, we have compiled the consolidated balance sheet of Edward Collins Contracting Limited/Universal Environmental Services Inc./FGC Holdings Inc. as at July 31, 2021 and the consolidated statements of loss and retained earnings for the year then ended.

We have not performed an audit or a review engagement in respect of these consolidated financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these consolidated statements may not be appropriate for their purposes.

Dawe & Tuck

Bay Roberts, Newfoundland and Labrador
April 13, 2022

DAWE & TUCK
CHARTERED PROFESSIONAL ACCOUNTANTS

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EDWARD COLLINS CONTRACTING LIMITED/UNIVERSAL ENVIRONMENTAL SERVICES INC./FGC HOLDINGS INC.

Consolidated Balance Sheet

July 31, 2021

(Unaudited - See Notice To Reader)

	2021	2020
ASSETS		
CURRENT		
Cash	$ 89,507	$ 161,744
Accounts receivable	1,128,113	1,860,342
Holdbacks receivable	444,468	467,068
Inventory	1,035,423	-
Work in progress	442,356	1,490,722
Income taxes recoverable	-	1,508
Current portion of note receivable	25,229	24,496
Prepaid expenses	110,885	57,503
Due from shareholders	363,564	371,630
	3,639,545	4,435,013
LOAN AND NOTE RECEIVABLE	150,357	175,586
PROPERTY AND EQUIPMENT *(Net of accumulated amortization)*	9,766,064	9,167,283
INTANGIBLE ASSETS *(Net of accumulated amortization)*	210,034	236,286
LONG TERM INVESTMENT	180,000	180,000
DUE FROM RELATED PARTIES	1,290,447	1,349,660
DUE FROM SHAREHOLDERS	218,466	218,466
LONG TERM PORTION OF VEHICLE LEASE DEPOSIT	12,429	32,143
	$ 15,467,342	$ 15,794,437
LIABILITIES		
CURRENT		
Demand loan	$ 857,000	$ 980,000
Accounts payable	3,304,546	2,431,558
Income taxes payable	122,586	47,142
Government agencies payable	2,489,421	457,882
Current portion of long term debt	529,418	470,723
Current portion of obligations under capital lease	978,998	1,061,519
Health and Post Secondary Education Tax payable	69,599	-
Employee deductions payable	-	12,588
	8,351,568	5,461,412
LONG TERM DEBT	3,106,428	2,062,249
OBLIGATIONS UNDER CAPITAL LEASE	1,545,273	2,307,416
DEFERRED CREDIT	87,073	-

(continues)

ON BEHALF OF THE BOARD

_______________________________ *Director*

EDWARD COLLINS CONTRACTING LIMITED/UNIVERSAL ENVIRONMENTAL SERVICES INC./FGC HOLDINGS INC.

Consolidated Balance Sheet *(continued)*

July 31, 2021

(Unaudited - See Notice To Reader)

	2021	2020
DUE TO SHAREHOLDERS	**227,779**	227,779
	13,318,121	10,058,856
SHAREHOLDERS' EQUITY		
SHARE CAPITAL	**2,362**	2,362
RETAINED EARNINGS	**2,146,859**	5,733,219
	2,149,221	5,735,581
	$ 15,467,342	$ 15,794,437

ON BEHALF OF THE BOARD

_______________________________ *Director*

EDWARD COLLINS CONTRACTING LIMITED/UNIVERSAL ENVIRONMENTAL SERVICES INC./FGC HOLDINGS INC.

Consolidated Statement of Loss

Year Ended July 31, 2021

(Unaudited - See Notice To Reader)

	2021	2020
REVENUES	$ 9,408,974	$ 13,373,373
COST OF SALES		
Materials and sub-contracts	3,172,836	4,853,119
Direct wages and benefits	2,883,049	1,718,324
Equipment rental	456,625	831,808
	6,512,510	7,403,251
GROSS PROFIT	2,896,464	5,970,122
EXPENSES *(Schedule 1)*	6,807,182	6,312,096
LOSS FROM OPERATIONS	(3,910,718)	(341,974)
OTHER INCOME (EXPENSES)		
Dividend income	-	300,000
Gain (loss) on disposal of property, plant and equipment	29,315	(21,175)
Interest income	5,584	6,295
Canada Emergency Business Account loan forgiveness	20,000	20,000
Management fees	-	200,000
Rental income	138,000	58,000
Wage subsidies	1,030,452	701,751
	1,223,351	1,264,871
INCOME (LOSS) BEFORE INCOME TAXES	(2,687,367)	922,897
INCOME TAXES	158,993	47,142
NET (LOSS) INCOME	$ (2,846,360)	$ 875,755

EDWARD COLLINS CONTRACTING LIMITED/UNIVERSAL ENVIRONMENTAL SERVICES INC./FGC HOLDINGS INC.

Consolidated Expenses *(Schedule 1)*

Year Ended July 31, 2021

(Unaudited - See Notice To Reader)

	2021	2020
Advertising and promotion	$ 11,644	$ 29,222
Amortization	1,364,536	1,278,362
Amortization of intangible assets	26,253	26,250
Bad debts	54,685	30,546
Business taxes, licenses and memberships	106,688	92,790
Consulting fees	104,210	49,696
Insurance	302,955	276,760
Interest and bank charges	92,689	91,350
Interest and penalties	359,454	213,385
Interest on long term debt	109,950	60,187
Interest on obligations under capital lease	158,941	92,665
Legal fees	3,875	5,559
Life insurance on executives	128,319	119,892
Miscellaneous	353,949	357,147
Office	57,860	67,394
Operating leases	138,378	156,748
Professional fees	121,947	141,065
Property taxes	23,536	24,864
Rent	5,000	19,428
Repairs and maintenance	1,451,867	1,433,685
Salaries and wages	310,558	354,004
Sub-contracts	83,609	62,606
Travel	290,874	245,227
Utilities	112,338	78,630
Vehicle	1,033,067	1,004,634
	$ 6,807,182	$ 6,312,096

EDWARD COLLINS CONTRACTING LIMITED/UNIVERSAL ENVIRONMENTAL SERVICES INC./FGC HOLDINGS INC.

Consolidated Statement of Retained Earnings

Year Ended July 31, 2021

(Unaudited - See Notice To Reader)

	2021	2020
RETAINED EARNINGS - BEGINNING OF YEAR	$ 5,733,219	$ 5,362,464
NET (LOSS) INCOME	(2,846,360)	875,755
	2,886,859	6,238,219
DIVIDENDS PAID	(740,000)	(505,000)
RETAINED EARNINGS - END OF YEAR	$ 2,146,859	$ 5,733,219

CLASSIC SECURITY LIMITED

FINANCIAL STATEMENTS

CLASSIC SECURITY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

(Unaudited - See Notice To Reader)

CLASSIC SECURITY LIMITED
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YEAR ENDED MARCH 31, 2021
(Unaudited - See Notice To Reader)

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CDT Dawe & Tuck
PROFESSIONAL CORPORATION

NOTICE TO READER

On the basis of information provided by management, we have compiled the balance sheet of Classic Security Limited as at March 31, 2021 and the statement of loss and deficit for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Dawe & Tuck

Bay Roberts, Newfoundland and Labrador
November 1, 2021

DAWE & TUCK
CHARTERED PROFESSIONAL ACCOUNTANTS

CHARTERED PROFESSIONAL ACCOUNTANTS

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CLASSIC SECURITY LIMITED
BALANCE SHEET
MARCH 31, 2021
(Unaudited - See Notice To Reader)

ASSETS

CURRENT		
Cash	$	389
PROPERTY, PLANT AND EQUIPMENT *(Net of accumulated amortization)*		308,751
DUE FROM RELATED PARTIES		5,000
	$	314,140

LIABILITIES

CURRENT		
Accounts payable	$	752,738
Current portion of long term debt		24,982
Short term debt		79,500
Due to shareholders		1,770
		858,990
LONG TERM DEBT		158,850
DUE TO RELATED PARTIES		1,147,386
		2,165,226

SHAREHOLDERS' DEFICIENCY

SHARE CAPITAL		100
DEFICIT		(1,851,186)
		(1,851,086)
	$	314,140

ON BEHALF OF THE BOARD

_______________________________ *Director*

_______________________________ *Director*

CLASSIC SECURITY LIMITED
STATEMENT OF LOSS AND DEFICIT
YEAR ENDED MARCH 31, 2021
(Unaudited - See Notice To Reader)

EXPENSES		
Amortization	$	13,715
Business taxes, licenses and memberships		3,817
Interest and bank charges		45,988
Interest on long term debt		5,823
Miscellaneous		8,782
Salaries and wages		28,655
		106,780
NET LOSS		**(106,780)**
DEFICIT - BEGINNING OF YEAR		(1,744,406)
DEFICIT - END OF YEAR	$	**(1,851,186)**

H&E DESIGNS LTD.

FINANCIAL STATEMENTS

H & E DESIGNS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED JULY 31, 2021

(Unaudited - See Notice To Reader)

H & E DESIGNS LIMITED
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CDT Dawe & Tuck
PROFESSIONAL CORPORATION

NOTICE TO READER

On the basis of information provided by management, we have compiled the balance sheet of H & E Designs Limited as at July 31, 2021 and the statement of income and retained earnings for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Dawe & Tuck

Bay Roberts, Newfoundland and Labrador
February 8, 2022

DAWE & TUCK
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H & E DESIGNS LIMITED

BALANCE SHEET

JULY 31, 2021

(Unaudited - See Notice To Reader)

	2021	2020
ASSETS		
CURRENT		
Cash	$ 3,563	$ 167,409
Accounts receivable	211	200
Inventory	499,339	518,120
Income taxes recoverable	-	31
Harmonized sales tax recoverable	-	14,865
Due from shareholders	158,000	-
	$ 661,113	$ 700,625
LIABILITIES		
CURRENT		
Royal Bank demand loan	$ 290,000	$ 350,000
Harmonized sales tax payable	5,043	-
Due to shareholders	-	5,000
	295,043	355,000
DUE TO RELATED PARTIES	353,625	335,625
	648,668	690,625
SHAREHOLDERS' EQUITY		
SHARE CAPITAL	1	1
RETAINED EARNINGS	12,444	9,999
	12,445	10,000
	$ 661,113	$ 700,625

ON BEHALF OF THE BOARD

______________________________ *Director*

______________________________ *Director*

H & E DESIGNS LIMITED
STATEMENT OF INCOME AND RETAINED EARNINGS
YEAR ENDED JULY 31, 2021
(Unaudited - See Notice To Reader)

	2021	2020
REVENUES	$ 52,174	$ -
COST OF SALES	34,479	-
GROSS PROFIT	17,695	-
EXPENSES		
Business taxes, licenses and memberships	-	282
Interest and bank charges	332	162
Office	520	94
Professional fees	1,684	1,000
Vehicle	12,714	13,090
	15,250	14,628
NET INCOME (LOSS)	2,445	(14,628)
RETAINED EARNINGS - BEGINNING OF YEAR	9,999	24,627
RETAINED EARNINGS - END OF YEAR	$ 12,444	$ 9,999

FGC HOLDINGS LTD.

FINANCIAL STATEMENTS

FGC HOLDINGS LIMITED

Financial Statements

Year Ended October 31, 2021

(Unaudited - See Notice To Reader)

FGC HOLDINGS LIMITED

Index to Financial Statements

Year Ended October 31, 2021

(Unaudited - See Notice To Reader)

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CDT Dawe & Tuck
PROFESSIONAL CORPORATION

NOTICE TO READER

On the basis of information provided by management, we have compiled the balance sheet of FGC Holdings Limited as at October 31, 2021 and the statements of income and retained earnings for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Dawe & Tuck

Bay Roberts, Newfoundland and Labrador
April 28, 2022

DAWE & TUCK
CHARTERED PROFESSIONAL ACCOUNTANTS

CHARTERED PROFESSIONAL ACCOUNTANTS

P.O. Box 20085
Bay Roberts, NL
A0A 1G0

Calvin J. Dawe, CPA, CGA
Douglas J. Tuck, CPA, CGA

Tel: (709) 786-7100 or 1-888-210-7100 Fax: (709) 786-4838
cdawe@cjdaa.ca • dtuck@cjdaa.ca

FGC HOLDINGS LIMITED

Balance Sheet

October 31, 2021

(Unaudited - See Notice To Reader)

ASSETS		
CURRENT		
Cash	$	12,108
Prepaid expenses		3,147
Due from shareholders		220,134
		235,389
PROPERTY AND EQUIPMENT *(Net of accumulated amortization)*		586,479
	$	821,868
LIABILITIES		
CURRENT		
Accounts payable	$	16,933
Income taxes payable		14,456
		31,389
LONG TERM DEBT		234,702
OBLIGATIONS UNDER CAPITAL LEASE		270,129
DUE TO RELATED PARTIES		213,818
		750,038
SHAREHOLDERS' EQUITY		
SHARE CAPITAL		100
RETAINED EARNINGS		71,730
		71,830
	$	821,868

FGC HOLDINGS LIMITED

Statement of Income

Year Ended October 31, 2021

(Unaudited - See Notice To Reader)

REVENUES	**$ 200,000**
EXPENSES	
Amortization	40,971
Insurance	1,985
Interest and bank charges	785
Interest on long term debt	12,476
Interest on obligations under capital lease	1,724
Memberships	4,198
Miscellaneous	15,568
Office	1,334
Professional fees	2,500
Repairs and maintenance	6,900
Utilities	6,060
	94,501
INCOME BEFORE INCOME TAXES	**105,499**
INCOME TAXES	**14,456**
NET INCOME	**$ 91,043**

FGC HOLDINGS LIMITED
Statement of Retained Earnings
Year Ended October 31, 2021
(Unaudited - See Notice To Reader)

RETAINED EARNINGS - BEGINNING OF YEAR	$	20,687
NET INCOME		91,043
		111,730
DIVIDENDS PAID		(40,000)
RETAINED EARNINGS - END OF YEAR	$	71,730

51037 NEWFOUNDLAND AND LABRADOR INC.

FINANCIAL STATEMENTS

51037 NL INC

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

(Unaudited - See Notice To Reader)

51037 NL INC
INDEX TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(Unaudited - See Notice To Reader)

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CDT Dawe & Tuck
PROFESSIONAL CORPORATION

NOTICE TO READER

On the basis of information provided by management, we have compiled the balance sheet of 51037 NL INC as at December 31, 2020 and the statement of loss and deficit for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Dawe & Tuck

Bay Roberts, Newfoundland and Labrador
June 4, 2021

DAWE & TUCK
CHARTERED PROFESSIONAL ACCOUNTANTS

CHARTERED PROFESSIONAL ACCOUNTANTS

P.O. Box 20085
Bay Roberts, NL
A0A 1G0

Calvin J. Dawe, CPA, CGA
Douglas J. Tuck, CPA, CGA

Tel: (709) 786-7100 or 1-888-210-7100 Fax: (709) 786-4838
cdawe@cjdaa.ca • dtuck@cjdaa.ca

51037 NL INC
BALANCE SHEET
DECEMBER 31, 2020
(Unaudited - See Notice To Reader)

	2020	2019
ASSETS		
CURRENT		
Cash	$ 359	$ 39,797
Income taxes recoverable	-	6,279
Due from corporate shareholders	80,000	30,000
	80,359	76,076
PROPERTY, PLANT AND EQUIPMENT *(Net of accumulated amortization)*	-	31,012
LONG TERM INVESTMENTS	45,000	45,000
DUE FROM SHAREHOLDERS	3,645	-
	$ 129,004	$ 152,088
LIABILITIES		
CURRENT		
Accounts payable	$ 14,851	$ 20,054
Royal Bank of Canada line of credit	50,000	-
Harmonized sales tax payable	28,529	33,006
Employee deductions payable	5,185	169
	98,565	53,229
LONG TERM DEBT	37,275	28,603
DUE TO RELATED PARTIES	12,498	36,009
DUE TO SHAREHOLDERS	-	6,355
	148,338	124,196
SHAREHOLDERS' DEFICIENCY		
SHARE CAPITAL	133	133
(DEFICT) RETAINED EARNINGS	(19,467)	27,759
	(19,334)	27,892
	$ 129,004	$ 152,088

ON BEHALF OF THE BOARD

____________________ *Director*

____________________ *Director*

51037 NL INC
STATEMENT OF LOSS AND DEFICIT
YEAR ENDED DECEMBER 31, 2020
(Unaudited - See Notice To Reader)

	2020	2019
REVENUES	$ 2,781	$ 443,652
COST OF SALES	-	365,190
GROSS PROFIT	2,781	78,462
EXPENSES		
Advertising and promotion	-	2,534
Amortization	31,012	9,779
Business taxes, licenses and memberships	-	23,158
Insurance	2,050	3,053
Interest and bank charges	5,328	9,780
Interest on long term debt	958	1,723
Miscellaneous	-	1,821
Office	1,756	1,804
Professional fees	963	4,750
Rent	-	48,000
Repairs and maintenance	1,401	(10,064)
Salaries and benefits	16,225	154,935
Supplies	-	114
Telephone	25	1,478
Travel	289	15,223
	60,007	268,088
LOSS FROM OPERATIONS	(57,226)	(189,626)
OTHER INCOME - Forgiveness of Canada Emergency Business Account loan	10,000	-
LOSS BEFORE INCOME TAXES (RECOVERED)	(47,226)	(189,626)
INCOME TAXES (RECOVERED)	-	(6,279)
NET LOSS	(47,226)	(183,347)
RETAINED EARNINGS - BEGINNING OF YEAR	27,759	211,106
RETAINED EARNINGS (DEFICIT) - END OF YEAR	$ (19,467)	$ 27,759

This is Exhibit B to the affidavit of Travis Collis sworn before me on the 13 day of Aug 2022.

EXHIBIT “B”

Travelers
CAPITAL

SUMMARY OF TERMS AND CONDITIONS

June 8th, 2022

TO: EDWARD COLLINS CONTRACTING LIMITED
PO Box 51
Jerseyside, Newfoundland,
A0B 2G0

Re: Loan and Security Agreement (the "Loan")

Travelers Capital Corp. (the "**Lender**" or "**TC**") is pleased to confirm our intention to proceed immediately with an assessment and complete underwriting of an asset-based financing facility to be secured by certain pieces of equipment (the "**Equipment**") and any additional security as deemed necessary by the Lender and as laid out the security section herein (together with the Equipment, the "**Collateral**"). This summary of terms ("**Proposal**") is not a letter of commitment on the part of the Lender and is for discussion purposes only and does not constitute a commitment on behalf of TC. Any offer to loan would be subject to further due diligence and approval by TC's credit committee.

Borrower(s):	**Edward Collins Contracting Limited, E & T Investments Limited** and any other entity as deemed necessary by the Lender and / or its counsel (collectively referred to herein as the "**Borrower**").
Guarantor:	**Joshua Collins**
Maximum Availability:	The Loan shall not exceed **$7,000,000** or up to 80% of the Forced Liquidation Value ("**FLV**") of the Equipment, as determined by an approved appraisal firm.
Use of Proceeds:	The Borrower will enter a Loan facility which will support **(1) the repayment of outstanding debts owed to various equipment lessors and (2) a working capital injection.** The Loan may also be used to (i) pay any and all recoverable fees, expenses and costs incurred by the Lender in connection with the Loan; (ii) due diligence costs and expenses of the Lender associated with the Loan, including any costs associated with new appraisals; and (iii) any unpaid portion of the Commitment Fee, at the sole discretion of the Lender.
Term:	The Loan will terminate no later than **24 months** after the Start Date (the "**Maturity Date**").
Disbursement:	Single advance on a specified date, to be determined upon satisfaction of all Conditions Precedent to Closing (the "**Start Date**").
Interest Rate:	The Loan shall bear interest at a rate of 12.45%, per annum, calculated in arrears and payable monthly.
Commitment Fee:	The Borrower(s) will pay to the Lender a Commitment Fee of **2.35%** of the Maximum Availability. Upon funding, the Commitment Fee is deemed to be non-refundable and will be deducted from the proceeds on the Start Date. Upon acceptance of this Proposal, **$40,000.00** of the Commitment Fee will be due and payable by the Borrower(s) (the "**Good Faith Deposit**"), against which will be charged any of the Lender's expenses in connection with the proposed transaction. If the Lender approves the transaction, but the Borrower(s) elect not to pursue the transaction for any reason, the Lender would retain the Good Faith Deposit as a work fee.
Repayment:	The Loan shall be serviced by a total of twenty-four (24) payments of blended principal and interest, calculated based on an amortization length of up to 60-months *(appraisal dependant).* On the Maturity Date, the balance of the principal outstanding under Loan will be due and payable by the Borrower (the

Travelers CAPITAL

"**Balloon Payment**"), plus any applicable fees and interest.

The final amortization length will be subject to the condition and expected remaining useful life of the Equipment, as determined by an approved appraiser.

Expenses:

The Borrower(s) will pay all reasonable costs incurred by the Lender, directly or indirectly, including, without limitation, expenses of legal counsel, due diligence, appraisals, and any other reasonable expenses incurred in conjunction with preparing the Loan documents.

Security:

The Borrower(s) will provide the following security documents (the "**Security**"), which will be satisfactory to the Lender at their sole discretion:

1. A General Security Agreement granting an interest in all the Borrower's present and after-acquired personal property, including a specific first ranking security interest in the Equipment (full description of the Equipment to be included as a schedule to the fully executed loan and security agreement and ancillary closing documents (the "**Loan Agreement**")), to be evidenced by applicable PPSA registrations and inter-lender agreements, as required;
2. A Personal Guarantee from the Guarantor with respect to the Borrower's obligations to the lender;
3. Assignment of "all risk" and general liability insurance coverage against the Collateral with first loss payable to the Lender;
4. Postponement of any and all shareholder and related party loans owed to or by the Borrower(s) and related entities;
5. Such other security and documentation which the Lender and its counsel deem advisable in order to perfect the intended Security.

The Borrower(s) will provide, at their expense, all such releases, waivers, subordinations, inter-creditor agreements, registrations, authorizations, certificates, acknowledgements, and legal opinions as TC and its solicitor may reasonably require to give effect to the foregoing.

Assignability and Syndication:

The Lender may assign, transfer, or grant participations in its rights or obligations in whole or in part without notice or consent of the Borrower. TC is authorized to confidentially disclose, such information concerning Borrower(s), as TC considers appropriate.

Conditions Precedent to Closing:

The execution and advance of the Loan is subject to the Lender's receipt of the following, all of which will be in form and substance satisfactory to the Lender:

1. Execution of the Loan Agreement duly executed by the Borrower(s), Guarantor (as applicable), and the Lender;
2. Final approval of the subject Loan transaction and the Loan Agreement, in form and in substance, by TC's credit committee;
3. Registration of the required Security and any ancillary documentation which is required to perfect the Lender's security interests;
4. All constituting documents, inclusive of Officer's Certificates, for the Borrower(s) and Guarantor (as applicable) and satisfaction of the Lender's AML/KYC requirements;
5. An appraisal, completed by an appraisal firm satisfactory to the Lender, confirming a satisfactory minimum forced liquidation value for the subject Equipment;
6. Information on the Borrower(s) and Guarantor (as applicable), including but not limited to the following:
   - an organizational chart for the Borrowers, highlighting shareholder ownership and collateral ownership;
   - a comprehensive asset and liability summary for each of the Borrowers, inclusive of respective securing collateral, recurring payments principal & interest on all existing

credit, lease, and rental facilities;

- any and all financial due diligence, inclusive of:
  - a forward-looking pro-forma income statement,
  - forward-looking 13-week rolling cash flow statement,
  - year-to-date statements,
  - historical financial statements for the Borrowers for the past 3 fiscal years,
  - any other required financial related information; and
- any other Borrower or Guarantor financial/ownership information requested by the Lender;

7. Receipt by the Lender, on an itemized basis, complete descriptions of the Equipment, including make (manufacturer), model number(s), serial number(s) of all major components, together with photos and original purchase orders, invoices, or registration certificates for or the Equipment and proof of payment;
8. The delivery and satisfactory review by the Lender of evidence that all priority payables are current (CRA, statutory liens, Crown claims including employee source deductions, WCB, etc.);
9. Satisfactory completion by the Lender of all business, environmental, legal and financial due diligence, including, but not limited to, evidence that the Borrower(s) has the required licenses in place to operate the business; and
10. Any other conditions precedent required by the Lender for a loan of this nature.

Reporting: Standard reporting requirements for a facility of this nature, to be formally defined in the Loan Agreement.

Covenants: The Loan Agreement will contain affirmative and negative covenants, to be formally defined in the Loan Agreement. The Loan will not contain any fixed covenants relating to the financial performance of the Borrower.

Events of Default: Standard events of default for a Loan transaction of this nature.

Confidentiality: The Borrower(s) and their Related Parties agree not to disclose, any of the terms, conditions or other facts relating to the Loan, including the status thereof (all such information, including this Proposal, the other Loan documents, materials, and correspondence relating to the Loan, being hereinafter referred to as the "**Loan Information**"), except that Loan Information may be disclosed to principals, lawyer, accountants, consultants, partners, employees or agents of the Borrower(s), the Guarantor and their respective affiliates and legal counsel (collectively, the "**Related Parties**").

Expiration Date: This Proposal will expire on ***June 21st, 2022.***

Please feel free to contact the undersigned if you have any questions or concerns. Yours truly,

TRAVELERS CAPITAL CORP.

By:______________________________

Name: Warren Miller

Title: Vice President, Structured Finance

BORROWER(S):

ACCEPTED this_________day of________________, 2022.

EDWARD COLLINS CONTRACTING LIMITED

By:________________________________

Name:

Title:

I have authority to bind the corporations

E & T INVESTMENTS LIMITED

By:________________________________

Name:

Title:

I have authority to bind the corporations

This is Exhibit C to the affidavit of Frotis Lodus sworn before me on the 13 day of Aug 2022.

EXHIBIT "C"

From:	Neil L. Jacobs
To:	Darren O"Keefe
Cc:	Neil L. Jacobs
Subject:	RE: ECC Financing
Date:	Tuesday, July 5, 2022 1:41:10 PM
Attachments:	image002.png

Darren,

Thanks for your email and the Travelers email as set out below. I will forward internally and get back to you.

In the meantime, I am assembling a package of security documents for ECCL which I hope to have for you tomorrow.

Regards,
Neil

Neil L. Jacobs, Q.C.
Partner
Stewart McKelvey
D: 709.570.8888
C: 709.690.5999

From: Darren O'Keefe <darren@okeefeandcompany.com>
Sent: Tuesday, July 5, 2022 12:59 PM
To: Neil L. Jacobs <njacobs@stewartmckelvey.com>
Subject: Re: ECC Financing

This is an external email.

Hello Neil,

I'm writing to follow up on our conversation yesterday and with respect your comment concerning our clients recent efforts to refinance with Travellers.

I have my clients permission to forward the email below for your clients consideration.

As I mentioned to you by phone, I'm still getting up to speed on this file. While I certainly don't have the history that you have over the past year I do believe there is a plan here any would work based on what I have seen so far. Our clients efforts with Travellers are moving forward and appear to have the potential to see your client exit and be repaid in full.

Again, I would ask that your client consider this email below and our clients recent efforts, and provide us with a three week standstill. This will allow us to obtain the necessary appraisals from Richie Brothers and proceed with the proposed financing.

Look forward to hearing from you.

Darren O'Keefe
Principal | Lawyer
O'Keefe & Company
P: 709 699 3002

From: Warren Miller <wmiller@travelerscapital.com>
Date: July 5, 2022 at 1:21:41 AM NDT
To: Joshua Collins <josh_56@icloud.com>, peterjbyrne@hotmail.com
Cc: Cameron Cotterill <ccotterill@travelerscapital.com>
Subject: ECC Financing From Travelers

Gentlemen,

Thanks for the call earlier today. I want to reiterate our intent to provide take-out financing to ECC in short order, with primary uses of proceeds to pay out (or reserve for) CRA and RBC.

Pursuant to previous email which detailed a tentative agreement and funding timeline, we feel that is very much in reach and remains feasible for funding. Travelers specializes in asset-based lending to companies in transition and the subject file is very familiar territory for our underwriting group. We remain confident we can execute on the terms presented (subject only to the valuation condition precedent). The appraiser has been engaged and should be out there this week / early next week to complete the balance of the asset inspection (we have ordered it on a rush basis).

It's worth noting that we already have recent valuation for about ¼ of the equipment collateral and we have 'desktop' valued the remaining portion for term sheet purposes, which supports the underwriting leverage proposed in the term sheet. Subject to the official valuation coming back in-line with our desktop figures, TCC has already notionally credit approved this facility. In the event where we were facing a shortfall on the funding gap, we could likely get an approval to push our advance rate on the assets to shore up any delta. Furthermore, we also have the ability to leverage real estate and so if include the real estate in the borrowing base that should more than cover the RBC exposure (excluding any BCAP / COVID loan facilities).

To open the lines of communication on timeline and process, I would like to establish a contact point with RBC so we can discuss the file and status transparently. We work with senior financial institutions on just about every transaction, including RBC (including special loans), and typically find things run smoothest / most effectively when the lenders are in direct contact, working towards a mutual common goal. At a minimum, it's prudent we obtain the valuation report being conducted right now so we'll all be making educated decisions going forward.

Thank you
Warren

Warren Miller, CFA
Travelers Capital
400-4180 Lougheed Highway | Burnaby, BC | V5C 6A7
P: 604.262.9994
M: 604.306.0483
www.travelerscapital.com

Travelers
CAPITAL

This is Exhibit ____ to the affidavit of ________ sworn before me on the ____ day of _______ 20____.

____

EXHIBIT "D"

FORBEARANCE AGREEMENT

This Forbearance Agreement is made the 27th day of June 2022.

Between: Royal Bank of Canada ("**Bank**"), a Charter Bank,

- and –

Edward Collins Contracting Limited ("**ECCL**"), H & E Designs Ltd. ("**H & E**"), Classic Security Ltd. ("**Classic**"), FGC Holdings Ltd. ("**FGC**"), Universal Environmental Services Inc. ("**Universal**") and 51037 Newfoundland & Labrador Inc. ("**51037**") (collectively, the "**ECCL Group**")

Whereas the ECCL Group acknowledge they are in default of the obligations under their respective credit agreements with the Bank, which agreements include but are not limited to the following:

a) ECCL is a party to a credit facilities letter agreements with the Bank, dated on or about March 29, 2018 (as amended May 13,2019) and dated on or about January 20, 2020 (as amended July 19, 2020) together with a corporate VISA in relation thereto;

b) H & E is party to a credit facilities letter agreement with the Bank, dated on or about January 21, 2021, a term loan agreement with the Bank of even date and a corporate VIA related thereto;

c) Classic is party to a confirmation of credit facilities letter with the Bank dated on or about May 9, 2003, a credit facility agreement dated on or about June 22, 2007 and a credit facility agreement dated on or about March 29, 2018;

d) FGC is a party to a credit facility agreement with the Bank dated on or about April 2, 2018;

e) Universal is a party to a credit facility agreement dated on or about May 5, 2020, an agreement related to business vehicle solution loans and/or contracts and a corporate VISA related to each of the above; and

f) 51037 is a party to a credit facility agreement with the Bank dated on or about August 3, 2015 (as amended August 2, 2016 and renewed March 22, 2017) and a credit facility agreement with the Bank dated on or about May 28, 2019

(collectively, 1a – 1f constitute the "**ECCL Group Credit Agreements**") and hereby acknowledges defaults remain outstanding in respect of the ECCL Group Credit Agreements as of the date hereof;

And Whereas the ECCL Group and their guarantors acknowledge receipt of the Bank's demand letters and Notices of Intention to Enforce Security pursuant to section 244 of the *Bankruptcy & Insolvency Act* on 17 June 2022.

And Whereas the ECCL Group requested from the Bank a short-term forbearance agreement ("**FA**") to allow ECCL Group to pursue an asset-based financing facility with Travelers Capital Corporation ("**Travelers**") on terms substantially in the form of the terms and conditions ECCL Group provided to the Bank by email on 23 June 2022.

Now Therefore in consideration of the premises and the mutual covenants and agreements contains herein and for other good and valuable consideration (the receipt and sufficiency whereof is hereby acknowledged) the parties hereto agree as follows:

1. Subject to the terms and conditions of this FA, the Bank agrees to forbear from enforcing its secured and other rights for a period up to the earlier of 11 July 2022 or the date upon which an Event of Default occurs hereunder, as set out below ("**Termination Date**").

2. The Bank's agreement to forbear in the enforcement of the Bank's security shall terminate as of the Termination Date. The ECCL Group acknowledges and agrees that upon the Termination Date the Bank shall be at liberty to enforce the Bank's security without further demand or notice of any kind whatsoever.

3. During the term of this FA, the ECCL Group agrees to continue to operate and conduct its business in the ordinary course and shall in no way cause its assets to be depleted except in the ordinary course of business.

4. ECCL Group hereby authorizes the Bank or its agents or professional advisors to monitor all aspects of the ECCL Group's business operations and agrees to co-operate fully and immediately with the Bank or its agents or professional advisors in such monitoring and shall immediately upon request provide full access to the ECCL Group books and records for review.

5. ECCL for itself and the other members of the ECCL Group hereby authorizes the Bank and/or its agents and/or professional advisors to attend upon their respective business premises (or any other location relating to the Bank's security and the collateral thereof) to assess the ECCL Groups' assets and the Bank's collateral related thereto.

6. ECCL Group will immediately sign the EY engagement letter and agree to monitoring of the entire ECCL Group by EY on behalf of the Bank as set out herein and to provide to the Bank such information as the Bank and its advisors may request, as expeditiously as possible, it being understood that a reply to a request should be made within 24 hours.

   For greater certainty, ECCL Group agrees to provide during the term of this FA such reports and certificates as are provided for in the ECCL Group Credit Agreements or as the Bank may require, including but not limited to all information relating to all matters concerning the Canada Revenue Agency ("**CRA**") and any amounts owing to CRA.

   In addition, ECCL Group shall provide as applicable, the following:

   a) On or before June 30,2022, to provide to the Bank details of all amounts owing to the Canada Revenue Agency as at 31 May 2022;

   b) On or before June 30, 2022, a list of all contracts held with customers having a value of $50,000 or greater;

c) On or before 30 June 2022, a list of all extant tenders submitted to potential customers having a value of $50,000 or greater;

d) On or before 30 June 2022, a detailed description of all items of personal property and equipment having a value of $5,000 or greater, together with all serial numbers, make, model and year for same where applicable;

e) On or before 30 June 2022, the organization structure reflecting shareholders and subsidiaries of each entity in the ECCL Group;

f) For ECCL, Universal and H&E, on or before 30 June 2022, a trial balance, accounts receivable listing, inventory listing, work in progress listing, accounts payable listing and outstanding cheque listing for the reporting period ended 31 May 2022;

g) For 51037, FGC and Classic, on or before 30 June 2022, a copy of the most recent available trial balance and detailed bank transactional histories including customer and vendor to which each transaction pertains since the date of the most recent available trial balance;

h) For ECCL, on a weekly basis during the term hereof, detailed bank transactional histories including customer or vendor to which each transaction pertains for the period beginning 1 June 2022, outstanding cheque listing, accounts receivable listing, accounts payable listing, inventory listing and payroll sub-ledger as at the close of business the preceding Friday, to be provided every Tuesday prior to 12 p.m. Atlantic Time; and

i) For ECCL Group (excluding ECCL), on a weekly basis during the term hereof, detail bank transactional histories including customer and vendor to which each transaction pertains, to be provided every Tuesday prior to 12 p.m. Atlantic Time.

7. ECCL will immediately pay the $25,000 fee to Travelers on execution of this FA and provide proof of payment of same to the Bank and as soon as reasonably practicable thereafter provide a copy of the signed discussion paper with Travelers.

8. ECCL will engage Richie Brothers ("**RB**") to run a comprehensive and exhaustive review of the inventory of ECCL and to the extent any member of the ECCL Group has inventory to be part of the Travelers proposed financing which review will outline the serial number, year, make and model of each asset and ECCL will provide a copy of same to the Bank on receipt of same from RB.

9. ECCL Group acknowledges that the Bank or its agents or professionals may communicate directly with RB.

10. ECCL acknowledges that the Travelers financing will be utilized to fully payout all Bank indebtedness owed by all members of the ECCL Group with the exception of the HASCAP loan which can remain in place assuming all payments to service that loan are made in the normal course.

11. ECCL Group acknowledges that the Bank security will remain in place until all indebtedness owing by any member of the ECCL Group to CRA is paid in full and ECCL Group has provided proof of same satisfactory to the Bank, acting reasonably.

12. The ECCL Group and the guarantors as signatories hereto further covenant and agree (subject to the terms of this FA) as follows:

   a) To provide such additional security as the Bank shall require;

   b) To provide the Bank, on a weekly basis, with updates concerning all of ECCL's efforts at refinancing and repaying its indebtedness and provide copies of all appraisals, environmental reports or assessments and all other documentation generated in furtherance of refinancing;

   c) ECCL and such other member of the ECCL Group if requested shall forthwith upon receipt thereof deposit all amounts received into its operating account with the Bank and shall not make deposits of any sort to or with any other institution;

   d) The ECCL Group shall not commit or permit any further breach of the ECCL Group Credit Agreements or any other agreements which the ECCL Group has with the Bank;

   e) The ECCL Group shall not create or permit to exist any lien, charge or encumbrance or other security interest, or allow to any statutory lien or trust against the assets of the Borrower or any part thereof;

   f) The ECCL Group shall not make purchases or payments, or sell, release, settle, assign, transfer or move any assets, except in the ordinary course of business, or to make capital expenditures of any kind over $25,000, or upon receipt of the Bank's prior written consent;

   g) No member of the ECCL Group shall pay dividends, redeem shares, permit capital withdrawals of any kind or permit any reduction in or repayment of shareholders' loans;

   h) No member of the ECCL Group shall make a proposal, or apply for, or seek relief from its creditors, under the Bankruptcy and Insolvency Act, the Companies' Creditors Arrangement Act, or any other legislation granting relief from creditors, without first delivering to the Bank ten (10) days prior written notice of any such proposed action, unless the prior written consent of the Bank is obtained;

   i) All members of the ECCL Group shall remit, as and when required, all amounts to be deducted or withheld under the Income Tax Act, Excise Tax Act and all other federal and provincial statutes giving rise to liens, charges or and deemed trusts of any kind which have priority over the Bank's Security;

   j) All members of the ECCL Group shall deposit immediately on receipt all moneys and credit card payments in the operating account with the Bank;

   k) All members of the ECCL Group shall perform the provisions of this FA without breach;

l) All members of the ECCL Group shall forthwith notify the Bank in writing or any breach of this FA or any further breach of the ECCL Group Credit Agreements or any other agreement with the Bank; and

m) All members of the ECCL Group shall, upon payout of all facilities, close all accounts with the Bank.

13. The occurrence of any one or more of the following events (herein an "**Event of Default**") shall constitute a default under this FA:

a) The breach of any covenant or other provision of this FA or any other agreement between the ECCL Group and the Bank;

b) The breach of any provisions set forth in the events of default section of the ECCL Group Credit Agreements or the Bank's security;

c) Failure to co-operate with the Bank, its agents or professional advisors with respect to the matters set out in sections 4 and 5 hereof;

d) An execution, writ of seizure and sale, or distress, sequestration or any other like process becomes enforceable against the ECCL Group;

e) Any statement, certification, representation or warranty made by the ECCL Group to the Bank is false, misleading or incorrect as at the time at which it is made;

f) The ECCL Group ceases to carry on its business in the ordinary course;

g) Any action or proceeding is threatened or commenced which brings into issue the validity or enforceability of the Bank's security;

h) Any seizure or attempted seizure by any creditor, secured, unsecured or preferred, or any governmental body or agent thereof of any property of the ECCL Group; and

i) In the opinion of the Bank, any deterioration in the value of the property of the ECCL Group or in its realizable value.

14. All legal, accounting and other professional fees and disbursements incurred, or to be incurred including, without limitation, in connection with the preparation, operation and enforcement of this FA, are for the account of the ECCL Group. The Bank may and is hereby authorized to debit any account(s) of the ECCL Group with the Bank for the payment of such legal, accounting and professional fees and disbursements.

15. ECCL Group will provide corporate and financial information in relation to E & T Investment Limited.

16. ECCL or such other member of the ECCL Group as applicable having authority to provide the following security hereby agrees to provide the following security within 10 days of execution of this FA:

a) security over the quarry as contemplated between the parties; and

b) a $250,000 guarantee from the legal owner of the Placentia Mall.

17. ECCL Group shall pay to the Bank $5,000 upon execution of this FA.

18. Time is of the essence with respect to this FA.

19. If any provision of this agreement or the application thereof to any party or circumstances shall be illegal, invalid or unenforceable to the extent then the remainder hereof or the application of such provision to any other person or circumstance not affected thereby may be enforced to the greatest extent permitted by law.

20. This FA shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

21. Each of the signatory parties acknowledge having sought and obtained independent legal advice prior to entering into this FA.

22. This FA constitutes the entire agreement between the parties hereto.

23. This FA may be executed in counterpart and all counterparts taken together shall form one agreement and the parties agree that executed copies of this FA may be delivered electronically and that electronic copies will have the same binding effect on the parties as would an original executed copy.

24. The parties agree that this FA will be governed by and construed in accordance with the laws of the Province of Newfoundland and Labrador and the federal laws of Canada applicable therein.

Executed as of the___day of____________, 2022.

ROYAL BANK OF CANADA

Per: ____________________________

Per: ____________________________

EDWARD COLLINS CONTRACTING LIMITED

Per: ____________________________

Per: ______________________________

H & E DESIGNS LTD.

Per: ______________________________

Per: ______________________________

CLASSIC SECURITY LTD.

Per: ______________________________

Per: ______________________________

FGC HOLDINGS LTD.

Per: ______________________________

Per: ______________________________

UNIVERSAL ENVIRONMENTAL SERVICES INC.

Per: ______________________________

Per: ______________________________

51037 NEWFOUNDLAND & LABRADOR INC.

Per: ______________________________

Per: ______________________________

FRANK COLLINS

____

JOSH COLLINS

____

This is Exhibit E to the affidavit of Francis Olney sworn before me on the 13 day of July 2022.

EXHIBIT "E"

From:	Darren O"Keefe
To:	"Neil L. Jacobs"
Subject:	RE: Edward Collins Contracting Ltd. (ECC)
Date:	Monday, July 4, 2022 12:39:25 PM
Attachments:	RBC - Edward Collins - Demand Letter to ECCL #4142-5111-0969 v.1.pdf RBC - Edward Collins - Demand Letter to FGC #4124-0574-8281 v.1.pdf RBC - Edward Collins - Demand Letter to H&E #4147-5462-4057 v.1.pdf RBC - Edward Collins - Demand Letter to J. Collins #4139-3208-1721 v.1.pdf RBC - Edward Collins - Demand Letter to F. Collins #4159-6199-3785 v.1.pdf RBC - Edward Collins - Demand Letter to Universal #4125-7319-2761 v.1.pdf RBC - Edward Collins - Demand Letter to ECCL et al #4123-8838-1241 v.1.pdf

Neil,

Thanks for the call this morning.

As a follow up, I would ask that RBC provide us with a complete copy of their security package as referenced in the various demand letters that were issued on June 17th, 2022 (copies attached). I can confirm that while I am currently only representing ECC, I have authority from Josh and Frank Collins to request and receive documents for ECC and all other related parties and guarantors referenced in the letters.

Regards,

Darren D. O'Keefe
Principal | Lawyer | O'Keefe & Company
P 709 800 6536 | **C** 709 699 3002
E darren@okeefeandcompany.com
84 Airport Rd, St. John's, NL A1A 4Y3

This is Exhibit F to the affidavit of Francis Cehn sworn before me on the 17 day of July 2022.

From:	Neil L. Jacobs
To:	Darren O"Keefe
Cc:	Neil L. Jacobs
Subject:	RE: ECC Financing
Date:	Tuesday, July 5, 2022 1:41:10 PM
Attachments:	image002.png

Darren,

Thanks for your email and the Travelers email as set out below. I will forward internally and get back to you.

In the meantime, I am assembling a package of security documents for ECCL which I hope to have for you tomorrow.

Regards,
Neil

Neil L. Jacobs, Q.C.
Partner
Stewart McKelvey
D: 709.570.8888
C: 709.690.5999

From: Darren O'Keefe <darren@okeefeandcompany.com>
Sent: Tuesday, July 5, 2022 12:59 PM
To: Neil L. Jacobs <njacobs@stewartmckelvey.com>
Subject: Re: ECC Financing

This is an external email.

Hello Neil,

I'm writing to follow up on our conversation yesterday and with respect your comment concerning our clients recent efforts to refinance with Travellers.

I have my clients permission to forward the email below for your clients consideration.

As I mentioned to you by phone, I'm still getting up to speed on this file. While I certainly don't have the history that you have over the past year I do believe there is a plan here any would work based on what I have seen so far. Our clients efforts with Travellers are moving forward and appear to have the potential to see your client exit and be repaid in full.

Again, I would ask that your client consider this email below and our clients recent efforts, and provide us with a three week standstill. This will allow us to obtain the necessary appraisals from Richie Brothers and proceed with the proposed financing.

Look forward to hearing from you.

Darren O'Keefe
Principal | Lawyer
O'Keefe & Company
P: 709 699 3002

From: Warren Miller <wmiller@travelerscapital.com>
Date: July 5, 2022 at 1:21:41 AM NDT
To: Joshua Collins <josh_56@icloud.com>, peterjbyrne@hotmail.com
Cc: Cameron Cotterill <ccotterill@travelerscapital.com>
Subject: ECC Financing From Travelers

Gentlemen,

Thanks for the call earlier today. I want to reiterate our intent to provide take-out financing to ECC in short order, with primary uses of proceeds to pay out (or reserve for) CRA and RBC.

Pursuant to previous email which detailed a tentative agreement and funding timeline, we feel that is very much in reach and remains feasible for funding. Travelers specializes in asset-based lending to companies in transition and the subject file is very familiar territory for our underwriting group. We remain confident we can execute on the terms presented (subject only to the valuation condition precedent). The appraiser has been engaged and should be out there this week / early next week to complete the balance of the asset inspection (we have ordered it on a rush basis).

It's worth noting that we already have recent valuation for about ¼ of the equipment collateral and we have 'desktop' valued the remaining portion for term sheet purposes, which supports the underwriting leverage proposed in the term sheet. Subject to the official valuation coming back in-line with our desktop figures, TCC has already notionally credit approved this facility. In the event where we were facing a shortfall on the funding gap, we could likely get an approval to push our advance rate on the assets to shore up any delta. Furthermore, we also have the ability to leverage real estate and so if include the real estate in the borrowing base that should more than cover the RBC exposure (excluding any BCAP / COVID loan facilities).

To open the lines of communication on timeline and process, I would like to establish a contact point with RBC so we can discuss the file and status transparently. We work with senior financial institutions on just about every transaction, including RBC (including special loans), and typically find things run smoothest / most effectively when the lenders are in direct contact, working towards a mutual common goal. At a minimum, it's prudent we obtain the valuation report being conducted right now so we'll all be making educated decisions going forward.

Thank you
Warren

Warren Miller, CFA
Travelers Capital
400-4180 Lougheed Highway | Burnaby, BC | V5C 6A7
P: 604.262.9994
M: 604.306.0483
www.travelerscapital.com

Travelers
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This is Exhibit F to the affidavit of Frank Soler sworn before me on the 12 day of July 2022.

EXHIBIT "F"

From:	Neil L. Jacobs
To:	Darren O"Keefe
Subject:	Re: ECC Financing
Date:	Saturday, July 9, 2022 4:39:11 PM
Attachments:	image002.png

Darren,

I am assembling and will have for you next week. A few of the documents were not in my file so will send you what I have on Tuesday.

Regards,
Neil

Neil L Jacobs, QC

From: Darren O'Keefe <darren@okeefeandcompany.com>
Sent: Saturday, July 9, 2022 4:05:49 PM
To: Neil L. Jacobs <njacobs@stewartmckelvey.com>
Subject: Re: ECC Financing

This is an external email.

Neil,

Following up on the email below and the package of security documents.

Regards,

Darren O'Keefe
Principal | Lawyer
O'Keefe & Company
P: 709 699 3002

> On Jul 5, 2022, at 1:41 PM, Neil L. Jacobs <njacobs@stewartmckelvey.com> wrote:
>
> Darren,
>
> Thanks for your email and the Travelers email as set out below. I will forward internally and get back to you.
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> In the meantime, I am assembling a package of security documents for ECCL which I hope to have for you tomorrow.
>
> Regards,
> Neil

Neil L. Jacobs, Q.C.
Partner
Stewart McKelvey
D: 709.570.8888
C: 709.690.5999

From: Darren O'Keefe <darren@okeefeandcompany.com>
Sent: Tuesday, July 5, 2022 12:59 PM
To: Neil L. Jacobs <njacobs@stewartmckelvey.com>
Subject: Re: ECC Financing

This is an external email.

Hello Neil,

I'm writing to follow up on our conversation yesterday and with respect your comment concerning our clients recent efforts to refinance with Travellers.

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Look forward to hearing from you.

Darren O'Keefe
Principal | Lawyer
O'Keefe & Company
P: 709 699 3002

From: Warren Miller <wmiller@travelerscapital.com>
Date: July 5, 2022 at 1:21:41 AM NDT
To: Joshua Collins <josh_56@icloud.com>, peterjbyrne@hotmail.com
Cc: Cameron Cotterill <ccotterill@travelerscapital.com>
Subject: ECC Financing From Travelers

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Thank you
Warren

Warren Miller, CFA
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400-4180 Lougheed Highway | Burnaby, BC | V5C 6A7
P: 604.262.9994
M: 604.306.0483
www.travelerscapital.com

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From:	Neil L. Jacobs
To:	Darren O"Keefe
Cc:	Neil L. Jacobs
Subject:	RBC - Edward Collins
Date:	Tuesday, July 12, 2022 2:53:02 PM
Attachments:	RBC - ECCL Security.zip

Darren,

Please find attached the ECCL security documents as requested. I may need to provide a full version of one collateral mortgage which I was able to identify at CADO but need my client to resend.

Regards,
Neil

Neil L. Jacobs, Q.C.
Partner
Stewart McKelvey
D: 709.570.8888
C: 709.690.5999