Court File No. 2025 01G 1510

SUPREME COURT OF NEWFOUNDLAND & LABRADOR
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF an application of Nemori Farms Ltd.

AND IN THE MATTER OF the *Companies' Creditors Arrangement Act* R.S.C., 1985 c. C-36 as amended

FIRST REPORT TO THE COURT SUBMITTED BY GRANT THORNTON LIMITED IN ITS CAPACITY AS MONITOR

March 13, 2025

Doane Grant Thornton

Grant Thornton Limited
Monitor

1000-1675 Grafton Street
Halifax, NS B3J 0E9

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Introduction

1. Pursuant to an order ("**Initial Order**") issued by the Supreme Court of Newfoundland and Labrador in Bankruptcy and Insolvency (**"Court"**) on March 6, 2025, Nemori Farms Ltd. (the "**Company**") was granted protection under the *Companies' Creditors Arrangement Act* R.S.C., 1985, c. C-36 ("**CCAA**"). A copy of the Initial Order is attached as **Appendix "A"**.

2. The Initial Order included, among other things:

   (a) The appointment of Grant Thornton Limited as monitor (the "**Monitor**") in the CCAA proceedings ("**CCAA Proceedings**") pursuant to section 11.7 (1) of the CCAA;

   (b) Established an initial stay of proceedings up to and including March 14, 2025, or such date as the Court may by subsequent order direct (the "**Stay of Proceedings**"); and

   (c) Granted an administration charge of $150,000 (the "**Administration Charge**") securing the fees and expenses of the Monitor, counsel to the Monitor, Resolve as Financial Advisor to the Company, and counsel to the Company in respect of the CCAA Proceedings.

3. This first report of the Monitor ("**First Report**"), previous Court reports and all information in respect of the CCAA Proceedings are posted to the Monitor's case website at www.DoaneGrantThornton.ca/Nemori. Readers are encouraged to read the following reports of the Monitor, the materials filed with the Court in relation to these CCAA Proceedings and orders issued by the Court to provide additional information on the Company's background and insolvency proceedings:

Reports to the Court:

   (a) Pre-Filing Report, dated March 5, 2025

Orders of the Court:

   (b) Initial Order, dated March 6, 2025

Purpose of the First Report

4. This First Report has been prepared by the Monitor to provide the Court and the Company's stakeholders with the following:

(a) an update on the Company's activities since the Initial Order;

(b) an update on the Monitor's activities since its appointment;

(c) the Monitor's understanding of the Company's intended next steps in these CCAA Proceedings; and

(d) the Monitor's views and recommendations regarding the Company's application to:

i. approve an extension of the Stay of Proceedings through April 25, 2025;

ii. increase the Administration Charge from $150,000 to $250,000;

iii. approve a debtor-in-possession credit facility up to a maximum principal amount of $600,000, subject to the terms of the interim financing term sheet of March 13, 2025 (the "**DIP Agreement**") between the Company and the Royal Bank of Canada ("**RBC**", or in such capacity the "**DIP Lender**"); and

iv. approve a priority charge against the Company's property (the "**DIP Charge**") as security for the Company's obligations pursuant to the DIP Agreement, ranking only subordinate to the Administration Charge.

Terms of Reference

5. In preparing this First Report, the Monitor has relied upon unaudited internal financial statements, certain other financial information and financial projections of the Company, discussions with management of the Company ("**Management**"), discussions with the Company's legal and financial advisors and financial information provided by other stakeholders (collectively, the "**Information**"). While the Monitor has reviewed the Information for reasonableness and believes that the information provides a fair summary of the transactions and underlying financial position as reflected in the documents of the Company, the Monitor has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Canadian Generally Accepted Auditing Standards.

6. Some of the Information used in preparing this First Report consists of forward-looking information. The Monitor cautions that such information is based on assumptions about future events and conditions that are not yet ascertainable. The actual results with respect to the forward-looking information and the variations thereof could be significant.

7. In the course of its mandate, the Monitor has assumed the integrity and truthfulness of the Information and explanations presented to it by Management, directors of the Company, and other stakeholders within the context in which the Information was presented. To date, nothing has come to the Monitor's attention that would cause it to question the reasonableness of these assumptions. The Monitor requested that Management, directors and other stakeholders bring to its attention any significant matters which were not addressed in the course of the Monitor's specific inquiries. Accordingly, this First Report is based solely on the Information (financial or otherwise) made available to the Monitor by the Company, Management and other stakeholders.

8. This First Report has been prepared for the use of this Court and the Company's stakeholders as general information relating to the Company and these CCAA Proceedings, and to assist the Court in determining whether to grant the relief sought by the Company. Accordingly, the reader is cautioned that this First Report may not be appropriate for any other purpose. The Monitor does not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this First Report contrary to the provisions of this paragraph.

9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined herein have the meaning given to them in the Initial Order, the Pre-filing Report, or the March 3, 2025 affidavit of Sheldon Cameron ("**Cameron Affidavit**").

Activities of the Company

10. Since the date of the Initial Order the Monitor understands that Nemori and its advisors have, among other things:

(a) managed the day-to-day operations of the farm in the ordinary course;

(b) worked with Resolve Advisory Services ("**Resolve**"), Company legal counsel and the Monitor on developing a draft financing package to approach potential lenders or investors regarding a refinancing of, or investment in, the Company as part of a restructuring in these CCAA Proceedings. The Monitor understands this process to date has included, amongst other things:

i. development of a business plan inclusive of an extended 3-year cash flow forecast;

ii. consideration of the sale and lease back of certain non-core land or assets;

iii. exploring opportunities for the acquisition of more livestock and/or quota to increase farm production capacity;

iv. considering updated appraisals of the business and its assets, including potential valuations based on a range of different output capacities; and

v. responding to inquiries from potential lenders regarding the opportunity to refinance or otherwise restructure the Company.

(c) reviewed the Cash Flow Forecast and provided information on the financial position of the Company as requested by the Monitor;

(d) discussed and reviewed different options for interim financing in these CCAA Proceedings, culminating in the DIP Agreement with RBC discussed further below;

(e) communicated with creditors regarding the CCAA Proceedings, including the process for the continuation of supply and services and the impact of the Stay of Proceedings;

(f) assisted the Monitor in issuing the statutory notices required pursuant to the CCAA;

(g) through its counsel, communicated with RBC regarding these CCAA Proceedings and the requirement for interim financing; and

(h) assisted legal counsel and the Monitor with information required in the preparation for the Comeback Hearing, scheduled for March 14, 2025.

Activities of the Monitor since the Pre-filing Report

11. The Monitor's activities since the date of the Pre-Filing Report have included, among other things:

(a) assisting the Company and its counsel in reviewing and soliciting interim financing options, including the executed DIP Agreement with RBC;

(b) consulting with various creditors and stakeholders regarding these CCAA Proceedings to discuss and gather feedback in respect of the Company's restructuring opportunities, as well as the Monitor's understanding of the Company's intentions in the near term;

(c) Attended calls with the Company, Company counsel, and Resolve to:

i. discuss potential refinancing plans and the possibility of a sales and investment solicitation process ("**SISP**"), as contemplated by the DIP Agreement;

ii. devise a process for cash flow reporting during the CCAA Proceedings;

iii. gain a further understanding of the business, its current challenges and potential opportunities in these CCAA Proceedings;

iv. gather information necessary to respond to creditor and stakeholder inquiries; and

v. prepare this First Report.

12. Pursuant to section 23(1) of the CCAA, the Monitor has:

(a) published a notice to creditors of the Initial Order in AllNewfoundlandLabrador, an online daily business publication, on March 7, 2025. The notice is scheduled to run for two weeks until March 21, 2025. A copy of the notice is attached as **Appendix "B"**.

(b) on March 6, 2025, posted a copy of the notice to creditors ("**Notice to Creditors**") and application materials related to the Initial Order on the Monitor's case website;

(c) on March 6, 2025, sent the Notice to Creditors to every known creditor of the Company, including those creditors with claims of $1,000 or more. A copy of the Notice to Creditors and affidavit of mailing is attached as **Appendix "C"**;

(d) prepared a list showing the name and address of those creditors and the estimated amounts of their claims per the Company's books and records, and posted said list to the Monitor's Website on March 6, 2025. A copy of the list of creditors is attached as **Appendix "D"**;

(e) created a stakeholder website for these CCAA Proceedings at www.DoaneGrantThornton.ca/Nemori; and

(f) filed with the Office of the Superintendent of Bankruptcy the required Statutory Form 1 and Form 2.

Debtor in Possession Financing

13. As outlined in the Cameron Affidavit, the Company is facing a liquidity crisis and will require interim financing ("**DIP Financing**") to pursue a restructuring of its business in the proposed CCAA Proceedings. The Cash Flow Forecast prepared by the Company in consultation with Resolve and the Monitor indicates the Company will require at least $575,000 of DIP Financing through the first 13 weeks of the proposed CCAA Proceedings, of which $250,000 is required imminently in the week commencing March 10, 2025.

14. In an effort to collaborate with RBC as the Company's senior secured creditor towards a restructuring of the business that benefits all stakeholders, on February 26, 2025 Nemori's counsel requested RBC provide it with a DIP Financing term sheet for consideration. The Monitor is advised that the Company, its counsel and Resolve further solicited the opportunity to provide interim financing from three other parties. The Monitor has reviewed the RBC DIP Financing term sheet and is aware of the discussions between the Company, its counsel and Resolve with the other prospective lenders. The Monitor believes that under the circumstances, the DIP Agreement from RBC represents the best available terms amongst the possible interim financing options as, among other things, RBC is prepared to fund immediately to address the Company's urgent need for cash..

15. On March 13, 2025, the Company executed the DIP Agreement with RBC for interim financing in these CCAA Proceedings, which DIP Agreement is attached hereto as **Appendix "F"**. The key terms of the DIP Agreement include:

(a) a credit facility (the "**DIP Facility**") up to a maximum amount of $600,000, secured by way of the proposed DIP Charge;

(b) a one-time commitment fee of $12,500 (approximately 2%), paid for from the first advance;

(c) an interest rate of the RBC prime rate for commercial loans plus 6% per annum, which the Monitor understands currently equates to 11.2%, payable in arrears monthly;

(d) a requirement that the DIP Facility be used to fund the cash flow requirements of the Company on a going concern basis provided that the same is, unless approved in writing by the DIP Lender and the Monitor, (i) in accordance with the Cash Flow Forecast and (ii) not on account of a liability that existed prior to the Initial Order;

(e) the payment of the expenses of the DIP Lender, including all legal and advisory fees and expenses, shall be added to the principal balance and repaid upon the occurrence of any Transaction (as defined in the DIP Agreement) or when CCAA Proceedings are terminated, whichever comes first;

(f) a term that Resolve shall continue to be appointed by the Company as financial advisor and shall not be removed without the prior written consent of the DIP Lender, acting reasonably;

(g) a grant of security by way of the DIP Charge, discussed further below; and

(h) various reporting requirements to the DIP Lender and covenants that are consistent with agreements of this nature.

16. Additionally, the Monitor notes the DIP Agreement includes the following requirements which impact the CCAA Proceedings:

(a) the Company shall obtain an appraisal or valuation of its assets from an appraiser or valuator acceptable to the DIP Lender and share copies of such appraisal with the DIP Lender;

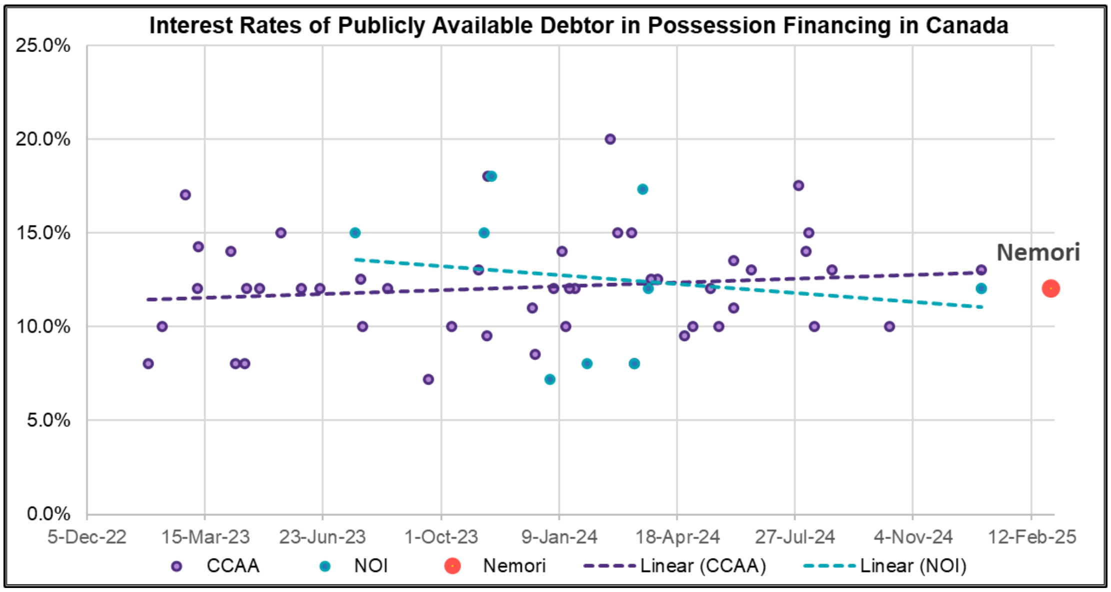
(b) the Company will have 30 days from Court approval of the DIP Agreement (“**Refinance Period**”) to seek a refinancing of all amounts owing to RBC, both prior to the Initial Order and as the DIP Lender;

(c) if no Transaction is approved by the Monitor and the Court which sees the repayment in full of all obligations owing to RBC, the Company will conduct a SISP to seek offers for the sale of all or substantially all of the business assets of the Company or a significant investment in the business carried on by the Company; and

(d) preparation for the SISP will take place concurrently with the Refinance Period, and if no Transaction occurs to repay RBC in full at the conclusion of the Refinance Period, the Company shall apply to the Court for approval of a SISP.

17. The Monitor has reviewed the DIP Agreement, the Cash Flow Forecast, and has engaged in discussions with the Company, its counsel and Resolve and notes the DIP Facility provides sufficient liquidity to allow the Company to operate as outlined in the Cash Flow Forecast, with any expenditures outside the approved Cash Flow Forecast subject to Monitor and DIP Lender approval.

18. The Monitor understands the DIP Agreement includes an 11.2% annual interest rate and an approximately 2% commitment fee. The Monitor reviewed recent public data from the Insolvency Insider publication on restructuring mandates across Canada to assess whether the interest rate and commitment fee is comparable to recently approved interim financings. While the graph below does not purport to include all interim financings approved in insolvency proceedings over the previous two years, it does provide the Monitor with data and context for its evaluation.



19. The Monitor also notes that, based on the data reviewed, it appears the average interest rate for interim financing in recent restructuring mandates is approximately 12.1%, ranging from a low of 5% to a high of 20%. The interest rate of the DIP Agreement is consistent with, and slightly below, the average rate. The Monitor notes further that fees (including commitment fees) were common features in interim financing arrangements for restructuring mandates and existed in approximately 70% of court approved interim financings reviewed by the Monitor.

20. After consideration of the above, the Monitor is of the view the Company's requested relief to approve the DIP Financing pursuant to the DIP Agreement is reasonable in the circumstances, given that:

(a) the DIP Agreement provides sufficient liquidity to operate the business in line with the Cash Flow Forecast, the results of which will be reviewed by the Monitor and DIP

Lender throughout the CCAA Proceedings and proposed extension to the Stay of Proceedings;

(b) without the DIP Financing or similar interim financing, the Company will be unable to continue operations, preserve the value of its property, maintain the health of its livestock, and advance a restructuring plan for the benefit of its creditors and stakeholders;

(c) the terms and conditions of the DIP Agreement appear reasonable in the circumstances and are consistent with interim financings of this nature;

(d) the DIP Lender is also the Company's senior secured creditor, who is supporting these CCAA Proceedings by providing access to the DIP Facility; and

(e) while the Company considered multiple options in respect of interim financing to advance these CCAA Proceedings, the Monitor understands the DIP Agreement with RBC represents the best facility available to address the Company's immediate liquidity needs.

Extension to Stay of Proceedings

21. The Company's application seeks a six-week extension of the Stay of Proceedings to April 25, 2025. The Monitor notes the following in respect of the Company's projected liquidity during this period:

(a) the Cash Flow Forecast detailed within the Pre-Filing Report for the proposed extension period is summarized below:

Summary of the Cash Flow Forecast For the period of March 10, 2025 to April 27, 2025		
		Weeks 1- 7
Operational cash receipts		634,750
Operational cash disbursements		(907,502)
Cash Flows from Operations	**$**	**(272,752)**
Operational improvement costs		(106,000)
Net Cash before Restructuring	**$**	**(378,752)**
Restructuring fees		(166,250)
DIP interest and commitment fee		(13,995)
Cash Flows from Restructuring	**$**	**(180,245)**
Opening cash balance		5,000
DIP financing		575,000
Net cash flow		(558,997)
Ending Cash Balance		**21,003**

(b) the Cash Flow Forecast demonstrates that, with the inclusion of the proposed DIP Financing, the Company is projected to have sufficient liquidity to continue its operations during the proposed extension of the Stay of Proceedings.

22. The Monitor understands the Company's request for the initial extension to the Stay of Proceedings is to allow the Company time and funding to undertake a refinancing effort as part of its proposed restructuring and pursuant to the DIP Agreement. At the conclusion of the Refinancing Period, as described in the DIP Agreement, the Monitor understands the Company will return to the Court with the results of its refinancing efforts to date and may request Court approval to simultaneously pursue a SISP in these CCAA Proceedings.

23. For the reasons outlined above, the Monitor is supportive of the Company's request to extend the Stay of Proceedings, subject to the Court's approval of the DIP Agreement.

Court Ordered Charges

24. The Monitor understands the Company is requesting the following Court ordered charges ("**Charges**") on the Company's assets to rank ahead of existing Security, as defined in the Initial Order:

(a) First – the Administration Charge, increased to $250,000; and

(b) Second - the DIP Charge, discussed further below.

25. The Monitor notes that the Company withdrew its request for a Directors and Officer's Charge at the application for the Initial Order, and that no such charge is being requested at this time.

Increase to the Administration Charge

26. As outlined in the Pre-Filing Report, the Administration Charge provides security for the fees of the professionals involved in advancing a restructuring in these CCAA Proceedings including the Monitor, the Monitor's counsel, Resolve and counsel to the Company. The Monitor understands the Company requires the assistance of the professionals involved to develop a restructuring plan, which may include a refinancing of the business or SISP.

27. The Monitor is of the view that an increase of the Administration Charge to $250,000 is reasonable in the circumstances, commensurate with the complexity involved, consistent with similar priority charges granted by courts in Atlantic Canada for insolvency proceedings of this nature, and provides certainty to the professionals involved such that they may effectively participate in these CCAA Proceedings without concern of payment.

28. Based on the above, the Monitor respectfully recommends the Company's request to increase the Administration Charge be granted by this Court.

DIP Charge

29. The Company is requesting approval of the priority DIP Charge against the Company's property as security for the Company's obligations pursuant to the DIP Agreement, ranking only subordinate to the Administration Charge. The Monitor is supportive of the Company's requested relief, having considered the factors outlined in section 11.2 (4) of the CCAA regarding the proposed DIP Charge:

30. ***The period during which the company is expected to be subject to proceedings under this Act;***

(a) The Cash Flow Forecast suggests interim financing is required for the initial 13 weeks of operations. The Monitor understands the Company will return to Court by April 25 to advise of its proposed next steps in these CCAA Proceedings, which may include launching a SISP.

31. ***How the company's business and financial affairs are to be managed during the proceedings;***

(a) The Company will continue to operate in the ordinary course, with the assistance of Resolve, Company counsel and the Monitor to advance a potential refinancing or other restructuring option during the extension of the Stay or Proceedings.

32. ***Whether the company's management has the confidence of its major creditors;***

(a) The DIP Agreement has been executed by RBC, to which the Monitor understands is the Company's senior secured creditor, and that support these proceedings.

33. ***Whether the loan would enhance the prospects of a viable compromise or arrangement being made in respect of the company;***

(a) The Company requires interim financing pursuant to its Cash Flow forecast to advance a potential restructuring in these proceedings, which as discussed may include a refinancing of its debt, a plan of compromise and arrangement, or a SISP. Without the financing pursuant to the DIP Facility, the Monitor understands the Company cannot continue operations.

34. ***The nature and value of the company's property;***

(a) The nature and value of the Company's property is described in the Pre-Filing Report and Cameron Affidavit, and includes land, buildings, livestock and equipment, which are expected to have collectively value significantly above the proposed DIP Facility.

35. ***Whether any creditor would be materially prejudiced as a result of the security or charge;***

(a) In the Monitor's view, the DIP Charge is reasonable and customary, and the Monitor is not aware of any creditor that would be materially prejudiced as a result of the security or charge. As noted, RBC is the Company's senior secured creditor and also the DIP Lender, and the funding made available by RBC under the DIP Agreement will assist to facilitate these CCAA Proceedings to maximize realisation for creditors and increases the likelihood that the going concern business can continue, and therefore is in the interest of all stakeholders.

36. ***The monitor's report referred to in paragraph 23(1)(b), if any.***

(a) The Monitor reported on the Cash Flow Forecast in its pre-filing report, and its conclusions thereon are unchanged as at the date of this First Report.

Good Faith and Due Diligence

37. As at the date of this Report, the Monitor:

(a) is of the view that the Company and its stakeholders are acting in good faith and with due diligence, pursuant to section 18.6(1) of the CCAA;

(b) is not of the view that it would be more beneficial to the Company's creditors if proceedings were taken under the *Bankruptcy and Insolvency Act*, pursuant to section 23(1)(h) of the CCAA; and

(c) the Monitor is not aware of any issue or condition that could be considered a material adverse change pursuant to s. 23(1)(d) of the CCAA.

Conclusion and Recommendation

38. For the reasons set out in this First Report, the Monitor respectfully recommends that this Honourable Court grant the Company's requested relief.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 13th day of March, 2025.

GRANT THORNTON LIMITED, SOLELY IN ITS CAPACITY AS MONITOR OF NEMORI FARMS LTD.
AND NOT IN ITS CORPORATE OR PERSONAL CAPACITY

Liam Murphy, CPA, CA, CIRP, LIT
Senior Vice President

Appendix A

Initial Order Dated March 6, 2025

2025 01G 1510
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 by Nemori Farms Ltd. (the "**Applicant**") for relief under s. 11 of the CCAA

INITIAL ORDER

THIS APPLICATION made by the Applicant pursuant to the CCAA for an Order substantially in the form filed with the Application was heard on 6 March, 2025;

ON READING the affidavit of Sheldon Cameron and the Exhibits attached thereto, the consent of Doane Grant Thorton Ltd. ("**GTL**") to act as Court-appointed monitor of the Applicant (in such capacity, the "**Monitor**"), and the Pre-Filing Report of GTL dated 5 March, 2025;

ON HEARING the submissions of counsel for the Applicant and such other counsel as were present, no one else appearing for any party although duly served as outlined in the affidavit of service.

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the materials filed, as set out in the affidavit of service is hereby deemed adequate notice so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the Applicant is a company to which the CCAA applies.

Filed Mar. 6/25 CA

POSSESSION OF PROPERTY AND OPERATIONS

3. **THIS COURT ORDERS** that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof, as defined and dealt with below (the **"Property"**). Subject to further Order of this Honourable Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of their business (the **"Business"**) and Property. The Applicant is authorized and empowered to continue to retain and employ the employees, consultants, independent contractors, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") 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 its Business or for the carrying out of the terms of this Order.

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

5. **THIS COURT ORDERS** that the Applicant shall be entitled 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, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;

(b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges;

(c) amounts owing for goods and services supplied to the Applicant, if in the opinion of the Monitor, the supplier or vendor of such goods or services is necessary for the operation and preservation of the Business or Property.

6. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein the Applicant shall be entitled to pay all reasonable expenses incurred by the Applicant 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, maintenance and security services and lease payments for farming equipment used in the operation of the Business; and

(b) payment for goods or services supplied to the Applicant following the date of this Order.

7. **THIS COURT ORDERS** that the Applicant shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;

(b) all goods and services or other applicable sales taxes (collectively, **"Sales Taxes"**) required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

8. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicant and the landlord from time to time (**"Rent"**), for the period commencing from and including the date of this Order. The Monitor, on behalf of the Applicant, may pay such Rent twice monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

9. **THIS COURT ORDERS** that, except as specifically permitted herein the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

10. **THIS COURT ORDERS** that until and including **14 March 2025,** or such later date as this Court may order (the **"Stay Period"**), no proceeding or enforcement process in any court or tribunal (each, a **"Proceeding"**) shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property except with the written consent of the Monitor and the Applicant, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

11. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being **"Persons"** and each being a **"Person"**) against or in respect of the Applicant or the Monitor, or affecting the Business or the Property are hereby stayed and suspended except with the written consent of the Monitor and the Applicant, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is 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) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lie

NO INTERFERENCE WITH RIGHTS

12. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicant, except with the written consent of the Monitor and the Applicant, or leave of this Court.

CONTINUATION OF SERVICES

13. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicant, and the Applicant 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 Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and the Applicant or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

14. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

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

APPOINTMENT OF MONITOR

16. **THIS COURT ORDERS** that GTL is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate 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.

17. **THIS COURT ORDERS** that 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, and such other matters as may be relevant to the proceedings herein;

(c) advise, in consultation with the Applicant, in its preparation of the Applicant's cash flow statements and reporting;

(d) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, to the extent that is necessary to adequately assess the Applicant's business, cashflow, and financial affairs or to perform its duties arising under this Order;

(e) be at liberty to engage with Applicant's legal counsel or retain 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; and

(f) perform such other duties as are required by this Order or by this Court from time to time.

18. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property but as Monitor shall take part 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 any part thereof.

19. **THIS COURT ORDERS** that nothing herein contained 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* 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

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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.

20. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicant with information provided by the Applicant 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 Applicant 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 Applicant may agree.

21. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or willful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

22. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, and counsel for the Applicant on a weekly basis and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant reasonable retainers to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

23. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose, the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Supreme Court of Newfoundland and Labrador in Bankruptcy and Insolvency.

24. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and the Applicant's counsel shall be entitled to the benefit of and are hereby granted a charge (the **"Initial Administration Charge"**) on the Property, which charge shall not exceed an aggregate

amount of **$150,000.00,** as security for their professional fees and disbursements incurred at their respective 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 Initial Administration Charge shall have the priority set out herein.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

25. **THIS COURT ORDERS** that the priority of the Administration Charge shall be first to the maximum amount of $150,000.00;

26. **THIS COURT ORDERS** that the filing, registration or perfection of the Initial Administration Charge (collectively, the "**Charge**") shall not be required, and that 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 Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

27. **THIS COURT ORDERS** that the Charge shall constitute a charge on the Property 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, except for any secured creditor of the Applicant who did not receive notice of the application for this Order. The Applicant shall be entitled, on a subsequent motion on notice to those Persons likely to be affected thereby, to seek priority of the Initial Administration Charge ahead of any Encumbrances over which the Initial Administration Charge has not obtained priority pursuant to this Order.

28. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with the Initial Administration Charge, unless the Applicant also obtains the prior written consent of the Monitor and of the applicable chargee(s) entitled to the benefit of the Initial Administration Charge (collectively, the **"Chargees"),** or further Order of this Court.

29. **THIS COURT ORDERS** that the Charge shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees shall not otherwise be limited or impaired in any way by: (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(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 Applicant.

30. **THIS COURT ORDERS** that the Charge created by this Order over leases of real property in Canada shall only be a charge in the Applicant's interest in such real property leases.

SERVICE AND NOTICE

31. **THIS COURT ORDERS** that the Monitor shall (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner by electronic means, a notice to every known creditor who has a claim against the Applicant of more than $1,000.00, 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.

GENERAL

32. **THIS COURT ORDERS** that the Monitor and the Applicant may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

33. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from subsequently acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

34. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor, and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding,

or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

35. **THIS COURT ORDERS** that the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

36. **THIS COURT ORDERS** that a hearing for the balance of the relief sought by the Applicant in the Notice of Application is hereby scheduled before this Court on 14 March 2025 at 10:00 a.m.

ISSUED by Justice Alexander MacDonald, on this 6th day of March, 2025.

C. Foley

Court Officer/Officer de Cour

Appendix B

Published Notice – March 7, 2025

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT ("CCAA"):

NEMORI FARMS LTD. ("Nemori Farms")

IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT

PLEASE TAKE NOTICE: Nemori made an application for protection from its creditors under the CCAA. An Initial Order was granted by the Supreme Court of Newfoundland and Labrador on March 6, 2025. Grant Thornton Limited was appointed as Monitor;

PLEASE TAKE NOTICE: Any person with a claim, grievance, application, suite, right or remedy, or proceeding or enforcement process in any, tribunal, or arbitration association, relating to the Companies are stayed on terms as set out in the Initial Order.

A copy of the Initial Order and additional information regarding this proceeding has been made available on the Monitor's website at: www.DoaneGrantThornton.ca/Nemori. If you require further information, please contact a representative of the Monitor (Ben Chisholm, T: 902-417-2829, Ben.Chisholm@doane.gt.ca cc: NemoriFarms@doane.gt.ca)

Doane Grant Thornton

Appendix C

Notice to Creditors – March 6, 2025

March 6, 2025 **Court No. 2025 01G 1510**

NOTICE TO CREDITORS

NEMORI FARMS LTD.

In the Matter of an Application Pursuant to the
Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36 as amended

TAKE NOTICE that Nemori Farms Ltd. (the "**Company**") made an application for creditor protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 as amended ("**CCAA**") and an order (the "**Initial Order**") was granted by the Honourable Justice MacDonald of the Supreme Court of Newfoundland and Labrador in Bankruptcy and Insolvency (the "**Court**") on March 6, 2025. Pursuant to the Initial Order, Grant Thornton Limited, a Licensed Insolvency Trustee, was appointed by the Court as monitor (the "**Monitor**"). In accordance with s. 23(1)(a) of the CCAA and the Initial Order, the Monitor has established a case management website for these CCAA proceedings: www.DoaneGrantThornton.ca/Nemori (the "**Case Website**")

A copy of the Initial Order, materials filed by the Company and other parties as well as the reports of the Monitor has been made available on the Case Website. Creditors and stakeholders are encouraged to review the Case Website for these filings, as well as throughout the CCAA proceedings for any further updates and Court filings.

STAY OF PROCEEDINGS

The Initial Order granted the Company various relief, including but not limited to, imposing an initial stay of proceedings against the Company and its assets until March 14, 2025 (the "**Stay Period**"). The Stay Period may be extended by the Court throughout these CCAA proceedings. **The Companies will be seeking an extension of the Stay Period at a hearing scheduled for March 14, 2025** with the intention of providing the Company an opportunity to develop a restructuring plan for the benefit of the Company's creditors. Pursuant to the Initial Order, the Company is to continue to carry on business in a manner that is commercially reasonable and for the preservation of its business and assets.

During the Stay Period, all parties are prohibited from commencing or continuing legal action against the Company and all rights and remedies of any party against or in respect of the Company or their assets are stayed and suspended, except with the written consent of the Monitor and the Company, or with leave of the Court.

Please be advised that the Initial Order prohibits the termination of any services provided to the Company during the Stay Period. Please contact either the Monitor or the Company to discuss any concerns regarding future services being provided.

As of the date of this notice, the Court has not granted a claims procedure. Creditors are not required to file a proof of claim with the Monitor at this time.

MONITOR'S CONTACT INFORMATION

Contact information for the Monitor and its representative can be found below:

Grant Thornton Limited
1000-1675 Grafton Street, Halifax, NS B3J 0E9
Attention: Ben Chisholm

T: 902.417.2829
E: Nemorifarms@Doane.gt.ca
W: www.DoaneGrantThornton.ca/Nemori

Sincerely,

GRANT THORNTON LIMITED
in its capacity as Monitor in the CCAA proceedings of
Nemori Farms Ltd.

Liam Murphy, CPA, CA, CIRP, LIT
Senior Vice President

Appendix D

List of Creditors

Grant Thornton Limited
In the Matter of the CCAA Proceedings of Nemori Farms Ltd.
Creditors Listing

Creditor Name	Street	City	Province	Postal Code	Claim
Royal Bank of Canada	1871 Hollis Street, 7th Floor	Halifax	NS	B3J 1M7	$ 9,346,469.31
Headline Holsteins Limited	191 Goose Arm Road	Deer Lake	NL	A8A 3J3	3,348,649.15
Bennington Financial Corp.	1465 North Service Rd. E	Oakville	ON	L6H 1A7	163,914.99
Meridian Onecap Credit Corp.	204-3185 Willingdon Green	Burnaby	BC	V5G 4P3	145,509.25
Vault Credit Corporation	41 Scarsdale Corporation	Toronto	ON	M3B 2R2	1.00
Kubota Canada Ltd.	1155 Kubota Drive	Pickering	ON	L1X 0H4	1.00
503380 NB Inc	20 Rue Daigle	Clair	NB	E7A 2E3	28,080.82
Adams Alternator & Starter	1 Wight's Lane,	Deer Lake	NL	A8A 2H2	287.45
Addican Inc.	4 Slemon Park Dr.	Miscouche	PE	C0B 1T0	290,293.28
Air Liquide Canada	180 Akerley Blvd	Dartmouth	NS	B3B 2B7	1.00
Alta Genetics Inc.	1-263090 Range Road 11,	Rocky View County	AB	T4B 2T3	2,427.56
Ashland Farms Inc	P.O. Box 91028, RPO Signature CTR	Kanata	ON	K2T 0A3	14,100.00
ATL Dairy Automation Ltd	2359 Highway 2,	Milford	NS	B0N 1Y0	52,389.17
Atlantic Farm Services Inc	P.O. Box 750, 123 Halifax Street	Moncton	NB	E1C 8N5	33,540.59
Auto Value Parts WNL	5 Trans Canada Highway,	Deer Lake	NL	A8A 1A9	22,381.41
B & S Trucking Ltd.	20 Wellon Drive, Suite 3	Deer Lake	NL	A8A 2G5	31,109.67
Biggs Farms Ltd	229 Biggs Road	Melanson	NS	B4P 2R1	44,040.40
Brandt Tractor LTD	P.O. Box 3856 - Highway #1 East	Regina	SK	S4P 3R8	28,245.39
C & R Contractors Ltd	2 Reidville Road,	Reidville	NL	A8A 2X5	11,987.97
Cardigan Feed Services Ltd	PO Box 88	Cardigan	PE	C0A 1G0	10,613.54
Clarence Farm Services Limited	70 Industrial Avenue,	Truro	NS	B2N 6V2	15,617.27
Coastal-Agri Commodities Limited					190,411.12
Corner Brook Industrial	8 Broadway	Corner Brook	NL	A2H 4C1	1.00
CSA Electrical Services LTD	8 Eighth Ave.	Deer Lake	NL	A8A 1H2	1.00
Department of Fisheries, Forest, & Agriculture	PO Box 340,	Pasadena	NL	A0L 1K0	20,772.81
East Coast Grains Inc.	715 Route 525,	Sainte-Marie-De-Kent	NB	E4S 2H6	128,129.66
Eastern Dairy Services Limited	138 Crombe Road	Shubenacadie	NS	B0N 2H0	102,253.29
EastGen	7660 Mill Road	Guelph	ON	N1H 6J1	14,013.06
Agri Equipment Ltd	140 Canaan Cross Rd	North Alton	NS	B4N 3V8	7,293.40
Ernst & Young Inc.	1871 Hollis Street, Suite 500	Halifax	NS	B3J 0C3	7,709.29
Graybar Canada	PO Box 9078, Station A	Halifax	NS	B3K 5M7	2,027.16
Green Diamond Equipment	53 Hub Centre Drive,	Upper Onslow	NS	B6L 0C8	5,648.67
Hammer Down Express					1.00
House's Transport Ltd.	PO Box 283,	Port Saunders	NL	A0K 4H0	31,276.06

Grant Thornton Limited
In the Matter of the CCAA Proceedings of Nemori Farms Ltd.
Creditors Listing

Creditor Name	Street	City	Province	Postal Code	Claim
Liftow Limited	PO Box 8092, Station A	Toronto	ON	M5W 3W5	8,560.07
Londsdale Farm Ltd					16,200.00
Maritime Soya Inc	701 Route 525	Sainte-Marie-de-Kent	NB	E4S 2G6	109,463.71
Norwell	Dairy Done Well, PO Box 249	Drayton	ON	N0G 1P0	24,124.29
NVP Transport	185 River Road	Kemptown	NS	B6L 2R4	50,984.25
PEI Grain Elevators Corporation	62 Victoria Steet, PO Box 250	Kennington	PEI	C0B 1M0	32,796.07
Rideout Tool & Machine Inc	222 Kenmount Road,	St. John's	NL	A1B 3R2	5,060.89
Sansom Equipment Ltd.	100 Upham Drive,	Truro	NS	B2N 6W8	28,560.91
Scothorn Nutrition	19 Middle St	Hortonville	NS	B4P 2R3	83,755.91
Scot's Transport Ltd.	6-8 Owens Drive,	Deer Lake	NL	A8A 0G5	1,449.00
Shears Building Supplies	201 Nicholsville Road,	Deer Lake	NL	A8A 1W5	57,364.59
Sheehy Enterprises Ltd	20843 Hwy #2, PO Box 356	Shubenacadie	NS	B0N 2H0	118,258.73
Simmons Tire	17 Maple Valley Road	Corner Brook	NL	A2H 3C4	3,255.91
Sollio Groupe Cooperativ (Div Agr)	Grain Sector-9001 boul de l'Acadie #200,	Montreal	QC	H4N 3H7	22,854.12
The Agromart Group	17554 Plover Mills Road	Thorndale	ON	N0M 2P0	108,710.90
Tidal Tractor	90 Raddall Avenue	Dartmouth	NS	B3B 1T2	7,852.59
Ultramar	2 Prince Rupert Dr	Stepehnville	NL	A2N 3W9	1.00
Walker Dairy Inc	860 Topsail Road	Mount Pearl	NL	A1N 3J7	11,883.99
Western Lock Inc	73 Humber Rd	Corner Brook	NL	A2H 1E9	3,364.66
Western Petroleum	PO Box 1167,	Corner Brook	NL	A2H 6T2	44,407.33
Western Steel Works Inc.	Box 857, 1 Lundrigan Drive	Corner Brook	NL	A2H 6H6	7,194.55
Total Claims					**$ 14,845,301.21**

Appendix E

RBC DIP Term Sheet

DEBTOR-IN-POSSESSION FINANCING TERM SHEET

This term sheet ("**DIP Term Sheet**") is made on the ____ day of March, 2025 and sets out the terms and conditions upon which Royal Bank of Canada will provide debtor-in-possession financing to the DIP Loan Party (as defined below) in consideration of the mutual covenants, terms and conditions set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged.

Borrower:	Nemori Farms Ltd. (the "**DIP Loan Party**").
DIP Lender:	Royal Bank of Canada (the "**DIP Lender**")
Monitor:	Doane Grant Thornton Ltd. in its capacity as monitor (in such capacity, the "**Monitor**") in connection with the DIP Loan Party' proceedings (the "**CCAA Proceedings**") under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**").
Type of DIP Loan:	Loan of up to a maximum amount of $600,000.00 (the "**DIP Loan**"), secured by way of the DIP Charge (defined herein) to be available to the DIP Loan Party with the agreement of the Monitor subject to and in accordance with the terms herein.
Availability:	Subject to the fulfillment of the applicable conditions precedent to the availability of the DIP Loan set out herein and the DIP Loan Party's adherence to the 13 week Cash-Flow Statement dated 12 March 2025 (the "**Approved Cash Flows**") being satisfactory to the DIP Lender in its sole discretion, and provided that no Event of Default (as defined below) has occurred and is then continuing, advances of the DIP Loan shall be made by the DIP Lender to the DIP Loan Party.
Purpose, Use of Proceeds:	The proceeds of the DIP Loan will be used by the DIP Loan Party to fund the cash flow requirements of the DIP Loan Party on a going concern basis provided that the same is, unless approved in writing by the DIP Lender and the Monitor, (i) in accordance with the Approved Cash Flows, and (ii) not on account of a liability that existed prior to the date of filing for these CCAA Proceedings (the "Filing Date"), including for avoidance of doubt but without limitation any unremitted statutory remittances existing as of the Filing Date.
Closing Date:	On or before 14 March 2025 unless otherwise agreed by the DIP Loan Party and the DIP Lender (the "**Closing Date**").
Termination Date:	The maturity of the DIP Loan (the "**Termination Date**") shall be the earliest of:

(a) 6 months following the Closing Date, unless otherwise mutually agreed between the parties;

(b) the effective date of any merger, amalgamation, consolidation, arrangement, reorganization, recapitalization, sale or any other transaction affecting the DIP Loan Party's assets or operations or resulting in the change of ownership or control of the DIP Loan Party as confirmed by the Supreme Court of Newfoundland and Labrador (the "**Court**") and satisfactory to the DIP Lender in its sole discretion (any of the foregoing being a "**Transaction**");

(c) the date on which the DIP Loan Party's stay of proceedings expires without being extended or the date on which the CCAA Proceedings are dismissed or terminated or the date on which the DIP Loan Party becomes bankrupt or the stay of proceedings is lifted to allow the filing of a bankruptcy or receivership application or similar insolvency proceeding; and

(d) the date of the acceleration of the DIP Loan and the termination of the commitment with respect to the DIP Loan as a result of an Event of Default (as defined herein).

All outstanding amounts under the DIP Loan, together with all interest accrued and unpaid in respect thereof and all other amounts owing and unpaid under this DIP Term sheet shall be payable in full on the Termination Date.

Interest Rates:	All amounts outstanding under the DIP Loan will bear interest at a rate of the DIP Lender's prime rate for commercial loans from time to time plus 6.00% per annum, on the daily balance outstanding under the DIP Loan. Interest shall be due, owing, payable and repaid in arrears on a monthly basis.
Commitment Fee	The DIP Loan Party shall pay to the DIP Lender a commitment fee equal to $12,500 (the "**Commitment Fee**") to be paid from the first advance made under the DIP Loan. The Commitment Fee is non-refundable and is fully earned as of the Closing Date.
Repayment:	Unless otherwise repaid as contemplated herein, the DIP Loan shall be due, owing, payable and repaid on the Termination Date without further notice, protest, demand or other act on the part of the DIP Lender.

Mandatory Prepayments: The DIP Loan shall be repaid in full of from the net proceeds of any Transaction involving the DIP Loan Party.

Representations and Warranties: The DIP Loan Party represents and warrant to the DIP Lender as of the date hereof, and as of the date of each advance under the DIP Loan, that:

(a) the DIP Loan Party is duly organized, validly existing and in good standing under the laws of the jurisdiction of their organization, has all requisite power to carry on its business as now and formerly conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to constitute a material adverse effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification in required;

(b) the execution, delivery and performance, as applicable, of the DIP Term Sheet has been duly authorized by all actions, if any, required on the part and by the DIP Loan Party's directors, and constitutes a legal, valid and binding obligation of the DIP Loan Party enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, arrangement, winding-up, moratorium and other similar laws of general application that limit the enforcement of creditors' rights generally and to general equitable principles;

(c) the Approved Cash Flows represent the DIP Loan Party's best estimate as at each applicable date of the likely results of the operations of the DIP Loan Party during the period applicable thereto and, to the knowledge of the DIP Loan Party, such results are achievable as provided therein; and

(d) all employee wages and other amounts owing to employees are up-to-date and there are no amounts owing in respect of wages, termination pay, severance pay, vacation pay, pension benefit contributions or other benefits except those accruing in the normal course and in accordance with the established practices and arrangements of the DIP Loan Party.

Covenants: The DIP Loan Party covenants and agrees that:

(a) the DIP Loan Party shall pay all amounts and satisfy all obligations in respect of the DIP Loan, including the Commitment Fee (which shall be paid as set out above);

(b) the DIP Loan Party shall not make or permit to be made any payment on account obligations owing as at the Filing Date without the prior consent of the Monitor or pursuant to an order of the Court;

(c) the DIP Loan Party shall ensure that all credit balances held in deposit accounts at any other financial institution and all incoming funds are deposited to its operating account maintained with the DIP Lender provided the DIP Lender confirms in writing that, subject to no Event of Default (as defined below) occurring or subsisting, no holds or other extraordinary credit approval procedures will be put in place on the deposit account and that said account will operate in the ordinary course;

(d) the DIP Loan Party shall not undertake any actions with respect to its assets, business operations and/or capital structure which would, in the determination of the DIP Lender, acting reasonably, have a material adverse effect on the DIP Loan Party, the Collateral (as defined below), or the likelihood of repayment of the DIP Loan;

(e) the DIP Loan Party shall not incur any indebtedness, including the giving of guarantees, other than indebtedness specifically contemplated herein or permitted in writing by the DIP Lender in its sole discretion;

(f) the DIP Loan Party shall not incur, create, assume or suffer to exist any lien, charge, security interest or other encumbrance on any of the Collateral now owned or hereafter acquired other than: (i) those encumbrances existing as of the Filing Date, (ii) permitted by the DIP Lender in its sole discretion, (iii) the DIP Charge, and (iv) any security or charge granted by the Court under section 11.52 of the CCAA (the "**Administration Charge**") in an amount in excess of $150,000.00, unless otherwise approved by the Court;

(g) the DIP Loan Party shall not enter into any other credit facility or loan arrangements that would be secured in priority to or *pari passu* with the DIP Loan;

(h) the DIP Loan Party shall not enter into any Transaction without the approval of the Monitor and the Court, as per the terms of the initial sought in conjunction with the CCAA Proceedings (including any amendments or restatements thereof) (the "**CCAA Order**");

(i) without the prior written consent of the DIP Lender which may be withheld on any grounds, the DIP Loan Party shall not: (i) declare or pay any dividends on, or make any other payments or distributions (whether by reduction of capital or otherwise) with respect to any of its respective issued and outstanding shares or other equity interests, or (ii) grant any loans;

(j) the DIP Loan Party shall not sell any of its assets outside of the ordinary course of business without the prior written consent of the Monitor and the Court, as per the terms of the CCAA Order;

(k) all DIP Expenses (as defined below), including all legal and advisory fees and expenses of the DIP Lender shall be added to the principal balance of the DIP Loan and repaid upon the occurrence of any Transaction or when the within CCAA Proceedings are terminated, whichever comes first;

(l) the DIP Loan Party shall update the Approved Cash Flows and provide a copy thereof to the DIP Lender and the Monitor together with a comparison to the prior version for the DIP Lender's approval, it being understood that such updated Approved Cash Flows, if approved by the DIP Lender in its sole discretion, become the Approved Cash Flows for purposes hereof;

(m) the DIP Loan Party shall engage and appoint David Boyd of Resolve Advisory Services Ltd as financial and SISP advisor (the "**SISP Advisor**") and shall not remove the SISP Advisor without the prior written consent of the DIP Lender, acting reasonably; and

(n) the DIP Loan Party shall obtain promptly an appraisal or valuation of its assets from an appraiser or valuator acceptable to the DIP Lender, provide copies of all such appraisals or valuations to the DIP Lender, and make all such appraisers or valuators available to the DIP Lender for any reasonable enquiries.

SISP: Following a period of thirty (30) days from the Closing Date (the "**Refinance Period**"), if no Transaction is approved by the Monitor and the Court which sees the repayment in full of all obligations owing to the DIP Lender (under this DIP Term Sheet and all pre-filing loan and credit agreements made between the DIP Lender and the DIP Loan Party from time to time), the DIP Loan Party will conduct a sale and investment solicitation process (the "**SISP**") aimed at seeking offers for the sale of all or substantially all of the business assets of the DIP Loan Party or significant investment in the business carried on the DIP Loan Party.

Preparation for the SISP will run concurrent with the Refinance Period. In the event that the DIP Loan Party has not executed an agreement with a lender or other third party which will see the repayment in full of all obligations owing to the DIP Lender (under this DIP Term Sheet and all pre-filing loan and credit agreements made between the DIP Lender and the DIP Loan Party from time to time) by the end of the Refinance Period, the DIP Loan Party shall complete its preparation for the SISP and shall apply to the Court for approval of the SISP by no later than 11 April 2025.

The DIP Loan Party shall provide that any and all transactions under the SISP will be completed by no later than 5 September 2025.

As part of the preparations for the SISP, the DIP Loan Party shall arrange to prepare, with the assistance of its advisors, among other things, a teaser document outlining the opportunities available under the SISP, a confidential information memorandum, a preliminary list of parties to be solicited, and a document outlining the terms and conditions of the SISP (the "**SISP Materials**"). The DIP Loan Party shall provide the SISP Materials to the DIP Lender for review by the DIP Lender no later than seven days prior to the filing of any application by the DIP Loan Party to the Court for approval of the SISP.

The DIP Loan Party shall provide the DIP Lender with full and unfettered access to all materials in connection with the SISP, including any virtual data rooms established for potential purchasers or investors to evaluate the business.

Reporting Requirements:

While any portion of the DIP Loan remains outstanding, the DIP Loan Party shall provide the following to the DIP Lender:

(a) bi-weekly reporting on the DIP Loan Party's compliance with the Approved Cash Flows including commentary on any variances in excess of 10%;

(b) on a monthly basis:

(i) trial balance (in Microsoft Excel format, if available);

(ii) aged accounts payable listing (in Microsoft Excel format, if available);

(iii) list of accrued liabilities (in Microsoft Excel format, if available);

(iv) payroll statement of account with the Canada Revenue Agency ("**CRA**") with evidence of payroll remittances for the month ended; and

(v) payroll and vacation pay accrued liability as at month-end;

(c) bi-weekly reporting in respect of the DIP Loan Party's refinancing efforts and the SISP, including copies of all discussion papers, letters of intent, and financing offers received;

(d) the details of any payment arrangement with CRA in relation to outstanding arrears for source deductions, HST, and excise taxes;

(e) the details of any discussions with the Government of Newfoundland and Labrador; and

(f) response to any reasonable request for additional information from the DIP Lender or its legal or financial advisors from time to time.

Security:

As continuing security (the "**DIP Security**") for the prompt payment of all amounts payable by the DIP Loan Party to the DIP Lender under the DIP Term Sheet and as continuing security for the due and punctual performance by the DIP Loan Party of their existing and future obligations pursuant to the DIP Term Sheet (the "**DIP Obligations**"), the DIP Loan Party hereby grants, conveys, assigns, transfers, mortgages and charges as and by way of a fixed and specific security interest, mortgage and charge, to and in favour of the DIP Lender, all of its property, assets, rights and undertakings, real and personal, moveable or immovable, tangible and intangible, legal or equitable, of whatsoever nature and kind, wherever located, both present and future, and now or hereinafter owned or acquired (collectively, the "**Collateral**").

The DIP Security shall be elevated by way of a Court-ordered super-priority charge (the "**DIP Charge**") which the DIP Charge shall rank in priority on the Collateral in priority to any security interests, claims, or deemed trusts (statutory or otherwise) but subordinated to the Administration Charge, without any other formality, perfection, or requirement, such as without limitation under the *Personal Property Security Act* (Newfoundland and Labrador) or registrations in land registration office(s) or otherwise.

Events of Default:

Each of the following shall constitute an "**Event of Default**":

(a) the DIP Loan Party defaults in the payment of any amount due and payable to the DIP Lender (whether of principal, interest or otherwise) pursuant to this DIP Term Sheet;

(b) any representations and warranties made by the DIP Loan Party in the DIP Term Sheet proves to be incorrect as of the date given;

(c) the DIP Loan Party fails or neglects to observe or perform any term, covenant, condition or obligation contained or referred to in the DIP Term Sheet or any other document between the DIP Loan Party and the DIP Lender;

(d) the stay of proceedings expires without being extended or the CCAA Proceedings being dismissed or terminated or the DIP Loan Party becoming subject to a proceeding in bankruptcy or receivership or similar insolvency proceeding;

(e) the entry of an order staying, amending, reversing, vacation or otherwise modifying or having a material adverse effect with respect to the DIP Loan or the DIP Charge, in each case without the prior written consent of the DIP Lender;

(f) the DIP Loan Party undertakes any actions with respect to its assets, business operations and/or capital structure which would, in the sole determination of the DIP Lender, have a material adverse effect on the DIP Loan Party, the Collateral, or the likelihood of repayment of the DIP Loan;

(g) if the DIP Loan Party makes any payments of any kind not permitted by this DIP Term Sheet, or contemplated by the Approved Cash Flows;

(h) the occurrence of any other event or circumstance that has, or could reasonably be expected to have, a material adverse effect on the DIP Loan Party, the Collateral, or the likelihood of repayment of the DIP Loan, including a material adverse change from the Approved Cash Flow budget as determined by the DIP Lender in its sole discretion; and

(i) if there is a change in the ownership, control, existing senior operating management arrangements or governance of the DIP Loan Party that is not acceptable to the DIP Lender acting reasonably.

Upon the occurrence of an Event of Default, without any notice, protest, demand or other act on the part of the DIP Lender, all indebtedness of the DIP Loan Party to the DIP Lender shall become immediately due and payable and the DIP Lender shall be able to take all steps necessary to enforce its security. The DIP Lender shall also have the right to exercise all other customary remedies, including, without limitation, the right to enforce and realize on any or all of the Collateral, in each case, upon providing two (2) days prior written notice to the DIP Loan Party and the Monitor, without the necessity of obtaining further relief or an order from the Court.

Conditions Precedent, to first advance:

The conditions precedent to any advance being made under this DIP Term Sheet are:

(a) the representations and warranties made by the DIP Loan Party in this DIP Loan Term Sheet being true and correct as of the date given; and

(b) the issuance of a Court order approving the DIP Loan and the DIP Term Sheet, creating the DIP Charge, and authorizing the payment by the DIP Loan of all of the fees and expenses in respect of the DIP Loan (the "**DIP Order**").

Illegality: In the event that it becomes illegal for the DIP Lender to lend or continue to lend, the DIP Lender will be repaid and/or the DIP Lender's commitment will be cancelled.

Taxation: All payments of principal, interest and fees will be made free and clear of all present and future taxes, levies, duties or other deductions of any nature whatsoever, levied either now or at any future time.

Fees and Expenses: The DIP Loan Party shall pay all of the DIP Lender's out-of-pocket expenses (including the fees and expenses of its counsel and advisors), whether or not any of the

	transactions contemplated hereby are consummated and whether incurred prior to or after the date of the DIP Order, as well as all expenses of the DIP Lender in connection with the ongoing monitoring, interpretation, administration, protection and enforcement of the DIP Loan, and the enforcement of any and all of its remedies at law (collectively, the "**DIP Expenses**").
Governing Law, Jurisdiction:	Laws of the Province of Newfoundland and Labrador and the federal laws of Canada applicable in the Province of Newfoundland and Labrador. The DIP Loan Party agrees to submit to the exclusive jurisdiction of the courts of the Province of Newfoundland and Labrador with respect to any dispute or matter related to, arising from, or in connection with the construction, validity, or performance of this DIP Term Sheet or the rights of any party under it.

[*EXECUTION PAGES FOLLOWS*]

IN WITNESS HEREOF, the DIP Loan Party and the DIP Lender hereby execute this DIP Term Sheet as of the date first written above.

NEMORI FARMS LTD.

Per: ______________________________________

Name:

Title:

[remainder of this page intentionally left blank, signature page follows]

ROYAL BANK OF CANADA

Per: ______________________________________

Name:

Title:

Per: ______________________________________

Name:

Title: