2023 01G
IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF the *Bankruptcy and Insolvency Act* R.S.C., 1985 c. B-3 as Amended (the "**BIA**"):

AND 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 Big Erics Inc. and Terra Nova Old Port Foods Inc.

Estate Nos. 51-2962147 (Terra Nova Old Port Foods Inc.)
51-2962148 (Big Erics Inc.)

Court Nos. 24543 (Terra Nova Old Port Foods Inc.)
24544 (Big Erics Inc.)

AFFIDAVIT

I, **Martine Langlois**, of the Regional Municipality of Halifax, in the County of Halifax, Province of Nova Scotia, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am a Senior Account Manager with the Special Accounts Management Unit, Eastern Canada, of the Bank of Montreal ("**BMO**") in Halifax, Nova Scotia and as such have personal knowledge of the matters hereinafter deposed to except where stated to be based upon information and belief and in such case, I do verily believe the truth of my statements.

2. I am responsible for the management of the accounts with BMO for Big Erics Inc. ("**Big Erics**") and Terra Nova Old Port Foods Inc. ("**Terra Nova**"). Big Erics and Terra Nova are hereinafter collectively referred to as the "**Borrowers**".

3. Big Erics operates a business for the purchase and sale of kitchen, restaurant and janitorial equipment and supplies to commercial businesses and individual consumers.

4. Terra Nova operates a business for the manufacture, purchase and sale of finished food products.

5. BMO has extended financing to Big Erics and Terra Nova pursuant to certain credit facilities and agreements including the following agreements collectively, the "**Loan Agreements**":

   (i) a Letter of Agreement-Amendment and Restatement dated March 31, 2021, among the Borrowers and Lighthouse Capital Atlantic Inc. ("**Lighthouse Capital Atlantic**"), as amended by Letter of Agreement-Amendment dated March 21, 2023, Letter of Agreement-Amendment dated March 30, 2023, Letter of

Agreement-Amendment dated April 6, 2023, Letter of Agreement-Amendment dated April 21, 2023, and Letter of Agreement-Amendment dated June 21, 2023;

(ii) a Letter of Agreement dated March 31, 2021, among Terra Nova, as borrower, and Big Erics and Lighthouse Capital Atlantic, as guarantors, with respect to the credit facility described in the Letter of Agreement-Amendment and Restatement dated March 31, 2021 above as Facility #1 authorized for $1,200,000. This credit facility is pursuant to the Export Development Canada ("**EDC**") Business Credit Availability Program ("**BCAP**") supported by the guarantee of EDC subject to the limits on the amount of the guarantee under the BCAP; and,

(iii) Big Erics, as borrower, and Terra Nova and Lighthouse Capital Atlantic, as guarantors, further executed a Letter of Agreement dated November 17, 2020, with respect to the credit facility described in the Letter of Agreement-Amendment and Restatement dated March 31, 2021 above as Facility #4 authorized for $3,200,000. This credit facility is pursuant to the EDC BCAP supported by the guarantee of EDC subject to the limits on the amount of the under the BCAP.

6. The balance owing to BMO pursuant to the Loan Agreements as June 30, 2023, with interest accruing thereafter at the daily rates are as follows.

Credit Facility	**Principal**	**Interest**	**Per diem interest**
Credit Facility #1 Non-revolving demand loan to Terra Nova under the EDC BCAP	$1,200,000.00	$8,769.86	$294.25
Credit Facility #2 Corporate Mastercard to Borrowers	$45,610.38		
Credit Facility #3 Operating Line to Borrowers subject to specific borrowing limits for Big Erics and Terra Nova	$6,301,070.55		$1,242.95
Credit Facility #4 Non-revolving demand loan to Big Erics under the EDC BCAP	$3,200,000.00	$23,386.30	$784.66
TOTAL	**$10,746,680.93**	**$32,156.16**	**$2,321.86**

7. Big Erics has granted certain security to and in favour of BMO to secure payment and performance of its obligations to BMO including the following;

a) Security Agreement dated December 11, 2019, charging all personal property of Big Erics and filed on December 6, 2019 and expiring December 6, 2024 pursuant to the *Personal Property Security Act* of the following Provinces:

Newfoundland and Labrador	Registration No. 17516543
Nova Scotia	Registration No. 32169229
New Brunswick	Registration No. 33081563
Prince Edward Island	Registration No. 5038210

b) Security pursuant to Section 427 of the *Bank Act* (Canada) granted on December

18, 2019, as evidenced by Notice of Intention to Give Security under Section 427 registered with the Bank of Canada in the following Provinces and expiring December 31, 2024;

Newfoundland and Labrador	December 17, 2019 as Number 01325725
Nova Scotia	December 13, 2019 as Number 01325687
New Brunswick	December 17, 2019 as Number 01325726
Prince Edward Island	December 17, 2019 as Number 01325727

8. Terra Nova has granted certain security to and in favour of BMO to secure payment and performance of its obligations to BMO including the following:

a) General Security Agreement dated December 11, 2019 charging all personal property of Terra Nova and filed on December 6, 2019 and expiring December 6, 2024 pursuant to the *Personal Property Security Act* of the following Province:

Newfoundland and Labrador	Registration No. 17516527

b) Security pursuant to Section 427 of the *Bank Act* (Canada) granted on December 18, 2019, as evidenced by Notice of Intention to Give Security under Section 427 registered with the Bank of Canada in Canada in Newfoundland and Labrador on December 17, 2019, as Number 01325724 and expiring December 31, 2024.

9. By Guarantee dated December 11, 2019 (the "**Guarantee**"), Lighthouse Capital Atlantic guaranteed the debts of the Borrowers to the Bank, limited to the amount of $12,250,000 plus interest at the Bank's Prime plus 3.00% following demand.

10. The accounts of the Borrowers under the Loan Agreements have been subject to the account management of the BMO Special Accounts Management Unit as of on or about February 23, 2023, due to severe cash flow issues of the Borrowers. BMO provided temporary accommodations through amendments to the margin deficits to enable the Borrowers to continue use of the operating demand loan facilities.

11. With the knowledge and agreement of the Borrowers, on or about March 2, 2023, BMO engaged Ernst & Young Inc. ("**EY**") (as its external consultant and advisor to review the financial condition and business operations of the Borrowers and to advise and consult BMO with the objective of working with the Borrowers to and BMO as the parties collectively considered options to address the financial issues facing the Borrowers. George Kinsman, CPA, CA, CIRP, LIT, a Senior Vice-President with EY ("**Mr. Kinsman**"), is the senior person in charge of the engagement.

12. The cash flow budgets presented to BMO and Mr. Kinsman by the Borrowers projected substantial losses for 2023. The 2023 forecasted losses follow several years of substantial losses previously reported by each company. These operating losses combined with elevated working capital needs to address seasonality considerations during the third and fourth quarters placed both companies in a precarious position, as the specific borrowing limits (based upon eligible accounts receivable and inventory values) for Big Erics and Terra Nova were insufficient to support escalating borrowing

needs. The Borrowers advised that their shareholders were not able to provide additional security or inject liquidity to support the businesses needs. BMO advised that it was unable to support additional borrowings based upon the security that it held.

13. The Borrowers advised BMO that they engaged the services of an external financial advisor to prepare for and conduct an investment solicitation process for Big Erics and Terra Nova independently. The Borrowers further advised that the investment solicitation processes commenced early May 2023.

14. On June 30, 2023, a meeting was held attended by me, Mr. Kinsman, and the management of the Borrowers, including Mr. Bill Barlett and Mr. Wayne Myles. Terra Nova confirmed to BMO that the Terra Nova investment solicitation process failed to generate an acceptable Letter of Intent submission. Management of Terra Nova advised that they intended to immediately commence a short-term self liquidation strategy which would be followed by a formal insolvency proceeding (receivership or bankruptcy administration) to bring that matter to a conclusion. Big Erics' management advised that there remained certain interested parties which management wished to pursue specific to the investment solicitation process. The financial advisor to the Borrowers indicated that its efforts to canvass identified parties could be completed by the middle of August 2023.

15. BMO supported the Terra Nova self liquidation strategy and discussions with respect to the specific timeline and banking needs to accommodate the self liquidation strategy commenced. BMO was also supportive of Big Erics continuing its investment solicitation process and discussions with respect to supplemental lending accommodation requirements, in accordance with Big Erics prepared cash flows, had commenced.

16. Up to and including June 30, 2023, BMO and EY have attempted to work with the Borrowers to find a mutually acceptable plan to enable Terra Nova to liquidate its remaining inventory and wind-up its affairs and for Big Erics to seek new investors or the sale of its business.

17. Prior to the last meeting on June 30, 2023, BMO, through its solicitor, Anthony M. Tam, K. C. of McInnes Cooper, advised the Borrowers by letter dated June 21, 2023, that BMO would only continue to provide continued credit to the Borrowers on certain terms. A copy of the said letter of Mr. Tam is attached hereto as Exhibit "A".

18. The letter of Mr. Tam provided notice that it was the intent of BMO to issue demand for payment only upon Terra Nova. No demand would be made against Big Erics contrary to the statement at paragraph 38 of the Affidavit of Bill Barlett (the "**Barlett Affidavit**") filed herein. BMO proposed certain terms to forbear enforcement of its security against Terra Nova to allow it to liquidate assets subject to BMO's security to repay BMO. The intent was to enable Big Erics, which would not be subject to enforcement proceedings by BMO, to continue with its efforts to find an investor and BMO would continue to provide financial support in accordance with amended terms of lending under the Loan Agreements.

19. Following the meeting on June 30, 2023 with the Borrowers, BMO and EY intended to continue to work with the Borrowers but to the surprise of BMO, on July 3, 2023 the Borrowers filed Notices of Intention to Make a Proposal ("**NOI**") under Division 1 of the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**"). BMO took no further steps to deal

with its security against the Borrowers but afforded the Borrowers continued access to the operating land Mastercard credit facilities under the following limits:

<u>Credit Facility #3: Revolving Credit (Operating Line):</u>
Big Erics: $4,693,000 (CAD)
Terra Nova: $1,355,000 (CAD)

<u>Credit Facility #2 : Corporate MasterCard</u>
Big Erics Inc: $46,000 (CAD)
Terra Nova: $1,000 (CAD)

20. By letter dated July 5, 2023, Mr. Tam, on behalf of BMO, demanded payment against Lighthouse Capital Atlantic, as guarantor. No stay of proceedings under the BIA affected Lighthouse Capital Atlantic. The demand for payment was a formality required under the BCAP to comply with the terms of the EDC guarantees of the affected loans under the BCAP.

21. On Friday, July 14, 2023, Mr. Tam sent to me an e-mail to advise that Sharon Kour, solicitor acting for the Borrowers requested confirmation that Mr. Tam accept e-mail service of documentation in support of the within Application to convert the Borrowers' insolvency process from the BIA to the *Companies Creditors Arrangement Act* (Canada) ("**CCAA**") and that the hearing would be held on Tuesday, July 18, 2023 at 10:00 am in the Courts of Newfoundland and Labrador. BMO has not accepted service of the proceedings herein.

22. BMO has serious concerns as to the conversion of the current Division 1 BIA processes to a consolidated process under the CCAA and objects to the conversion. It has not been afforded the opportunity and time to properly review and consider the need or viability of CCAA proceedings for the Borrowers. The concerns and issues include, and are not limited to the following:

    (a) The business operations of Big Erics and Terra Nova are separate and apart notwithstanding related common ownership or certain shared administrative resources. I truly believe that Big Erics' long-term prospects are not affected by Terra Nova. The financial statements of the Borrowers are not consolidated because their businesses operate independently and do not require the other to generate revenue and their expenses are not shared;

    (b) I truly believe that Terra Nova is not looking to restructure and they intend to self-liquidate. Terra Nova's cash flow filed under the Division 1 BIA proposal process is attached hereto as Exhibit "B". The Terra Nova cash flow is a liquidation cash flow. It is not a demonstration of a going concern business;

    (c) The net residual proceeds generated through the sale of any assets of Terra Nova must remain available for the creditors of Terra Nova in accordance with respective priority rights. BMO is concerned that a consolidated CCAA process will result in Big Erics using Terra Nova assets (liquidated accounts receivable and inventory) to fund Big Erics' operations for the benefit of Big Erics creditors and to the detriment of Terra Nova's creditors;

    (d) Inaccuracies and misstatements of facts contained in the Barlett Affidavit, which BMO needs time to review and respond to accordingly. For example, paragraph

11 of the Barlett Affidavit states that Mastercard Facility is $150,000 which is not correct. The aggregate limit was reduced from $150,000 to $47,000 ($46,000 for Big Erics and $1,000 for Terra Nova). Furthermore, BMO provided no threats to the Borrowers of demands for payment as alleged in paragraph 38 of the Barlett Affidavit. BMO provided a fulsome and transparent overview of how it would continue to support Big Erics as it pursued its investor/sales solicitation process and Terra Nova as it pursued a self-liquidation strategy with the support of its management team and its Board of Directors. The issuance of demand upon Terra Nova would enable a forbearance to be entered into to avoid enforcement of BMO's security. Demand for payment would only be made upon Terra Nova, not against both Borrowers;

(e) Potential conflict of interest arising from the competing interests of Mr. Wayne Myles and Joan Myles requires a thorough examination. They are on the public record as Directors of the Borrowers and equity ownership is controlled by Myles Family Trust. At paragraph 24 of the Barlett Affidavit, it is stated that they are acting also as Collateral Agents of Mezzanine Lenders. Mr. Myles and Ms. Myles are directors of Lighthouse Capital Realty Inc., the landlord of the premises occupied by the Borrowers. The landlord's interest would have a competing financial interest associated with these proceedings;

(f) The NOI filings were made on July 3, 2023, and Cash Flows with respect to the BIA Proposal process were filed July 10, 2023. By July 18, 2023, the date of the hearing of the within Application, Big Erics and Terra Nova will be 15 days into their separate (non-consolidated), BIA Proposal processes, which processes permit extensions, under certain conditions, which cannot exceed a 6-month period. At this very early stage of the BIA Proposal processes, there is no evidence presented by the Borrowers to indicate or establish that the Big Erics restructuring cannot be completed within that timeframe or the need for any urgent hearing of this Application on abridged notice, to convert to a CCAA process. Furthermore, Terra Nova is not looking to restructure its financial affairs as it pursues a self-liquidation strategy in accordance with their cash flow submissions submitted under the BIA Proposal process. There is no business for Terra Nova to carry on as stated in paragraph 39 of the Barlett Affidavit. I truly believe that the stigma of bankruptcy as stated in the Barlett Affidavit has no relevance to Terra Nova which is proceeding to self-liquidation.

(g) BMO is concerned that the CCAA will be a more expensive process than the Division 1 BIA proposal process to the detriment of the creditors. Terra Nova has already paid a retainer $60,000 to its legal and professional advisors shortly before the filing of the NOI, which payment was made from the operating line facility extended by BMO. No reasons and justification have been presented to support the requirement of a $300,000 administrative super priority charge requested by the Borrowers under a CCAA process;

(h) BMO is concerned that the NOI cash flows fail to account for all post filing obligations of the Borrowers and this failure must be addressed before any further proceedings are undertaken;

(i) BMO has serious concerns that any consolidation of the insolvency processes for the Borrowers will result in the use by Big Erics of the cash and assets of Terra Nova to the detriment of Terra Nova's creditors; and,

(j) BMO has not had sufficient time to review and consider the effect and ramifications of the draft Initial Order because it was not served with proper period of notice of the within Application herein.

23. BMO objects to the holding of the hearing of this Application without proper notice as required under the Rule 6(2)(b) of the BIA which requires 10 days notice where service is by courier or personal delivery. Even if BMO accepted service by e-mail, which it has not, 4 days (excluding Saturday) notice is required per Rule 6(2)(b) of the BIA. There is no reason or urgency to support why notice of this Application upon BMO, the major and largest creditor of the Borrower, should be abridged.

24. The Borrowers suggest that the stigma of bankruptcy under the Division 1 BIA processes somehow affects their ability operate and deal with its suppliers and customers. I truly and verily believe that is an unsubstantiated and antidotal statement.

25. If this Honourable Court proceeds with the hearing of this Application on July 18, 2023, BMO objects to the conversion of the Borrowers' Division 1 BIA proposal processes to a consolidated CCAA proceeding. I truly and verify believe for the reasons stated in paragraph 21 herein that the conversion is unnecessary and will likely result in more costs and expenses to the detriment of the creditors of the Borrowers. In the alternative, any conversion should not be consolidated, and the Terra Nova administration should remain under the Division 1 BIA proposal process because its financial position and cash flow support only a liquidation of its assets over a short period of time. There is no evidence of any investor or capital injection or loans available to Terra to continue business.

26. I make this Affidavit in support of BMO's request to adjourn the hearing of the within Application by the Borrowers to convert the Borrowers' Division 1 BIA proposal processes to a consolidated CCAA proceeding to permit BMO to properly review and consider the within Application. In the event the hearing proceeds, BMO confirms its opposition and objection to the conversion by Terra Nova and Big Erics for the reasons stated in paragraph 21 of my Affidavit.

SWORN TO BEFORE ME at the Regional Municipality of Halifax, in the County of Halifax, in the Province of Nova Scotia this 17th day of July, A.D., 2023

[signature]
A Notary Public in and for the Province of Nova Scotia

BENJAMIN R. DURNFORD
Notary Public in and for the Province of Nova Scotia

[signature]
Martine Langlois

2023 01G
IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF the *Bankruptcy and Insolvency Act* R.S.C., 1985 c. B-3 as Amended (the "**BIA**"):

AND 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 Big Erics Inc. and Terra Nova Old Port Foods Inc.

Estate Nos. 51-2962147 (Terra Nova Old Port Foods Inc.)
51-2962148 (Big Erics Inc.)

Court Nos. 24543 (Terra Nova Old Port Foods Inc.)
24544 (Big Erics Inc.)

CERTIFICATE OF EXHIBIT

This is Exhibit "A" of the Affidavit of Martine Langlois
sworn to before me this 17th day of July, 2023

A Notary Public in and For the Province of Nova Scotia

BENJAMIN R. DURNFORD
Notary Public in and for the
Province of Nova Scotia

Exhibit "A"

MCINNES COOPER

Anthony M. Tam, K.C.
Direct +1 (902) 444 8439
anthony.tam@mcinnescooper.com

Purdy's Wharf Tower II
1300-1969 Upper Water Street
PO Box 730
Halifax NS
Canada B3J 2V1
Tel +1 (902) 425 6500 | Fax +1 (902) 425 6350

Our File: 228801

June 21, 2023

VIA e-mail

Big Erics Inc. and Terra Nova Old Port Foods Inc.
171 John Savage,
Dartmouth, Nova Scotia,
B3B0A8

Attention: President, CFO & Chair of the Board

Dear Sirs/Madames:

Re: Credit Facilities to Big Erics Inc. ("Big Erics") and Terra Nova Old Port Foods Inc. ("Terra Nova"), collectively the "Borrowers", Lighthouse Capital Atlantic Inc. ("Guarantor") and Bank of Montreal ("Bank")

Further to the above matter, we understand that a meeting will be held on June 30, 2023 among representatives of the Borrowers, Guarantor, the Bank and Ernst & Young Inc. to discuss the Borrowers' plans, including but not limited to the orderly and expeditious liquidation of the inventory and other assets of Terra Nova secured by security in favour of the Bank and an update of the status of the potential equity investments into Big Erics.

In the interim, attached is the Letter of Agreement-Amendment dated June 21, 2023 to extend the temporary Margin Deficit exception to June 30, 2023. Please return the attached Letter of Agreement-Amendment to the Bank, duly signed by the parties, on or before 3:00pm, June 22, 2023. Please be advised that the extension of credit per the enclosed Letter of Agreement-Amendment to the Borrowers is without prejudice and under strict reserve of the Bank's rights, remedies, and recourses.

Please be advised that the Bank has no commitment or obligation after June 30, 2023 to extend the temporary Margin Deficit or extend any additional financial support to the Borrowers. Any further financial support of the Borrowers beyond June 30, 2023 will depend on the outcome of the June 30, 2023 meeting. If the Bank is satisfied with the plans of the Borrowers, the support would be based upon a forbearance of the Bank's security against Terra Nova upon the scenario and fundamental terms set forth below.

Forbearance of Enforcement of Bank's Security

A demand for payment would be issued on or about July 4, 2023 to Terra Nova and Guarantor together with the Notice of Intention to Enforce Security pursuant to s. 244(1) of the *Bankruptcy and Insolvency Act* (Canada). Terra Nova will be requested to sign a waiver of the 10 days notice period to enforce security.

A demand for payment would not be issued to Big Erics to enable it to continue with its efforts to seek an equity investor. The credit facilities for Big Erics would continue in accordance with the current terms of lending as amended without prejudice and under strict reserve of the Bank's rights, remedies, and recourses. Big Erics to provide a report of its efforts to find an equity investor on July 14, 2023.

The Borrowers and Guarantor to enter into a Forbearance Agreement with the Bank in conjunction with the issuance of the demand for payment whereby the Bank will forbear from enforcing its security against Terra Nova for a period of time to enable it to proceed with its plans for the liquidation of the inventory and other assets under the supervision of Ernst & Young Inc. (assuming such plans are acceptable to the Bank on June 30, 2023). Even though the demand for payment will only be upon Terra Nova, Big Erics and the Guarantor will be parties to the agreement to be bound by the terms. The fundamental principles and terms of the Forbearance Agreement are as follows, which are subject to further review and adjustments as may be required based on the outcome of the June 30, 2023 meeting:

1. Forbearance Period: To be determined but it is anticipated that it will not be more than 30 days, subject to extension if warranted.

2. Forbearance Fee: $10,000.

3. Landlord Waiver: All landlords of premises, for which any of the property subject to the Bank's security is located, shall deliver to the Bank a waiver and subordination in favour of the Bank of the landlords' distraint, levy and lien rights and all other claims, rights and remedies they may have, whether present or future, against Terra Nova and the secured assets.

4. Postponement and Deferral of Indebtedness: Postponements and payment deferrals of indebtedness with respect to the following:

    a. Terra Nova: (1) Rent for the premises leased by Terra at 49 James Lane, St. John's, NL which currently is $25,170 per month; (2) Chair Fee payable to the Chairperson of the Board of Directors of Terra Nova which currently is $5,000 per month; and (3) Directors Fee payable to any Director of Terra Nova which currently is $2,083 per month; and

    b. Big Erics: (1) Rent for the premises leased by Big Erics at 171 John Savage, Dartmouth, Nova Scotia and 99 Blackmarsh Lane, St. John's, NL which currently is $16,250 per month; (2) Chair Fee payable to the Chairperson of the Board of Directors of Big Erics which currently is $8,333 per month; (3) Directors Fee payable to any Director of Big Erics which currently is $2,083 per month; and (4) mezzanine debt interest payable to Imagination Capital Inc. which currently is approximately $22,000 per month.

5. BCAP Re-payment and Fees: All fees and amounts payable under the credit facilities which are supported by the Export Development Canada ("EDC") guarantee under the Business Credit Availability Program shall be paid, unless on or before that said date EDC agrees to the postponement of the payments.

    a. Big Erics: principal payment of $110,344.83 plus monthly interest under Facility # 4 Demand Loan Non Revolving. payable on July 31, 2023; and,

    b. Guarantee Fee Payment of $14,991.78 payable on August 22, 2023.

6. Fees and Expenses: Payment of all fees expenses which the Bank has or may incur to forbear from enforcing its Security, including the Bank's professional fees for solicitors and advisors.

7. Subordination & Postponement-$1,800,000: A Subordination & Postponement in favour of the Bank in the amount of $1,449,745 to be executed by Lighthouse Capital Atlantic Inc. and Subordination & Postponement in favour of the Bank in the amount of $350,000 to be executed by Myles & Company Inc.

We hope that by setting forth the fundamental terms of the Forbearance at this point, the parties will have a more complete discussion on June 30, 2023, on next steps.

Yours truly,

McInnes Cooper

Anthony (Tony) M. Tam, KC

cc. client/encl

Letter of Agreement - Amendment

BMO Bank of Montreal

1675 Grafton Street
Halifax NS
B3J 0E7

LETTER OF AGREEMENT – AMENDMENT

Big Erics Inc. and
Terra Nova Old Port Foods Inc
171 JOHN SAVAGE AVE,
DARTMOUTH,
Nova Scotia,
B3B0A8

Attention: President

June 21, 2023

This letter (the "**Amending Letter**") is intended to set out certain amendments to the Letter of Agreement-Amendment and Restatement dated March 31st, 2021 as amended by Letter of Agreement-Amendment dated March 21, 2023, Letter of Agreement-Amendment dated March 30, 2023, Letter of Agreement-Amendment dated April 6, 2023, and Letter of Agreement-Amendment dated April 21, 2023 together with and including all Schedules thereto (collectively hereinafter the "**Letter of Agreement**") between Bank of Montreal ("**BMO**") and the Borrowers and Guarantor named below.

BIG Erics Inc.
Terra Nova Old Port Foods Inc.
(collectively the "**Borrowers**" or the "**Co-Borrowers**")

Lighthouse Atlantic Capital Inc. (the "**Guarantor**")

Unless defined in this Amending Letter, capitalized terms used in this Amending Letter are intended to have the meanings provided to those terms in the Letter of Agreement.

The Letter of Agreement is amended as follows:

1. **Facility # 3 Revolving Facility (Operating Facility) Authorization of $10,000,000 CAD**

(a) Operating Authorization being reduced to the following amounts:

- Big Erics Inc.: $5,000,000 CAD
- Terra Nova Old Port Foods Inc.: $1,500,000 CAD

(b) **MARGIN LIMIT**: a temporary Margin Deficit is exceptionally being granted to the Margin Limit for the following amounts in respect of the Borrowers:

- Big Erics Inc: $275,000 CAD until June 30, 2023 (Borrowing base margin calculation based on the margin report as at May 31, 2023);
- Terra Nova Old Port Foods Inc: $525,000 CAD until June 30, 2023 (Borrowing base margin calculation based on the margin report as at May 31, 2023);

2. **Conditions Precedent to Advances**

   (a) Borrowers shall pay the professional fees due to Ernst & Young Inc. under the June 5, 2023 Invoice (CA12C500009341) for $8,423.86 by June 26, 2023.

Any use of the Operating Facility over the authorized Margin Limit may be rejected and refused by BMO as NSF.

BMO has no commitment or obligation after June 30, 2023 to extend the temporary Margin Deficit or extend an additional financial support to the Borrowers.

The Borrowers acknowledge that BMO may terminate or reduce the temporary Margin Deficit or terminate any further extension of credit under the Letter of Agreement at any time in the event of any breach or default of the terms and conditions of the Letter of Agreement as amended by this Letter of Amendment.

Except to the extent amended by this Amending Letter, the Letter of Agreement remains in full force and effect, without novation. This Amending Letter supersedes and replaces all prior discussions and correspondence (if any) between the parties relating to the subject-matter hereof. Nothing in this Amending Letter is intended to waive or limit any of BMO's rights in respect of any Event of Default existing at the date of this Amending Letter, whether or not known to BMO.

Yours truly,
BANK OF MONTREAL

By:___________________________

Name: Martine Langlois
Title: Senior Account Manager

ACKNOWLEDGEMENT AND AGREEMENT

By their signature below, each Borrower and Guarantor acknowledges and agrees to the following:

1. All amendments to the Letter of Agreement contained in this Amending Letter.

2. As the Borrowers' accounts have been assigned to BMO Special Accounts Management Unit, the Borrowers shall be responsible and liable for all costs and expenses incurred by BMO associated with the SAMU management of the accounts, including and without limitation, legal fees and disbursements.

3. Each Borrower and Guarantor reaffirms, acknowledges, covenants and confirms, to and in favour of BMO, the continued applicability, validity, enforceability and binding nature of the Letter of Agreement (as amended by this Amending Letter) and any documents delivered in connection with the Letter of Agreement (as amended by this Amending Letter), including, without limitation, any security and guarantees granted pursuant thereto, each of which shall continue to be valid, binding and enforceable and in no way altered, lessened, released or otherwise affected by this Amending Letter except as expressly stated in this Amending Letter.

4. This Amending Letter shall be read and construed with the Letter of Agreement and be treated as a part of the Letter of Agreement, and for such purpose and so far as may be necessary to effectuate the true intent of this Amending Letter, the Letter of Agreement is hereby amended.

5. Each Borrower and Guarantor, represents and warrants to BMO that ((a) does not apply to individuals): (a) it is authorized to enter into this Amending Letter and that it has the full power and authority to do so, (b) each of the representations and warranties contained in paragraphs the Letter of Agreement (except for paragraph 5 of Schedule B) is true and correct with the same force and effect as if made on the effective date of the amendments contained in this Amending Letter and (c) it/he/she is in compliance with each of the covenants and other terms and conditions set forth in the Letter of Agreement. Further, in the case of an individual Borrower and/or Guarantor, he/she represents and warrants to BMO that (i) he/she fully understands the provisions of this Amending Letter and his/her obligations, (ii) he/she has been afforded the opportunity to engage independent legal counsel to explain the purposes of this Amending Letter and his/her obligations and (iii) he/she has either engaged legal counsel or has decided, in his/her sole discretion, not to do so.

This Amending Letter may be executed in any number of counterparts with the same effect as if all parties hereto had all signed the same document. Any counterpart of this Amending Letter may be executed and circulated by facsimile, PDF or other electronic means and any counterpart executed and circulated in such a manner shall be deemed to be an original counterpart of this Amending Letter. All counterparts shall be construed together and shall constitute one and the same original agreement.

Co-Borrowers

BIG ERICS INC.

By: ______________________________

Name: Nicole Myles Brook

Title: President

By: ______________________________

Name: John William Barlett

Title: CFO

TERRA NOVA OLD PORT FOODS INC

By: ______________________________

Name: Ingo Eckoldt

Title: General Manager

By: ______________________________

Name: John William Barlett

Title: CFO

Guarantor

LIGHTHOUSE CAPITAL ATLANTIC INC

Signature:____________________________ Signature:____________________________

Name: Joan Myles
Title: Director

Name: ____________________________
Title: ____________________________

(Affidavit of Martine Langlois)

2023 01G
IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF the *Bankruptcy and Insolvency Act* R.S.C., 1985 c. B-3 as Amended (the "**BIA**"):

AND 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 Big Erics Inc. and Terra Nova Old Port Foods Inc.

Estate Nos. 51-2962147 (Terra Nova Old Port Foods Inc.)
51-2962148 (Big Erics Inc.)

Court Nos. 24543 (Terra Nova Old Port Foods Inc.)
24544 (Big Erics Inc.)

CERTIFICATE OF EXHIBIT

This is Exhibit "B" of the Affidavit of Martine Langlois
sworn to before me this 17th day of July, 2023

A Notary Public in and For the Province of Nova Scotia

BENJAMIN R. DURNFORD
Notary Public in and for the
Province of Nova Scotia

Exhibit "B"

Terra Nova Cash Flows filed under BIA Proposal Process

(Affidavit of Martine Langlois)

Terra Nova Old Port Foods Inc.
13 Week Cash Flow Projection
Beginning the week of July 2, 2023

	2-Jul-23 Week 1	9-Jul-23 Week 2	16-Jul-23 Week 3	23-Jul-23 Week 4	30-Jul-23 Week 5	6-Aug-23 Week 6	13-Aug-23 Week 7	20-Aug-23 Week 8	27-Aug-23 Week 9	3-Sep-23 Week 10	10-Sep-23 Week 11	17-Sep-23 Week 12	24-Sep-23 Week 13	Total Weeks 1-13	Notes
Sales															
Gross sales	165,000	170,000	150,000	130,000	90,000	45,000	-	-	-	-	-	-	-	750,000	
Remaining inventory sales	-	-	-	-	-	-	52,700	-	-	-	-	-	-	52,700	
Discounts (1% of gross sales)	(1,650)	(1,700)	(1,500)	(1,300)	(900)	(450)	-	-	-	-	-	-	-	(7,500)	
Net Sales	163,350	168,300	148,500	128,700	89,100	44,550	52,700	-	-	-	-	-	-	795,200	
Cash Receipts															
Collection of Accounts Receivable	159,000	150,000	150,000	150,000	145,000	135,000	130,000	97,551	90,000	13,680	13,680	13,680	-	1,247,592	2
Remaining Inventory Sales	-	-	-	-	-	-	52,700	-	-	-	-	-	-		3
Capital Asset Sales	-	-	-	-	-	-	-	-	-	50,000	-	-	-		4
Miscellaneous														-	
Total Cash Receipts	159,000	150,000	150,000	150,000	145,000	135,000	182,700	97,551	90,000	63,680	13,680	13,680	-	1,350,292	
Cash Disbursements															
Operational															
Rent & Municipal Taxes	-	(29,970)	-	-	(29,970)	-	-	-	(29,970)	-	-	-	-	(89,910)	5
Utilities	(7,000)	-	-	-	(7,000)	-	-	-	(7,000)	-	-	-	-	(21,000)	
Insurance	-	(2,500)	-	-	(2,500)	-	-	-	(2,500)	-	-	-	-	(7,500)	6
Payroll	(7,105)	-	(53,605)	-	(50,821)	-	(17,159)	-	(18,503)	(117)	(13,211)	(2,912)	-	(163,433)	7
Key Employee Retention Payments	(6,500)	-	-	-	(1,500)	-	-	-	-	(2,500)	-	(7,500)	-	(18,000)	8
Freight	(4,950)	(5,100)	(4,500)	(3,900)	(2,700)	(1,350)	-	-	-	-	-	-	-	(22,500)	
Contingency	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(13,000)	
Professional Fees															
Monitor and Monitor's Legal Fees	(5,000)	(5,000)	(5,000)	(5,000)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(42,500)	
Company Legal Fees	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(32,500)	
Accounting and Advisory Services	(3,500)	(1,500)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(16,000)	
Total Cash Disbursements	(37,555)	(47,570)	(67,605)	(13,400)	(101,491)	(8,350)	(24,159)	(7,000)	(64,973)	(9,617)	(20,211)	(17,412)	(7,000)	(426,343)	
Net Cash Flow	121,445	102,430	82,395	136,600	43,509	126,650	158,541	90,551	25,027	54,063	(6,531)	(3,732)	(7,000)	923,949	
Operating Line - Opening	(1,355,000)	(1,233,555)	(1,131,125)	(1,048,729)	(912,129)	(868,620)	(741,970)	(583,429)	(492,878)	(467,851)	(413,788)	(420,319)	(424,051)	(1,355,000)	
Net Cash Flow	121,445	102,430	82,395	136,600	43,509	126,650	158,541	90,551	25,027	54,063	(6,531)	(3,732)	(7,000)	923,949	
Operating Line - Closing	(1,233,555)	(1,131,125)	(1,048,729)	(912,129)	(868,620)	(741,970)	(583,429)	(492,878)	(467,851)	(413,788)	(420,319)	(424,051)	(431,051)	(431,051)	
Less: Borrowing Base	(1,355,000)	(1,355,000)	(1,355,000)	(1,355,000)	(1,355,000)	(1,355,000)	(1,355,000)	(1,355,000)	(1,355,000)	(1,355,000)	(1,355,000)	(1,355,000)	(1,355,000)	(1,355,000)	
Line of Credit Liquidity	121,445	223,875	306,271	442,871	486,380	613,030	771,571	862,122	887,149	941,212	934,681	930,949	923,949	923,949	