

**IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR
IN BANKRUPTCY AND INSOLVENCY**

IN THE MATTER OF an application of
Big Erics Inc. and Terra Nova Old Port Foods
Inc.

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

**TENTH REPORT OF GRANT THORNTON LIMITED,
IN ITS CAPACITY AS MONITOR
UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, C. C-36
OF BIG ERICS INC. AND TERRA NOVA OLD PORT FOODS INC.**

OCTOBER 11, 2024



**Grant Thornton Limited,
Court-Appointed Monitor**

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INTRODUCTION

1. On July 11, 2023, Big Erics Inc. (“**BEI**” or “**Vendor**”) and Terra Nova Old Port Foods Inc. (“**TNOPI**”) (collectively, the “**Companies**”) made an application to the Supreme Court of Newfoundland and Labrador (the “**Court**”) to convert previously filed Notices of Intention to Make a Proposal (“**NOIs Proceedings**”) to proceedings under the *Companies’ Creditors Arrangement Act*, RSC, 1985, c. C-36, as amended (“**CCAA**”). On July 18, 2023, the Court issued an order (the “**Initial Order**”) and Grant Thornton Limited (“**GTL**”) was appointed as Monitor (in such capacity, the “**Monitor**”) of the Companies.
2. Pursuant to the Initial Order, amongst other things, all creditors were stayed from commencing or continuing any proceedings against the Companies until, and including, July 28, 2023 (“**Stay of Proceedings**”), or until such date as the Court may by subsequent order direct. The Stay of Proceedings was further extended by multiple orders, most recently, to November 1, 2024 by an order issued on June 26, 2024 (“**June 2024 Stay Extension Order**”). A copy of the June 2024 Stay Extension Order is attached hereto as **Appendix “A”**.
3. On October 25, 2023, the Court issued a sales and investment solicitation process order (“**SISP**” and “**SISP Order**”) which directed and empowered Noseworthy Chapman (the “**SISP Advisor**”) to administer a SISP in the CCAA proceedings. The SISP was completed by way of an asset purchase agreement between 94747 Newfoundland and Labrador Inc. (“**94747**”) and BEI (the “**APA**”). The APA was approved by the Court on April 16, 2024 and the transaction subsequently closed on May 10, 2024 (“**Closing**”).
4. This tenth report of the Monitor (the “**Tenth Report**”), as well as the previous reports of the Monitor and all other relevant information in respect of these CCAA proceedings and the previous NOIs Proceedings has been made available on the Monitor’s case website at www.DoaneGrantThornton.ca/BigErics. Readers are encouraged to read the preceding reports of the Monitor, the materials filed with the Court in relation to the applications and the orders of the Court, to provide additional information on these CCAA proceedings.

PURPOSE OF THE TENTH REPORT

5. The purpose of this Tenth Report is to provide to the Court with, amongst other things:

- (a) A summary of recent hearings and Court orders in these CCAA proceedings, leading to the Tenth Report;
- (b) An update on the activities of the Companies and the Monitor since the date of the Eighth Report, including an updated statement of Receipts and Disbursements;
- (c) The Monitor's request to extend the Stay of Proceedings to March 31, 2025;
- (d) The Monitor's view as to the ownership of funds deposited into BEI's BMO bank account, currently held in trust with the Monitor;
- (e) The Monitor's view on the property claim of Sallyport Commercial Finance (ULC) ("**Sallyport**"), discussed further herein;
- (f) The Monitor's understanding of the views of 94747, the Bank of Montreal ("**BMO**") and BEI (collectively, the "**Stakeholders**") in respect of unresolved disputes (the "**Disputes**") amongst the Stakeholders regarding Purchase Price Adjustments in the APA and other issues that have arose post-Closing;
- (g) The Monitor's view on the Disputes; and
- (h) A recommendation to this Honourable Court for an order providing for the following relief sought by the Monitor's application:
 - i. Approval of the activities of the Monitor and its counsel to the date of this Tenth Report;
 - ii. An extension of the Stay of Proceedings to March 31, 2025;
 - iii. A distribution to Sallyport in the amount of \$235,288.87, as detailed herein this Tenth Report; and
 - iv. The Court's determination of the Disputes as described in this Tenth Report.

TERMS OF REFERENCE

6. In preparing this Tenth Report, the Monitor has relied upon unaudited internal financial statements, certain other financial information and financial projections of the Companies, discussions with management of the Companies ("**Management**") and its legal advisors, discussions with the SISP Advisor, 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 Companies, 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.

7. Some of the Information used in preparing this Tenth 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.
8. 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 Companies', 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 requests 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 Tenth Report is based solely on the Information (financial or otherwise) made available to the Monitor by the Companies, Management and other Stakeholders.
9. The Tenth Report has been prepared for the use of this Honourable Court and the Companies' Stakeholders as general information relating to the Companies and these CCAA proceedings, and to assist the Court in determining whether to grant the relief sought by the Monitor. Accordingly, the reader is cautioned that this Tenth 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 Tenth Report contrary to the provisions of this paragraph.
10. 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 and subsequent orders granted by the Court, as well as the preceding reports of the Monitor.

UPDATE ON RECENT COURT HEARINGS AND ORDERS OF THE COURT

11. On September 12, 2024, the Court issued an order declaring that the *wage Earner Protection Program Act (Canada)*, SC 2005, c 47, s 1 ("**WEPP**") applies to BEI in

conjunction with the *Wage Earner Protection Program Regulations* (“**BEI WEPP Order**”), attached hereto as **Appendix “B”**.

- (a) The declaration was a requirement of Service Canada, as communicated to the Monitor; and
 - (b) The Monitor is working to calculate the claims owing to employees as required under WEPP. Employees will be contacted individually once the calculations have been completed.
12. On September 12, 2024, the Court also issued an order that provided for the Companies’ bank accounts with BMO be closed and any surplus funds be transferred to the Monitor to be held in trust (the “**BMO Account Closure Order**”), attached hereto as **Appendix “C”**.
- (a) BMO confirmed to the Monitor that all of the Companies’ bank accounts were closed on September 12, 2024; and
 - (b) The Monitor further confirms that it received the surplus balance of funds as indicated by BMO.
13. On September 18, 2024, the Monitor applied to the Court for a security for costs motion against 94747. On September 24, 2024, the Court dismissed the Monitor’s application, with costs awarded to 94747 on a Column III basis pursuant to the *Rules of the Supreme Court, 1986*:
- (a) A copy of the decision is attached hereto as **Appendix “D”**.
14. On August 18, 2024, the Court issued an order providing for the procedural timelines for Stakeholders to file materials for the preceding hearings, as well as the hearing of the Disputes set for October 24 and 25, 2024 (the “**Procedural Order**”).
- (a) A copy of the Procedural Order is attached hereto as **Appendix “E”**;
 - (b) On October 4, 2024, counsel to the Monitor advised the Court that the Stakeholders and the Monitor agreed to amend the filing dates within the Procedural Order as follows:
 - i. The Monitor, 94747 and any other party shall file and serve any evidence on which it intends to rely on in respect of the application on or before October 11, 2024;

- ii. The Monitor and 94747 shall file and serve their moving memorandums of fact and law on or before October 11, 2024;
 - iii. Any other party intending to file a memorandum of fact and law in relation to the application shall file and serve on or before October 17, 2024; and
 - iv. The Monitor and 94747 shall file and serve brief responding memorandums of fact and law, if any, as soon as possible following the October 17, 2024 deadline.
- (c) A copy of the correspondence provided to the Court by counsel to the Monitor of these amended dates is attached hereto as **Appendix “F”**.

ACTIVITIES OF THE COMPANIES

15. Since the date of the Eighth Report, the Monitor understands that the Companies have, amongst other things:
- (a) Continued to address questions of the Monitor relating to a variety of supplier queries and the Disputes amongst the Stakeholders; and
 - (b) Consulted with the Companies’ counsel regarding the various Disputes, including participation in the various Court hearings outlined above.
16. As noted within the Eighth Report, the Monitor understands that all but one director of BEI has resigned. The sole director remaining is Wayne Myles.

ACTIVITIES OF THE MONITOR

17. Since the date of the Eighth Report, the Monitor has, amongst other things:
- (a) Continued to assist the Companies with communications of these CCAA proceedings to creditors and the Stakeholders;
 - (b) Facilitated numerous discussions with the Stakeholders to discuss the unresolved Disputes;
 - (c) Corresponded with the Monitor’s counsel concerning the unresolved Disputes;
 - (d) Responded to queries from the Companies creditors and former employees in a timely manner;
 - (e) Held various meetings with BMO, its counsel and financial advisors;

- (f) Initiated the WEPP process for BEI, as directed by the BEI WEPP Order;
- (g) Attended the various Court hearings outlined above;
- (h) Prepared the Ninth Report for the sole purpose of the Monitor's application to the Court for security for costs;
- (i) Reviewed the supporting documentation provided by 94747 concerning the deposits received into BEI's bank account and determining the Monitor's views as to its ownership to the Stakeholders;
- (j) Reviewed the information provided by Sallyport in respect of its property claim;
- (k) Reviewed the supporting documentation provided by 94747 concerning the Disputes amongst the Stakeholders;
- (l) Continued to maintain the Monitor's case management website; and
- (m) Prepared this Tenth Report.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

18. The Monitor has prepared an updated statement of receipts and disbursements as of October 10, 2024, attached hereto as **Appendix "G"**. Based on the available funds and the expected activities required to wind down these CCAA proceedings, the Monitor is of the view that sufficient liquidity exists to extend the Stay of Proceedings, discussed further below.

EXTENSION OF THE STAY OF PROCEEDINGS

19. The current Stay of Proceedings expires on November 1, 2024 pursuant to the June 2024 Stay Extension Order. The Monitor is requesting an extension of the Stay of Proceedings to March 31, 2025 to allow sufficient time to deal with the unresolved Disputes amongst the Stakeholders, prepare and apply for a distribution of estate funds, and take the steps required to wind up these CCAA proceedings.
20. The Monitor is of the view that, given that the APA has closed, the Companies are no longer operating, and discrete matters remain to finalize these CCAA proceedings, sufficient liquidity exists to fund an extension of the Stay of Proceedings.

21. The Monitor notes that, among other things, the following matters are required to complete these CCAA proceedings, of which the Monitor intends to make application to the Court following resolution of the Disputes:
- (a) Request for the granting of a distribution order for the funds held in trust by the Monitor, upon notice being provided to all creditors of BEI;
 - (b) Request for an approval of the fees and disbursements of the Monitor and that of its counsel; and
 - (c) Request for the granting of an order discharging the Monitor of its duties and concluding these CCAA proceedings.

RECONCILIATION OF THE BMO ACCOUNT FUNDS

22. Pursuant to the BMO Account Closure Order, all the funds in BEI's BMO accounts were transferred to the Monitor to be held in trust. As discussed in prior reports, post Closing of the transaction there were funds deposited into the BMO accounts, the ownership of which was to be determined pursuant to the APA. Therefore, the Monitor completed a detailed review of all deposits into BEI's bank account since Closing (the "**BMO Account Funds**") to confirm their ownership pursuant to the APA.
23. Based upon the evidence reviewed by the Monitor, a summary of the Monitor's views on the BMO Account Funds is outlined below. A detailed breakdown of the Monitor's view is attached hereto as **Appendix "H"**:

BMO Account Funds	
Owed to 94747	\$ 198,523.05
Property Claim of Sallyport	235,288.87
Disputed Pre-Closing Credit Card/Shopify	24,254.71
Owed to BEI	55,368.43
Total Funds Held in Trust	\$ 513,435.06

24. The Monitor received supporting documentation for the BMO Account Funds from 94747, and from Sallyport (discussed below). These amounts are described and referred to throughout this Tenth Report, inclusive of 94747's views on certain of those funds where applicable.
25. The Monitor understands that BEI and BMO agree with the Monitor's views as to the ownership of the BMO Account Funds.

PROPERTY CLAIM OF SALLYPORT COMMERCIAL FINANCE ULC

26. On August 23, 2024, the Monitor received communication from Sallyport asserting a property claim over certain of the BMO Account Funds held in trust with the Monitor, attached as **Appendix “I”** without supporting schedules for brevity. The schedules can be provided to the Court or other stakeholders upon request.
27. The Monitor and its legal counsel have reviewed this claim, which included a factoring agreement between 94747 and Sallyport (the “**Factoring Agreement**”) of certain deposits made to BEI’s bank account, now transferred to the Monitor within the BMO Account Funds held in trust. The Factoring Agreement was entered into on May 8, 2024 for the factoring of BEI’s trade receivables on and after the Closing of the transaction. The Monitor has reviewed the Factoring Agreement with its counsel and has provided the following comments to the Stakeholders:
- (a) The Factoring Agreement appears to be valid and an absolute transfer of the trade receivables of BEI that is not subject to further interest; and
 - (b) The registered security by Sallyport against the assets of 94747 was properly registered and, in the Monitor’s view, is in priority to the registered security of BMO.
28. The Monitor is of the view that \$235,288.87 of the BMO Account Funds held in trust with the Monitor are owing to Sallyport pursuant to the Factoring Agreement. This is the amount to which the Monitor has reconciled Sallyport’s evidence to the support provided by 94747 for the BMO Account Funds.
29. The Monitor provided its views on the property claim of Sallyport to 94747 on October 10, 2024, however a response has not been provided to the Monitor as of the date of this Tenth Report.
30. Should this Honourable Court agree with the Monitor’s view, the Monitor respectfully recommends that a distribution order be issued by the Court directing the Monitor to remit \$235,288.87 to Sallyport with respect to its property claim over the BMO Account Funds.

SUMMARY OF DISPUTES

Monitor’s Review and Understanding of Key Features in the APA

31. The APA, as executed by BEI and 94747 and approved by this Court, is attached as Appendix “D” to the Monitor’s Eighth Report. Specific excerpts as regards the Disputes and the Purchase Price Adjustments are outlined herein.
32. The APA contained various calculations and reconciliations of the assets purchased by 94747 (“**Purchased Assets**”) of which formed the purchase price (“**Purchase Price**”). As BEI continued to operate up to Closing, the APA also included various adjustments to the Purchase Price (“**Purchase Price Adjustments**”). The APA describes certain excluded assets which did not form part of the Purchased Assets (the “**Excluded Assets**”).
33. A summary of the calculation of the Purchase Price is found in Schedule 3.3 of the APA. The calculation of the Purchase Price Adjustments is detailed within Section 3.4 of the APA.
34. The Purchase Assets and Excluded Assets are summarized below, with capitalized terms as being defined within Section 1.1 of the APA:

Purchased Assets - APA Section 2.1	Excluded Assets - APA Section 2.2
Accounts Receivable	Excluded Receivables
Inventory	Excluded Contracts
Goodwill	shares and corporate documents of BEI
Equipment and Supplies	Employee Plans and applicable assets
Assumed Contracts	Cash of BEI
Vehicles	shares and other investment assets
Computer Software	assets as listed in APA Schedule 2.2(f)
Real Property	Purchased Assets as notified by 94747 to BEI and the Monitor deemed to be Excluded Assets
Intellectual Property	
Books and Records	
Claims	
Permits	
Insurance	
Other Property	

35. The APA contained certain liabilities which were assumed by 94747 (“**Assumed Liabilities**”) as defined in Section 1.1 of the APA and excluded liabilities (“**Excluded Liabilities**”) as listed in Schedule 2.4 of the APA. The Monitor notes that the Excluded Liabilities per schedule 2.4 is \$NIL.

36. The APA also stipulated the assignment and assumption of numerous BEI contracts to 94747 ("**Assumed Contracts**"), all of which listing in Schedule 1.1(h) of the APA, and certain excluded contracts ("**Excluded Contracts**") as noted within Schedule 1.1(ff).

Financial Summary of Disputes

37. The Stakeholders continue to have various Disputes with regards to the Purchase Price Adjustments and other claims by 94747 for deductions from the Purchase Price. As of the date of this Tenth Report, a resolution of the Disputes amongst the Stakeholders has not occurred.
38. The Monitor has summarized its understanding of the Disputes, with the views as provided by 94747 and BEI, within the table below:

Monitor's Summary and Reconciliation of Disputes				
Description	94747	BEI	Variance	Dispute
Accounts Receivable				
Dispute 1 – Calculation of the Purchase Price of AR	\$ (4,917.39)	\$ 84,052.33	\$ (88,969.72)	1
Dispute 2 – Work In Progress – Cowboy Bar & Grill	(40,000.00)	-	(40,000.00)	2
Dispute 3 – Work In Progress – Econo Lease	(3,441.83)	-	(3,441.83)	3
Dispute 4 – Uncollectable Invoices	(1,193.00)	-	(1,193.00)	4
Dispute 5 – Customer Refunds on Pre-Closing Sales	(52,944.50)	-	(52,944.50)	5
Customer Deposits	(47,990.53)	(47,990.53)	-	
Disputes - Accounts Receivable and Customer Deposits	\$ (150,487.25)	\$ 36,061.80	\$ (186,549.05)	
Inventory				
Purchase Price of Inventory	\$ 525,000.00	\$ 525,000.00	\$ -	
Payment on closing	(300,000.00)	(300,000.00)	-	
Variance of Inventory Balance on Closing vs. APA	(55,926.83)	(53,736.07)	(2,190.75)	6 & 7
<i>Dispute 6 – Differing Consignment Inventory Balance</i>				
<i>Dispute 7 – Adjustment to Inventory Purchase Price</i>				
Dispute 8 – Expired Chemicals in St. John's	(31,400.85)	-	(31,400.85)	8
Dispute 9 – Inventory Held by a Related Party	(1,388.25)	-	(1,388.25)	9
Dispute 10 – Damaged Goods	(4,687.00)	-	(4,687.00)	10
Disputes - Inventory	\$ 131,597.07	\$ 171,263.93	\$ (39,666.85)	
Transitional Purchases	\$ 541,280.16	\$ 541,280.16	\$ -	
Other Credits and Disputes				
Dispute 11 - Credits to 94747 for payment of BEI invoices	\$ (9,950.78)	\$ (3,093.94)	\$ (6,856.84)	11
Dispute 12 - Credit Card/Shopify Transactions	(24,254.71)	-	(24,254.71)	12
Dispute 13 - St. John's Movement Claim	-	-	-	13
Dispute 14 - Racking Claim	(35,000.00)	-	(35,000.00)	14
Dispute 15 - Disposition Costs of Expired Chemicals in Halifax	(358,000.00)	-	(358,000.00)	15
Dispute 16 - Transitional Purchases Not Yet Received	41,544.33	41,544.33	-	16
Credit to 94747 for St. John's Rent	(9,343.75)	(9,343.75)	-	
Total Other Credits and Disputes	\$ (395,004.91)	\$ 29,106.64	\$ (424,111.55)	
Gross Amount Owed by 94747	\$ 127,385.07	\$ 777,712.53	\$ (650,327.45)	
Less: 94747 Funds Held in Trust with the Monitor	(198,523.05)	(198,523.05)	-	
Net Amount Owed (Owing) by (to) 94747	\$ (71,137.98)	\$ 579,189.48	\$ (650,327.45)	

Correspondence with 94747 Regarding Disputes

39. On August 23, 2024, 94747 provided its reconciliation of the Disputes to the Monitor, along with numerous supporting documents and schedules. The Monitor reviewed 94747's reconciliation and supporting documentation, as well as met with 94747's financial advisor on numerous occasions to discuss same. A copy of 94747's communication and reconciliation of the Disputes as of August 23, 2024 is attached hereto as **Appendix "J"**.
40. On October 7, 2024, 94747 provided an updated reconciliation of its view of the Disputes to the Monitor, along with some commentary on its position on certain Disputes. A copy of 94747's communication and reconciliation of the Disputes as of October 7, 2024 is attached hereto as **Appendix "K"**.
41. The Monitor notes that within 94747's reconciliations of the Disputes, 94747 has offset any amount owing by 94747 to BEI using the entirety of the BMO Account Funds. The Monitor's above reconciliation of the Disputes omits the use of the BMO Account Funds which, in the Monitor's view, are owned by Sallyport.

MONITOR'S VIEW ON THE DISPUTES

42. The Monitor's detailed analysis of each dispute, including the Monitor's understanding of 94747's position thereon, is included in the attached appendices:

Dispute	Appendix: Detailed Analysis
Receivables and Customer Deposits (1-5)	Appendix "M"
Inventory (6-10)	Appendix "N"
Transitional Purchases	Appendix "O"
Other Credits and Disputes (11-16)	Appendix "P"

43. Ultimately, the Monitor is of the view that 94747 owes BEI \$777,712.53 ("**Total Purchase Price Adjustment**") pursuant to the APA. Should the Court agree that \$198,523.05 of the BMO Account Funds held in trust by the Monitor that are owing to 94747 be offset against the Total Purchase Price Adjustment, 94747 owes BEI \$579,189.48 pursuant to the APA.
44. The Monitor understands that BEI and BMO are both supportive of the Monitor's view, which has been developed after extensive review of the APA, supporting documentation and multiple meetings and correspondence with 94747.

45. The Monitor is a neutral third party to these CCAA proceedings, and as an officer of this Court has considered the following key items in developing its view as regards the Total Purchase Price Adjustment:
- (a) The transaction pursuant to the APA was “as-is, where-is”, with specific mechanisms outlining the Purchased Assets, Excluded Assets, and any Purchase Price Adjustments.
 - (b) While the Monitor does not propose to adopt all positions outlined by BEI in its June 21, 2024 response to 94747 as regards certain of the Disputes, attached at **Appendix “L”**, the Monitor notes that it provides specific references to the APA that are critical to the Monitor’s analysis, such as:
 - i. The Purchased Assets are to be delivered to the Purchaser “in situ” on the Closing date (APA s. 7.1 (e)), and the Purchaser had up until 5 Business Days prior to the Closing date to finalize its due diligence on the Purchased Assets and confirm they were “satisfactory” and in the same condition as inspected prior to the hearing of the motion for the AVO (APA s. 6.2).
 - ii. The Purchased Assets were acquired “as is, where is, as they may exist at the closing date with all faults” (APA s. 5.4) and 94747 delivered to the Monitor its Conditions Certificate (APA s. 8.3) confirming acceptance of the Purchased Assets.
 - iii. 94747 had the ability under the APA to add property to the Excluded Assets schedule before Closing; it declined to do so, including in respect of the expired chemicals.
 - iv. 94747’s binding offer acknowledges it had an opportunity to conduct all required due diligence, relied upon its own independent investigation when advancing its binding offer, did not rely on representations made by any person or party, including BEI, in advancing its offer, and made the offer on an as is where is basis.
 - (c) Extensive due diligence was permitted and completed by 94747, and any Purchase Price Adjustments had to be made pursuant to the APA. The post-AVO adjustments proposed by 94747 are clearly outside the period provided for in the APA;

- (d) Counsel for 94747 confirmed on June 12, 2024 that it agreed with BEI's determination of accounts receivable (see Appendix "M", schedule M-1). Furthermore, pursuant to the APA, 94747 had 30 days post closing to complete the Purchase Price Adjustment in respect of Accounts Receivable and Customer Deposits. That time is long expired;
 - (e) The APA required any Purchase Price Adjustment in respect of inventory to be made within 5 days after Closing. That time is long expired;
46. Based on the Monitor's review of the available evidence and input from the parties, the Total Purchase Price Adjustment conforms to the terms of the APA, which forms the entirety of the agreement as between BEI and 94747.
47. With specific reference to the "expired chemicals" (Disputes 8 and 15), as of the date of this Tenth Report, the Monitor has obtained a high level quote to remove the chemicals for approximately \$21,000 before tax, and is awaiting information and additional quotes from multiple parties.

POSSIBLE MATERIAL ADVERSE CHANGE

48. As noted within the Eighth Report, the Monitor continues to advise the Court and the Stakeholders of the existence of a possible Material Adverse Change pursuant to s. 23(a)(d) of the CCAA, being the failure of 94747 to make payments on the various Purchase Price Adjustments pursuant to the APA and the existence of the Disputes.

CONTINUATION OF THESE CCAA PROCEEDINGS

49. Pursuant to section. 23(1)(h) of the CCAA, the Monitor is of the view that a proceeding under the BIA could be more beneficial to the Companies' creditors as opposed to continuation of these CCAA proceedings.
50. The Monitor continues to be of the view that the current situation faced by the Companies and its Stakeholders is untenable. BEI remains a legal entity with only 1 director, but has no employees or funds. The Monitor's role is one of oversight, unless otherwise empowered by the Court. The Monitor has limited ability under the current Orders of this Court to transact, litigate or take steps to implement the terms of the APA on behalf of any party.

51. Further, the Monitor is a neutral, third party and officer to the Court. The Stakeholders continue to rely on the Monitor to facilitate discussions and request determinations on the various Disputes, to which the ARIO does not provide the Monitor the power to do so.
52. The Monitor, and its counsel, have expended substantial time and incurred substantial expenses relating to the Disputes.
53. The Monitor continues to be of the view that the Court could appoint a Receiver to address the various Disputes and realize on any other Excluded Asset of BEI for the benefit of BEI's creditors. The objectives of these CCAA proceedings have been met. All remaining activities could be achieved through the appointment of a Receiver, of which, the Monitor is of the view would be the most cost-efficient method of collecting any remaining funds due to the limiting of professional and legal counsel involved.

GOOD FAITH AND DUE DILIGENCE

54. The Monitor continues to be of the view that the Companies are acting in good faith and with due diligence.

RECOMMENDATION

55. For the reasons set forth in this Tenth Report, the Monitor respectfully recommends that this Honourable Court:
 - (a) Approve the activities of the Monitor, and that of its counsel, to the date of the Tenth Report;
 - (b) Grant an extension of the Stay of Proceedings to March 31, 2025;
 - (c) Grant an Order directing the Monitor to distribute \$235,288.87 to Sallyport from the BMO Account Funds; and
 - (d) Provide a determination as to the Disputes as detailed in this Tenth Report.

Tenth Report to the Court submitted by Grant Thornton Limited
In its capacity as Monitor of BEI and TNOPI
October 11, 2024

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 11th day of October 2024.

**GRANT THORNTON LIMITED, SOLELY IN ITS CAPACITY AS MONITOR OF
BIG ERICS INC. AND TERRA NOVA OLD PORT FOODS INC.
AND NOT IN ITS CORPORATE OR PERSONAL CAPACITY**



Phil Clarke, CPA, CA, CIRP, LIT

Senior Vice President

Tenth Report to the Court submitted by Grant Thornton Limited
In its capacity as Monitor of BEI and TNOPFI
October 11, 2024

Appendix “A”

June 2024 Stay Extension Order

2023 01G 3233
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.)

ORDER

UPON IT APPEARING THAT the Monitor, Grant Thornton Limited, has applied for an order for an extension of stay of the proceedings;

AND UPON READING the materials filed by the Monitor, including the Monitor's Eighth Report, dated June 25, 2024;

AND UPON HEARING the submissions of Joe Thorne, counsel for the Monitor; Darren O'Keefe, counsel for the Applicants; and such other counsel as may appear;

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that the Stay Period, as defined in paragraph 16 of the Amended and Restated Initial Order dated July 28, 2023, as amended from time to time, is hereby further extended up to and including November 1, 2024.
3. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. on the date of this Order.

Dated at St. John's, this 26 day of June 2024



COURT OFFICER

Tenth Report to the Court submitted by Grant Thornton Limited
In its capacity as Monitor of BEI and TNOPFI
October 11, 2024

Appendix “B”

BEI WEPP Order

2023 01G 3233

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.)

ORDER

UPON IT APPEARING that the Monitor, Grant Thornton Limited, has applied for an order pursuant to section 5(5) for a declaration under the *Wage Earner Protection Program Act (Canada)*, SC 2005, c 47, s 1 (the "WEPPA") and the CCAA;

AND UPON READING the materials filed by the Monitor, including the Monitor's Eighth Report, dated June 25, 2024;

AND UPON HEARING the submissions of Joe Thorne, counsel for the Monitor; Darren O'Keefe, counsel for the Applicants; Geoff Spencer, counsel for the Bank of Montreal; Joshua Santimaw, counsel for 94747 Newfoundland and Labrador Inc.; and such other counsel as may appear;

IT IS ORDERED THAT:

1. Pursuant to subsections 5(1)(b)(iv) and 5(5) of WEPPA, Big Erics Inc. meets the criteria prescribed by section 3.2 of the *Wage Earner Protection Program Regulations*, SOR/2008-222 and Big Erics Inc.'s collective former employees are eligible to receive payments under and in accordance with the WEPPA following the termination of their employment.



DATED at St. John's, Newfoundland and Labrador, this 26 day of June 2024.

Katherine Yates

COURT OFFICER



Tenth Report to the Court submitted by Grant Thornton Limited
In its capacity as Monitor of BEI and TNOPFI
October 11, 2024

Appendix “C”

BMO Account Closure Order

2023 01G 3233
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. ("BEI") and Terra Nova Old Port Foods Inc. ("TNOPFI")

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.)

ORDER

BEFORE THE HONOURABLE JUSTICE MACDONALD

UPON READING the Application of the Monitor, Grant Thornton Limited (the "Monitor")

AND UPON READING the Monitor's Eighth Report, and the material filed by counsel;

AND UPON HEARING Sara Scott and Joe Thorne, on behalf of the Monitor, Geoffrey Spencer on behalf of the Bank of Montreal, Darren O'Keefe on behalf of BEI and TNOPFI, Joshua Santimaw on behalf of 94747 Newfoundland and Labrador Inc., and Christopher Isnor on behalf of Imagination Capital Inc. and Myles & Company Inc.

IT IS THIS DAY ORDERED THAT:

1. All bank accounts of BEI and TNOPFI held at the Bank of Montreal shall be closed upon issuance of this Order and any funds in those accounts shall be transferred by the Bank of Montreal to the Monitor, to be held by the Monitor pending further order of this court.



DATED AT St. John's, in the Province of Newfoundland and Labrador, and effective this 26 day of June, 2024.

Katherine Ulatos

COURT OFFICER

Tenth Report to the Court submitted by Grant Thornton Limited
In its capacity as Monitor of BEI and TNOPI
October 11, 2024

Appendix “D”

Judgement Dismissing Security for Costs



**IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR
GENERAL DIVISION
In Bankruptcy and Insolvency**

Citation: *Big Erics Inc. (Re)*, 2024 NLSC 131

Date: September 25, 2024

Docket: 202301G3233

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

AND IN THE MATTER OF an
application of Big Erics Inc. and Terra
Nova Old Port Foods Inc., collectively,
"Companies."

Before: Justice Alexander MacDonald
Edited Transcript of Oral Reasons for Judgment

Place of Hearing: St. John's, Newfoundland and Labrador

Dates of Hearing: September 18, 2024

Date of Oral Judgment: September 24, 2024

Appearances:

Megan C. Taylor
Geoffrey L. Spencer
Joseph J. Thorne and

Appearing on behalf of the Companies.
Appearing on behalf of Bank of Montreal

A handwritten signature in black ink, located in the bottom right corner of the page.

Phil Clarke

Appearing on behalf of Grant Thornton
Limited, the Monitor

Joshua J. Santimaw

924747 Newfoundland and Labrador Inc.

Authorities Cited:

CASES CONSIDERED: *Cole Fisheries Ltd. v. Sussman*, 2006 NLTD 145; *Hynes v. Pro Dive Marine Services Ltd.*, 2016 NLCA 17; *Cabana v. Wells*, 2024 NLCA 4; *Maple Leaf Foods Inc. v. North Atlantic Sea Farms Corporation*, 2005 NLTD 36; *In the Matter of a Plan of Compromise or Arrangement of BZAM Ltd.*, 2024 ONSC 3902; *Petten v. E.Y.E. Marine Consultants* (1994), 120 Nfld. & P.E.I.R. 313, 373 A.P.R. 313 (Nfld. S.C.(T.D.)); *Crosbie-OSA Ltd. v. Bank of Montreal* (1998), 163 Nfld. & P.E.I.R. 181, 503 A.P.R. 181 (Nfld. (S.C.(T.D.))

STATUTES CONSIDERED: *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36; *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3

RULES CONSIDERED: *Rules of the Supreme Court*, 1986, S.N.L. 1986, c. 42, Sch. D

REASONS FOR JUDGMENT

MACDONALD J.:

INTRODUCTION

[1] Big Erics Inc. and Terra Nova Old Port Foods Inc. is in *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, (CCAA) protection. Grant Thornton Limited is their Monitor. Big Erics sold its business to 94747 Newfoundland and Labrador Inc. (Purchaser) in a CCAA court-approved Asset Purchase Agreement (APA).

[2] Big Erics and the Monitor say that the Purchaser did not pay them the full purchase price due under the Asset Purchase Agreement. I will resolve this dispute on October 24th and 25th.

✓

The Application

[3] The Monitor now takes a preliminary application in which it says the Purchaser:

- (a) is in breach of its obligations under the APA; and
- (b) does not have sufficient property to satisfy an order to pay any court ordered costs of the hearing in October.

[4] The Monitor, Big Erics, and the Bank of Montreal (Big Erics' principal secured creditor) ask that I order that the Purchaser post security for their legal costs.

[5] The Monitor says it will incur costs of about \$99,000. Big Erics says it will incur about \$30,000, and the Bank, about \$25,000. They say they will seek full recovery of their legal fees on an indemnity basis at the October hearing.

[6] The Purchaser opposes this request. It says that the parties are not entitled to security for costs under the *Rules of the Supreme Court, 1986*, S.N.L. 1986, c. 42, Sch. D, or any inherent jurisdiction I have under the *CCAA*.

ISSUE

[7] I am therefore to decide should I make an order for security for costs and, if so, for how much.

[8] I deny the Application. I make no order for security for costs. I will now tell you why.

DISCUSSION

[9] The Monitor's Application is grounded in Rule 21. Everyone agrees that although the rule refers to defendant's cost, it applies to the Purchaser in the context of this proceeding.



[10] The rule provides that a plaintiff is prevented from continuing with its claim if it does not post ordered security. The parties agree that if the Purchaser does not post ordered security, it cannot defend its position in the October hearing.

[11] The Applicants say they are entitled to security for costs under Rule 21 because:

- (a) the Purchaser is a nominal party to the proceeding (criteria found in Rule 21.01(e)); or
- (b) there is a good reason to believe that the Purchaser's position in the proceeding is frivolous and vexatious and that the Purchaser does not have sufficient property in Newfoundland and Labrador to pay costs (Rule 21.01(f)).

[12] The Applicants also say I can order the costs either under my inherent jurisdiction under the *CCAA* or under a broader interpretation of Rule 21.01.

Contractual Context of Dispute

[13] The parties dispute arises out of payments due under the Asset Purchase Agreement in which the Purchaser agreed to buy most of Big Erics assets on an "AS IS, WHERE IS BASIS" (see Article 5.4 APA).

[14] In particular, it bought Big Erics' accounts receivable, inventory, equipment, supplies, and it rights under some contracts. It did not buy certain specified assets that are not relevant to this proceeding.

[15] The Asset Purchase Agreement defined the purchase price. It includes adjustment for cash in the bank, inventory counts, accounts receivable, and Transitional Purchases (goods in transit or ordered but not yet shipped or delivered).

[16] The Monitor says that the Purchaser paid about \$1.68 million on closing. The supporting calculation are in the Monitor's eighth report.

[17] The Purchaser would also pay \$225,000 in three instalments payable 30 days,



60 days, and 90 days after closing.

[18] The parties agreed on a number of price adjustments. The most significant ones are that the parties would adjust the purchase price:

- (a) downward by 15% of the amount of a reduction in value of inventory less than \$3.4 million, and upward by 100% where the value was greater than \$3.4 million;
- (b) upward or downward by which the Accounts Receivable as of the closing date was greater than less or less than \$1.7 million;
- (c) if the customer deposits in the bank account at closing were less or greater than the estimated deposits as set out in [the] schedule to the Agreement; and
- (d) for Transitional Purchases.

[19] The Purchaser would pay Big Erics 80% of post-closing < 90 days receivables and 25% > 90 days.

[20] The Bank of Montreal holds security over some of the Purchaser's assets. Its counsel tells me that it has not enforced this security.

[21] Not surprisingly, this sales process resulted in disputes between the Purchaser, Big Erics, and the Monitor. Because of these disputes, the Monitor withheld about \$387,000 that Big Erics owes the Purchaser.

[22] It does so because it claims in its ninth report that the Purchaser owes Big Erics about \$910,000 for other price adjustments. This includes purchaser credits and debits of about:

- (a) \$285,000 for Transitional Purchases that the Monitor says the Purchaser does not dispute;
- (b) \$418,000 for Transitional Purchases for which the Monitor requires addition information; and



(c) the three scheduled \$75,000 payments.

[23] The Monitor wants to set off the \$387,000 it holds against the \$910,000. After set-off, the Monitor says the Purchaser still owes about \$458,000.

[24] The Purchaser, through Trevor Melendy, a director and officer, disagrees. It says it does not owe this money. The biggest part of the dispute relates to dangerous chemical inventory.

[25] The Purchaser says it did not buy some of the chemicals. Both these chemicals, and chemicals it did buy, have expired. Thus, it says it should not pay about \$209,000 for these expired chemicals. The Purchaser says it will also pay about \$149,000 to properly dispose of them.

[26] Thus, according to the Monitors calculations, it says it can set off about \$358,000 against the purchase price. It has a series of other smaller claims against Big Erics so that its set off is about \$458,000.

[27] Monitor says the Purchaser cannot claim these amounts because the assets were sold "as is, where is." It says it was incumbent on the Purchaser during its due diligence to discover the chemicals had expired.

[28] The Purchaser disagrees. It says the 'as is, where is' clause should not apply because when it inspected the chemicals it could not send the serial number to the suppliers to allow the supplier to decide whether the chemicals were expired because it did not then own the chemicals.

[29] Furthermore, it said it did not learn that the chemicals were expired until it was provided an inventory list about ten days after closing, which showed the expired status of the chemicals in a "reasons" column.

[30] Finally, Article 8 of my Asset Vesting Order says, "THIS COURT ORDERS for greater certainty, and without limiting the generality of the foregoing that nothing contained herein shall be deemed to be a release of any obligation of the Vendor [Big Erics] in relation to any environmental liabilities arising either before or after the Closing Date."



[31] An added complication is that the Purchaser's lender wrote to the Monitor in August, saying that it owns the \$386,000 held in the Monitor's account.

[32] Unlike many cases, there are no pleadings describing the dispute. The details are in Trevor Melendy's affidavit and in the Monitor's Eighth and Ninth Reports. The Purchaser did not ask the Monitor questions. The Applicants did not ask to cross-examine Trevor Melendy.

Security Under Enumerated Provisions of Rule 21.01

[33] In this context, I will now consider whether any of the enumerated entitlements under Rule 21.01 apply to this case. I first deal with whether the Purchaser is a nominal party in the proceeding. I find that it is not.

Nominal Party

[34] Justice Orsborn in *Cole Fisheries Ltd. v. Sussman*, 2006 NLTD 145, said at para. 15, that a nominal party is one "put forward to sue for the benefits of others and who is beneficially interested in the subject matter of the litigation." The Monitor argues that the lender, and not the Purchaser, owns the money in the Monitor's account.

[35] I find that a lender asserting a right it may have under security agreement does not mean that the debtor no longer has an interest in the proceeding. Even if this were not so, the secured creditor's claim is only a part of the overall dispute.

[36] I now turn to whether the Purchaser's position in this dispute is frivolous and vexatious. If so, does it have insufficient property within the jurisdiction to pay costs?

Frivolous and Vexatious Claim

[37] I must consider this issue "based on the pleadings, that is, the extent to which the claim is founded in law and grounded in relevant factual assertions or uncontested facts." See *Cabana v. Wells*, 2024 NLCA 4, at para. 19(a).



[38] I can also consider:

- (a) the purpose of the claim and whether the Purchaser has a sincere belief in their entitlement to the relief claimed;
- (b) whether it has ulterior motives to harass, threaten, or embarrass the other parties; and
- (c) whether the Purchaser is using the Court to waste time and resources or in a manner that constitutes bad faith, or that is frivolous, vexatious, or an abuse of process.

[39] The Court of Appeal instructed me on what is a frivolous and vexatious claim. It said in *Hynes v. Pro Dive Marine Services Ltd.*, 2016 NLCA 17, at para. 13, that “A frivolous action is one that has ‘no substance,’ or ‘is obviously unsustainable or without arguable merit.’”

[40] I find that the Defendant’s position is not frivolous or vexatious. Although the Purchaser faces challenges when it contests the “as is, where is” clause, it may succeed on this issue.

[41] The Monitor says that even if the Purchaser is successful, it still owes Big Erics about \$46,000. Trevor Melendy disagrees and says it owes Big Erics less than \$5,000. This is insignificant in a transaction of this size, and I do not consider it relevant in my decision.

[42] Furthermore, the Applicants have not proved that the Purchaser is using the Court for an improper purpose.

[43] Thus, I need not consider whether the Purchaser has insufficient property in the jurisdiction to pay costs. This is relevant only if the Purchaser’s action is frivolous and vexatious. However, even if I consider it, I find there is insufficient evidence that the Purchaser cannot honour any cost order.



[44] The Applicants' evidence is anecdotal. They say:

- (a) the Purchaser is incorporated solely to complete the Asset Purchase Agreement;
- (b) they cannot find any other Purchaser assets;
- (c) the Purchaser needed financing to close the Asset Purchase Agreement; and
- (d) the Purchaser has not paid money the Monitor says it owes under the Asset Purchase Agreement including undisputed amounts I discussed earlier.

[45] I find that none of this proves that the Purchaser cannot pay costs or that it is insolvent or impecunious.

[46] However, the Applicants say they do not need to do so because the burden shifts to the Purchaser to show it has sufficient assets to pay a cost order. It relies on a decision of Justice Orsborn in *Sussman*, and of Justice Faour, *Maple Leaf Foods Inc. v. North Atlantic Sea Farms Corporation*, 2005 NLTD 36.

[47] Both say that if the purchaser falls within one of the enumerated heads of Rule 21, the burden shifts to the purchaser to show that security is not necessary (presumably because it is solvent) or to show it will be driven from the court if a court requires it to post security.

[48] I find this principle does not apply here. The Purchaser does not need to prove it is solvent unless the Monitor can avail of one of the provisions of Rule 21.01 A litigant cannot use the suspicion of insolvency to transfer the burden proving this is not so to the respondent.

[49] Justice Faour made this point expressly in *Maple Leaf Foods* in paragraph 23. He said, "It is clear that the discretion exists independently of the listed circumstances. However, if an applicant establishes the existence of one or more of those circumstances, then the evidential burden shifts to the responding party to show why an order should not lie. If none of the specific circumstances is applicable,



then the applicant must establish the basis on which the court ought to exercise its discretion in its favour.”

[50] Thus, as the Monitor cannot avail of any of the enunciated headings in Rule 21.01, the burden has not shifted to the Purchaser.

[51] I now turn to whether it is just that I order the costs either under my inherent jurisdiction under the *CCAA* or under a broader interpretation of Rule 21.01.

Inherent Jurisdiction Under the CCAA or Under a Broader Interpretation of Rule 21.01

[52] I find I have this broader discretion. However, when I exercise this broader discretion, I will still not order security for costs.

[53] The Monitor says I have inherent jurisdiction under the *CCAA* to grant security for costs in circumstances when I think it is just to do so. See *In the Matter of a Plan of Compromise or Arrangement of BZAM Ltd.*, 2024 ONSC 3902, at para. 29.

[54] The Monitor also says I can order security if it is just that I do so under a broad interpretation of Rule 21.01. It says this because Chief Justice Green in *Petten v. E.Y.E. Marine Consultants* (1994), 120 Nfld. & P.E.I.R. 313, 373 A.P.R. 313 (Nfld. S.C.(T.D.)), at para. 69, said the specific instances referred to in Rule 21.01 are not exhaustive.

[55] Justice Mercer agreed in *Crosbie-OSA Ltd. v. Bank of Montreal* (1998), 163 Nfld. & P.E.I.R. 181, 503 A.P.R. 181 (Nfld. (S.C.(T.D.))), when he said that security for costs may be ordered when the court considers it just, which may occur in other circumstances other than those specifically referred to in Rule 21.01.

[56] He said in paragraphs 11 and 12 that I am to balance a party’s right of access to courts against another’s right to be protected against unnecessary or potentially unrecoverable expenses.



[57] I must balance the potential that the Applicants might not recover costs if the Purchaser is unsuccessful, against the Purchaser's right to be heard in this Court.

[58] Justice Green in *Petten* at paragraphs 70 and 71 referred to the interrelationship between impecuniosity and what he described as "a very weak case." He said the more tenuous the claim the more likely a perceived inability to recover costs will justify an order for security.

[59] The Monitor says that it believes the Purchaser will be unable to pay an order for costs. I have already found that that the Applicants have not proved this is so. I am not prepared to say that a "perceived inability" supports this Application.

[60] The Applicants also believe the Purchaser's case is untenable. They say it is unfair that the Bank of Montreal has to take the risk of paying for this dispute resolution. I disagree. Creditors often assume this risk.

[61] Justice Osborne in *BZAM Ltd.* said in paragraph 61, "the court must balance the right of ... parties seeking security to avoid a circumstance where those parties would be compelled to defend a claim in respect of which it is *virtually certain* that they could never recover any costs, whatever the result." [emphasis added]

[62] I found that:

- (a) there is insufficient evidence that the Purchaser is impecunious, insolvent, or that it has no assets to satisfy a cost order. It is not "virtually certain" that the Applicants will be unable to recover their costs; and
 - (b) the Purchaser's position is not frivolous or vexatious.
- 

Amount of Security

[63] As I dismissed the Application, I need not deal with whether I should order security for the parties' solicitor and own client costs.

COSTS

[64] As the Purchaser has been successful in this Application it is entitled to its costs on the Column III basis.

DISPOSITION

[65] I therefore:

- (a) Dismiss the Monitor's Application;
- (b) Order the Monitor pay the Purchaser costs of this Application on Column III basis.



ALEXANDER MACDONALD
Justice

Tenth Report to the Court submitted by Grant Thornton Limited
In its capacity as Monitor of BEI and TNOPFI
October 11, 2024

Appendix “E”

Procedural Order re Disputes

2023 01G 3233

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.)

ORDER

UPON IT APPEARING THAT the Monitor, Grant Thornton Limited, has applied for an order for a Claims Identification Process, a declaration that the *Wage Earner Protection Program Act* applies to Big Erics Inc, approving the activities and fees of the Monitor and its counsel, and to adjudicate certain disputes regarding interpretation of the Asset Purchase Agreement, dated April 12, 2024;

AND UPON READING the materials filed by the Monitor, including the Monitor's Eighth Report, dated June 25, 2024;

AND UPON HEARING the submissions of Joe Thorne, counsel for the Monitor; Darren O'Keefe, counsel for the Applicants; Geoff Spencer, counsel for the Bank of Montreal; Joshua Santimaw, counsel for 94747 Newfoundland and Labrador Inc.; and such other counsel as may appear;

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that the Monitor's application to have the activities, fees, and disbursements of the Monitor and its legal counsel approved shall be set for a hearing on September 18, 2024.

3. **THIS COURT ORDERS** that the Monitor's application for an order for security for costs against 94747 Newfoundland and Labrador Inc. shall be heard for ½ day on September 18, 2024 at 2:30 p.m.;

- (a) The Monitor shall file and serve its Amended Notice of Application to seek an order for security for costs on or before July 10, 2024;
- (b) The Monitor and any other party shall file and serve any additional evidence on which they intend to rely on the application on or before August 7, 2024;
- (c) 94747 Newfoundland and Labrador Inc. shall file and serve any responding evidence on which it intends to rely on the application on or before August 23, 2024;
- (d) The Monitor shall file and serve its moving memorandum of fact and law on or before August 28, 2024;
- (e) Any party intending to file a memorandum of fact and law in support of the application shall file and serve on or before August 28, 2024;
- (f) 94747 Newfoundland and Labrador Inc. shall file and serve its responding memorandum of fact and law on or before September 11, 2024;
- (g) The Monitor shall file and serve its reply memorandum of fact and law, if any, on or before September 13, 2024.

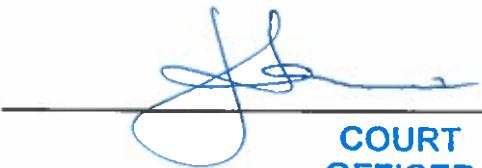
4. **THIS COURT ORDERS** that, subject to the determination of the application set out in paragraph 3 of this Order, the Monitor's application to compel 94747 Newfoundland and Labrador

Inc. to make payments under the Asset Purchase Agreement and for determination of amounts owing under that contract shall be heard for 2 days on October 24 and 25, 2024;

- (a) The Monitor, 94747 Newfoundland and Labrador Inc., and any other party shall file and serve any evidence on which it intends to rely on the application on or before October 4, 2024;
- (b) The Monitor and 94747 Newfoundland and Labrador Inc. shall file and serve their moving memorandums of fact and law on or before October 4, 2024;
- (c) Any other party intending to file a memorandum of fact and law in relation to the application shall file and serve on or before October 11, 2024;
- (d) The Monitor and 94747 Newfoundland and Labrador Inc. shall file and serve their responding memorandums of fact and law on or before October 17, 2024.

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

DATED at St. John's, in the Province of Newfoundland and Labrador, this 15th day of August, 2024.


COURT
OFFICER

Tenth Report to the Court submitted by Grant Thornton Limited
In its capacity as Monitor of BEI and TNOPFI
October 11, 2024

Appendix “F”

Correspondence re Amended Dates for Procedural Order re Disputes

File Reference: SM019134-35

Sara L. Scott
Direct Dial: 902.420.3363
sscott@stewartmckelvey.com

October 4, 2024

Via Email (tinalake@supreme.court.nl.ca & michellehillier@supreme.court.nl.ca)

Supreme Court of Newfoundland and Labrador
General Division
309 Duckworth Street
St. John's, NL A1C 1G9

Attention: Justice MacDonald

**Re: Court File No. 2023 01G 3233
Bankruptcy & Insolvency
Big Erics Inc./Terra Nova Port Foods Inc. – Application pursuant to *Companies'*
Creditors Arrangement Act, R.S.C. 1985, c. C-36**

Application Hearing: October 24 and 25, 2024

We write further to the parties' appearance before the Court on September 24, 2024 in the above noted matter and the discussion at the end of the appearance regarding the filing dates for the Application scheduled for October 24 and 25, 2024. We are providing this letter at the direction of Justice MacDonald.

I confirm we are counsel for the Monitor, Grant Thornton Limited. Darren O'Keefe is counsel for Big Erics Inc. and Terra Nova Port Foods Inc. Geoffrey Spencer is counsel for the Bank of Nova Scotia. Joshua Santimaw is counsel for the purchaser, 94747 Newfoundland and Labrador Inc.

The parties have agreed to amend the dates set out in paragraph 4 of the Order dated August 15, 2024, as follows:

1. The Monitor, 94747 Newfoundland and Labrador Inc. and any other party shall file and serve any evidence on which it intends to rely on the application on or before October 11, 2024;
2. The Monitor and 94747 Newfoundland and Labrador Inc. shall file and serve their moving memorandums of fact and law on or before October 11, 2024;
3. Any other party intending to file a memorandum of fact and law in relation to the application shall file and serve on or before October 17, 2024; and
4. The Monitor and 94747 Newfoundland and Labrador Inc. shall file and serve brief responding memorandums of fact and law, if any, as soon as possible following the October 17, 2024 deadline.

[4163-9803-8611](tel:4163-9803-8611)

Supreme Court of Newfoundland and Labrador
October 4, 2024
Page 2

We look forward to the Court's confirmation of acceptance of the revised deadlines.

Yours truly,



Sara L. Scott

SLS/lms

- c. Service List
 - Joe Thorne
 - Geoffrey Spencer
 - Joshua Santimaw
 - Darren O'Keefe
 - Phil Clarke
 - Corey Hines

Tenth Report to the Court submitted by Grant Thornton Limited
In its capacity as Monitor of BEI and TNOPFI
October 11, 2024

Appendix “G”

Statement of Receipts and Disbursements at October 10, 2024

GRANT THORNTON LIMITED

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT PROCEEDINGS OF BIG ERICS INC. AND TERRA NOVA OLD PORT FOODS INC.

STATEMENT OF RECEIPTS AND DISBURSEMENTS FROM JULY 18, 2023 TO October 10, 2024

	Total	Notes
Cash Receipts		
BEI - Sale Proceeds	\$ 1,847,333	1
94747 Rent Cure Costs - Dartmouth, NS	\$ 45,946	2
94747 Remaining Rent for May 2024 - 99 Blackmarsh Road	\$ 9,344	3
Post-Closing Deposits in BMO Account	\$ 684,861	
BEI - Other Accounts Receivable	\$ 452	
Advances from Companies	\$ 382,854	
Funds from Retainer	\$ 30,000	
Interest	\$ 31,311	
Total Cash Receipts	\$ 3,032,102	
Disbursements		
Newspaper Advertisements	\$ 2,159	
Monitor's Fees	\$ 433,575	
Monitor's Legal Counsel Fees	\$ 150,524	
HST Paid (ITC)	\$ 87,824	
Payment to LRAI - May 16-31 2024 Rent - 99 Blackmarsh Road	\$ 9,344	3
Payment to Sallyport Commercial Finance ULC	\$ 171,426	
Total Disbursements	\$ 854,852	
Total Funds on Hand	\$ 2,177,250	
Funds Held in Trust - Post-Closing Deposits in BMO Account		
Owed to 94747	\$ 198,523	
Owed to Sallyport Commercial Finance ULC	\$ 235,289	
Pre-Closing Credit Card and Shopify Transactions - Disputed by 94747	\$ 24,255	
Total Funds Held in Trust	\$ 458,067	
RESIDUAL FUNDS ON HAND	\$ 1,719,184	

Notes:

1. Total sale proceeds received from 94747 within the BEI SISF, inclusive of deposits.
2. Cure costs paid for by 94747 for the BEI leased location at 171 John Savage Avenue in Dartmouth, NS.
3. Remaining rent for May paid for by 94747 for the BEI leased location at 99 Blackmarsh Road in St. John's, NL.
4. In addition to the Residual Funds on Hand, the Monitor holds in trust a retainer, provided by BEI in July 2023, with a net balance of approximately \$25,500.

Appendix “H”

Detailed Analysis of BMO Account Funds

Date	BMO Account Funds							
	Trade Receivables		Credit Card/Shopify		Other Deposits	Rebate	USD Account	Total
	Pre-Closing	Post-Closing	Pre-Closing	Post-Closing				
Sent to Monitor on May 27, 2024	\$ 171,426.26	\$ -	\$ 24,254.71	\$ 110,732.74	\$ -	\$ 5,853.90	\$ -	\$ 312,267.61
Sent to Monitor on June 12, 2024	29,391.61	529.11	-	69,386.41	-	-	-	99,307.13
Sent to Monitor on June 20, 2024	48,404.46	14,682.45	-	-	-	-	-	63,086.91
Sent to Monitor on September 12, 2024	76,934.54	65,346.70	-	-	18,403.90	48,765.76	735.27	210,186.17
Total	\$ 326,156.87	\$ 80,558.26	\$ 24,254.71	\$ 180,119.15	\$ 18,403.90	\$ 54,619.66	\$ 735.27	\$ 684,847.82
Less: Amounts Paid to Sallyport	(171,426.26)	-	-	-	-	-	-	(171,426.26)
Add: Unreconciled Amounts	-	-	-	-	-	-	13.50	13.50
Net Funds Held by the Monitor	\$ 154,730.61	\$ 80,558.26	\$ 24,254.71	\$ 180,119.15	\$ 18,403.90	\$ 54,619.66	\$ 748.77	\$ 513,435.06
Monitor's View on Ownership	Sallyport	Sallyport	BEI	94747	94747	BEI	BEI	

BMO Account Funds	
Owed to 94747	\$ 198,523.05
Property Claim of Sallyport	235,288.87
Disputed Pre-Closing Credit Card/Shopify	24,254.71
Owed to BEI	55,368.43
Total Funds Held in Trust	\$ 513,435.06

Appendix “I”

Sallyport Correspondence and Factoring Agreement, without Schedules



R. Graham Phoenix*

Tel: 416.748.4776

Email: gphoenix@LN.law

*Practicing as RGP Professional Corporation

DELIVERED VIA EMAIL (sscott@stewartmckelvey.com)

File code: 28906-0004

August 23, 2024

STEWART MCKELVEY
600-1741 Lower Water Street
Halifax, N.S. B3J 0J2
Attention: Sara L. Scott

Dear Ms. Scott,

RE: Transaction for the sale of certain assets of Big Eric's Inc. ("**BEI**"), as vendor, and 94747 Newfoundland & Labrador Inc. ("**94747 Co**"), as purchaser (the "**Transaction**"), as approved by the Court in the CCAA proceedings of BEI

Improper Retention of the Property of Sallyport Commercial Finance ULC ("**SCF**") by Grant Thornton Limited, in its capacity of CCAA monitor ("**Monitor**") in the CCAA proceedings of BEI

We write to you as counsel to the Monitor. As you are aware, we are counsel to SCF.

We write in connection with the closing of the Transaction and funds that belong to SCF, improperly retained in these CCAA proceedings.

As the Monitor is now aware, 94747 Co's closing of Transaction was funded by SCF, as evidenced by 94747 Co's irrevocable direction delivered to SCF to advance funds to its 94747 Co's counsel to be the released to the Monitor, so as to allow fund the purchase price on closing of the Transaction. A copy of which direction is attached as Appendix "A".

As the Monitor is also aware, accounts receivable collected by BEI or the Monitor post-closing were to be paid over to SCF, as evidenced by 94747 Co's irrevocable direction delivered to SCF and the Monitor. A copy of which direction is attached as Appendix "B".



The reason for this structure is that SCF financed the Transaction by taking an assignment of all accounts receivable of BEI that were acquired by 94747 Co concurrently with the closing of the Transaction. Thus, at closing, the accounts receivable became the property of SCF. Attached as Appendix "C" is a copy of the Account Sale and Purchase Agreement between SCF and 94747 Co, dated March 25, 2024 (the "**ASPA**"), as well as the schedules and reports evidencing which accounts receivable were acquired by SCF.

Subsequent to the closing, 94747 Co has received reports from the Monitor as to deposits into BEI's old account at BMO, which account we understood would be closed (the "**Old Account**"). Periodically, 94747 Co provides Excel spreadsheet reports to SCF detailing these funds and reconciling the same with amounts belonging to SCF on account of purchased accounts receivable. Attached as Appendix "D" is such report through August 16, 2024. Worksheet "1" in such report identifies that that \$411,557.49 is held in the Old Account. Worksheet "2", is a reconciliation of accounts purchased by SCF, payments on such accounts received into the Old Account, and amounts transferred to SCF. As set out in Worksheet "2", a balance of \$260,921.36¹ of funds in the Old Account (the "**SCF Funds**", which definition shall also include any additional deposited proceeds derived from SCF-owned accounts) belongs to SCF and should be remitted to SCF immediately.

We have now written to the Monitor and its counsel multiple times to explain that the SCF Funds being held are the property of SCF and to request the release of the same. To date, we have been denied – it being suggested that these SCF Funds are somehow subject to a set-off claim in respect of the Transaction. Although, recently, it was stated that the Monitor had not had a chance to review SCF's documentation.

We are hoping that we can chalk this up to a misunderstanding and that this letter and the attached will provide an adequate explanation as to SCF's ownership of the SCF Funds, being proceeds of SCF-owned accounts receivable now in the Old Account. While we are sympathetic to any issues relating to the closing, the SCF Funds cannot be tied up in such dispute, for the following reasons:

- (a) the SCF Funds are SCF's property, not the property BEI or of 94747 Co;
- (b) the Monitor has no right to hold the SCF Funds;
- (c) there is no right of set-off that would apply (legal or equitable) as between the SCF Funds and any claim BEI/the Monitor may have against 94747 Co; and
- (d) the CCAA stay of proceedings does not apply to the SCF Funds as they are not property of BEI.

For the above reasons, we formally request that the Monitor release \$260,921.36 to SCF immediately and undertake to work with SCF going forward to identify any further payments received on account of SCF-owned accounts and facilitate the immediate release of the same to SCF.

¹ This sum is the total amount of funds received into the Old Account and owing to SCF (\$432,347.62), less funds received in the Old Account and transferred to SCF (\$171,426.26)



Funds may be remitted to our firm in trust, in accordance with the wire transfer instructions on as follows:

WIRE PAYMENT INSTRUCTIONS – BMO - CAD TRUST

Beneficiary Bank:	Bank of Montreal
Bank Address:	31 Rexdale Boulevard
	Rexdale, Ontario M9W 1P1
SWIFT CODE:	BOFMCAM2

Beneficiary Customer:	Loopstra Nixon LLP, in Trust
Beneficiary Address:	135 Queens Plate Drive, Suite 600
	Toronto, Ontario M9W 6V7
Bank #:	0001
Bank Transit #:	24162
Beneficiary Account #:	24161994890

Again, we are hoping this is just a misunderstanding, as the Monitor has an obligation to SCF to work collaboratively to sort this issue out. Our client is ready to work with the Monitor to coordinate an accounting and release of the SCF Funds.

If, however, we cannot get a commitment to release the SCF Funds, we will be required to attend at Court. On that note, we understand a motion is scheduled for October 24th and 25th to, in part, address any interest funds in the account. We would think that the facts above should render that element of the motion moot as concerns the SCF Funds. However, if necessary, we will appear at that motion as an interested party to address this issue and to seek a direction that the SCF Funds be released to SCF. It goes without saying that if required to do so, we will be seeking costs.

We hope that this letter resolves this matter. However, if that is not the case, we request the Monitor's prompt response as we will need to prepare materials for Court.

[continued]



We look forward to your response.

Yours truly,

LOOPSTRA NIXON LLP

Per:

R. Graham Phoenix
Partner

RGP/aa

cc: Joe Thorne, Stewart McKelvey (joethorne@stewartmckelvey.com)

Grant Thornton Ltd., in its capacity as CCAA Monitor - Phil Clarke (Phil.Clarke@ca.gt.com)

Boyne Clark LLP - Josh Santimaw (JSantimaw@boyneclarke.ca)

Sallyport Commercial Finance ULC – Emma Hart (ehart@sallyportcf.com) & Calum Williamson (cwilliamson@sallyportcf.com)



Appendix “A” – Irrevocable Direction to SCF to Advance to Pay Purchase Price

IRREVOCABLE DIRECTION RE: FUNDING

TO: SALLYPORT COMMERCIAL FINANCE, ULC (Attn: Calum Williamson | cwilliamson@sallyportcf.com)

AND TO: LOOPSTRA NIXON LLP (Attn: Graham Phoenix | gphoenix@LN.law)

AND TO : BOYNECLARKE LLP (Attn: Joshua Santimaw | jsantimaw@boyneclarke.ca)

AND TO: GRANT THORNTON LTD. solely in its capacity as Court-appointed monitor (the “**Monitor**”) in the *Companies’ Creditors Arrangement Act* proceedings in the Supreme Court of Newfoundland & Labrador bearing Court File Nos. 24543 & 24544 (the “**CCAA Proceedings**”) (Attn: Phil Clarke | phil.clarke@ca.gt.com)

RE: Account and Sale Agreement between Sallyport Commercial Finance ULC (as purchaser) and 94747 Newfoundland & Labrador Inc. (as vendor). Dated March 25, 2024 (the “**Agreement**”)

Direction as to Payment of Initial Advance under the Agreement

WHEREAS:

- A. Sallyport Commercial Finance ULC (“**SCF**”) is represented by Loopstra Nixon LLP.
- B. 94747 Newfoundland & Labrador Inc. (“**94747**”) is to acquire certain assets of Big Erics Inc. (the “**Vendor**”), pursuant to an asset purchase agreement initially executed March 28, 2024 approved by the Court in the proceedings in the Supreme Court of Newfoundland & Labrador bearing Court File No. (the “**CCAA Proceedings**”).
- C. The closing of the Acquisition, presently anticipated to occur on May 3, 2024, will be completed when the Monitor delivers a certificate confirming the same (the “**Monitor’s Certificate**”).
- D. 94747 intends to use the initial advance under the Agreement (the “**Initial Advance**”) to fund the purchase price required in connection with the Acquisition.
- E. In connection with the closing of the Acquisition, 94747 has requested and SCF has agreed to pay the Initial Advance to 94747’s counsel, in trust – which sum shall be released to the Purchaser immediately upon delivery of the Monitor’s Certificate; and in order to facilitate the same, 94747 provides the within direction.

YOU ARE HEREBY IRREVOCABLY AUTHORIZED AND DIRECTED to pay the Initial Advance to 94747’s Counsel (BoyneClarke LLP), in trust, by way of wire transfer using the wire transfer details appended hereto as Appendix “A”.

AND FOR SO DOING, this shall be your good and sufficient irrevocable authority.

IT IS EXPRESSLY ACKNOWLEDGED AND AGREED that the Initial Advance shall be held by 94747’s counsel in trust and shall be released immediately to the Monitor’s counsel (Stewart McKelvey) upon delivery of the Monitor’s Certificate, without need for any further action or agreement, by any party.

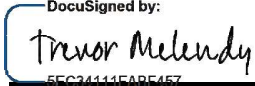
[continued]

- 2 -

This document may be executed and delivered in original, by fax or by electronic transmission (including any electronic signature service – e.g., “ ”) DocuSign , and any such executed delivered, shall be deemed to be an original of the same and shall be binding on the undersigned.

DATED this 7th of May, 2024.

**94747 NEWFOUNDLAND & LABRADOR
INC.**

Per: 
Name: Trevor Melendy, President
Authorized Signing Officer

I have authority to bind the company.

- 3 -

SCHEDULE "A"
WIRE DIRECTIONS



WIRE TRANSFER INSTRUCTIONS

Institution Name	Royal Bank of Canada
Address	44 Portland Street Dartmouth, NS B2Y 1H3
Bank Code	003
Transit No.	01763
Account No.	102 172 4
SWIFT code	ROYCCAT2
Beneficiary	BOYNECLARKE LLP in Trust
Address	99 Wyse Road, PO Box 876 Dartmouth, NS B2Y 3Z5
ABA (when transfer is from USA)	021 0000 21



Appendix “B” – Irrevocable Direction to Release AR Collections to SCF

IRREVOCABLE DIRECTION
RE: PAYMENT OF COLLECTED ACCOUNTS RECEIVABLE

TO: BIG ERICS INC. (the “**Vendor**”)
(c/o Darren O’Keefe | dokeefe@okeefesullivan.com)

AND TO: O’KEEFE & SULLIVAN, counsel to the Vendor
(Attn: Darren O’Keefe | dokeefe@okeefesullivan.com)

AND TO: GRANT THORNTON LTD. solely in its capacity as Court-appointed monitor (the “**Monitor**”) in the *Companies’ Creditors Arrangement Act* proceedings in the Supreme Court of Newfoundland & Labrador bearing Court File Nos. 24543 & 24544 (the “**CCAA Proceedings**”) (Attn: Phil Clarke | phil.clarke@ca.gt.com)

AND TO: SALLYPORT COMMERCIAL FINANCE, ULC (“**SCF**”)
(Attn: Calum Williamson | cwilliamson@sallyportcf.com)

AND TO: LOOPSTRA NIXON LLP, counsel to SCF
(Attn: Graham Phoenix | gphoenix@LN.law)

RE: Asset purchase agreement initially executed March 28, 2024 and approved by the Court in the proceedings in the CCAA Proceedings (the “**APA**”)
Direction as to Payment of Collected Accounts Receivable

WHEREAS:

- A. The APA provides that any “**Accounts Receivable**” (*as defined in the APA*) that are received by either the Vendor or the Monitor shall be paid over by such party to the purchaser, 94747 Newfoundland & Labrador Inc. (“**94747**”), with two business days of receipt.
- B. In connection with the closing of the Acquisition, 94747 wishes that any aforementioned payment due to it under the APA on account of the collection of Accounts Receivable (an “**AR Payment**”) be made directly to SCF; and in order to facilitate the same, 94747 provides the within direction.

THE VENDOR AND THE MONITOR ARE HEREBY IRREVOCABLY AUTHORIZED AND DIRECTED to pay the any and all AR Payments due to 94747, without deduction, to SCF by way of wire transfer using the wire transfer details appended hereto as Appendix “A”.

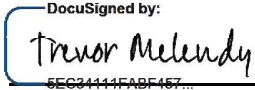
[continued]

- 2 -

AND FOR SO DOING, this shall be your good and sufficient irrevocable authority. This document may be executed and delivered in original, by fax or by electronic transmission (including any electronic signature service – e.g., “ ”) DocuSign , and any such executed form of this document, so deemed to be an original of the same and shall be binding on the undersigned.

DATED this 7th of May 2024.

**94747 NEWFOUNDLAND & LABRADOR
INC.**

Per: 
Name: Trevor Melendy, President
Authorized Signing Officer

I have authority to bind the company.

- 3 -

SCHEDULE "A"
WIRE DIRECTIONS

WIRE OR DIRECT DEPOSITS

Account Name: Sallyport Commercial Finance ULC
Bank Name: TD Canada Trust
Bank Address: 7685 Hurontario Street, Brampton, ON,
L6W 0B4
Bank Number: 5329611 (CAD)
Bank Number: 7312322 (USD)
Institution Number: 004
Branch No: 01362
Swift Code: TDOMCATTOR



Appendix “C” – ASPA – 94747 Newfoundland and Labrador, Inc.



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Account Sale and Purchase Agreement(p.3-20)

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 -Schedule A

Ancillary docs(p.21-28)

 -Certification of Officers

 -Assignment Schedule Authorization

 -NOA

 -Bank Wire Instructions

 -Voided Check

Assignment Schedule.....(p.29)

Certificate of Corporate Resolution(p.30-31)

General Security Agreement.....(p. 32-35)

Instructions for Accounts Receivable(p.36)



Legal Pack Summary and Checklist

94747 Newfoundland & Labrador Inc.

March 25, 2024

Please find enclosed the legal documentation and supporting forms for your completion and execution. Once you have completed and executed the complete set of legal documents, please return to the address below to my attention.

Please note that some of the documents will require a witness, these have been highlighted below with an *.

Legal Documents

- * Account Sale and Purchase Agreement
- * Continuing Individual Guarantee
- * Corporate Guarantee (if applicable)
- * DL/Passport acknowledgment
- * Certification of Officers
- * General Security Agreement

Other Documents

Certification of Members
Assignment Authorization
Notice of Assignment
Bank Wire & ACH Authorization
Initial Assignment schedule
CRA Consent Form

Please scan and email the signed and notarized docs and forward the originals in the mail to:

Damon Dickens
Sallyport Commercial Finance, LLC
14100 Southwest Fwy, Suite 210,
Sugar Land, TX 77478

Tel: 832-939-9513
Email: ddickens@sallyportcf.com

**SALLYPORT COMMERCIAL FINANCE ULC****ACCOUNT SALE AND PURCHASE AGREEMENT**

THIS ACCOUNT SALE AND PURCHASE AGREEMENT (this "Agreement") is entered into in Toronto, Ontario between Sallyport Commercial Finance ULC ("Purchaser"), whose mailing address is 2233 Argentia Road, East Tower, Suite 302, Mississauga, Ontario L5N 2X7 ("Purchaser's Address"), and whose email address is cwilliamson@sallyportcf.com and 94747 Newfoundland & Labrador Inc. ("Seller"), whose office is located at 70 Portugal Cove Road St. John's, NL, A1B 2M3 ("Seller's Address") and whose email address is tmelendy@haroldsnow.ca.

1. Definitions and Index to Definitions. The following terms used herein shall have the following meanings. All capitalized terms not herein defined shall have the meanings set forth in the Personal Property Security Act (Ontario) (the "PPSA").

- 1.1. "Account"** – means a monetary obligation owed to or owned by Seller.
- 1.2. "Account Debtor"** – means the Person who is obligated on an Account.
- 1.3. "Account Payment"** - means that portion of the Purchase Price paid by Purchaser to Seller for a Purchased Account.
- 1.5 "Additional Factoring Fee"** - See Schedule A, No. 1
- 1.6 "Additional Factoring Fee Period"** - See Schedule A, No. 2.
- 1.7 "Advance Rate"** – See Schedule A, No. 3.
- 1.8 "Agreement"** – means this Account Sale and Purchase Agreement and all Schedules hereto, as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance with the terms hereof.
- 1.9 "Assignment Schedule"** - means a list of Accounts Seller is offering to sell and assign to Purchaser, which shall be in such form and contain such information as is sufficient and acceptable to Purchaser in Purchaser's sole discretion.
- 1.10 "Audit Fee"** – See Schedule A, No. 4.
- 1.11 "Avoidance Claim"** – means the assertion, complaint, judgment or otherwise against Purchaser that (i) any payment Purchaser received with respect to any Account or Related Property, whether the amount related thereto was paid by or on behalf of, or for the benefit of, an Account Debtor, Seller or any other Person, or any security interest granted to Purchaser, is avoidable (or recoverable from Purchaser) under the Bankruptcy and Insolvency Act (Canada), the Companies' Creditors Arrangement Act (Canada), or any other debtor relief statute, including, but not limited to, preference claims, fraudulent transfer claims, or through any receivership, assignment for the benefit of creditors or any equivalent recovery law, rule or regulation which relates to the adjustment of debtor and creditor relations.
- 1.12 "Collateral"** – means all of Seller's now owned or hereafter acquired real and personal property and undertaking, whether tangible or intangible, and wherever situate, including all present and future proceeds thereof.
- 1.13 "Daily Balance"** – means, in respect of any particular day, the aggregate total of Account Payments relating to Purchased Accounts which (i) remain unpaid by Account Debtors on such day and (ii) have not been repurchased by Seller pursuant hereto.
- 1.14 "Default Factoring Fee"** – See Schedule A, No. 5.
- 1.15 "Dispute"** – means any dispute, deduction, claim, offset, defense or counterclaim of any kind whatsoever in respect of any Account or Related Property, real or imagined, regardless of whether the same is in an amount greater than, equal to or less than the Account or Related Property concerned, regardless of whether the same is valid or bona fide, regardless of whether the same in whole or in part relates to an Account or Related Property on which payment is being withheld or other Accounts or goods or services already paid for, or otherwise, and regardless of whether the same arises by reason of an act of God, civil strife, war, currency restriction, foreign political restriction or regulation, or the like, or any other reason whether similar or dissimilar to the foregoing.
- 1.16 "Effective Date"** – See signature page.
- 1.17 "Eligible Account"** – means an Account which is acceptable for an advance of the Purchase Price or portion thereof to be paid prior to its due date, all as determined by Purchaser, in its sole discretion.



1.18 “Environmental Law” – means any federal, provincial, local, foreign or other law, rule, regulation or order relating to pollution, waste disposal, industrial hygiene, land use or the protection of human health, safety, or welfare, plant life or animal life, natural resources, the environment or property.

1.19 “Event of Default” – shall have the meaning set forth in Section 7.1.

1.20 “Initial Factoring Fee” - See Schedule A, No. 6.

1.21 “Initial Factoring Fee Period” - See Schedule A, No. 7.

1.22 “Initial Setup Fee” - See Schedule A, No. 8.

1.23 “Interest Rate” – shall have the meaning set forth in Section 2.4.

1.24 “Invalid Invoice Fee” – means fifteen percent (15%) of the face amount of the applicable Purchased Account, or \$1,000.00, whichever is higher, as liquidated damages with respect to the breach of the representation and warranty contained in Section 4.6(a).

1.25 “Maximum Facility Limit Amount” – See Schedule A, No. 9.

1.26 “Minimum Quarterly Sales Shortfall Fee” – See Schedule A, No. 10.

1.27 “Minimum Quarterly Sales Volume” – See Schedule A, No. 11.

1.28 “Missing Notation Fee” – means fifteen percent (15%) of the face amount of the applicable Purchased Account, or \$1,000.00, whichever is higher, as liquidated damages for failure to comply with Section 2.7.

1.29 “Misdirected Payment Fee” – means fifteen percent (15%) of the amount of any payment on account of a Purchased Account or any Related Property, or \$1,000, whichever is higher, which payment has been received by Seller and not delivered to Purchaser on the business day following receipt by Seller.

1.30 “Obligations” – means each and all of the following: the obligation to pay and perform when due all debts, obligations, liabilities, covenants, agreements, guaranties, warranties and representations of Seller to Purchaser, of any and every kind and nature, whether heretofore, now or hereafter owing, arising, due, payable, or made by or from Seller to Purchaser; howsoever created, incurred, acquired, arising or evidenced; whether primary, secondary, direct, absolute, contingent, fixed, secured, unsecured, or otherwise; whether as principal or guarantor; liquidated or unliquidated; certain or uncertain; determined or undetermined; due or to become due; as a result of present or future advances or otherwise; joint or individual; pursuant to or caused by Seller’s breach of this Agreement, or any other present or future agreement or instrument, or created or arising by operation of law or otherwise; evidenced by a written instrument or oral, or not so evidenced; express or implied; created directly between Purchaser and Seller or owed by Seller to a third party and acquired by Purchaser from such third party; and monetary or nonmonetary.

1.31 “Online Reporting Service” – means the system set up on Purchaser’s website where Seller provides Purchaser with the pertinent data necessary for Purchaser to purchase Accounts under this Agreement and otherwise administer this Agreement.

1.32 “Online Statement of Account” – shall have that meaning as described in Section 2.8.

1.33 “Original Term” – means the term commencing on the Effective Date and continuing for the period set forth in Schedule A, No. 12.

1.34 “Over 90 Fee” – See Schedule A, No. 19.

1.35 “Person” – means an individual, partnership, corporation, trust, limited liability company, unlimited liability company, limited partnership, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

1.36 “Prime Rate” - means, for any day, the floating annual rate of interest established by The Toronto-Dominion Bank from time to time as the reference rate it will use to determine rates of interest on Canadian dollar loans to customers in Canada and designated as its “prime rate”, as in effect on such day, provided that, for the purpose of this Agreement, the Prime Rate will at no time be less than the rate set forth in Schedule A, No. 17. Any change in the Prime Rate shall be effective on the date the change becomes effective generally.



1.37 “Purchased Account” – means an Account sold and assigned by Seller to Purchaser, and purchased by Purchaser, pursuant to this Agreement and/or any Assignment Schedule.

1.38 “Purchase Price” – shall have the meaning set forth in Section 2.2.

1.39 “Purchaser” – shall have the meaning set forth in the first sentence hereof.

1.40 “Purchaser’s Address” – shall have the meaning set forth in the first sentence hereof.

1.41 “Records” – shall have the meaning set forth in Section 5.4.

1.42 “Related Goods” – shall have the meaning set forth in Section 2.1.

1.43 “Related Property” – shall have the meaning set forth in Section 2.1.

1.44 “Renewal Term” – means a term set forth in Schedule A, No. 14.

1.45 “Reserve” – means a bookkeeping account on the books of Purchaser representing the unpaid portion of the Purchase Price, maintained by Purchaser to ensure Seller’s performance with the provisions hereof.

1.46 “Seller” - shall have the meaning set forth in in the first sentence hereof.

1.47 “Seller’s Address” - shall have the meaning set forth in in the first sentence hereof.

2. Factoring.

2.1. Sale of Accounts and Related Property. Seller shall present to Purchaser Accounts for purchase pursuant to this Agreement in an Assignment Schedule. Seller agrees that it will do all of its business through Purchaser as Seller’s sole factor. Purchaser shall be under no obligation to purchase any Account and shall only purchase any particular Account in its sole discretion. Unless Purchaser notifies Seller to the contrary as to a specific Account, all Accounts listed on an Assignment Schedule shall be deemed sold and assigned by Seller to Purchaser, and purchased by Purchaser, upon presentment by Seller of such Assignment Schedule to Purchaser, and Seller hereby sells and assigns to Purchaser, and Purchaser hereby purchases, all of Seller’s right, title and interest in, to and under each such Account. In addition, Seller hereby sells and assigns to Purchaser, and Purchaser hereby purchases, all of Seller’s right, title and interest in, to and under the following property and assets, whether now in existence or arising hereafter (the “Related Property”): (i) all contract and other rights, and all other choses in action and other intangibles, related to or evidenced by each Purchased Account, (ii) all documents (including without limitation notes and instruments) and records related to each Purchased Account, (iii) all proceeds of each Purchased Account, (iv) all guaranties, other supporting obligations and security for, in respect of or securing each Purchased Account, (v) all goods (“Related Goods”) represented by each Purchased Account or arising therefrom, or whose sale resulted in the creation of any Purchased Account, including without limitation any such goods that are returned, reclaimed, repossessed or otherwise recovered by or from an Account Debtor or any other Person, (vi) all causes of action and other rights with respect to the Related Goods, including, without limitation, rights of stoppage in transit, replevin, rescission and reclamation and the rights of an unpaid seller, and (vii) all proceeds of the foregoing. Although an Account may appear on an Assignment Schedule multiple times, the Account is being purchased the first time such Account appears on an Assignment Schedule. No assignment or sale contemplated by this Agreement (or by any Assignment Schedule) will not constitute, and no such sale or assignment is intended to result in, an assumption by Purchaser of any obligation of Seller or any other Person in connection with any Accounts or Related Property or any agreement or instrument relating thereto.

2.2. Purchase Price of Accounts. The purchase price (the “Purchase Price”) for a Purchased Account and for the Related Property relating thereto is the gross amount of such Account less (i) all credits, discounts and allowances at any time issued, owing or granted to, or claimed or taken by the related Account Debtor and (ii) the factoring fees in respect of that Account payable pursuant to Section 2.3 hereof. The Purchase Price is due at the time a Purchased Account has been paid in full by the related Account Debtor. The Purchase Price for an Eligible Account, or any portion thereof, may be paid in advance of the due date, which amount and payment in advance will be made in Purchaser’s sole discretion. Any payment of any portion of the Purchase Price for a Purchased Account in advance of its due date shall not obligate Purchaser to advance the Purchase Price, or any portion thereof, of any other Purchased Account at any time. Advances of the Purchase Price hereunder shall be made in amounts determined by Purchaser in its sole discretion and shall at no time exceed the Maximum Facility Limit Amount. Each Purchased Account in respect of which a portion of the Purchase Price has not been given to Seller in advance of its due date shall be deemed to be an ineligible Account for which the Purchase Price shall be due Seller as provided in the second sentence of this Subsection.

2.3. Factoring Fees and Initial Setup Fee. Purchaser shall charge Seller and Seller will pay to Purchaser, in respect of each Purchased Account, (i) the Initial Factoring Fee for all or any part of the Initial Factoring Fee Period during which such Account remains outstanding and (ii) the Additional Factoring Fee for all or any part of each Additional Factoring Fee Period during which such Account remains outstanding. Such fees shall be computed and earned on the gross face amount of each Purchased Account. The Initial Setup Fee shall be fully earned and payable by Seller to Purchaser upon execution of this Agreement.



2.4. Interest. Seller will pay Purchaser interest on the Daily Balance. Such interest will be calculated daily, before and after default and judgment (with interest on overdue interest at the same rate), at a rate per annum equal to the interest rate set forth in Schedule A, No. 16 (the "Interest Rate") and will be payable by Seller, and charged to its account, on the last day of each month. Seller will also on demand pay Purchaser interest at the Interest Rate, calculated as set forth in the preceding sentence, on all Obligations (including interest), except those specifying a different rate, from the date incurred through the date paid. Any publicly announced decrease or increase in the Prime Rate will result in an adjustment to the Interest Rate on the next business day. After the occurrence of an Event of Default and for so long as such Event of Default continues, the Daily Balance and all Obligations will, notwithstanding the foregoing or any other provision hereof, at Purchaser's option, with or without notice to Seller, bear interest at a rate per annum equal to the rate provided for in Schedule A, No. 17 plus the Interest Rate, which Seller shall pay to Purchaser on demand. Interest will be calculated on the basis of a 360-day year for the actual number of days elapsed. In no event will the total amount of interest or fees received by Purchaser exceed the amount of interest or fees, as applicable, permitted by applicable law and, in the event any excess interest or fee is determined by a court of competent jurisdiction to have been paid by Seller to Purchaser, such excess interest or fee will be applied as a credit against the outstanding Obligations and Seller will not have any action against Purchaser or any damages arising out of the payment or collection of such excess interest or fee. If an Account or any payment is charged back to Seller after the collection date, Seller will pay Purchaser interest at the Interest Rate on such Account or on such payment.

2.5. Reserve. Purchaser shall charge and retain an amount equal to the inverse of the Advance Rate of the gross face amount of each Account purchased from Seller, which amount shall be held in the Reserve. Purchaser may, from time to time, at its sole discretion, charge to the Reserve: (a) any losses which Purchaser determines may be incurred in relation to any Purchased Account; (b) any Account or portion thereof that Purchaser determines is not an Eligible Account; (c) anticipated fees identified and payable under this Agreement; (d) any other Obligation due to Purchaser under this Agreement; or (e) other amounts that Purchaser deems appropriate in its sole discretion. The amount in the Reserve shall not bear interest. Seller shall have no right, title, or interest in the Reserve, it being understood that the Reserve shall be maintained by Purchaser as a reserve to pay the Obligations of Seller incurred under the provisions of this Agreement. Provided that there is no Event of Default, Purchaser, in its sole discretion, may initiate rebates to Seller from the Reserve. Purchaser, in its sole discretion, may adjust the percentage of the Reserve.

2.6. Repurchase Rights. Purchaser may require that Seller immediately repurchase any Purchased Account, and the Related Property relating thereto, for a repurchase price equal to the then unpaid face amount of such Account, together with any unpaid fees and other amounts owed relating to such Account, which repurchase price shall be payable by Seller on demand or, at Purchaser's option, by Purchaser charging the amount thereof to the Reserve, upon (or at any time after) any of the following events: (a) such Account is not paid in full by the related Account Debtor within ninety (90) days of the date set forth on the invoice relating to such Account received and approved by Purchaser; (b) Seller has breached any covenant or agreement in this Agreement with regard to such Account or the Related Property relating thereto; (c) any representation or warranty relating to such Account or the Related Property relating thereto shall at any time be or become false, incorrect or misleading; (d) Seller and the related Account Debtor are involved in a Dispute of any kind, regardless of validity; (e) the related Account Debtor asserts a claim of any kind against Seller and/or Purchaser; (f) an Event of Default has occurred and remains outstanding; and/or (g) the insolvency of the related Account Debtor or its financial inability to pay such Account. Any Purchased Account not paid in full within ninety (90) days of purchase by Purchaser and not repurchased by Seller, shall incur the Over 90 Fee, which Seller will pay to Purchaser on demand. The Over 90 Fee shall accrue daily but will be charged in 15-day increments thereafter.

2.7. Assignments and Other Documentation. Seller will ensure that all bills and invoices for all Purchased Accounts shall bear the following legend (or another notation approved by Purchaser in writing): "This invoice has been sold and assigned to, and is payable only to, Sallyport Commercial Finance ULC, 2233 Argentia Road, East Tower, Suite 302, Mississauga, Ontario L5N 2X7. Any concerns about this invoice must be reported to Sallyport Commercial Finance ULC at such address". In the event that Seller sends to an Account Debtor an invoice in respect of a Purchased Account which invoice does not contain such legend (or another notation approved by Purchaser in writing), Seller acknowledges that it will be impracticable or extremely difficult to determine the resulting damages suffered by Purchaser. It is therefore agreed that Seller shall immediately pay to Purchaser as liquidated damages the Missing Notation Fee in respect of each such Purchased Account. Seller shall immediately provide to Purchaser such additional information as may be requested by Purchaser relating to any Account. All bills and invoices for all Accounts shall be in a form acceptable to Purchaser and contain such terms and conditions as Purchaser requires.

2.8. Online Statement of Account. Purchaser shall post all of Seller's account activity with Purchaser on Purchaser's website, which shall constitute Seller's Online Statement of Account. Purchaser shall not send Seller any hard copies of any activity which constitutes part of Seller's Online Statement of Account. Provided that there is no Event of Default, Purchaser shall provide Seller with continuous access to view the Online Statement of Account. Seller shall be solely responsible for checking its Online Statement of Account. If Seller disputes any entry on the Online Statement of Account it shall, within thirty (30) days after the first posting of the entry, send to Purchaser a written exception to such entry. Unless Purchaser receives a timely written exception to the activity posted to the Online Statement of Account, within thirty (30) days after it is first posted, the Online Statement of Account shall become an account stated and be deemed accepted by Seller and shall be conclusive and binding upon Seller.

2.9. Credits and Returns. Seller will issue credits or accept returns in connection with a Purchased Account only with Purchaser's prior written approval, and only if claimed by the related Account Debtor. If Seller obtains possession of or control over any Related Goods, Seller shall ensure that such Related Goods are set aside separate from any other goods, marked with Purchaser's



name and held in trust for Purchaser's account as owner. Seller shall notify Purchaser promptly of it obtaining possession of or control over any Related Goods.

2.10. Term of this Agreement, Minimum Quarterly Sales Shortfall Fee. This Agreement shall be in effect for the Original Term and shall automatically renew for consecutive Renewal Terms unless terminated by Seller or Purchaser as follows. Seller may terminate this Agreement upon providing Purchaser with written notice not more than ninety (90) days and not less than sixty (60) days prior to the end of the Original Term or any Renewal Term, which written notice shall clearly state its intention to terminate at the end of the current term. Purchaser may terminate this Agreement upon providing Seller with written notice of not less than thirty (30) days prior to the end of the Original Term or any Renewal Term, which notice shall clearly state its intention to terminate at the end of the current term. In addition, Purchaser may terminate this Agreement at any time after the occurrence of an Event of Default. As consideration for Purchaser making the necessary financial accommodations and forgoing other factoring opportunities available in the market place, Seller agrees to pay Purchaser during the Original Term and during each Renewal Term, the Minimum Quarterly Sales Shortfall Fee for each quarter in respect of which Seller's actual sales volume in such quarter is less than the Minimum Quarterly Sales Volume for such quarter. Seller shall pay the Minimum Quarterly Sales Shortfall Fee in respect of a particular on the last day of such quarter. If Seller terminates this Agreement at any time prior to the expiration of the Original Term or any subsequent Renewal Term, or if Purchaser terminates this Agreement at any time after the occurrence of an Event of Default, Seller shall remain obligated to pay the Minimum Quarterly Sales Shortfall Fee for each quarter in the Original Term or such Renewal Term, as the case may be. Purchaser's rights hereunder, including under the security interest granted herein, the Obligations arising out of transactions having their inception prior to the termination date, and any indemnity provided for herein shall not be affected by any termination of this Agreement or notice thereof, nor shall any provision hereof which by its terms survives termination.

2.11 Operational Fees and Costs. Seller shall pay Purchaser on demand all fees, costs and expenses (including reasonable attorneys' fees) incurred by Purchaser in connection with (i) the preparation, execution and administration of this Agreement and any other documents or agreements executed and delivered pursuant to or in connection with this Agreement, (ii) the relationship established in connection herewith and/or (iii) the transactions contemplated hereby including, without limitation, costs and expenses incurred (a) in connection with the filing of financing statements and other documents under any applicable legislation and the making of record searches, (b) to (or to attempt to) eliminate or cure any lack of capacity that Purchaser may now or hereafter have to maintain an action in the courts of any jurisdiction to enforce payment of Accounts or Related Property due from Account Debtors or other Persons located in such jurisdiction by reason of Seller's acts or omissions, including Seller's failure to qualify as a foreign entity in such jurisdiction, or any other failure on Seller's part to observe the laws of such jurisdiction that are applicable to Seller or its assets, (c) in connection with Purchaser's sale, other disposition or other dealing with any Collateral, its settlement of any Dispute, or its enforcement of any Obligation, (d) in connection with Purchaser protecting, preserving and/or enforcing Purchaser's rights and/or security interest hereunder, whether through judicial proceedings or otherwise, and/or (e) in connection with Purchaser defending or prosecuting any actions or proceedings arising out of or relating to Purchaser's transactions with Seller, including actions or proceedings that may involve any Person asserting a priority or claim with respect to any Accounts, Related Property and/or Collateral. Seller shall also pay to Purchaser on demand such fees Purchaser may charge from time to time for wire transfers. Seller's obligations pursuant to this Section shall survive termination of this Agreement.

3. Collateral, Grant of Security Interest, ACH Authorization.

3.1. Collateral. As security for Seller's obligation to pay and perform the Obligations, Seller hereby grants Purchaser a continuing security interest in, and assigns to Purchaser, all of Seller's right, title and interest in, to and under the Collateral.

3.2. Filing Authorization. Seller hereby authorizes Purchaser to file any document it deems necessary to perfect its security interest in the Collateral, including but not limited to financing statements and financing change statements. Seller hereby waives its right to receive a copy of any such financing statement, financing change statement or other document or of any related verification statement

4. Representations, Warranties and Covenants of Seller. To induce Purchaser to enter into this Agreement, (i) Seller represents and warrants that each of the following statements now is and hereafter will continue to be true, correct and not misleading in all respects and (ii) Seller covenants and agrees with Purchaser as follows:

4.1. Existence and Power. If Seller is a partnership or corporation, Seller is and will continue to be duly authorized, validly existing and in good standing under the laws of the jurisdiction of its organization. Seller is and will continue to be qualified and licensed in all jurisdictions in which the nature of the business transacted by it, or the ownership or leasing of its property, makes such qualification or licensing necessary, and Seller has and will continue to have all requisite power and authority to carry on its business as it is now, or may hereafter be, conducted.

4.2. Authority. Seller is, and will continue to be, duly empowered and authorized to enter into, and grant security interests in the Collateral pursuant to, and perform its obligations under, this Agreement, and all other agreements, instruments and transactions contemplated hereby or relating hereto. The execution, delivery and performance by Seller of this Agreement, and all other agreements, instruments and transactions contemplated hereby or relating hereto, have been duly and validly authorized, are enforceable against Seller in accordance with their terms, and do not and will not violate any law or any provision of, nor be grounds for acceleration



under, any agreement, indenture, note or instrument which is binding upon Seller, or any of the Collateral, including without limitation Seller's partnership agreement, Certificate of Incorporation, articles, by-laws and shareholder agreement (as applicable).

4.3. Name, Trade Names and Styles. Seller has set forth above its absolutely true and correct legal name. Set forth in Schedule A, No. 15 is each prior name of Seller and each trade name and trade style by which Seller has been, or is now known, or has previously transacted, or now transacts business. Seller shall provide Purchaser with thirty (30) days' advance written notice before changing its name, or doing business under any other name, trade name or trade style. Seller has complied, and will hereafter comply, with all laws relating to the conduct of business under, the ownership of property in, and the renewal or continuation of the right to use, a corporate or trade name or trade style.

4.4. Place of Business; Location of Collateral. Seller's books and records, including, but not limited to, the books and records relating to Seller's Accounts, are and will be kept and maintained at Seller's Address unless and until Purchaser shall otherwise consent in writing. In addition to Seller's Address, Seller has places of business and Collateral located only at the locations, if any, set out in Schedule A, No. 13. Seller will provide Purchaser with at least thirty (30) days advance written notice in the event Seller moves the Collateral, or obtains, opens or maintains any new or additional place(s) for the conduct of Seller's business or the location of any Collateral, or closes any existing place of business.

4.5. Title to Collateral; Liens. With the exception of Purchased Accounts and Related Property, where title vests with Purchaser, Seller is now, and will at all times hereafter be, the true, lawful and sole owner of all the Collateral. Except for any security interests granted to Purchaser, the Collateral now is, and will hereafter remain, free and clear of any and all liens, charges, security interests, encumbrances and adverse claims. Except as expressly provided to the contrary in this Section, Purchaser now has, and will hereafter continue to have, a fully perfected and enforceable first priority security interest in all of the Collateral, and Seller will at all times defend Purchaser and the Collateral against all claims and demands of others.

4.6. Purchased Accounts and Related Property. Each and every Purchased Account and all Related Property shall, on the date the sale and assignment thereof to Purchaser is made and thereafter, comply with all of the following representations, warranties, agreements and covenants: (a) each Account represents an undisputed bona fide existing unconditional obligation of the related Account Debtor created by the sale, delivery, and acceptance of goods or the rendition of services in the ordinary course of Seller's business; (b) except for Purchaser's interest therein, each such Account and all such Related Property are owned by Seller free and clear of any and all deductions, Disputes, liens, security interests and encumbrances; (c) the Account Debtor in respect of each Purchased Account has received and accepted the goods sold and services rendered the sale or rendering of which gave rise such Account and the invoice therefor and will pay the same without any Dispute; (d) no Account Debtor on any such Account is a shareholder, director, partner or agent of Seller, or is a Person controlling, controlled by or under common control with Seller; and (e) no such Account is owed by an Account Debtor to whom Seller is or may become liable in connection with goods sold or services rendered by the Account Debtor to Seller or any other transaction or dealing between the Account Debtor and Seller. Immediately upon discovery by Seller that any of the foregoing representations, warranties, agreements or covenants is or has become incorrect or untrue or has been contravened with respect to any Purchased Account or Related Property, Seller shall immediately give written notice thereof to Purchaser. Seller acknowledges that, in the event of the breach of the representation and warranty contained in Section 4.6(a), it will be impracticable or extremely difficult to determine the resulting damages suffered by Purchaser. It is, therefore, agreed that Seller shall immediately pay to Purchaser as liquidated damages the Invalid Invoice Fee for each Purchased Account which violates the representation and warranty contained in Section 4.6(a). Seller will promptly notify Purchaser of any Dispute and settle all Disputes, at Seller's own cost and expense (including attorneys' fees), and Seller will immediately pay Purchaser the amount of all Purchased Accounts affected by any Dispute. Any Dispute not settled by Seller within thirty (30) days after the maturity of the invoice relating thereto may, if Purchaser so elects, be settled, compromised, adjusted or litigated by Purchaser directly with the Account Debtor or other complainant for Seller's account and risk and upon such terms and conditions as Purchaser, in Purchaser's sole discretion, deems advisable. Purchaser is under no duty to investigate the validity or merits of any Dispute. Purchaser may also, in Purchaser's discretion, take possession of and sell or cause the sale of any returned, reclaimed, repossessed or otherwise recovered Related Goods, at such prices, upon such terms and to such purchasers as Purchaser deems proper, and, in any event, may charge the deficiency, costs and expenses thereof, including attorneys' fees, to Seller. In addition to all other rights Purchaser has hereunder, under any legislation or otherwise, whenever there is any Dispute, or if any Purchased Account is unpaid at its maturity, Purchaser may charge the amount of the Purchased Account so affected or unpaid (as well as all other Purchased Accounts due and owing from the related Account Debtor) to Seller; but such chargeback shall not be deemed nor shall it constitute a reassignment to Seller of the Account (or of the Related Property relating thereto) affected thereby, and title thereto and to such Related Property shall remain with Purchaser until Purchaser is fully reimbursed, regardless of the date or dates on which Purchaser charges back the amount of any Account with respect to which there is any Dispute, or the amount owing from an Account Debtor which has raised any Dispute.

4.7. Documents Genuine; Legal Compliance; Disposition. All statements made in, and all unpaid balances appearing in, all invoices, instruments and other documents evidencing or relating to the Accounts that Seller now or hereafter offers to Purchaser pursuant hereto, and/or to any Related Property, are and shall be true and correct, all such invoices, instruments and other documents and all of Seller's books and records are and shall be genuine and in all respects what they purport to be, and all signatories and endorsers in respect of such invoices, instruments and other documents have and will have full capacity to contract. All sales and other transactions underlying or giving rise to each such Account and/or to any Related Property, shall fully comply with all applicable laws and governmental rules and regulations. All signatures and endorsements on all documents, instruments, and agreements relating to each such



Account, and/or to any Related Property, are and shall be genuine, and all such documents, instruments and agreements are and shall be legally enforceable in accordance with their terms. Seller has not sold, assigned, pledged, encumbered, forgiven (completely or partially), settled, or transferred or disposed of any Account that Seller now or hereafter offers to Purchaser pursuant hereto or any Related Property, and shall not hereafter do or agree to do any of the foregoing.

4.8. Maintenance of Collateral. Seller has maintained and will hereafter maintain the Collateral in good working order and condition, at Seller's sole cost and expense. Seller will not use the Collateral, or any part thereof, in any unlawful business or for any unlawful purpose and will not secrete or abandon the Collateral, or any part thereof. Seller will not store or maintain any of the Collateral with any warehouseman or any other third party, or on any leased property, without Purchaser's prior written consent. Seller will immediately advise Purchaser in writing of any event causing loss or depreciation to, or any material adverse change in the condition of, the Collateral or any part thereof.

4.9. Books and Records. Seller has maintained and will continue to maintain at Seller's Address complete and accurate books and records comprising a standard and modern accounting system in accordance with generally accepted accounting principles that accurately and correctly record and reflect Seller's income, expenses, liabilities, operations, accounts, and ownership and location of the Collateral. All reserves (including, without limitation, reserves for bad debts, depreciation and taxes) provided for upon Seller's books and records are now, and will hereafter be, maintained in sufficient amounts in accordance with generally accepted accounting principles consistently applied. All such books and records and all documents relating to any of the Collateral are and will continue to be genuine and in all respects what they purport to be and will contain such information as may be requested by Purchaser.

4.10. Financial Condition and Statements. All financial statements (including, but not limited to, balance sheets, profit and loss figures, and accountants' comments) now or hereafter delivered to Purchaser by or on behalf of Seller have been, and will be, prepared in conformity with generally accepted accounting principles and now and hereafter will completely and accurately reflect the financial condition, contingent liabilities and results of Seller and Seller's operations at the times and for the periods therein stated. Seller is now, and at all times hereafter will continue to be, solvent. The representation, warranty, covenant and agreement set forth in the preceding sentence shall be deemed breached if at any time Purchaser estimates that the value of all Seller's assets, if sold in bulk for liquidation purposes, would not be sufficient to pay the total of Seller's liabilities (whether or not such liabilities are then due) or if Purchaser has determined that Seller has failed to pay promptly when due all loans and all debts to trade and other creditors (unless Purchaser is satisfied that the reason for such nonpayment is a bona fide Dispute between Seller and any of its creditors concerning the amount due). Seller shall provide Purchaser with copies of all financial statements and any other documents reflecting Seller's financial situation within five (5) days after Purchaser's request.

4.11. Tax Returns. Seller has timely filed, and will hereafter timely file, all tax returns and reports required by federal, provincial, local or foreign law. Seller has timely paid, and will hereafter timely pay, (i) all federal, provincial, local and foreign taxes, assessments, deposits and contributions now or hereafter owed by Seller (including, but not limited to, income, franchise, personal property, real property, excise, withholding, sales and use taxes) and (ii) all amounts it is required to pay or remit to any government or government agency in respect of amounts collected in respect of sales taxes or deducted or withheld from its employees' remuneration. Seller may defer payment of any contested taxes provided that Seller: (i) in good faith contests Seller's obligation to pay such taxes by appropriate proceedings promptly and diligently instituted and conducted; (ii) notifies Purchaser in writing of the commencement of and of any material development in such proceedings; and (iii) posts bonds or takes any other steps required to keep such contested taxes from becoming a lien or claim against or charge upon any of the Collateral. Seller is unaware of any claims or adjustments proposed for any of Seller's prior tax years which could result in additional taxes becoming due and payable by Seller. When requested, Seller will furnish Purchaser with proof satisfactory to Purchaser of Seller's making the payment or deposit of all such taxes and other amounts, such proof to be delivered within five (5) days after the due date established by law for each such payment or deposit. In the event Seller fails or is unable to pay or deposit such taxes or other amounts, Purchaser may, but is not obligated to, pay the same and treat all such payments as loans to Seller, which shall be payable by Seller to Purchaser on demand and bear interest at the Interest Rate calculated and payable as set forth in Section 2.4.

4.12. Compliance with Law, and Environmental Laws. Seller has complied, and will hereafter comply, with all provisions of all federal, provincial, local and foreign laws, rules, regulations and orders relating to Seller or the Collateral, including, but not limited to, those relating to Seller's ownership of real or personal property, conduct and licensing of Seller's business and employment of Seller's personnel. Seller has been and is currently in compliance with all applicable Environmental Laws, including obtaining and maintaining in effect all permits, licenses or other authorizations required by applicable Environmental Laws. There are no claims, liabilities, investigations, litigation, administrative proceedings, whether pending or threatened, or judgments or orders, relating to any hazardous materials asserted or threatened against Seller or relating to any real property currently or formerly owned, leased or operated by Seller.

4.13. Litigation. There is no claim, suit, litigation, proceeding or investigation pending or threatened by or against or affecting Seller in any court or before any regulatory commission, board or other governmental agency (or any basis therefor known to Seller) which might result, either separately or in the aggregate, in any adverse change in the business, prospects or condition of Seller, or in any impairment in the ability or right of Seller to carry on its business in substantially the same manner as it is now being conducted. Seller will immediately inform Purchaser in writing of any claim, proceeding, litigation or investigation hereafter threatened or instituted by or against Seller.



4.14. Complete Disclosure. There is no fact which Seller has not disclosed to Purchaser in writing which could materially adversely affect the business or financial condition of Seller or any of the Collateral or which is necessary to disclose in order to keep any representation or warranty herein, or in any statement or other document delivered by Seller to Purchaser, from being misleading.

4.15. Continuing Effect. All representations, warranties, covenants and agreements of Seller contained in this Agreement or in any other agreement with Purchaser shall be true and correct at the time of the effective date of each such agreement and shall be deemed continuing and shall remain true, correct and in full force and effect until payment and satisfaction in full of all of the Obligations, and Seller acknowledges that Purchaser is and will be expressly relying on all such representations, warranties, covenants and agreements in making advances to Seller.

4.16. No Violation of Law. No Purchased Account or Related Property, or any contract related to any thereof, in any manner contravenes any federal, provincial, local or foreign law, rule, regulation or order applicable thereto.

4.17. Notification of Violations. Seller shall within five (5) business days notify Purchaser in writing of any violation of any law, regulation, rule, order or ordinance of any governmental entity, or any agency thereof, applicable to Seller which may materially affect the Collateral or Seller's operations.

4.18. Chief Executive Office. Seller's chief executive office is located at Seller's Address, and Seller shall provide Purchaser with thirty (30) days' advance written notice before changing the location of its chief executive office.

4.19. Pensions. Seller will at no time maintain, sponsor or administer any pension plan, and is not, and will not become, obligated to contribute to any such plan.

5. Additional Continuing Duties of Seller.

5.1. Duties Regarding Accounts and Related Property.

5.1.1. Seller shall deliver to Purchaser schedules and assignments of all Accounts on Purchaser's standard form; provided, however, that Seller's failure to execute and deliver the same shall not affect or limit Purchaser's security interest and other rights in and to all of Seller's Accounts, nor shall Purchaser's failure to purchase a specific Account affect or limit Purchaser's security interest and other rights therein. Together with each such schedule and assignment, or later if requested by Purchaser, Seller shall furnish Purchaser with copies (or, at Purchaser's request, originals) of all contracts, orders, invoices, and other similar documents, and all original shipping instructions, delivery receipts, bills of lading, other evidence of delivery, time records, and any other documents requested by Purchaser for any goods or services which gave rise to such Accounts, and Seller warrants the genuineness of all of the foregoing. Seller shall also furnish to Purchaser an aged accounts receivable trial balance in such form and as often as Purchaser requests, and Seller agrees that Purchaser may from time to time verify directly with the respective Account Debtors the validity, amount and any other matters relating to the Accounts by means of mail, email, telephone or otherwise, either in the name of Seller or Purchaser or such other name as Purchaser may choose. In addition, Seller shall, at Purchaser's request, immediately deliver to Purchaser the originals of all instruments, chattel paper, security agreements, guaranties and other documents and property evidencing or securing any Accounts, along with all necessary endorsements (all of which shall be with recourse).

5.1.2. Purchaser shall have the sole and exclusive right to collect the Purchased Accounts and the Related Property, and the sole interest therein. All monies, cheques, notes, drafts, money orders, acceptances and other things of value and items of payment, together with any and all related vouchers, identifications, communications and other data, documents and instruments, which for any reason may be received by Seller (or by any receiver, trustee, custodian or successor in interest of Seller, or any Person acting on behalf of Seller) in payment of, or in reference to, the Purchased Accounts or the Related Property shall belong to Purchaser and shall be held in trust by Seller segregated from any other property, and, not later than one (1) day after receipt thereof by Seller, Seller shall deliver the same to Purchaser, at Purchaser's Address, in the original form in which the same are received, together with any necessary endorsements, including, without limitation, the endorsement of Seller, all of which endorsements shall be with full recourse. Seller shall have no right to, and agrees not to, commingle any of the proceeds of any of the collections of the Purchased Accounts or of the Related Property with Seller's own funds and Seller agrees not to use, divert or withhold any such proceeds. Seller hereby divests itself of all dominion over the Purchased Accounts, the Related Property, and the proceeds thereof and collections received thereon, and agrees that it has and will have no interest in any thereof. The parties hereto agree that if any payment on account of a Purchased Account or any Related Property which has been received by Seller is not delivered in kind to Purchaser on the next business day following the date of receipt by Seller it will be impracticable or extremely difficult to determine the resulting damages suffered by Purchaser. It is therefore agreed that in the event of such a breach by Seller, Seller shall immediately pay Purchaser the Misdirected Payment Fee as liquidated damages for Seller's breach of the foregoing obligation. Seller shall make entries on its books and records in form satisfactory to Purchaser disclosing the absolute and unconditional sale and assignment of all Purchased Accounts and Related Property to Purchaser. Seller shall pay to Purchaser all costs and expenses incurred by Purchaser in collecting Purchased Accounts and/or Related Property, including, without limitation, travel expenses, postage, telephone and telegraph charges, salaries of Purchaser personnel, and attorneys' fees.



5.1.3. Seller shall ensure that any Related Goods which are returned by an Account Debtor or otherwise recovered by or for the benefit of Seller shall be physically segregated, posted with written notice that they are owned by Purchaser, and held in trust for Purchaser for such disposition as Purchaser shall direct. Seller shall promptly notify Purchaser of all such returns and recoveries. No return of Related Goods shall be accepted by Seller and no sale of returned Related Goods shall be made by Seller without Purchaser's prior written consent. Purchaser shall have the right acting alone to accept the return of any Related Goods directly from an Account Debtor, without notice to or consent by Seller, and neither the delivery by Seller of returned or recovered Related Goods to Purchaser, nor the acceptance by Purchaser of returns directly from an Account Debtor, shall in any way affect Seller's liability to Purchaser on account of the Obligations.

5.1.4. Seller shall promptly notify Purchaser of all Disputes with respect to the Accounts or the Related Property. Seller shall not, without Purchaser's prior written consent, compromise or adjust any Purchased Account or any Related Property, or grant any discount, credit, allowance, or extension of time for payment to any related Account Debtor or other obligor. Purchaser shall have the right, in its sole and absolute discretion, to settle, accept reduced amounts and adjust Disputes directly with, and give releases on behalf of Seller to Account Debtors and other obligors in respect of Purchased Accounts or Related Property for cash, credit or otherwise, upon terms which Purchaser, in its sole and absolute discretion, considers advisable, and in such case, Purchaser will credit Seller's account with only the net amounts of cash received by Purchaser in payment of the Purchased Accounts or Related Property, less all costs and expenses (including, without limitation, attorneys' fees) incurred by Purchaser in connection with the settlement or adjustment of such Disputes and the collection of such Accounts and Related Property.

5.2. Insurance. Seller shall, at all times, and for such periods of time as Purchaser may require, at Seller's expense, insure all of the insurable Collateral (including without limitation all of Seller's books and records) by financially sound and reputable insurers acceptable to Purchaser, in the form of extended coverage policies against loss or damage by theft, embezzlement, fire, explosion, flood, sprinkler, or any other insurable event or risk that Purchaser may require, to the fullest extent of the insurable value thereof. All such insurance policies shall name Purchaser as the exclusive loss payee, shall provide that proceeds payable thereunder shall be payable directly to Purchaser unless notarized written authority to the contrary is obtained from Purchaser, and shall also provide that no act or default of Seller or any other Person shall affect the right of Purchaser to recover thereunder. Upon receipt of the proceeds of any such insurance, Purchaser shall apply such proceeds in reduction of the Obligations, whether or not then due, in such order and manner as Purchaser shall determine, in its sole discretion. Seller shall provide Purchaser with the original or a certificate of each such policy of insurance which shall contain a provision requiring the insurer to give not less than twenty (20) days advance written notice to Purchaser in the event of cancellation or termination of the policy for any reason whatsoever. If Seller fails to provide or pay for any such insurance, Purchaser is authorized (but not obligated) to procure the same at Seller's expense. Seller agrees to deliver to Purchaser, promptly as rendered, true and correct copies of all reports made to all insurance companies.

5.3. Reports, Certificates. At its sole cost and expense, Seller shall report, in form satisfactory to Purchaser, such information as Purchaser may request regarding the Collateral; such reports shall be for such periods, shall reflect Seller's records at such time and shall be rendered with such frequency as Purchaser may designate. At its sole cost and expense, Seller shall promptly provide Purchaser with all such other information concerning its affairs as Purchaser may request from time to time hereafter, and shall immediately notify Purchaser of any adverse change in Seller's financial condition and/or any condition or event which constitutes an Event of Default. Seller will ensure that all reports furnished to Purchaser shall be complete, accurate and correct in all respects at the time furnished.

5.4. Access to Collateral, Books and Records. At any and all times, Purchaser, and any Person designated by Purchaser, shall have free access to, and the right without hindrance or delay, to inspect, audit, examine and test the Collateral, wherever located, and to inspect, audit, check, copy and make extracts from Seller's and Seller's accountant's books, records and accounts (hereinafter collectively the "Records") and all computer data containing the same, no matter where the Records are stored. Seller hereby irrevocably authorizes and directs any Person including, but not limited to, any of Seller's directors, partners, officers, employees, agents, accountants and attorneys, having possession or control of any of the Records to physically deliver them to Purchaser or any Person designated by Purchaser upon Purchaser's request or, at the option of Purchaser, make them available to Purchaser wherever the Records may be located. Seller waives the benefit of any evidentiary privilege precluding or limiting the disclosure, divulgence or delivery of any of the Records. In connection with Purchaser's examinations of the Collateral and the Records, Seller shall pay all of Seller's out-of-pocket expenses (including any costs of third-party examiners) plus, for each of Purchaser's examiners, the Audit Fee in effect at the time of any such examination.

5.5. Prohibited Transactions. Seller shall not hereafter, without Purchaser's prior written consent: merge, amalgamate, consolidate, dissolve, or acquire any other corporation; enter into any transaction not in the usual course of business; make any investment in any securities other than securities of the Dominion of Canada; guarantee or otherwise become in any way liable with respect to the obligations of another Person; pay or declare any dividends upon Seller's shares or other securities; redeem, retire, purchase or otherwise acquire, directly or indirectly, any of Seller's shares or other securities; make any change in Seller's name, identity, corporate or capital structure; alter any of Seller's business objectives, purposes, or operations or financial structure in such a manner as to adversely affect the ability of Seller to pay or perform any of the Obligations; lend or distribute any of Seller's property or assets; incur any debts outside of the ordinary course of Seller's business, except extensions of existing debts and interest thereon; sell, lease, transfer, assign or otherwise dispose of any of the Collateral other than inventory in the ordinary course of business; or make any capital expenditures or leasehold improvements at a cost in the aggregate in any twelve-month period of more than \$75,000.



5.6. Notification of Changes. Seller will promptly notify Purchaser in writing of any change of its officers, directors, partners, or key employees, the death of any partner or joint venturer (if Seller is a partnership or joint venture), any purchase out of the ordinary course of Seller's business and any adverse or material change in the business or financial affairs of Seller.

5.7. Litigation Cooperation. Should any suit or proceeding be instituted by or against Purchaser with respect to any Collateral or for the collection or enforcement of any Purchased Account or Related Property, or in any manner relating to Seller, Seller shall, without expense to Purchaser, and wherever and whenever designated by Purchaser, make available Seller and its officers, employees and agents and the Records to the extent that Purchaser may deem necessary in order to prosecute or defend any such suit or proceeding.

5.8. Execute Additional Documentation. Seller agrees, at its sole cost and expense, on demand by Purchaser, to do all things and to execute all such security agreements, control agreements, mortgages, assignments, affidavits, reports, notices, schedules of Accounts and all other documents, in form satisfactory to Purchaser, as Purchaser, in its sole and absolute discretion, may deem necessary or useful in order to protect, perfect and/or maintain perfected Purchaser's first-priority security interest in the Collateral, and in order to fully consummate all of the transactions contemplated under this Agreement. Seller will, when requested by Purchaser, sign and provide to Purchaser (for provision to the appropriate authorities) the Canada Revenue Agency's Business Consent form (currently form RC59), as such form may be revised from time to time.

6. Application of Payments.

As Purchased Accounts are paid by Account Debtors, such sums shall be applied to such Accounts as set forth in this Section. Once Purchaser receives payment on a Purchased Account, Purchaser will apply the amount due Seller against any amounts Seller owes Purchaser for Obligations; provided, however, that cheques, instruments and all other non-cash payments delivered to Purchaser in payment or on account of the Purchased Accounts or the Obligations constitute conditional payment only, and will be deemed not received by Purchaser, and will not be applied by it, until such items are actually paid in cash to Purchaser; and provided, further, that, for the purpose of computing interest and fees earned by Purchaser hereunder, credit for such non-cash payments and for bank wire transfers shall be given the number of days set out in Schedule A, No. 18 following receipt by Purchaser. All payments made to Purchaser by or on behalf of, and all credits due to, Seller may be applied and reapplied in whole or in part to any of the Obligations to such extent and in such manner as Purchaser shall determine in its sole discretion. Purchaser shall have the continuing exclusive right to apply and reapply any and all such payments and credits in such manner as Purchaser shall determine in its sole discretion, notwithstanding any entry by Purchaser upon any of its books and records. Any payments received by Purchaser on any Account which Seller had offered to sell to Purchaser hereunder but which Purchaser had decided not to purchase shall be credited to the Reserve. Seller shall pay to Purchaser the Initial Factoring Fee on each payment received by Purchaser or Seller on any Account that Seller had not offered to sell to Purchaser hereunder.

7. Events of Default and Remedies.

7.1. Events of Default. The occurrence of any one of more of the following shall constitute an Event of Default: (a) Seller fails to pay, observe or perform any Obligation as and when due; (b) there shall be filed or commenced by or against Seller any voluntary or involuntary petition, case or proceeding (i) under the Bankruptcy and Insolvency Act (Canada), the Companies' Creditors Arrangement Act (Canada), or any other Canadian or foreign bankruptcy or insolvency legislation or (ii) to appoint a receiver, trustee, liquidator, custodian or similar official over or in respect of Seller or any part of the Collateral; (c) a receiver, trustee, liquidator, custodian or similar official shall be appointed by a court or any Person over or in respect of Seller or any part of the Collateral; (d) Seller makes an assignment for the benefit of creditors, or makes or sends notice of a bulk transfer; (e) Seller or any guarantor of the Obligations shall become insolvent in that its debts are greater than the fair value of its assets, or Seller or any such guarantor is generally not paying its debts as they become due or is left with unreasonably small capital; (f) any lien, garnishment, attachment, execution or the like is issued against or attaches to Seller, any Purchased Accounts, any Related Property, or any part of the Collateral; (g) Seller shall breach any covenant or agreement set forth herein or in any other present or future agreement between Purchaser and Seller, or any of Seller's representations or warranties set forth herein or in any such other agreement, or in any document provided to Purchaser by or on behalf of Seller, is or becomes false, incorrect or misleading in any respect; (h) Seller delivers any document, financial statement, schedule or report to Purchaser which is false, incorrect or misleading in any respect; (i) Purchaser, at any time, acting in good faith and in a commercially reasonable manner, deems itself insecure; or (j) any present or future guarantor of any of the Obligations revokes, terminates or fails to perform any of the terms of any guarantee, endorsement or other agreement of such Person in favour of Purchaser or any affiliate of Purchaser, or any representation or warranty of any such guarantor in favour of Purchaser set forth in any such guarantee, endorsement or other agreement is or becomes false, incorrect or misleading in any respect..

7.2. Remedies. Upon the occurrence of any Event of Default, and at any time and from time to time thereafter, Purchaser, at its option, and without notice or demand of any kind (all of which are hereby expressly waived by Seller) may do any one or more of the following, in any order: (a) cease advancing money or extending credit to or for the benefit of Seller under this Agreement, and/or any other document or agreement; (b) accelerate and declare all or any part of the Obligations to be immediately due, payable, and performable, at which time Seller shall immediately pay and perform the same, all notwithstanding any deferred or installment payments allowed by any instrument evidencing or relating to any Obligation; (c) take possession of any or all of the Collateral wherever it may be found, and for that purpose Seller hereby authorizes Purchaser without judicial process to enter onto any of Seller's premises without hindrance to search for, take possession of, keep, store, or remove any of the Collateral and remain on such premises or cause a custodian to



remain thereon in exclusive control thereof without charge for so long as Purchaser deems necessary in order to complete the enforcement of its rights under this Agreement or any other agreement or under any legislation; provided, however, that should Purchaser seek to take possession of any or all of the Collateral by court process or through a receiver, Seller hereby irrevocable waives: (i) any bond and any surety or security relating thereto required by any statute, court rule or otherwise as an incident to such possession; (ii) any demand for possession prior to the commencement of any suit or action to recover possession thereof; and (iii) any requirement that Purchaser retain possession of and not dispose of any such Collateral until after trial or final judgment; (d) require Seller to assemble any or all of the Collateral and make it available to Purchaser at a place or places to be designated by Purchaser which is reasonably convenient to Purchaser and Seller, and to remove the Collateral to such locations as Purchaser may deem advisable; (e) place a receiver in exclusive control of Seller's business and/or any or all of the Collateral, in order to assist Purchaser in enforcing its rights and remedies; and (f) sell, ship, reclaim, lease or otherwise dispose of all or any portion of the Collateral, in its condition at the time Purchaser obtains possession or after further manufacturing, processing or repair, at any one or more public and/or private sale(s) (including execution sales), in lots or in bulk, and for cash, exchange for other property or on credit; it being agreed that (i) and Purchaser may adjourn any such sale from time to time without notice other than oral announcement at the time scheduled for sale; (ii) Purchaser shall have the right to conduct any such disposition on Seller's premises, without charge, for such time or times as Purchaser deems fit, or on Purchaser's premises, or elsewhere and the Collateral need not be located at the place of disposition; (iii) Purchaser may directly or through any affiliated company purchase or lease any Collateral at any such public disposition and, if permissible under applicable law, at any private disposition; and (iv) any sale or other disposition of Collateral shall not relieve Seller of any liability Seller may have if any Collateral is defective as to title or physical condition at the time of sale; (g) demand payment of, and collect, any Accounts, Instruments, Chattel Paper, and Intangibles comprising part or all of the Collateral; (h) demand and receive possession of any of Seller's federal, provincial and foreign income tax returns and the books, records and accounts utilized in the preparation thereof or referring thereto; and (i) exercise any one or more of the remedies set forth in any other agreement between Seller and Purchaser or available by statute, rule or regulation, or otherwise at law or in equity. Seller shall on demand pay to Purchaser any and all attorneys' fees, expenses, costs, liabilities and obligations incurred by Purchaser with respect to the foregoing. In the event that Purchaser elects to terminate this Agreement following the occurrence of an Event of Default, or this Agreement is otherwise terminated prior to the end of the Original Term or any Renewal Term for any reason, it will be impracticable or extremely difficult to calculate Purchaser's resulting damages upon such termination. Therefore, the parties agree that Seller shall pay Purchaser an early termination fee, calculated as five percent (5%) of the Maximum Facility Limit Amount, as liquidated damages for any termination of this Agreement referred to in the preceding sentence. Purchaser shall have the right, in Purchaser's sole discretion, to determine which rights (whether hereunder, under any other agreement between Seller and Purchaser, under any agreement with any other Person, including any guarantor, pursuant to any statute, at law, in equity or otherwise whatsoever), security interests or remedies Purchaser shall at any time pursue, enforce, relinquish, subordinate, or modify, or whether it will take (or fail to take) any other action with respect to any thereof, without in any way modifying or affecting any of such rights, security interests or remedies.

7.3. Application of Proceeds from Disposition or Collection of Collateral. The proceeds received by Purchaser from the disposition or collection of any of the Collateral shall be applied to such extent and in such manner as Purchaser shall determine in its sole discretion. If any deficiency shall arise, Seller shall remain liable to Purchaser therefor. In the event that, as a result of the disposition of any of the Collateral, Purchaser directly or indirectly enters into a credit transaction with any third party, Purchaser shall have the option, exercisable at any time, in its sole discretion, of either reducing the Obligations by the principal amount of such credit transaction or deferring the reduction thereof until the actual receipt by Purchaser of cash therefor from such third party. .

7.4. Online Access. Upon an Event of Default, all of Seller's rights and access to any online internet services that Purchaser makes available to Seller shall be provisional pending Seller's curing of such Event of Default and Purchaser may elect to terminate Seller's online access as provided for herein. During such period of time, Purchaser may limit or terminate Seller's access to online services. Seller acknowledges that the information Purchaser makes available to Seller through online internet access, both before and after an Event of Default, constitutes and satisfies any duty to respond to a request for an accounting or a request regarding a statement of account that is referenced in any applicable legislation

7.5. Standards of Commercial Reasonableness. After an Event of Default, the parties acknowledge that it shall be presumed commercially reasonable for Purchaser to not undertake, and Purchaser shall have no duty to undertake, to collect any Account, including those with respect to which Purchaser receives information from an Account Debtor that a Dispute exists. Furthermore, in the event Purchaser undertakes to collect or enforce an obligation of an Account Debtor or any other Person obligated on the Collateral and ascertains that the possibility of collection is outweighed by the likely costs and expenses that will be incurred, Purchaser may at any such time cease any further collection efforts and such action shall be considered commercially reasonable. Before Seller may, under any circumstances, seek to hold Purchaser responsible for taking any uncommercially reasonable action, Seller shall first notify Purchaser in writing of all of the reasons why Seller believes Purchaser has acted in any uncommercially reasonable manner and advise Purchaser of the action that Seller believes Purchaser should take.

7.6. Formation of New Entity. In the event Seller, or any one or more of its principals, officers or directors, at any time during the term of this Agreement, or while Seller remains liable to Purchaser for any Obligation under this Agreement or arising out of or related to this Agreement, (i) forms a new entity; or (ii) has failed to disclose in writing to Purchaser prior to or at the time of the Effective Date of such Person's prior formation of an entity, in either case that does business similar to that of Seller, whether in the form of a corporation, partnership, limited liability company or otherwise, each such entity shall be deemed to have expressly assumed the Obligations due Purchaser by Seller under this Agreement and to have granted to Purchaser a security interest in all of such entity's present and future



property, assets and undertaking as security for payment and performance of the Obligations. Purchaser, in addition to all of its available remedies, shall be deemed to have been granted by each such entity an irrevocable power of attorney with authority to file a financing statement in any applicable jurisdiction naming such entity as a debtor. Purchaser shall have the right to notify each such entity's account debtors of Purchaser's security interest and of Purchaser's right to collect all of each such entity's accounts receivable, and to notify any secured party who has sought to obtain a competing security interest of Purchaser's rights and interest in and to any such entities' assets. Seller will, from time to time at Purchaser's request, ensure that any entity referred to in this Section executes and delivers to Purchaser such agreements and other documents that Purchaser may request for the purpose of implementing and enforcing the provisions of this Section. Seller shall indemnify Purchaser, pursuant to Section 10.5 herein, from any claims against Purchaser which arise out of Purchaser exercising any of its rights under this Section.

7.7. Remedies Cumulative. In addition to the rights and remedies set forth in this Agreement, Purchaser shall have all the other rights and remedies accorded a secured party under the PPSA and under any and all other applicable laws and in any other instrument or agreement now or hereafter entered into between Purchaser and Seller, and all of such rights and remedies are cumulative and none is exclusive. Exercise or partial exercise by Purchaser of one or more of its rights or remedies shall not be deemed an election, nor bar Purchaser from subsequent exercise or partial exercise of the same or any other rights or remedies. The failure or delay of Purchaser to exercise any rights or remedies shall not operate as a waiver thereof, but all rights and remedies shall continue in full force and effect until all of the Obligations have been fully paid and performed.

8. Power of Attorney. Seller grants to Purchaser an irrevocable power of attorney coupled with an interest authorizing and permitting Purchaser (acting through any of its employees, attorneys or agents) at any time, at its option but without obligation, with or without notice to Seller, and at Seller's sole expense, to do any or all of the following, in Seller's name or otherwise: (a) execute on behalf of Seller any document that Purchaser may, in its sole discretion, deem advisable in order to perfect, maintain or improve Purchaser's security interests in the Collateral or other real or personal property intended to constitute Collateral, or in order to exercise a right of Seller or Purchaser, or in order to fully consummate all the transactions contemplated under this Agreement, and all other present and future agreements; (b) at any time after the occurrence of an Event of Default, execute on behalf of Seller any document exercising, transferring or assigning any option to purchase, sell or otherwise dispose of or to lease (as lessor or lessee) any real or personal property; (c) execute on behalf of Seller any invoices relating to any Account, any draft against any Account Debtor, any notice to any Account Debtor, any proof of claim in bankruptcy, any notice of lien, claim of mechanic's, materialman's or other lien, or any assignment of satisfaction of any mechanic's, materialman's or other lien; (d) take control in any manner of any cash or non-cash items of payment or proceeds of Collateral; endorse the name of Seller upon any instruments, notes, acceptances, cheques, drafts, money orders, bills of lading, freight bills, chattel paper or other documents, evidence of payment or Collateral that may come into Purchaser's possession; (e) upon the occurrence of any Event of Default, receive and open all mail addressed to Seller; and, in the exercise of such right, Purchaser shall have the right, in the name of Seller, to notify the Post Office authorities to change the address for the delivery of mail addressed to Seller to such other address as Purchaser may designate, including, but not limited to, Purchaser's own address; Purchaser shall turn over to Seller all of such mail not relating to the Collateral, the Purchased Accounts or the Related Property; such right to redirect mail granted to Purchaser is irrevocable and Seller shall not have the right to notify the Post Office authorities to change the address for delivery after Purchaser has exercised such right; (f) upon the occurrence of any Event of Default, direct any financial institution which is a participant with Purchaser in extensions of financing to or for the benefit of Seller, or which is the institution with which any deposit account is maintained, to pay to Purchaser all monies on deposit by Seller with said financial institution which are payable by said financial institution to Seller, regardless of any loss of interest, charge or penalty as a result of payment before maturity; (g) endorse all cheques and other forms of remittances received by Purchaser "Pay to the order of Sallyport Commercial Finance ULC" or in such other manner as Purchaser may designate; (h) pay, contest or settle any lien, charge, encumbrance, security interest and adverse claim in or to any of the Collateral, Purchased Accounts or Related Property, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; (i) grant extensions of time to pay, compromise claims and settle Accounts and the like for less than face value and execute all releases and other documents in connection therewith; (j) pay any sums required on account of Seller's taxes, or any of the other amounts referred to in Section 4.11 hereof, or to secure the release of any liens, charges, trust claims and other claims therefor, or both; (k) settle and adjust, and give releases of, any insurance claim that relates to any of the Collateral, Purchased Accounts or Related Property and obtain payment therefor, make all determinations and decisions with respect to any such policy of insurance and endorse Seller's name on any cheque, draft, instrument or other item of payment or the proceeds of such policies of insurance; (l) instruct any accountant or other third party having custody or control of any books or records belonging to, or relating to, Seller to give Purchaser the same rights of access and other rights with respect thereto as Purchaser has under Section 5.4 of this Agreement; and (m) take any action or pay any sum required of Seller pursuant to this Agreement, and any other present or future agreements. Any and all sums paid and any and all costs, expenses, liabilities and obligations (including attorneys' fees) incurred by Purchaser with respect to the foregoing shall be payable by Seller to Purchaser on demand. In no event shall Purchaser's rights under the foregoing power of attorney, or any of Purchaser's other rights under this Agreement, be deemed to indicate that Purchaser is in control of the business, management or properties of Seller..

9. Online User Standards.

9.1. Online Conducting of Business. Purchaser and Seller intend to conduct business contemplated by this Agreement through the internet and through Purchaser's Online Reporting Service. Purchaser is the sole and exclusive owner of the Online Reporting Service. Seller hereby accepts a non-exclusive, non-transferable right to access the Online Reporting Service, upon the terms and subject to the conditions contained herein.



9.2. Standards Regarding Conducting Business Online. Seller and Purchaser agree as follows:

9.2.1. Purchaser shall have the right to terminate Seller's access to the Online Reporting Service upon the occurrence of an Event of Default or at any other time within Purchaser's discretion.

9.2.2. Seller shall not: (i) copy the Online Reporting Service nor otherwise reproduce the same other than for normal system operation backup; (ii) translate, adapt, vary, or modify the Online Reporting Service; or (iii) disassemble, decompile or reverse engineer the Online Reporting Service.

9.2.3. Neither Purchaser, nor any other Person (including without limitation Sallyport Commercial Finance, LLC) that has any rights with respect to, or interest in, the Online Reporting Service, shall be liable to Seller for any loss or damage whatsoever or howsoever caused, whether caused by tort (including negligence), breach of contract, or otherwise arising directly or indirectly in connection with the use of the Online Reporting Service or its failure to properly operate.

9.2.4. Neither Purchaser, nor any other Person (including without limitation Sallyport Commercial Finance, LLC) that has any rights with respect to, or interest in, the Online Reporting Service, shall be liable for any indirect, special, incidental or consequential loss or damage, or for loss of profit, business, revenue, goodwill or anticipated savings, in each case whether caused by tort (including negligence), breach of contract or otherwise, which may arise in respect of the Online Reporting Service, its use, failure to properly operate or in respect of equipment or property

9.2.5. Seller acknowledges that any and all of the copyright, trademarks, trade names, patents and other intellectual property rights subsisting in or used in connection with the Online Reporting Service, including all documentation and manuals relating thereto, are, and shall remain, the sole property of Purchaser and/or Sallyport Commercial Finance, LLC. Seller shall not, during or at any time after the expiry or termination of its use of the Online Reporting Service, in any way question or dispute the ownership by Purchaser or Sallyport Commercial Finance, LLC thereof.

9.2.6. To the extent permitted by applicable law, Seller agrees that neither Purchaser nor any other Person (including Sallyport Commercial Finance, LLC) makes any representations or warranties with respect to the Online Reporting Service, either express or implied, statutory or otherwise, including, but not limited to, any implied warranties of satisfactory quality or fitness for any particular purpose.

9.2.7. Seller is solely responsible for virus scanning the Online Reporting Service, and neither Purchaser nor any other Person (including Sallyport Commercial Finance, LLC) makes any representations or warranties regarding any virus associated with the Online Reporting Services.

9.2.8. All information, data, drawings, specifications, documentation, software listings, and source or object code which Purchaser may have imparted and may from time to time impart to Seller relating to the Online Reporting Service is proprietary and confidential. Seller hereby agrees that it shall use the same solely in accordance with the provisions of this Agreement and that it shall not, at any time during or after expiry or termination of this Agreement, disclose the same, whether directly or indirectly, to any third party.

9.2.9. The provisions of Section 9.2 (and all subsections thereof) are intended to be in favour of and to benefit both Purchaser and Sallyport Commercial Finance, LLC, and that Purchaser shall hold the benefit thereof in trust for both itself and Sallyport Commercial Finance, LLC

10. General.

10.1. True Sale. Seller and Purchaser acknowledge and agree that the sales of Accounts and Related Property contemplated and covered under this Agreement are fully intended by the parties hereto as true and absolute sales and, accordingly, legal and equitable title in all of Seller's Accounts and Related Property sold to and purchased by Purchaser from time to time hereunder or pursuant to an Assignment Schedule will pass to Purchaser.

10.2. Notices. Any notice to be given under this Agreement must be in writing addressed to the intended party and personally served, emailed or sent by overnight courier service or Canadian mail, and will be deemed to have been given and received: (a) if delivered in person, when delivered; (b) if sent by e-mail, on the date of transmission if transmitted on a business day before 4:00 p.m. (Toronto time) or, if not, on the next succeeding business day; (c) if sent by overnight courier, two (2) days after delivery to such courier properly addressed; or (d) if sent by Canadian mail, four (4) business days after deposit in a receptacle controlled by Canada Post, with postage prepaid and properly addressed. For such purpose, a party's address and email address shall be those set forth herein or such other address or email address as such party shall have notified the other party by notice provided in accordance with this Section. If there is more than one Seller, notice to any shall constitute notice to all; and if Seller is a corporation, partnership or other entity, notice to or service upon any member of the board of directors, a general partner, an officer, an employee or an agent of such entity shall constitute notice to and service upon Seller..



10.3. Payment in Full Cheques. Seller authorizes Purchaser to accept, endorse and deposit on behalf of Seller any cheques tendered by an Account Debtor “in full payment” of its obligation to Seller. Seller shall not assert against Purchaser any claim arising therefrom, irrespective of whether such action by Purchaser effects an accord and satisfaction of Seller’s claims under the Mercantile Law Amendment Act (Ontario), under any other legislation, or otherwise.

10.4. No Security Interest Termination without Release. In recognition of Purchaser’s right to have its attorneys’ fees and other expenses incurred in connection with this Agreement secured by the Collateral, notwithstanding payment in full of all Obligations by Seller, Purchaser shall not be required to record any terminations, discharges or satisfactions of any of Purchaser’s security interests in the Collateral unless and until Seller has executed and delivered to Purchaser a general release in a form suitable to Purchaser. Seller understands that this provision constitutes a waiver of its rights under Section 56 of the PPSA and under all other applicable legislation.

10.5. Indemnity. Seller shall indemnify and hold Purchaser harmless from and against any and all claims, debts, losses, demands, actions, causes of action, lawsuits, Avoidance Claims, damages, penalties, judgments, liabilities, costs and expenses (including, without limitation, attorneys’ fees) of any kind or nature which Purchaser may sustain or incur, or which may arise from, (i) this Agreement, or any other present or future agreement between Purchaser and Seller, (ii) the breach by Seller of any agreement, obligation, covenant or provision contained herein or in any such other agreement, (iii) the failure of any representation or warranty contained herein or in any such other agreement, or in any statement given by or on behalf of Seller to Purchaser, to be true, correct and not misleading, (iv) any transaction contemplated hereby or by any such other agreement or relating hereto or thereto, or (v) any other matter, cause or thing whatsoever, occurred, done, omitted or suffered to be done by Purchaser relating in any way to Seller, the Purchased Accounts, the Related Property, or the Collateral. Notwithstanding any other provision of this Agreement to the contrary, the indemnity agreement set forth in this Section shall survive termination of this Agreement. If Seller fails to honour this Section after termination thereof, Purchaser shall have the right to re-file its financing statements, and to file financing statements or financing change statements in any jurisdiction, and shall have the right to pursue any and all rights and remedies against Seller as contemplated by this Agreement, the PPSA, any other legislation or any law or in equity or otherwise. Purchaser may, in its sole discretion, hold or supplement a Reserve to account for any Avoidance Claim.

10.6. Attorneys’ Fees and Costs. Seller shall forthwith pay to Purchaser the amount of all actual attorneys’ fees and all other costs incurred by Purchaser under and pursuant to, or in connection with, (i) this Agreement or any other present or future agreement with Seller, (ii) any transaction involving Seller or any Collateral, or (iii) the defense or enforcement of Purchaser’s rights or interests (whether or not Purchaser files a lawsuit against Seller), including in connection with any bankruptcy or insolvency proceedings in any jurisdiction. In the event Purchaser files any lawsuit predicated on a breach of this Agreement or in any way related to this Agreement, or prevails in respect of any litigation brought by Seller, Purchaser shall be entitled to recover its costs and attorneys’ fees on a full indemnity basis. All attorneys’ fees and costs to which Purchaser may be entitled pursuant to this Section shall be due on demand. Seller’s obligations pursuant to this Section shall survive termination of this Agreement.

10.7. Benefit of Agreement. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns, heirs, administrators, beneficiaries and representatives; provided, however, that Seller may not assign or transfer any of its rights under this Agreement without the prior written consent of Purchaser, and that any prohibited assignment shall be void. No consent by Purchaser to any assignment shall relieve Seller or any guarantor from its liability for the Obligations. Without limiting the generality of the foregoing, all rights and benefits of Purchaser under this Agreement may be exercised by any institution with which Purchaser maintains any rediscount, factoring or other relationship and by any other Person designated by Purchaser.

10.8. Joint and Several Liability. The liability of each Seller shall be joint and several and the compromise of any claim with, or the release of, any Seller shall not constitute a compromise with, or a release of, any other Seller.

10.9. General Waivers. The failure of Purchaser at any time or times hereafter to require Seller strictly to comply with any of the provisions, representations, warranties, agreements, terms or conditions of this Agreement or any other present or future instrument or agreement between Seller and Purchaser, or executed by Seller and delivered to Purchaser, shall not waive or diminish any right of Purchaser thereafter to demand and receive strict compliance therewith and with any other provision, representation, warranty, agreement, term and condition; and any waiver of any default shall not waive or affect any other default, whether prior or subsequent thereto and whether of the same or of a different type. None of the provisions, representations, warranties, agreements, terms or conditions of this Agreement or any other instrument or agreement now or hereafter executed by Seller and delivered to Purchaser shall be deemed to have been waived by any act, omission or knowledge of Purchaser or its agents or employees, but only by a specific written waiver signed by an officer of Purchaser and delivered to Seller. Seller waives any and all notices or demands which Seller might be entitled to receive with respect to this Agreement, or any other agreement or instrument by virtue of any applicable law. Seller hereby waives demand, protest, notice of protest and notice of default or dishonour, notice of payment and nonpayment, release, compromise, settlement, extension or renewal of any commercial paper, instrument, Account, intangible, chose in action, document or guarantee at any time held by Purchaser on which Seller is or may in any way be liable, and notice of any action taken by Purchaser unless expressly required by this Agreement. Seller hereby ratifies and confirms whatever Purchaser may do pursuant to this Agreement and agrees that Purchaser shall not be liable for the safekeeping of the Collateral or any loss or damage thereto, or diminution in value thereof, from any cause whatsoever, any act or omission of any carrier, warehouseman, bailee, forwarding agent or other Person, or any act of commission or any omission by Purchaser or its officers, employees, agents, or attorneys, or any of its or their errors of judgment or mistakes of fact or of law..



10.10. Section Headings, Construction. Section and subsection headings are used herein for convenience only. Seller acknowledges that the same may not describe completely the subject matter of the applicable Section or subsection, and the same shall not be used in any manner to construe, limit, define or interpret any term or provision hereof. This Agreement has been fully reviewed and negotiated between the parties and no uncertainty or ambiguity in any term or provision of this Agreement shall be construed strictly against Purchaser or Seller under any rule of construction or otherwise. The terms “herein,” “hereof,” “hereto,” “hereunder” and other words of similar import used in this Agreement refer to this Agreement as a whole and not to any particular section, subsection, paragraph or subdivision. Any pronoun used herein shall be deemed to cover all genders. The terms “including” and “include” used herein shall mean “including, without limitation” or “include without limitation”. Each reference herein to (a) laws or statutes includes all related rules, regulations, interpretations, amendments and successor provisions; (b) any document, instrument or agreement includes any amendments, waivers and other modifications, extensions or renewals (to the extent permitted hereby); (c) any section or subsection means, unless the context otherwise requires, a section or subsection of this Agreement; (d) any schedule means, unless the context otherwise requires, a schedule attached hereto; (e) any Person includes its successors and assigns; and (f) a “receiver” includes a receiver and manager. Unless the context otherwise requires, references herein to the plural form of a word include the singular forms thereof and *vice versa*, and any reference to the Collateral includes any part thereof. Seller’s failure to promptly deliver to Purchaser any schedule, report, statement or other information required by this Agreement or any document related thereto shall not affect, diminish, modify or otherwise limit Purchaser’s security interests in the Collateral or its rights and remedies under this Agreement. For greater certainty, any reference herein to an Account purchased under or pursuant to, or offered pursuant to, this Agreement shall include any Account purchased under or pursuant to, or offered pursuant to, an Assignment Schedule.

10.11. Destruction of Seller's Documents, Limitation of Actions. Any documents, schedules, invoices or other papers delivered to Purchaser may be destroyed or otherwise disposed of by Purchaser six (6) months after the same are delivered to Purchaser, unless Seller makes written request therefor and pays all expenses attendant to their return, in which event Purchaser shall return same when Purchaser's actual or anticipated need therefor has terminated. Seller agrees that any claim or cause of action by Seller against Purchaser, its directors, officers, employees, agents, accountants or attorneys based upon, arising from, or relating to this Agreement, or any other present or future agreement or instrument, or any other transaction contemplated hereby or thereby or relating hereto or thereto, or any other matter, cause or thing whatsoever, occurred, done, omitted or suffered to be done by Purchaser, its directors, officers, employees, agents, accountants, or attorneys relating in any way to Seller or the Collateral, shall be barred unless asserted by Seller by the commencement of an action or proceeding in a court of competent jurisdiction by the filing of a statement of claim, or by taking other appropriate legal proceedings to commence a legal action, within six (6) months after the first act, occurrence, sufferance or omission upon which such claim or cause of action, or any part thereof, is based, and the service of a statement of claim on an officer of Purchaser, or on any other Person authorized to accept service on behalf of Purchaser, within thirty (30) days thereafter. Seller agrees that such six-month and thirty day periods provided herein shall not be waived, tolled, or extended except by the written consent of Purchaser, in its sole and absolute discretion. This provision shall survive any termination, however arising, of this Agreement and any other present or future agreement or instrument.

10.12. Severability. Should any provision, clause or condition of this Agreement be held by any court of competent jurisdiction to be void, invalid, inoperative, or otherwise unenforceable, such defect shall not affect any other provision, clause or condition, and the remainder of this Agreement shall be effective as though such defective provision, clause or condition had not been a part hereof.

10.13. Integration. This Agreement and such other written agreements, documents and instruments as may be executed in connection herewith shall be construed together and constitute the entire, only and complete agreement between Seller and Purchaser, and all representations, warranties, agreements, and undertakings heretofore or contemporaneously made, which are not set forth herein or therein, are superseded hereby.

10.14. Amendment. The terms and provisions of this Agreement may not be waived, altered, modified or amended except in a writing executed by Seller and a duly authorized officer of Purchaser.

10.15. Time of Essence. Time is of the essence in the performance by Seller of each and every obligation under this Agreement.

10.16. Electronic Signatures. The parties intend to conduct business contemplated by this Agreement by electronic means. Each document, which is the subject of this Agreement, that a party has transmitted electronically to the other shall be intended as and constitute an original and deemed to contain a valid signature of the party for all purposes acknowledging, consenting to, authorizing and approving the terms of this Agreement or any subject matter applicable thereto. In furtherance of the above, Seller hereby authorizes Purchaser to regard Seller’s printed name or electronic approval for any document, agreement, Assignment Schedule or invoice as the equivalent of a manual signature by one of Seller’s authorized officers or agents. Purchaser may rely upon, and assume the authenticity of, any such approval and material applicable to such approval as the duly confirmed, authorized and approved signature of Seller by the Person approving same, which shall satisfy the requirements of any applicable statute of frauds

10.17. Credit Reports. Seller authorizes Purchaser to obtain credit reports for Seller and all guarantors at any time, in Purchaser’s sole discretion.

10.18. Governing Law, Jurisdiction; Venue. This Agreement, all acts and transactions hereunder and all rights and obligations of Purchaser and Seller hereunder or in any way relating directly or indirectly hereto shall be governed, construed and



interpreted in accordance with the internal laws of the Province of Ontario. Seller: (i) agrees that all actions or proceedings relating directly or indirectly hereto shall, at the option of Purchaser, be litigated in courts located within the City of Toronto, Province of Ontario; (ii) consents and attorns to the jurisdiction and venue of any such court and consents to service of process in any such action or proceeding by personal delivery or any other method permitted by law; and (iii) waives any and all rights Seller may have to object to the jurisdiction of any such court, or to transfer or change the venue of any such action or proceeding..

10.19. Currency. If an Account (including a Purchased Account) is denominated in a particular currency, then both Purchaser's payments to Seller and Seller's payments to Purchaser, with respect to such Account, will be in that currency. Purchase's records, including without limitation its records relating to Seller's account with Purchaser, any of which records Purchaser may revise or correct from time to time, shall be prima facie evidence of such currency and of the currency of Seller's obligations to Purchaser hereunder, absent manifest error. Except as otherwise expressly provided in this Agreement, all dollar amounts referred to in this Agreement are stated in the lawful currency of Canada. Seller will make payment relative to each amount owing under this Agreement in the currency (the "Original Currency") in which Seller is required to pay such amount. If Seller makes payment relative to any such amount to Purchaser in a currency (the "Other Currency") other than the Original Currency (whether voluntarily or pursuant to an order or judgment of a court or tribunal of any jurisdiction), such payment will constitute a discharge of the liability of Seller under this Agreement in respect of such amount only to the extent of the amount of the Original Currency which Purchaser is able to purchase in accordance with its usual practice at its office in Ontario, Canada with the amount of the Other Currency it receives on the date of receipt. If the amount of the Original Currency which Purchaser is able to purchase is less than the amount of such currency originally due to it with respect to the relevant amounts, Seller will indemnify and save Purchaser harmless from and against any loss or damage arising as a result of such deficiency. This indemnity will constitute an obligation separate and independent from the other obligations contained in this Agreement, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by Purchaser and will continue in full force and effect notwithstanding any judgment or order in respect of any amount due under this Agreement or under any judgment or order, and notwithstanding any termination of this Agreement.

10.20. Interest Act (Canada). For purposes of disclosure under the Interest Act (Canada), whenever any interest or fee payable hereunder is computed at a rate on the basis of a period less than a full year, such interest or fee constitutes interest or a fee on a yearly basis equivalent to such rate divided by the number of days in such period and then multiplied by the actual number of days in the applicable year.



IN WITNESS WHEREOF, the parties hereto have executed this Agreement through their duly authorized officers.

Dated: March 25th, 2024 (the “Effective Date”)

Sallyport Commercial Finance ULC

Signature: DocuSigned by: Calum Williamson 3/27/2024
37981AA72740498...
Print Name: Calum Williamson
Title: Managing Director

94747 Newfoundland & Labrador Inc.

Signature: DocuSigned by: Trevor Melendy 3/26/2024
8E034111FABF487...
Print Name: Trevor Melendy
Title: CEO



SCHEDULE A TO ACCOUNT SALE AND PURCHASE AGREEMENT

1. Additional Factoring Fee: 0.60 %.
2. Additional Factoring Fee Period: in respect of a Purchased Account, each successive 30 day period commencing on the day immediately following the end of the Initial Factoring Fee Period in respect of that Account, and continuing until (and including) the 90th day following the purchase of such Account pursuant to this Agreement.
3. Advance Rate: up to 85%, as determined by Purchaser, of the gross face amount of each Eligible Account purchased under this Agreement that was funded to Seller in advance of its due date. Purchaser may adjust the Advance Rate upward or downward at any time, in its sole discretion.
4. Audit Fee: the per diem rate for each of Purchaser's examiners established by Purchaser from time to time. The Audit Fee on the date hereof is \$1,000 per day or part thereof.
5. Default Factoring Fee: 3.00% plus the Interest Rate.
6. Initial Factoring Fee: 0.60%.
7. Initial Factoring Fee Period: in respect of a Purchased Account, 30 days commencing on the day that Purchaser purchases such Account pursuant to this Agreement.
8. Initial Setup Fee: 0.50 % of Maximum Facility Limit Amount. (earned and charged at first funding)
9. Maximum Facility Limit Amount: \$2,500,000 .
10. Minimum Quarterly Sales Shortfall Fee: shall be calculated as follows: Minimum Quarterly Sales Volume for the particular quarter minus the actual Quarterly Sales Volume for the particular quarter multiplied by the Initial Factoring Fee.
11. Minimum Quarterly Sales Volume: \$2,000,000
12. Original Term: 12 Months.
13. Place of Business, Location of Collateral: 70 Portugal Cove Road St. John's, NL, A1B 2M3
14. Renewal Term: 12 Months
15. Trade Names and Styles: 94747 Newfoundland & Labrador Inc.; 94747 Newfoundland and Labrador Inc.; 94747 Newfoundland; 94747 NL
16. Interest Rate: Prime Rate + 3.00 % per annum
17. Prime Rate Floor and Default Rate Factor: 4.70% per annum
18. Application of Payments: 3 days.
19. Over 90 Fee: 1.000% per 15-day period on the gross face amount of each Account outstanding over 90 days.

All references to dollar amounts refer to the Canadian Dollar (CAD) unless otherwise stated.

DocuSigned by:
 Signature: Trevor Melendy 25/2024
SEC34111FABF457...
 Print Name: Trevor Melendy
 Title: CEO



**CERTIFICATION OF OFFICERS
OF
94747 Newfoundland & Labrador Inc.**

To: Sallyport Commercial Finance ULC
2233 Argentia Road, East Tower, Suite 302
Mississauga, ON L5N 2X7

In order to induce you to extend financing accommodations to 94747 Newfoundland & Labrador Inc. (the "Corporation") (including without limitation purchases of the Corporation's accounts receivable) and to continue to do so, the undersigned officers and shareholders of the Corporation certify, represent, warrant and agree as follows:

(PLEASE BE SURE TO ANSWER EACH QUESTION BELOW; IF A QUESTION DOESN'T APPLY INDICATE NO OR N/A)

1. The exact name of the Corporation is:

94747 Newfoundland & Labrador Inc.

2. The federal Business Number of the Corporation is:

786790428

3. The Corporation uses in its business and owns the following trade name(s) or trade style(s), and owns all rights in such trade names and trade styles:

Big Erics is the trade name, it will be owned at closing of the transaction

4. The following is a list of any names previously used by the Corporation and any and all mergers, amalgamations, consolidations, reorganizations, changes in jurisdiction of incorporation or other changes in corporate form affecting the Corporation, as well as a full description of such events:

N/A

5. The following is a list of all addresses (including the county) at which inventory, equipment or documents of the corporation are located (indicating whether address is client owned or leased), together with the name and address of landlord at each address:

99 Blackmarsh Rd, St. John's NL (Landlord Lighthouse Capital)/171 John Savage Ave, Dartmouth NS (Pr

6. The complete address of each place of business the corporation has operating during the past five years, other than those listed in 4 and 5 above are as follows:

N/A



7. The following is a list of all jurisdictions in which the Corporation currently has offices or employees:
Newfoundland and Labrador / Nova Scotia

8. The following are the names and jurisdictions of formation of all of subsidiaries or affiliates (as defined below) of the Corporation:
Newfoundland and Labrador

Subsidiary means an entity, more than 50% of the voting stock of which is owned by the corporation or another subsidiary of the corporation. Affiliate means an entity which directly or indirectly is in control of, is controlled by or is under common control with the corporation and includes companies in which any shareholder, officer or director of the corporation has an interest (except public companies to the extent such interest is less than 1%)

9. The following is a list of all guaranties for which the Corporation will continue to remain obligated subsequent to the execution and delivery of the Account Sale and Purchase Agreement executed or to be executed by and between you and the Corporation (the “ASPA”), a copy of which guarantee documentation will be provided to you at your request:
N/A

10. There is no provision in the Certificate of Incorporation, By-laws, or Articles of the Corporation, or in any of the books and records of the Corporation, or in any shareholder agreement, that requires any vote or consent of shareholders to the granting of a security interest in, or to any sale of, any assets of the Corporation, such power being vested exclusively in its Board of Directors.
N/A

11. The officers of the corporation and their respective titles are as follows:

President:	Trevor Melendy	Signature:	DocuSigned by:  5EC34111FABF457...
Vice President:		Signature:	
Secretary:		Signature:	
Treasurer:		Signature:	



12. The shareholders of the corporation and their respective ownership are as follows:

<u>Name</u>	<u># of Shares</u>	<u>% of Ownership</u>
Trevor Melendy	100	100
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A

13. The following are the names of all corporations, sole proprietorships, partnerships, limited liability companies or other business entities (i) that any of the shareholders, officers or directors of the Corporation have, or had in the past 5 years, an ownership interest in, or (ii) in respect of which any of such shareholders, officers or directors serve, or have served in the past 5 years, as an officer or director:

61650 Newfoundland & Labrador Inc. / Jac Realty Inc.

14. The following is a list of all judgments, pending lawsuits, litigation or insolvency or bankruptcy proceedings by or against the Corporation or any subsidiary or affiliate (as defined in question 8) of the Corporation or any entity set forth in response to the foregoing question number 13, including the full details of such actions:

N/A

15. The Corporation is delinquent on federal, provincial, local, foreign or other taxes (including income tax, HST, GST, other sales tax, franchise tax, etc.) as follows:

N/A

16. The Corporation's payroll is administered by the following individual or entity, with complete contact information as follows:

Internal CFO Inayat wadiwala - employment offer is in progress



17. The following events occurred during the past five years:

(a) (i) A petition or other proceedings under the Bankruptcy and Insolvency Act (Canada), the Companies' Creditors Arrangement Act (Canada) or any other Canadian or foreign bankruptcy or insolvency legislation has been filed or commenced by or against the Corporation or any shareholder of the Corporation; or (ii) a receiver, custodian, liquidator, trustee, fiscal agent or other similar official has been appointed by a court, creditor or other person for all or any part of the business or property of the Corporation or any shareholder of the Corporation, or (iii) any such petition or other proceedings, or any such appointment, has been filed or commenced by or against, or has been made for all or any part of the business or property of (A) any partnership in which any shareholder of the Corporation was a general partner at or within two years before the time of such filing, commencement or appointment, or (B) any entity of which any shareholder of the Corporation was an executive officer at or within two years before the time of such filing, commencement or appointment, as detailed below:

N/A

(b) A shareholder or officer of the Corporation has been convicted in a criminal proceeding, or a shareholder or officer of the Corporation is subject to a pending criminal proceeding (traffic violations and other minor offences omitted), detailed as follows:

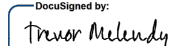
N/A

18. The following is a full and complete list of all bank accounts of the Corporation:

<u>Bank Name</u>	<u>Account Number</u>	<u>Contact</u>	<u>Phone Number</u>
Bank of Nova Scotia	Currently in progress	Josh Malliett	7095767906
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

Prompt written notice will be given to you of any change or amendment with respect to any of the foregoing matters. Until such notice is received by you, you shall be entitled to rely upon the foregoing in all respects. The undersigned understands that any misrepresentation or omitting of information, or any misleading information, or any breach of the notice requirement in the previous sentence, is a material breach of the ASPA.,

Very truly yours,

By:  3/26/2024
DocuSigned by: SEC34111FABF457
 Name: Trevor Melendy
 Title: President
 Date: 3/26/2024

***Please ensure sections 1-18 are filled out completely**

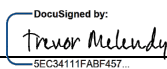


ASSIGNMENT SCHEDULE AUTHORIZATION

To: Sallyport Commercial Finance ULC ("Purchaser"):

In consideration of Purchaser agreeing to enter into an Account Sale and Purchase Agreement ("Agreement") with 94747 Newfoundland & Labrador Inc. ("Seller"), Seller represents and warrants to, and agrees with, Purchaser that listed below are the names, titles, and signatures of each individual who is authorized to submit Assignment Schedules to Purchaser pursuant to the Agreement and to sign such Assignment Schedules on behalf of Seller:

1) Name: Trevor Melendy Title: CEO

Signature:  3/26/2024
DocuSigned by: SEC34111FABF457...

2) Name: _____ Title: _____

Signature: _____

3) Name: _____ Title: _____

Signature: _____

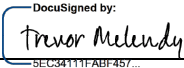
4) Name: _____ Title: _____

Signature: _____

Seller further agrees with Purchaser that (i) if Purchaser in its discretion chooses to accept a facsimile or email signature on any such Assignment Schedule submitted to Purchaser, Seller will ensure that every such Assignment Schedule has been authorized and approved by one or more of the authorized signers above and (ii) such Assignment Schedule shall be deemed to be submitted by Seller pursuant to, and shall be subject to, the terms and conditions of the Agreement.

Acknowledged by:

94747 Newfoundland & Labrador Inc.

By: Trevor Melendy 
Title: CEO
Dated: 3/26/2024
DocuSigned by: SEC34111FABF457...



Attention: Accounts Payable Manager

RE: YOUR VENDOR: 94747 Newfoundland & Labrador Inc.

NOTICE OF ASSIGNMENT OF ACCOUNTS RECEIVABLE

We are pleased to advise that 94747 Newfoundland & Labrador Inc. has established a financial relationship with **Sallyport Commercial Finance ULC ("SCF")**. SCF's relationship will enable 94747 Newfoundland & Labrador Inc. to accommodate the growth and development of their business while maintaining a high level of customer service.

As part of the SCF relationship, all of 94747 Newfoundland & Labrador Inc.'s present and future accounts have been assigned to SCF and accordingly, all payments to 94747 Newfoundland & Labrador Inc., now or in the future, should be made directly to **Sallyport Commercial Finance ULC**, and not to your vendor or any other entity. All payments should now be made payable to **Sallyport Commercial Finance ULC**, and remitted as follows:

PAYMENTS VIA MAIL

Sallyport Commercial Finance ULC
2233 Argentia Road, East Tower, Suite 302,
Mississauga, Ontario L5N 2X7

Re: _____

WIRE OR DIRECT DEPOSITS

Account Name: Sallyport Commercial Finance ULC
Bank Name: TD Canada Trust
Bank Address: 7685 Hurontario Street, Brampton, ON,
L6W 0B4
Bank Number: 5329611 (CAD)
Bank Number: 7312322 (USD)
Institution Number: 004
Branch No: 01362
Swift Code: TDOMCATTOR

Payment to your vendor or any other entity will not discharge your obligation to pay SCF. To assist us in correctly applying your payments, please return a completed and signed copy of this notice to us by email to payments@sallyportcf.com. If not correctly noted above, please provide your correct address, phone and fax number below.

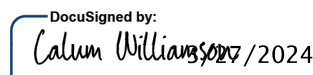
To reduce the risk of misappropriation of funds, phishing scams and cyber fraud; any and all future notifications of bank account changes or payment related changes MUST be confirmed and verified by calling Sallyport Commercial Finance, LLC at 832-939-9450.

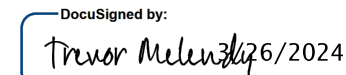
This notification shall remain in effect until you are notified to the contrary, in writing, by an officer of **Sallyport Commercial Finance ULC**. Please notify SCF at 832-939-9450 if there are any adjustments to be made to an invoice or if questions arise concerning your billing. We thank you in advance for your cooperation, and we look forward to the continued growth and prosperity of our client.

Very truly yours,

Sallyport Commercial Finance ULC

94747 Newfoundland & Labrador Inc.

DocuSigned by:

37261AA7E740469
Calum Williamson, Managing Director

DocuSigned by:

5EC34111FABF457
Trevor Melendy, President

ACCOUNT DEBTORS ONLY:	
Please complete and return immediately by email to payments@sallyportcf.com	
Company Name:	Email:
Name/Position:	Address:
Phone:	City:
Fax:	Postcode / Province

**BANK WIRE / ACH INSTRUCTIONS**

Date: March 25, 2024

To: Trevor Melendy

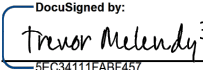
Client: 94747 Newfoundland & Labrador Inc.

Re: Bank Wire/ACH Instructions

In order to facilitate the funding portion of the factoring process, please provide the following information requested below. Please note that the Wire Instructions requested shall be an Operating Account only, and not for a payroll tax deposit account.

Bank Name: Bank of Nova ScotiaStreet Address: 245 Water StCity, Province, Post Code: St. John's, NL, A1C 5H5Bank Number: 002
(Please contact your bank for the applicable Bank Number)Bank Transit Number: In progress
(Please contact your bank for the applicable Bank Transit Number)SWIFT CODE: In progress
(Please contact your bank for the applicable SWIFT CODE)Telephone: 709-576-7906
() -Facsimile: 709-576-7197
() -Contact Name: Josh MalliettContact Title: Director & Group LeadAccount Number: In progressBeneficiary's Name: 94747 Newfoundland & Labrador Inc.

We hereby authorize Sallyport Commercial Finance ULC ("SCF") to initiate (i) credit entries, (ii) debit entries, and (iii) adjustments for any debit or credit entries made in error, to my account as indicated above. All transactions shall be pursuant to the terms and conditions of the Account Sale and Purchase Agreement by and between SCF and 94747 Newfoundland & Labrador Inc..

Signed:  3/26/2024
SEC34111FABF457...

Trevor Melendy, President



PLEASE ATTACH VOIDED CHECK COPY HERE

A large rectangular area defined by a dashed line, intended for attaching a voided check copy.



ASSIGNMENT SCHEDULE RELATING TO ACCOUNTS RECEIVABLE

Assignment to: Sallyport Commercial Finance ULC (“Purchaser”) Schedule No. _____
2233 Argentia Road, East Tower, Suite 302,
Mississauga, Ontario L5N 2X7 Date. ____/____/____

Assignment Made by: 94747 Newfoundland & Labrador Inc. (“Seller”)

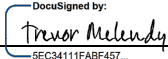
Schedule can be emailed to: schedules@sallyportcf.com

Account Debtor	PO/Contract No.	Invoice Terms	Invoice No.	Date	Amount
#	#			/ /	\$
#	#			/ /	\$
#	#			/ /	\$
#	#			/ /	\$
#	#			/ /	\$
#	#			/ /	\$
#	#			/ /	\$
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#	#			/ /	\$
#	#			/ /	\$
#	#			/ /	\$
#	#			/ /	\$

Total Invoice Amount (for Schedule): \$ _____

Seller hereby submits this Assignment Schedule to Purchaser pursuant to the Account Sale and Purchase Agreement (as amended to date, the “Agreement”) between them, and acknowledges and agrees that the Agreement is in full force and effect and is hereby ratified, approved and confirmed in all respects. Upon acceptance by Purchaser below, Seller hereby sells and assigns to Purchaser all of Seller’s right, title and interest in, to and under each of the Accounts listed above, and all of Seller’s right, title and interest in, to and under all Related Property relating to such Accounts (as such terms are defined in the Agreement). This Assignment Schedule shall be governed, construed and interpreted in accordance with the internal laws of the Province of Ontario.

Client Company: 94747 Newfoundland & Labrador Inc.

Signed:  3/26/2024
Print Name: Trevor Melendy
Title: CEO



CERTIFICATE OF CORPORATE RESOLUTIONS

The undersigned, being the President and Secretary of 94747 Newfoundland & Labrador Inc. a corporation organized under the laws of Newfoundland and Labrador (the “Company”) hereby certifies a special meeting of the Board of Directors of the Company was duly held at its office 70 Portugal Cove Road St. John’s, NL, A1B 2M3, on the 25th day of March, 2024, a quorum being present and the following resolutions being duly adopted:

RESOLVED: That it is in the best interest of the Company to sell and assign its accounts receivable, and certain related rights and property, to Sallyport Commercial Finance ULC (“SCF”) and to grant to SCF a security interest in all of the Company’s present and future property, assets and undertaking as security for the payment and performance of the Company’s present and future obligations to SCF; and it is further

RESOLVED: That any one or more of the President, Vice President, Treasurer, Secretary and any other officer of the Company is hereby authorized, in the name and on behalf of the Company, to enter into, execute and deliver to Account Sale and Purchase Agreement (the “ASPA”) substantially in the form submitted to this meeting, with such additions, deletions or other changes as the officer or officers executing the same may consider appropriate, the execution and delivery thereof by such officer or officers to be conclusive evidence of the Company’s approval of the terms thereof and of the transactions contemplated thereby; and it is further

RESOLVED: That any one or more of the President, Vice President, Treasurer, Secretary and any other officer of the Company is hereby authorized, in the name and on behalf of the Company, to enter into, execute and deliver to SCF, or as it may direct, such other documents and instruments (“Other Documents”) as SCF may request in connection with the ASPA and/or any transactions or other matters relating thereto, and/or in connection with any other financial accommodations from SCF to the Company (including without limitation any purchase order financing transaction), such documents and instruments to contain such terms and conditions and be in such form as the officer or officers executing the same may consider appropriate, the execution and delivery thereof by such officer or officers to be conclusive evidence of the Company’s approval of the terms thereof and of the transactions contemplated thereby; and it is further

RESOLVED: That each officer of the Company, and any nominee of any such officer, is hereby authorized, on the Company’s behalf, to execute and deliver, in the name of the Company or otherwise, any and all schedules of assignments of accounts, transfers of instruments, sales, pledges, notes, financial, financing and other statements, and any and all further agreements, papers, documents and/or certificates as may from time to time relate to, or be requested by SCF in connection with, the ASPA, any Other Document and/or any financing arrangements with the Company; and it is further

RESOLVED: That each officer of the Company, and each nominee of any such officer, is hereby authorized, on the Company’s behalf, to fulfill all obligations of the Company under the ASPA and under each Other Document, including, without limitation and to the extent necessary or advisable, (i) the granting to SCF of the security interest described in the ASPA, (ii) the appointment of SCF as attorney of the Company as set forth in the ASPA, (iii) the payment of all such costs, expenses and other amounts as in such officer’s or nominee’s judgment shall be necessary or proper to carry out the intent and accomplish the purposes of the foregoing resolutions, and (iv) the taking of all further action as such officer or nominee may deem necessary or appropriate in order to implement such resolutions, and the Company’s approval of any such action shall be conclusively evidenced by the taking of such action; and it is further

RESOLVED: That all acts of the officers of the Company and/or their nominees, and all agreements, modifications, transfers, assignments, certificates, statements and actions which they or any of them have done, executed or delivered pursuant to the ASPA or any Other Document, or to facilitate any of the transactions thereunder, are hereby ratified and approved; and it is further

RESOLVED: That each officer, employee, agent and nominee of SCF is hereby authorized to endorse the name of the Company to any and all cheques, drafts and other instruments or orders for the payment of money that may be payable to the Company or its order, to deposit the same in any account or accounts of SCF with any bank or other financial institution, and to deal with any and all such cheques, drafts and other instruments or orders for the payment of money and the proceeds thereof as the property of SCF; and it is further

RESOLVED: That said banks or other financial institutions are hereby authorized and requested to receive for deposit to the credit of SCF, without further inquiry, all such cheques, drafts and other instruments or orders for the payment of money that may be payable to the Company or its order, and that said banks or other financial institutions shall be under no liability to the Company with respect to the disposition which SCF may or shall make of such cheques, drafts or other instruments or orders, or the proceeds thereof.

The undersigned further certify that the foregoing resolutions remain in full force and effect, and have not been rescinded or modified, that each of the undersigned is a custodian of and familiar with the books and records of the Company and that nothing contained in the Certificate of Incorporation, Articles, By-Laws, any shareholder agreement or any other books or records of the Company prohibits the execution and delivery of the agreements, instruments or other documents referred to in such resolutions or any of the other matters referred to therein.



The undersigned further certifies that the following are the current duly elected officers of said corporation:

* President Signature Trevor Melendy 3/26/2024
DocuSigned by: Trevor Melendy 3/26/2024
 Home Address 29 Stokes Rd, Paradise, NL A1L 2E8
 Social Security #: 122852312
 * Vice President Signature _____
 Home Address _____
 Social Security #: _____
 * Secretary Signature _____
 Home Address _____
 Social Security #: _____
 * Treasurer Signature _____
 Home Address _____
 Social Security #: _____

Print Name Trevor Melendy
 Home Phone 7096855556
 % of Ownership: 100
 Print Name _____
 Home Phone _____
 % of Ownership _____
 Print Name _____
 Home Phone _____
 % of Ownership _____
 Print Name _____
 Home Phone _____
 % of Ownership _____

IN WITNESS WHEREOF, I have signed this Certificate as President of 94747 Newfoundland & Labrador Inc., by order of its Board of Directors, this 25th day of March, 2024.

Trevor Melendy 3/26/2024
DocuSigned by: Trevor Melendy 3/26/2024
 Name: Trevor Melendy
 Title: President

IN WITNESS WHEREOF, I have signed this Certificate as Secretary of 94747 Newfoundland & Labrador Inc., by order of its Board of Directors, this ____ day of _____, 2024.

 Name: _____
 Title: Secretary



GENERAL SECURITY AGREEMENT

TO: **Sallyport Commercial Finance ULC**

(hereinafter called the "Secured Party")
2233 Argentia Road, East Tower, Suite 302,
Mississauga, Ontario, L5N 2X7

FROM: 94747 Newfoundland & Labrador Inc.

(hereinafter called the "Debtor")

70 Portugal Cove Road
St. John's, NL, A1B 2M3

The undersigned Debtor hereby agrees to and with the Secured Party as follows:

1) Collateral

As used herein, the term "Collateral" means all the personal property, assets and undertaking of the Debtor, both present and future, now owned or hereafter acquired, including, without limitation, all inventory, equipment, goods, accounts (including all of the Debtor's books and records evidencing and/or relating to its accounts, as well as all of the Debtor's software programs, stored data, aging schedules and customer lists), chattel paper, instruments, choses in action, securities, and all other personal property and things of value, tangible or intangible, legal or equitable, of which the Debtor may be possessed or entitled to, or that may afterwards be acquired by the Debtor together with all cash and non-cash proceeds thereof.

2) Indebtedness

As used herein, the term "Indebtedness" means:

- a) all indebtedness, liabilities and obligations, present and future, direct or indirect, absolute or contingent, at any time owing by the Debtor to the Secured Party, including (without limitation) all indebtedness, liabilities and obligations under an Accounts Sale and Purchase Agreement and Standard Provisions bearing even date herewith, as it may be amended from time to time hereinafter collectively referred to as the "Receivables Funding Agreement"; and
- b) all expenses (including reasonable legal fees) incurred by the Secured Party in collecting such indebtedness, liabilities and obligations.

3) Charging Provisions

As security for the payment of the Indebtedness, the Debtor hereby grants to the Secured Party a security interest in the Collateral.

4) Use of the Collateral

Until default, the Debtor may use the Collateral in any lawful manner not inconsistent with this Agreement and may also deal with or sell the Collateral in the ordinary course of business.

**5) Representations and Warranties**

The Debtor represents and warrants as follows:

- a) Except for the security interest granted hereby and except for other encumbrances now or hereafter approved in writing by the Secured Party prior to their creation or assumption (such approval not to be unreasonably withheld), the Debtor is, or, as to Collateral to be acquired after the date hereof, will be, the owner of the Collateral free from any adverse lien, security interest or encumbrance.
- b) All tangible Collateral presently owned by the Debtor is kept or stored at the location set out at the beginning of this Agreement.
- c) The Debtor will not permit any tangible Collateral which is or shall become subject to the terms of this Agreement to be kept or stored at any location other than the location shown at the beginning of this Agreement without the prior written consent of the Secured Party.
- d) The Debtor will not change its name unless thirty (30) days prior written notice thereof has been given to the Secured Party.

6) Insurance, Inspection, and Covenant for Further Assurance

- a) The Debtor shall have and maintain insurance at all times with respect to all tangible Collateral against such risks as are in accordance with industry standards prevailing in the location at which the business is conducted, which insurance shall contain such terms, be in such form, be for such periods and be written by such companies as may be satisfactory to the Secured Party acting reasonably, and such insurance shall be payable to the Secured Party and the Debtor as their interests may appear. In the event of failure to provide insurance as herein provided, the Secured Party may, at its option, provide such insurance and the Debtor shall pay to the Secured Party, on demand, the cost thereof.
- b) The Debtor shall at all reasonable times and from time to time allow the Secured Party, by or through any of its officers or agents to inspect the Collateral.
- c) The Debtor shall do all such additional things as the Secured Party may reasonably require to more completely vest in and assure to the Secured Party its rights hereunder.

7) Events of Default – Acceleration

The Indebtedness secured hereby shall, at the option of the Secured Party, become immediately due and payable upon the occurrence of an Event of Default (as defined in the Receivables Funding Agreement).

8) Rights and Remedies on Default

Upon the occurrence of any Event of Default, and at any time thereafter, the Secured Party shall have the rights and remedies of a secured party under any applicable legislation in addition to the rights and remedies provided herein. If an Event of Default occurs or continues:

- a) The Secured Party may, in addition to any other rights, appoint by instrument in writing a receiver (which term as used in this Agreement includes a receiver and manager) of all or any part of the Collateral and remove or replace such receiver from time to time or may institute proceedings in any Court of competent jurisdiction for the appointment of such a receiver. Where the Secured Party is hereafter referred to in Section 8 of this Agreement, the term shall, where the context permits, include any receiver so appointed.
- b) The Debtor will forthwith upon demand assemble and deliver to the Secured Party possession of all the Collateral at such place as may be specified in the said demand.



- c) The Secured Party may seize, collect, realize, borrow money on the security of, release to third parties or otherwise deal with the Collateral or any part thereof in such manner, upon such terms and conditions and at such time or times as may seem to it advisable and without notice to the Debtor (except as otherwise required by any applicable law).
- d) Upon notice to the Debtor in the manner prescribed by any applicable legislation, the Secured Party may at its option elect to retain all or any part of the Collateral in satisfaction of all or any part of the Indebtedness of the Debtor to the Secured Party.
- e) Except for liability or accountability imposed by any applicable law, the Secured Party shall not be liable or accountable for any failure to seize, collect, realize, sell or obtain payment of or for the Collateral or any part thereof.
- f) Subject to the standards imposed by any applicable law, the Secured Party may deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other securities as the Secured Party may see fit without prejudice to the liability of the Debtor or the rights of the Secured Party to hold and realize the Collateral.
- g) All monies collected or received by the Secured Party in respect of the Collateral may be applied on account of such parts of the Indebtedness of the Debtor as to the Secured Party seems best.
- h) If the Secured Party deems it necessary for the proper realization of all or any part of the Collateral, the Secured Party may pay any encumbrance, lien, claim or charge that may exist against the Collateral and in every such case the amount so paid together with the costs, charges and expenses incurred in connection therewith shall be added to the Indebtedness of the Debtor to the Secured Party as hereby secured.
- i) After all the expenses of the Secured Party in connection with the preservation and realization of the Collateral as above described shall have been satisfied and all Indebtedness of the Debtor to the Secured Party shall have been satisfied and paid in full, if there is any balance of monies in the hands of the Secured Party arising out of the realization of the Collateral, it shall be accounted for or paid in accordance with applicable law.
- j) After all the expenses of the Secured Party in connection with the preservation and realization of the Collateral as above described have been satisfied, the Debtor shall remain liable to the Secured Party for any deficiency remaining to be paid to the Secured Party in respect of the Indebtedness.
- k) Without limiting any other rights the Secured Party may have, the Secured Party may purchase all or any part of the Collateral at a private or public sale, where applicable law so permits.

9) Invalidity of Provision

The invalidity or unenforceability of any one or more of the provisions of this Agreement shall in no way affect the validity or enforceability of any of the other provisions of this Agreement.

10) Rights Cumulative

The rights of the Secured Party hereunder or under any applicable legislation are cumulative and not alternative, and the exercise of any one right is not an election or waiver of the power to exercise any other right. Waiver of an Event of Default hereunder is not a waiver of any prior or subsequent Event of Default.

11) Method of Giving Notice

Subject to the applicable law and without limitation on any other method of giving notice, any notice required hereunder shall be deemed sufficient and complete by mailing such notice by prepaid registered post addressed to the other party at the address specified in this Agreement or such other address as may be designated in



writing and shall be deemed to have been received when the addressee actually receives the notice or upon the expiry of ten days after the date of registration, whichever is earlier.

12) Amendment of Agreement

This Agreement constitutes the entire agreement between the parties with regard to granting of security and the rights and liabilities of the parties. This Agreement may not be altered or amended, or have any of its specific provisions waived, unless such alteration, amendment or waiver is in writing and is executed by the Debtor and the Secured Party.

13) Successors

This Agreement shall ensure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of the Secured Party and the Debtor, as the case may be.

14) Assignment

Neither this Agreement nor any right, remedy, obligation, or liability arising hereunder or by reason hereof shall be assignable by the Debtor without the prior written consent of the Secured Party, which consent shall not be unreasonably withheld.

15) Applicable Law

This Agreement shall be governed by the laws of the Province of Ontario.

16) Other Locations

The Debtor carries on business from or stores goods at no locations in the Province of Ontario other than located at the Debtor's chief place of business in the Province of Ontario first above written.

17) Acknowledgment of Receipt

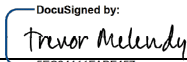
The Debtor hereby acknowledges receipt of a duplicate copy of this Agreement.

IN WITNESS WHEREOF the Debtor has executed this Agreement dated March 25th, 2024

94747 Newfoundland & Labrador Inc.

Witness

By:

DocuSigned by:
 3/26/2024
SEC34111EABF457
Name: Trevor Melendy
Title: President

I have the authority to bind the corporation.



Instructions for Accounts Receivable
Payments Received By Seller

March 25, 2024

94747 Newfoundland & Labrador Inc.

If you receive a customer payment from any Account of invoice, **do not deposit the funds into your bank account nor cash the check.** Please handle the payment in the following way:

1) Immediately fax or email the check and its stub or remittance advice to Sallyport Commercial Finance, ULC ("SCF") at 832-939-9450 or Payments@Sallyportcf.com. Include a note indicating how you are delivering the payment to SCF (regular mail / overnight mail). If the payment was received electronically, the payment must be forwarded electronically to SCF **and** a copy of the bank statement needs to be forwarded via fax or email.

2) Deliver the original check as indicated in Number 1. Your account will be credited for the payment as being received the business day we received it. If the check is large, you may find it cost effective to send it via overnight delivery.

Forwarding Payments:

PAYMENTS VIA MAIL

Sallyport Commercial Finance ULC
2233 Argentia Road, East Tower, Suite 302,
Mississauga, Ontario L5N 2X7

Re: _____

WIRE OR DIRECT DEPOSITS

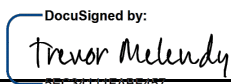
Account Name: Sallyport Commercial Finance ULC
Bank Name: TD Canada Trust
Bank Address: 7685 Hurontario Street, Brampton, ON,
L6W 0B4
Bank Number: 5329611 (CAD)
Bank Number: 7312322 (USD)
Institution Number: 004
Branch No: 01362
Swift Code: TDOMCATTOR

Re: **94747 Newfoundland & Labrador Inc..**

I will immediately forward all payments for all payments for all Accounts to Sallyport Commercial Finance, ULC as directed above. I understand that by depositing or cashing such payments, I am committing a breach of contract that may result in termination of the Account Sale and Purchase Agreement and will carry severe penalties, including but not limited to as outlined in Section 5.1.2 and Misdirected Payment Fee.

The undersigned has the authority to execute this document and bind the Seller thereto:

Acknowledged by:

Signature:  _____
3EC34111FABF457...

Printed Name: Trevor Melendy _____

Title: CEO _____

Date: 3/26/2024 _____



ASSIGNMENT SCHEDULE RELATING TO ACCOUNTS RECEIVABLE

Assignment to: **Sallyport Commercial Finance ULC ("Purchaser")**
2233 Argentia Road, East Tower, Suite 302,
Mississauga, Ontario L5N 2X7

Schedule No. _____

Date. ____/____/____

Assignment Made by: **94747 Newfoundland & Labrador Inc. ("Seller")**

Schedule can be emailed to: schedules@sallyportcf.com

Account Debtor	PO/Contract No.	Invoice Terms	Invoice No.	Date	Amount
#	#			/ /	\$
#	#			/ /	\$
#	#			/ /	\$
#	#			/ /	\$
#	#			/ /	\$
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#	#			/ /	\$

Total Invoice Amount (for Schedule): \$ _____

Seller hereby submits this Assignment Schedule to Purchaser pursuant to the Account Sale and Purchase Agreement (as amended to date, the "Agreement") between them, and acknowledges and agrees that the Agreement is in full force and effect and is hereby ratified, approved and confirmed in all respects. Upon acceptance by Purchaser below, Seller hereby sells and assigns to Purchaser all of Seller's right, title and interest in, to and under each of the Accounts listed above, and all of Seller's right, title and interest in, to and under all Related Property relating to such Accounts (as such terms are defined in the Agreement). This Assignment Schedule shall be governed, construed and interpreted in accordance with the internal laws of the Province of Ontario.

Client Company: 94747 Newfoundland & Labrador Inc.

Signed: Trevor Melendy 3/26/2024
DocuSigned by: 5EC34111FABF457...

Print Name: Trevor Melendy
 Title: CEO

Appendix “J”

94747 Reconciliation of Disputes, August 2024

GT/ 947 Monitor Documents

From David Boyd <davidboyd.resolve@gmail.com>

Date Fri 8/23/2024 3:55 PM

To Hines, Corey <Corey.Hines@ca.gt.com>; Clarke, Phil <Phil.Clarke@ca.gt.com>

Cc Trevor Melendy <tmelendy@bigerics.com>; Jaya Chitra Sriram <jsriram@bigerics.com>

 8 attachments (7 MB)

947NLL_Credit Notes_Working 07.31.2024.xlsx; Ageing - May10_calculation.xlsx; BEI Reconciliation_Aug23,2024.xlsx; Expired & Damaged Product_May10,2024.xlsx; Funds credited in BMO.zip; GIT.zip; Invoices Paid by 947.zip; Shredding docs.zip;

CAUTION: EXTERNAL EMAIL. DO NOT CLICK ON LINKS OR OPEN ATTACHMENTS YOU DO NOT TRUST

DO NOT ENTER YOUR GT PASSWORD ON ANY EXTERNAL EMAIL REQUEST

Corey and Phil,

Thank you for meeting this Afternoon

I omitted in our discussions that 947 has authorized me to instruct GT, as Monitor of BEI to release \$225,000 of the funds held in satisfaction of the payments due for the inventory. Please confirm once the funds have been transferred to BMO.

For full transparency and to ensure all parties are working off the same information we are enclosing the attached schedules. The BEI Reconciliation is a "True Up" by category and is the summary document.

Should you require any further information/ schedules/ please direct your inquiries to me. We would be pleased to meet again and address the various categories to see if a resolution can be reached.

As outlined, 947 reserves the right to amend/ revise the documents where appropriate and will provide an updated version at that time.

Regards.

Big Eric's Inc.
Reconciliation of Closing Value- August23- BMO Account

Grant Thornton

Accounts Receivable	On Closing	APA	Purchase Price	Source
Aged AR 0- 90 days	2,138,379.15	80	1,710,703.32	Eighth Monitors Report
Aged AR 91 + days	<u>293,396.03</u>	25	<u>73,349.01</u>	Eighth Monitors Report
	2,431,775.18		1,784,052.33	
Target AR Paid on Closing			(1,700,000.00)	
Due from Purchaser			84,052.33	
Customer Deposits				
Balance on May 5, 2024 (Used for Closing)	318,140.31		318,140.31	Eighth Monitors Report
Less: Balance on May 10, 2024	(345,796.13)		(345,796.13)	Eighth Monitors Report
Less: Additional Customer Deposit not recorded on Clo:	(20,334.71)		<u>(20,334.71)</u>	Eighth Monitors Report
Credit Due to Purchaser			(47,990.53)	
Inventory				
Inventory Balance Per Listing- May 10, 2024	3,114,027.62			Eighth Monitors Report
Less: Consignment Inventory	<u>(72,268.11)</u>			Eighth Monitors Report
Inventory Balance on Closing	3,041,759.51			
Adjustment Amount Per APA	<u>(3,400,000.00)</u>	15.44	525,000.00	Eighth Monitors Report
Variance of Inventory Balance on Closing vs APA	(358,240.49)			
Adjustment- Downward of 15% of Value less than \$3.4 i	<u>(53,790.07)</u>	15	<u>(53,790.07)</u>	Eighth Monitors Report
Amount Due on Inventory			471,209.93	
Amount Paid on Closing			<u>(300,000.00)</u>	Eighth Monitors Report
Amount to be Paid by Purchaser			171,209.93	
Goods In Transit				
Total GIT as at May 10, 2024	Total (incl HST)	HST	Total	
Approved GIT	490,200.93	59,208.02	430,992.91	
Unapproved GIT	<u>210,189.56</u>	<u>27,015.82</u>	<u>183,173.74</u>	
	700,390.49	86,223.84	614,166.65	
Goods Yet to Be Received & other adjustments				
Approved GIT	(34,700.29)			
Unapproved GIT	<u>(38,186.20)</u>		(72,886.49)	
Net GIT Due			541,280.16	
Amounts Due by Purchaser			748,551.89	
Funds Held by Monitor to August 16, 2024			<u>(411,557.49)</u>	947 Records per GT Inf.
Net Amount Due by Purchaser B/F Residual GIT			<u>336,994.40</u>	
Less: `				
BlackMarsh Rent May 11- May 31			<u>(9,341.00)</u>	
Net Funds Due			<u>327,653.40</u>	

94747 NLL Ltd

Accounts Receivable	On Closing	APA	Purchase Price	Source
Aged AR 0- 90 days	2,014,866.75	80	1,611,893.40	Excel Spreadsheet- AR by Posting Date
Aged AR 91 + days	<u>332,756.82</u>	25	<u>83,189.21</u>	Excel Spreadsheet- AR by Posting Date
	2,347,623.57		1,695,082.61	
Target AR Paid on Closing			<u>(1,700,000.00)</u>	
Due from Purchaser			(4,917.39)	
Less: Work in progress				
Cowboy Bar & Grill	(50,000.00)		(40,000.00)	
Less: Uncollectible Invoices - sent to collections agency by BEI				
C16251	- 3,206.28		(801.57)	
C16365	- 1,565.70		(391.43)	
Less: Credit Memo's issued for pre May 10 Invoices			(52,944.50)	
Credit Due to Purchaser on Customer Deposits			(47,990.53)	
Net amount due on AR			(147,045.42)	
Inventory	3,114,027.62			
Less: Consignment Inventory	<u>(76,248.00)</u>			
Inventory Balance on Closing	3,037,779.62			
Less:				
Staledated Chemicals	(209,339.00)			
Inventory held by 3rd parties	(9,255.00)			
Damaged Goods	<u>(31,246.67)</u>			
	(249,840.67)			
Saleable Goods in Inventory	2,787,938.95	15.44	430,457.77	
Adjustment Amount per APA	<u>(3,400,000.00)</u>		<u>525,000.00</u>	
Amount Due on Inventory			430,457.77	
Amount Paid by Purchaser			<u>(300,000.00)</u>	
Net Amount due on Inventory			130,457.77	
Goods In Transit				
Total GIT as at May 10, 2024			614,166.65	
Approved GIT	430,992.91			
Unapproved GIT	183,173.74			
Goods Yet to Be Received				
Approved GIT	(34,700.29)			
Unapproved GIT	<u>(38,186.20)</u>		(72,886.49)	
Total GIT Amount Due as at Aug23, 2024			541,280.16	
Amounts Due on GIT			541,280.16	
Invoices paid by Purchaser on behalf of BEI			(9,950.78)	
Amounts Due by Purchaser			514,741.73	
Funds Held by Monitor to August 16, 2024			<u>(411,557.49)</u>	
Net Amount Due from Purchaser			103,184.24	
Less: `				
BlackMarsh Rent Overpayment	-		9,341.00	
Total amount due from Purchaser			93,843.24	

Appendix “K”

94747 Reconciliation of Disputes, October 2024

Spreadsheet shared with you: "BEI Reconciliation_Aug23,2024.xlsx"

From David Boyd (via Google Sheets) <davidboyd.resolve@gmail.com>

Date Mon 10/7/2024 6:54 AM

To Hines, Corey <Corey.Hines@doane.gt.ca>

Cc Clarke, Phil <Phil.Clarke@doane.gt.ca>

CAUTION: EXTERNAL EMAIL. DO NOT CLICK ON LINKS OR OPEN ATTACHMENTS YOU DO NOT TRUST

DO NOT ENTER YOUR GT PASSWORD ON ANY EXTERNAL EMAIL REQUEST

David Boyd shared a spreadsheet



Hea
der

David Boyd (davidboyd.resolve@gmail.com) has invited you to **edit** the following spreadsheet:

Gents,

Please find attached the revised Rec'n schedule with a seperate Tab for 947 comments/ position on specific matters raised. Please review and we can discuss at our meeting today.

Regards

☐ BEI Reconciliation_Aug23,2024.xlsx



This email grants access to this item without logging in. Only forward it to people you trust.

Open

Google LLC, 1600 Amphitheatre Parkway, Mountain View, CA 94043, USA
You have received this email because davidboyd.resolve@gmail.com shared a spreadsheet with you from Google Sheets.



Big Eric's Inc.
Reconciliation of Closing Value-October 6- BMO Account

Accounts Receivable	On Closing	APA	Purchase Price	Source
Aged AR 0- 90 days	2,138,379.15	80	1,710,703.32	Eighth Monitors Report
Aged AR 91 + days	<u>293,396.03</u>	25	<u>73,349.01</u>	Eighth Monitors Report
	2,431,775.18		1,784,052.33	
Target AR Paid on Closing			(1,700,000.00)	
Due from Purchaser			84,052.33	

Customer Deposits

Balance on May 5, 2024 (Used for Closing)	318,140.31		318,140.31	Eighth Monitors Report
Less: Balance on May 10, 2024	(345,796.13)		(345,796.13)	Eighth Monitors Report
Less: Additional Customer Deposit not recorded on Clc	(20,334.71)		<u>(20,334.71)</u>	Eighth Monitors Report
Credit Due to Purchaser			(47,990.53)	

Inventory

Inventory Balance Per Listing- May 10, 2024	3,114,027.62			Eighth Monitors Report
Less: Consignment Inventory	<u>(72,268.11)</u>			Eighth Monitors Report
Adjustment Amount Per APA	<u>(3,400,000.00)</u>	15.44	525,000.00	Eighth Monitors Report
Variance of Inventory Balance on Closing vs APA	(3,400,000.00)			
Adjustment- Downward of 15% of Value less than \$3.4	<u>(53,790.07)</u>	15	<u>(53,790.07)</u>	Eighth Monitors Report
Amount Due on Inventory			471,209.93	
Amount Paid on Closing			<u>(300,000.00)</u>	Eighth Monitors Report
Amount to be Paid by Purchaser			171,209.93	

Goods In Transit

Total GIT as at May 10, 2024	Total (incl HST)	HST	Total
Approved GIT	490,200.93	59,208.02	430,992.91
Unapproved GIT	<u>210,189.56</u>	<u>27,015.82</u>	<u>183,173.74</u>
	700,390.49	86,223.84	614,166.65

Goods Yet to Be Received & other adjustments

Approved GIT	(34,700.29)		
Unapproved GIT	<u>(38,186.20)</u>		(72,886.49)

Net GIT Due 541,280.16

Amounts Due by Purchaser 748,551.89

Funds Held by Monitor to August 16, 2024 (433,877.54) 947 Records per GT Inf.

Net Amount Due by Purchaser B/F Residual GIT 314,674.35

Less: ` BlackMarsh Rent May 11- May 31 (9,341.00)

Net Funds Due 305,333.35

Accounts Receivable	On Closing	APA	Purchase Price	Source
Aged AR 0- 90 days	2,014,866.75	80	1,611,893.40	Excel Spreadsheet- AR by Posting Date
Aged AR 91 + days	<u>332,756.82</u>	25	<u>83,189.21</u>	Excel Spreadsheet- AR by Posting Date
	2,347,623.57		1,695,082.61	
Target AR Paid on Closing			<u>(1,700,000.00)</u>	
Due from Purchaser			(4,917.39)	
Less: Work in progress				
Cowboy Bar & Grill	(50,000.00)		(40,000.00)	
Econo Lease- Resolutes Amateur			<u>(3,441.85)</u>	
			(43,441.85)	

Less: Uncollectible Invoices - sent to collections agency by BEI
C16251 - 3,206.28 (801.57)
C16365 - 1,565.70 (391.43)

Less: Credit Memo's issued for pre May 10 Invoices (52,944.50)

Credit Due to Purchaser on Customer Deposits (47,990.53)

Net amount due on AR (150,487.27)

Inventory 3,114,027.62
Less: Consignment Inventory (76,248.00)
Inventory Balance on Closing 3,037,779.62

Adjustment Amount Per APA (3,400,000.00) 15.44 525,000.00
Variance of Inventory Balance on Closing vs APA (362,220.38) 15.44 (55,926.83)

Amount Due on Inventory 469,073.17
Less:
Staledated Chemicals (209,339.00)
Inventory held by 3rd parties (9,255.00)
Damaged Goods (31,246.67)
(249,840.67) 15.44 (37,476.10)
431,597.07

Adjustment Amount per APA (3,400,000.00) 525,000.00

Amount Due on Inventory 431,597.07

Amount Paid by Purchaser (300,000.00)

Net Amount due on Inventory 131,597.07

Goods In Transit

Total GIT as at May 10, 2024 614,166.65
Approved GIT 430,992.91
Unapproved GIT 183,173.74

Goods Yet to Be Received
Approved GIT (34,700.29)
Unapproved GIT (38,186.20) (72,886.49)

Total GIT Amount Due as at Aug23, 2024 541,280.16

Amounts Due on GIT 541,280.16

Invoices paid by Purchaser on behalf of BEI (9,950.78)

Amounts Due by Purchaser 512,439.18

Funds Held by Monitor to September 6, 2024 (433,877.54)

Net Amount Due from Purchaser 78,561.64

Less: ` BlackMarsh Rent Overpayment (9,341.00)
Estimated Disposition Costs for Expired Chemicals (80,000.00)
(89,341.00)
Total amount due from Purchaser (10,779.36)

94747 NLL Ltd

Accounts Receivable	On Closing	APA	Purchase Price	Notes	Comments
Aged AR 0- 90 days	2,014,866.75	80	1,611,893.40	1	947's position is the AR Ageing Reports provided by the Company/Monitor/ SISP Advisor were inaccurate. The Company calculated the AR Ageing post Future Remittances. This is not a normal business practice. Ageing is based on Invoice Posting Date The Company CFO/ SISP Advisor/ External Accountant should have disclosed this variance from normal business practice and its effect on the AR Ageing Reports. 947 did not agree to the AR Ageing. BEI/ BMO did not provide the Bank Statements as required under the APA for 947 every two days to reconcile the Amounts. Account was not closed until Sept 2024.
Aged AR 91 + days	<u>332,756.82</u> 2,347,623.57	25	<u>83,189.21</u> 1,695,082.61		
Target AR Paid on Closing			<u>(1,700,000.00)</u>		
Due from Purchaser			(4,917.39)		
Less: Work in progress					
Cowboy Bar & Grill	(50,000.00)		(40,000.00)	2	Per the APA, BEI was required to provide the Work in Process Schedules (WIP) for major contracts as at May 9, 2024. BEI did not provide. 947 made repeated inquiries post Closing for the WIP Report, After numerous emails, the Monitor outlined that the Company nor the Monitor were able to provide this information. As the information was not provided, 947 spent considerable management time to understand and address the Major Contracts with Marco, RCS Construction, PCL and with Cowboy Bar and Grill. Based on a review of "scant" Company Information and discussions with Cowboy Bar and Grill representatives, 947 is of the position that this was not a valid AR at the time of the Closing, May 9, 2024. Based on the Company records, an Invoice was completed as as at the end of February 2024. This Invoice was not provided to the Client and was only set up for Internal Company purposes. No services/ equipment had been delivered/ ordered for this client at this date. Per 947 there was no sale and no transfer of risk at this time. When the client was contacted they outlined that their Agreement was that Payment would only be received after delivery/ installation and after Opening, if all conditions for the Tenant Inducement had been met. The delivery/ installation did not occur until June/ July 2024 Payment has still not been received as the Restaurant had not opened given issues with the Fire Suppression system.
Econo Lease- Resolute Amateur	(13,767.37)		\$ (3,441.85)	3	<u>Client ordered Special Product for Restaurant Renovation. Refused delivery as wrong product. Product returned to BEI prior to May 10. Credit Memo/ Adjustment was not issued prior to close.</u>
Less: Uncollectible Invoices - sent to collections agency by BEI					
C16251	-		3,206.28		
C16365	-		1,565.70		
Less: Credit Memo's issued for pre May 10 Invoices			(52,944.50)	4	This relates to refunds on goods purchased within 30 days after the date of close. A list can be provided. This is cross related to the Shopify amounts held by the Monoitor which claim BEI is entitled to these proceeds on pre May 10 sales post May 10 receipts. 947's comments is that you must allow the refunds if you are seeking to retain the Shopify amounts.
Credit Due to Purchaser on Customer Deposits			(47,990.53)	5	Agreed to with the Monitor
Net amount due on AR			(150,487.27)		
Inventory	3,114,027.62				
Less: Consignment Inventory	<u>(76,248.00)</u>				
Inventory Balance on Closing	3,037,779.62				
Adjustment Amount Per APA	<u>(3,400,000.00)</u>	15.44	525,000.00		
Variance of Inventory Balance on Closing vs /	(362,220.38)	15.44	<u>(55,926.83)</u>		
Amount Due on Inventory			469,073.17		
Less:					
Staledated Chemicals	(209,339.00)				947 position is outlined in previous documents
Inventory held by 3rd parties	(9,255.00)				947's position is that these Goods have been sold to a related party. They are not inventory. They were removed and re-sold via Ebay under the related parties name. Sale proceeds were paid to the Related Party- not BEI 947's position is that this is not inventory. They are damaged goods. Not available for re-sale.
Damaged Goods	<u>(31,246.67)</u> (249,840.67)	15.44	<u>(37,476.10)</u>		
			431,597.07		
Adjustment Amount per APA	<u>(3,400,000.00)</u>		<u>525,000.00</u>		
Amount Due on Inventory			431,597.07		
Amount Paid by Purchaser			<u>(300,000.00)</u>		
Net Amount due on Inventory			131,597.07		
Goods In Transit					
Total GIT as at May 10, 2024			614,166.65		
Approved GIT	430,992.91				
Unapproved GIT	183,173.74				
Goods Yet to Be Received					
Approved GIT	(34,700.29)				
Unapproved GIT	<u>(38,186.20)</u>		<u>(72,886.49)</u>		
Total GIT Amount Due as at Aug 23, 2024			541,280.16		
Amounts Due on GIT			541,280.16		
Invoices paid by Purchaser on behalf of BEI			(9,950.78)		
Amounts Due by Purchaser			512,439.18		
Funds Held by Monitor to September 6, 2024			(433,877.54)		
Net Amount Due from Purchaser			78,561.64		
Less: '					
BlackMarsh Rent Overpayment			(9,341.00)		947 in process of obtaining Env. Disposition Cost Estimate and provide to Monitor.
Estimated Disposition Costs for Expired Chemicals			<u>(80,000.00)</u>		
			(89,341.00)		
Total amount due from Purchaser			(10,779.36)		

Tenth Report to the Court submitted by Grant Thornton Limited
In its capacity as Monitor of BEI and TNOPFI
October 11, 2024

Appendix “L”

BEI’s June 21 Response Letter to 94747 re APA Disputes

O'KEEFE & SULLIVAN

BY EMAIL

Boyne Clarke LLP
99 Wyse Rd Unit 600,
Dartmouth, NS
B3A 4S5
Attn: Josh Santimaw
Email: JSantimaw@boyneclarke.ca

21 June 2024

Mr. Santimaw:

**Re: Big Erics Inc. and Terra Nova Old Port Foods Inc.
(In: Re) Companies Creditors Arrangement Act, RSC 1985
2023 01G 3233**

Allegations by 94747 Newfoundland & Labrador Inc. concerning a certain Asset Purchase Agreement dated 12 April 2024 (the "APA").

We are in receipt of your letter dated 11 June 2024 with respect to the above noted. Defined terms used in this letter shall have the meaning attributed to them in the APA.

We would respond as follows:

1. Generally, with respect to any inventory adjustments, these must be completed in strict accordance with the APA and AVO, and under the supervision of the SISP Advisor and the Monitor, working in collaboration with the Purchaser's accountants.
2. As you know, the Purchased Assets sold were all of the assets of BEI, other than those defined as "Excluded Assets" (APA s.2.2). The Purchased Assets include "all right, title and interest of the Vendor in and to the Inventory" (APA s.2.1). Inventory, in turn, means "all inventories of every kind and nature, wheresoever situate, owned by the Vendor and pertaining to the Business including, without limitation, all inventories of raw materials, work-in-progress, finished goods, supplies, parts, packaging in connection with the Business" [APA. s.1.1(mm)]. Of course, even if some of BEI assets do not fall within the definition of Inventory, it can still be a Purchased Asset (APA s 2.1).

3. As noted, under the APA, the Purchaser can exclude certain assets before the Closing Date, provided it gives “(n)otice in writing to the Vendor and the Monitor prior to the filing of the motion materials for the Approval and Vesting Order, which specified Purchased Assets shall thereafter be deemed Excluded Assets, without any adjustment to the Purchase Price” (APA s. 2.2).
4. At no time prior to filing the motion materials for the Approval and Vesting Order (the “**AVO**”) did the Purchaser provide written Notice to the Vendor or Monitor that it intended to exclude the “chemicals” (referred to in your letter). Similarly, it failed to provide notice of its intention to abandon certain other assets (referred to in the letter from William Cahill sent on 07 June 2024). These assets are therefore included in the sale and must be collected by your client, *in situ*. At this juncture, that must be done by seeking access from the Landlord, which in the past has been offered by Mr. Cahill as counsel.
5. As noted, the Purchased Assets were to be delivered to the Purchaser “*in situ*” on the Closing Date (APA s. 7.1 (e)). The Purchaser had up until 5 Business Days prior to the Closing Date to finalize its due diligence on the Purchased Assets and confirm they were “satisfactory” and in the same condition as inspected prior to the hearing of the motion for the AVO (APA s. 6.2). We understand the Purchaser did, in fact, inspect the Purchased Assets both on its own and in conjunction with its professional advisors and finance partners.
6. In your letter you refer to the books and records of BEI and suggest that there was a deliberate attempt to conceal information from the Purchaser by deliberate manipulation of these books and records. These are serious allegations and will be treated as such should your client be so misguided as to pursue them formally. *To wit*, any such allegations are strictly denied, and the fact is that BEI went well beyond its obligations including but not limited to its provision of information and documentation to the Purchaser’s finance partners. There was never any attempt to conceal information from the Purchaser.
7. Not only did the Purchaser have access to the books and records of BEI, but it also had access to employees of BEI from whom it could have sought additional information on certain Purchased Assets, if it were so inclined, and further, had ample opportunity to physically inspect the Purchased Assets. The Purchased Assets were physically inspected by the Purchaser, its agents and finance partner’s more than once. Similarly, the Purchaser sought and received additional information on certain Purchased Assets, and the initial Closing Date was postponed to enable the Purchaser and its finance partner to continue due diligence beyond the limitations under the APA.
8. We also remind your client of the framework of its Modified Binding Offer submitted on 08 March 2024, where it says:

“947 NLL acknowledges and confirms that it: (i) has had an opportunity to conduct all required due diligence to support this Offer, and has relied upon its own independent review, investigation and inspection in making this Offer; and (ii) is not relying upon any written or oral statements, representations, promises, warranties, conditions, or guaranties, whether express or implied (by operation of law or otherwise), made by any person or party, including the Applicants, the SISP Advisor and the Monitor regarding the Proposed Transaction, the SISP or any information provided in connection therewith; (iii) is making this Offer on an “as is, where is” basis, (iv) is bound by the terms of the SISP and the SISP Approval Order, and (v) is subject to the exclusive jurisdiction of the Court with respect to any disputes or other controversies arising under or in connection with the SISP or this Offer. 947 NLL shall bear

its own costs and expenses (including legal and advisor fees) in connection with the Proposed Transaction.”

9. In your letter you say that the Purchased Assets had to be “satisfactory to the Purchaser” and that following the Closing Date they were deemed unsatisfactory, and as such, are somehow excluded from the sale. You erroneously refer to section s.7.1 of the APA. A proper reading of this section of the APA, in conjunction with the other clauses of the APA cited above, establishes that the Purchaser had until 5 Business Days prior to the Closing Date to confirm the Purchased Assets were satisfactory. Following the expiry of this time frame, the Purchaser was obligated to close the transaction and accept all of the Purchased Assets, as defined in the APA. The Vendor was obligated to ensure all of the Purchased Assets, as defined in the APA, were delivered *in situ*. We refer to the “as is, where is” clause (APA s. 5.4), which clearly includes the Purchaser’s agreement that they acquired all the Purchased Assets ““AS IS, WHERE IS” AS THEY MAY EXIST AT THE CLOSING DATE WITH ALL FAULTS...”. It is also relevant to note that the Purchaser delivered to the Monitor its Conditions Certificate (APA s.8.3) which confirms acceptance.
10. With respect to the AVO and the section of your letter titled “Chemicals” – we fail to see how the referenced provisions of the AVO are engaged. Your client purchased all of the chemicals *in situ* at both the St. John’s, NL and Dartmouth, NS locations. These chemicals do not present an environmental liability as contemplated in the AVO, and no such liability existed on the Closing Date. As you rightly point out, these chemicals were purchased “as is, where is”. The only liability that could occur is *if* their owner (your client) does not handle them properly.
11. Similar to our comments above on the “Chemicals” – BEI would respond likewise as it relates to “damaged goods” referred to in your letter. All “damaged goods”, insofar as they form part of the Purchased Assets, were purchased “as is, where is”.
12. We have already responded to your client’s claim concerning the “racking” in prior letters and will not do so again here. Our position on this remains unchanged.
13. Finally, with respect to your allegations concerning goods sold by Mr. Brook on consignment, these goods were provided to Mr. Brook to be sold on eBay and Amazon, during the pandemic and for some time after, in consultation with Stuart Palliser, BEI’s Chief Operating Officer. As has been previously explained to your client, Mr. Brook undertook this sales work to allow BEI to access sales channels it was not previously exploiting.
14. Following Closing, it was discovered that Mr. Brook still had some BEI inventory in his possession, and he tried to return that inventory to the Purchaser on two occasions, but your client refused to accept it. Your client refused acceptance notwithstanding it agreed to purchase on an “as is, where is” basis, all of the Vendor’s right, title and interest in the Vendor’s property, assets and undertakings of every kind and description and wheresoever situate, other than the Excluded Assets (APA. s.2.1). Your client cannot now claim a set-off or adjustment for assets it purchased that it simply refuses to accept.
15. Finally, with respect to the signage, your client purchased the florescent cover on the sign which bears the “Big Erics Inc.” name and logo. If your client wishes to take possession of this Purchased Asset, which seems to have been ignored during the extended period that the Landlord accommodated the Purchaser having access to 99 Blackmarsh Road, please contact the Landlord and make those arrangements to re-enter the Landlord’s property, as

BEI has no right or authority to enter or permit entry. The housing for the sign is a fixture on the former Leased Property and should not be removed without the agreement of the Landlord.

We note your threat of legal action. If your client commences an action based on the content of your letter or otherwise, we will respond to the same. Fully indemnified costs will be sought.

Similarly, and in any event, the Vendor will be seeking the full support of the Monitor, and urging the Court, to ensure that the Purchaser meets all its post-Closing obligations, including in respect of all Purchased Assets that have not been accepted, and for full indemnity of the Vendor and the CCAA estate in respect of the Purchaser's breaches and failures to date.

Regards,



DARREN D. O'KEEFE
dokeefe@okeefesullivan.com

Tenth Report to the Court submitted by Grant Thornton Limited
In its capacity as Monitor of BEI and TNOPFI
October 11, 2024

Appendix "M"
Receivables and Customer Deposits Disputes

Appendix M

Detailed Analysis: Receivables and Customer Deposit Disputes (1-5)

DETAILED ANALYSIS: RECEIVABLES AND CUSTOMER DEPOSITS DISPUTES (1-5)

Monitor's Summary and Reconciliation of Disputes					
Description	94747	BEI	Variance	Dispute	
Accounts Receivable					
Dispute 1 – Calculation of the Purchase Price of AR	\$ (4,917.39)	\$ 84,052.33	\$ (88,969.72)		1
Dispute 2 – Work In Progress – Cowboy Bar & Grill	(40,000.00)	-	(40,000.00)		2
Dispute 3 – Work In Progress – Econo Lease	(3,441.83)	-	(3,441.83)		3
Dispute 4 – Uncollectable Invoices	(1,193.00)	-	(1,193.00)		4
Dispute 5 – Customer Refunds on Pre-Closing Sales	(52,944.50)	-	(52,944.50)		5
Customer Deposits	(47,990.53)	(47,990.53)	-		
Disputes - Accounts Receivable and Customer Deposits	\$ (150,487.25)	\$ 36,061.80	\$ (186,549.05)		

1. The Monitor notes the calculation of the Purchase Price Adjustment for the Accounts Receivable pursuant to Section 3.4(b) of the APA is summarized as follows:
 - (a) *On or before the date that is 30 days following Closing, by agreement between BEI and 94747, in consultation with the Monitor and BMO, the Purchase Price shall be adjusted dollar for dollar, without double counting, upward or downward (the “AR Reconciliation”) by the amount by which the Accounts Receivable as of Closing is greater or less than \$1,700,000 (the “AR Target”). BEI or 94747, as applicable, shall then pay to the other party the adjustment within 1 business day following completion of the AR Reconciliation being agreed upon. For clarity, on Closing the Monitor’s counsel in trust shall receive payment from 94747 based on the AR Target and then shall receive additional payment, as applicable, based on the AR Reconciliation as follows:*
 - (b) *80% of the Accounts Receivable aged less than 90 days; and*
 - (c) *25% of the Accounts Receivable that are aged greater or equal to 90 days.*
2. BEI calculated the AR Reconciliation on Closing and consulted with the Monitor and BMO, who agreed with BEI’s AR Reconciliation. The AR Reconciliation was provided to 94747 on June 10, 2024 and agreed to by 94747 on June 12, 2024, the confirmation of which is attached hereto as “**Schedule “M-1”**”.
3. Since 94747’s agreement of the AR Reconciliation on June 12, 2024, 94747 has advanced revised AR Reconciliations and the inclusion of several credits to the Purchase Price Adjustment to the Monitor in 94747’s August 23 and October 7 correspondence regarding

the Disputes. The Monitor has summarized both the BEI and 94747's AR Reconciliation as follows:

Appendix "M"
Receivables and Customer Deposits Disputes

AR Reconciliation and Customer Deposits	94747 Calculation			BEI Calculation			Variance	Dispute
	AR Balance		Purchase Price	AR Balance		Purchase Price		
Aged AR 0-90 Days	\$ 2,014,866.75	80%	\$ 1,611,893.40	\$ 2,138,379.15	80%	\$ 1,710,703.32	\$ (98,809.92)	
Aged AR 91+ Days	332,756.82	25%	83,189.21	293,396.03	25%	73,349.01	9,840.20	
Trade AR on Closing	\$ 2,347,623.57		\$ 1,695,082.61	\$ 2,431,775.18		\$ 1,784,052.33	\$ (88,969.72)	
Less: Target AR Paid on Closing			(1,700,000.00)			(1,700,000.00)	-	
Due from (to) 94747			\$ (4,917.39)			\$ 84,052.33	\$ (88,969.72)	1
Less: 94747 claims for work in progress								
Cowboy Bar and Grill	(50,000.00)	80%	\$ (40,000.00)			\$ -	\$ (40,000.00)	2
Econo Lease - Resolutes Amateur			(3,441.83)			-	(3,441.83)	3
Total 94747 claims for work in progress			\$ (43,441.83)			\$ -	\$ (43,441.83)	
Less: 94747 claims for uncollectible invoices:								
C16251	(3,206.28)	25%	\$ (801.57)			\$ -	\$ (801.57)	
C16365	(1,565.70)	25%	(391.43)			-	(391.43)	
Total 94747 claims for uncollectible invoices			\$ (1,193.00)			\$ -	\$ (1,193.00)	4
Less: 94747 refunds to customers post Closing			(52,944.50)			-	(52,944.50)	5
Less: Customer Deposits			(47,990.53)			(47,990.53)	-	
Net Owing (Owed) from (to) 94747			\$ (54,506.19)			\$ 132,042.86	\$ (186,549.05)	

Dispute 1 – Calculation of the Purchase Price of Accounts Receivable:

Monitor's Summary and Reconciliation of Disputes			
Description	94747	BEI	Variance
Dispute 1 – Calculation of the Purchase Price of AR	\$ (4,917.39)	\$ 84,052.33	\$ (88,969.72)

4. 94747 provided to the Monitor on August 23, 2024 a revised reconciliation of the Purchase Price Adjustments as regards the accounts receivable. The Monitor understands that the revision was mainly due to the following concerns of 94747:
- (a) 94747 is of the view that the amounts in the "Future Remit" category on the AR aging report on Closing was incorrectly allocated to the calculation of the Purchase Price Adjustment for Accounts Receivable aged 0-90 days, and that BEI should have reconciled the amounts noted as "Future Remit" into other aging buckets;
 - (b) 94747 is of the view that the Accounts Receivable aging on Closing should have been calculated on a "Posted Date" basis, as opposed to a "Due Date" basis:
 - i. The Monitor understands that "Posted Date" refers the date upon which BEI would have entered the customer invoice into BEI's accounting system; and
 - ii. "Due Date" to be the date upon which the Accounts Receivable is due to be paid by the customer.
 - (c) 94747 is of the view that the accounts receivable on Closing is to be calculated net of credits on customer accounts. BEI's calculation of accounts receivable on Closing is the gross amount of accounts receivable, removing the credit balances.
5. Below is a comparison of the summaries of the Accounts Receivable aging on Closing as provided by BEI and aging as provided by 94747:

Accounts Receivable - BEI and 94747 Aging Report Comparison			
	Closing	Posted Date	Due Date
Future Remit	\$ 975,599.27	\$ -	\$ 978,590.33
0 - 30	694,117.50	1,063,601.95	688,601.46
31 - 60	406,100.15	782,510.34	404,874.28
61 - 90	62,562.23	168,754.46	59,050.86
91 - 120	32,822.93	122,133.54	30,316.95
121+	260,573.10	210,623.28	186,189.69
Total	\$ 2,431,775.18	\$ 2,347,623.57	\$ 2,347,623.57

6. 94747 has also provided to the Monitor the following comments on its views of the AR Reconciliation:
 - (a) 94747's position is the Accounts Receivable aging reports provided by the Company/Monitor/SISP Advisor were inaccurate. BEI calculated Accounts Receivable aging post Future Remittances. This is not a normal business practice. Aging is based on invoice posting date; and
 - (b) BEI, CFO/SISP Advisor/External Accountant should have disclosed this variance from normal business practice and its effect on the Accounts Receivable aging reports. 94747 did not agree to the AR Aging. BEI/BMO did not provide the Bank Statements as required under the APA for 94747 every two days to reconcile the amounts. Account was not closed until Sept 2024.
7. BEI is of the view that it provided to 94747 the AR Reconciliation on June 10, 2024, showing a net amount owing by 94747 of \$84,052.33. BMO and the Monitor agree with BEI's calculation. The Monitor notes that 94747 agreed to the AR Reconciliation on June 12, 2024, confirmation of which is attached hereto as **"Schedule "M-1"**. The AR Reconciliation included the sum total of the Accounts Receivable aging balances used to calculate the Purchase Price.
8. BEI, BMO and the Monitor are further of the view regarding the AR Reconciliation:
 - (a) BEI provided to 94747 the AR Reconciliation on June 10, 2024, being within the allotted 30 days following Closing pursuant to Section 3.4 (b) of the APA;
 - (b) 94747 has provided the AR Reconciliation to the Monitor on August 23, 2024, being significantly after the allotted 30 days adjustment period following Closing pursuant to Section 3.4 (b) of the APA;
 - (c) The AR Reconciliation provided by BEI, showing a net amount owing of \$84,052.33, was agreed to by 94747 on June 12, 2024;
 - (d) The "Future Remit" amounts were recorded within the accounts receivable subledger and should have formed part of the due diligence conducted by 94747;
 - (e) Pursuant to Section 6.2 of the APA, 94747 had access to the books and records of BEI up to 5 days before Closing and 94747 did not trigger any termination rights pursuant to section 9.1 of the APA;

- (f) The accounts receivable was a Purchased Asset, as defined within Section 2.1 of the APA, which was purchased by 94747 on an "as is, where is" basis and without representations or warranties pursuant to Section 5.3 and 5.4 of the APA.

Request for Court's Determination:

9. The Monitor is requesting of this Honourable Court determine the proper AR Reconciliation which is to be used to calculate an amount owing by 94747, being either:
- (a) 94747's revised AR Reconciliation dated August 23, 2024 showing a net credit owed to 94747 of \$4,917.39; or
- (b) BEI's AR Reconciliation dated June 10, 2024 showing a net amount owed by 94747 of \$84,052.33.

Dispute 2 – 94747 Credit Claimed for Work In Progress – Cowboy Bar & Grill

Monitor's Summary and Reconciliation of Disputes			
Description	94747	BEI	Variance
Dispute 2 – Work In Progress – Cowboy Bar & Grill	\$ (40,000.00)	\$ -	\$ (40,000.00)

10. 94747 is seeking a credit to the Purchase Price for an accounts receivable on Closing from a customer, Cowboy Bar & Grill. 94747 valued this receivable on its AR Reconciliation at \$50,000. As this receivable was included within 0-90 days aged bucket, the credit sought by 94747 is \$40,000 ($\$50,000 \times 80\% = \$40,000$).
11. 94747 has provided to the Monitor the following comments on its views of the Cowboy Bar & Grill receivable:
- (a) Per the APA, BEI was required to provide the Work in Process Schedules (WIP) for major contracts as at May 9, 2024. BEI did not provide. 94747 made repeated inquiries post Closing for the WIP report. After numerous emails, BEI nor the Monitor were able to provide this information. As the information was not provided, 94747 spent considerable management time to understand and address the major contracts with Marco, RCS Construction, PCL and with Cowboy Bar and Grill; and
- (b) Based on a review of "scant" BEI information and discussions with Cowboy Bar and Grill representatives, 94747 is of the position that this was not a valid Accounts Receivable at the time of the Closing, May 9, 2024. Based on BEI's records, an invoice was completed as at the end of February 2024. This invoice was not provided to the

client and was only set up for internal BEI purposes. No services/equipment had been delivered/ordered for this client at this date. Per 94747 there was no sale and no transfer of risk at this time;

- (c) When the client was contacted they outlined that their agreement was that payment would only be received after delivery/installation and after opening, if all conditions for the tenant Inducement had been met. The delivery/installation did not occur until June/July 2024; and
 - (d) Payment has still not been received as the restaurant had not opened given issues with the fire suppression system.
12. BEI, BMO and the Monitor disagree with the provision of a credit towards the Purchase Price of the Accounts Receivable and hereby provide the following comments on its views of the Cowboy Bar & Grill receivable:
- (a) 94747 has not provided supporting documentation to the Monitor that no equipment or installation services were performed by BEI prior to the generation of the invoice in February 2024;
 - (b) 94747 has stated to the Monitor that it was required to purchase additional inventory to honour this receivable, however no supporting documentation has been provided showing the cost of the inventory purchased;
 - (c) The AR Reconciliation provided by BEI was inclusive of this receivable and was agreed to by 94747 on June 12, 2024;
 - (d) An adjustment of this nature is not contemplated within the APA;
 - (e) 94747 asserted this credit claim to the Monitor on August 23, 2024, being significantly after the allotted 30 days adjustment period following Closing pursuant to Section 3.4 (b) of the APA;
 - (f) The receivable owed by the Cowboy Bar & Grill was recorded within the Accounts Receivable subledger and should have formed part of the due diligence conducted by 94747;

- (g) Pursuant to Section 6.2 of the APA, 94747 had access to the books and records of BEI up to 5 days before Closing and 94747 did not trigger any termination rights pursuant to section 9.1 of the APA; and
- (h) The Accounts Receivable, inclusive of this receivable owed by the Cowboy Bar & Grill, was a Purchased Asset, as defined within Section 2.1 of the APA, purchased by 94747 on an "as is, where is" basis and without representations or warranties pursuant to Section 5.3 and 5.4 of the APA.
13. The Monitor agrees with 94747 that a final Work in Progress ("**WIP**") schedule was not provided at Closing. The Monitor further notes that 94747 had in its possession the books and records of BEI and had retained BEI's Chief Operating Officer and Director of Finance. The Monitor is of the view that 94747, on Closing through the hiring of these individuals, possessed the institutional knowledge of BEI's WIP.

Request for Court's Determination:

14. The Monitor is requesting of this Honourable Court to determine if 94747 is entitled to a credit of \$40,000 relating to a receivable owed by the Cowboy Bar & Grill.

Dispute 3 – 94747 Credit Claimed for Work In Progress – Econo Lease

Monitor's Summary and Reconciliation of Disputes				
Description	94747	BEI	Variance	
Dispute 3 – Work In Progress – Econo Lease	\$ (3,441.83)	\$ -	\$ (3,441.83)	

15. 94747 is seeking a credit to the Purchase Price for a receivable on Closing from the customer, Econo Lease. 94747 valued this receivable on its AR Reconciliation at \$13,767.37. As this receivable was included within 91+ days aged bucket, the credit sought by 94747 is \$3,441.85 ($\$13,767.37 \times 25\% = \$3,441.85$).
16. The Monitor notes that 94747 asserted this credit on October 7, 2024 and did not provide supporting documentation.
17. 94747 provided the following comments to the Monitor regarding this credit:
- (a) Client ordered Special Product for Restaurant Renovation. Refused delivery as wrong product;

- (b) Product returned to BEI prior to May 10. Credit memo/adjustment was not issued prior to Closing.
18. BEI, BMO and the Monitor disagree with the provision of a credit towards the Purchase Price of this receivable and provide the following comments on its views:
- (a) 94747 has not provided supporting documentation to the Monitor that the special product was returned prior to Closing;
 - (b) The AR Reconciliation provided by BEI was inclusive of this receivable and was agreed to by 94747 on June 12, 2024;
 - (c) An adjustment of this nature is not contemplated within the APA;
 - (d) 94747 asserted this credit claim to the Monitor on October 7, 2024, being significantly after the allotted 30 days adjustment period following Closing pursuant to Section 3.4 (b) of the APA;
 - (e) The receivable owed by Econo Lease was recorded within the Accounts Receivable subledger and should have formed part of the due diligence conducted by 94747;
 - (f) Pursuant to Section 6.2 of the APA, 94747 had access to the books and records of BEI up to 5 days before Closing and 94747 did not trigger any termination rights pursuant to section 9.1 of the APA; and
 - (g) The Accounts Receivable, inclusive of this receivable owed by Econo Lease, was a Purchased Asset, as defined within Section 2.1 of the APA, which was purchased by 94747 on an "as is, where is" basis and without representations or warranties pursuant to Section 5.3 and 5.4 of the APA.

Request for Court's Determination:

19. The Monitor is requesting of this Honourable Court to determine if 94747 is entitled to a credit of \$3,441.85 relating to a receivable owed by Econo Lease.

Dispute 4 – 94747 Claims for Uncollectable Invoices

Monitor's Summary and Reconciliation of Disputes				
Description	94747	BEI	Variance	
Dispute 4 – Uncollectable Invoices	\$ (1,193.00)	\$ -	\$	(1,193.00)

20. 94747 is seeking a credit to the Purchase Price of two customer accounts that had been sent to a collection agency prior to Closing. These customer accounts are as follows:

Customer No.	Customer Name per AR Listing	Total Amount	APA Adjustment	Credit Claimed
C16251	COLLECTIONS - MUDDER'S KITCHEN	\$ 3,206.28	25%	\$ 801.57
C16365	COLLECTIONS - LET'S HUMMUS	1,565.70	25%	391.43
Total		\$ 4,771.98		\$ 1,193.00

21. The Monitor understands that 94747's view on this credit is that since the receivables were sent to a collection agency prior to Closing, BEI ought to have written these amounts off and omitted from the AR Reconciliation.
22. BEI, BMO and the Monitor disagree with the provision of a credit towards the Purchase Price of these receivables and hereby provide the following comments on its views:
- (a) 94747 has not provided supporting documentation or an update on if the collections agency was successful in recovering any funds towards these receivables, as 94747 may recover some portion of this amount via the collections agency;
 - (b) The AR Reconciliation provided by BEI was inclusive of these receivables and was agreed to by 94747 on June 12, 2024;
 - (c) An adjustment of this nature is not contemplated within the APA;
 - (d) 94747 asserted this credit claim to the Monitor on August 23, 2024, being significantly after the allotted 30 days adjustment period following Closing pursuant to Section 3.4 (b) of the APA;
 - (e) These receivables were recorded within the accounts receivable subledger, with the notation in front of the customer name "COLLECTIONS" and should have formed part of the due diligence conducted by 94747;
 - (f) Pursuant to Section 6.2 of the APA, 94747 had access to the books and records of BEI up to 5 days before Closing and 94747 did not trigger any termination rights pursuant to section 9.1 of the APA; and
 - (g) The accounts receivable, inclusive of these receivables, was a Purchased Asset, as defined within Section 2.1 of the APA, which was purchased by 94747 on an "as is, where is" basis and without representations or warranties pursuant to Section 5.3 and 5.4 of the APA.

Request for Court's Determination:

23. The Monitor is requesting of this Honourable Court to determine if 94747 is entitled to a credit of \$1,193 relating to the above noted receivables.

Dispute 5 – 94747 Claims for Customer Refunds on Pre-Closing Sales

Monitor's Summary and Reconciliation of Disputes				
Description	94747		BEI	Variance
Dispute 5 – Customer Refunds on Pre-Closing Sales	\$	(52,944.50)	\$ -	\$ (52,944.50)

24. 94747 is seeking a credit to the Purchase Price related to refunds issued to customers by 94747 for goods sold to customers prior to Closing, within a 30-day timeframe following Closing. The credit claimed is \$52,944.50.
25. 94747 provided to the Monitor the following comments on its views of this credit:
- (a) This relates to refunds on goods purchased within 30 days after the date of close. A list can be provided;
 - (b) This is cross related to the Shopify amounts held by the Monitor which claim BEI is entitled to these proceeds on pre May 10 sales post May 10 receipts. 94747's comments is that you must allow the refunds if you are seeking to retain the Shopify amounts.
26. BEI, BMO and the Monitor disagree with the provision of a credit towards the Purchase Price of these refunds and hereby provide the following comments on its views:
- (a) 94747 has not provided supporting documentation to the Monitor that these refunds were actually provided to customers, only a listing of these refunds;
 - (b) 94747 has not provided a reconciliation of these refunds which tie to the Pre-Closing Credit Card/Shopify amounts.
 - (c) The Monitor further notes that the claim of 94747 for these refunds is \$52,944.50, being almost double to the amount of the Pre-Closing Credit Card/Shopify funds held in trust with the Monitor of \$24,254.71. The Monitor is further of the view that 94747's view that these two Disputes are related only makes sense if the refunds issued were related to the Post-Closing Credit Card/Shopify transactions. 94747 provided no

evidence to the Monitor that confirms any amount of the refunds is included within the Pre-Closing Credit Card/Shopify;

- (d) The decision to issue refunds to customers was made solely by 94747 post Closing, without consultation to BEI or the Monitor. The Monitor was only first made aware of this claim on August 23, 2024;
- (e) An adjustment of this nature is not contemplated within the APA;
- (f) 94747 asserted this credit claim to the Monitor on August 23, 2024, being significantly after the allotted 30 days adjustment period following Closing pursuant to Section 3.4 (b) of the APA;
- (g) BEI, BMO and the Monitor are of the view that the Pre-Closing Credit Card/Shopify Amounts are an Excluded Asset, as defined within the APA, as these are sales transactions which were finalized prior to Closing, but only received by the credit card companies and Shopify several days following Closing. This is further described herein this Tenth Report under Dispute 12 – Pre-Closing Credit Card/Shopify Transactions;
- (h) Pursuant to Section 6.2 of the APA, 94747 had access to the books and records of BEI up to 5 days before Closing and 94747 did not trigger any termination rights pursuant to section 9.1 of the APA.

Request for Court's Determination:

- 27. The Monitor is requesting of this Honourable Court to determine if 94747 is entitled to a credit of \$52,944.50 relating to the customer refunds.

Customer Deposits

Monitor's Summary and Reconciliation of Disputes				
Description	94747		BEI	Variance
Customer Deposits	\$	(47,990.53)	\$	(47,990.53)
			\$	-

- 28. All Stakeholders and the Monitor are in agreement that 94747 is entitled to a credit on the Purchase Price of \$47,990.53 relating to customer deposits pursuant to Section 3.4(a) of the APA.
- 29. A copy of the confirmation from 94747 of its agreement to the above customer deposits credit due to 94747 is attached hereto as **Schedule "M-2"**.

Tenth Report to the Court submitted by Grant Thornton Limited
In its capacity as Monitor of BEI and TNOPFI
October 11, 2024

Appendix "M"
Receivables and Customer Deposits Disputes

Schedule "M-1"

94747 Agreement to AR Reconciliation

Hines, Corey

Subject: RE: BEI - PPA for AR and Customer Deposits

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From: Joshua Santimaw <JSantimaw@boyneclarke.ca>
Sent: June 12, 2024 10:13 AM
To: Sara L. Scott <sscott@stewartmckelvey.com>
Cc: Joe Thorne <joethorne@stewartmckelvey.com>
Subject: RE: BEI - PPA for AR and Customer Deposits

This is an external email.

Sara,

We agree with the figures as presented except with respect to the Customer Deposits. They should be reduced by \$20,000.00 per the attached spreadsheet and the below from 947 NLL

Please see attached deposit details for customer credited in BMO on May 09 2024, but not reported in our AR deposit submitted on May 10 2024 **\$345,979**

947NLL needs to adjust this deposit when we create invoice for the customer, that is still pending as goods not received yet- Invoice for customer is pending.

Therefore, this amount **\$20,334** should be added to deposit details. Total deposits should be **\$366,313**

Please make this correction and provide us with the overall figure, if any, that 947 NLL would owe the Monitor taking into the account the amounts currently held in trust by the Monitor.

Joshua J. Santimaw

Partner

T 902.460.3451 **F** 902.463.7500

From: Sara L. Scott <sscott@stewartmckelvey.com>
Sent: June 10, 2024 1:18 PM
To: Joshua Santimaw <JSantimaw@boyneclarke.ca>
Cc: Joe Thorne <joethorne@stewartmckelvey.com>
Subject: FW: BEI - PPA for AR and Customer Deposits

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Josh,

See below from the Monitor and some issues that have been identified with the amounts for AR.

Further, attached are wiring instructions for the first \$75k payment. If it has already been wired, please send along the confirmation details.

Sara

Sara L. Scott*

Partner

She/Her

Stewart McKelvey

D: 902.420.3363

C: 902.448.6366

*Law Corporation

From: Clarke, Phil <Phil.Clarke@ca.gt.com>

Sent: June 10, 2024 11:42 AM

To: Sara L. Scott <sscott@stewartmckelvey.com>; Joe Thorne <joethorne@stewartmckelvey.com>

Cc: Hines, Corey <Corey.Hines@ca.gt.com>

Subject: BEI - PPA for AR and Customer Deposits

This is an external email.

Sara / Joe:

Please find attached, and summarized below, is the PPA for Accounts Receivable pursuant to 3.4 (b) of the APA and 3.4 (c) of the APA. The calculation was completed by BEI. The Monitor has reviewed and is in agreements. The net of the 2 is an additional payment to the estate of \$56,396.51.

Note – We are still reviewing the goods in transit information provided by Purchaser. They appear to be deducting customer deposits from the amount, which were already deducted from the amount payable on closing. The Purchaser is entitled to deduct for Customer deposits on a dollar for dollar basis, but only once. If they deduct them off GIT, then the amount payable on account of AR increased for the same corresponding amount. To help with ease of calculation we have done a separate calculation for the Customer Deposits.

If you could please send to the Purchaser for review and confirmation.

Big Erics Inc.			
Accounts Receivable Reconciliation on Closing			
	AR Balance		Purchase Price
Aged AR 0-90 Days	\$ 2,138,379.15	80%	\$ 1,710,703.32
Aged AR 91+ Days	\$ 293,396.03	25%	\$ 73,349.01
Trade AR on Closing	\$ 2,431,775.18		\$ 1,784,052.33
Target AR Paid on Closing			\$ 1,700,000.00
Due from Purchaser			\$ 84,052.33

Big Erics Inc.	
Customer Deposit Reconciliation on Closing	
Customer Deposits - May 5, 2024 (Used for Closing)	\$ 318,140.31
Customer Deposits - May 10, 2024 (Closing)	\$ 345,796.13
Credit To Purchaser	-\$ 27,655.82

Cheers,

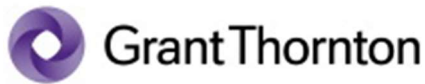
Phil Clarke | Partner

Grant Thornton LLP

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Tenth Report to the Court submitted by Grant Thornton Limited
In its capacity as Monitor of BEI and TNOPFI
October 11, 2024

Appendix "M"
Receivables and Customer Deposits Disputes

Schedule "M-2"

94747 Agreement to Customer Deposit Reconciliation

Hines, Corey

Subject: RE: BEI - Customer Deposit Reconciliation

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From: Joshua Santimaw <JSantimaw@boyneclarke.ca>
Sent: Thursday, June 13, 2024 10:38:23 AM
To: Sara L. Scott <sscott@stewartmckelvey.com>
Cc: Joe Thorne <joethorne@stewartmckelvey.com>
Subject: RE: BEI - Customer Deposit Reconciliation

This is an external email.

Hi Sara,

Thank you for this. I understand Phil and Cory are working on a spreadsheet as regards the money held and money 947 NLL owes to the Monitor so we can get this behind us so only the BMO Account is an issue. I understand you are addressing that as well.

Can you send that along so we can get this completed.

Joshua J. Santimaw

Partner

T 902.460.3451 **F** 902.463.7500

From: Sara L. Scott <sscott@stewartmckelvey.com>
Sent: June 12, 2024 9:28 PM
To: Joshua Santimaw <JSantimaw@boyneclarke.ca>
Cc: Joe Thorne <joethorne@stewartmckelvey.com>
Subject: BEI - Customer Deposit Reconciliation

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Hi Josh,

The Monitor has reviewed the material you have supplied and agrees that the deposit needs to be accounted for. As a result, the revised AR reconciliation is below.

Regards, Sara

Big Erics Inc.			
Accounts Receivable Reconciliation on Closing			
	AR Balance		Purchase Price
Aged AR 0-90 Days	\$ 2,138,379.15	80%	\$ 1,710,703.32
Aged AR 91+ Days	\$ 293,396.03	25%	\$ 73,349.01
Trade AR on Closing	\$ 2,431,775.18		\$ 1,784,052.33
Target AR Paid on Closing			\$ 1,700,000.00
Due from Purchaser			\$ 84,052.33

Big Erics Inc.	
Customer Deposit Reconciliation on Closing	
Customer Deposits - May 5, 2024 (Used for Closing)	\$ 318,140.31
Customer Deposits - May 10, 2024 (Closing)	\$ 345,796.13
Additional Customer Deposit Not Recorded on Closing	\$ 20,334.71
Credit To Purchaser	-\$ 47,990.53

Sara L. Scott*

Partner

She/Her

Stewart McKelvey

D: 902.420.3363

C: 902.448.6366

*Law Corporation

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Tenth Report to the Court submitted by Grant Thornton Limited
In its capacity as Monitor of BEI and TNOPFI
October 11, 2024

Appendix "N"
Inventory Disputes

Appendix "N"

Detailed Analysis: Inventory Disputes (6-10)

DETAILED ANALYSIS: INVENTORY DISPUTES (6-10)

Monitor's Summary and Reconciliation of Disputes					
Description	94747	BEI	Variance	Dispute	
Inventory					
Purchase Price of Inventory	\$ 525,000.00	\$ 525,000.00	\$ -		
Payment on closing	(300,000.00)	(300,000.00)	-		
Variance of Inventory Balance on Closing vs. APA	(55,926.83)	(53,736.07)	(2,190.75)		6 & 7
Dispute 6 – Differing Consignment Inventory Balance					
Dispute 7 – Adjustment to Inventory Purchase Price					
Dispute 8 – Expired Chemicals in St. John's	(31,400.85)	-	(31,400.85)		8
Dispute 9 – Inventory Held by a Related Party	(1,388.25)	-	(1,388.25)		9
Dispute 10 – Damaged Goods	(4,687.00)	-	(4,687.00)		10
Disputes - Inventory	\$ 131,597.07	\$ 171,263.93	\$ (39,666.85)		

- The Monitor notes the calculation of the Purchase Price Adjustment for Inventory pursuant to Section 3.4(a) of the APA is summarized as follows:
 - A final Inventory amount will be determined within no more than 5 Business Days after the Closing Date and the Purchase Price that is to be paid for the Inventory, as further detailed in paragraph 3.3, shall be adjusted downward by 15% of the amount, if any, by which the value of Inventory at the time of Closing Date is less than \$3,400,000 ("Inventory Target") and shall be adjusted upward by 100% of the amount, if any by which the value of the Inventory at the time of Closing Date is greater than \$3,400,000. For greater certainty, the value of Inventory for such upward adjustment shall not include deposits. For greater certainty, all Inventory values or valuations shall be less the value of all consignment Inventory, and all value attributable to such consignment Inventory shall not be included whatsoever in any adjustment to the Purchase Price described in those paragraphs. The Vendor shall provide the 94747 with all information, records, and agreements that the 94747 requires, in its sole discretion, to confirm and validate all consignment Inventory and values with respect thereto.*
- On Closing, the Monitor received from the 94747 \$300,000, representing the Purchase Price for inventory that was due on Closing.
- In addition to the above noted \$300,000, the Monitor notes the following pursuant to paragraph 3.2 (c) of the APA:
 - 94747 shall pay the Monitor's counsel in trust the balance of the Purchase Price being the \$225,000 portion of the Purchase Price allocated to the Inventory, by way of a \$75,000 payment on or before each of 30, 60, and 90 days after the Closing, and as*

security for the payment of said amounts, the 94747 shall on Closing execute and deliver to BMO a security agreement creating a second priority security interests over the Purchased Assets.

4. The Closing Date was May 10, 2024. Below is the payment schedule for the remaining amounts due from 94747 to BEI:

Inventory - Payment Schedule	
Payment Date	Amount
June 9, 2024	\$ 75,000
July 9, 2024	75,000
August 8, 2024	75,000
Total	\$ 225,000

5. As of the date of this Tenth Report, the Monitor has not received any of the above noted scheduled payments. The Monitor is of the view that this constitutes a default in the APA and is in breach of the BMO General Security Agreement attached hereto as **Schedule "N-1"**.
6. Pursuant to Section 3.4 (a) of the APA, BEI provided to 94747, the Monitor and BMO a final inventory reconciliation ("**Inventory Reconciliation**"). The Monitor and BMO are in agreement with BEI's calculation, whereas 94747 has raised a number of Disputes regarding the purchased inventory. On August 23, 2024, the Monitor received from 94747 its calculation of the Inventory Reconciliation.
7. A summary of the BEI and 94747 Inventory Reconciliation, and notation of Disputes, is below:

Inventory Reconciliation		94747 Calculation		BEI Calculation			
	Balance	Purchase Price	Closing Balance	Purchase Price	Variance	Dispute	
Inventory Closing Balance	\$ 3,114,027.62		\$ 3,114,027.62		\$ -		
Less: Consignment Inventory	(76,248.00)		(72,268.11)		- 3,979.89	6	
Actual Inventory on Closing	\$ 3,037,779.62		\$ 3,041,759.51		\$ (3,979.89)		
Target AR Balance on Closing	3,400,000.00		3,400,000.00		-		
Variance of Inventory Balance on Closing vs. APA	\$ (362,220.38)		\$ (358,240.49)		\$ (3,979.89)		
Purchase Price of Inventory	\$ 525,000.00						
Target AR Balance on Closing	3,400,000.00						
Percentage to Allocate Adjustments	15.44%						
Due From (Credit To) Purchaser (15.44% of Variance)	\$ (362,220.38)	15.44%	(55,926.83)		\$ (55,926.83)	7	
Less: Staledated Chemicals	(209,339.00)	15.00%	(31,400.85)		(31,400.85)	8	
Less: Inventory Held by Third Parties	(9,255.00)	15.00%	(1,388.25)		(1,388.25)	9	
Less: Damaged Goods	(31,246.67)	15.00%	(4,687.00)		(4,687.00)	10	
Adjustments to Inventory Purchase Price		\$ (93,402.93)			\$ (93,402.93)		
Adjustment - Upward 100% of Value Exceeding \$3.4M			\$NIL		\$NIL		
Adjustment - Downward 15% of Value Less Than \$3.4M			(53,736.07)		53,736.07	7	
Adjustments to Inventory Purchase Price			\$ (53,736.07)		\$ 53,736.07		
Purchase Price of Inventory		\$ 525,000.00		\$ 525,000.00	-		
Less: Payment on closing		(300,000.00)		(300,000.00)	-		
Less: Adjustments to Inventory Purchase Price		(93,402.93)		(53,736.07)	(39,666.85)		
Remaining Balance due from 94747		\$ 131,597.07		\$ 171,263.93	\$ (39,666.85)		

Dispute 6 – Differing Consignment Inventory Balance

Monitor's Summary and Reconciliation of Disputes			
Description	94747	BEI	Variance
Variance of Inventory Balance on Closing vs. APA	\$ (55,926.83)	\$ (53,736.07)	\$ (2,190.75)
Dispute 6 – Differing Consignment Inventory Balance			
Dispute 7 – Adjustment to Inventory Purchase Price			

8. 94747 is seeking a credit to the Purchase Price related to a difference in the deduction for consignment inventory on Closing, being \$3,979.89.
9. On 94747's Inventory Reconciliation provided to the Monitor on August 23, 2024, 94747 has included a reduction in the gross inventory balance for consignment inventory of \$76,248.00. This amount differs from the consignment inventory provided by BEI on Closing, being \$72,268.11.
10. 94747 has not provided support to the Monitor for this variance of \$3,979.89. The Monitor has suggested to 94747 that this variance may be a typographical error, however 94747 has not confirmed this suggestion.
11. The Monitor is of the view that the consignment inventory balance provided by BEI on Closing, being \$72,268.11, should be the amount used to calculate the Inventory Reconciliation, particularly as 94747 has not provided support for its calculation of the consignment inventory.

Request for Court's Determination:

12. The Monitor is requesting of this Honourable Court to determine the proper amount for consignment inventory to be used in calculating the Inventory Reconciliation, being either:
 - (a) 94747's consignment inventory of \$76,248.00; or
 - (b) BEI's consignment inventory on Closing of \$72,268.11.

Dispute 7 – Adjustment to Inventory Purchase Price

Monitor's Summary and Reconciliation of Disputes			
Description	94747	BEI	Variance
Variance of Inventory Balance on Closing vs. APA	\$ (55,926.83)	\$ (53,736.07)	\$ (2,190.75)
Dispute 6 – Differing Consignment Inventory Balance			
Dispute 7 – Adjustment to Inventory Purchase Price			

13. 94747 is seeking a credit to the Purchase Price based on a different percentage when reducing the Purchase Price on Inventory. 94747 is seeking a credit of \$55,926.83 based on an adjustment rate of 15.44%. BEI and the Monitor are of the view that the adjustment should be \$53,736.07 based on a rate of 15%.
14. The APA provides for an adjustment to the inventory Purchase Price, pursuant to Section 3.4 (a), stating that an adjustment to the Purchase Price is to be calculated on the following basis:
 - (a) Upward of 100% of the value of the Closing inventory balance which exceeds \$3.4M;
or
 - (b) Downward 15% of the value of the Closing inventory balance which is less than \$3.4M.
15. BEI provided for in its Inventory Reconciliation of a credit due to 94747 of \$53,736.07, as follows:

BEI's Inventory Adjustment Calculation		
Inventory Closing Balance		3,114,027.62
Less: Consignment Inventory		(72,268.11)
Actual Inventory on Closing		3,041,759.51
Target AR Balance on Closing		3,400,000.00
Variance of Inventory Balance on Closing vs. APA		(358,240.49)
Adjustment - Upward 100% of Value Exceeding \$3.4M	100%	\$NIL
Adjustment - Downward 15% of Value Less Than \$3.4M	15%	(53,736.07)
Adjustments to Inventory Purchase Price		(53,736.07)

16. 94747 provided for in its Inventory Reconciliation of a credit due to 94747 of \$55,926.83, as follows:

94747's Inventory Adjustment Calculation			
Inventory Closing Balance	3,114,027.62		
Less: Consignment Inventory	(76,248.00)		
Actual Inventory on Closing	3,037,779.62		
Target AR Balance on Closing	3,400,000.00		
Variance of Inventory Balance on Closing vs. AF	(362,220.38)	(A)	
Purchase Price of Inventory	525,000.00		
Target AR Balance on Closing	3,400,000.00		
Percentage to Allocate Adjustments	15.44%	(B)	
Adjustments to Inventory Purchase Price	(55,926.83)	(A x B)	

17. The Monitor notes that the Court's determination of Dispute 6 – Differing Consignment Inventory Balance will have an effect on this calculation, as it will determine the true balance of inventory on Closing. The variance in this dispute is due in part to both the differing consignment inventory reduction and alternative percentage to calculate the inventory adjustment.
18. The Monitor and BEI are of the view that the APA in section 3.4 (a) is clear that the adjustment is 15% and not 15.44%.

Request for Court's Determination:

19. The Monitor is requesting of this Honourable Court to determine the proper accounting for the adjustments to the inventory Purchase Price, being either:
- (a) 94747's calculation of a credit due to 94747 of \$55,926.83; or
- (b) BEI's calculation of a credit due to 94747 of \$53,736.07.

Dispute 8 – Expired Chemicals in St. John's

Monitor's Summary and Reconciliation of Disputes				
Description	94747	BEI	Variance	
Dispute 8 – Expired Chemicals in St. John's	\$ (31,400.85)	\$ -	\$ (31,400.85)	

20. 94747 is seeking a credit to the Purchase Price in the amount of \$31,400.85 (being 15.44% of \$209,399) which represent the cost of certain chemical inventory located at BEI's former St. John's location.

21. 94747 has alleged that certain chemicals forming part of the inventory Purchase Price were expired and cannot be sold. These chemicals were located at both BEI locations in Halifax and St. John's. The chemicals located in Halifax remained in the 94747 facility as the BEI lease was assumed by 94747. The chemical in the St. John's location were left behind when 94747 exited the leased facility post Closing.
22. The Monitor understands that 94747's position on the expired chemicals in St. John's is as follows:
 - (a) The expired chemicals located at BEI's former St. John's location was not purchased by 94747, and subsequently left on the premises. 94747 is of the view that these 94747 did not take possession of these chemicals.
23. The Monitor notes that while a listing of these chemicals was provided, supporting evidence of the chemicals being expired has not be provided by 94747. 94747 has only made representations to the Monitor that these chemicals are expired.
24. BEI and the Monitor disagree with this claim and hereby provide the following comments on its views:
 - (a) 94747 has not provided any supporting evidence that the chemicals are expired;
 - (b) The APA does not contemplate an adjustment of this nature;
 - (c) Pursuant to Section 6.2 of the APA, 94747 had access to the books and records of BEI up to 5 days before Closing and 94747 did not trigger any termination rights pursuant to section 9.1 of the APA;
 - (d) BEI Disputes 94747's allegation that a column on the inventory listing provided to 94747 on Closing and during its due diligence process was removed, which contained notations of the chemicals being expired;
 - (e) The inventory, inclusive of these expired chemicals, was a Purchased Asset, as defined within Section 2.1 of the APA, which was purchased by 94747 on an "as is, where is" basis and without representations or warranties pursuant to Section 5.3 and 5.4 of the APA;
 - (f) The Monitor has performed a reconciliation of the chemicals listed by 94747 as expired, compared to the inventory list on Closing. The Monitor was able to reconcile

materially all of the chemicals noted by 94747 on the Closing listing, with an immaterial variance of \$1,163.64. The Monitor is of the view that, given the chemicals were included on the Closing inventory listing 94747 had an opportunity to identify the issue when completing its due diligence.

- i. A copy of this reconciliation can be provided to the Stakeholders upon request.

Request for Court's Determination:

25. The Monitor is requesting of this Honourable Court to determine if 94747 is entitled to a credit of \$31,400.85 relating to the expired chemicals located at BEI's former St. John's location.

Dispute 9 – Inventory Held by a Related Party

Monitor's Summary and Reconciliation of Disputes			
Description	94747	BEI	Variance
Dispute 9 – Inventory Held by a Related Party	\$ (1,388.25)	\$ -	\$ (1,388.25)

26. 94747 is seeking a credit to the Purchase Price in the amount of \$1,388.25 (being 15% of \$9,255) which represents the cost of certain inventory held in the possession of a related party for resale on Closing, not within the possession of BEI.
27. The Monitor understands that 94747 has alleged that \$9,255 of stock included within the Inventory Reconciliation was sold to a related party to BEI, being the spouse of the former CEO (the "**Related Party**"). 94747 has in turn claimed a credit on the inventory Purchase Price of \$1,388.25, being 15.44% of the stock amount of \$9,255.
28. BEI acknowledged to 94747 on June 21, 2024 that this stock was indeed with the Related Party, however when the Related Party attempted to return this stock to 94747, 94747 refused to accept delivery. The letter from BEI to 94747 on June 21, 2024 as noted above is attached hereto as **Appendix "L"**.
29. 94747 provided to the Monitor the following comments regarding this credit:
 - (a) 94747's position is that these goods have been sold to a Related Party. They are not inventory. They were removed and re-sold via Ebay under the Related Party's name. Sale proceeds were paid to the Related Party - not BEI.

30. The Monitor notes that 94747 has not provided supporting documentation to the Monitor to demonstrate that a sale transaction occurred between BEI and the Related Party.
31. BEI and the Monitor disagree with this credit, with the following views:
- (a) When the inventory was discovered to be in possession of the Related Party, the Related Party attempted to return this inventory to 94747. When 94747 refused this inventory, BEI is of the view that 94747 abandoned its interest in this inventory;
 - (b) The APA does not contemplate an adjustment of this nature;
 - (c) 94747 has not provided any evidence of a sale transaction from BEI and the Related Party which would suggest that the Related Party was the true owner of the stock. BEI is of the view that the Related Party was selling the inventory on behalf of BEI, as noted in the letter to 94747 on June 21, 2024.

Request for Court's Determination:

32. The Monitor is requesting of this Honourable Court to determine if 94747 is entitled to a credit of \$1,388.25 relating to the inventory stock within the possession of the Related Party at the time of Closing.

Dispute 10 – Damaged Goods

Monitor's Summary and Reconciliation of Disputes			
Description	94747	BEI	Variance
Dispute 10 – Damaged Goods	\$ (4,687.00)	\$ -	\$ (4,687.00)

33. 94747 is seeking a credit to the Purchase Price in the amount of \$4,824.49 (being 15% of \$31,246.67) which represents the cost of certain inventory that was damaged as of Closing.
34. 94747 has provided the following comments to the Monitor regarding this claim:
- (a) 94747's position is that this is not inventory. They are damaged goods. Not available for re-sale.
35. BEI provided its views on this claim from 94747 in a letter to 94747 dated June 21, 2024, attached hereto as **Appendix "L"**.
36. BEI and the Monitor disagree with this credit, with the following views:

- (a) 94747 has provided no evidence supporting the damages alleged, only a listing;
- (b) The inventory, inclusive of the damaged stock if it was damaged, was a Purchased Asset, as defined within Section 2.1 of the APA, which was purchased by 94747 on an "as is, where is" basis and without representations or warranties pursuant to Section 5.3 and 5.4 of the APA;
- (c) The APA does not contemplate an adjustment of this nature; and
- (d) Pursuant to Section 6.2 of the APA, 94747 had access to the books and records of BEI up to 5 days before Closing and 94747 did not trigger any termination rights pursuant to section 9.1 of the APA.

Request for Court's Determination:

- 37. The Monitor is requesting of this Honourable Court to determine if 94747 is entitled to a credit of \$4,824.49 relating to the inventory stock that was damaged at the time of Closing.

Tenth Report to the Court submitted by Grant Thornton Limited
In its capacity as Monitor of BEI and TNOPFI
October 11, 2024

Appendix "N"
Inventory Disputes

Schedule "N-1"

BMO General Security Agreement

SECURITY AGREEMENT

The undersigned **94747 NEWFOUNDLAND & LABRADOR INC.** (hereinafter called the "**Debtor**"), hereby enters into this Security Agreement with Bank of Montreal (hereinafter called the "**Bank**") for valuable consideration and as security for the payment of the amount of \$225,000.00, as set out in paragraph 3.2(c) of the Asset Purchase Agreement dated April 16, 2024, and interest thereon and for the repayment and discharge of all other present and future liabilities and obligations, direct or indirect, absolute or contingent, of the Debtor to the Bank (all such indebtedness, interest, liabilities and obligations being hereinafter collectively called the "**Obligations**"). This Security Agreement is entered into pursuant to and is governed by the applicable *Personal Property Security Acts* of Nova Scotia, Newfoundland and Labrador, and any other Province, insofar as it affects personal property located in Nova Scotia, Newfoundland and Labrador and any other Province.

1. The Debtor hereby represents and warrants to the Bank that it has assets at, *inter alia*, the locations set forth in Schedule "A" attached hereto:
2. The Debtor hereby:
 - (a) mortgages and charges to the Bank as and by way of a fixed and specific mortgage and charge, and grants to the Bank a security interest in, all its present and future equipment and any proceeds therefrom, including, without limiting the generality of the foregoing, all fixtures, plant, machinery, tools and furniture now or hereafter owned or acquired or in respect of which the Debtor has rights now or in the future and any equipment;
 - (b) mortgages and charges to the Bank, and grants to the Bank a security interest in, all its present and future inventory and any proceeds therefrom, including, without limiting the generality of the foregoing, all raw materials, goods in process, finished goods and packaging material and goods acquired or held for sale or furnished or to be furnished under contracts of rental or service;
 - (c) assigns, transfers and sets over to the Bank and grants to the Bank a security interest in, all its present and future intangibles and any other proceeds therefrom, including, without limiting the generality of the foregoing, all its present and future accounts, accounts receivable, contract rights and other choses in action of every kind or nature now due or hereafter to become due, including insurance rights arising from or out of the assets referred to in sub-clauses (a) and (b) above;
 - (d) grants, mortgages, charges, transfers and assigns to the Bank a security interest in, all its present and future chattel papers, documents of title, instruments, money and securities, and any proceeds therefrom;
 - (e) mortgages and charges to the Bank by way of a fixed and specific mortgage and charge, and grants to the Bank a security interest in any other personal property otherwise described in Schedule "A" hereto;
 - (f) charges in favour of the Bank as and by way of a floating charge its undertaking and all its property and assets, real and personal, moveable or immovable, of whatsoever nature and kind, both present and future (other than property and assets validly held or subjected to a security interest or a specific mortgage, charge or assignment provided for in sub-clauses (a), (b), (c) or (d) above and to the exceptions hereinafter contained). For the purpose of this Security Agreement, the equipment, inventory, intangibles, undertaking and all other property and assets of the Debtor referred to in this clause 2 are hereinafter sometimes collectively called the "**Collateral**". Without limiting the generality of the description of Collateral as set out in this clause 2, and for greater certainty, the Collateral shall include all present and future personal property of the Debtor of the type described in any Schedule attached hereto. The Debtor agrees that it shall promptly advise the Bank in writing of any acquisition of personal property which is

not of the type herein described. The Debtor agrees to execute and deliver from time to time, at its own expense, amendments to this Security Agreement or additional security agreements, which may be reasonably required by the Bank to ensure attachments of security interests in such personal property.

3. The Collateral is on the date hereof primarily situate or located at the location(s) set out in clause 1 hereof but may from time to time be located at other premises of the Debtor. The Collateral may also be located at other places while in transit to and from such locations and premises; and the Collateral may from time to time be situate or located at any other place when on lease or consignment to any lessee or consignee from the Debtor.
4. It is hereby declared that the last day of any term of years reserved by any lease, verbal or written, or any agreement therefor, now held or hereafter acquired by the Debtor, is hereby or shall be excepted out of the mortgages, charges and security interests hereby created, but the Debtor shall stand possessed of the reversion of one day remaining in the Debtor in respect of any such term of years, for the time being demised, as aforesaid upon trust to assign and dispose of the same as any purchaser of such term of years shall direct. There shall also be excluded from the security created by this Security Agreement any property of the Debtor that constitutes consumer goods for the personal use of the Debtor.
5. The Debtor shall not without the prior written consent of the Bank sell or dispose of any of the Collateral other than that described in sub-clause (b) of clause 2 above which may be sold only in the ordinary course of business and for the purpose of carrying on the same; and if the amounts of any of the intangibles referred to in sub-clause (c) of clause 2 above or any proceeds arising from the collateral described in sub-clauses (a) and (b) of clause 2 above shall be paid to the Debtor, the Debtor shall receive the same as agent of the Bank and forthwith pay over the same to the Bank. The Debtor agrees that the Bank may require any account debtor of the Debtor, on default, to make payment to the Bank and the Bank may take control of any proceeds referred to in sub-clauses (a), (b) and (c) of clause 2 hereof and may hold all amounts received from any account debtors and any proceeds as cash collateral as part of the Collateral and as security for the Obligations of the Debtor to the Bank.
6. The Debtor shall at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all and singular every such further acts, deeds, transfers, assignments, security agreements and assurances as the Bank may reasonably require for the better granting, transferring, assigning, charging, setting over, assuring and confirming unto the Bank the property and assets hereby mortgaged and charged or subjected to security interests or intended so to be or which the Debtor may hereafter become bound to mortgage, charge, transfer, assign or subject to a security interest in favour of the Bank and for the better accomplishing and effectuating of this Security Agreement.
7. The Debtor shall at all times have and maintain insurance over the Collateral against risks of fire (including so-called extended coverage), theft, and such other risks as the Bank may reasonably require in writing, containing such terms, in such form, for such periods and written by such companies as may be reasonably satisfactory to the Bank. The Debtor shall promptly pay all premiums and other sums payable for maintaining such insurance and shall cause the insurance money thereunder to be payable to the Bank as its interest hereunder may appear and shall, if required, furnish the Bank with certificates or other evidence satisfactory to the Bank of compliance with the foregoing insurance provisions.
8. The Debtor shall at all times upon request by the Bank furnish the Bank with such information concerning the Collateral as the Bank may reasonably request, including lists of inventory and equipment and lists of accounts and accounts receivable showing the amounts owing upon each account and securities therefor.

9. The Debtor covenants with the Bank as follows:

- (a) It will at all times maintain its corporate existence;
- (b) It will carry on and conduct its business in a proper and efficient business-like manner in accordance with good business practice;
- (c) Except for the prior charge granted to Sallyport Commercial Finance, it will not, without the prior written consent of the Bank, which consent shall not be unreasonably withheld, make, give or create any mortgage, charge or assignment, or other security, whether fixed or floating, on any of its undertaking, property or assets ranking in priority to or *pari passu* with the security hereby constituted, and that it will not permit or suffer the registration of any lien, encumbrance or charge, statutory or otherwise, on or in respect of any of its property and assets;
- (d) It will keep or cause to be kept proper books of account in accordance with sound accounting practices;
- (e) It will observe and conform to all valid requirements of any governmental authority relative to any of its property, assets and undertakings;
- (f) It will maintain and keep in good repair the Collateral and will refrain from damaging or destroying same;
- (g) It will cause all taxes, rates, license fees and any other charges assessed or imposed upon it and its property, or any part thereof, to be paid when the same become due and payable;
- (h) It will insure and keep insured its insurable interest in the Collateral including inventory and any other insurable property of the Debtor against such perils and in such amounts as may be usual and prudent with companies carrying on similar business or holding similar assets, with losses on the Collateral payable to the Bank, and upon the written request of the Bank, will furnish it with copies and an assignment of such policies of insurance;
- (i) It will not, without the prior written consent of the Bank, sell, transfer, assign, or otherwise dispose of any of its assets other than in the ordinary course of its business;

10. The Debtor shall be in default under this Security Agreement upon the occurrence of any one of the following events:

- (a) the Debtor shall default under any of the Obligations;
- (b) the Debtor shall default in the due observance or performance of any covenant, undertaking or agreement heretofore or hereafter given to the Bank, whether contained herein or not and including any covenant or undertaking set out in any Schedule to this Security Agreement;
- (c) an execution or any other process of any court shall become enforceable against the Debtor or a distress or analogous process shall be levied upon the property of the Debtor or any part thereof;

- (d) the Debtor shall become insolvent or commit an act of bankruptcy, or make an assignment in bankruptcy or a bulk sale of its assets or a bankruptcy petition shall be filed or presented against the Debtor and not be bona fide opposed by the Debtor; or
- (e) the Debtor shall cease to carry on business.

11. Subject to the provisions of the Addendum contained in Schedule "B" hereto, upon any default under this Security Agreement, the Bank may declare any or all of the Obligations to be immediately due and payable and may proceed to realize the security hereby constituted and to enforce its rights by entry; or by the appointment by instrument in writing of a receiver or receivers of the subject matter of such security or any part thereof and such receiver or receivers may be any person or persons, whether an officer or officers or employee or employees of the Bank or not, and the Bank may remove any receiver or receivers so appointed and appoint another or others in his or their stead; or by proceedings in any court of competent jurisdiction for the appointment of a receiver or receivers or for sale of the Collateral or any part thereof or by any other action, suit, remedy or proceeding authorized or permitted hereby or by law or by equity; and may file such proofs of claim and other documents as may be necessary or advisable in order to have its claim lodged in any bankruptcy, winding-up or other judicial proceedings relative to the Debtor. Any such receiver or receivers so appointed shall have power to take possession of the Collateral or any part thereof and to carry on the business of the Debtor, and to borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof or the carrying on of the business of the Debtor, and to further charge the Collateral in priority to the security constituted by this Security Agreement as security for money so borrowed, and to sell, lease or otherwise dispose of the whole or any part of the Collateral on such terms and conditions and in such manner as he shall determine. In exercising any powers any such receiver or receivers shall act as agent or agents for the Debtor and the Bank shall not be responsible for his or their actions.

In addition, the Bank may enter upon the applicable premises and lease or sell the whole or any part or parts of the Collateral. The Debtor agrees that considering the nature of that part of the Collateral that is not perishable it will be commercially reasonable to sell such part of the Collateral:

- (a) as a whole or in various lots;
- (b) by a public sale or call for tenders by advertising such sale once in a local daily newspaper at least seven (7) days before such sale; and
- (c) by private sale after the receipt by the Bank of at least two offers from prospective purchasers who may include persons related to or affiliated with the Debtor or other customers of the Bank.

Any such sale shall be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as to the Bank in its sole discretion may seem advantageous and such sale may take place whether or not the Bank has taken possession of such property and assets.

No remedy for the realization of the security hereof or for the enforcement of the rights of the Bank shall be exclusive of or dependent on any other such remedy, but any one or more of such remedies may from time to time be exercised independently or in combination. The term "receiver" as used in this Security Agreement includes a receiver and manager.

12. Any and all payments made in respect of the Obligations from time to time and moneys realized from any securities held therefor (including moneys realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as the Bank may see fit, and the Bank shall at all times and from time to time have the right to change any appropriation as the Bank may see fit.

13. The Debtor agrees to pay all reasonable expenses, including solicitor's fees and disbursements on a solicitor and client basis and the remuneration of any receiver appointed hereunder, incurred by the Bank in the preparation, perfection and enforcement of this Security Agreement, including all expenses incurred by the Bank and its agents to put into place and confirm the priority of any security interest in this Security Agreement and the payment of such expenses shall be secured hereby.
14. The Bank may waive any default herein referred to; provided always that no act or omission by the Bank in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent default or the rights resulting therefrom.
15. The Debtor acknowledges that value has been given, that the Debtor has rights in the Collateral and that the parties have not agreed to postpone the time for attachment of any security interest in this Security Agreement.
16. The security hereof is in addition to and not in substitution for any other security now or hereafter held by the Bank and shall be general and continuing security notwithstanding that the Obligations of the Debtor shall at any time or from time to time be fully satisfied or paid.
17. Nothing herein shall obligate the Bank to make any advance or loan or further advance or loan or to renew any note or extend any time for payment of any indebtedness or liability of the Debtor to the Bank.
18. This Security Agreement shall enure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and assigns of the Debtor and the Bank.
19. This Security Agreement is a security agreement within the meaning of the *Personal Property Security Act* of Nova Scotia, Newfoundland and Labrador, and any other Province where the Collateral is located, unless the context otherwise requires. The word "Debtor", the personal pronoun "it" or "its" and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used depending upon whether the Debtor is one or more individuals, corporations or partnerships and if more than one, shall apply and be binding upon each of them severally, The term "successors" shall include, without limiting its meaning, any corporation resulting from the amalgamation of a corporation with another corporation and, where the Debtor is a partnership, any new partnership resulting from the admission of new partners or any other change in the Debtor, including, without limiting the generality of the foregoing, the death of any or all of the partners.
20. The Debtor hereby:
 - (a) acknowledges receipt of a copy of this Security Agreement; and
 - (b) waives all rights to receive from the Bank a copy of any financing statement, financing change statement or verification statement filed at any time in respect of this Security Agreement.

IN WITNESS WHEREOF this Security Agreement has been executed by the Debtor on the 3
day of May, 2024.

94747 NEWFOUNDLAND & LABRADOR INC.

Per: 
Name: Trevor Melendy
Title: President

I have authority to bind the corporation

SCHEDULE "A"

Location of Collateral:

171 John Savage Drive, Dartmouth, Nova Scotia

99 Blackmarsh Road, St. John's, Newfoundland and Labrador

SCHEDULE "B"

Addendum

The Bank acknowledges and agrees that it shall not be entitled to enforce this Security Agreement until such time as the Supreme Court of Newfoundland and Labrador issues a Distribution Order in the CCAA proceedings of Big Erics Inc.

Tenth Report to the Court submitted by Grant Thornton Limited
In its capacity as Monitor of BEI and TNOPFI
October 11, 2024

Appendix "O"
Transitional Purchases

Appendix "O"

Transitional Purchases

TRANSITIONAL PURCHASES

Monitor's Summary and Reconciliation of Disputes			
Description	94747	BEI	Variance
Transitional Purchases	\$ 541,280.16	\$ 541,280.16	\$ -

38. On Closing, BEI provided to the Monitor a listing of all goods in transit ("**Transitional Purchases**") transactions outstanding to be received, being \$703,012.32 inclusive of HST and payments outstanding to suppliers on the Transitional Purchases. The Transitional Purchases is governed by paragraph 3.2 (d) and 6.7 (d) of the APA:
- (a) 3.2 (d) – In respect of the costs (including any transportation or delivery costs and related expenses incurred by the Vendor) of the Transitional Purchases (but less any monies collected by the Vendor for the Transitional Purchases that are not replenishable and less any deposits or upfront payments received by the Vendor from customers for Transitional Purchases, without duplication), the 94747 shall pay to the Monitor's counsel in trust the full amounts relating thereto within 5 Business Days of each receipt or delivery (including in the case of any direct shipments to or as directed by a customer) of such goods to the customer or to the Vendor or its assignee as may be directed in the Approval and Vesting Order (and if not so directed by such Order then as the Vendor and 94747 shall agree on the Closing Date); and
- (b) 6.7 (d) – The Vendor shall continue to manage all Inventory purchases within the applicable limits under its BMO credit facility. The Vendor shall not make any new purchase of items that are Transitional Purchases outside of the normal course of business, nor shall the Vendor make any new purchase of Inventory or Transitional Purchases between April 8, 2024 and the Closing Date without written consent of the 94747 and the Monitor.
39. Previously, the Monitor noted in the Eighth Report and the Ninth Report that the total amount of Transitional Purchases outstanding on Closing was \$703,012.32 inclusive of HST. The Stakeholders have now agreed to omit HST from the amount outstanding for Transitional Purchases.
40. The Stakeholders have agreed to the total amount of Transitional Purchases outstanding on Closing to be \$615,916.29.

41. 94747 has confirmed to the Monitor that \$541,280.16 of the Transitional Purchases has been received since Closing. The Monitor has not received any payments from 94747 towards this balance:
 - (a) The Monitor notes that update on Transitional Purchases received from 94747 was the first update since June 4, 2024. Pursuant to Section 3.2(d) of the APA, 94747 was to remit payment to the Monitor for the value of the Transitional Purchases 5 days following receipt of the items by suppliers.
42. The remaining balance of \$72,886.49 of Transitional Purchases at Closing has yet to be received as of August 23, 2024. 94747 has not provided a further update on this balance as of the date of this Tenth Report.

Tenth Report to the Court submitted by Grant Thornton Limited
In its capacity as Monitor of BEI and TNOPFI
October 11, 2024

Appendix "P"
Other Credits and Non-Financial Disputes

Appendix "P"

Detailed Analysis: Other Credits and Non-Financial Disputes

DETAILED ANALYSIS: OTHER CREDITS AND NON-FINANCIAL DISPUTES

Monitor's Summary and Reconciliation of Disputes							
Description	94747		BEI	Variance	Dispute		
Other Credits and Disputes							
Dispute 11 - Credits to 94747 for payment of BEI invoices	\$	(9,950.78)	\$	(3,093.94)	\$	(6,856.84)	11
Dispute 12 - Credit Card/Shopify Transactions		(24,254.71)		-		(24,254.71)	12
Dispute 13 - St. John's Movement Claim		-		-		-	13
Dispute 14 - Racking Claim		(35,000.00)		-		(35,000.00)	14
Dispute 15 - Disposition Costs of Expired Chemicals in Halifax		(358,000.00)		-		(358,000.00)	15
Dispute 16 - Transitional Purchases Not Yet Received		41,544.33		41,544.33		-	16
Credit to 94747 for St. John's Rent		(9,343.75)		(9,343.75)		-	
Total Other Credits and Disputes	\$	(395,004.91)	\$	29,106.64	\$	(424,111.55)	

Dispute 11 – Credits to 94747 for Payment of BEI Invoices Post-Closing

Monitor's Summary and Reconciliation of Disputes			
Description	94747	BEI	Variance
Dispute 11 - Credits to 94747 for payment of BEI invoices	\$ (9,950.78)	\$ (3,093.94)	\$ (6,856.84)

- On August 23, 2024, 94747 provided to the Monitor a listing certain invoices it had paid to suppliers, on behalf of BEI, post-Closing of the transaction. 94747 also provided the original invoice as support. The listing of these invoices as provided by 94747 is as follows:

S.No	Vendor	GL	Duration - From	Duration - To	Amount (Excl. HST)	Paid by	BEI Proportion	94747 Proportion	Due to 94747
1	Image Wear/V14318	620300	May 1, 2024	May 8, 2024	\$ 300.00	94747	\$ 300.00	\$ -	\$ 300.00
2	Eastward energy/V00549	660500	April 18, 2024	May 21, 2024	438.41	94747	296.57	141.84	296.57
3	NL Power/V00769	660510	April 20, 2024	May 19, 2024	1,321.18	94747	1,100.98	220.20	1,100.98
4	NS Power/V00781	660510	April 25, 2024	May 26, 2024	2,742.03	94747	1,371.02	1,371.02	1,371.02
5	Bell/V00215	661600	April 11, 2024	May 10, 2024	2,964.17	94747	2,964.17		2,964.17
6	Bell/V00215	661600	May 1, 2024	May 31, 2024	1,528.31	94747	493.00	1,035.31	493.00
7	Bell/v14295	661600	May 4, 2024	June 3, 2024	496.80	94747	112.18	384.62	112.18
8	Aclaros	661600	May 4, 2024	May 17, 2024	1,815.00	94747	747.35	1,067.65	747.35
9	Mailchimp	661600	April 21, 2024	May 20, 2024	351.23	94747	234.15	117.08	234.15
10	Shopify	800200	April 16, 2024	May 15, 2024	2,797.62	94747	2,331.35	466.27	2,331.35
Total					\$14,754.75		\$ 9,950.78	\$ 4,803.97	\$ 9,950.78

- The Monitor has reviewed these invoices and provides to the Court its views on this claim below:

Appendix "P"
Other Credits and Non-Financial Disputes

S.No	Vendor	BEI Proportion	94747 Proportion	Total	Monitor's View
1	Image Wear/V14318	-	300.00	300.00	The invoice is dated for after closing (May 14, 2024). 94747 did not provide support to the Monitor for this invoice being related to BEI. The Monitor also notes that BEI's contract with Image Wear was an assumed contract pursuant to Schedule 1.1(h) of the APA.
2	Eastward energy/V00549	292.27	146.14	438.41	The billing period on the invoice is from April 18 to May 21. The Monitor has recalculated this allocation as BEI's incurred charges are to May 10 (22 days).
3	NL Power/V00769	910.65	390.28	1,300.93	The amounts as noted by 94747 do not agree to the invoices provided. The invoices provided total \$1,300.93 before HST. The billing period on the invoices is from April 19 to May 19. BEI's portion is to May 10 (21 days).
4	NS Power/V00781	1,371.02	1,371.02	2,742.03	The Monitor agrees with 94747 allocation.
5	Bell/V00215	520.00	4,285.56	4,805.56	The Monitor received 9 invoices from 94747 for Bell, however the Monitor could not tie these invoices to 94747's amounts as noted. The total of the Bell invoices was \$4,805.56 before HST, of which BEI's portion is \$520.00. The Monitor can provide a detailed schedule of these invoices upon request.
6	Bell/V00215				
7	Bell/v14295				
8	Aclaros	-	1,815.00	1,815.00	The Monitor notes that all of the time spent on this invoice was noted as transitioning consulting services for the benefit of 94747. The Monitor is of the view that this is not a BEI expense. The Monitor also notes that BEI's contract with Aclaros was an assumed contract pursuant to Schedule 1.1(h) of the APA.
9	Mailchimp	-	351.23	351.23	The Monitor notes that the invoice provided appears to pre-purchase "Contact Blocks" after closing. No support was provided by 94747 for why it is their view that this is a BEI expense. The Monitor also notes that BEI's contract with Mailchimp was an assumed contract pursuant to Schedule 1.1(h) of the APA.
10	Shopify	-	2,797.62	2,797.62	The Monitor notes that the invoice provided appears to pre-purchase "Contact Blocks" after closing. No support was provided by 94747 for why it is their view that this is a BEI expense. The Monitor also notes that BEI's contract with Mailchimp was an assumed contract pursuant to Schedule 1.1(h) of the APA.
Totals		3,093.94	11,456.84	14,550.78	

3. The Monitor understands that that BEI and BMO are supportive of the Monitor's views as noted above.

Request for Court's Determination:

4. The Monitor is requesting of this Honourable Court to determine the proper credit adjustments to the Purchase Price, being either:
- (a) 94747's calculation of a credit due to 94747 of \$9,950.78; or
- (b) The Monitor's calculation of a credit due to 94747 of \$3,093.94.

Dispute 12 – Pre-Closing Credit Card/Shopify Transactions

Monitor's Summary and Reconciliation of Disputes				
Description	94747	BEI	Variance	
Dispute 12 - Credit Card/Shopify Transactions	\$ (24,254.71)	\$ -	\$	(24,254.71)

5. On May 27, 2024, the Monitor received from BMO a wire transfer of \$312,267.61 relating to deposits made by BEI/94747 customers into BEI's bank account. The Monitor received supporting documentation from 94747 for all amounts deposited in order to determine the Monitor's view of an allocation of "ownership" of the deposits. Of this amount, \$24,254.71 was noted by the Monitor to be received from various credit card companies and Shopify relating to the sale of goods by BEI to customers prior to Closing.
6. The Monitor notes that this amount is not referenced in 94747's APA Reconciliation. However, the Monitor understands through conversations with 94747's financial advisor that 94747's position on these funds is that the payment of these transactions occurred after Closing, and is therefore owed to 94747.
7. Further, the Monitor notes that 94747's APA Reconciliation includes an offsetting amount equal to the BMO Account Funds. The Monitor has assumed that 94747's position remains that it is entitled to these Pre-Closing Credit Card/Shopify Transactions.
8. BEI's position on these funds, which is agreed to by BMO and the Monitor, is that the transaction dates related to the amounts are pre-Closing sales of BEI. As such, these amounts are an Excluded Asset in the APA.

9. The Monitor has requested several times from 94747 for supporting documentation on its position for this dispute. As of the date of this Tenth Report, the Monitor has received no documentation from 94747.

Request for Court's Determination:

10. The Monitor is requesting of this Honourable Court to determine the ownership of the Pre-Closing Cred Card/Shopify Transactions amount of \$24,254.71, belonging to either 94747 or BEI.

Dispute 13 – St. John's Movement Claim

Monitor's Summary and Reconciliation of Disputes				
Description	94747		BEI	Variance
Dispute 13 - St. John's Movement Claim	\$	-	\$	-

11. On May 17, 2024, 94747 asserted a claim to BEI, with copy to the Monitor, for moving costs of the purchased inventory from BEI's St. John's location to 94747's new operating location in St. John's. 94747 did not assume BEI's lease for its St. John's location.
12. 94747 is of the view that it purchased the inventory in St. John's from BEI, with the exception of the expired chemicals as noted in Dispute 8 – Expired Chemicals in St. John's, and that BEI had an obligation to deliver this purchased inventory to 94747's new operating location.
13. BEI is of the view that BEI's obligation with respect to the delivery of inventory to 94747 was *in situ*. As 94747 did not assume BEI's lease for its St. John's operations, the obligation to move the equipment to 94747's new location rests with 94747.
14. The Monitor and BMO are in agreement with BEI's position.
15. The Monitor is also of the view that an adjustment of this nature is not contemplated within the APA. The Monitor further notes that as of the date of this Tenth Report, the Monitor has not received an amount for this claim as raised by 94747, or supporting documentation as to 94747's view. The Monitor has requested several times from 94747 for an amount and supporting documentation. As of the date of this Tenth Report, no documentation has been provided.

Request for Court's Determination:

16. The Monitor is requesting of this Honourable Court to determine if 94747 is entitled to a credit for the movement of the purchased inventory from BEI's St. John's location to 94747's new location, should an amount to the claim be provided by 94747 in its application materials.

Dispute 14 – Racking Claim

Monitor's Summary and Reconciliation of Disputes			
Description	94747	BEI	Variance
Dispute 14 - Racking Claim	\$ (35,000.00)	\$ -	\$ (35,000.00)

17. Also on May 17, 2024, 94747 asserted a claim to BEI, with copy to the Monitor, for racking, or shelving units, located within BEI's leased location in St. John's.
18. 94747 is of the view that, as 94747 purchased the Capital Assets of BEI pursuant to Section 2.1 of the APA, this including the racking located within BEI's leased location in St. John's. 94747 asserts that when the racking was attempting to be removed, BEI's landlord, Lighthouse Atlantic Realty Inc. ("**LRAI**"), instructed 94747 to cease the rackings removal as LRAI viewed the racking as a fixture to the leased premises.
19. As the racking could not be removed from St. John's, 94747 is of the view that it is entitled to a credit on the Purchase Price as the racking formed a part of the Purchased Assets. 94747 has estimated that the racking is valued at \$35,000 as follows:

RACKING EXPENSE:			
DESCRIPTION	QTY	EACH	PRICE
LABOUR , FORKLIFT, MAN LIFT ANCHOR EXPENSE			\$ 15,000.00
BEAM a beam 9' long x 1.5 thick x 4.5 deep	200	\$25.00	5,000.00
BEAM upright 42" deep x 16' high	200	\$60.00	12,000.00
BOLTS AND NUTS			3,000.00
TOTAL			\$35,000.00

20. The Monitor notes that 94747 has not provided support for its above valuation of the racking and is of the view that this amount is an estimate from the management of 94747.
21. BEI is of the view that the racking was a fixture and could not be removed from St. John's without damaging the leased premises. The Monitor and BMO are in agreement with the view of BEI.

Request for Court's Determination:

22. The Monitor is requesting of this Honourable Court to determine if 94747 is entitled to a credit for the racking located in St. John's.

Dispute 15 – Disposition of Expired Chemicals in Halifax

Monitor's Summary and Reconciliation of Disputes				
Description	94747	BEI	Variance	
Dispute 15 - Disposition Costs of Expired Chemicals in Halifax	\$ (358,000.00)	\$ -	\$ (358,000.00)	

23. 94747 is of the view that certain expired chemicals located at Halifax do not form part of the Purchased Assets. These expired chemicals are still in the possession of 94747 on its leased premises, as 94747 assumed BEI's lease at its Halifax location.
24. 94747 is further of the view that these expired chemicals located at BEI's Halifax location, to which 94747 assumed the lease in the transaction, should not be considered inventory as 94747 has stated that these chemicals cannot be sold. 94747 further alleges that BEI knew of these chemicals prior to Closing and that the "as is, where is" clauses found within Sections 5.3 and 5.4 of the APA do not apply to these expired chemicals as this claim constitutes an environmental liability.
25. 94747 provided to the Monitor a listing of these expired chemicals on August 23, 2024. The Monitor has been informed by 94747 that it alleges that BEI concealed the fact that these chemicals were expired by not including a column on excel listing. The Monitor understands that BEI has denied this allegation. A copy of this listing is attached hereto as **Schedule "P-1"**.
26. The Monitor notes that while a listing was provided, supporting evidence of the chemicals being expired has not been provided by 94747. 94747 has only made representations to the Monitor that these chemicals are expired.
27. The Monitor has received from 94747 various cost estimates for the disposal cost of these expired chemicals, being as follows:
- (a) \$148,814 as noted within the Eighth Report following paragraph 31, being the book value of the expired chemicals on Closing;
 - (b) \$80,000 on October 7, 2024 being a 94747 internal management estimate; and

- (c) \$358,000 on October 10, 2024 as advised by counsel to 94747, based on a quote obtained by 94747:
- i. As of the date of this Tenth Report, 94747 has not provided this quote to the Monitor or its supporting documentation.
28. In an attempt to provide a valuation on the disposal costs of the expired chemicals, the Monitor reached out to several hazardous waste disposals companies to receive quotes on the estimated cost to dispose of all chemicals as listed in **Schedule "P-1"**. The Monitor received one quote from Aevitas Inc. which provided a high-level quote of approximately \$21,000, including tax and shipment to a waste facility in Ontario. A copy of this quote is attached hereto as **Schedule "P-2"**.
29. BEI, BMO and the Monitor disagree with this claim and hereby provide the following comments on its views:
- (a) 94747 has not provided any evidence that the chemicals are expired;
 - (b) The APA does not contemplate an adjustment of this nature;
 - (c) Pursuant to Section 6.2 of the APA, 94747 had access to the books and records of BEI up to 5 days before Closing and 94747 did not trigger any termination rights pursuant to section 9.1 of the APA;
 - (d) BEI Disputes 94747's allegation that a column on the inventory listing provided to 94747 on Closing and during its due diligence process was removed, which contained notations of the chemicals being expired;
 - (e) The inventory, inclusive of these expired chemicals, was a Purchased Asset, as defined within Section 2.1 of the APA, which was purchased by 94747 on an "as is, where is" basis and without representations or warranties pursuant to Section 5.3 and 5.4 of the APA;
 - (f) As of the date of this Tenth Report, the Monitor has not completed a reconciliation of the expired chemicals in Halifax compared to the inventory listing on Closing.

Request for Court's Determination:

30. The Monitor is requesting of this Honourable Court to determine if 94747 is entitled to a credit of \$358,000 relating to the expired chemicals located in Halifax.

Dispute 16 – Transitional Purchases Not Yet Received

Monitor's Summary and Reconciliation of Disputes			
Description	94747	BEI	Variance
Dispute 16 - Transitional Purchases Not Yet Received	\$ 41,544.33	\$ 41,544.33	\$ -

31. On August 23, 2024, the Monitor received an update on Transitional Purchases received by 94747 following Closing, appearing to be comments from 94747 follows:

Trans. No.	Details	To be Received	94747 Comments
1189249	44613 - Vollrath	\$ 975.34	ord is released for shipping - not received the goods yet
	44365 - Browne	725.54	Goods not received yet
1177843	44352 - Globe Commercial	23.46	Requested update. Goods not received yet.
1186371	44480 - Browne	206.64	Browne short shipped item. Waiting for an update. Goods not received yet.
1176187	44286 - Systemes Norbec -deposit paid	35,145.57	Project Is Delayed. Goods not received yet.
1171546	A/P Invoices - V00301	4,436.60	Need to be put into production, provided spec at the end of July. Goods not yet received
1103420	A/P Invoices - V14136	11,005.50	company declared bankruptcy
1166204	634014	28,562.22	Omcan cancelled order & applied credit on account to CCAA account balance.947 reordered the product.
1173157	44355 -Omcan	31.18	Not shipped yet
Total		\$ 81,112.05	

32. The Monitor notes that the total provided in the above table is higher than the remaining Transitional Purchases to be received by \$8,225.56. 94747 has not provided the Monitor an explanation of this variance.
33. The Monitor notes that the above table was the first update on Transitional Purchases received from 94747 since June 4, 2024. Pursuant to Section 3.2(d) of the APA, 94747 was to remit payment to the Monitor for the value of the Transitional Purchases 5 days following receipt of the items by suppliers.
34. The Monitor has reviewed comments from 94747 and notes the following:

Trans. No.	Details	To be Received	Monitor's Comments	Estimate of Collectability
1189249	44613 - Vollrath	\$ 975.34	Updated on items being received is required by 94747	\$ 975.34
	44365 - Browne	725.54	Updated on items being received is required by 94747	725.54
1177843	44352 - Globe Commercial	23.46	Updated on items being received is required by 94747	23.46
1186371	44480 - Browne	206.64	Updated on items being received is required by 94747	206.64
1176187	44286 - Systemes Norbec -deposit paid	35,145.57	Updated on items being received is required by 94747	35,145.57
1171546	A/P Invoices - V00301	4,436.60	Updated on items being received is required by 94747	4,436.60
1103420	A/P Invoices - V14136	11,005.50	Verified via documentation provided by 94747. Monitor estimates collection of this to be low	\$NIL
1166204	634014	28,562.22	Verified via documentation provided by 94747. Monitor estimates collection of this to be low	\$NIL
1173157	44355 -Omcan	31.18	Updated on items being received is required by 94747	31.18
Total		\$ 81,112.05		\$ 41,544.33

35. The Monitor is of the view that, on a reasonable and cost-efficient basis, the collectability of the remaining Transitional Purchases yet to be received is \$41,544.33.

Credit to 94747 for St. John's Rent

Monitor's Summary and Reconciliation of Disputes			
Description	94747	BEI	Variance
Credit to 94747 for St. John's Rent	\$ (9,343.75)	\$ (9,343.75)	\$ -

36. On Closing, the Monitor received from 94747 a portion of BEI's rent for the St. John's location of \$9,343.75, being from May 15 to May 31 after Closing. As 94747 vacated the St. John's location by May 15, 2024, the Monitor is of the view that 94747 is entitled to receive a credit for this amount.
37. 94747 agreed to the amount of this credit on August 23, 2024. The Monitor understands that BEI and BMO also agree with the Monitor's view.

NON-FINANCIAL DISPUTES

Dispute 17 – Execution of Certain Closing Documents by BEI

38. 94747 has stated that BEI has not executed certain of the required documents on Closing as required by the APA. The Monitor has requested a specific listing from 94747 of these documents, however this specific listing has not been provided by 94747.
39. The Monitor is unable to follow-up with BEI on the execution of any missing documents pursuant to the APA without this listing. Should this listing be provided by 94747, the Monitor will proceed to follow-up with BEI as to the specific document's status.

Dispute 18 – Delivery of Work in Progress Reports from BEI to 94747

40. 94747 has stated to the Monitor that BEI did not provide to 94747 a schedule of WIP relating to ongoing contracts with BEI's customers as of Closing. BEI and the Monitor acknowledge that a WIP schedule had not been provided to 94747.
41. On August 15, 2024, the Monitor advised to 94747 that it was unable to provide a WIP schedule to 94747. The Monitor's views on this are as follows:
 - (a) The Monitor notes that 94747 hired the majority of BEI's employees following Closing, specifically BEI's Chief Operating Officer and Director of Finance. The Monitor is of the view that 94747, on Closing through the hiring of these individuals, possessed the institutional knowledge of BEI's WIP; and
 - (b) Pursuant to Section 6.2 of the APA, 94747 had access to the books and records of BEI up to 5 days before Closing and 94747 did not trigger any termination rights pursuant to section 9.1 of the APA.
42. The Monitor understands that BEI and BMO are in agreement with the Monitor's view.

Dispute 19 – BEI Shredding of Accounting Records and Documents

43. 94747 has alleged that BEI proceeded to shred a number of accounting records and other financial documents, creating disorganization and confusion for 94747 to maintain its operations. The Monitor has confirmed that a large number of documents were shredded by BEI prior to Closing and that BEI further stated that these were aged accounting records.
44. While the Monitor cannot confirm or comment on what documents were shredded by BEI around Closing, the Monitor can confirm it received a demand from 94747 on June 15,

Tenth Report to the Court submitted by Grant Thornton Limited
In its capacity as Monitor of BEI and TNOPFI
October 11, 2024

Appendix "P"
Other Credits and Non-Financial Disputes

2024 for BEI to remove all BEI related accounting records. A copy of this demand is attached hereto as **Schedule "P-3"**.

Tenth Report to the Court submitted by Grant Thornton Limited
In its capacity as Monitor of BEI and TNOPFI
October 11, 2024

Appendix "P"
Other Credits and Non-Financial Disputes

Schedule "P-1"
Listing of Expired Chemicals in Halifax

Doc. No.	Posting Date	Remarks	Item No.	Item Group	Item/Service Description	Quantity	Price	Row Total	Warehouse Code
1171	2020-12-07	EXPIRED AND DAMAGED PRODUCT	133293	Chemicals	PROXI STAIN REMOVER 6X710ML 11849314 ADVANTAGE DEODOR	1	9.29	\$ 9.29	10
1554	2021-08-17	expired betco chemicals	100028	Chemicals	SIMPLICITY SOFTENER 500 5 GAL 4827800	1	80.9	\$ 80.90	DMGD10
1582	2021-08-31	123846 - expired 124127 - dmgd 10430	123846	Chemicals	BENEFECT DISINFECTANT 4 LITRE ECOLOGO CERTFIED	1	24.1	\$ 24.10	DMGD20
1764	2021-12-07	expired product 12/07/21 sk	124636	Chemicals	SIMPLICITY ALL TEMP MACHINE DETERGENT 115 5GAL 2447800	1	35.78	\$ 47.23	DMGD20
1934	2022-03-17	1 container of winter fresh expired 03/1	123466	Chemicals	WINT-R-FRESH ORANGE CONCENTRATED DEODORIZER 4L	1	18.56	\$ 18.56	DMGD20
2261	2022-09-22	EXPIRED CHEMICAL ORIGINALLY BROU	131829	Chemicals	DESCALE VA1 57752010 208/55GAL DIVERSEY	1	897.37	\$ 897.37	10
2467	2022-12-21	PRODUCT EXPIRED 12/21/22 SK	123562	Chemicals	PERDIEM GENERAL PURPOSE CLEANER WITH HYROGEN PEROXI	1	44.487	\$ 44.49	20
2472	2022-12-23	item expired 12/23/22 sk	123209	Chemicals	T20 LOW TEMP SANITIZER 4X1GAL HI PERF CHLORINATED SANITI	1	12.88	\$ 12.88	SHOWRM20
2601	2023-03-09	expired 3/9/23 sk	122284	Chemicals	GREEN EARTH NO SLIP NO RINSE BIO ACTIVE 4X4L 2580400 BETC	1	14.42	\$ 14.42	20
2952	2023-10-21	Lines 1-5 - store use Lines 6-12 - damag	131822	Chemicals	SUNLIGHT D. DETERGENT 800ML LEMON OR LIME	1	3.156	\$ 3.16	SHOWRM20
1209	2020-12-31	Expired product 2020 as per Stuart	109907	Chemicals	SUMA DIP K1 LIQUID PRESOAK ALUMINUM SAFE 18.9L 93331198	1	135.81	\$ 135.81	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	121803	Chemicals	FATSOLVE VF21L HI PERFORMANCE FOAM CLEANER SOFT METAL	1	105.3	\$ 105.30	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	121931	Chemicals	CLAX PROFI 3AL3 5GAL 5750695 95750695 REPLACES DIVOBLE	1	186.04	\$ 186.04	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	121940	Chemicals	CLAX MICROWASH FORTE G 32B2 10KG 95750484	1	86.77	\$ 86.77	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	121941	Chemicals	GP FORWARD GENERAL PURPOSE CLEANER BIB 18.9L 904516	1	50.95	\$ 50.95	DMGD20
2952	2023-10-21	Lines 1-5 - store use Lines 6-12 - damag	100279	Chemicals	SUMA SUPREME POT & PAN DETERGENT OPTIFILL 2.5L 94977476	1	73.02	\$ 73.02	SHOWRM20
1139	2020-11-18	Expired Product	121931	Chemicals	CLAX PROFI 3AL3 5GAL 5750695 95750695 REPLACES DIVOBLE	1	212.69	\$ 212.69	20
1139	2020-11-18	Expired Product	102726	Chemicals	SUMA CRYSTAL RINSE AID A8.8 18.9L 100835994	1	185.94	\$ 185.94	20
1148	2020-11-25	DAMAGED OR EXPIRED PRODUCTS	123436	Chemicals	BIG ERICS OVEN CLEANER 18 OZ 001-KA005C CP826	1	4.2	\$ 4.20	SHOWRM20
1148	2020-11-25	DAMAGED OR EXPIRED PRODUCTS	123557	Chemicals	OXIVIR PLUS 4X1GAL 5919024	1	33.75	\$ 33.75	20
1152	2020-11-26	CHEDDAR WAS EXPIRED, RINSE AID W/	100034	Chemicals	SIMPLICITY ALL TEMP RINSE AID 315 5 GAL 2457800	1	53.87	\$ 75.96	20
1164	2020-12-02	Expired product	123229	Chemicals	POG REMOVER CS 6X946ML 913888	1	17.61	\$ 17.61	20
1171	2020-12-07	EXPIRED AND DAMAGED PRODUCT	123348	Chemicals	BOWL CLEANER BIG BLUE ABC 17179	1	1.68	\$ 1.68	10
1172	2020-12-07	Expired Product	123501	Chemicals	SUMA CRYSTAL RINSE AID A8 3.78L 5118171	1	39.04	\$ 39.04	20
1282	2021-03-03	EXPIRED PRODUCT	100068	Chemicals	EXTREME FLOOR STRIPPER 5 GAL 1840500	1	62.17	\$ 83.93	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	100099	Chemicals	GREEN EARTH FLOOR CLEANER 5 GAL 2580500 NO SLIP NO RINSE	1	46.19	\$ 62.36	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	102745	Chemicals	DIVERFORCE MACHINE DISH DETERGENT 18.9L 100844082	1	150.83	\$ 150.83	DMGD20
1357	2021-04-16	BETCO EXPIRED PRODUCTS APRIL 202	126466	Chemicals	GREEN EARTH GLASS CLEANER 4X1G 5350400 BETCO	1	19.91	\$ 19.91	DMGD10
1357	2021-04-16	BETCO EXPIRED PRODUCTS APRIL 202	129571	Chemicals	FIBERCAP MP 1GAL 42004-00 BETCO 4/CS	1	22.48	\$ 22.48	DMGD10
1554	2021-08-17	expired betco chemicals	123149	Chemicals	DAILY SCRUB SC FAST DOSE 1884800 BETCO 6X32OZ/CS	1	13.619	\$ 13.62	DMGD10
1554	2021-08-17	expired betco chemicals	127808	Chemicals	SOUR & SOFTENER 440 5GAL 4837800 BETCO B@20	1	69.31	\$ 69.31	DMGD10
2319	2022-10-25	expired product 10/25/22 sk	135843	Chemicals	PURENES PURPLE 12X1L/CS - INDUSTRIAL	1	0	\$ -	DMGD20
2651	2023-04-03	expired	100286	Chemicals	SUMA NOVA L6 HW MECHANICAL WAREWASHING DISH DETERG	1	136.93	\$ 136.93	SHOWRM10
2836	2023-07-17	EXPIRED PRODUCT, AS WELL AS BROK	131193	Chemicals	HEAT N KLEEN 1LB 12/CS GOLD MEDAL 2095 -	1	8.71	\$ 8.71	SHOWRM10
2836	2023-07-17	EXPIRED PRODUCT, AS WELL AS BROK	123901	Chemicals	BLAST OUT ODOR ELIMINATOR 245* 6 OZ CHERRY 12 PER CS	1	4.75	\$ 4.75	SHOWRM10
2836	2023-07-17	EXPIRED PRODUCT, AS WELL AS BROK	123846	Chemicals	BENEFECT DISINFECTANT 4 LITRE ECOLOGO CERTFIED	1	24.1	\$ 24.10	SHOWRM10
2838	2023-07-25	Expired or damaged.	123360	Chemicals	FUSION STRAWBERRY PEAR METERED AEROSOL 6OZ MA12STP	1	10.915	\$ 10.92	SHOWRM20
2850	2023-08-08	1-3 - store use 4-6 - expired	123157	Chemicals	BEST BET LIQUID CREME CLEANSER 12X946ML 0771200 BETCO	1	7.11	\$ 7.11	SHOWRM20
2850	2023-08-08	1-3 - store use 4-6 - expired	118423	Chemicals	GLANCE PRO GLASS & SURFACE 8X32OZ SPRAY CBD539636 (RE	1	8.68	\$ 8.68	SHOWRM20
1097	2020-10-09	121941-expired 129610-broken 13250	121941	Chemicals	GP FORWARD GENERAL PURPOSE CLEANER BIB 18.9L 904516	2	55.22	\$ 110.44	20
1139	2020-11-18	Expired Product	123227	Chemicals	GP SPOTTER 6X946ML 904192	2	10.36	\$ 20.72	20
1139	2020-11-18	Expired Product	110913	Chemicals	SUMA BLEND L7 ALUM SAFE WAREWASH DETERGENT 18.9L 9538	5	193.63	\$ 968.15	20
1139	2020-11-18	Expired Product	123209	Chemicals	T20 LOW TEMP SANITIZER 4X1GAL HI PERF CHLORINATED SANITI	6	61.81	\$ 370.86	20
1139	2020-11-18	Expired Product	123245	Chemicals	EMEREL PLUS CREAM CLEANER 12X946ML MILD ACID 94496138	12	5.52	\$ 66.24	20
1139	2020-11-18	Expired Product	121935	Chemicals	SUMA T20 LOW TEMPERATURE SANITIZER 18.9L 100844081 12M	4	35.34	\$ 141.36	20
1164	2020-12-02	Expired product	123222	Chemicals	SUMA MULTI D2 4X3.78L A 957275280 MAX 2CS	8	30.96	\$ 247.68	20
1164	2020-12-02	Expired product	123548	Chemicals	SUMA BIOFLOOR CLR 4X1GAL SOLV BASED NORINSE FL CLR/DE	5	41.17	\$ 205.85	20

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1164	2020-12-02	Expired product	122688	Chemicals	CLAX MAGIC MULTI 6X32OZ 100905393	6	19.4	\$ 116.40	20
1164	2020-12-02	Expired product	123494	Chemicals	D10 CONC DETERGENT 5271424 2X2.5L JFILL SANITIZER	18	20.9	\$ 376.20	20
1164	2020-12-02	Expired product	123515	Chemicals	SHINE UP LEMON 12X32OZ FURN POLISH 4995480 B@10	11	4.02	\$ 44.22	20
1164	2020-12-02	Expired product	909319	Chemicals	UHS CLEANER 5L RTD 94529500	4	88.23	\$ 352.92	20
1164	2020-12-02	Expired product	123217	Chemicals	DISCONTINUED JIFFY DISH DETERGENT 4X3.78L DISH DETERGENT	5	5	\$ 25.00	20
1164	2020-12-02	Expired product	129588	Chemicals	SYS-1 CDN CHLORINE DESTAINER 2.5GAL 5732770	5	44.41	\$ 222.05	20
1164	2020-12-02	Expired product	131755	Chemicals	CLAX MAGIC RUST REMOVER 6X32OZ 100905320	57	17.01	\$ 969.57	20
1164	2020-12-02	Expired product	123522	Chemicals	CREW CONC BATHROOM CLNR CBD540472 REPLACES SCRUBB	4	19.54	\$ 78.16	20
1164	2020-12-02	Expired product	123225	Chemicals	SUMA GRILL D9 6X32OZ 94368241 24MT	49	4.68	\$ 229.32	20
1164	2020-12-02	Expired product	123547	Chemicals	GLANCE NON AMMON JFILL 2/2.5L 93172641	8	38.84	\$ 310.72	20
1164	2020-12-02	Expired product	127849	Chemicals	REVIVE PLUS SC J-FILL 2X2.5L 92974618 B@10	16	42.75	\$ 684.00	20
1168	2020-12-04	Expired Product	123257	Chemicals	CAREFREE WAX 4 X 3.78L 5432	8	20.81	\$ 166.48	20
1168	2020-12-04	Expired Product	123253	Chemicals	HOT SPRINGS #20 2/1.5GAL 93318102 COMMAND	4	38.91	\$ 155.64	20
1168	2020-12-04	Expired Product	123249	Chemicals	BRAVO POWER FOAM HEAVY DUTY STRIPPER FOR SPOT BUILD-U	58	7.3	\$ 423.40	20
1168	2020-12-04	Expired Product	123495	Chemicals	CLAX WHITE RECLAIM 12X1LBS 95955851 MAX 2@10	12	6.34	\$ 76.08	20
1168	2020-12-04	Expired Product	123570	Chemicals	HIGH MILEAGE 6X2.5L 95109638 B@10	33	17.74	\$ 585.42	20
1168	2020-12-04	Expired Product	123574	Chemicals	PROFI FLOOR CLEANER 4X1GAL OIL & GREASE REMOVER 94512	4	16.09	\$ 64.36	20
1172	2020-12-07	Expired Product	123574	Chemicals	PROFI FLOOR CLEANER 4X1GAL OIL & GREASE REMOVER 94512	3	16.09	\$ 48.27	20
1209	2020-12-31	Expired product 2020 as per Stuart	109254	Chemicals	ADVANCE CLEAN RINSE AID 18.9L 3318292	12	128.7	\$ 1,544.40	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	118423	Chemicals	GLANCE PRO GLASS & SURFACE 8X32OZ SPRAY CBD539636 (RE	360	3.8	\$ 1,368.00	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	123126	Chemicals	AC/114 ACID CLEANER/DELIMER 4X1GAL 1140400 BETCO	27	5.97	\$ 161.19	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	123141	Chemicals	TOP FLITE 4X3.78 1500400 BETCO	2	11.95	\$ 23.90	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	123181	Chemicals	FIBERPRO POG 473ML 4171800 BETCO 12/CS	19	8.63	\$ 163.97	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	123191	Chemicals	MATTE FINISH 4X1GAL 6650400 BETCO MATTE FINISH LOW GLOS	6	18.07	\$ 108.42	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	132828	Chemicals	OXIVIR PLUS RTU BOTTLED DILUTED SOLUTION	23	2.87	\$ 66.01	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	130779	Chemicals	SANITIZER 20ltr	6	51.32	\$ 307.92	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	109254	Chemicals	ADVANCE CLEAN RINSE AID 18.9L 3318292	5	128.7	\$ 643.50	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	118430	Chemicals	SPLITFIRE PRO A.P. CLEANER 8X32OZ SPRAY CBD540014	25	3.56	\$ 89.00	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	118603	Chemicals	PERDIEM GP CLEANER RTD 2X1.5L 95982816 B@20	12	25.92	\$ 311.04	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	121930	Chemicals	CLAX HYPO CONC 42B1 BLEACH-LOW TEMP 18.9L 95750345	3	51.77	\$ 155.31	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	122455	Chemicals	GOODSENSE HC RTD 2X1.5L 93165353	10	47.32	\$ 473.20	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	123113	Chemicals	SUMA DIP K1 4X3.78L 93331251	11	27.58	\$ 303.38	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	123208	Chemicals	D10 CON DET/SANITIZER 4X3.78L DETERGENT SANITIZER 12MT 4	20	32.64	\$ 652.80	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	123221	Chemicals	SUMA BREAKUP 2/1.5L 3313117 93313117-SPRAY DEGREASER	21	50.85	\$ 1,067.85	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	123222	Chemicals	SUMA MULTI D2 4X3.78L A 957275280 MAX 2CS	16	30.96	\$ 495.36	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	123226	Chemicals	SUMA DUMPSTER FRESH 4X946ML * 94266359	14	8.98	\$ 125.72	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	123494	Chemicals	D10 CONC DETERGENT 5271424 2X2.5L JFILL SANITIZER	9	21.42	\$ 192.78	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	123497	Chemicals	CLAX REVOFLOW ALC 1XP1 3X4KG 95798082	99	66.82	\$ 6,615.18	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	123498	Chemicals	CLAX REVOFLOW CHLR 4XP1 3X4KG CHLORINE DESTAINER 9579	52	66.99	\$ 3,483.48	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	123499	Chemicals	CLAX REVOFLOW ENZI 2X4L ENZYME DETERGENT 95798251	72	154.27	\$ 11,107.44	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	123500	Chemicals	CLAX REVOFLOW PRO OP 3X3.5KG DETERGENT 95920957	108	66.67	\$ 7,200.36	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	123508	Chemicals	EXTRACTION CLNR 4X1 GAL 903844 MAX 4CS	4	22.37	\$ 89.48	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	123520	Chemicals	GLASS PWRZ CONC CBD540496 REPLACES WINDEX GLASS 9576	3	18.58	\$ 55.74	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	123524	Chemicals	#5919032 OXIVIR PLUS 2X1.5L DISINFECTANT CLEANER CONCE	4	20.31	\$ 81.24	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	123525	Chemicals	HAND SOAP SOFTCARE 3357881 4X1GAL W5150 100920027 B@	11	14.97	\$ 164.67	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	123886	Chemicals	GOOD SENSE 60DAY AIR CARE REF REF CITRUS 100888677 6/CS	27	9.77	\$ 263.79	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	123917	Chemicals	STENCH & STAIN DIGESTER 6X32OZ ACCUMIX 904271	17	22.57	\$ 383.69	DMGD20

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1209	2020-12-31	Expired product 2020 as per Stuart	125207	Chemicals	SUMA POWDER KEG P1 8LB 957239409	20	127.07	\$ 2,541.40	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	910884	Chemicals	GOOD SENSE 60-DAY AIR CARE SYSTEM - FRESH 6X1.7 OZ 10091	24	9.73	\$ 233.52	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	102867	Chemicals	ATTAC ULTRA HEAVY DUTY FLOOR STRIPPER 18.9L 100864292	2	114.11	\$ 228.22	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	102871	Chemicals	REVIVE PLUS SC MAINTAINER REJUVENATOR RTD 5L 93359764	29	97.74	\$ 2,834.46	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	110920	Chemicals	JONCRETE IMPERMO WATER-BASED PENETRATING SEALER 3.78L	17	25.55	\$ 434.35	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	113375	Chemicals	AQUARIA FLR FIN 18.9L 512087	2	0.01	\$ 0.02	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	119478	Chemicals	VIPER BROAD SPECTRUM CLEANER & NO RINSE SANITIZER 2X1.5	2	20.8	\$ 41.60	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	122385	Chemicals	SUNLIGHT LIQUID DISH CBD95729360 4/CS	4	8.99	\$ 35.96	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	123209	Chemicals	T20 LOW TEMP SANITIZER 4X1GAL HI PERF CHLORINATED SANITI	4	12.96	\$ 51.84	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	123236	Chemicals	CREW TUBTILE CLN 4X1GAL 100871685 (CBP) B@20 101100486	3	17.74	\$ 53.22	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	123237	Chemicals	GP FORWARD ACC. 6X946ML 903820 MAX 10@20	21	11.5	\$ 241.50	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	123256	Chemicals	VIREX II 256RTD 2/1.5 3062784 B@10 & 20	3	35.02	\$ 105.06	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	123536	Chemicals	GLANCE GLASS & MP 2X1.4L SMARTDOSE 95019510 B@20	5	21.75	\$ 108.75	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	123563	Chemicals	OXIVIR PLUS DISINFECTANT CLEANER CONCENTRATE 2X2.5L JFI	10	30.3	\$ 303.00	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	127848	Chemicals	SUMA FREEZE FREEZER CLEANER D2.9 4 X 3.78L 948030 12MT	5	42.3	\$ 211.50	DMGD20
2295	2022-10-13	expired product 10/13/22 sk	123886	Chemicals	GOOD SENSE 60DAY AIR CARE REF REF CITRUS 100888677 6/CS	6	9.77	\$ 58.62	20
2367	2022-11-15	14 each expired and the 1 each missing	118423	Chemicals	GLANCE PRO GLASS & SURFACE 8X32OZ SPRAY CBD539636 (RE	14	3.8	\$ 53.20	20
2414	2022-12-02	expired sk	123546	Chemicals	STRIDE CITRUS 4X1GAL 903904 REPLACES 04689	7	8.793	\$ 61.55	20
2488	2023-01-09	expired product 1/9/23 sk	123204	Chemicals	D44 SANITIZER 4X3.78L CHLORINE SANIT 93037765 12MT B@20	12	11.24	\$ 134.88	20
2504	2023-01-17	expired	123519	Chemicals	#4404 BLOCK WHITENER CS 4X3.78* 904404 BLOCK WHITENER	4	20.56	\$ 82.24	20
2626	2023-03-22	expired product 3/22/23 sk	123557	Chemicals	OXIVIR PLUS 4X1GAL 5919024 CONCENTRATE	44	34.417	\$ 1,514.35	20
2675	2023-04-14	expired product 4/14/23 sk	123570	Chemicals	HIGH MILEAGE 6X2.5L 95109638 B@10	24	17.74	\$ 425.76	20
2728	2023-05-05	expired and disposed of 5/5/23 sk	123566	Chemicals	VECTRA FLOOR WAX 6X2.5L 4971921	8	13.93	\$ 111.44	20
2997	2023-11-25	expired product	123631	Chemicals	PURELL 8OZ PUMP BOTTLE 9652-12-CAN00 GOJO 12/cs	2	3.645	\$ 7.29	20
3019	2023-12-07	expired	123631	Chemicals	PURELL 8OZ PUMP BOTTLE 9652-12-CAN00 GOJO 12/cs	24	3.645	\$ 87.48	20
1159	2020-11-30	product expired	102745	Chemicals	DIVERFORCE MACHINE DISH DETERGENT 18.9L 100844082	6	150.33	\$ 901.98	10
1453	2021-06-21	EXPIRED PRODUCT SINCE 2018. 1 YEAR	102999	Chemicals	SPORT KOTE WATER BASED FINISH 5GAL 222SF5	5	234.15	\$ 1,545.39	20
2239	2022-09-15	EXPIRED CHEMICAL	132847	Chemicals	VIROX 5 CONC 4X3.78L 101103735 DIVERSEY 4/CS	10	38.638	\$ 386.38	10
2415	2022-12-02	expired sk	910809	Chemicals	DRY FOAM SHAMPOO 9BP92017 & ENCAPSULATION CLEANER,3	10	19.18	\$ 191.80	20
2463	2022-12-20	expired product 12/20/22 sk	100279	Chemicals	SUMA SUPREME POT & PAN DETERGENT OPTIFILL 2.5L 94977476	7	63.61	\$ 445.27	20
2568	2023-02-22	expired	123227	Chemicals	GP SPOTTER 6X946ML 904192	2	12.28	\$ 24.56	SHOWRM10
2568	2023-02-22	expired	123559	Chemicals	OXIVIR TB RTU DISIN 12/946ML 4277293	4	5.257	\$ 21.03	SHOWRM10
2641	2023-03-30	expired	123113	Chemicals	SUMA DIP K1 4X3.78L 93331251	12	21.761	\$ 261.13	10
2749	2023-05-16	expired	131853	Chemicals	FINAL STEP J512 SANITIZER 4X1 GAL W5223 101102604 DIVERSE	4	40.05	\$ 160.20	10
2810	2023-06-21	EXPIRED PRODUCT	123613	Chemicals	0955-04 HAND CLEANER NATURAL ORANGE 4X1 GAL GOJO	18	15.494	\$ 278.89	20
2838	2023-07-25	Expired or damaged.	123432	Chemicals	BIG ERICS DISINFECTANT SPRAY 001-A008C 12/CS	14	10.635	\$ 148.89	SHOWRM20
2838	2023-07-25	Expired or damaged.	123559	Chemicals	OXIVIR TB RTU DISIN 12/946ML 4277293	11	11.052	\$ 121.57	SHOWRM20
2906	2023-09-11	expired	123559	Chemicals	OXIVIR TB RTU DISIN 12/946ML 4277293	120	6.852	\$ 822.24	10
2946	2023-10-18	EXPIRED	123564	Chemicals	OXIVIR FIVE 16 CONC 2X1.5L RTD * 4963365	34	24.215	\$ 823.31	10
2994	2023-11-24	1-6 damaged/expired 7-9 - store use	123631	Chemicals	PURELL 8OZ PUMP BOTTLE 9652-12-CAN00 GOJO 12/cs	2	3.645	\$ 7.29	SHOWRM20
2999	2023-11-25	Expired	123432	Chemicals	BIG ERICS DISINFECTANT SPRAY 001-A008C 12/CS	42	4.618	\$ 193.96	SHOWRM20
1282	2021-03-03	EXPIRED PRODUCT	100011	Chemicals	TILLY POT & PAN PINK LOTION DETERGENT 5 GAL 1100500	6	21.59	\$ 174.88	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	100024	Chemicals	CHLORINATED MACHINE DETERGENT 125 5 GAL 2417800	6	37.02	\$ 299.86	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	100043	Chemicals	LIQUID CHISEL MAX 5 GAL 1450500	7	27.89	\$ 263.56	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	100084	Chemicals	SANIBET SANIT/DEODOR/MILDEW 18.9L 2370507 BETCO MUTLIF	7	74.21	\$ 519.47	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	100133	Chemicals	HYBRID FINISH 5 GAL 6600500	4	93.68	\$ 374.72	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	100139	Chemicals	HI TECH FLOOR FINISH 5 GAL 6100500	3	58.82	\$ 238.22	DMGD20

Doc. No.	Posting Date	Remarks	Item No.	Item Group	Item/Service Description	Quantity	Price	Row Total	Warehouse Code
1282	2021-03-03	EXPIRED PRODUCT	121935	Chemicals	SUMA T20 LOW TEMPERATURE SANITIZER 18.9L 100844081 12M	7	71.18	\$ 498.26	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	123135	Chemicals	GREEN EARTH PEROXIDE FAST DRAW 4X2L 3364700 BETCO WAS	9	20.18	\$ 181.62	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	123137	Chemicals	TOP FLITE FAST DRAW 4X2L 1504700 BETCO	2	12.79	\$ 25.58	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	123143	Chemicals	DEEP FREEZE 4X3.78L 1320400 BETCO	3	15.63	\$ 46.89	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	123149	Chemicals	DAILY SCRUB SC FAST DOSE 1884800 BETCO 6X32OZ/CS	48	11.09	\$ 532.32	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	123150	Chemicals	GREEN EARTH PEROXIDE CLEANER 3360400 4X1 GAL/CS	4	14.18	\$ 56.72	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	123155	Chemicals	GREEN EARTH RTU PEROXIDE CLEANER 12X946ML 3291200 BET	67	2.87	\$ 192.29	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	123158	Chemicals	BTB MILDEW STAIN REMOVER 946ML 3211200 BETCO 12EA/CS	22	3.34	\$ 73.48	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	123170	Chemicals	DUET-L 4X1GAL 4750400 BETCO	7	13.62	\$ 95.34	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	123174	Chemicals	DAILY DISINFECTANT DUAL 4X2L 3554707 BETCO FAST DRAW	6	23.36	\$ 140.16	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	123179	Chemicals	GREEN EARTH STRIPPER 4X4L 5410400 BETCO	8	19.52	\$ 156.16	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	123202	Chemicals	GRAFFITI REMOVER RTU 0152300 BETCO 12/CS AERO B@20@30	24	5.34	\$ 128.16	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	123209	Chemicals	T20 LOW TEMP SANITIZER 4X1GAL HI PERF CHLORINATED SANITI	2	12.88	\$ 25.76	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	123223	Chemicals	SUMA INOX D7 6X32OZ 94368259 B@30	5	10.56	\$ 52.80	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	123224	Chemicals	SUMA GRILL D9 OVEN & GRILL CLEANER 4X3.78L 24MT MAX 8CS	3	24.93	\$ 74.79	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	123229	Chemicals	POG REMOVER CS 6X946ML 913888	4	17.61	\$ 70.44	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	123242	Chemicals	STOP SLIP 904678 CS4X3.78L FLOOR TRACTION TREATMENT B@	6	20.6	\$ 123.60	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	123245	Chemicals	EMEREL PLUS CREAM CLEANER 12X946ML MILD ACID 94496138	7	5.52	\$ 38.64	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	123249	Chemicals	BRAVO POWER FOAM HEAVY DUTY STRIPPER FOR SPOT BUILD-U	3	7.3	\$ 21.90	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	123515	Chemicals	SHINE UP LEMON 12X32OZ FURN POLISH 4995480 B@10	13	4.02	\$ 52.26	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	123566	Chemicals	VECTRA FLOOR WAX 6X2.5L 4971921	6	13.93	\$ 83.58	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	124919	Chemicals	GLANCE RTU GLASS & MULTI-SURFACE CLEANER 12/CS W/SPRA	9	3.09	\$ 27.81	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	127848	Chemicals	SUMA FREEZE FREEZER CLEANER D2.9 4 X 3.78L 948030 12MT	4	38.6	\$ 154.40	DMGD20
1357	2021-04-16	BETCO EXPIRED PRODUCTS APRIL 202	123151	Chemicals	BEST SCENT OCEAN BREEZE 4X1GAL 2310400 BETCO	12	17.18	\$ 206.16	DMGD10
1357	2021-04-16	BETCO EXPIRED PRODUCTS APRIL 202	129572	Chemicals	GREEN EARTH RESTROOM CLEANER 54804-00 BETCO 4X1 GAL/C	10	10.22	\$ 137.97	DMGD10
1357	2021-04-16	BETCO EXPIRED PRODUCTS APRIL 202	123179	Chemicals	GREEN EARTH STRIPPER 4X4L 5410400 BETCO	4	19.52	\$ 78.08	DMGD10
1357	2021-04-16	BETCO EXPIRED PRODUCTS APRIL 202	121791	Chemicals	GT CLEANER 4X3.78L 6950400 BETCO	4	12.95	\$ 51.80	DMGD10
1357	2021-04-16	BETCO EXPIRED PRODUCTS APRIL 202	123150	Chemicals	GREEN EARTH PEROXIDE CLEANER 3360400 4X1 GAL/CS	12	14.18	\$ 170.16	DMGD10
1357	2021-04-16	BETCO EXPIRED PRODUCTS APRIL 202	123158	Chemicals	BTB MILDEW STAIN REMOVER 946ML 3211200 BETCO 12EA/CS	36	3.34	\$ 120.24	DMGD10
1357	2021-04-16	BETCO EXPIRED PRODUCTS APRIL 202	123155	Chemicals	GREEN EARTH RTU PEROXIDE CLEANER 12X946ML 3291200 BET	112	2.87	\$ 321.44	DMGD10
1357	2021-04-16	BETCO EXPIRED PRODUCTS APRIL 202	127807	Chemicals	BEST SCENT OCEAN BREEZE 12/1 QT 2351200 BETCO	13	2.71	\$ 35.23	DMGD10
1357	2021-04-16	BETCO EXPIRED PRODUCTS APRIL 202	123175	Chemicals	BEST SCENT OCEAN BREEZE FAST DRAW 2L 2314700	29	42.25	\$ 1,225.25	DMGD10
1357	2021-04-16	BETCO EXPIRED PRODUCTS APRIL 202	123168	Chemicals	GREEN EARTH GLASS CLEANER 4X2L 5354700 BETCO FAST DRA	8	25.5	\$ 204.00	DMGD10
1357	2021-04-16	BETCO EXPIRED PRODUCTS APRIL 202	123137	Chemicals	TOP FLITE FAST DRAW 4X2L 1504700 BETCO	19	12.79	\$ 243.01	DMGD10
1357	2021-04-16	BETCO EXPIRED PRODUCTS APRIL 202	123161	Chemicals	SANIBET SANITIZER 4X3.78 L 2370407 BETCO	9	14.39	\$ 129.51	DMGD10
1357	2021-04-16	BETCO EXPIRED PRODUCTS APRIL 202	123183	Chemicals	DISCONTINUED FIBERPRO CARPET & FABRIC PROTECTOR 4X1G/	2	48.03	\$ 96.06	DMGD10
1357	2021-04-16	BETCO EXPIRED PRODUCTS APRIL 202	129641	Chemicals	BEVERAGE DRAIN CLEANER 26021200 32OZ BETCO BIOACTIVE S	7	3.71	\$ 25.97	DMGD10
1357	2021-04-16	BETCO EXPIRED PRODUCTS APRIL 202	123186	Chemicals	EASY TASK 12X1QT 6081200 BETCO B@10@30	7	3.27	\$ 22.89	DMGD10
1357	2021-04-16	BETCO EXPIRED PRODUCTS APRIL 202	127804	Chemicals	CLEAR IMAGE CONC 4X2L 1994700 BETCO FAST DRAW	5	21.26	\$ 106.30	DMGD10
1357	2021-04-16	BETCO EXPIRED PRODUCTS APRIL 202	123153	Chemicals	GREEN EARTH DAILY FLOOR CLEANER 4X2L 5364700 BETCO FAS	3	21.97	\$ 65.91	DMGD10
1357	2021-04-16	BETCO EXPIRED PRODUCTS APRIL 202	123202	Chemicals	GRAFFITI REMOVER RTU 0152300 BETCO 12/CS AERO B@20@30	12	5.34	\$ 64.08	DMGD10
1393	2021-05-10	Expired Products	121931	Chemicals	CLAX PROFI 3AL3 5GAL 5750695 95750695 REPLACES DIVOBLE	3	387.1	\$ 1,161.30	DMGD20
1393	2021-05-10	Expired Products	123143	Chemicals	DEEP FREEZE 4X3.78L 1320400 BETCO	3	28.87	\$ 86.61	DMGD20
1393	2021-05-10	Expired Products	123183	Chemicals	DISCONTINUED FIBERPRO CARPET & FABRIC PROTECTOR 4X1G/	5	87.7	\$ 438.50	DMGD20
1554	2021-08-17	expired betco chemicals	100103	Chemicals	BUILT DETERGENT ULTRA 5 GAL 4927800	2	104.27	\$ 208.54	DMGD10
1554	2021-08-17	expired betco chemicals	100104	Chemicals	DESTAINER 300 5 GAL 4777800	8	44.12	\$ 352.96	DMGD10
1554	2021-08-17	expired betco chemicals	122477	Chemicals	DESTAINER 330 4X1GAL 4780400 BETCO COLOR SAFE	4	14.74	\$ 58.96	DMGD10

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1554	2021-08-17	expired betco chemicals	123123	Chemicals	RECLAIM C 6X2LBS 4867900 BETCO FOR COLORED LINEN	17	11.94	\$ 202.98	DMGD10
1554	2021-08-17	expired betco chemicals	123124	Chemicals	RECLAIM R RUST/IRON PROBLEM 1.9LBS 4877900	42	10.9	\$ 457.80	DMGD10
1554	2021-08-17	expired betco chemicals	123143	Chemicals	DEEP FREEZE 4X3.78L 1320400 BETCO	4	17.06	\$ 68.24	DMGD10
1554	2021-08-17	expired betco chemicals	129640	Chemicals	BAR GLASS DETERGENT 2570400 1GAL BETCO SYMPPLICITY 4/CS	7	10.33	\$ 72.31	DMGD10
1580	2021-08-31	Expired Chemical Product	123223	Chemicals	SUMA INOX D7 6X32OZ 94368259 B@30	45	10.56	\$ 475.20	DMGD20
1580	2021-08-31	Expired Chemical Product	123234	Chemicals	GLANCE HC RTD 2X1.5L 93063402	6	24.25	\$ 145.50	DMGD20
1580	2021-08-31	Expired Chemical Product	123508	Chemicals	EXTRACTION CLNR 4X1 GAL 903844 MAX 4CS	16	22.37	\$ 357.92	DMGD20
1580	2021-08-31	Expired Chemical Product	123907	Chemicals	SUMA BREAK-UP SC J-FILL 2X2.5L 95192347 HEAVY DUTY FOAM	8	45.43	\$ 363.44	DMGD20
1580	2021-08-31	Expired Chemical Product	131755	Chemicals	CLAX MAGIC RUST REMOVER 6X32OZ 100905320	2	17.01	\$ 34.02	DMGD20
1580	2021-08-31	Expired Chemical Product	901223	Chemicals	EYE WASH SOLUTION REFILL	22	10.99	\$ 241.78	DMGD20
1582	2021-08-31	123846 - expired 124127 - dmgd 10430	121945	Chemicals	SIGNATURE ULTRA HIGH SPEED FLOOR FINISH BIB 18.9L 510495	2	138.39	\$ 276.78	DMGD20
1582	2021-08-31	123846 - expired 124127 - dmgd 10430	103738	Chemicals	GREEN UNIKLEEN HD DEGREASE ECOLOGO CERTIFIED CLEANER	8	94	\$ 752.00	DMGD20
2013	2022-05-11	2 pails expired 5/11/22 sk	127835	Chemicals	SUMA DRAIN GTS1 MAINTAINER DRAINTRAP DEGREASER 18.9L 5	2	176.86	\$ 353.72	DMGD20
2300	2022-10-14	items either expired or damaged 10/14/	123956	Chemicals	KLING BOWL CLEANER 946ML 07512008V BETCO 12/CS	3	2	\$ 6.00	DMGD20
2300	2022-10-14	items either expired or damaged 10/14/	136528	Chemicals	ALCOHOL FOAM SANITIZER REFILL- 1000ML 2080802 RUBBERMA	32	26.22	\$ 839.04	DMGD20
2302	2022-10-14	expired product 10/14/22 sk	109254	Chemicals	ADVANCE CLEAN RINSE AID 18.9L 3318292	3	156.57	\$ 469.71	DMGD20
2319	2022-10-25	expired product 10/25/22 sk	135892	Chemicals	VIPER BROAD SPECTRUM CLEANER AND NO-RINSE SANITIZER W	16	0	\$ -	DMGD20
2414	2022-12-02	expired sk	123546	Chemicals	STRIDE CITRUS 4X1GAL 903904 REPLACES 04689	3	8.793	\$ 26.38	SHOWRM20
2614	2023-03-16	DAMAGED AND EXPIRED	123519	Chemicals	#4404 BLOCK WHITENER CS 4X3.78* 904404 BLOCK WHITENER	12	31.368	\$ 376.42	DMGD10
2614	2023-03-16	DAMAGED AND EXPIRED	123529	Chemicals	FINAL STEP J-512 RTD 95505534 2 X 1.5 LIT SANT	24	32.905	\$ 789.72	DMGD10
2614	2023-03-16	DAMAGED AND EXPIRED	131913	Chemicals	GLANCE NA GLASS & MULTI SURFACE CLEANER SC 2X2.5 10097	24	73.515	\$ 1,764.36	DMGD10
2614	2023-03-16	DAMAGED AND EXPIRED	136528	Chemicals	ALCOHOL FOAM SANITIZER REFILL- 1000ML 2080802 RUBBERMA	8	26.744	\$ 213.95	DMGD10
3059	2024-01-03	expired	123909	Chemicals	VIREX256 ACCU 6X946ML 54332 dis	3	9.715	\$ 29.15	DMGD20
1132	2020-11-10	expired product	110816	Chemicals	1319-03-CAN00 HAND SOAP 700ML GOJO 3/CS	5	44.95	\$ 224.75	10
1139	2020-11-18	Expired Product	102743	Chemicals	SUMA STAR PLUS D1+ 4X1.5L 100890046	1	109.87	\$ 109.87	20
1168	2020-12-04	Expired Product	127833	Chemicals	SUMA D4 THIRD SINK SANITIZER 4X1.5KG 90064006	1	155.26	\$ 155.26	20
1275	2021-03-01	re invoice 247352 expired product	110816	Chemicals	1319-03-CAN00 HAND SOAP 700ML GOJO 3/CS	4	41.55	\$ 166.20	10
1856	2022-01-28	expired chemicals	102923	Chemicals	JETTACIN 18.9 L 11599100 NON BUTYL MP CLEANER B@10	2	100.763	\$ 201.53	10
1856	2022-01-28	expired chemicals	102762	Chemicals	INTEREST 20L 57765100 REPLACES 57451100 LOW FOAM CHLO	4	84.57	\$ 338.28	10
2166	2022-08-09	expired soap	129646	Chemicals	SOFT CARE FOAM INSTANT HAND SANITIZER 100919799 DIVERSI	14	137.32	\$ 1,922.48	10
2172	2022-08-10	expired	127805	Chemicals	SOFT CARE ALL PURPOSE FOAM 6X1.3L 100907877 DIVERSEY	2	69.54	\$ 139.08	10
2235	2022-09-14	EXPIRED PRODUCT	129646	Chemicals	SOFT CARE FOAM INSTANT HAND SANITIZER 100919799 DIVERSI	98	137.32	\$ 13,457.36	10
2261	2022-09-22	EXPIRED CHEMICAL ORIGINALLY BROL	102764	Chemicals	BENEFIT VC62 PHOSPH FREE LIQ CHLOR CLEANER 208L 577290	1	596.856	\$ 596.86	10
2261	2022-09-22	EXPIRED CHEMICAL ORIGINALLY BROL	100269	Chemicals	DICOLUBE TPB VL20 SYN TRACK TREATMENT CARTON/PET 208L	1	1,342.14	\$ 1,342.14	10
2261	2022-09-22	EXPIRED CHEMICAL ORIGINALLY BROL	100246	Chemicals	DICOLUBE CT CORE CONVEYOR LUBRICANT 208L 57794010	1	887.27	\$ 887.27	10
2273	2022-09-27	EXPIRED CHEMICALS	129646	Chemicals	SOFT CARE FOAM INSTANT HAND SANITIZER 100919799 DIVERSI	48	137.32	\$ 6,591.36	10
2413	2022-12-02	EXPIRED CHEMICALS	100269	Chemicals	DICOLUBE TPB VL20 SYN TRACK TREATMENT CARTON/PET 208L	1	1,342.14	\$ 1,342.14	10
2413	2022-12-02	EXPIRED CHEMICALS	100246	Chemicals	DICOLUBE CT CORE CONVEYOR LUBRICANT 208L 57794010	1	887.27	\$ 887.27	10
2473	2022-12-23	item expired 12/23/22 sk	102775	Chemicals	SYS-1 DETERGENT 5637633 2X 3100ML	1	189.92	\$ 189.92	20
2612	2023-03-14	expired 3/14/23 sk	103555	Chemicals	8811-03 MILD FOAM HAND SOAP GOJO 3/CS	3	45.17	\$ 135.51	20
2724	2023-05-05	expired 5/5/23 sk	135152	Chemicals	ALCOHOL FOAMING HAND SANITIZER 75529-07 BETCO 6/CS	1	55.49	\$ 77.13	20
2960	2023-10-26	Expired	127860	Chemicals	1911-02 HAND SOAP GOJO	2	45.93	\$ 91.86	SHOWRM20
2987	2023-11-18	expired product	133326	Chemicals	PURELL ADVANTAGE GREEN FOAM CN ADX. 3/1200ML SANITIZE	8	60.3	\$ 482.40	20
3017	2023-12-07	EXPIRED	103549	Chemicals	9021-1M-CAN00 PURELL HAND WIPES GOJO MAX 10CS	5	51	\$ 255.00	10
3085	2024-01-09	EXPIRED	131756	Chemicals	8565-04 PURELL MILD FOAM SOAP GREEN CERTIFIED CS 4/1500	5	88.128	\$ 440.64	10
1168	2020-12-04	Expired Product	123526	Chemicals	SOFTCARE H3 NEUTRA GERM SOAP 4X1L 5643929	84	6.68	\$ 561.12	20
1168	2020-12-04	Expired Product	122453	Chemicals	AMPLIFY FLOOR FINISH 6X2. 497203	30	14.15	\$ 424.50	20

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1172	2020-12-07	Expired Product	123597	Chemicals	2356-04 HAND CLEANER CHERRY 4X1/2GAL GOJO GEL PUMICE	2	9.19	\$ 18.38	SHOWRM20
1172	2020-12-07	Expired Product	123885	Chemicals	0958-04 HAND CLEANER ORANGE 4X1/2GAL GOJO GEL PUMICE	4	8.71	\$ 34.84	SHOWRM20
1209	2020-12-31	Expired product 2020 as per Stuart	108936	Chemicals	1311-03 CLEAR & FOAM HAND SOAP 700ML GOJO 3/CS	1	33.36	\$ 33.36	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	126337	Chemicals	CLARIO FOAMING HAIR & BODY SHAM 1000ML 7582900 BETCO 6	1	36.53	\$ 36.53	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	130775	Chemicals	EZ FOAM SANITIZER 6X1000	3	65.55	\$ 196.65	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	102709	Chemicals	CLAX HYPO CONC 42B1 BLEACH-LOW TEMP 56.6L 95722862	8	185.35	\$ 1,482.80	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	113551	Chemicals	SYS-1 CDN ENZYME DET 5732796 2 X 3100 M	2	181.94	\$ 363.88	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	113587	Chemicals	SUMA SHINE PORTION PAK 94622384 100X10Z/P	1	85.25	\$ 85.25	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	121933	Chemicals	DEOSOFT BREEZE 54X1 95916149 CLAX REVOFLOW, 2X 4L	59	150.84	\$ 8,899.56	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	123504	Chemicals	CLAX MAGIC RUST RECLAIM 12X227G 95955869	48	5.45	\$ 261.60	DMGD20
1209	2020-12-31	Expired product 2020 as per Stuart	124610	Chemicals	SUMA D10 CONCENTRATED DETERGENT SANITIZER 4X1.5L 4512	10	209.35	\$ 2,093.50	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	103555	Chemicals	8811-03 MILD FOAM HAND SOAP GOJO 3/CS	1	37.8	\$ 37.80	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	126414	Chemicals	GREEN EARTH PUSH DRAIN MAINTAINER/CLEANER FAST DRAW 4	59.75	76.58	\$ 4,575.66	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	127875	Chemicals	5361-02 FOAM HANDWASH TFX 2X1200ML GOJO W/SKIN CONDI	1	41.28	\$ 41.28	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	129670	Chemicals	CITRUS CHISEL FAST DRAW 4X2L 16747 BETCO	2	64.22	\$ 128.44	DMGD20
1282	2021-03-03	EXPIRED PRODUCT	123885	Chemicals	0958-04 HAND CLEANER ORANGE 4X1/2GAL GOJO GEL PUMICE	5	8.71	\$ 43.55	DMGD20
1357	2021-04-16	BETCO EXPIRED PRODUCTS APRIL 202	918063	Chemicals	BEVERAGE DRAIN CLEANER 260204-00 3.78L BETCO BIOACTIVE	8	38.42	\$ 414.94	DMGD10
1357	2021-04-16	BETCO EXPIRED PRODUCTS APRIL 202	129669	Chemicals	GREEN EARTH NATURAL DEGREASER 1 GALLON 21704-00 4/CS	1	44.66	\$ 60.29	DMGD10
1357	2021-04-16	BETCO EXPIRED PRODUCTS APRIL 202	126414	Chemicals	GREEN EARTH PUSH DRAIN MAINTAINER/CLEANER FAST DRAW 4	4	76.58	\$ 306.32	DMGD10
1357	2021-04-16	BETCO EXPIRED PRODUCTS APRIL 202	100129	Chemicals	MARATHANE 350 POLYURETHANE 5 GAL 6980500	4	122.16	\$ 659.66	DMGD10
1551	2021-08-16	expired	127876	Chemicals	2770-08-CAN00 PURELL 70 SANIT NXT 8X1L GOJO HAND SANITIZ	1	72	\$ 72.00	DMGD10
1554	2021-08-17	expired betco chemicals	123125	Chemicals	GREEN EARTH POT & PAN 2 X 4 LB 2567100	4	29.98	\$ 119.92	DMGD10
1554	2021-08-17	expired betco chemicals	123185	Chemicals	GREEN EARTH FOAM CLEANSER 6X1000ML 7812900	0.66	55.115	\$ 36.38	DMGD10
1580	2021-08-31	Expired Chemical Product	122344	Chemicals	GOOD SENSE 60 DAY AIR DISP * 100888675 GREEN APPLE 6/CS	6	10.06	\$ 60.36	DMGD20
1764	2021-12-07	expired product 12/07/21 sk	129394	Chemicals	HAND CLEANER NATURAL ORANGE 0955-02 2X1 GAL GOJO	1	31.56	\$ 31.56	DMGD20
1810	2022-01-05	1 case expired 01/05/22 sk	132793	Chemicals	PURELL PROFESSIONAL REDIFOAM FRAG FREE SOAP 4X2000ML	1	108.81	\$ 108.81	DMGD20
1858	2022-01-28	expired product sk	127875	Chemicals	5361-02 FOAM HANDWASH TFX 2X1200ML GOJO W/SKIN CONDI	1	42.18	\$ 42.18	DMGD20
2061	2022-06-10	expired product 6/10/22 sk	127875	Chemicals	5361-02 FOAM HANDWASH TFX 2X1200ML GOJO W/SKIN CONDI	2.5	42.18	\$ 105.45	DMGD20
2061	2022-06-10	expired product 6/10/22 sk	127860	Chemicals	1911-02 HAND SOAP GOJO	3	38.324	\$ 114.97	DMGD20
2164	2022-08-09	items expired 8/9/22 sk	123469	Chemicals	STOKO REFRESH FOAM SOAP 800 ML A3169932 6/CS	6	9.96	\$ 59.76	DMGD20
2300	2022-10-14	items either expired or damaged 10/14/	131756	Chemicals	8565-04 PURELL MILD FOAM SOAP GREEN CERTIFIED CS 4/1500	12	83.89	\$ 1,006.68	DMGD20
2468	2022-12-21	expired product 12/21/22 sk	131756	Chemicals	8565-04 PURELL MILD FOAM SOAP GREEN CERTIFIED CS 4/1500	1	86.39	\$ 86.39	DMGD20
2577	2023-03-01	1 case expired in showroom 3/1/23 sk	119287	Chemicals	8711-04 CLEAR AND MILD HAND WASH GOJO FOR ADX-7 DISPEN	1	35.96	\$ 35.96	SHOWRM20
2614	2023-03-16	DAMAGED AND EXPIRED	127851	Chemicals	SOFT CARE DEFEND FOAM SOAP 6X1.2L 100907902	12	136.71	\$ 1,640.52	DMGD10
2614	2023-03-16	DAMAGED AND EXPIRED	129646	Chemicals	SOFT CARE FOAM INSTANT HAND SANITIZER 100919799 DIVERSI	4	152.28	\$ 609.12	DMGD10
2614	2023-03-16	DAMAGED AND EXPIRED	131845	Chemicals	SOFT CARE DELUXE 6X1.3L W5150 100907878 DIVERSEY	1	72.76	\$ 72.76	DMGD10
2614	2023-03-16	DAMAGED AND EXPIRED	132776	Chemicals	SOFT CARE FOAM INSTANT HAND SANITIZER 6X532ML 10093083	17	88.29	\$ 1,500.93	DMGD10
2667	2023-04-11	ITEMS EXPIRED 4/11/23 SK	135152	Chemicals	ALCOHOL FOAMING HAND SANITIZER 75529-07 BETCO 6/CS	1	55.49	\$ 77.13	DMGD20
2667	2023-04-11	ITEMS EXPIRED 4/11/23 SK	131756	Chemicals	8565-04 PURELL MILD FOAM SOAP GREEN CERTIFIED CS 4/1500	15	86.39	\$ 1,295.85	DMGD20
2667	2023-04-11	ITEMS EXPIRED 4/11/23 SK	122463	Chemicals	HAND SANITIZER ALCOHOL BASED 1000ML 7552907/7952907 6	66	8.4	\$ 770.62	DMGD20
2708	2023-04-27	2 EXPIRED	122463	Chemicals	HAND SANITIZER ALCOHOL BASED 1000ML 7552907/7952907 6	2	8.4	\$ 23.35	DMGD20
2850	2023-08-08	1-3 - store use 4-6 - expired	129659	Chemicals	DESCALING TABLETS JURA 70751 36/PKG	1	89.95	\$ 89.95	SHOWRM20
2960	2023-10-26	Expired	133349	Chemicals	8704-04-CAN00 REPLACES 8709-04-CAN00 PUR ADV GRN FM C	2	51.6	\$ 103.20	SHOWRM20
3071	2024-01-04	expired	133395	Chemicals	DETERGENT TABS ACTIVE GREEN 56.01.535 150/TUB RATIONAL	1	170.8	\$ 170.80	DMGD20
3071	2024-01-04	expired	106304	Chemicals	CARE TAB CONTROL RINSE PAK WH.EFF RATIONAL 56.00.562,15	1	150.5	\$ 150.50	DMGD20
3071	2024-01-04	expired	106303	Chemicals	RINSE TABLETS 50/PAIL 5600211 RATIONAL 56.00.211	1	81.9	\$ 81.90	DMGD20
3072	2024-01-04	expired	132272	Chemicals	SOAP FOAM 1200ML ES8 MILD HEALTHY SOAP 7772-02 GOJO 2/6	0.5	44.98	\$ 22.49	DMGD20

[illegible]

Tenth Report to the Court submitted by Grant Thornton Limited
In its capacity as Monitor of BEI and TNOPFI
October 11, 2024

Appendix "P"
Other Credits and Non-Financial Disputes

Schedule "P-2"
Aevitas Quote on Halifax Chemical Disposal

Fw: [EXTERNAL] Re: [EXTERNAL] Chemical Disposal Quote

From: Hines, Corey <Corey.Hines@doane.gt.ca>
Date: Fri 10/11/2024 1:49 PM
To: Hines, Corey <Corey.Hines@doane.gt.ca>

From: Paul Bishop <pbishop@aevitas.ca>
Sent: Thursday, October 10, 2024 9:09 PM
To: Hines, Corey <Corey.Hines@doane.gt.ca>
Subject: RE: [EXTERNAL] Re: [EXTERNAL] Chemical Disposal Quote

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Hi Corey,

In a quick look, I would from a quick look I would estimate approx. \$10-12 k (plus taxes) with transport, lab tech/driver, meals/overnights, waste disposal. (We are coming from Ontario, so transport would be approx. 50% of the total cost include in this price.

I need a bit more time with the list to review the packing requirements to give you a closer number. Can you tell me how everything is currently stored/packaged?

Thank you,



Paul Bishop
Account Manager
Aevitas Inc.- Ayr
Cell: 519.807.3224
Phone: 519-740-1333
www.aevitas.ca

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Recycling - obsolete electrical equipment, lamps, batteries and insulating oil.

Treatment - industrial waste water, hazardous waste, PCB destruction and mercury recovery.

Services - transportation, laboratory services, transformer site services and Recycle-By-Mail program.

Tenth Report to the Court submitted by Grant Thornton Limited
In its capacity as Monitor of BEI and TNOPFI
October 11, 2024

Appendix "P"
Other Credits and Non-Financial Disputes

Schedule "P-3"
94747 Demand to BEI for Removal of Accounting Records

Re: BEI - Boxes in Dartmouth

From Trevor Melendy <tmelendy@haroldsnow.ca>

Date Sat 6/15/2024 11:04 AM

To Hines, Corey <Corey.Hines@ca.gt.com>; Wayne Myles <wayne@mylesandcompany.com>; Darren O'Keefe <dokeefe@okeefesullivan.com>; Clarke, Phil <Phil.Clarke@ca.gt.com>; Sara Scott, P.Eng. - Stewart McKelvey (sscott@stewartmckelvey.com) <sscott@stewartmckelvey.com>

Cc Stuart Palliser <spalliser@bigerics.com>; Inayat Wadiwala <iwadiwala@bigerics.com>; Lauren Dalton <ldalton@bigerics.com>; SHAUN KENNEY <skenney@bigerics.com>; Joshua Santimaw <jsantimaw@boyneclarke.ca>; David Boyd <davidboyd.resolve@gmail.com>; David Howe <dhowe@nccpas.ca>; Kelly Powell <KPowell@boyneclarke.ca>

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W/P

Hi Corey/Phil/Sara and BEI,

My understanding is that there are BEI accounting records (beyond what BEI directed to be shredded) upstairs in our small board room (Corey, next to the board room where we had our meeting). In addition, in some filing cabinets. Shawn (cc'd) can show you on your arrival this coming Tuesday.

We require the following:

1. BEI to remove all of their accounting records by Wednesday June 18th at 5 pm
2. BEI to remove all their owned damaged products including environmentally sensitive chemical products by Wednesday June 18th at 5 pm

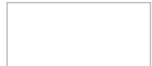
I respectfully ask again that this is dealt with, we have requested numerous times on the chemicals, to no avail. Josh will provide further communication in the event action is not taken for the removal of ALL BEI items.

Thank you,

Trevor

Trevor Melendy
President
70 Portugal Cove Rd, St. John's, NL A1B 2M3
Tel: 709-754-0330 | Fax: 709-754-0356 | Cell: 709-685-5556

 [Atlantic Laundry Equipment](#)



On Fri, Jun 14, 2024 at 3:36 PM Hines, Corey <Corey.Hines@ca.gt.com> wrote:

Thanks Trevor.

I'll head over 10:00am on Tuesday if that works. Plan would be to see what documents are there and determine next steps from that point.

I'm not up to speed on the chemicals issue. I can discuss with Phil next week if this item hasn't been addressed.

Thanks,

Corey Hines, CPA, CIRP | Manager, Restructuring

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E Corey.Hines@ca.gt.com | W <http://www.grantthornton.ca/>

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From: Trevor Melendy <tmelendy@haroldsnow.ca>

Sent: Friday, June 14, 2024 3:28 PM

To: Hines, Corey <Corey.Hines@ca.gt.com>

Cc: Trevor Melendy <tmelendy@bigerics.com>; Stuart Palliser <spalliser@bigerics.com>; Inayat Wadiwala <iwadiwala@bigerics.com>; Lauren Dalton <ldalton@bigerics.com>

Subject: Re: BEI - Boxes in Dartmouth

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Hi Cory,

Yes, no problem. Please also arrange to take them off site.

In addition, please provide an update on the chemicals belonging to BEI that must be removed asap?

Thanks

Trevor Melendy
President
70 Portugal Cove Rd, St. John's, NL A1B 2M3
Tel: 709-754-0330 | Fax: 709-754-0356 | Cell: 709-685-5556

 [Atlantic Laundry Equipment](#)



On Fri, Jun 14, 2024 at 3:18 PM Hines, Corey <Corey.Hines@ca.gt.com> wrote:

CAUTION: This email originated from outside of our organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

All,

Phil mentioned that there are quite a few boxes containing BEI financial data at the Dartmouth location. Would it be possible for me to swing by sometime next week to take a look at what the boxes are? I can do anytime Tuesday-Thursday.

Thanks,

Corey Hines, CPA, CIRP | Manager, Restructuring

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