

2019 01G

IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR

GENERAL DIVISION

IN THE MATTER OF: An Application by NORCON MARINE SERVICES LIMITED (the "Applicant") for relief under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

| SUMMARY OF CURRENT DOCUMENT | |
|--|---|
| Court File No. | 2019 01G 7732 |
| Date of filing of document: | December 12, 2019 |
| Name of filing party or person: | Deloitte Restructuring Inc. (Proposed Monitor for the Applicant) |
| Application to which document being filed relates: | Application for Orders pursuant to Sections 11.02 and 11.52(1) of the <i>Companies' Creditors Arrangement Act</i> |
| Statement of purpose in filing: | Pre-filing Report of the Proposed Monitor |

District of: Newfoundland and Labrador

Division No: 01 – Newfoundland and Labrador

Court No: 7732

Estate No: 51-2587448

**Pre-filing Report of the Proposed Monitor
pursuant to Sections 11.02 and 11.52(1) of the Companies' Creditors
Arrangement Act ("CCAA")**

December 12, 2019

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1. INTRODUCTION

- 1.1 Deloitte Restructuring Inc. ("Deloitte") understands that on December 17, 2019, Norcon Marine Services Ltd. ("Norcon" or the "Applicant") intends to bring an application (the "Application") before the Supreme Court of Newfoundland and Labrador (the "Court") to convert proceedings under subsection 50.4(1) of the *Bankruptcy and Insolvency Act (the "BIA")* to proceedings under the *Companies Creditors Arrangement Act, R.S.C 1985, c. C-36, as amended (the "CCAA")* and seek an order (the "Proposed Initial Order"), among other things:
- (i) granting a stay of proceedings until January 2020 (exact date to be determined by the Court);
 - (ii) appointing Deloitte as monitor (the "Proposed Monitor") of the Applicant; and
 - (iii) granting a charge (the "Administration Charge") against the Applicant's Property to a maximum amount of \$100,000 as security for the professional fees and disbursements incurred by counsel to the Applicant, the Monitor and the Monitor's counsel.
- 1.2 Deloitte, in its capacity as Proposed Monitor, files this report (the "Pre-filing Report") prior to its appointment as Monitor, should this Court grant the Proposed Initial Order, to provide information to this Court for its consideration in respect of the Applicant's CCAA application. Deloitte has consented to act as Monitor in these CCAA Proceedings should this Court grant the Proposed Initial Order.
- 1.3 Deloitte advises that this Pre-filing Report should be read in conjunction with the affidavit of Glenn Burry (the "Burry Affidavit") and the materials that have been filed in support of the Applicant's Application.

2. PURPOSE

- 2.1 Background information and the facts and circumstances giving rise to these CCAA Proceedings are including in the Burry Affidavit.
- 2.2 The purpose of this Pre-filing Report is to provide this Court with information with respect to:
- (i) Deloitte's qualifications to act as Monitor;
 - (ii) the Applicant's background, financial position and causes of insolvency;
 - (iii) an overview of the Applicant's restructuring efforts to date;
 - (iv) the Applicant's 13-week cash flow forecast (the "Cash Flow Forecast"); and
 - (v) the Proposed Monitor's comments on the:
 - a. Administration Charge; and
 - b. the Applicant's request to convert from the NOI Filing to the CCAA Proceedings

3. TERMS OF REFERENCE

- 3.1 In preparing this Pre-filing Report and making the comments herein, the Proposed Monitor has been provided with, and has relied upon certain unaudited financial information, books, records and financial information prepared by the Applicant, discussions with and information from the Applicant's management ("Management") and other third-party sources (collectively,

the "Information"). Except as described in this Pre-filing Report in respect of the CCAA Cash Flow:

- a. the Proposed Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposed Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("GAAS") pursuant to the *Chartered Professional Accountants Handbook* (the "CPA Handbook") and, accordingly, the Proposed Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and
 - b. some of the Information referred to in this Pre-filing Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the CPA Handbook, has not been performed.
- 3.2 Future oriented financial information referred to in this Pre-filing Report was prepared based on the Applicant's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the Projections, even if the assumptions materialize, and the variations could be significant.
- 3.3 The Proposed Monitor's understanding of factual matters express in this Pre-filing Report concerning the Applicant and its business is based on the Information, and not independent factual determinations made by the Proposed Monitor.
- 3.4 All dollar amounts identified in the Report are expressed in or converted to Canadian dollars.

4. DELOITTE'S QUALIFICATION TO ACT

- 4.1 Deloitte was initially retained by the Burry Group of Companies (the "Burry Group"). Deloitte's work under this engagement included all entities under the Burry Group, including the Applicant.
- 4.2 On July 10, 2018, Burry's Shipyard Inc. ("Burry's"), a related entity to the Applicant, filed a Notice of Intention to Make a Proposal under subsection 50.4(1) of the BIA (the "Burry NOI Filing"). Deloitte was appointed as the Proposal Trustee under the Burry NOI Filing.
- 4.3 On October 27, 2018, Burry's was deemed bankrupt pursuant to subsection 50.4(8) of the BIA. Deloitte was appointed the Licensed Insolvency Trustee of the bankrupt estate. As at the date of the Pre-filing Report, Deloitte is finalizing administrative matters related to the bankrupt estate and will be seeking its discharge in due course.
- 4.4 On November 22, 2019, Deloitte consented to act as the Trustee under a Notice of Intention to Make a Proposal filed by the Applicant on November 25, 2019 (the "NOI Filing"). A copy of the creditor package relating to the NOI Filing is enclosed as Appendix A.
- 4.5 Deloitte is a Licensed Insolvency Trustee within the meaning of subsection 2(1) of the BIA.
- 4.6 Deloitte is not subjected to any of the restrictions on who may be appointed Monitor set out in section 11.7(2) of the CCAA and, in particular, neither Deloitte nor any of its representatives have been at any time in the two preceding years:
- (i) A director, an officer or an employee of the Applicant.

- (ii) Related to the Applicant or to any director or officer of the Applicant.
- (iii) The auditor, accountant or legal counsel, or partner of any employee of the auditor, accountant, or legal counsel of the Applicant.

4.7 Deloitte is related to Deloitte LLP, an independent professional services firm that provides insolvency and restructuring services. The Deloitte engagement team includes senior professionals who are Chartered Professional Accountants, Chartered Insolvency and Restructuring Professionals and Licensed Insolvency Trustees.

4.8 Deloitte has consented to act as Monitor of the Applicant should this Court grant the request of the Applicant for the Proposed Initial Order in the CCAA Proceedings.

5. BACKGROUND, FINANCIAL POSITION AND CAUSES OF INSOLVENCY

5.1 Norcon was incorporated in Newfoundland and Labrador ("NL") on January 31, 2000. The shares of Norcon are owned equally by Glenn and Sonia Burry. Glenn Burry is the President of Norcon.

5.2 Norcon is a marine transportation company which historically operated passenger/freight vessels on routes located across the southern coast of NL, and cargo ships servicing the offshore and aquaculture industry in Atlantic Canada. As at the date of this Pre-filing Report, Norcon operates from a main office located in Glovertown, NL.

5.3 As at the date of this Report, Norcon owns four vessels representing the primary assets of the Applicant. Information regarding these vessels and the current docking locations is summarized below:

- (i) *MV Northern Seal* – Previously employed as a passenger and freight vessel by the Department of Transportation and Works ("GNL") servicing the Bay L'Argent to Pool's Cove route, the *MV Northern Seal* is currently without a contract, is docked in Glovertown, NL and is listed for sale.
- (ii) *MV Norcon Oceanus* – Previously employed as a passenger and freight vessel by GNL servicing the Petite Forte route, the *MV Norcon Oceanus* is currently without a contract and is under arrest by a vendor due to an unpaid invoice pursuant to the *in rem* provisions of the *Federal Courts Act* in St. John's, NL.
- (iii) *MV Norcon Galatea* – Historically, the *MV Norcon Galatea* was utilized by Norcon as a swing vessel filling in for other vessels on passenger routes serviced by GNL; however, the vessel has been without work for a number of years, is currently docked in Clarenville, NL and is listed for sale.
- (iv) *MV Norcon Triton* – Is a cargo ship currently on contract with an aquaculture business with salmon farms located off the coast of NL. When not under operations, this vessel is docked in Hermitage, NL.

5.4 In addition to the vessels owned by the Applicant, the company also provides crewing and vessel management services to clients primarily in the aquaculture industry. Under these arrangements Norcon operates, however does not own, the vessel.

5.5 A summary of Norcon's historical operating results for fiscal periods ending January 31, 2017, 2018 and 2019, and year-to-date operating results for the nine month period ending October 31, 2018 and 2019 is presented below:

| Norcon Marine Services Limited | | | | | |
|--|------------------|--------------------|------------------|-------------------------|-------------------------|
| Statement of Net Income | | | | | |
| For the year ending January 31, | 2017 | 2018 | 2019 | October 31, 2018 | October 31, 2019 |
| Revenue | | | | | |
| Sales | 7,771,307 | 7,309,881 | 7,135,505 | 5,632,215 | 3,687,527 |
| Expenses | | | | | |
| Wages and benefits | 3,322,176 | 3,770,179 | 3,186,312 | 2,328,297 | 2,040,524 |
| Vessel operating and supplies | 1,535,052 | 1,504,925 | 1,224,355 | 1,041,141 | 794,669 |
| Amortization | 920,584 | 1,145,406 | 1,085,398 | 982,520 | 744,826 |
| Insurance | 191,370 | 217,843 | 208,817 | 167,493 | 150,333 |
| Interest on long-term debt | 173,824 | 132,551 | 236,159 | 177,199 | 115,549 |
| Professional fees | 131,913 | 158,508 | 347,541 | 248,709 | 122,418 |
| Other | 514,778 | 563,212 | 410,946 | 312,178 | 261,475 |
| | <u>6,789,697</u> | <u>7,492,624</u> | <u>6,699,528</u> | <u>5,257,537</u> | <u>4,229,795</u> |
| Income before income taxes and other items | 981,610 | (182,743) | 435,977 | 374,678 | (542,268) |
| Other items | | | | | |
| Bad debt expense - related companies | - | 1,372,930 | 479,010 | - | - |
| Write down of land inventory | - | - | 52,982 | - | - |
| (Gain) or loss on sale of asset | (10,529) | - | 140,791 | - | - |
| Income tax expense | <u>229,272</u> | <u>(23,502)</u> | <u>53,950</u> | <u>71,168</u> | <u>-</u> |
| Net Income | <u>762,867</u> | <u>(1,532,171)</u> | <u>(290,756)</u> | <u>303,510</u> | <u>(542,268)</u> |

Note: The fiscal year-end financial information presented above was prepared using externally reviewed financial statements prepared by Byron Smith Professional Corporation Chartered Professional Accountants. October 31, 2019 and 2018 comparable financial information presented above was prepared by Management based on the internal books and records of Norcon. These results have not been audited, reviewed or otherwise verified by the Proposed Monitor.

- 5.6 Based on the Proposed Monitor's understanding of the Applicant's business, a review of the financial information presented above and discussions with Management, the primary causes of Norcon's insolvency are as follows:
- (i) **Bankruptcy of Burry's Shipyard Inc. ("Burry's")** – historically, Norcon was the strongest performing entity within the Burry Group and its financial success was used to fund related entities. As discussed herein, Burry's was deemed bankrupt on October 27, 2018 at a time when the Applicant was owed approximately \$1,800,000 and had provided guarantee's on Burry's indebtedness to Business Development Bank of Canada ("BDC") for approximately \$836,000. There will be no distribution from the bankrupt estate to Norcon.
 - (ii) **Loss of GNL Ferry Contract** – in February 2019, Norcon was advised by GNL that it would not be renewing Norcon's two ferry contracts beyond March 31, 2019. At the time of the announcement, the contract with GNL represented approximately 60% of Norcon's revenue.
 - (iii) **Challenges in the aquaculture industry** – during 2019, the aquaculture industry in NL suffered challenges relating to environmental concerns. These challenges had the effect of Norcon losing a long-term vessel charter contract, along with an earlier than expected end of the season and lost revenue from the provision of crewing and vessel management services.

5.7 A summary of Norcon's historical financial position for fiscal periods ending January 31, 2017, 2018 and 2019 and year-to-date financial position as at October 31, 2019 is presented below:

| Norcon Marine Services Limited | | | | October 31, 2019 |
|---------------------------------------|-------------------------|-------------------------|-------------------------|-----------------------------|
| Balance Sheet | | | | |
| As at January 31, | 2017 | 2018 | 2019 | |
| Assets | | | | |
| Current | | | | |
| Cash | 3,229 | 6,340 | 3,305 | 3,248 |
| Accounts receivable | 861,792 | 862,501 | 518,370 | 561,543 |
| Prepaid expenses | 146,708 | 173,648 | 153,315 | 46,051 |
| | <u>1,011,729</u> | <u>1,042,489</u> | <u>674,990</u> | <u>610,842</u> |
| Security deposits receivable | 350,000 | 300,000 | 60,000 | - |
| Investments in real property | 312,982 | 312,982 | 260,000 | 260,000 |
| Due from related parties | 803,084 | - | - | - |
| Property, plant and equipment | <u>5,541,644</u> | <u>7,965,421</u> | <u>6,206,706</u> | <u>5,798,803</u> |
| | <u><u>8,019,439</u></u> | <u><u>9,620,892</u></u> | <u><u>7,201,696</u></u> | <u><u>6,669,645</u></u> |
| Liabilities | | | | |
| Current | | | | |
| Bank indebtedness | 308,712 | 464,369 | 398,982 | 515,849 |
| Accounts payable | 541,582 | 1,069,324 | 571,869 | 776,511 |
| HST payable | 52,753 | 129,962 | 47,202 | 216,473 |
| Payroll taxes payable | 53,757 | 67,663 | - | 227,034 |
| Income taxes payable | 450,743 | 85,919 | 117,704 | 53,950 |
| Current portion of long-term debt | <u>548,418</u> | <u>994,649</u> | <u>872,776</u> | <u>872,776</u> |
| | <u>1,955,965</u> | <u>2,811,886</u> | <u>2,008,533</u> | <u>2,662,593</u> |
| Long-term debt | 1,153,323 | 3,326,025 | 2,008,581 | 1,412,650 |
| Due to associated companies | 650,694 | 770,694 | 770,694 | 718,710 |
| Due to directors | <u>114,921</u> | <u>99,922</u> | <u>92,279</u> | <u>96,353</u> |
| | <u>3,874,903</u> | <u>7,008,527</u> | <u>4,880,087</u> | <u>4,890,306</u> |
| Shareholders' equity | | | | |
| Capital stock | 100 | 100 | 100 | 100 |
| Retained earnings | <u>4,144,436</u> | <u>2,612,265</u> | <u>2,321,509</u> | <u>1,779,239</u> |
| | <u>4,144,536</u> | <u>2,612,365</u> | <u>2,321,609</u> | <u>1,779,339</u> |
| | <u><u>8,019,439</u></u> | <u><u>9,620,892</u></u> | <u><u>7,201,696</u></u> | <u><u>6,669,645</u></u> |
| Current ratio | 0.52 | 0.37 | 0.34 | 0.23 |

Note: The fiscal year-end financial information presented above was prepared using externally reviewed financial statements prepared by Byron Smith Professional Corporation Chartered Professional Accountants. October 31, 2019 financial information presented above was prepared by Management based on the internal books and records of Norcon. These results have not been audited, reviewed or otherwise verified by the Proposed Monitor.

5.8 As discussed herein and illustrated on the preceding page, the write-off of amounts owing from Burry's and the significant decline in year-to-date revenue have resulted in a deterioration of Norcon's liquidity as evidenced by factors such as:

- (i) increased utilization of the Applicant's operating line of credit facility with the Bank of Nova Scotia ("BNS");

- (ii) the existence of an approximately \$458,000 liability to the Canada Revenue Agency (“CRA”) relating to payroll deductions (\$245,000) and excise tax (\$213,000); and
- (iii) a significant increase in trade accounts payable as compared to fiscal 2019 year-end.

6. RESTRUCTURING EFFORTS OF THE APPLICANT

- 6.1 The Applicant has taken the following steps to deal with operational and financial challenges it is currently facing:
- (i) Reduced operating expenses, including a reduction in headcount and a redeployment of Management resources from administrative to revenue generating tasks.
 - (ii) Actively pursuing contracts for the next operating season.
 - (iii) Prior to the NOI Filing, the Applicant was working with CRA on an arrangement satisfactory to both parties to reduce the liability owing from the Applicant.
 - (iv) Engaged in discussions with Deloitte regarding a financial consulting engagement during the week beginning November 17, 2019.

7. CASH FLOW STATEMENTS

- 7.1 On December 4, 2019, pursuant to section 50.4(2) of the BIA and in accordance with the NOI Filing, the Applicant filed a cash flow statement (the “NOI Cash Flow”), including statutory declarations, with the Office of the Superintendent in Bankruptcy. For purposes of this Pre-filing Report, the NOI Cash Flow is being used to fulfill the requirement under Section 10(2) of the CCAA and will be hereafter referred to as the Cash Flow Forecast. A copy of the Cash Flow Forecast is enclosed as Appendix B.
- 7.2 In addition to the Cash Flow and pursuant to the filing requirements stipulated under section 10(2) of the CCAA, the Applicant also filed its externally prepared financial statements for the fiscal period ending January 31, 2019. A copy of these financial statements is enclosed as Appendix C.
- 7.3 The Cash Flow Forecast has been prepared by Management for the purpose described in the notes to the Cash Flow Forecast, using the probable and hypothetical assumptions set out in the notes.
- 7.4 The Proposed Monitor’s review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussions on the information provided by Management of the Applicant. The Proposed Monitor’s involvement with respect to the hypothetical assumptions was limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. The Proposed Monitor has also reviewed the supporting documentation provided by Management of the Applicant for the probable assumptions and the preparation and presentation of the Cash Flow Forecast.
- 7.5 Based on our review and the foregoing reserves and limitations, nothing has come to the attention of the Proposed Monitor that causes us to believe that, in all material respects:
- (i) the hypothetical assumptions are not consistent with the purpose of the Cash Flow Forecast;
 - (ii) as at the date of this Pre-filing Report, the probable assumptions developed by the Applicant are not suitably supported and consistent with the plans of the Applicant or do not provide a reasonable basis for the Cash Flow Forecast, given the hypothetical assumptions; or

(iii) the Cash Flow Forecast does not reflect the probable and hypothetical assumptions.

- 7.6 Since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented, even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Proposed Monitor does not express an opinion to whether the projections in the Cash Flow Forecast will be achieved.
- 7.7 The Cash Flow Forecast has been prepared solely for the purpose described in the notes to the Cash Flow Forecast, and readers are cautioned that the Cash Flow Forecast may not be appropriate for other purposes.
- 7.8 The Proposed Monitor has reviewed the Cash Flow Forecast and based on the outcomes presented, it is not anticipated the Applicant will require debtor-in-possession financing during the period covered by the Cash Flow Forecast.
- 7.9 The Proposed Monitor has reviewed actual cash receipts and disbursements for the two week period November 25 to December 6, 2019 and notes no material variances exist (the "Cash Flow Reconciliation"). A copy of the Cash Flow Reconciliation is enclosed as Appendix D.

8. ADMINISTRATION CHARGE

- 8.1 The Applicant seeks approval of the Administration Charge.
- 8.2 The beneficiaries of the Administration Charge are contemplated to be the Applicant's counsel, the Proposed Monitor and its counsel (collectively the "Insolvency Professionals").
- 8.3 The Proposed Monitor is of the view that the Administration Charge is necessary for the effective participation of the Insolvency Professionals in these CCAA Proceedings, and the quantum of the Administration Charge is reasonable based on the experiences of the Insolvency Professionals in similar sized mandates in Atlantic Canada.

9. APPLICANT'S REQUEST FOR CONVERSION TO CCAA

- 9.1 As discussed herein, the Applicant wishes to convert the NOI Filing to the CCAA Proceedings on December 17, 2019 for the following reasons:
- (i) the CCAA will provide the Applicant with increased flexibility as it moves forward with its restructuring plan;
 - (ii) the CCAA will provide the Applicant with additional time (if required) to prepare and present a restructuring plan, including a Plan of Arrangement, to its creditors; and
 - (iii) if granted, the Initial Order will provide the Applicant with a stay of proceedings against all creditors, including the pending application of BDC to appoint a Receiver over the Property of the Applicant.
- 9.2 In the absence of the Court granting the Initial Order, the Applicant will likely not be in a position to file a Proposal on or before December 25, 2019. Should that be the case, the Applicant would be deemed bankrupt. The Proposed Monitor is of the opinion that additional time is warranted for the Applicant to further develop a restructuring plan which is likely to yield a greater realization to stakeholders than that of a forced liquidation that will occur if the Applicant is deemed bankrupt.
- 9.3 Since the NOI Filing, Management of the Applicant has acted and is acting in good faith and with due diligence in connection with the efforts to date related to the preparation of a restructuring plan and a plan of arrangement to creditors.

- 9.4 The Proposed Monitor is of the opinion that no creditor would be materially prejudiced by the conversion as requested by the Applicant.
- 9.5 Based on the foregoing, the Proposed Monitor supports the Applicant's application to convert the NOI Filing to CCAA Proceedings.

All of which is respectfully submitted this 12th day of December, 2019.

DELOITTE RESTRUCTURING INC.

Acting in its sole capacity as
Proposed Monitor of Norcon Marine Services Ltd.
and not in its personal capacity.

Per:

A handwritten signature in black ink, appearing to read 'J. Foran', is positioned above the printed name and title.

James Foran, CPA, CA, CIRP, LIT
Vice President

APPENDIX A: NOI FILING CREDITOR PACKAGE

November 26, 2019

TO THE CREDITORS OF NORCON MARINE SERVICES LTD. ("Norcon")

Dear Sir/Madam:

Please be advised that Norcon has filed a Notice of Intention to Make a Proposal (the "NOI Filing") under subsection 50.4(1) of the *Bankruptcy and Insolvency Act* ("BIA") on November 25, 2019 (the "Effective Date"). Deloitte Restructuring Inc. ("Deloitte") has been appointed as the Licensed Insolvency Trustee under the NOI Filing.

The effect of the NOI Filing is an automatic stay of proceedings against all creditors from commencing any actions against Norcon. Norcon has 30 days from the Effective Date to either make a Proposal to its creditors or to seek an extension from the Supreme Court of Newfoundland and Labrador.

We are enclosing documentation for your records relating to the NOI Filing. We advise that at this juncture there is no requirement for any creditor to file a proof of claim with either Norcon or Deloitte.

We invite you to visit our website at <https://www.insolvencies.deloitte.ca/norconmarine> where periodic updates will be provided as they become available.

We trust you will find the above and enclosed to be in order. If you have any questions, please contact Colleen O'Brien at 709.758.5215 or via email at colobrien@deloitte.ca or Kurt MacLeod at 902.721.5602 or via email at kmacleod@deloitte.ca.

Sincerely,

DELOITTE RESTRUCTURING INC.

Acting in its capacity as
Licensed Insolvency Trustee under the
Notice of Intention to Make a Proposal of Norcon Marine Services Ltd.
and not in its personal capacity

Per:



Kurt MacLeod, MBA
Manager

Enclosures



Industry Canada

Office of the Superintendent
of Bankruptcy Canada

Industrie Canada

Bureau du surintendant
des faillites Canada

District of Newfoundland and Labrador
Division No. 01 - Newfoundland and
Labrador
Court No. 51-2587448
Estate No. 51-2587448

In the Matter of the Notice of Intention to make a
proposal of:

Norcon Marine Services Ltd.
Insolvent Person

**DELOITTE RESTRUCTURING INC/RESTRUCTURATION
DELOITT**
Licensed Insolvency Trustee

Date of the Notice of Intention: November 25, 2019

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: November 25, 2019, 10:32

E-File/Dépôt Electronique

Official Receiver

Maritime Centre , 1505 Barrington Street, 16th Floor, Halifax, Nova Scotia, Canada, B3J3K5, (877)376-9902

Canada

District of: Newfoundland and Labrador
Division No. 01-
Court No.
Estate No.

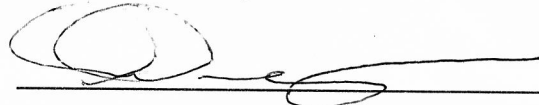
- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
Norcon Marine Services Ltd.
of the Town of Glovertown, in the Province of Newfoundland and Labrador

Take notice that:

1. I, Norcon Marine Services Ltd., an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. Deloitte Restructuring Inc. of 1969 Upper Water Street, Suite 1500, Purdy's Wharf Tower II, Halifax, NS, B3J 3R7, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the Town of Glovertown in the Province of Newfoundland and Labrador, this 21st day of November 2019.



Norcon Marine Services Ltd.
Insolvent Person

To be completed by Official Receiver:

Filing Date

Official Receiver

District of: Newfoundland and Labrador
 Division No. 01-
 Court No.
 Estate No.

- FORM 33 -
 Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
 Norcon Marine Services Ltd.
 of the Town of Glovertown, in the Province of Newfoundland and Labrador

| List of Creditors with claims of \$250 or more. | | | |
|---|--|----------|--------------|
| Creditor | Address | Account# | Claim Amount |
| 506 Industries Inc | 30 Stillwater rd Digdeguash NB E5C 1V7 | | 7,877.50 |
| Aqua Marine Services | PO Box 2101 Northern Arm NL A0H 1E0 | | 2,445.00 |
| Atlantic Offshore Medical Services | 4 Henry Street St. John's NL A1C 6E7 | | 2,784.60 |
| Atlantic Pilotage Authority | TD Centre, Suite 1801 Halifax NS B3J 3K9 | | 5,314.27 |
| Avalon Laboratories | 137 LeMarchant Road St. John's NL A1C 2H3 | | 287.96 |
| Bank of Nova Scotia | 44 King Street West Toronto ON M5H 1H1 | | 1,455,103.00 |
| Bank of Nova Scotia | 44 King Street West Toronto ON M5H 1H1 | | 332,218.30 |
| Basil Fearn (93) Limited | 51 Clyde Avenue Mount Pearl NL A1N 4R8 | | 6,892.30 |
| Battlefield Equipment Rentals | P.O. Box 8335, Station A St. John's NL A1B 3N7 | | 1,529.12 |
| BDO | 300 Kenmount Road St. John's NL A1B 3R2 | | 4,211.14 |
| Bell Aliant (848-4375) N-Seal | P.O. Box 12088 St. John's NL A1B 4C8 | | 538.32 |
| Bell Mobility - Account#523068036 | P.O. Box 5102 Burlington ON L7R 4R7 | | 8,769.68 |
| Bell TV - 0023497 (Oceanus) | PO Box 3250 North York ON M3C 4C9 | | 389.28 |
| Boyne Clarke LLP | PO Box 876, Dartmouth Main Dartmouth NS B2Y 3Z5 | | 483.77 |
| Burin Peninsula Chamber of Commerce | PO Box 728 Marystown NL A0E 2M0 | | 265.00 |

District of: Newfoundland and Labrador
 Division No. 01-
 Court No.
 Estate No.

- FORM 33 -
 Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
 Norcon Marine Services Ltd.
 of the Town of Glovertown, in the Province of Newfoundland and Labrador

| List of Creditors with claims of \$250 or more. | | | |
|---|---|----------|--------------|
| Creditor | Address | Account# | Claim Amount |
| Business Development Bank of Canada | 42 High Street Grand Falls-Windsor NL A2A 2M4 | | 1,388,058.43 |
| CBDC Gander Paul Pitman | 51 A Dickins Street Gander NL A1V 1W8 | | 89,613.58 |
| CBDC South Coast | Regional Resource Centre 4 Cormier Ave Saint Alban's NL A0H 2E0 | | 102,817.60 |
| Clarenville Dry Dock | PO Box 160 Glovertown NL A0G 2L0 | | 330,000.00 |
| Compass Council of Marine Professional Associates | P.O. Box 29033 St. Johns NL A1A 5B5 | | 632.50 |
| Cox & Palmer | 235 Water Street St. John's NL A1C 1B6 | | 9,039.90 |
| CRA - Tax - Atlantic Quebec Insolvency Intake Centre | Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-sud QC G9P 5H9 | | 213,062.00 |
| CRA - Tax - Atlantic Quebec Insolvency Intake Centre | Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-sud QC G9P 5H9 | | 244,777.00 |
| Day & Ross | 398 Main Street Hartland NB E7P 1C6 | | 1,190.64 |
| DBC Marine Safety Systems Ltd | 8 Kyle Avenue Mount Pearl NL A1N 4R5 | | 552.00 |
| Dept of Finance Nfld & Labrador - Tax Admin Div. Lisa Palmer | 3rd Floor, East Block, Confederation Building PO Box 8700 St. John's NL A1B 4J6 | | 10,221.06 |
| Dexter Machining Inc | 20 Mill Hill Rd Grand Manan NB E5G 1L8 | | 1,628.36 |
| DNV - Det Norske Veritas (Canada) Limited | C/O Lockbox 918410 Toronto ON M5W 0E9 | | 197,083.82 |

District of: Newfoundland and Labrador
 Division No. 01-
 Court No.
 Estate No.

- FORM 33 -
 Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
 Norcon Marine Services Ltd.
 of the Town of Glovertown, in the Province of Newfoundland and Labrador

| List of Creditors with claims of \$250 or more. | | | |
|---|---|----------|--------------|
| Creditor | Address | Account# | Claim Amount |
| East Coast Hydraulics & Machinery Ltd | PO Box 130 Mulgrave NS B0E 2G0 | | 57,180.23 |
| Eastern Foundry Ltd | PO Box 160 Glovertown NL A0G 2J0 | | 440,693.00 |
| Exploits Welding and Machine Shop | 2 Queenway Grandfalls - Winsor NL A2B 1J3 | | 1,669.29 |
| Foodland Harbour Breton | 136 Canada Drive Harbour Breton NL A0H 1P0 | | 4,627.70 |
| Ford Credit Canada Limited Bankruptcy Department | PO Box 2400 Edmonton AB T5J 5C7 | | 49,793.00 |
| Fortune Port Corporation | PO Box 371 Fortune NL A0E 1P0 | | 579.60 |
| Future Nets & Supplies Ltd | 48 Armstrong Loop Road Pennifield NB E5H 1A7 | | 1,437.50 |
| GFL Environmental Inc. | 19 Harding Road St. John's NL A1A 5T8 | | 1,016.04 |
| Glenn Burry | PO Box 35 Glovertown NL A0G 2L0 | | 96,002.88 |
| Globalstar Stephanie Guy | PO Box 8013 Station A Toronto ON M5W 3W5 | | 352.39 |
| Great-West Life Assurance Co. | P.O. Box 1053 Winnipeg MB R3C 2X4 | | 1,620.62 |
| Gregory Squires | PO Box 352 St. Lawrence NL A0E 2V0 | | 740.36 |
| Harbour Services | 54391 NL Ltd St. John's NL A1C 5H5 | | 803.02 |
| Hynes Holdings Inc | P.O. Box 458 Harbour Breton NL A0H 1P0 | | 442.43 |
| International Paint | C/O H4529 Halifax NS B3J 3Y4 | | 2,647.04 |

District of: Newfoundland and Labrador
 Division No. 01-
 Court No.
 Estate No.

- FORM 33 -
 Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
 Norcon Marine Services Ltd.
 of the Town of Glovertown, in the Province of Newfoundland and Labrador

| List of Creditors with claims of \$250 or more. | | | |
|---|--|----------|--------------|
| Creditor | Address | Account# | Claim Amount |
| Jackman's Home Centre | P.O. Box 429 Harbour Breton NL A0H 1P0 | | 507.48 |
| K & D Pratt | 21 Frazee Avenue Dartmouth NS B3B 1Z4 | | 5,374.18 |
| Kelly Ford | 105 Laurel Road Gander NL A1V 0A9 | | 2,191.86 |
| Konica Minolta 1339135 | P.O. Box 4563 Toronto ON M5W 0H1 | | 561.51 |
| Larca Enviro Ltd | 31 Cooke Drive Moncton NB E1E 0J1 | | 2,397.75 |
| Lloyd's Register Canada Limited | P.O. Box 15630 Toronto ON M5W 1C1 | | 4,600.00 |
| Mackay Communications - Canada Inc. | 7 Mellor Avenue, Unit 16 Dartmouth NS B3B 0E8 | | 15,158.96 |
| Martin's Fire Safety Ltd. | 20 Allston Street Mount Pearl NL A1N 0A4 | | 290.95 |
| Network Innovations US Inc | 4424 Manilla Rd S.E. Calgary AB T2G 4B7 | | 438.00 |
| Newdock | 475 Water Street St. John's NL A1E 6B5 | | 59,724.50 |
| Newfoundland Marine Surveys Inc. | 10 Stoneyhouse Street St. John's NL A1B 2T6 | | 969.45 |
| Newfoundland Printing | 197 Marine Drive Clareville NL A5A 1M6 | | 711.84 |
| NL Hydro | PO Box 12600 St. John's NL A1B 4K8 | | 691.04 |
| Nord Marine Services Ltd | 42 Dundee Avenue Mount Pearl NL A1N 4R7 | | 1,520.42 |
| North Atlantic | 29 Pippy Place St. John's NL A1B 3X2 | | 8,394.86 |

District of: Newfoundland and Labrador
 Division No. 01-
 Court No.
 Estate No.

- FORM 33 -
 Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
 Norcon Marine Services Ltd.
 of the Town of Glovertown, in the Province of Newfoundland and Labrador

| List of Creditors with claims of \$250 or more. | | | |
|--|--|----------|--------------|
| Creditor | Address | Account# | Claim Amount |
| North Atlantic Marine Supplies & Services Inc | 1237 Kenmount Road Paradise NL A1L 0V8 | | 560.63 |
| Ocean Choice International | P.O. Box 8190 St. John's NL A1B 3N4 | | 7,505.19 |
| Pardy's Waste Manangement & Industrial Service Ltd | 30 Kyle Avenue Mount Pearl NL A1N 4R5 | | 6,820.25 |
| Pennecon Hydraulic Systems Ltd - NL | PO Box 1083, Stn C St. John's NL A1C 5M5 | | 1,198.47 |
| Pennfeild Hydraulics Ltd | PO Box 263 Pennfield NB E5H 2M1 | | 6,511.11 |
| Poseidon Marine Consultants Ltd | 391 Stavanger Drive St. John's NL A1A 0A1 | | 1,104.00 |
| Receiver General - Transport Canada NL | Marine Safety, Program Services St. John's NL A1C 6H8 | | 920.00 |
| Royal Bank of Canada | 10 York Mills Rd 3rd Floor Toronto ON M2P 0A2 | | 28,573.00 |
| Sameday | 398 Main Street Hartland NB E7P 1C6 | | 538.87 |
| Spartan Industrial Marine | 520 Windmill Road Dartmouth NS B3B 1B3 | | 3,350.59 |
| St. John's Port Authority | 1 Water Street St. John's NL A1C 5X8 | | 16,975.77 |
| Strongco Limited Partnership | 1640 Enterprise Road Mississauga ON L4W 4L4 | | 7,958.10 |
| Sullivan Sales & Service Inc | 64 Ingalls Head Road Grand Manan NB E5G 3G2 | | 5,023.81 |
| Tormont Cat | 82 Kenmount Road St. John's NL A1B 3S2 | | 29,042.83 |
| Town of Pool's Cove | P.O. Box 10 Pool's Cove NL A0H 2B0 | | 400.00 |

District of: Newfoundland and Labrador
Division No. 01-
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
Norcon Marine Services Ltd.
of the Town of Glovertown, in the Province of Newfoundland and Labrador

| List of Creditors with claims of \$250 or more. | | | |
|---|--|----------|---------------------|
| Creditor | Address | Account# | Claim Amount |
| Transport Canada | Marine Safety Dartmouth NS B2Y 4K2 | | 470.12 |
| United Rentals | Bracnh 793 Grand Falls Windsor NL A2A 2Y3 | | 9,723.78 |
| Wajax | PO Box 11790 Dept 29 Montreal QC H3C 0C4 | | 10,983.58 |
| WHSCC | 146 - 148 Forest Road St. John's NL A1A 3B8 | | 20,209.62 |
| Total | | | 5,338,793.75 |



Norcon Marine Services Ltd.
Insolvent Person

Via email

November 22, 2019

Glenn Burry
President
Norcon Marine Services Ltd.
PO Box 35
Glovertown, NL A0G 2L0

Dear Glenn,


Subject: Norcon Marine Services Ltd. ("Norcon") – Consent of Trustee

Deloitte Restructuring Inc. consents to be appointed as Trustee under the Notice of Intention to Make a Proposal of Norcon.

Sincerely,

DELOITTE RESTRUCTURING INC.

Per:



James Foran, CPA, CA, CIRP, LIT
Vice President

c: Tim Hill, QC (BoyneClarke LLP)

APPENDIX B: CASH FLOW FORECAST

District of Newfoundland and Labrador
Division No. 01 – Newfoundland and Labrador
Court No. TBD
Estate No. 51-2587448

The management of Norcon Marine Services Limited (the "Insolvent Person") has developed the assumptions and prepared the attached statement of projected cash flow of the Insolvent Person, as of the 3rd day of December 2019, consisting of weekly cash flows for the period November 25th, 2019 to February 28th, 2020.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note A, and the probable assumptions are suitably supported and consistent with the plans of the Insolvent Person and provide a reasonable basis for the projection. All such assumptions are disclosed in Note B.

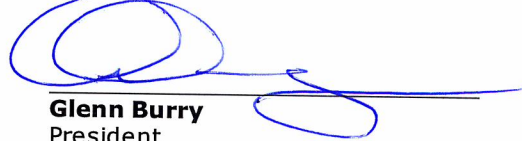
Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in Note A, using a set of hypothetical and probable assumptions set out in Note B. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Glovertown, Newfoundland and Labrador this 3rd day of December, 2019.

Norcon Marine Services Limited

Per:



Glenn Burry
President

District of Newfoundland and Labrador
Division 01 – Newfoundland and Labrador
Court No. TBD
Estate No. 51-2587448

Note A:

The statement of projected cash flow (the "Projection") is being filed pursuant to *Bankruptcy and Insolvency Act s. 50.4(2)* in association with the Notice of Intention to Make a Proposal by Norcon Marine Services Limited (the "Insolvent Person") using the probable and hypothetical assumptions set out in Note B.

Note B:

The following assumptions were used by management in the preparation of the statement of projected cash flow of the Insolvent Person:

Cash inflows:

Note 1: Collection of existing accounts receivable is projected based on the books and records of the Insolvent Person as at November 25, 2019. The collection of these amounts is based on Management expectations taking into consideration existing payment terms with customers.

Note 2: Collection of new sales is projected based on an aquaculture support contract (being fulfilled by the MV Triton) and a vessel crewing contract currently in place with existing customers. Under these contracts the Insolvent Person receives a set rate per day, and bills customers for any materials purchased during the month. Collection of these amounts are based on Management expectations taking into consideration existing payment terms with customers.

Cash outflows:

Note 3: Compensation and related expenditures consist of wages payable to employees of the Insolvent Person and includes all statutory remittances, group insurance payments and workers compensation payments. The projected decrease in compensation related expenses is based on Management expectations taking into account lay-offs which occur during the winter months and the Insolvent Persons' current administrative headcount.

Note 4: Vessel related expenditures consist of insurance premiums and berthage fees associated with the Insolvent Person's four vessels. During the Projection period, Management estimates other expenses including repairs and maintenance, inspection fees and fuel/consumables to be nil.

Note 5: Occupancy and general administrative expenses include estimated monthly expenditures in the following areas:

- Telecommunications and Utilities;
- Meals and travel;
- Rent;
- Courier and office supplies; and
- Motor vehicle related expenses.

Amounts included in the projection have been based on Management estimates taking into consideration actual costs incurred during the first nine months of fiscal 2020 (February 2019 – September 2019).


Note 6: Professional fees are based on estimates provided by the various professional service firms involved in the administration of this estate.

Note 7: HST payments (refunds) are based on the revenue and expenditures contained within the Projection and are remitted to Canada Revenue Agency on a monthly basis. The Projection also takes into consideration the effects of the stay of proceeding and includes an estimated stub filing period for November's monthly return.

Dated at Glovertown, Newfoundland and Labrador this 3rd day of December, 2019.

Norcon Marine Services Limited

Per:

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke, positioned above a horizontal line.

Glenn Burry
President



District of Newfoundland and Labrador
Division No. 01 – Newfoundland and Labrador
Court No. TBD
Estate No. 51-2587448

The attached consolidated statement of projected cash flow of Norcon Marine Services Limited (the “Insolvent Person”), consisting of weekly projections through the week beginning November 25, 2019 to the week ending February 28, 2020 has been prepared by the management of the Insolvent Person for the purpose described in Note A, using the probable and hypothetical assumptions set out in Note B.

Our review consisted of inquiries, analytical procedures and discussions related to information supplied to us by the management and employees of the Insolvent Person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by management for the probable assumptions and preparation and presentation of the projection.

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

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the probable and hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in Note A, and readers are cautioned that it may not be appropriate for other purposes.

Dated at Halifax, NS this 3rd day of December, 2019.

DELOITTE RESTRUCTURING INC.

Acting in its capacity as Trustee under the Notice of Intention to Make a Proposal of Norcon Marine Services Limited and not in its personal capacity

Per:

James Foran, CPA, CA, CIRP, LIT
Vice President

Norcon Marine Services Limited
Statement of Projected Cash Flows
For the period November 25, 2019 to February 28, 2020

| Week ending (Friday) | Assumption Reference # | Actual 11/29/2019 | 1 12/6/2019 | 2 12/13/2019 | 3 12/20/2019 | 4 12/27/2019 | 5 1/3/2020 | 6 1/10/2020 | 7 1/17/2020 | 8 1/24/2020 | 9 1/31/2020 | 10 2/7/2020 | 11 2/14/2020 | 12 2/21/2020 | 13 2/28/2020 | Total |
|---|------------------------|-------------------|-------------|--------------|--------------|--------------|------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|---------|
| Opening cash balance | | - | 61,294 | 30,292 | 30,546 | 192,630 | 168,907 | 116,934 | 91,765 | 90,479 | 252,766 | 225,138 | 183,950 | 170,708 | 147,332 | - |
| Cash inflow | | | | | | | | | | | | | | | | |
| Collection of existing accounts receivable | 1 | 96,313 | - | - | 187,163 | - | - | - | - | - | - | - | - | - | - | 283,476 |
| Collection of sales - MV Triton | 2 | - | - | - | - | - | - | - | - | 181,125 | - | - | - | - | 60,375 | 241,500 |
| Collection of sales - Charters | 2 | - | - | 22,425 | - | - | - | - | 23,173 | - | - | - | 23,173 | - | - | 68,771 |
| Collection of sales - Materials | 2 | - | - | 25,000 | - | - | - | - | - | - | - | - | - | - | - | 25,000 |
| Total Inflows (A) | | 96,313 | - | 47,425 | 187,163 | - | - | - | 23,173 | 181,125 | - | - | 23,173 | - | 60,375 | 618,747 |
| Cash outflows | | | | | | | | | | | | | | | | |
| Operating expenses | | | | | | | | | | | | | | | | |
| Compensation and related expenses | 3 | 33,785 | 23,037 | 24,698 | 22,914 | 15,458 | 13,250 | 12,073 | 15,794 | 12,073 | 7,000 | 17,823 | 7,000 | 20,211 | 7,000 | 232,116 |
| Vessel related expenses | 4 | - | - | 208 | - | - | 17,100 | 1,831 | - | - | - | 17,100 | 2,150 | - | - | 38,389 |
| Occupancy and general administration expenses | 5 | 1,234 | 3,865 | 2,265 | 2,165 | 3,265 | 265 | 1,265 | 3,665 | 1,765 | 2,265 | 1,265 | 2,265 | 3,165 | 2,265 | 30,979 |
| Professional fees | 6 | 35,019 | 26,902 | 27,171 | 25,079 | 18,723 | 30,615 | 15,169 | 19,459 | 13,838 | 9,265 | 36,188 | 11,415 | 23,376 | 9,265 | 301,484 |
| BoyneClarke LLP | | - | 4,100 | - | - | 5,000 | - | - | 5,000 | - | - | 5,000 | - | - | 5,000 | 24,100 |
| Deloitte Restructuring Inc. | | - | - | 20,000 | - | - | - | 10,000 | - | 5,000 | - | - | 25,000 | - | - | 60,000 |
| McInnes Cooper | | - | 4,100 | 20,000 | - | 5,000 | - | 10,000 | 5,000 | 5,000 | 15,000 | 5,000 | 25,000 | - | 5,000 | 99,100 |
| HST payable or (refund) | 7 | - | - | - | - | - | 21,358 | - | - | - | 3,363 | - | - | - | (3,559) | 21,162 |
| Total outflows (B) | | 35,019 | 31,002 | 47,171 | 25,079 | 23,723 | 51,973 | 25,169 | 24,459 | 18,838 | 27,628 | 41,188 | 36,415 | 23,376 | 10,706 | 421,746 |
| Weekly cash flow (A-B) | | 61,294 | (31,002) | 254 | 162,084 | (23,723) | (51,973) | (25,169) | (1,286) | 162,287 | (27,628) | (41,188) | (13,242) | (23,376) | 49,669 | 197,001 |
| Projected ending cash balance | | 61,294 | 30,292 | 30,546 | 192,630 | 168,907 | 116,934 | 91,765 | 90,479 | 252,766 | 225,138 | 183,950 | 170,708 | 147,332 | 197,001 | 197,001 |

Norcon Marine Services Limited


Per:


Glenn Burry
 President

DELOITTE RESTRUCTURING INC.

Acting in its capacity as Licensed Insolvency Trustee under the Notice of Intention to Make a Proposal of Norcon Marine Services Limited and not in its personal capacity.

Per:


James Foran, CPA, CA, CIRP, LIT
 Vice President

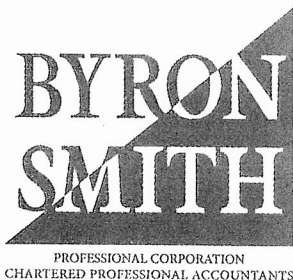
APPENDIX C: EXTERNAL FINANCIAL STATEMENTS

**NORCON MARINE SERVICES LTD.
FINANCIAL STATEMENTS
(Unaudited)**

January 31, 2019

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| Balance Sheet | 2 |
| Statement of Revenue, Expenses and Retained Earnings | 3 |
| Statement of Cash Flow | 4 |
| Notes to the Financial Statements | 5-10 |



BYRON D. SMITH
B. Comm., C.F.E., FCPA, FCA

P.O. Box 610
100 Conception Bay Highway
Spaniard's Bay, NL
A0A 3X0

Telephone: (709) 786-1232
Toll Free: 1-877-786-1232
Facsimile: (709) 786-1230
E-mail: byron@byronsmithca.com
Website: byronsmithca.com



INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Board of Directors of Norcon Marine Services Ltd.

I have reviewed the accompanying financial statements of Norcon Marine Services Ltd. that comprise the balance sheet of Norcon Marine Services Ltd. as at January 31, 2019 and the statement of revenue, expenses and retained earnings and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly I do not express an audit opinion on these financial statements.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of Norcon Marine Services Ltd. as at January 31, 2018, and the results of its operation and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Emphasis of Matter

Without modifying my conclusion, I draw your attention to Notes 1 and 10 in the financial statements, which indicates the company has operating and financing issues and on October 27, 2018, a *related company* declared bankruptcy. Norcon Marine Services Ltd had provided certain loan guarantees which have not yet been recorded. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that cast significant doubt about the company's ability to continue as a going concern.

Spaniard's Bay, NL
July 31, 2019


CHARTERED PROFESSIONAL ACCOUNTANT

Norcon Marine Services Ltd.
Balance Sheet
(Unaudited)
January 31,

| | 2019 | 2018 |
|--|---------------------|---------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 3,305 | \$ 6,340 |
| Accounts receivable | 518,370 | 862,501 |
| Inventory | | 93,719 |
| Prepaid expenses | <u>153,315</u> | <u>173,648</u> |
| | 674,990 | 1,136,208 |
| SECURITY DEPOSITS RECEIVABLE (note 7) | 60,000 | 300,000 |
| INVESTMENTS IN LAND, held for resale (note 9) | 260,000 | 312,982 |
| PROPERTY, PLANT AND EQUIPMENT (note 2) | <u>6,206,706</u> | <u>7,871,702</u> |
| | <u>\$ 7,201,696</u> | <u>\$ 9,620,892</u> |
| LIABILITIES | | |
| CURRENT | | |
| Bank indebtedness, due on demand (note 6) | \$ 398,982 | \$ 464,369 |
| Accounts payable and accrued liabilities | 571,869 | 1,069,324 |
| HST payable | 47,202 | 129,962 |
| Payroll taxes payable | | 67,663 |
| Income taxes payable | 117,704 | 85,919 |
| Current portion of long term debt (note 3) | <u>872,776</u> | <u>994,649</u> |
| | 2,008,533 | 2,811,886 |
| LONG TERM DEBT (note 3) | 2,008,581 | 3,326,025 |
| DUE TO ASSOCIATED COMPANIES, non-interest bearing, no set terms of repayment (note 5) | 770,694 | 770,694 |
| DUE TO DIRECTORS, non-interest bearing, no set terms of repayment | <u>92,279</u> | <u>99,922</u> |
| | <u>4,880,087</u> | <u>7,008,527</u> |
| SHAREHOLDERS' EQUITY | | |
| SHARE CAPITAL | | |
| Authorized: unlimited number of common shares of no par value | | |
| Issued: 100 common shares | 100 | 100 |
| RETAINED EARNINGS | <u>2,321,509</u> | <u>2,612,265</u> |
| | <u>2,321,609</u> | <u>2,612,365</u> |
| On Behalf of the Board: | <u>\$ 7,201,696</u> | <u>\$ 9,620,892</u> |
| _____ Director | | _____ Director |

The accompanying notes are an integral
part of these Financial Statements.

Norcon Marine Services Ltd.
Statement of Revenue, Expenses and Retained Earnings
(Unaudited)
For the Year Ended January 31,

| | 2019 | 2018 |
|--|---------------------|-----------------------------|
| REVENUE | | |
| Sales | \$ 7,135,505 | \$ 7,309,881 |
| Loss on disposal of assets | <u>(140,791)</u> | <u> </u> |
| | <u>6,994,714</u> | <u>7,309,881</u> |
| EXPENSES | | |
| Advertising | 11,252 | 26,695 |
| Depreciation | 1,085,398 | 1,145,406 |
| Bad debts | 4,937 | 50,000 |
| Electricity and fuel | 9,682 | 24,364 |
| Insurance | 208,817 | 217,843 |
| Interest and bank charges | 65,976 | 76,506 |
| Interest on long term debt | 236,159 | 132,551 |
| Licences and fees | 37,677 | 64,896 |
| Municipal taxes | 800 | 550 |
| Office supplies | 34,379 | 25,962 |
| Professional fees | 347,541 | 158,508 |
| Rent | | 995 |
| Repairs and maintenance | 71,433 | 110,453 |
| Telephone and communications | 56,429 | 43,467 |
| Training | | 6,031 |
| Travel and entertainment | 17,414 | 20,175 |
| Vehicle operating | 100,967 | 113,118 |
| Vessel operating and supplies | 1,224,355 | 1,504,925 |
| Wages and benefits | <u>3,186,312</u> | <u>3,770,179</u> |
| | <u>6,699,528</u> | <u>7,492,624</u> |
| NET INCOME (LOSS) BEFORE OTHER ITEMS | 295,186 | (182,743) |
| BAD DEBT EXPENSE - RELATED COMPANIES (Notes 1 and 4) | (479,010) | (1,372,930) |
| WRITE DOWN OF LAND INVENTORY | (52,982) | |
| INCOME TAX EXPENSE (RECOVERY) | <u>53,950</u> | <u>(23,502)</u> |
| NET LOSS FOR THE YEAR | <u>\$ (290,756)</u> | <u>\$ (1,532,171)</u> |
| <hr/> | | |
| RETAINED EARNINGS, BEGINNING OF YEAR | \$ 2,612,265 | \$ 4,144,436 |
| NET LOSS FOR THE YEAR | <u>(290,756)</u> | <u>(1,532,171)</u> |
| RETAINED EARNINGS, END OF YEAR | <u>\$ 2,321,509</u> | <u>\$ 2,612,265</u> |

The accompanying notes are an integral part of these Financial Statements.

Norcon Marine Services Ltd.
Statement of Cash Flows
(Unaudited)
For the Year Ended January 31,

| | 2019 | 2018 |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net loss | \$ (290,756) | \$(1,532,171) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 1,085,398 | 1,145,406 |
| Bad debt expense - related company | 479,010 | 1,372,930 |
| Loss on disposal of assets | 140,791 | |
| Write down of land inventory | <u>52,982</u> | |
| | 1,467,425 | 986,165 |
| Change in assets and liabilities: | | |
| Decrease in accounts receivable | 584,131 | 49,291 |
| (Increase) decrease in inventories | 93,719 | (93,719) |
| (Increase) decrease in prepaid expenses | 20,333 | (26,940) |
| (Decrease) increase in accounts payable and accrued liabilities | (647,878) | 618,858 |
| Increase (decrease) in interest and income taxes payable | <u>31,785</u> | <u>(364,825)</u> |
| Net cash provided by operating activities | <u>1,549,515</u> | <u>1,168,830</u> |
| Cash Flows from Financing Activities | | |
| Loan proceeds / capital lease proceeds | 75,174 | 3,259,350 |
| Repayment of long term debt | (1,514,490) | (640,417) |
| Advances to related and affiliated companies - net | (479,010) | (449,846) |
| Advances from directors | <u>(7,643)</u> | <u>(14,999)</u> |
| | <u>(1,925,969)</u> | <u>2,154,088</u> |
| Cash Flows from Investing Activities | | |
| Purchase of property, plant and equipment | (312,830) | (3,504,464) |
| Proceeds on disposal of capital asset | <u>751,636</u> | <u>29,000</u> |
| Net cash used in investing activities | <u>438,806</u> | <u>(3,475,464)</u> |
| Increase (decrease) in cash | 62,352 | (152,546) |
| Bank indebtedness, beginning of year | <u>(458,029)</u> | <u>(305,483)</u> |
| Bank indebtedness, end of year | \$ <u>(395,677)</u> | \$ <u>(458,029)</u> |
| COMPRISED OF: | | |
| Cash | \$ 3,305 | \$ 6,340 |
| Bank indebtedness | <u>(398,982)</u> | <u>(464,369)</u> |
| | \$ <u>(395,677)</u> | \$ <u>(458,029)</u> |

The accompanying notes are an integral part of these Financial Statements.

NATURE OF OPERATIONS

The company was incorporated on January 31, 2000 in the province of Newfoundland and Labrador. It provides Ferry services to coastal communities in the Province by contracts with the Provincial Government.

1. SIGNIFICANT ACCOUNTING POLICIES

Going Concern Matter

While the financial statements have been prepared on the basis of accounting principles applicable to a going concern, several conditions and events cast substantial doubt upon the validity of this assumption.

A commonly controlled company, Burry's Shipyard Inc., filed a Notice of Intention to Make a Proposal (the "NOI Filing") under subsection 50.4(1) of the Bankruptcy and Insolvency Act ("BIA") on July 10, 2018 (the "Effective Date"). Deloitte Restructuring Inc. ("Deloitte") was appointed as the Licensed Insolvency Trustee under the NOI Filing and on October 27, 2018 the company Burry's Shipyard Inc. declared bankruptcy.

Furthermore, Burry's Shipyard Inc. has listed in its unsecured liabilities an amount owing to Norcon Marine Services Ltd. at July 10th of \$1,652,058. Of this amount the \$1,254,769 at January 31, 2018 has been recorded as a bad debt expense in these financial statements and during 2019 fiscal year an additional \$ 479,010 was written off for a total of \$ 1,851,940. Furthermore, Norcon Marine Services Ltd. has also guaranteed loans to the Business Development Bank, see Note 10 for further details. Norcon Marine Services Ltd. has reported significant losses for the past two fiscal years. The company has a significant working capital deficiency at January 31, 2019. Furthermore, the Government of Newfoundland and Labrador has not extended contracts for various ferry services beyond March 31, 2019. A long term contract with Northern Harvest Limited regarding the MV Norcon Triton terminated June 30, 2019. These contracts offered a continuous revenue stream to sustain operations. The company is actively pursuing new contracts to supply services.

The company has not yet settled the final amount due to the Business Development Bank under the loan guarantees for Burry's Shipyard Inc, BSI. The amount outstanding on BDC loans owed by BSI is \$ 1,150,363. The guaranteed amounts that have not been recorded at January 31, 2019, since, this maybe reduced by a portion of the proceeds on the sale of the BSI property. Any net reduction due to BSI property sale was not determinable at the date of the review engagement report. There is also an on going insurance claim in that may result in a reduction of the BDC loan balance under guarantee. The success of the insurance claim and any likely settlement amount could not be determined at the date of the review engagement report.

The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Basis of Accounting

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for private enterprises. A summary of the significant accounting policies is as follows:

Norcon Marine Services Ltd.
Notes to the Financial Statements
(Unaudited)
January 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

- (a) Investment in land is stated at the lower of cost and net realizable value.
- (b) Property, plant and equipment are stated at cost less accumulated amortization. Amortization is calculated on the diminishing balance basis as follows:

| | |
|-----------|-----|
| Building | 4% |
| Computer | 30% |
| Equipment | 20% |
| Vehicle | 30% |
| Vessels | 15% |

- (c) Use of Estimates

The preparation of the Company's financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

- (d) Revenue Recognition

Revenue is recognized at the time of sale as all sales are cash on delivery.

- (e) Financial Instruments

The carrying value of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and income taxes approximates fair value due to the relatively short-term maturities of these instruments. Management believes that there are no significant risks associated with the financial instruments.

- (f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and balances with the bank.

- (g) Income Taxes

The company uses the taxes payable method. Under this method, the company reports as an expense of the period only the cost of current income taxes determined in accordance with the rules established by the taxation authorities.

2. PROPERTY, PLANT AND EQUIPMENT

| | 2019 | | 2018 | |
|-----------|---------------------|---------------------------------|-----------------------|-----------------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Land | \$ 12,270 | | \$ 12,270 | \$ 12,270 |
| Building | 20,382 | \$ 7,539 | 12,843 | 13,378 |
| Equipment | 451,479 | 235,262 | 216,217 | 1,014,726 |
| Vessels | 11,435,402 | 5,591,142 | 5,844,260 | 6,720,691 |
| Vehicles | 164,751 | 53,148 | 111,603 | 97,047 |
| Computer | 24,290 | 14,777 | 9,513 | 13,590 |
| | <u>\$12,108,574</u> | <u>\$ 5,901,868</u> | <u>\$ 6,206,706</u> | <u>\$ 7,871,702</u> |

Norcon Marine Services Ltd.
Notes to the Financial Statements
(Unaudited)
January 31, 2019

3. LONG TERM DEBT

| | <u>2019</u> | <u>2018</u> |
|--|-------------|--------------|
| Business Development Bank of Canada loan, secured by specific vessel, interest at prime minus 0.05%, repayable in 1 installment of \$37,470 and 71 installments of \$37,430, maturing July 2020. The security has a net book value of \$1,847,000. | \$ 748,600 | \$ 1,122,900 |
| Business Development Bank of Canada loan, interest at prime plus 0.3%, repayable in monthly installments of \$2,084 maturing in 2019. Unsecured loan. | 4,168 | 29,176 |
| Business Development Bank of Canada, working capital loan, repayable in monthly installments of \$1,389, maturing November 2024. Secured by director's guarantee. | 97,222 | 100,000 |
| Ford Credit Canada loan repayable in monthly installments of \$ 659 including interest at 9% maturing March 2022. Secured by a specific vehicle with a net book value of \$ 24,650. | 33,598 | |
| Central Business Development Corporation loan, repayable in monthly installments of \$3,160 including interest at 9% maturing August 2021. Secured by director's guarantee. | 125,760 | 151,116 |
| Central Business Development Corporation loan, repayable in monthly installments of \$5,297 including interest at 7% maturing November 2017. Secured by directors. | | 150,000 |
| Central Business Development Corporation loan, repayable in monthly installments of \$3,114 including interest at 9.7% maturing November 2022. Secured by director's guarantee. | 120,754 | |
| Business Development Bank of Canada loan, secured by specific asset, repayable in monthly installments of \$6,940 plus interest at BDC's floating base rate plus 1.9%, maturing in January 2025. | 42,680 | 500,000 |
| Ritchie Bros, loan on specific equipment, repayable in monthly installments of \$3,920 including interest at 5.5% maturing May 2022. | | 181,419 |
| Ritchie Bros, loan on specific equipment, repayable in monthly installments of \$4,118 including interest at 5.75% maturing May 2020. | | 107,909 |

Norcon Marine Services Ltd.
Notes to the Financial Statements
(Unaudited)
January 31, 2019

3. LONG TERM DEBT (Cont'd)

| | <u>2019</u> | <u>2018</u> |
|---|-----------------------------|------------------------|
| Royal Bank of Canada loan, secured by a specific vehicle, repayable in monthly installments of \$1,359 including interest, maturing December 2022. The carrying value of the security is \$ 40,600. | 39,757 | |
| Scotiabank, loan on specific equipment, repayable in monthly installments of \$1,666 including interest at 3.73%, maturing June 2021. | 13,945 | 64,048 |
| Scotiabank, capital financing/lease agreement, secured by First Statutory Ship's Mortgage over the MV Triton, repayable in monthly installments of \$27,750 including interest at 4.33%. The financing agreement is for a term of 60 months with a 84 month amortization period. Maturing September 2022. The vessel has a carrying value of \$2,560,000. | 1,654,873 | 1,912,860 |
| Roynat Lease Finance, capital lease agreement, secured by specific equipment with a net carrying amount of \$13,454, repayable in monthly installments of \$623 including interest at 5.74%, maturing March 2018. | <u> </u> | <u> 1,246</u> |
| | 2,881,357 | 4,320,674 |
| Less current portion of long term debt | <u>872,776</u> | <u>994,649</u> |
| | <u>\$ 2,008,581</u> | <u>\$ 3,326,025</u> |

Principal obligations required to meet debt obligations over the next five years are as follows:
2020 - \$ 872,776; 2021 - \$681,483; 2022 - \$387,099; 2023 - \$391,815 and 2024 - \$206,047.

4. RELATED PARTY TRANSACTION

During the year the company purchased vessel repairs and maintenance and vessel upgrades from related company Burry's Shipyard Inc. for \$ 94,691 (2018 - \$ 2,379,544). The company issued invoices to Burry's Shipyard Inc. for goods and services in the amount of \$ 19,771. The company paid expenses and advances on behalf of Burry's Shipyard Inc. in the amount of \$382,113. During the year the company wrote-off amounts due from Burry's Shipyard Inc in the amount of \$ 479,010. Salaries were paid to managing directors in the amount of \$ 224,700 (2018 - \$566,750).

Norcon Marine Services Ltd.
Notes to the Financial Statements
(Unaudited)
January 31, 2019

5. DUE TO RELATED PARTIES

Tower Equestrian Association Inc. is a non-profit organization managed by a director of Norcon Marine Services Ltd. All other companies are under common control. These balances are not considered currently due or payable and consist of the following:

| | <u>2019</u> | <u>2018</u> |
|--|-------------------|-------------------|
| Due (from) Related Parties: | | |
| Due (from) Burry's Shipyard Inc. | | \$ (6,257) |
| Due (from) 76633 NL & Lab Inc. | | (75,500) |
| Due (from) Tower Equestrian Association Inc. | | <u>(36,404)</u> |
| | | \$ (118,161) |
| Allowance for bad debt | | <u>118,161</u> |
| | | <u>\$ NIL</u> |
| Due to Associated Companies: | | |
| Due to Eastern Foundry Ltd. | \$ 440,694 | \$ 440,694 |
| Due to Clarenville Drydock Ltd. | <u>330,000</u> | <u>330,000</u> |
| | <u>\$ 770,694</u> | <u>\$ 770,694</u> |

6. BANK INDEBTEDNESS

The company has a line of credit in the amount of \$500,000 at an interest rate of prime plus 2.5% with the Bank of Nova Scotia. The Credit Limit is secured by a General Security Agreement, the company's trade receivables and inventories, assignment of life insurance and guarantees of the directors.

7. SECURITY DEPOSITS

This represents performance security deposits advanced to the Provincial Government that may be called by the Government to recover any costs resulting from any default of the contractor, including but not limited to violation of Legislation. The contracts had been extended to March 31, 2019 and have been subsequently ceased.

8. INCOME TAXES

The company's effective tax rate is 30% on income greater than \$500,000 and 13% on income less than \$500,000. The company has timing differences in the amount of \$201,280 related to the claiming of capital cost allowance for income tax purposes versus amortization for accounting purposes. The unrecorded future income taxes liability related to the reversal of these timing differences is \$26,166.

9. INVESTMENTS IN LAND

The company's acquired land at a cost of \$ 312,982. The land has been listed for resale for several years but has not sold and therefore management has written down the value to an estimated net realizable value of \$ 260,000.

10. ECONOMIC DEPENDANCY

The company generates the majority of its revenue from the contracts for vessel charter with the Province of Newfoundland and Labrador. The company is economically dependant on these contracts which expire March 31, 2019. The company was not successful in renewing its ferry contracts with the Province and is now pursuing additional vessel charter contracts in the aquaculture industry.

11. COMMITMENTS, CONTRACTS AND SUBSEQUENT EVENTS

The company had guaranteed loans for Burry's Shipyard Inc, a commonly controlled company. As explained in Note 1 above, Burry's Shipyard Inc., had filed a Notice of Intention to Make a Proposal (the "NOI Filing") under subsection 50.4(1) of the Bankruptcy and Insolvency Act ("BIA") on July 10, 2018 (the "Effective Date"). Deloitte Restructuring Inc. ("Deloitte") was appointed as the Licensed Insolvency Trustee under the NOI Filing and on October 27, 2018 the company declared bankruptcy. The company has provided a 100% guarantee for Burry's Shipyard Inc. loans to the Business Development Bank totalling \$ 1,150,363. At the date of completing the review engagement report the final amount due to the Business Development Bank of Canada has not been settled since any reduction due to the sale of BSI property was not determinable. No amount has been recorded for this obligation at January 31, 2019.

A long term contract with Northern Harvest Limited regarding the MV Norcon Triton terminated June 30, 2019.

There is an on going insurance claim that could reduce the loan balance due to the BDC by BSI and guaranteed by the company. The likelihood and any settlement amount of the claim could not be determined at July 31, 2019.

APPENDIX D: CASH FLOW RECONCILATION

Norcon Marine Service Limited
Cash Flow Reconciliation
For the period November 25, 2019 to December 6, 2019

| | Week ending 11/29/2019 | | | Week ending 12/6/2019 | | | Cumulative | | |
|---|------------------------|--------|----------|-----------------------|----------|----------|------------|--------|----------|
| | Projected | Actual | Variance | Projected | Actual | Variance | Projected | Actual | Variance |
| Opening cash balance | - | - | - | 61,294 | 61,288 | (6) | - | - | - |
| Cash inflow | | | | | | | | | |
| Collection of existing accounts receivable | 96,313 | 96,313 | - | - | - | - | 96,313 | 96,313 | - |
| Collection of sales - MV Triton | - | - | - | - | - | - | - | - | - |
| Collection of sales - Charters | - | - | - | - | - | - | - | - | - |
| Collection of sales - Materials | - | - | - | - | - | - | - | - | - |
| Total inflows (A) | 96,313 | 96,313 | - | - | - | - | 96,313 | 96,313 | - |
| Cash outflows | | | | | | | | | |
| Operating expenses | | | | | | | | | |
| Compensation and related expenses | 33,785 | 33,785 | - | 23,037 | 23,035 | - | 56,822 | 56,821 | 1 |
| Vessel related expenses | - | - | - | - | 200 | (200) | - | 200 | (200) |
| Occupancy and general administration expenses | 1,234 | 1,239 | (5) | 3,865 | 9,639 | (5,774) | 5,099 | 10,878 | (5,779) |
| | 35,019 | 35,024 | (5) | 26,902 | 32,874 | (5,972) | 61,921 | 67,898 | (5,977) |
| Professional fees | | | | | | | | | |
| BoyneClarke LLP | - | - | - | 4,100 | 4,300 | (200) | 4,100 | 4,300 | (200) |
| Deloitte Restructuring Inc. | - | - | - | - | - | - | - | - | - |
| McInnes Cooper | - | - | - | - | - | - | - | - | - |
| | - | - | - | 4,100 | 4,300 | (200) | 4,100 | 4,300 | (200) |
| HST payable or (refund) | - | - | - | - | - | - | - | - | - |
| Total outflows (B) | 35,019 | 35,024 | (5) | 31,002 | 37,174 | (6,172) | 66,021 | 72,199 | (6,178) |
| Weekly cash flow (A-B) | 61,294 | 61,288 | (5) | (31,002) | (37,174) | (6,172) | 30,292 | 24,114 | (6,178) |
| Projected ending cash balance | 61,294 | 61,288 | (6) | 30,292 | 24,114 | (6,178) | 30,292 | 24,114 | (6,178) |