

District of: Newfoundland and Labrador

Division No: 01 – Newfoundland and Labrador

Court No: 22164

Estate No: 51-2397788

Supreme Court of Newfoundland and Labrador

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF:**

BURRY'S SHIPYARD INC.

**Fourth Report of the Licensed Insolvency Trustee
pursuant to sections 50.4(7)(b)(ii) and 50.4(9) of the
Bankruptcy and Insolvency Act ("BIA")**

**PROPOSAL TRUSTEE
DELOITTE RESTRUCTURING INC.**

October 24, 2018

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1. INTRODUCTION AND BACKGROUND

- 1.1 Burry's Shipyard Inc. ("Burry" or the "Company") was incorporated in Newfoundland and Labrador on December 20, 2011. The shares of Burry are equally owned by Glenn and Sonia Burry, who are married to each other.
- 1.2 Burry operates a shipyard located in Clarenville, Newfoundland and Labrador specializing in machining, fabrication, maintenance and the refit of vessels under 650 tonnes. Key customers of Burry include the Government of Newfoundland and Labrador, the Government of Canada, Canadian Coast Guard, Norcon Marine Services Limited and commercial fishing vessels.
- 1.3 Burry also operates two distinctive divisions: Eastern Foundry and Manta Ray Boats Inc. ("Manta Ray"). Eastern Foundry manufactures zinc and aluminum sacrificial anodes for marine and offshore applications. Manta Ray manufactures and sells fiberglass boats for pleasure and commercial markets.
- 1.4 On July 10, 2018, Burry filed a Notice of Intention to Make a Proposal pursuant to section 50.4 of the BIA (the "NOI Filing"). Deloitte Restructuring Inc. ("Deloitte") was appointed as the Licensed Insolvency Trustee (the "Proposal Trustee") under the NOI Filing.
- 1.5 On August 2, 2018, the Supreme Court of Newfoundland and Labrador (the "Court") granted an order providing an administrative charge covering the professional fees of the Proposal Trustee, counsel to the Proposal Trustee and Burry's legal counsel (the "Administrative Order").
- 1.6 In addition, on August 2, 2018, the Court granted an order extending the stay of proceedings from August 9, 2018 up to and including September 21, 2018 (the "First Extension Order").
- 1.7 On September 21, 2018, the Court granted an order that the confidential addendum to the Second Report of the Proposal Trustee remain sealed (the "Sealing Order").
- 1.8 In addition, on September 21, 2018, the Court granted an order extending the stay of proceedings from September 21, 2018 up to and including October 5, 2018 (the "Second Extension Order").
- 1.9 On October 5, 2018, the Court granted an order extending the stay of proceedings from October 5, 2018 up to and including October 26, 2018 (the "Third Extension Order").
- 1.10 In addition, on October 5, 2018, the Court granted two sealing orders, the first sealing the confidential addendum to the Third Report of the Proposal Trustee (the "Second Sealing Order") and the second sealing the affidavits of Robert Prince and Allison Philpott (the "Third Sealing Order").
- 1.11 The Proposal Trustee advises that this report (the "Fourth Report") should be read in conjunction with a letter from Tim Hill, Q.C., counsel of the Company dated October 24, 2018, informing that the Company does not intend to seek a further extension to the NOI proceedings on October 26, 2018 and that the scheduled hearing may be removed from the Court's docket.

2. TERMS OF REFERENCE

- 2.1 In preparing this Fourth Report, the Proposal Trustee has relied upon financial information of the Company, discussions with the Company's management ("Management") and BoyneClarke LLP, the Company's legal counsel.

- 2.2 The financial information of the Company has not been audited, reviewed or otherwise verified by the Proposal Trustee as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally accepted accounting principles and the reader is cautioned that the Fourth Report may not disclose all significant matters about the Company. Additionally, none of our procedures were intended to disclose defalcations or other irregularities. Were we to perform additional procedures or to undertake an audit examination of the financial statements in accordance with generally accepted auditing standards, additional matters may have come to our attention. Accordingly, the Proposal Trustee does not express an opinion or provide any other form of assurance on the financial or other information presented herein. The Proposal Trustee may refine or alter its observations as further information is obtained or brought to its attention after the date of the Fourth Report.
- 2.3 The Proposal Trustee assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction or use of the Fourth Report. Any use which any party makes of the Fourth Report, or any reliance or decisions to be made on the Fourth Report, is the sole responsibility of such party.
- 2.4 All dollar amounts identified in the Fourth Report are expressed in or converted to Canadian dollars.
- 2.5 The Fourth Report utilizes defined terms contained within the First, Second and Third Reports.
- 2.6 The purpose of the Fourth Report is to provide this Court with the following:
- (i) A summary of the Company's activities since the date of the Third Report;
 - (ii) An update with respect to the Sales Process;
 - (iii) An overview of the Company's search for an alternative financing arrangement;
 - (iv) A review of actual Company cash flows against the Second Report Cash Flow Projection for the period of September 8 to October 19, 2018; and
 - (v) Information regarding the Company's pending deemed assignment into bankruptcy.

3. COMPANY'S ACTIVITIES

- 3.1 Since the date of the Third Report, the Company's activities have included, but were not limited to:
- (i) actively taking part in ongoing discussions with the Proposal Trustee and its legal counsel regarding various administrative issues with respect to the Company;
 - (ii) working with the Proposal Trustee and its senior secured lenders to formulate a counter offer in relation to the ongoing Sales Process;
 - (iii) working with the Proposal Trustee and its legal counsel to evaluate potential restructuring alternatives; and
 - (iv) working with the Proposal Trustee to monitor actual cash flow and reporting on variances to the Second Report Cash Flow Projection.

4. THE SALES PROCESS

- 4.1 In a sealed addendum to the Third Report dated October 4, 2018 (the "Addendum"), the Proposal Trustee informed the Court that the Company had received a letter of intent from Heddle Marine Services Limited (the "Heddle LOI") on October 4, 2018 for the majority of the Company's assets.

- 4.2 As indicated in their verbal testimony before the Court on October 5, 2018, legal counsel of the Company and legal counsel of BDC indicated that the Heddle LOI was considered unacceptable consideration in its current form.
- 4.3 Additionally on October 5, 2018, legal counsel of the Proposal Trustee informed the Court that the Company had not yet had an opportunity to formulate a counter offer to Heddle.
- 4.4 On October 9, 2018, the Proposal Trustee held numerous discussions with the Company, its legal counsel and the senior secured creditors in order to formulate a mutually acceptable counter offer (the "Counter Offer"). A copy of which is enclosed as Appendix A to the Fourth Report.
- 4.5 On October 10, 2018, the Proposal Trustee provided representatives of Heddle with the Counter Offer. In its correspondence, the Proposal Trustee indicated that a response to the Counter Offer was required prior to 5PM Atlantic Standard Time ("AST"), October 15, 2018.
- 4.6 On October 15, 2018, the Proposal Trustee was contacted by a representative of Heddle requesting an extension of the deadline until 5PM AST, October 17, 2018. Following correspondence with the Company, the Proposal Trustee granted this extension and informed the senior secured creditors.
- 4.7 On October 17, 2018, the Proposal Trustee was informed by representatives of Heddle that it was not willing to increase the value offered under the Heddle LOI, however the original offer under the Heddle LOI was still available. Following this correspondence, the Proposal Trustee provided an update to the Company and the senior secured creditors.
- 4.8 Based on the discussions held to date with the Company and the senior secured creditors, the Proposal Trustee is of the opinion that the Heddle LOI does not offer a viable restructuring option as at the date of the Fourth Report.

5. ALTERNATIVE FINANCING

- 5.1 In its Third Report to the Court dated October 4, 2018, the Proposal Trustee informed the Court of a draft term sheet (the "Draft Term Sheet") received by the Company from Next Edge Commercial Finance ("Next Edge").
- 5.2 Additionally, the Proposal Trustee also informed the Court that Next Edge was evaluating the merits of proposed amendments to the Draft Term Sheet and that as at the time of the hearing on October 5, 2018, the Proposal Trustee had not received an update from Next Edge or the Company.
- 5.3 On October 9, 2018, the Proposal Trustee requested an update from the Company regarding the status of the Draft Term Sheet. At this time, the Proposal Trustee was informed by the Company that Next Edge was no longer interested in pursuing an alternative financing arrangement.
- 5.4 On October 10, 2018, the Proposal Trustee held discussions with the Company and Brian Conrad, an advisor assisting the Company in sourcing an alternative financing arrangement. At this time, the Proposal Trustee was advised that the Company was negotiating an engagement letter with Spergel Corporate Finance Inc. ("Spergel") whereby Spergel would be engaged to connect the Company with potential alternative lenders.
- 5.5 During the discussions on October 10, 2018, the Proposal Trustee informed the Company and its advisor that the Proposal Trustee should be included in all engagement letter discussions in order to ensure that appropriate deadlines were established given the short extension period.

- 5.6 On October 15, 2018, the Company executed an engagement letter with Spergel. On October 16, 2018, the Proposal Trustee was provided an executed copy of the Spergel engagement letter, a copy of which is enclosed as Appendix B to the Fourth Report.
- 5.7 Also on October 15, 2018, the Company executed an engagement letter with Vinecrest Investments LLC ("Vinecrest") whereby Vinecrest would also be engaged to connect the Company with potential alternative lenders.
- 5.8 On October 16, 2018, the Proposal Trustee was provided an executed copy of the Vinecrest engagement letter a copy of which is enclosed as Appendix C to the Fourth Report.
- 5.9 As at the date of the Fourth Report, the Company has not received a term sheet despite the engagements of Spergel and Vinecrest.

6. ACTUAL CASH FLOW

- 6.1 The Company previously filed with the Court the Second Report Cash Flow Projection pursuant to Section 50.4(2)(a)(b)(c) of the BIA for the eight-week period September 8 to November 2, 2018.
- 6.2 The Proposal Trustee has prepared a reconciliation of the actual cash flow for the six-week period September 8 to October 19, 2018 as compared to the Second Report Cash Flow Projection (the "Cash Flow Reconciliation"), which is contained within Appendix D to the Fourth Report.
- 6.3 The Proposal Trustee offers the following commentary with respect to material variances contained within the Cash Flow Reconciliation. These variances related to professional fees as follows:
 - (i) The unfavorable variance related to the fees of BoyneClarke relate primarily to higher than anticipated professional time required due to increased travel requirements, and the relatively short cadence of extensions received.
 - (ii) The favorable variance related to the fees of Stewart Mckelvey is both timing and structural in nature. The Company is anticipating the receipt of a \$4 thousand invoice during the week ending October 26, 2018. The remaining variance is driven by a lower level of involvement in the proceedings by BNS than what was originally projected.
 - (iii) The unfavorable variance relating to the fees of Vinecrest is structural in nature as the Second Report Cash Flow Projection did not anticipate the engagement of financial advisors to investigate potential sources of alternative financing.

7. DEEMED BANKRUPTCY ASSIGNMENT

- 7.1 Pursuant to the letter from Tim Hill, Q.C., counsel of the Company dated October 24, 2018, the Proposal Trustee has been advised that the Company does not intend to seek any further extensions to NOI Proceedings.
- 7.2 Pursuant to the section 50.4 (8) of the Bankruptcy and Insolvency Act, the Company will be deemed to have made an assignment into bankruptcy effective October 27, 2018.

8. CONCLUSION

- 8.1 The Fourth Report has been prepared to provide this Court with information regarding the activities of the Company since the Third Report, an update regarding the Sales Process, the Company's search for alternative financing, a review of the Second Report Cash Flow Projection, and the Company's pending deemed assignment into bankruptcy.

Fourth Report of Deloitte Restructuring Inc.
Estate No.: 51-2397788
October 24, 2018

All of which is respectfully submitted this 24th day of October, 2018.

DELOITTE RESTRUCTURING INC.

Acting in its capacity as
Licensed Insolvency Trustee under the Notice of Intention to Make a Proposal of
Burry's Shipyard Inc.
and not in its personal capacity

Per:

A handwritten signature in black ink, appearing to read "Neil Jones", written over a faint circular stamp.

Neil Jones, CPA, CA, CIRP, LIT
Vice President

APPENDIX A – COUNTER OFFER

October 10, 2018

Via email

Dennis Thorne
President
Heddle Marine Service (NL) Inc.
30 Dundee Ave.
Mount Pearl, NL A1N 4R7

Dear Sir,

Subject: Response to the Letter of Intent ("LOI") received on October 4, 2018

We write to provide a formal response to the LOI received from Heddle Marine Service NL Inc. ("Heddle") on October 4, 2018. As outlined in the LOI, Heddle has offered to purchase the assets described below (the "LOI Assets") for an amount of CAD \$500,000. The LOI Assets include the main office building, foundry building and equipment therein, machine shop and equipment therein, winch house, and marine railway system.

Management of Burry's Shipyard Inc. ("BSI") have advised Deloitte that the offer contemplated in the LOI is not acceptable in its current form. In response, management of BSI proposes a counter offer to Heddle for the amount of **CAD \$1,000,000**. The proposed LOI Assets are acceptable to BSI pending any final negotiations with Heddle. However, management of BSI advise that certain equipment items contemplated in the LOI (specifically some of the equipment located within the machine shop) are subject to existing lease arrangements. A list outlining all equipment subject to capital lease is enclosed as Appendix A to this letter.

This counter offer is non-binding and shall form the basis and is to be superseded by an asset purchase agreement which is to be negotiated at a future date. This counter offer will, unless extended by agreement in writing by Deloitte, expire after **5:00PM Atlantic Standard Time, October 15, 2018**. We would appreciate a response prior to this time.

Sincerely,

DELOITTE RESTRUCTURING INC.

Acting in its capacity as Licensed Insolvency Trustee under the Notice of Intention to Make a Proposal of Burry's Shipyard Inc. and not in its personal capacity

Per:



Kurt MacLeod, MBA
Manager

Appendix A: Equipment subject to capital lease and loan agreements

The following equipment descriptions are based on the books and records of BSI and have not been audited, reviewed or otherwise verified by Deloitte.

Equipment subject to capital lease:

- Big Blue 450 Duo Welder
- Air Compressor and Equipment
- 2014 Yale GPO80VX Forklift S/N J813V02718M
- Tum-3vs Milling Machine 575V 3
- Lathe and Drill equipment including:
 - KLS-1860G 18X60 Kent Lathe With 3in Spindle Bore, 7.3 HP 230V 3PH C/W 2-Axis Newall Digital Readout
 - King 7x12In H/V Bandsaw W/Gear Drive 1HP 110V 1PH
 - King KC-1440ML-6 14X40 Metal Lathe 2HP 220V 1PH
 - Fagor 8X40 Travel 2-Axis Lathe Dro Package
 - King 21in Gear Head HD Drill Press 1.5 HP 220V 1PH

- 2009 and 2011 Millerelec Big Blue 500 D 500 AMP Diesel Welders
- JCB Backhoe Loader with Snowblade and Fork attachments
- 2017 Sahinler 4-Roll Plate Bending Roll
- 2016 Ford F250 S/N 1FT7W2BT4GEC92927
- 2016 Ford F250 S/N 1FT7W2BT8GEC27420
- 2015 Mercedes-Benz Sprinter 2500 S/NWDZBE8CC2F5996296

APPENDIX B – SPERGEL ENGAGEMENT LETTER

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT (the "Agreement") dated this 15th day of October 2018.

BETWEEN:

Burry Group of Companies located at 3 Wharf Road, Clarenville, NL, A5A 2B2
(the "Client")

- AND -

Spergel Corporate Finance Inc. located at 505 Consumers Road, Suite 200,
Toronto, ON, M2J 4V8

("SCF")

BACKGROUND

- A. The Client is of the opinion that SCF has the necessary qualifications, experience and abilities to provide consulting services to the Client.
- B. SCF is agreeable to providing such consulting services to the Client on the terms and conditions set out in this Agreement.

IN CONSIDERATION OF the matters described above and of the mutual benefits and obligations set forth in this Agreement, the receipt and sufficiency of which consideration is hereby acknowledged, the Client and SCF (individually the "Party" and collectively the "Parties" to this Agreement) agree as follows:

Services Provided

The Client hereby agrees to engage SCF to provide the Client with the following consulting services (the "Services"):

- Gathering the relevant financial and background information from the client
- Analysis of the above information
- Preparation of the financing proposal ("CIM")
- Exchange of information with potential financing resources (Financing Resources)

Handwritten initials

- Meetings, travel, communication as required
- Review of any financing proposals issued by Financing Resources and renegotiation as appropriate

The Services will also include any other consulting tasks which the Parties may agree on. SCF hereby agrees to provide such Services to the Client.

Exclusivity

Client engages SCF on an exclusive basis and therefore agrees to inform SCF of all contacts with Financing Resources that occur during the term of this Agreement. Client's obligation to SCF shall arise regardless of any specific involvement of SCF. SCF's fee shall be considered earned if funds are obtained from any Financing Resource, its associates or related parties during the term of this Agreement. This clause does not apply to one firm, VineCrest Investments LLC, 100S Ashley Drive, Suite 600, Tampa, Florida.

Term of Agreement

This Agreement shall remain in effect for six (6) months from the date executed and shall continue thereafter until cancelled by either party upon 30 days written notice. SCF shall be entitled to the Success Fee hereunder for the two (2) year period following termination of this Agreement for Financing Resources that SCF identified by written notice to Client at any time prior to the effective date of such Termination.

Performance

The Parties agree to do everything necessary to ensure that the terms of this Agreement take effect.

Currency

Except as otherwise provided in this Agreement, all monetary amounts referred to in this Agreement are in Canadian Dollars (CAD).

Compensation

1. SCF will charge the Client as follows (the "Compensation"):
 - Work fee of \$3500 plus HST payable upon signing of this Consulting Agreement
 - Success fee of 2.0% plus HST of the approved credit facility. This fee is earned and payable at the time of the initial advance to the client and will be paid directly by the funder to SCF.

- In the event that the Financing Resource(s) increases the Client's credit facility(ies) within one (1) year of the initial advance date, SCF shall be entitled to a fee of 2.0% of the incremental amount which will be paid directly by the Financing Resource(s) to SCF upon approval of the increased credit facility(ies).
2. In the event that this Agreement is terminated by the Client prior to completion of the Services but where the Services have been partially performed, the Work Fee is deemed to have been earned and SCF will be entitled to retain the full payment provided that there has been no breach of contract on the part of SCF.
 3. The Compensation as stated in this Agreement does not include sales tax, or other applicable duties as may be required by law. Any sales tax and duties required by law will be charged to the Client in addition to the Compensation.
 4. SCF will be reimbursed from time to time for reasonable and necessary expenses incurred by SCF in connection with providing the Services. All expenses must be pre-approved by the Client.

Confidentiality

1. Confidential information (the "Confidential Information") refers to any data or information relating to the Client, whether business or personal, which would reasonably be considered to be private or proprietary to the Client and that is not generally known and where the release of that Confidential Information could reasonably be expected to cause harm to the Client.
2. SCF agrees that they will not disclose, divulge, reveal, report or use, for any purpose, any Confidential Information which SCF has obtained, except as authorized by the Client or as required by law. The obligations of confidentiality will apply during the term of this Agreement and will survive indefinitely upon termination of this Agreement.
3. All written and oral information and material disclosed or provided by the Client to SCF under this Agreement is Confidential Information regardless of whether it was provided before or after the date of this Agreement or how it was provided to SCF.



Ownership of Intellectual Property

1. All intellectual property and related material, including any trade secrets, moral rights, goodwill, relevant registrations or applications for registration, and rights in any patent, copyright, trademark, trade dress, industrial design and trade name (the "Intellectual Property") that is developed or produced under this Agreement, will be the sole property of the Client. The use of the Intellectual Property by the Client will not be restricted in any manner.
2. SCF may not use the Intellectual Property for any purpose other than that contracted for in this Agreement except with the written consent of the Client. SCF will be responsible for any and all damages resulting from the unauthorized use of the Intellectual Property.

Return of Property

Upon the expiry or termination of this Agreement, SCF will return to the Client any property, documentation, records, or Confidential Information which is the property of the Client.

Capacity/Independent Contractor

In providing the Services under this Agreement it is expressly agreed that SCF is acting as an independent contractor and not as an employee. SCF and the Client acknowledge that this Agreement does not create a partnership or joint venture between them, and is exclusively, a contract for service.

Notice

All notices, requests, demands or other communications required or permitted by the terms of this Agreement will be given in writing and delivered to the Parties at the following addresses:

- a. Spergel Corporate Finance Inc., 505 Consumers Road, Suite 200, Toronto, ON, M2J 4V8
- b. Burry Group of Companies, 3 Wharf Road, Clarendville, NL, A5A 2B2

or to such other address as either Party may from time to time notify the other.

Indemnification

Except to the extent paid in settlement from any applicable insurance policies, and to the extent permitted by applicable law, each Party agrees to indemnify and hold harmless the other Party, and its respective affiliates, officers, agents, employees, and permitted successors and assigns against any and all claims, losses, damages, liabilities, penalties, punitive damages, expenses, reasonable legal fees and costs of any kind or amount whatsoever, which result from or arise out of any act or omission of the indemnifying party, its respective affiliates, officers, agents, employees, and permitted successors and assigns that occurs in connection with this Agreement. This indemnification will survive the termination of this Agreement.

Modification of Agreement

Any amendment or modification of this Agreement or additional obligation assumed by either Party in connection with this Agreement will only be binding if evidenced in writing signed by each Party or an authorized representative of each Party.

Time of the Essence

Time is of the essence in this Agreement. No extension or variation of this Agreement will operate as a waiver of this provision.

Assignment

SCF will not voluntarily, or by operation of law, assign or otherwise transfer its obligations under this Agreement without the prior written consent of the Client.

Entire Agreement

It is agreed that there is no representation, warranty, collateral agreement or condition affecting this Agreement except as expressly provided in this Agreement.

Enurement

This Agreement will enure to the benefit of and be binding on the Parties and their respective heirs, executors, administrators and permitted successors and assigns.



Titles/Headings

Headings are inserted for the convenience of the Parties only and are not to be considered when interpreting this Agreement.

Gender

Words in the singular mean and include the plural and vice versa. Words in the masculine mean and include the feminine and vice versa.

Governing Law

This Agreement will be governed by and construed in accordance with laws of the Province of Ontario, Canada.

Severability

In the event that any of the provisions of this Agreement are held to be invalid or enforceable in whole or in part, all other provisions will nevertheless continue to be valid and enforceable with the invalid or unenforceable parts severed from the remainder of this Agreement.

Waiver

The waiver by either Party of a breach, default, delay or omission of any of the provisions of this Agreement by the other Party will not be construed as a waiver of any subsequent breach of the same or other provisions.

Executed as of the day and year first above written at the City of Toronto, ON, Canada.

Spergel Corporate Finance Inc. ("SCF")

per:



Glen Dalzell

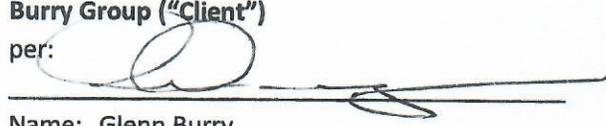
President

Tel: 416-498-4312

Email: gdalzell@spergel.ca

Burry Group ("Client")

per:



Name: Glenn Burry

Title: President

Tel: 709-466-7725

Email: glenn@theburrygroup.com

APPENDIX C – VINECREST ENGAGEMENT LETTER



ENGAGEMENT AGREEMENT FOR STRATEGIC ADVISORY SERVICES

Monday, October 15, 2018

WHEREAS, VINECREST INVESTMENTS, LLC. (hereafter **VCI**) with its office located at 100 S Ashley Drive #600 Tampa, Florida 33602 USA is engaged in the business, *inter alia*, of providing strategic advisory services and is a trade finance consultant for international trade finance credit facilities;

WHEREAS, BURRY'S SHIPYARD INC (hereafter **BSI**), with its corporate office located 3 Wharf Road, Clarenville, NL A5A 2B2, Canada this is a company looking to receive invoice financing for their fabrication business, and

WHEREAS, The parties wish to enter into this Agreement to define certain parameters of the scope of the project, future legal obligations, are bound by a duty of confidentiality with respect to investments, sources and contacts. For purposes of this agreement, the scope of the project is related to financial consulting to raise a capital investment partner to accomplish 2 goals; 1. Burry's Shipyard U S \$ 1,025,000 (mainly BDC loans) and, Norcon Marine U S \$ 375,000 (Scotiabank line of credit) to take out all debt of around Burry's Shipyard US \$ 1,025,000 (mainly BDC loans) and, Norcon Marine US \$2,415,000 (debt above plus mortgages on existing vessels). Burry's Shipyard debt is currently under a Notice of Intention to Make a Proposal (the NOI Filing) under subsection 50.4(1) of the Bankruptcy and Insolvency Act (BIA) as of July 10, 2018 with BDC (Business Development Bank of Canada), they currently have not filed bankruptcy, and 2. To acquire either an investor to provide long term investment to support both;

- a. Bid to purchase, modify and commission 2/3 ferries on a long-term government contract (approximately US \$ 3.0 million per vessel),
- b. Capital required for the purchase of one (or possibly more) aquaculture support vessels, similar to those already on contracted service with one of the world's largest salmon aquaculture firms (approximately US \$ 2.5 million per vessel),
- c. Capital required to support bid(s) for aquaculture barge construction (approximately US \$ 1,000,000 per vessel),

and or a buyer to buy out the company, the **proposed capital investment for BSI** (the "Project"). These duties are in accordance with the laws of the State of Florida. The undersigned desire to enter into a business relationship to the mutual and common benefit of the parties hereto, including affiliates, subsidiaries, stockholders, partners, co-ventures, trading partners, and other associated organizations (herein after referred to as 'Affiliates').

TCP/S



VINECREST Investments

NOW THEREFORE, in consideration of the mutual promises, assertions, and covenants herein and other good and valuable considerations, the Party hereby agrees as follows:

1. TERMS AND CONDITIONS

- A. The Party will not circumvent either Party in any manner, solicit, nor accept any business in any manner from sources who are not their Affiliates, which sources were made available through this Agreement, without the express written permission of the Party who made the source available.
- B. The Parties will maintain complete confidentiality regarding each other's business sources and/or their Affiliates and will disclose such business sources only to named parties pursuant to the express written permission of that Party, who made the source available for a period up to (three) 3 years.
- C. The Parties agree that in any of the transactions they are desirous of entering into and do enter into, they will to the best of their abilities assure one another that the transactions established will not be delayed, hindered nor affected by timely negligence of either Party.
- D. The Parties will not disclose names, addresses, email addresses, telephone and fax or telex numbers to any contacts by either Party to third parties, and each Party recognizes that- such contacts are the exclusive property of the respective parties and that they will not enter into any direct negotiations or transactions with such contacts revealed by the other Party for a period of (three) 3 years.
- E. The parties will not enter into business transactions with any entities, the names of which have been provided by one of the parties to this agreement for a period of (three) 3 years, unless written permission has been obtained from the other, Party(ies) to do so. For the sake of this agreement, it does not matter whether information obtained is from a natural or legal person.

The parties also agree not to make use of a third Party to circumvent this clause.

- F. In the event of circumvention of this Agreement by either Party(ies) directly or indirectly, the circumvented Party shall be entitled to the full commissions as per clause 7 (B) agreed to in this agreement for any contract or loan funded, provided such a transaction had actually occurred and had been fully funded.
- G. All consideration, benefits, bonuses, participation fees and/or commissions received as a result of the contributions of the parties in the Agreement, relating to any and all transactions will be allocated as agreed between the parties to this agreement. This Agreement will be governed in all respects by the laws of the STATE OF FLORIDA, in the UNITED STATES of AMERICA. The parties hereby consent to the exclusive jurisdiction of the state or federal courts located in the Hillsborough County, State of FLORIDA, UNITED STATES, for the resolution of any disputes arising out of this Agreement.
- H. The signing Parties hereby accept such selected jurisdiction as the exclusive venue.

Vinecrest Investments LLC
100 S. Ashley Drive, Suite 600
Tampa, Florida 33602
Tel: +1 (813) 397-3713
Email: info@vinecrestinvestments.com



VINECREST Investments

- I. The duration of this Agreement shall be valid for a period of (three) 3 years, from the date affixed above and shall apply to any and all transactions entertained by the parties hereto, including subsequent follow up, repeat, extended or renegotiated transactions, as well as the original transaction, regardless of the success of the project.
- J. The signatures on the Agreement received by the way of facsimile, mail or e-mail shall be deemed to be an executed contract. The Agreement is enforceable and admissible for all purposes as may be necessary under the terms of the Agreement.
- K. All signatories hereto acknowledge that they have read the foregoing Agreement and by their initials and signature that they have full and complete authority to execute the document for and in the name of the Party for which they have signed their signature.
- L. This document shall in no way be construed as being an agreement of partnership in such a way that any of the individual parties to this agreement shall have any claim against any separate dealings, ventures, or assets of any other Party, nor shall any Party be liable for any other parties commitments, or liabilities in business or personal dealings or situations.
- M. This agreement is not valid unless signed and exchanged by the respective Parties of this transaction.

3. AUTHORIZATION FOR RELEASE OF INFORMATION

BSI agrees by signing this Agreement that **VCI** may verify information contained in **BSI's** financials and other documents required in connection with the prospective projects. **BSI** agrees to provide to **VCI** and to the finance bankers introduced by **VCI** any and all documents that they request. Such information includes, but is not limited to, employment history and income, banking, lease contracts, account balance statements, credit references, copies of financial statements, income tax returns, and licenses.

VCI, or any banker and or investor introduced or otherwise engaged on **BSI's** behalf, may address this authorization to any Party named in the application.

4. OBLIGATIONS

During the term of this Agreement, **VCI** shall provide financial banking, and financial advisory consultation to **BSI** as both parties hereto deem appropriate. **VCI** shall provide the consulting services and introductions necessary for obtaining financing. **BSI** shall provide all documents required by **VCI** and the bankers and or investors, shall provide all agreements, contracts or other communication signed and entered into by the **BSI** with the sources that **VCI** has introduced **BSI** to.

5. ACKNOWLEDGMENT

BSI acknowledges that this Agreement is a not related to a secured investment governed by the United States Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA),

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the UK Financial Conduct Authority (FCA), the UK Prudential Regulation Authority (PRA), or other financial and/or investment regulatory authorities, even if either Party is a registered and qualified investor as classified by such terms.

BSI acknowledge that **VCI** is not acting in a capacity as a licensed security broker, and that the transactions for which the consulting financial advisor is hereby appointed is for strictly private and sourcing related matters, and does not involve the sale of registered securities are in no way, connected or related to the United States Securities Act of 1933 or any other SEC related regulations, regardless if any of the introducing insurance companies, lenders, bankers, traders or other financial services professionals are conducting regulated financial transaction or private placement transactions involving financial instruments on behalf of **BSI**. It is therefore fully known by **BSI** that this Agreement is based on the introduction to financial lending sources and financial consulting. As result there is no legal or financial argument as to the validity of paying the agreed consulting fees to **VCI** for the consideration and performance of transactions.

6. CONSIDERATION

VCI shall on behalf of **BSI** acts as a strategic financial advisory consultant, arranger, and introducer between the investment banks and investors as appropriately named as a financial consultant advisor to **BSI**.

- a) **VCI** will introduce and assist to facilitate **BSI** in presenting their investment opportunity to investment banks, M&A firms, and private investors. Final approval will be subject to final due diligence underwriting by the investment bank and or investors.
- b) **VCI** will work to provide proper background due diligence for the investor for the BSI Corporation, any correspondence, financials, and any other scope of work for funding.
- c) **VCI** create an investor presentation outlining the capital investment and or a complete buyout of **BSI**.

7. COMPENSATION

In consideration of the consulting services provided under this Agreement, **BSI** agrees to pay **VCI** the following application and financial consulting fee upon execution of said Agreement as follows:

- A. Upon signing of this Agreement **BSI** shall pay to **VCI** the sum of **(THREE-FIVE THOUSND DOLLARS) \$35,000.00**, in three installment payments as follows; 1. \$12,500.00 (TWELVE THOUSAND-FIVE HUNDRED DOLLARS) upon signing this agreement, and 2. \$12,500.00 (TWELVE THOUSAND-FIVE HUNDRED DOLLARS) 15 (FIFTEEN) days after first payment and 3. \$10,000 (TEN THOUSAND DOLLARS) another 15 days after second payment, all 3 payments shall be fully paid in 45 (FOUTRY-FIVE) days from date agreement is signed, and shall be

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paid for the remaining consulting fee agreement to **VCI**. In addition, all travel expenses (Flight, hotel, ground transportation, meals, and other expenses) will be in addition to the retainer fee and paid to **VCI**. Within 3 business days of **BSI** signing the Fee Agreement, **BSI** shall wire consulting fee in agreement;

1. We create an investment presentation to present to investment banks and investors.
2. Provide proper due diligence and documentation to the bank/investors for capital investment.
3. The consulting service fee is a **non-refundable** service fee for **VCI**'s services to facilitate funding. **VCI** will use its best efforts and commitment to represent the financial interests of **BSI** to obtain its financial goals.

8. NON CIRCUMVENTION/NON-SOLICITATION

At all times, **BSI** agrees that it shall not circumvent **VCI**'s financing efforts and shall not contact, directly or indirectly, any company, banker, investor, or trader with whom **VCI** has communicated with, introduced, or with whom **VCI** has approached on behalf of **BSI** and/or the Project.

BSI further acknowledges that any and all information provided to **VCI** is in direct response to this request and not due to any solicitation or request on the part of **VCI**.

In the event **BSI** breaches this Section 8, because damages will be difficult to measure, the parties agree that appropriate damages under this Section 8 shall be one percent (1%) of the total economic value that **BSI** receives from any such transaction. This Section 8 shall survive the termination of this agreement for a period of three (3) years after the termination or expiration of this agreement pursuant to the terms and conditions contained herein.

9. TERM OF THIS AGREEMENT

The term of this agreement shall be for a period of (three) 3 years which may be extended for additional terms upon written agreement by the parties hereto.

ACCEPTED AND AGREED WITHOUT CHANGE (FIRST PARTY):

Company: VINECREST INVESTMENTS LLC
Name: De Anna Guerreiro
Title: CEO
Address: 100 S Ashley Drive #600 Tampa, Florida 33602
Cell: 727-557-9794
Office: 813-397-3713

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100 S. Ashley Drive, Suite 600
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Tel: +1 (813) 397-3713
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VINECREST Investments

Fax: 813-397-3601
E-mail: deanna@vinecrestinvestments.com
Website: www.vinecrestinvestments.com

Dated: Monday, October 15, 2018

De Anna Guerreiro
Print

Signature



Company Seal

ACCEPTED AND AGREED WITHOUT CHANGE (SECOND PARTY):

Company: Burry's Shipyard Inc
Name: Sonia Burry
Title: CEO
Address: 3 Wharf Road, Clarenville, NL A5A 2B2, Canada
Direct: + 709-466-7725
Mobile: + 709-424-8661
E-mail: sonia@theburrygroup.com
Dated: Monday, October 15, 2018

Sonia Burry
Print

PER.
Sonia Burry

Signature



Company Seal

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APPENDIX D – CASH FLOW RECONCILIATION

Burry Shipyard Inc.																					
Variance analysis - Second Report Cash Flow Projection																					
For the period September 8 to October 19, 2018																					
Week ending (Friday)	9/14/2018			9/21/2018			9/28/2018			10/5/2018			10/12/2018			10/19/2018			Projected	Actual	Variance
	Projected	Actual	Variance	Projected	Actual	Variance	Projected	Actual	Variance	Projected	Actual	Variance	Projected	Actual	Variance	Projected	Actual	Variance			
Opening cash balance	232,318	232,318	-	226,494	226,611	117	166,222	168,362	2,139	139,236	159,995	20,759	100,648	107,513	6,865	86,394	104,262	17,867	232,318	232,318	-
Cash inflow																					
Collection of existing trade accounts	-	-	-	-	-	-	-	1,656	1,656	1,656	1,683	27	1,683	-	(1,683)	-	-	-	3,339	3,339	-
Cash sales	-	-	-	-	-	-	-	2,352	2,352	-	2,606	2,606	-	-	-	-	2,489	2,489	-	7,446	7,446
Total inflows A	-	-	-	-	-	-	-	4,008	4,008	1,656	4,288	2,632	1,683	-	(1,683)	-	2,489	2,489	3,339	10,785	7,446
Cash outflows																					
Operating costs																					
Compensation and related expenses	686	787	(100)	1,356	1,303	53	686	552	135	1,779	1,200	579	686	722	(35)	1,356	1,295	60	6,550	5,858	692
General operating expenses	300	83	218	2,213	165	2,048	300	1,823	(1,523)	13,465	11,640	1,825	250	83	168	2,163	383	1,779	18,690	14,176	4,514
	986	869	117	3,568	1,468	2,100	986	2,374	(1,388)	15,244	12,840	2,404	936	804	132	3,518	1,679	1,840	25,240	20,034	5,206
Professional Fees																					
Deloitte Restructuring Inc.	-	-	-	29,207	29,207	0	26,000	-	26,000	-	33,412	(33,412)	15,000	-	15,000	-	-	-	70,207	62,619	7,588
Patterson Law	-	-	-	2,450	-	2,450	-	-	-	5,000	-	5,000	-	2,447	(2,447)	-	-	-	7,450	2,447	5,003
Boyne Clarke	4,838	4,838	-	-	-	-	-	10,000	(10,000)	5,000	7,018	(2,018)	-	-	-	-	13,479	(13,479)	9,838	35,335	(25,497)
Cox & Palmer	-	-	-	25,046	26,022	(976)	-	-	-	-	-	-	-	-	-	-	-	-	25,046	26,022	(976)
Byron D. Smith CA	-	-	-	-	1,553	(1,553)	-	-	-	-	-	-	-	-	-	-	-	-	-	1,553	(1,553)
Stewart McKelvey	-	-	-	-	-	-	-	-	-	15,000	-	15,000	-	-	-	-	-	-	15,000	-	15,000
Spergel Commercial Finance Inc.	-	-	-	-	-	-	-	-	-	-	3,500	(3,500)	-	-	-	-	-	-	-	3,500	(3,500)
Vinecrest Investments LLC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,665	(16,665)	-	16,665	(16,665)
Total outflows B	4,838	4,838	-	56,703	56,781	(78)	26,000	10,000	16,000	25,000	43,931	(18,931)	15,000	2,447	12,553	-	30,144	(30,144)	127,541	148,141	(20,600)
Weekly cash flow (A-B)	(5,825)	(5,707)	117	(60,271)	(58,249)	2,022	(26,986)	(8,367)	18,620	(38,588)	(52,482)	(13,894)	(14,254)	(3,251)	11,003	(3,518)	(29,334)	(25,815)	(149,442)	(157,390)	(7,948)
Projected ending cash balance	226,494	226,611	117	166,222	168,362	2,139	139,236	159,995	20,759	100,648	107,513	6,865	86,394	104,262	17,867	82,876	74,928	(7,948)	82,876	74,928	(7,948)