

IN THE COURT OF KING'S BENCH OF NEW BRUNSWICK
TRIAL DIVISION
JUDICIAL DISTRICT OF SAINT JOHN

**IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c.C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF SOUTH SHORE SEAFOODS LTD.,
CAPTAIN COOKE'S SEAFOOD INC., BY THE WATER
SHELLFISH (2012) INC., CAN-AM LOBSTER & SHELLFISH
LTD., SOUTH SHORE SEAFOODS INTERNATIONAL LTD.,
BRIDGE LOBSTERS LIMITED, AND ARSENAULT'S FISH
MART INC. (each a "DEBTOR" and collectively the
"DEBTORS")**

BETWEEN:

THE TORONTO-DOMINION BANK

APPLICANT

- and -

**COURT OF KING'S BENCH
SAINT JOHN, N.B.
FILED / REGISTERED
JAN 25 2024
COUR DU BANC DU ROI
SAINT-JOHN, N.-B.
DEPOSE / ENREGISTRÉ**

**SOUTH SHORE SEAFOODS LTD., CAPTAIN COOKE'S
SEAFOOD INC., BY THE WATER SHELLFISH (2012) INC.,
CAN-AM LOBSTER & SHELLFISH LTD., SOUTH SHORE
SEAFOODS INTERNATIONAL LTD., BRIDGE LOBSTERS
LIMITED, AND ARSENAULT'S FISH MART INC.**

RESPONDENTS

**SIXTH REPORT OF THE MONITOR,
DELOITTE RESTRUCTURING INC.**

DATED JANUARY 24, 2024

INTRODUCTION

1. On September 21, 2023, Toronto-Dominion Bank (the "**Applicant**") brought an application (the "**Initial Application**") before the Court of King's Bench of New Brunswick Trial Division (the "**Court**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") to, among other things, obtain a stay of proceedings for the Debtors to allow them to prepare for a going concern sale of the Debtors' business while exploring other restructuring alternatives.
2. On that same day, the Court granted orders (the "**Initial Orders**") in these CCAA proceedings (the "**CCAA Proceedings**") that, among other things:
 - i. appointed Deloitte Restructuring Inc. ("**Deloitte**") as the monitor of the Debtors (the "**Monitor**");
 - ii. appointed David Boyd, a representative of Resolve Advisory Services Ltd. as the chief restructuring officer (the "**CRO**") of the Debtors;
 - iii. ordered a stay of proceedings in favor of the Debtors up to and including October 1, 2023 (the "**Stay Period**");
 - iv. granted an administration charge in the amount of \$250,000 (the "**Administration Charge**") in favour of the Monitor, Monitor's counsel, Applicant's counsel, Debtors' counsel (limited to an aggregate maximum amount of \$25,000), and the CRO;
 - v. granted a directors' charge in favour of the directors and officers of the Debtors in the amount of \$375,000 (the "**Directors' Charge**"); and
 - vi. approved an interim financing facility with a maximum borrowing limit of \$3,000,000 (the "**DIP Facility**") provided by the Applicant and granted a charge in favor of the Applicant (the "**DIP Lender's Charge**").
3. Included in the report of the Proposed Monitor dated September 18, 2023 (the "**Pre-Filing Report**"), was the Debtors' 13-week cash flow projection for the period September 23 to December 22, 2023 (the "**Cash Flow Statement**").
4. On September 22, 2023, the Service List was provided with the Pre-Filing Report that contained the Cash Flow Statement.

5. On September 25, 2023, the Service List was provided with the First Report of the Monitor along with the proposed amended and restated orders (the "**September 25 Draft ARIOs**") and the proposed SISP Order to be sought at the hearing scheduled for September 28, 2023 (the "**Comeback Hearing**").
6. On September 27, 2023, the Monitor provided the Court with a supplemental first report (the "**Supplemental Report**") that provided an update on the Debtors' liquidity and financial position after the issuance of the First Report including events that, in the Monitor's view, resulted in a material adverse change in the Debtors' financial position. In addition to the Supplemental Report, the Court was provided with revised amended and restated Initial Orders (the "**Revised ARIOs**") considering the matters disclosed in the Supplemental Report, which, amongst other things, significantly shortened the stay extension and deferred approval of the SISP. Copies of the Supplemental Report and the Revised ARIOs were provided to the Service List on the same day.
7. As part of the Comeback Hearing, the Court granted the Revised ARIOs in these CCAA Proceedings that, amongst other things:
 - i. ordered a stay of proceedings in favor of the Debtors up to and including October 6, 2023 (the "**Revised Stay Period**"); and
 - ii. increased the quantum of the Administration Charge from \$250,000 to \$500,000 in favour of the Monitor, Monitor's counsel, Applicant's counsel, Debtors' counsel (limited to an aggregate maximum amount of \$25,000) and the CRO.
8. On October 4, 2023, the Monitor provided the Court with a second report (the "**Second Report**") that:
 - i. provided an update on the Subject Transactions (as defined in the Second Report);
 - ii. provided an update on the magnitude of Pre-Filing Supplier Payments made by the Debtors;
 - iii. provided an update on the Debtors' financial position;
 - iv. provided an update on of the SISP; and
 - v. requested a further extension of the stay of proceedings to allow the Debtors and the Monitor to continue to work on a longer-term cash flow forecast.

9. On October 5, 2023, the Court granted an order (the "**Stay Extension Order**") extending the stay of proceedings to October 25, 2023 and scheduled the next motion in these CCAA Proceedings for the same day.
10. On October 16, 2023, the Monitor provided the Court with a third report (the "**Third Report**") that requested an order increasing the authorized borrowings under the DIP Facility from the principal amount of \$3,000,000 to \$4,000,000, which increase would be secured by the DIP Lender's Charge (the "**DIP Increase Order**").
11. On October 17, 2023, the Court granted the DIP Increase Order.
12. On October 23, 2023, the Monitor provided the Court with a fourth report (the "**Fourth Report**") that:
 - i. provided an update on the activities of the Debtor and the Monitor since the First Report;
 - ii. provided an update on the Subject Transactions;
 - iii. provided an overview of the Second Cash Flow Statement;
 - iv. requested further amendments to the Amended and Restated Initial Orders (the "**Second ARIOs**") including an extension of the stay of proceedings until January 31, 2024; and
 - v. requested the SISP Order.
13. On October 25, 2023, the Court granted the Second ARIOs and the SISP Order.
14. On December 20, 2023, the Monitor provided the Court with a fifth report (the "**Fifth Report**") that:
 - i. provided an update on the activities of the Debtors and the Monitor since the Fourth Report;
 - ii. provided an update on the financial position of the Debtors; and
 - iii. provided an update on the SISP, including the results at the Phase 1 Bid Deadline.

PURPOSE

15. The purpose of this sixth report (the "**Sixth Report**") is to provide information to the Court on:
- i. the Debtors' activities since the Fifth Report;
 - ii. the Monitor's activities since the Fifth Report;
 - iii. an update on the financial position of the Debtors;
 - iv. the Debtor's updated cash flow forecast for the period January 15 to May 5, 2024 (the "**Third Cash Flow Statement**");
 - v. an update on the SISP, including:
 - a) the results of the SISP up to and including the Phase 2 Bid Deadline;
 - b) the Monitor's analysis of and recommendation regarding the sale of substantially all of the property, assets and undertakings (the "**Purchased Assets**") of the Debtors (the "**Transaction**") to Phillips Bridge Seafood ULC (the "**Purchaser**"); and
 - c) the Monitor's request for an order approving the Transaction and vesting the Purchased Assets in the Purchaser (the "**AVO**").
 - vi. the Monitor's request for an order (the "**Ancillary Order**"):
 - a) approving the activities of the Monitor to date as outlined in the Fifth Report and Sixth Report;
 - b) extending the stay of proceedings to April 30, 2024, with the Monitor being obligated to provide an update to the Court and Service List as to the closing of the Transaction by no later than March 24, 2024;
 - c) enhancing the powers granted to the Monitor to allow it to assign any or all of the Debtors into bankruptcy and to act as the Licensed Insolvency Trustee (the "**Trustee**"), if deemed necessary by the Monitor; and
 - d) sealing certain aspects of the Transaction as contained within the confidential supplement to the Sixth Report (the "**Confidential Supplement**") until such time as the Transaction is closed or upon further order of this Court.
 - vii. the Monitor's request for an order (the "**Priority Claims Order**") that approves the Monitor's proposed priority claims procedures (the "**Priority Claims Process**").

TERMS OF REFERENCE AND DISCLAIMER

16. In preparing this Sixth Report and making the comments herein, the Monitor has been provided with, and has relied upon, audited and unaudited financial information, books and records and financial information prepared by the Debtors, discussions with management of the Debtors ("**Management**"), discussions with the CRO, and information from other third-party sources (collectively, the "**Information**"). Except as described in this Sixth Report in respect of the Third Cash Flow Statement:
- i. The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Generally Accepted Assurance Standards ("**Canadian GAAS**") pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under Canadian GAAS in respect of the Information.
 - ii. Some of the Information referred to in this Sixth Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.
17. Future oriented financial information referred to in this Sixth Report was prepared based on Management'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.
18. Unless otherwise indicated, the Monitor's understanding of the factual matters expressed in this Sixth Report concerning the Debtors and their businesses are based on the Information and not independent factual determinations made by the Monitor.

19. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars. Amounts converted from United States dollars have been converted at an exchange rate of 1.34:1.
20. Capitalized terms not otherwise defined herein are as defined in the various materials filed with the Court in these CCAA Proceedings which can be found on the Monitor's website at: <https://www.insolvencies.deloitte.ca/SouthShoreSeafoods> (the "**Monitors Website**").

ACTIVITIES OF THE DEBTORS

21. Since the Fifth Report, the activities of the Debtors have included, but have not been limited to the following:
 - i. working in conjunction with the Monitor and the CRO to collect outstanding accounts receivable and sell remaining inventory;
 - ii. participating in discussion with interested parties in the SISP and assisting the Monitor and CRO in addressing due diligence questions, information requests and site visits;
 - iii. providing regular updates, and financial information to the Monitor, the CRO and the Applicant; and
 - iv. working in consultation with the Monitor and the CRO to update weekly cash flow variance reports.
22. The Monitor wishes to advise the Court that it continues to receive co-operation from Management and the CRO in assisting it with the administration of these CCAA Proceedings.

ACTIVITIES OF THE MONITOR

23. Since the Fifth Report, the activities of the Monitor have included, but have not been limited to the following:
 - i. reviewing and approving all disbursements of the Debtors;
 - ii. reviewing the Debtors' financial reporting regarding availability under the DIP Facility;
 - iii. participating in regular update calls with Management regarding collection of accounts receivable and sales of inventory;
 - iv. working in conjunction with Management to signify certain aged accounts receivable;

- v. participating in calls with key stakeholders and or their representatives;
- vi. participating in weekly calls with the Applicant;
- vii. participating in calls with BDC;
- viii. participating in weekly calls with Management and the CRO to discuss working capital monetization and other operating issues;
- ix. Participating in discussions with EDC relating to potential claims under the EDC Insurance policy;
- x. preparation of and review weekly variance reports pertaining to the consolidated receipts and disbursements of the Debtors as compared to that contained within the Second Cash Flow Statement;
- xi. completing administrative activities pertaining to the SISP as further described in the Confidential Supplement;
- xii. participating in discussions with its legal counsel regarding operations and SISP related matters;
- xiii. in conjunction with the CRO, corresponding with and meeting with representatives of the Government of Prince Edward Island regarding the transfer of licenses and other regulator matters; and
- xiv. filing the Sixth Report and the Confidential Supplement with the Court.

FINANCIAL POSITION OF THE DEBTORS

- 24. In its Fourth Report, the Monitor provided the Court with the Second Cash Flow Statement representing Management's best estimate of the consolidated projected receipts and disbursements for the 17-week period from October 16, 2023 to February 4, 2024.
- 25. In its Fifth Report, the Monitor provided the Court with a summary of actual receipts and disbursements of the Debtors for the period October 16 to December 10, 2023.
- 26. The actual receipts and disbursements of the Debtors for the period October 16, 2023 to January 14, 2024 as compared to the Second Cash Flow Statement (the "**Variance Report**") is summarized in the table below. To maintain alignment with the Second Cash Flow Statement, amounts converted from United States dollars have been converted at an exchange rate of 1.36:1.

South Shore Seafoods Group Variance Report				
Opening Ending Description	16-Oct-23 14-Jan-24 Forecast	16-Oct-23 14-Jan-24 Actual	Variance	Variance
Opening net TD indebtedness	(9,359,422)	(9,361,461)	(2,039)	0%
Operating inflows				
Collection of pre-filing accounts receivable	5,003,295	4,551,663	(451,632)	-9%
Collection of new and post-filing sales	3,784,251	2,133,341	(1,650,910)	-44%
Collection of subject transaction amounts	-	453,322	453,322	n/a
Collection of HST	168,766	106,828	(61,938)	-37%
Other	-	120,856	120,856	n/a
	<u>8,956,312</u>	<u>7,366,011</u>	<u>(1,590,302)</u>	<u>-18%</u>
Operating outflows				
Payment of existing post-filing accounts payable	400,402	431,390	(30,988)	-8%
Critical pre-filing cost of goods sold	162,675	197,231	(34,556)	-21%
Cost of goods sold	187,341	167,007	20,334	11%
Fixed operating expenses	461,756	272,663	189,093	41%
Compensation, remittances and benefits	720,088	751,676	(31,588)	-4%
Operating leases	5,991	6,720	(729)	-12%
Insurance	332,065	387,836	(55,771)	-17%
Bank charges	10,884	21,515	(10,630)	-98%
Rent and Property taxes	61,172	56,105	5,067	8%
Other	20,466	4,966	15,500	76%
	<u>2,362,839</u>	<u>2,297,108</u>	<u>65,732</u>	<u>3%</u>
Non-operating outflows				
Interest payments	690,658	686,190	4,468	1%
Repayment of advance from R. Arsenault	65,000	-	65,000	n/a
	<u>755,658</u>	<u>686,190</u>	<u>69,468</u>	<u>9%</u>
Restructuring items				
Professional fees	<u>1,106,053</u>	<u>899,977</u>	<u>206,076</u>	<u>19%</u>
Intercompany				
Inflow	-	16,970,336	16,970,336	n/a
Outflow	-	16,975,887	(16,975,887)	n/a
	<u>-</u>	<u>(5,550)</u>	<u>(5,550)</u>	<u>n/a</u>
Net weekly cash flow	4,731,762	3,477,186	(1,254,576)	-27%
Ending net DIP Facility position	<u>(4,627,660)</u>	<u>(5,884,275)</u>	<u>(1,256,615)</u>	<u>-27%</u>

27. The Monitor offers the following commentary regarding material variances to the Second Cash Flow Statement as presented herein:

- i. Total collections from customers (i.e., collection of pre-filing accounts receivable and new post-filing sales) are approximately \$2,102,542 (or 24%) lower than forecast in totality. This unfavorable variance is primarily attributable to the following:
 - a) Slower than anticipated collections pertaining to pre-filing accounts receivable (approximately 9% behind forecast). During the preparation of the Variance Report, it was identified that one customer account (valued at approximately

\$357,000) was previously misclassified as a new and post-filing collection. The Variance Report corrects this misclassification reducing the pre-filing accounts receivable variance as compared to that discussed in the Fifth Report. As discussed in the Fifth Report, the most significant component of the pre-filing accounts receivable variance is attributable to one account of which \$568,000 was anticipated to be collected during the period. Management and the Monitor have and continue to engage with the customer and EDC to resolve matters and monetize the account. The remaining negative variance is distributed across fifteen customer accounts. The slower than anticipated collections pertaining to pre-filing accounts receivable was partially offset by the collection of approximately \$680,000 from a customer which was not contemplated in the Second Cash Flow Statement.

- b) Slower than anticipated collections pertaining to new post-filing sales (approximately 44% behind forecast) is attributable to slower than anticipated sales, inventory write downs and timing variances. The Second Cash Flow Statement contemplated substantially all of inventory being sold by the end of November 2023. Taking into account typical customer payment patterns, these sales were projected to be collected in either late December 2023 or early January 2024. As at the date of this Variance Report, the Debtors maintained approximately \$1,000,000 more inventory than contemplated in the Second Cash Flow Statement. Additionally, during the review period the Debtors adjusted down inventory by approximately \$334,000 (representing approximately 8% of total opening inventory) following product counts undertaken when the inventory was consolidated to one location. Lastly, the Second Cash Flow Statement did not account for slower collection activity during the two-week holiday period.
- ii. The favourable variance pertaining to the Subject Transactions represents the collection of the entirety of the Subject Transaction amounts. This favourable variance was not contemplated in the Second Cash Flow Statement.

- iii. The unfavourable variance pertaining to the collection of excise tax refunds is timing in nature and has been taken into account in the Third Cash Flow Statement when it is projected to reverse in week 4.
- iv. The favourable variance pertaining to other inflows is permanent in nature and primarily pertains to the receipt of worker compensation refunds not contemplated in the Second Cash Flow Statement.
- v. The unfavourable variance of \$34,556 pertaining to the payment of critical pre-filing cost of goods sold is structural in nature and relates to payments approved by the Monitor as critical to continued operations, including:
 - a) approximately \$20,000 of certification fees relating to seafood certifications maintained by the Debtors allowing them to sell seafood products; and
 - b) approximately \$10,100 of employee expense claims pertaining to the procurement of supplies acquired to support fishing operations (i.e. bait, fuel, etc.).
- vi. The favorable variance pertaining to fixed operating costs is attributable to the following:
 - a) an approximate \$77,000 structural variance attributable to a lower number of temporary foreign workers requesting transportation to their home counties than contemplated in the Second Cash Flow Statement;
 - b) an approximate \$31,000 of timing related variances attributable to the billing cycles applicable to core fixed operating expenses such as utilities; and
 - c) an approximate \$81,000 structural variance attributable to actual fixed operating costs being lower than that contemplated in the Second Cash Flow Statement.
- vii. The unfavorable variance pertaining to bank charges is structural in nature and relates to banking fees exceeding that which were original contemplated in the Second Cash Flow Statement.
- viii. The favorable variance of \$65,000 pertaining to the repayment of an advance received from a stakeholder is timing in nature. The amount contemplated in the Second Cash Flow Statement was paid during the week ending January 21, 2024.

- ix. The favorable variance pertaining to professional fees is a timing variance. As at the date of the Sixth Report, the Monitor is aware of approximately \$219,000 of professional invoices which are anticipated to be paid prior to January 31, 2024.
- 28. As summarized and discussed herein, the Debtors actual receipts and disbursements are materially in line with that contained within the Second Cash Flow Statement with the exception of collections from customers and adjustments to inventory. The Monitor, the CRO and Management continue to work diligently to ensure the remaining working capital is monetized.
- 29. In addition to the Variance Report discussed above, the Monitor provides the following update pertaining to other matters impacting the financial position of the Debtors:
 - i. Since the Fifth Report, the Debtors have collected approximately \$600,000 of trade accounts receivable and as at the date of the Variance Report the remaining accounts receivable balance is approximately \$3,527,000.
 - ii. Since the Fifth Report, the Debtors sold approximately \$200,000 worth of inventory and another sale of inventory for approximately \$150,000 is set to ship during the week ending January 26, 2024. Additionally, Management has several leads to sell approximately \$315,000 of inventory to the European market before the end of January. As discussed herein, conversion of inventory to accounts receivable has been slower than contemplated in the Second Cash Flow Statement primarily due to market conditions within the seafood industry and the nature of the remaining product held. The Monitor, CRO and Management continue to work diligently to monetize the remaining inventory of the Debtors.
 - iii. In the Fifth Report, the Monitor advised the Court of a Cyber Incident pertaining to a customer payment valued at approximately \$132,000 which was paid to a non-Debtor bank account. The Monitor advises that as at the date of the Variance Report, approximately \$122,000 of this amount has been recovered by the Applicant and returned to the Debtors.
 - iv. As at the date of the Variance Report, the Existing Facility has been extinguished and all future monetization of working capital will now be available to reduce the borrowings under the DIP Facility.

THIRD CASH FLOW STATEMENT

30. The Debtors, with the assistance of the Monitor and the CRO, have prepared the Third Cash Flow Statement for the 16-week period from January 15 to May 5, 2024 (the “**Cash Flow Period**”) for the purposes of projecting the estimated results of the Debtors’ planned operations and other activities during the Cash Flow Period. A copy of the Third Cash Flow Statement along with supporting declarations and assumptions are attached as **Appendix A** to this Sixth Report, and summarized herein:

South Shore Seafoods Group Consolidated 16-week cash flow forecast For the 16-week period ending May 5, 2024	Pre-Transaction Closing	Post-Transaction Closing	Total
Opening	1/14/2024	3/24/2024	
Ending	3/24/2024	5/5/2024	
Opening net DIP facility position	(5,889,797)	-	(5,889,797)
Operating inflows			
Collection of existing accounts receivable	1,444,557	453,676	1,898,233
Collection of new sales	280,631	263,394	544,025
Collection of HST	133,193	64,798	197,992
Transaction proceeds to repay DIP Facility	6,007,033	-	6,007,033
Other	160,476	-	160,476
	8,025,889	781,869	8,807,758
Operating outflows			
Payment of existing post-filing accounts payable	58,197	-	58,197
Critical pre-filing cost of goods sold	30,338	-	30,338
Cost of goods sold	59,834	-	59,834
Fixed operating expenses	358,821	-	358,821
Compensation, remittances and benefits	257,255	50,000	307,255
Operating leases	4,480	-	4,480
Insurance	178,743	-	178,743
Bank charges	10,103	-	10,103
Rent and Property taxes	18,093	-	18,093
Other	176,120	-	176,120
	1,151,984	50,000	1,201,984
Non-operating outflows			
Repayment of advance from R. Arsenault	65,000	-	65,000
Interest payments	435,060	175,381	610,441
	500,060	175,381	675,441
Restructuring costs			
Professional fees	484,048	304,500	788,548
	484,048	304,500	788,548
Total outflows	2,136,092	529,881	2,665,972
Net weekly cash flow	5,889,797	251,988	6,141,786
Ending net DIP facility position	-	251,988	251,988

31. The Third Cash Flow Statement is presented on a weekly basis during the Cash Flow Period and represents Management’s best estimate of the projected cash flow during the Cash Flow Period. The Third Cash Flow Statement has been prepared by Management, using the probable and hypothetical assumptions set out in the notes to the Cash Flow Statement (the “**Assumptions**”).

32. The Monitor has reviewed the Third Cash Flow Statement through inquiries, analytical procedures and discussions, and a review of the supporting documents relating to the Information supplied to the Monitor by Management of the Debtors. Based on the Monitor's review, nothing has come to its attention that causes it to believe, in all material respects, that:
- i. the Assumptions are not consistent with the purpose of the Third Cash Flow Statement;
 - ii. as at the date of the Sixth Report, the Assumptions are not suitably supported and consistent with the plans for the Debtors or do not provide a reasonable basis for the Third Cash Flow Statement, given the probable and hypothetical assumptions; or
 - iii. the Third Cash Flow Statement does not reflect the Assumptions.
33. Since the Third Cash Flow Statement is based on Assumptions regarding future events, actual results will vary from the information presented even if the Assumptions occur, and the variations could be material. Accordingly, the Monitor expresses no assurance as to whether the Third Cash Flow Statement will be achieved. In addition, the Monitor expresses no opinion or other form of assurance with respect to the accuracy of the financial information presented in the Third Cash Flow Statement or relied upon by the Monitor in preparing this Sixth Report.
34. The Third Cash Flow Statement has been prepared solely for the purposes described above, and readers are cautioned that it may not be appropriate for other purposes.
35. As contained within the Third Cash Flow Statement, to date the Debtors have drawn approximately \$5,890,000 of the DIP Facility. It is the Monitor's intention, if the Court grants the AVO and the Transaction closes, to repay the DIP Facility upon closing. The Third Cash Flow Statement contemplates this repayment and post closing, the Monitor anticipates expenses of these CCAA Proceedings to be limited to professional fees and interest on secured encumbrances.

SISP UPDATE

36. As described within the Fifth Report, in consultation with the CRO, the Applicant, BDC and BDC Capital, the Monitor qualified several parties as Qualified Phase 1 Bidders.
37. Subsequent to the Fifth Report, the Monitor has worked closely with the CRO and Management in order to address further due diligence requests of the Qualified Phase 1 Bidders.
38. As at the date of this Sixth Report and following the results of the Phase 2 Bid Deadline, the Monitor is seeking the Court's approval to complete the Transaction with the Purchaser. To protect sensitive information relating to the Transaction and the SISP, the Monitor has provided the Court with the Confidential Supplement.
39. The Confidential Supplement provides an overview of the offers received from the Qualified Phase 1 Bidders at the Phase 1 Bid Deadline and the Phase 2 Bid Deadline and also includes an unredacted copy of the asset purchase agreement (the "**APA**") pertaining to the Transaction. As part of the Ancillary Order the Monitor is seeking that the Confidential Supplement be sealed until the filing of the Monitor's Certificate (as defined in the AVO) or upon further order of this Court.
40. The intent of the Ancillary Order in this regard is to maintain confidentiality regarding the offers received until such time as the Monitor can complete the Transaction as contemplated by the APA and the AVO. The Monitor is of the view that there is risk that public disclosure of this information could negatively impact realizations if the Transaction does not close, and the Monitor is required to re-market the Purchased Assets.

The Monitor's Analysis of the Purchaser and the Transaction

41. The Purchaser is a newly formed entity within the Phillips Foods group of companies, a privately owned participant in the global seafood industry focusing primarily on the production of crab-based products. Since its founding in 1914, the Purchaser has expanded its originally United States based operations to include processing facilities in Asia and Mexico. In addition to processing, the Purchaser also operates several restaurants across the United States.

42. The Purchaser is lead by an experienced management team with significant seafood industry experience. As part of SISP, the Purchaser has engaged experienced legal and financial advisors in order to support its due diligence and the preparation of the APA.
43. The Purchaser has provided the Monitor with confidential information including internally generated summary financial information and a term sheet from a Canadian schedule one financial institution which has allowed it to substantiate its financial capacity to consummate the Transaction.
44. A summary of the non-commercially sensitive key terms of the APA is provided in the table below and a redacted copy of the APA is enclosed as **Appendix B** to the Sixth Report. Capitalized terms not otherwise defined herein shall have the meaning attributed to them in the APA.

Summary of the APA	
Purchaser	<ul style="list-style-type: none"> • Phillips Bridge Seafood ULC
Transaction Type	<ul style="list-style-type: none"> • Sale of assets • Form of AVO included with the Monitor’s motion materials
APA Date	<ul style="list-style-type: none"> • January 12, 2024 (as amended)
Purchase Price	<ul style="list-style-type: none"> • Confidential
Deposit Received	<ul style="list-style-type: none"> • Confidential
Outside Closing Date	<ul style="list-style-type: none"> • The later of: <ul style="list-style-type: none"> ○ Twenty-one days after the date on which the AVO is issued by the Court; ○ Seven days after the date on which all applications, motions or other proceedings seeking to appeal, restrain or prohibit the

	<p>Transaction have been fully dismissed, withdrawn or otherwise resolved; or</p> <ul style="list-style-type: none"> ○ Two business days after the date that all the LPA Permit has been issued to the Purchaser; and ○ Such other date as the Parties may agree to in writing from time to time.
Purchased assets	<ul style="list-style-type: none"> • All or substantially all of the property, assets and undertakings of the Debtors with the exception of Excluded Assets
Assigned contracts	<ul style="list-style-type: none"> • Lease agreement entered into with DEKM, LLC for the leased premises leased by Can-Am Lobster and Shellfish Ltd
Excluded assets	<ul style="list-style-type: none"> • Inventory other than inventory abandoned by the Vendors at closing • Accounts receivable • Any and all notes, loans and/or other amounts receivable from specific parties in respect of each of the Debtors • Specific vehicles leased or financed by the Debtors • BDC Excluded Equipment (located at Aboiteau wharf) • All cash, cash equivalents and short-term investments and any amounts held in escrow
Permitted encumbrances	<ul style="list-style-type: none"> • BDC Mortgages in the amount of \$863,000
Employees	<ul style="list-style-type: none"> • The APA contemplates the Purchaser making an offer of employment to employees it elects to hire on terms substantially similar to those existing as of the closing date.
Conditions to Closing	<ul style="list-style-type: none"> • The Purchaser shall have received the LPA Permit. • Granting of the AVO.

Other	<ul style="list-style-type: none"> • The APA provides an option to the Monitor to engage the Purchaser as its agent to realize on inventory not sold prior to the Closing Date. The Monitor can take this option any time prior to the date that is three Business Days prior to the Closing Date. In exchange for these services the Purchaser will charge a fee of 30% of the net sales plus HST.
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45. The Monitor has shared the APA with the Applicant and BDC and the Monitor is advised that both parties do not intend to oppose the granting of the AVO.
46. In addition to the commercial sensitive reasons set out in the Confidential Supplement, the Monitor is of the opinion that:
- i. The SISP was approved by the Court and conducted by the Monitor in accordance with its terms;
 - ii. the marketing activities contained within the SISP were robust and exposed the Debtors' assets to the market for a reasonable period of time;
 - iii. affected creditors of the Debtors' have been consulted continuously throughout the SISP by the Monitor;
 - iv. the Transaction maximizes realizations available to the affected creditors;
 - v. the Purchaser is an experienced operator within the seafood industry and completing the Transaction may allow for continuity of employment for a significant number of the Debtors' workforce;
 - vi. the Transaction with the Purchaser is commercially reasonable, contains reasonable conditions and should be accepted; and
 - vii. the Monitor does not believe that further marketing would lead to any greater recovery.
47. Accordingly, the Monitor recommends that the Court grant the AVO and the Ancillary Order.
48. As contained within the Third Cash Flow Statement, if the Transaction closes, the Monitor intends to make an interim distribution to the DIP Lender to repay outstanding amounts on the DIP

Facility. The remaining funds will be held in trust by the Monitor until such a time as the Claims Process can be completed and a distribution order sought from the Court.

MONITOR'S REQUEST FOR OTHER RELIEF

49. In addition to its request for the AVO and the sealing of the Confidential Supplement discussed herein, the Monitor has brought a motion seeking the following relief:

Stay of Proceedings

50. The Stay Period contained within the Second ARIOs is set to expire on January 31, 2024. The Monitor is requesting an extension of the Stay Period up to and including April 30, 2024.

51. The Monitor is of the opinion that the request for the extension of the Stay Period is reasonable and just for the following reasons:

- i. the Monitor requires time to complete the Transaction as outlined in the Confidential Supplement;
- ii. the Monitor requires time to complete the Priority Claims Process as outlined in the Priority Claims Order;
- iii. the Monitor and the CRO, with the powers granted by them, have acted and continue to act in good faith and with due diligence in their oversight of the operations of the Debtors; and
- iv. the Monitor is of the view that no creditor will be materially prejudiced by the extension of the Stay Period.

Enhanced Powers of the Monitor

52. The Monitor is seeking the authority, but not the obligation, to assign any or all of the Debtors into bankruptcy and the authority to act as the Trustee of any such bankrupt estates. The Monitor, in consultation with the CRO and the Applicant are continuing to consider whether there is sufficient rationale for any such assignments.

53. The Monitor believes it is appropriate for the Court to grant these enhanced powers for the following reasons:

- i. the Debtors meet the definition of an insolvent person within the meaning of the *Bankruptcy and Insolvency Act*, and have failed to meet their respective obligations generally as they became due and such obligations exceed \$1,000; and
 - ii. paragraph 24(h) of the Second ARIOs empowers the Monitor to execute, assign, issue and endorse agreements, instruments, notices, directions settlements, filings, authorizations and other documents of whatever nature on behalf of each of the Debtors as the Monitor deems appropriate.
54. Considering the reasons outlined herein the Monitor recommends that the Court grant the Ancillary Order in the form provided by its counsel.

Priority Claims Process

55. The Monitor, in consultation with its legal counsel, the CRO and the Applicant's legal counsel has designed the Priority Claims Process with the purpose of identifying, quantifying and resolving priority claims (the "**Priority Claims**") against the Purchased Assets. Capitalized terms not otherwise defined herein shall have the meaning attributed to them in the Priority Claims Order.
56. The Priority Claims Process as outlined in the Priority Claims Order filed with the Monitor's motion materials is summarized below:
- i. The Monitor shall provide notice of the Priority Claims Process and the Priority Claims Bar Date within five Business Days of the issuance of the Priority Claims Order to all Persons who are known to have a Priority Claim based on the books and records of the Debtors.
 - ii. The Applicant, BDC and the Private Lenders will not be required to file a Proof of Claim as part of the Priority Claims Process.
 - iii. The Monitor shall also publish notice for one Business Day in the following newspapers:
 - a) Chronicle Herald;
 - b) Telegraph Journal; and
 - c) the Guardian.
 - iv. The Monitor shall also within three Business Days of the issuance of the Priority Claims Order post notice on the Monitors Website.

- v. As soon as practically possible following receipt of a request therefor, the Monitor will provide a copy of the Proof of Claim form to any Person claiming to be a Priority Claimant.
 - vi. Priority Claimants will have until 5:00PM Atlantic Standard Time on April 1, 2024 to file a Proof of Claim form with the Monitor.
 - vii. The Monitor in consultation with the CRO, shall review all Proofs of Claim and shall accept, settle or dispute the amount and priority of each asserted Priority Claim.
 - viii. If the Monitor is unable to resolve any asserted Priority Claim within a time period or in a manner satisfactory to the Monitor, the Monitor shall deliver a Notice of Dispute to the applicable Priority Claimant.
 - ix. The Monitor may at anytime refer any Disputed Priority Claim or a portion thereof to the Court, such alternative dispute resolution or other court of competent jurisdiction as may be ordered by the Court or agreed to by the Monitor and the applicable Priority Claimant.
57. Based on the Monitor's review of the books and records of the Debtors, the Monitor believes that the number of potential Priority Claimant's is limited and that the Priority Claims Process as proposed will efficiently and effectively allow for the administration of such Priority Claims.
58. Furthermore, based on the proceeds contemplated to be received from the Transaction, the affected creditors are believed to be limited to the Applicant, BDC and the Private Lenders (as defined in the Notice of Motion).
59. The Monitor would like to advise the Court that the Transaction contemplates the payment of property taxes owing to various municipalities.
60. Considering the reasons outlined herein the Monitor believes that the Priority Claims Process represents the best path forward to identify and quantify Priority Claims in a fair, accurate and efficient manner and recommends that the Court grant the Priority Claims Order in the form provided by its legal counsel.

CONCLUSION

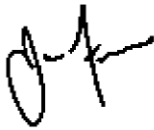
- 61. The Sixth Report has been prepared to provide this Court with information regarding the Debtors’ activities since the Fifth Report, the Monitor’s activities since the Fifth Report, an update regarding the financial position of the Debtors, an overview of the Third Cash Flow Statement, an update on the SISP, and to support the Monitor’s request for the AVO, Ancillary Order and Priority Claims Order.
- 62. Based on the foregoing, the Monitor requests the Court grant the requested relief as outlined in the Notice of Motion and the draft orders appended thereto.

All of which is respectfully submitted this 24th day of January 2024.

DELOITTE RESTRUCTURING INC.

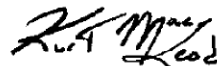
Acting in its capacity as CCAA Monitor of South Shore Seafoods Ltd., Captain Cooke’s Seafood Inc., By the Water Shellfish (2012) Inc., South Shore Seafoods International Ltd., Can-Am Lobster and Shellfish Ltd., Bridge Lobsters Limited and Arsenault’s Fish Mart Inc., and not in its personal capacity

Per:



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

Per:



Kurt Macleod, MBA, CIRP, LIT
Vice-President

**APPENDIX A
THIRD CASH FLOW STATEMENT**

**IN THE MATTER OF
THE COMPANIES' CREDITOR ARRANGEMENT ACT,
AND
IN THE MATTER OF
THE COMPROMISE OR ARRANGEMENT OF
SOUTH SHORE SEAFOODS LTD., CAPTAIN COOKE'S SEAFOOD INC., BY THE WATER
SHELLFISH (2012) INC., SOUTH SHORE SEAFOODS INTERNATIONAL LTD., CAN-AM LOBSTER
& SHELLFISH LTD., BRIDGE LOBSTERS LIMITED, AND ARSENAULT'S FISH MART INC.**

The management of South Shore Seafoods Ltd., Captain Cooke's Seafood Inc., By The Water Shellfish (2012) Inc., South Shore Seafoods International Ltd., Can-Am Lobster & Shellfish Ltd., Bridge Lobsters Limited, and Arsenault's Fish Mart Inc. (collectively, the "**Debtors**") has developed the assumptions and prepared the attached consolidated statement of projected cash flow of the Debtors, as of January 24, 2024, consisting of weekly cash flows for the period January 15, 2024 to May 5, 2024 (the "**Cash Flow Statement**").

The hypothetical assumptions are reasonable and consistent with the purpose of the Cash Flow Statement described in Note A, and the probable assumptions are suitably supported and consistent with the plans of the Debtors and provide a reasonable basis for the Cash Flow Statement. 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 Cash Flow Statement 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 Charlottetown, Prince Edward Island this 24th day of January, 2024.

**SOUTH SHORE SEAFOODS LTD., CAPTAIN COOKE'S SEAFOOD INC., BY THE WATER
SHELLFISH (2012) INC., SOUTH SHORE SEAFOODS INTERNATIONAL LTD., CAN-AM LOBSTER
& SHELLFISH LTD., BRIDGE LOBSTERS LIMITED, AND ARSENAULT'S FISH MART INC.**

Per:


David Boyd
Chief Restructuring Officer

SOUTH SHORE SEAFOOD GROUP
 12 Month forecasts
 For the 12-month period ending 31st 5, 2024
 Week ending

	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11	W12	W13	W14	W15	W16	Total
	1/21/2024	1/28/2024	2/4/2024	2/11/2024	2/18/2024	2/25/2024	3/3/2024	3/10/2024	3/17/2024	3/24/2024	3/31/2024	4/7/2024	4/14/2024	4/21/2024	4/28/2024	5/5/2024	
Operating net ODP facility position	(5,889,397)	(5,570,831)	(5,660,891)	(5,800,582)	(5,734,023)	(5,440,758)	(5,650,921)	(5,021,880)	(5,946,183)	(5,692,540)	-	321,210	308,331	426,741	370,922	387,403	(8,889,397)
Operating income	402,463	156,474	280,176	24,111	383,115	2,681	131,683	50,771	74,920	2,681	493,876	73,238	53,251	32,681	16,480	4,120	1,898,335
Collection of existing accounts receivable	-	-	-	94,927	-	15,050	44,016	51,985	84,920	84,920	84,920	73,238	53,251	32,681	16,480	4,120	1,898,335
Collection of new sales	-	-	-	-	-	-	-	30,285	-	5,007,932	83,294	61,299	61,299	-	-	-	1,972,892
Collection of HST	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,007,823
Transfer proceeds to repay ODP facility	160,476	156,474	290,176	119,638	383,115	17,731	175,700	150,882	74,920	6,094,514	536,710	73,238	118,350	32,961	16,480	4,120	1,907,758
Operating outflows	20,070	38,126	-	-	-	-	-	-	-	-	-	-	-	-	-	-	58,197
Payment of existing post-filing accounts payable	2,031	2,162	3,476	39,135	4,105	3,850	3,595	15,074	299	299	-	-	-	-	-	-	80,334
Capital pre-filing cost of goods sold	8,151	12,165	6,519	15,282	8,519	247,006	21,351	15,292	6,519	14,006	-	-	-	-	-	-	388,421
Fixed operating expenses	25,725	25,725	25,725	25,725	25,725	25,725	25,725	25,725	25,725	25,725	25,725	25,000	25,000	25,000	25,000	25,000	2,877,485
Compensation, reimburse and benefits	-	-	2,240	2,240	-	30,746	2,240	18,594	30,746	30,746	-	-	-	-	-	-	178,143
Operating leases	-	33,714	2,658	2,658	-	918	434	1,894	3,240	918	-	-	-	-	-	-	15,183
Insurance	-	-	9,047	9,047	-	9,047	9,047	-	9,047	9,047	-	-	-	-	-	-	18,193
Bank charges	1,500	1,822	1,822	1,500	1,500	1,500	1,822	1,500	1,500	1,500	-	-	-	-	-	-	17,812
Real estate and property taxes	38,401	149,458	214,515	102,479	39,850	389,746	69,887	76,185	58,276	73,192	79,000	25,000	-	-	-	-	1,201,884
Non-operating outflows	55,008	82,610	99,072	-	-	88,779	89,647	-	88,779	89,647	-	63,067	-	88,779	-	-	668,000
Repayment of advance from IL Assnmt	1,163	87,518	50,072	-	-	88,779	69,647	-	88,779	89,647	-	63,067	-	88,779	-	-	488,215
Interest payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	878,441
Revolving credit	119,208	10,063	216,277	-	-	238,500	-	-	-	-	189,500	-	-	-	-	-	738,448
Total outflows	263,772	262,135	429,857	102,479	39,850	637,076	139,527	76,185	39,276	161,874	713,300	89,052	-	88,779	-	-	3,868,972
Net weekly cash flow	319,166	(90,260)	(139,681)	16,559	343,265	(819,293)	36,172	74,697	16,644	5,392,740	323,210	(14,829)	118,260	(85,819)	16,480	(135,414)	4,341,766
Ending net ODP facility position	(5,970,631)	(5,660,891)	(5,800,891)	(5,704,072)	(5,440,758)	(5,650,921)	(5,021,880)	(5,298,183)	(5,912,540)	-	321,210	308,331	426,741	370,922	387,403	351,989	783,988

Based at Charlestown, Prince Edward Island the 24th day of January, 2024.

SOUTH SHORE SEAFOODS LTD., CAPTAIN COOKE & SEAFOOD INC., BY THE WATER SHEPHERD (2012) INC., SOUTH SHORE SEAFOODS INTERNATIONAL LTD., CAR-AN LOBSTER & SHELLFISH LTD., BRIDGE LOBSTERS LIMITED, AND ARSENALITE FISH MARKET INC.

Debra Boyd
 Chief Accounting Officer

**SOUTH SHORE SEAFOODS LTD., CAPTAIN COOKE'S SEAFOOD INC., BY THE WATER SHELLFISH (2012) INC., SOUTH SHORE SEAFOODS INTERNATIONAL LTD., CAN-AM LOBSTER & SHELLFISH LTD., BRIDGE LOBSTERS LIMITED, AND ARSENAULT'S FISH MART INC.
(COLLECTIVELY THE "DEBTORS")
ASSUMPTIONS TO THE CASH FLOW STATEMENT
FOR THE PERIOD JANUARY 15 TO MAY 5, 2024**

Note A:

The statement of projected cash flow (the "**Cash Flow Statement**") is being filed pursuant to *the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended* 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 Cash Flow Statement of the Debtors:

General:

The following is an overview of the current operating activities of each of the Debtors. These activities are integral to the assumptions further discussed herein:

South Shore Seafoods International ("**SSSI**") – SSSI has no operating activity outside of its 100% equity ownership of Can-Am Lobster and Shellfish Ltd. ("**CanAm**").

CanAm – CanAm had previously participated in the US lobster industry however ceased operations in January 2023. Assumptions pertaining to CanAm discussed below are limited to fixed operating expenses currently required to a leased facility located in Maine, US.

South Shore Seafoods Ltd. ("**SSSL**") – SSSL operates two processing plants in Alberton, PEI that process raw tails and cooked lobster meat. Following the conclusion of the Prince Edward Island lobster fishing season on October 14, 2023 (the "**Fishing Season**"), operations at SSSL have wound down to focusing on selling existing inventory and collecting outstanding accounts receivable.

Arsenault's Fish Mart Inc. ("**AFM**") – operates as a buying agency procuring lobster for SSSL and BTW (as defined below). With the Fishing Season concluded AFM's operations are limited.

Captain Cooke's Seafoods Inc. ("**CCSI**") – CCSI processes whole cooked lobster using canner lobsters for the European market. Currently, CCSI is not producing product for sale and as such, assumptions discussed below are limited to fixed operating expenses currently required to maintain its processing facility.

By the Water Seafood (2012) Inc. ("**BTW**") – Based in Borden, PEI, BTW participates in the live lobster market (i.e. buying and selling live lobster) selling the majority of its product to Asian and US markets. Following the conclusion of the Fishing Season, operations at BTW have wound down and are not exclusively focused on collecting outstanding accounts receivable.

Bridge Lobsters Limited ("**Bridge**") – Bridge is owned by BTW and had previously purchased and sold lobster to BTW using its Nova Scotia buyers license. Bridge has not operated since the 2022 season and assumptions discussed below are limited to fixed operating expenses currently required to maintain its storage facility.

Opening net DIP Facility position

- The opening net DIP Facility position represents the actual consolidated cash and DIP Facility balance net of outstanding cheques of the Debtors as at close of business on January 14, 2023.

Operating Inflows

- The accounts receivable balance as at January 14, 2024 is based on the books and records of the Debtors. The collection of these amounts is based on Management expectations taking into consideration existing payment terms with customers and consultation with the Deloitte Restructuring Inc. (the "**Monitor**").
- Collection of new sales represents the collection of accounts receivable related to the sale of existing inventory as at January 14, 2024. Further information pertaining to new sales is presented below:
 - As at January 14, 2024, SSSL is the only Debtor entity with inventory remaining to be sold.
 - Timing of new sales is forecast based on Management expectations taking into account the composition of remaining inventory and consultation with the Monitor. The collection of new sales is based on Management best estimates.
 - The expected selling price of inventory has been established based on current market conditions within the seafood industry, the composition of remaining inventory and Management's best estimates.
- As the Debtors' sales do not attract excise taxes, the Debtors are typically in a net HST refund position. Collection of HST is forecast based on the expenses contemplated in the Cash Flow Statement taking into account a monthly remittance filing period.

Transaction proceeds to repay DIP Facility

- As at the date of the Cash Flow Statement, the Monitor is in the process of seeking approval of a transaction (the "**Transaction**") which, if approved by the Court and closed, will result in the sale of all or substantially all of the Debtors operations and generate proceeds sufficient to extinguish the DIP Facility. Based on the anticipated closing of this Transaction, the Cash Flow Statement contemplates proceeds to be received in week 10 extinguishing the DIP Facility.

Other inflows

- During the week ending January 21, 2024, the Debtors received approximately \$160,000 from a customer which is currently believed to have been received in error. Management and the Monitor continue to investigate the origin of this amount, however, for the purposes of the Cash Flow Statement they have been presented separately from other accounts receivable collections.

Operating Outflows

- Payment of existing post-filing accounts payable represents the payment of expenses incurred, but not paid, since the granting of the Initial Orders. The balance of post-filing accounts payable is based on the books and records of the Debtors as at January 14, 2024.
- Critical pre-filing cost of goods sold represent costs critical to the continued operations of the Debtors' business which were paid directly by an employee of the Debtor prior to the granting of the Initial Orders. A significant portion of the amount contained within the Cash Flow Statement pertains to fuel required for fishers vessels. As at the date of the Cash Flow Statement, Management and the Monitor continue to review documentation to substantiate

these expenditures, however, for conservatism they have been included as an outflow in the Cash Flow Statement.

- Cost of goods sold during the forecast period is comprised of the following:
 - Transportation and storage – Transportation and storage costs are estimated based on recently observed percentages of sales and assumed to be paid on a cash on delivery basis.
- Fixed operating expenses during the projection period are primarily comprised of advertising, repairs and maintenance, vehicle costs, travel, utilities, and office expenses. Fixed operating expenses have been estimated based on actual costs incurred during the period November 2023 to December 2023.
- In addition to fixed operating expenses discussed above, in week 6, the Cash Flow Statement contemplates the payment of approximately \$233,000 of application fees pertaining to the debtors Temporary Foreign Worker licenses. Taking into consideration the potential closing of the Transaction, it is currently unclear if the Debtors will be required to pay these application fees. For conservatism, the entire amount has been included in the Cash Flow Statement.
- Compensation, remittances, and benefits are forecast based on current headcount levels. The Debtors utilize the services of the third-party payroll provider so amounts presented in the Cash Flow Statement include all statutory remittances and employer matching amounts. In order to account for potential severance and termination amounts resulting from the Transaction, the Cash Flow Statement includes a \$50,000 contingency.
- Insurance represents monthly payments of the Debtors existing insurance policy premiums.
- Rent and property taxes are forecast based on current amounts. Currently, the Debtors rent office space in Cap Pele, New Brunswick and a storage facility located in Maine, US relating to CanAm.
- Following the anticipated closing of the Transaction (estimated to be in week 10), operating outflows with the exception of severance and termination contingencies discussed above are anticipated to cease.

Other outflows

- Other outflows consist of a weekly contingency amount intended to capture miscellaneous amounts not already captured in other areas of the Cash Flow Statement. During week 3, the Cash Flow Statement includes the repayment of the other inflow amount discussed above under the assumption that it needs to be returned to the customer.

Non-operating outflows

- Repayment of advance from R. Arsenault represents the repayment of amounts received from this Stakeholder post-filing.
- The Cash Flow Statement contemplates the continued payment of post-filing interest charges on secured encumbrances outstanding to TD Bank, Business Development Bank of Canada and miscellaneous vehicle loans. Post-filing interest payments of subordinated creditors is not contemplated in the statement of projected cash flows. The Cash Flow Statement contemplates the continued payment of these interest amounts following the closing of the Transaction until such a time as a distribution order can be sought and granted from the Court.
- Non-operating outflows also includes costs associated with servicing the DIP Facility.

Restructuring costs

- Professional fees are based on consultation with the various professional service firms involved in the administration of this CCAA proceeding.

DIP Facility

- Detailed forecast borrowing base and availability amounts and covenant thresholds tests are assumed to be calculated in accordance with the terms of DIP Facility Agreement.

Dated at Charlottetown, Prince Edward Island this 24th day of January 2024.

SOUTH SHORE SEAFOODS LTD., CAPTAIN COOKE'S SEAFOOD INC., BY THE WATER SHELLFISH (2012) INC., SOUTH SHORE SEAFOODS INTERNATIONAL LTD., CAN-AM LOBSTER & SHELLFISH LTD., BRIDGE LOBSTERS LIMITED, AND ARSENAULT'S FISH MART INC.

Per:



David Boyd
Chief Restructuring Officer

Deloitte

The attached consolidated statement of projected cash flow of South Shore Seafoods Ltd., Captain Cooke's Seafood Inc., By The Water Shellfish (2012) Inc., South Shore Seafoods International Ltd., Can-Am Lobster & Shellfish Ltd., Bridge Lobsters Limited, and Arsenault's Fish Mart Inc. (collectively, the "**Debtors**"), consisting of weekly projections through the week beginning January 15, 2024 to the week ending May 5, 2024 has been prepared by the management of the Debtors 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 Debtors. 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 Debtors 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.

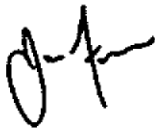
The projection has been prepared solely for the purpose described in Note A, and readers are cautioned that it may not be appropriate for other purposes.

Dated at Halifax, NS this 24th day of January 2024.

DELOITTE RESTRUCTURING INC.

Acting in its capacity as Proposed Monitor of
South Shore Seafoods Ltd., Captain Cooke's Seafood Inc., By the Water Shellfish (2012) Inc., South Shore Seafoods International Inc., Can-Am Lobster and Shellfish Ltd., Bridge Lobsters Limited and Arsenault's Fish Mart Inc., and not in its personal capacity

Per:



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

APPENDIX B
ASSET PURCHASE AGREEMENT (REDACTED)

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement dated as of the 12th day of January, 2024 (the “**Effective Date**”) among:

SOUTH SHORE SEAFOODS LTD., BY THE WATER SHELLFISH (2012) INC., CAPTAIN COOKE’S SEAFOOD INC., SOUTH SHORE SEAFOODS INTERNATIONAL LTD., CAN-AM LOBSTER & SHELLFISH LTD., BRIDGE LOBSTERS LIMITED, AND ARSENAULT’S FISH MART INC., each by **DELOITTE RESTRUCTURING INC.**, in its capacity as the court-appointed Monitor (as defined below) in the CCAA Proceedings (as defined below) for and on behalf of the South Shore Group (as defined below) and not in its personal or corporate capacity (collectively, the “**Vendors**”)

– and –

PHILLIPS BRIDGE SEAFOOD ULC (the “**Purchaser**”)

WHEREAS pursuant to the Order of the Court of King’s Bench of New Brunswick Trial Division (the “**Court**”) issued on September 21, 2023 (as amended and restated by Court Order on September 28, October 5, and October 17, 2023, respectively, and as may be further amended or amended and restated from time to time, the “**Initial Order**”), each of South Shore Seafoods Ltd., Captain Cooke’s Seafood Inc., By the Water Shellfish (2012) Inc., South Shore Seafoods International Ltd., Can-Am Lobster & Shellfish Ltd., Bridge Lobsters Limited and Arsenault’s Fish Mart Inc. (collectively, the “**South Shore Group**”) were granted creditor protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c.C-36, as amended (the “**CCAA**”). Deloitte Restructuring Inc. was appointed as the monitor of the South Shore Group (in such capacity, the “**Monitor**”);

AND WHEREAS in connection with the CCAA proceedings initiated by the Initial Order (the “**CCAA Proceedings**”), on October 25, 2023, the Monitor sought and obtained approval of the Court to run a sale and investment solicitation process (the “**SISP**”), intended to solicit interest in, and opportunities for, one or more or any combination of: (a) a restructuring, recapitalization or other form of reorganization of the business and affairs of the South Shore Group as a going concern; or (b) a sale of all, or substantially all, of the assets and/or business operations of the South Shore Group, as a going concern or otherwise;

AND WHEREAS pursuant to the SISP, the Monitor, in consultation with the CRO and DIP Lender (as those terms are defined in the SISP), has reviewed and evaluated all qualified bids received, and has identified the Purchaser’s bid for the Business and Purchased Assets as a Successful Bid on the terms set out in this Agreement;

AND WHEREAS on the terms set out herein, the Vendors will sell, transfer and assign to the Purchaser, and the Purchaser will purchase, accept and assume from the Vendors, all of the South Shore Group’s right, title, interest and obligation in and to the Purchased Assets and Assumed Liabilities, subject to and in accordance with the terms and conditions set forth in this Agreement;

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged, the parties hereto (collectively, the “**Parties**”, and each, a “**Party**”) hereby acknowledge and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

Unless something in the subject matter or context is inconsistent therewith, the terms defined herein (including in the recitals above) shall have the following meanings:

“**Accounts Receivable**” means, with respect to the South Shore Group and without duplication, all accounts receivable, trade receivables, bills receivable, trade accounts, book debts, notes receivables, rebates, refunds and other receivables of the South Shore Group whether current or overdue, together with all interests accrued on such items.

“**Affiliate**” has the meaning given to the term “affiliate” in the *Business Corporations Act* (New Brunswick).

“**Agreement**” means this asset purchase agreement, as may be amended and restated from time to time in accordance with the terms hereof, with the consent of the Monitor, and “Article” and “Section” mean and refer to the specified article, section and subsection of this Agreement.

“**Applicable Law**” means, in respect of any Person, property, transaction or event, any (a) domestic or foreign statute, law (including the common law), ordinance, rule, regulation, treaty, restriction, regulatory policy, standard, code or guideline, by-law or order, (b) judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, rulings, instruments or awards of any Governmental Authority, and (c) policies, practices, standards, guidelines and protocols having the force of law, that applies in whole or in part to such Person, property, transaction or event.

“**Approval and Vesting Order**” means an order by the Court, in a form acceptable to the Vendors and the Purchaser, each acting reasonably, among other things, (i) authorizing and approving this Agreement and the execution and delivery thereof by the Vendors, (ii) authorizing and directing the Vendors to complete the Transaction and (iii) providing for the vesting of title to the Purchased Assets in and to the Purchaser (or as it may direct) in accordance with the terms and conditions of this Agreement, free and clear of any and all claims against the Purchased Assets of every nature or kind whatsoever and howsoever arising, including all Encumbrances, save for Permitted Encumbrances and the Assumed Liabilities, upon the delivery of the Monitor’s Certificate to the Purchaser indicating that the conditions precedent to the consummation of the Transaction have been satisfied or waived (where permissible).

“**Assigned Contracts**” means those Contracts set out in listed in Schedule “C”, provided that the Purchaser shall be entitled to add or remove Assigned Contracts, if so designated in Schedule “C”, upon written notice to the Vendors from time to time up until no later than four (4) Business Days prior to Closing. For certainty, the Assigned Contracts do not include the Excluded Contracts.

“**Assignment Order**” means an order or orders of the Court pursuant to applicable provisions of the CCAA, in form and substance acceptable to the Vendors, the Purchaser and the Monitor, each acting in a commercially reasonable manner, authorizing and approving the assignment to the Purchaser of any Assigned Contract in writing for which a required consent has not been obtained and preventing any counterparty to the Assigned Contract from exercising any right or remedy under the Assigned Contract by reason of any default(s) arising from the CCAA Proceedings, the

insolvency of the Vendors, the assignment of the Assigned Contract, or the failure of the Vendors to perform a non-monetary obligation under the Assigned Contract.

“Assumed Liabilities” means: (a) Liabilities specifically and expressly designated by the Purchaser as assumed Liabilities in Schedule “D”, provided that the Purchaser shall be entitled to add or remove such Liabilities from Schedule “D” upon written notice to the Vendors from time to time up until the date that is four (4) Business Days prior to the Closing; and (b) all Liabilities which relate to the Assigned Contracts and the Transferring Employees; in the case of the Liabilities for the Assigned Contracts and the Transferring Employees, solely in respect of the period from and after the Closing Time and not relating to any obligation, loss, claim, wage or default accrued or existing prior to or as a consequence of Closing (unless otherwise expressly stated).

“Assumption Agreement” has the meaning set out in Section 3.2(3).

“Authorization” means any authorization, approval, consent, concession, exemption, licence, lease, grant, permit, franchise, right, privilege or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person’s property or business and affairs (including any zoning approval or building permit) or from any Person in connection with any easements, contractual rights or other matters.

“BDC Mortgage” means mortgage loan extended to Captain Cooke’s Seafoods Inc. and By The Water Seafood (2012) Inc. by Business Development Bank of Canada pursuant to a loan arrangement substantially on the terms and conditions of that certain letter of offer dated May 19, 2022 (Re: Loan No. 204809-02) and related security documents in respect of the Owned Real Properties municipally known, collectively, as (i) 181 Milton Avenue, Summerside, PEI (legally described as PID 316810); and (ii) 1368 Route 112, Searletown Road, PEI (legally described as PID 490045) (together, the **“BDC Mortgaged Properties”**). As of the date hereof, the outstanding balance owing under the BDC Mortgage is \$825,700.00.

“Books and Records” means (a) all of the South Shore Group’s files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including Tax and accounting books and records, and (b) all files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including Tax and accounting books and records used or intended for use by, or in the possession of the South Shore Group or any of their respective Affiliates including information, documents and records relating to the Assigned Contracts, customer lists, customer information and account records, sales records, computer files, data processing records, employment and personnel records, sales literature, advertising and marketing data and records, cost and pricing information, production reports and records, equipment logs, operating guides and manuals, credit records, records relating to present and former suppliers and contractors, plans and projections and all other records, data and information stored electronically, digitally or on computer-related media.

“Business” means the business conducted by the South Shore Group of procuring, holding, processing and distributing lobster and other seafood.

“Business Day” means a day on which banks are open for business in Moncton, New Brunswick, but does not include a Saturday, Sunday or statutory holiday in the Province of New Brunswick.

“Cash At Close” means \$[REDACTED].

“**Cash At Close Purchase Price**” has the meaning set out in Section 3.2(2).

“**CCAA**” has the meaning set out in the recitals hereto.

“**CCAA Proceedings**” has the meaning set out in the recitals hereto.

“**Claims**” means any civil, criminal, administrative, regulatory, arbitral or investigative inquiry, action, suit, investigation or proceeding and any claim of any nature or kind (including any cross-claim or counterclaim), demand, investigation, audit, chose in or cause of action, suit, default, assessment, litigation, prosecution, third party action, arbitral proceeding or proceeding, complaint or allegation, by or before any Person.

“**Closing**” means the completion of the purchase and sale of the Purchased Assets and assumption of the Assumed Liabilities in accordance with the provisions of this Agreement.

“**Closing Date**” means, subject to the terms hereof, the date (or, if not a Business Day, the next Business Day) that is the latest of: (a) twenty-one (21) days after the date on which the Approval and Vesting Order is issued by the Court; (b) seven (7) days after the date on which all applications, motions or other proceedings seeking to appeal, restrain or prohibit the Transaction have been fully dismissed, withdrawn or otherwise resolved in a manner satisfactory to the Parties, each acting reasonably; (c) two (2) Business Days after the date that all of the LPA Permit has been issued to the Purchaser; and (d) such other date as the Parties may agree to writing from time to time.

“**Closing Time**” means 12:01 a.m. (Atlantic time) on the Closing Date or such other time on the Closing Date as the Parties agree in writing that the Closing Time shall take place.

“**Contracts**” means any and all pending and executory contracts, agreements, leases, understandings and arrangements (whether oral or written) to which the South Shore Group is a party or by which the South Shore Group is bound or in which the South Shore Group has, or will at Closing have, any rights or by which any of its property or assets are or may be affected, including any Contracts in respect of Employees.

“**Court**” has the meaning set out in the recitals hereto.

“**Cure Costs**” means the amount of all monetary defaults, if any, existing in respect of any Assigned Contracts that are required to be paid in order to obtain the consent necessary to permit the assignment of such Assigned Contract or that are required to be paid in order to obtain an assignment of such Assigned Contract pursuant to Section 11.3 of the CCAA.

“**Deposit**” has the meaning ascribed thereto in Section 3.2(1) hereof.

“**Effective Date**” has the meaning set out in the preamble hereto.

“**Employee**” means any individual who is employed by the South Shore Group as of the Closing Date, including on a full-time, part-time or seasonal basis, but does not include any employee receiving or eligible to receive short term or long term disability insurance benefits, or workers’ compensation benefits.

“**Encumbrance**” means any security interest, lien, Claim, charge, right of retention, deemed trust, judgment, writ of seizure, writ of execution, notice of seizure, notice of execution, notice of sale, hypothec, reservation of ownership, pledge, encumbrance, mortgage or right of a third party

(including any contractual rights such as purchase options, rights of first refusal, rights of first offer or any other pre-emptive contractual right) or encumbrance of any nature or kind whatsoever and any agreement, option or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing, (including any conditional sale or title retention agreement, or any capital or financing lease).

“**ETA**” means the *Excise Tax Act* (Canada).

“**Excluded Assets**” means the properties, rights, assets and undertakings of the South Shore Group that are not Purchased Assets, including those specifically listed as “Excluded Assets” in Schedule “A-2”. The Purchaser shall be entitled to add or remove properties, rights, assets or undertakings from the Excluded Assets upon written notice to the Vendors from time to time up until no later than four (4) Business Days prior to the Closing.

“**Excluded Contracts**” means the Contracts of the South Shore Group that are not Assigned Contracts, including those specifically listed as Excluded Contracts in Schedule “E”. The Purchaser shall be entitled to add or remove Excluded Contracts upon written notice to the Vendors from time to time up until no later than four (4) Business Days prior to Closing.

“**Excluded Liabilities**” has the meaning set out in Schedule “F”.

“**GST/HST**” means goods and services tax / harmonized sales tax levied under Part IX of the ETA.

“**Governmental Authority**” means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry, department, court (including the Court), tribunal, commission, stock exchange, bureau, board or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government or securities market regulation.

“**Initial Order**” has the meaning set out in the recitals hereto.

“**Interim Period**” means the period between the date of this Agreement and the Closing Date.

“**Inventory**” means all inventories of stock-in-trade and merchandise, including materials, supplies, work-in-progress, finished goods, tooling, service parts and purchased finished goods related to the Business (including those in possession of suppliers, customers and other third parties).

“**Liability**” means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

“**Lien**” means (a) any mortgage, charge, pledge, hypothec, security interest, assignment, lien (statutory or otherwise), privilege, easement, servitude, pre-emptive right or right of first refusal, ownership or title retention agreement, restrictive covenant or conditional sale agreement or option, imperfections of title or encroachments relating to real property, and (b) any other encumbrance of any nature or any arrangement or condition which, in substance, secures payment or performance of an obligation.

“**LPA Permit**” means permission granted by the Prince Edward Island Lieutenant Governor in Council or his or her delegate to the Purchaser pursuant to the *Lands Protection Act*, RSPEI 1988, c L-5 in respect of the Owned Real Properties situate in the Province of Prince Edward Island.

“**Monitor**” has the meaning set out in the recitals hereto.

“**Monitor’s Certificate**” has the meaning set out in Section 6.1(4).

“**Organizational Documents**” means any trust document, charter, certificate or articles of incorporation or amalgamation, articles of amendment, articles of association, articles of organization, articles of continuance, bylaws, as amended, partnership agreement or similar formation or governing documents of a Person (excluding individuals).

“**Outside Date**” means February 29, 2024, which date shall be automatically extended to no later than March 31, 2024 solely to accommodate the receipt by the Purchaser of the LPA Permit;

“**Owned Real Properties**” means the lands and premises listed in Schedule “G” by reference to their municipal address and proper legal description.

“**Parties**” has the meaning set out in the recitals hereto.

“**Party**” has the meaning set out in the recitals hereto.

“**Permitted Encumbrances**” means the Encumbrances listed in Schedule “B”.

“**Person**” is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity.

“**Personal Information**” means any factual or subjective information, recorded or not, about an employee, contractor, agent, consultant, officer, director, executive, client, customer, supplier or natural person who is natural person or a natural person who is a shareholder of the South Shore Group, or about any other identifiable individual, including any record that can be manipulated, linked or matched by a reasonably foreseeable method to identify an individual.

“**Purchase Price**” has the meaning set out in Section 3.1.

“**Purchased Assets**” means the tangible and intangible assets, undertakings and properties owned by the South Shore Group related to the Business, wherever located, as of the Closing Date, including without limitation, as specified in Schedule “A-1”. For certainty, the Purchased Assets do not include the Excluded Assets.

“**Purchased Books and Records**” has the meaning set out in Section 8 of Schedule “A-1”.

“**Sanctions**” has the meaning ascribed in Section 7.2(9) hereof.

“**SISP**” has the meaning set out in the preamble hereto.

“**Successful Bid**” has the meaning set out in the SISP.

“**Taxes**” means, with respect to any Person, all national, federal, provincial, local or other taxes, including income taxes, capital gains taxes, value added taxes, severance taxes, ad valorem taxes, property taxes, capital taxes, net worth taxes, production taxes, sales taxes, use taxes, licence taxes, excise taxes, environmental taxes, transfer taxes, withholding or similar taxes, payroll taxes, employment taxes, employer health taxes, pension plan premiums and contributions, workers’ compensation premiums, employment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST/HST, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Authority, together with any interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties and any Liability for the payment of any amounts of the type described in this paragraph as a result any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any Person.

“**Transaction**” means all of the transactions contemplated by this Agreement, including the purchase and sale transaction whereby the Purchaser will acquire the Purchased Assets.

“**Transferring Employees**” has the meaning ascribed in Section 4.6 hereof.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 General Construction

The terms “this Agreement”, “hereof”, “herein” and “hereunder” and similar expressions refer to this Agreement and not to any particular section hereof. The expression “Section” or reference to another subdivision followed by a number mean and refer to the specified Section or other subdivision of this Agreement. The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

1.4 Extended Meanings

Words importing the singular include the plural and vice versa and words importing gender include all genders. The term “including” means “including, without limitation,” and such terms as “includes” have similar meanings and the term “third party” means any other Person other than the Vendors, the Purchaser, or any Affiliates thereof.

1.5 Currency

All references in this Agreement to dollars, monetary amounts, or to \$, are expressed in Canadian currency unless otherwise specifically indicated.

1.6 Statutes

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules, regulations and interpretations made under it, as it or they may have been or may from time to time be modified, amended or re-enacted.

1.7 Schedules

The following schedules are attached hereto and incorporated in and form part of this Agreement:

SCHEDULES

<u>Schedule “A-1”</u> -	Purchased Assets
<u>Schedule “A-2”</u> -	Excluded Assets
<u>Schedule “B”</u> -	Permitted Encumbrances
<u>Schedule “C”</u> -	Assigned Contracts
<u>Schedule “D”</u> -	Assumed Liabilities
<u>Schedule “E”</u> -	Excluded Contracts
<u>Schedule “F”</u> -	Excluded Liabilities
<u>Schedule “G”</u> -	Owned Real Properties
<u>Schedule “H”</u> -	Purchase Price Allocation

Unless the context otherwise requires, words and expressions defined in this Agreement will have the same meanings in the Schedules and the interpretation provisions set out in this Agreement will apply to the Schedules. Unless the context otherwise requires, or a contrary intention appears, references in the Schedules to a designated Article, Section, or other subdivision refer to the Article, Section, or other subdivision, respectively, of this Agreement.

1.8 Interpretation if Closing Does Not Occur

If Closing does not occur, each provision of this Agreement which presumes that the Purchaser has acquired the Purchased Assets and assumed the Assumed Liabilities shall be construed as having been contingent upon Closing having occurred.

ARTICLE 2 PURCHASE OF ASSETS AND ASSUMPTION OF LIABILITIES

2.1 Purchase, Sale and Assumption

Subject to the terms and conditions of this Agreement, effective as of the Closing Time, the Vendors shall sell, assign and transfer the Purchased Assets and Assumed Liabilities to the Purchaser, and the Purchaser shall purchase, accept, assume and receive from the Vendors, all of the Purchased Assets and Assumed Liabilities. For certainty, the Purchased Assets: (a) shall be free and clear of all Encumbrances that are not Permitted Encumbrances; and (b) do not include the Excluded Assets, the Excluded Contracts or the Excluded Liabilities.

ARTICLE 3 PURCHASE PRICE

3.1 Purchase Price

The purchase price payable by the Purchaser for the Purchased Assets shall be an amount equal to the Cash At Close plus the Assumed Liabilities at the Closing Time (subject to adjustment as provided in Section 3.8, the “**Purchase Price**”). For certainty, the Purchase Price shall be exclusive of applicable Taxes.

3.2 Satisfaction of Purchase Price

The Purchaser shall satisfy the purchase in accordance with the following:

- (1) Deposit. The Parties acknowledge that the Purchaser has paid a deposit in the amount of \$[REDACTED], being ten percent (10%) of the Cash At Close (the “**Deposit**”).
- (2) Cash At Close. An amount equal to the Cash At Close less the Deposit (the “**Cash At Close Purchase Price**”), shall be paid to the Vendors at the Closing Time, in immediately available funds.
- (3) Assumed Liabilities. On Closing, the Vendors and the Purchaser shall enter into an assumption agreement (the “**Assumption Agreement**”), in form and substance acceptable to the Vendors and Purchaser, acting reasonably, reflecting the assumption by the Purchaser of the Assumed Liabilities required pursuant to this Agreement.

3.3 Deposit

- (1) If the Closing does not occur for any reason other than a default by the Purchaser in the performance of its obligations under this Agreement, the full amount of the Deposit will be immediately returned to the Purchaser.
- (2) If the Closing does not occur because of a default by the Purchaser in the performance of its obligations under this Agreement, the full amount of the Deposit will become the property of, and may be retained by, the Vendors as liquidated damages (and not as a penalty) to compensate it for the expenses incurred and opportunities foregone as a result of the failure of the transaction to close. The Vendors are not, in such event, limited in the exercise of any other rights or remedies that it may have pursuant to this Agreement.
- (3) The Purchaser acknowledges that the Deposit is being held by the Monitor without interest.

3.4 Allocation of the Purchase Price

The provisional allocation of the Purchase Price as of the date hereof is attached to this Agreement at Schedule “H”. The Vendors and the Purchaser agree that such allocation may be revised by the Purchaser for tax purposes in a manner to be agreed to by the Parties, each acting reasonably, at least one (1) Business Day before Closing. The Vendors and the Purchaser agree to report the sale and purchase of the Purchased Assets for all federal, provincial and local tax purposes in a manner consistent with such allocation, as may be revised.

3.5 Section 167 Tax Election

- (1) To the extent Purchaser and Vendors, acting reasonably, determine that the election under subsection 167(1) of the ETA is available with respect to the transfer of the Purchased Assets, Purchaser and Vendors shall jointly make the election(s) provided for under subsection 167(1) of the ETA and any other similar provisions of any applicable statute in any jurisdiction of Canada so that no GST/HST (and if applicable, Tax imposed under any provision of any applicable statute imposing similar value-added Tax) will be payable in respect of the transfer of the Purchased Assets. Purchaser and Vendor shall complete the prescribed election form in respect of such election(s), and Purchaser shall file such election(s) no later than the due date for Purchaser’s GST/HST returns for the first reporting period in which GST/HST would, in the absence of filing such election(s), become payable in connection with the transactions contemplated by this

Agreement. Purchaser shall indemnify and hold the Vendors harmless for any tax, penalty or interest that may be assessed or arise from a future reassessment against the Vendors as a consequence of Purchaser not filing the prescribed election(s) in the prescribed time or manner with the Canada Revenue Agency, or as a consequence of the election provided for under subsection 167(1) of the ETA not being available in respect of the transfer of the Purchased Assets contemplated by this Agreement.

- (2) To the extent Purchaser and Vendors, acting reasonably, determine that the election under subsection 167(1) of the ETA is not available with respect to the transfer of the Purchased Assets, the Vendors shall charge and collect on Closing the applicable GST/HST on the portion of the Purchase Price attributable to the Purchased Assets that do not consist of Owned Real Properties or leased real property. The Vendors shall not charge or collect any GST/HST in respect of the portion of the Purchase Price attributable to the Purchased Assets that consist of Owned Real Properties and leased real property. The Purchaser shall self-assess for the GST/HST owing in respect of the transfer of the Owned Real Properties and leased real properties pursuant to paragraphs 221(2)(b) and 228(4)(a) of the ETA and it shall indemnify and save harmless the Vendors from and against any claim with respect to GST/HST payable on the Owned Real Properties and leased real properties, including all GST/HST, penalties, costs and/or interest which may become payable by or assessed against the Vendors as a result of any inaccuracy, misstatement, breach, or mistake in connection with any matter, including without limitation failure by the Purchaser to pay the GST/HST in respect of the transfer of the Owned Real Properties and leased real properties.

3.6 Intentionally Deleted

3.7 Section 20(24) Tax Election

Purchaser and Vendors shall, to the extent applicable, jointly make an election (or elections) under Section 20(24) of the *Income Tax Act* (Canada) in the manner and within the time as prescribed pursuant to subsection 20(25) of the *Income Tax Act* (Canada) and the corresponding provisions of any applicable Canadian provincial income tax statutes, in respect of amounts for future obligations in respect of the Assigned Contracts and shall timely file such elections with the appropriate Governmental Authority. To the extent applicable for Tax purposes, Vendors and Purchaser acknowledge that a portion of the Purchased Assets was transferred to Purchaser as payment by Vendors for the assumption by Purchaser of any such future obligations of the Vendors in respect of the Assigned Contracts.

3.8 Taxes

The Purchaser shall be liable for federal and provincial sales Taxes and all other fees, Taxes, due or other like charges, if any, properly payable upon and in connection with the conveyance and transfer by the Vendors to the Purchaser of the Purchased Assets.

3.9 Owned Real Property

- (1) General. The Purchase Price shall be adjusted as of the Closing Time and shall be paid on the Closing Date pursuant to Section 3.9(4).
- (2) Day of Closing. The Monitor, on behalf of the Vendors, shall be responsible for all expenses and entitled to all revenue accrued from the Purchased Assets for that period ending on the day prior to the Closing Date. The Purchaser shall receive all of the revenue

and be responsible for all of the expenses in respect of the Purchased Assets from and after the Closing Date.

- (3) Statement of Adjustments. The Monitor, on behalf of the Vendors, shall prepare a statement of adjustments (the “**Statement of Adjustments**”) and deliver same with all supporting documentation to the Purchaser for its approval by no later than five (5) Business Days prior to the Closing Date. If the amount of any adjustments required to be made pursuant to this Agreement cannot be reasonably determined by five (5) Business Days prior to the Closing Date, then, and only then: (i) an estimate shall be agreed upon by the Parties as of the Closing Date based upon the best information available to the Parties at such time, each Party acting reasonably; and (ii) the Parties shall enter into an agreement on or prior to the Closing Date to adjust the adjustments no later than thirty (30) days following the Closing Date, which readjustment shall serve as a final determination (the “**Post-Closing Adjustment**”).
- (4) Adjustments. The Statement of Adjustments and the Post-Closing Adjustment shall include all rents, damage/security deposits and interest thereon, if any, prepaid rents and interest thereon, if any, and other income and operating expenses, prepaid expenses relating to the Owned Real Property, amounts paid and payable under any Contracts, Permitted Encumbrances, utilities (to the extent such meters have not been read on Closing as aforesaid), and utilities deposits, taxes (including local improvement charges and assessments and business taxes), and other adjustments established by the usual practice in the city and province in which the Owned Real Properties are located for the purchase and sale of properties similar to the Owned Real Properties. Without limiting the generality of the foregoing, the Monitor, on behalf of the Vendors, and the Purchaser hereby acknowledge and agree that the Purchaser shall be responsible for, and shall indemnify the Vendors’ in respect of, and shall pay:

 - (a) the cost and expenses (including, without limitation, utilities) in respect of the Owned Real Properties or the operation and maintenance of the Owned Real Properties in respect of or for the period from and after Closing; and
 - (b) realty taxes accrued in respect of or for the period from and after Closing.
- (5) Utilities. The Monitor, on behalf of the Vendors, shall use its reasonable commercial efforts to cause all providers of utilities to read the respective meters on the date prior to the Closing Date and to render an account for such period to the Monitor, and an account for the period commencing on the Closing Date to the Purchaser. The Purchaser shall not assume any contracts or agreement entered into by or on behalf of the Vendors for the supply of any utilities (including electricity, gas, water, fuel, telephone services, internet services, security and surveillance services or otherwise) at the Owned Real Properties. On or before the Closing Date, the Monitor, on behalf of the Vendors, shall terminate all of the Vendors’ contracts and agreements for the supply of any utilities to the Owned Real Properties.
- (6) Insurance. No adjustments shall be made with respect to insurance premiums for any period after Closing. The Purchaser shall not assume the Vendors’ insurance policy. Insurance shall remain the responsibility of the Vendors until the Closing Date.
- (7) No Further Adjustments. Other than as provided in this Section 3.9, there shall be no adjustments to the Purchase Price.

ARTICLE 4 COVENANTS

4.1 Closing Date

- (1) The Parties shall cooperate with each other and shall use their commercially reasonable efforts to effect the Closing.
- (2) Each of the Parties shall, as promptly as possible, make, or cause to be made, all filings and submissions, as applicable, required under any Applicable Law to effect the Closing.

4.2 Interim Period

Except: (i) as contemplated or permitted by this Agreement; (ii) as necessary in connection with the CCAA Proceedings; (iii) as otherwise provided in the Initial Order and any other court orders prior to the Closing Time; (iv) as required by Applicable Law, to the extent reasonably practicable having regard to the CCAA Proceedings; or (v) as consented to by the Purchaser in writing, such consent not to be unreasonably withheld, conditioned or delayed, the Vendors shall, during the Interim Period:

- (1) (a) operate the Business only in the ordinary course of business in all material respects consistent with past practice; (b) use commercially reasonable efforts to preserve the Purchased Assets; (c) use commercially reasonable efforts to preserve its business organization, including the services of its officers and employees, and its business relationships and goodwill with customers, suppliers and others having business dealings with it; and (d) use commercially reasonable efforts to maintain in full force and effect all material insurance policies and binders relating to the Business; and
- (2) not, without the prior written consent of the Purchaser (the granting of such consent to be in the Purchaser's sole discretion): (a) transfer, lease, license, sell, abandon, create any Encumbrance (other than Permitted Encumbrances and Encumbrances associated with or permitted by the DIP Lender, as defined in the SISF) on or otherwise dispose of any of the Purchased Assets (except in the ordinary course of business, consistent with past practice); (b) materially increase the compensation or benefits of any Employee; (c) establish, adopt, enter into, amend or terminate any Employee benefit plan or any plan, agreement, program, policy, trust, fund or other arrangement that would be an Employee benefit plan if it were in existence as of the date of this Agreement; (d) (i) materially amend, terminate or assign any licence or permit material to the Business, (ii) enter into any lease, contract, license or other commitment related to the Business that would constitute a material licence or permit; (e) enter into any Contract which materially restricts the ability of the Business to engage in any business in any geographic area or channel of distribution; (f) acquire any material businesses or assets outside of the ordinary course of business in all material respects; or (g) agree or make a commitment, whether in writing or otherwise, to do any of the foregoing.

4.3 Access During Interim Period

During the Interim Period, the Vendors shall give, or cause to be given, to the Purchaser, and its representatives, reasonable access during normal business hours to the Books and Records, to conduct such investigations, inspections, surveys or tests thereof and of the financial and legal condition of the Business as the Purchaser reasonably deems necessary or desirable to further familiarize themselves with the Business. Without limiting the generality of the foregoing: (a) the Purchaser and its representatives shall be permitted reasonable access during normal business hours to all documents relating to information scheduled or required to be disclosed under this Agreement and to the Employees; and (b) the Purchaser

and its representatives shall be permitted to contact and discuss the Transactions contemplated herein with Governmental Authorities and the South Shore Group's customers and contractual counterparties. Such investigations, inspections, surveys and tests shall be carried out at the Purchaser's sole and exclusive risk and cost, during normal business hours, and without undue interference with the South Shore Group's operations and the Vendors shall co-operate reasonably in facilitating such investigations, inspections, surveys and tests and shall furnish copies of all such documents and materials relating to such matters as may be reasonably requested by or on behalf of the Purchaser.

4.4 Assigned Contracts

- (1) Subject to Section 4.4(3), the Purchaser, with the Vendors' consent, will request any consents necessary to permit the assignment to the Purchaser of any Assigned Contracts in writing. The Vendors will provide its reasonable cooperation to assist the Purchaser to obtain such consents, including providing financial and other information of the South Shore Group requested by the Purchaser or the counterparty to such Assigned Contract.
- (2) The Purchaser will be responsible for all Cure Costs (if such Cure Costs exist) in respect of any Assigned Contracts.
- (3) Nothing in this Agreement will constitute an agreement to assign or an attempted assignment of any non-assignable rights or any Contracts for which any requisite consent or approval has not been obtained or which as a matter of Applicable Law or by its terms is not assignable or not assignable pursuant to Section 11.3 of the CCAA (collectively, "**Restricted Rights**"), unless the assignment is subject to an Assignment Order. The Vendors shall use commercially reasonable efforts to take all such action, and do or cause to be done all such things as are reasonably necessary or proper, following the Closing Time, in order that the obligations of the applicable Vendor under such Restricted Rights may be performed in such manner that the value of such Restricted Rights is preserved and enures to the benefit of the Purchaser, and that any amounts due and payable, or which become due and payable, in and under the Restricted Rights are received by the Purchaser and the liabilities are satisfied by the Purchaser. Subject to payment of all liabilities in respect thereof by the Purchaser, the Vendors shall reasonably promptly pay to the Purchaser all amounts collected by or paid to the Vendors in respect of all such Restricted Rights. The Vendors shall not, without the prior written consent of the Purchaser, agree to any modification of any Restricted Rights.
- (4) If a consent to transfer the Restricted Rights to the Purchaser is not obtained by the Closing Time or such assignment is not attainable, the Parties will cooperate and use their respective commercially reasonable efforts, from and after the Closing Time, to implement a mutually agreeable arrangement pursuant to which the Purchaser will obtain the benefits, and assume the liabilities and obligations, related to such Restricted Rights in accordance with this Agreement; provided, however, that the Purchaser acknowledges and agrees that nothing in this Section 4.4 shall operate to prohibit or diminish in any way the right of a Vendor to dissolve, windup or otherwise cease operations as it may determine in its sole discretion, or require any Vendor to take any illegal action or commit fraud on any Person.
- (5) Subject to the terms and conditions of this Agreement, the Vendors hereby agree to assign to the Purchaser on the Closing Date, effective as of the Closing Time, all of the applicable Vendor's rights, benefits and interests in, to and under the Assigned Contracts in accordance with either this Agreement or an Assignment Order. The Vendors will use their commercially reasonable efforts to obtain any necessary consents or approvals in order to

assign the Assigned Contracts. The Vendors will use their commercially reasonable efforts to take such other actions necessary to cause the Assigned Contracts to be assigned by the applicable Vendor to the Purchaser as of the Closing Time at the expense of the Purchaser; provided that the Purchaser shall only be required to pay the Cure Costs associated with the Assigned Contracts in seeking such consents and shall not be required to pay any other amounts in seeking such consents. The Purchaser will use its commercially reasonable efforts to assist the Vendors in obtaining each such consent.

4.5 Insurance Matters

Until Closing, the Vendors' shall keep in full force and effect all existing insurance policies and give any notice or present any claim under any such insurance policies consistent with past practice of the South Shore Group in the ordinary course of business.

4.6 Transferring Employees

- (1) At least five (5) Business Days prior to the Closing Date, the Purchaser shall provide the Vendors with a list (the "**Transferring Employees List**") of Employees of the South Shore Group. The Purchaser will make offers of employment effective as of the Closing to each Employee on such list (each Employee who accepts such offer from Purchaser are hereinafter referred to together as the "**Transferring Employees**" and each as a "**Transferring Employee**").
- (2) All employment offers made to Employees shall be on substantially similar terms and conditions of employment as those existing for such Employees as of the Closing Date.
- (3) The Purchaser shall recognize the service of the Transferring Employees with the Vendors up to the Closing Date, in accordance with the offer of employment and all applicable laws in the province in which the Transferring Employee is employed.

4.7 Personal Information Privacy

The Purchaser shall at all times comply with all Applicable Laws governing the protection of personal information with respect to Personal Information disclosed or otherwise provided to the Purchaser by the Vendors under this Agreement. The Purchaser shall only collect, use or disclose such Personal Information for the purposes of investigating the Business as contemplated in this Agreement and completing the transactions contemplated in this Agreement. The Purchaser shall safeguard all Personal Information collected from the Vendors in a manner consistent with the degree of sensitivity of the Personal Information and maintain at all times the security and integrity of the Personal Information. The Purchaser shall not make copies of the Personal Information or any excerpts thereof or in any way re-create the substance or contents of the Personal Information if the purchase of the Purchased Assets is not completed for any reason and shall return all Personal Information to the Vendors or destroy such Personal Information at the Vendors' request.

4.8 Vendors to Change Corporate Names

The Vendors (except the Monitor and Can-Am Lobster & Shellfish Ltd.) will each, no later than thirty (30) days following the Closing Date, file articles of amendment (or equivalent corporate law documentation) in the applicable jurisdictions to change the corporate name of each Vendor (except the Monitor and Can-Am Lobster & Shellfish Ltd.) to a numbered corporation. The Monitor shall use commercially reasonable efforts to effect a change in the corporate name of Can-Am Lobster & Shellfish Ltd. within thirty (30) days

following the Closing Date. The Vendors acknowledge and agree that such name changes are necessary or, in the case of and Can-Am Lobster & Shellfish Ltd., desirable, to avoid confusion in the industry which could be commercially detrimental to the Purchaser.

4.9 Post-Closing Sale of Pre-Closing Inventory

The Purchaser hereby grants the Monitor an option to engage the Purchaser as its agent in respect of Sales (as such terms are defined in subsection (1) below) following closing.

The Monitor may exercise this option at any time prior to the date that is three (3) Business Days prior to the Closing Date by written notice to the Purchaser of such engagement as agent for the Monitor and the South Shore Group (the "**Monitor's Agent**"). Purchaser's engagement as the Monitor's Agent shall be on the following terms and conditions:

- (1) Inventory will be treated as an Excluded Asset under this Agreement and be stored with the Purchaser at no additional cost while the Purchaser acts at the Monitor's Agent;
- (2) Monitor's Agent will use commercially reasonable efforts to sell saleable Inventory of the Vendors existing at the Closing Time and collect any receivables arising therefrom ("**Sales**");
- (3) during its engagement, Monitor's Agent will report all Sales and taxes thereon to the Monitor within 15 days following the end of each month;
- (4) Monitor's Agent will retain as fees for services 30% of all net Sales, plus HST if exigible, and will pay over to the Monitor, within 15 days following the end of each month, the remainder of monies received for Sales in the prior month ("**Remittances**");
- (5) other than the payment of Remittances, Monitor's Agent will assume no liability to the Monitor or the South Shore Group in the course of its engagement in such capacity or in its dealings with Sales;
- (6) Monitor's Agent will provide no warranty or performance guarantee in respect of its Sales efforts; and
- (7) title to the Sales Inventory will remain with the Monitor and the Monitor may terminate the engagement of the Monitor's Agent at any time upon delivery of written notice of such termination, provided that the Purchaser and the Monitor will mutually determine a commercially reasonable procedure to transfer remaining saleable Inventory to the Monitor or its designee.

In the event that the option is not exercised in respect of Inventory, the Monitor shall remove all Inventory from the Business premises prior to Closing and any Inventory not so removed at Closing Time shall be deemed abandoned and be included as a Purchased Asset.

ARTICLE 5 CLOSING ARRANGEMENTS

5.1 Closing

Closing shall take place on the Closing Date effective as of the Closing Time electronically (or as otherwise determined by mutual agreement of the Parties in writing), by the exchange of deliverables (in counterparts

or otherwise) by electronic transmission in PDF format except with respect to any deeds, transfers or other documents for recording in a land registry where delivery of an original is required by law.

5.2 Vendors' Closing Deliveries

At or before the Closing Time, the Monitor shall deliver or cause to be delivered to the Purchaser the following:

- (1) a certificate of the Monitor, on behalf of each of the Vendors, dated as of the Closing Date confirming that all of the representations and warranties of the Vendors contained in this Agreement are true and correct in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Vendors have performed in all material respects the covenants to be performed by them prior to the Closing Time;
- (2) a true copy of the Approval and Vesting Order, as issued and entered by the Court;
- (3) all consents shall have been obtained by the Vendors in respect of Assigned Contracts, either through written consents or Assignment Orders;
- (4) the Assumption Agreement, duly executed by the Vendors;
- (5) a bill of sale and general conveyance in respect of any portion of the Purchased Assets owned by Can-Am Lobster & Shellfish Ltd., duly executed thereby;
- (6) any necessary deeds, conveyances, transfers and assignments and any other instruments necessary or reasonably required to transfer (or record the transfer of) the Purchased Assets and the Assumed Liabilities to the Purchaser with good (and in the case of the Owned Real Properties, marketable) title, free and clear of all Liens other than Permitted Encumbrances;
- (7) such other agreements, documents and instruments as may be reasonably required by the Purchaser to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably. The Purchaser shall be responsible for preparing any and all conveyance materials not otherwise specifically set out in this Section 5.2.

5.3 Purchaser's Closing Deliveries

At or before the Closing, the Purchaser shall deliver or cause to be delivered to the Monitor, the following:

- (1) a certificate of status, compliance, good standing or like certificate with respect to the Purchaser issued by the appropriate government official of the jurisdiction of its incorporation;
- (2) the Assumption Agreement, duly executed by the Purchaser;
- (3) the Cash At Close Purchase Price;
- (4) the Cure Cost amount, if any, by transfer of immediately available funds, in respect any Assigned Contracts;
- (5) the Transferring Employees List;

- (6) a certificate of an officer of the Purchaser dated as of the Closing Date confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true and correct in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Purchaser has performed in all material respects the covenants to be performed by it prior to the Closing Time;
- (7) a certificate of an officer of the Purchaser addressed to the Vendors and the Monitor dated as of the Closing Date, in form and substance reasonably satisfactory to the Monitor, confirming that each of the conditions precedent in Section 6.1 and Section 6.2 herein have been fulfilled, performed or waived; and
- (8) such other agreements, documents and instruments as may be reasonably required by the Vendors to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

ARTICLE 6 CONDITIONS OF CLOSING

6.1 Mutual Conditions of Closing

The obligation of the Parties to complete the Transaction is subject to the following joint conditions being satisfied, fulfilled or performed on or prior to the Closing Date:

- (1) Approval and Vesting Order. The Court shall have pronounced the Approval and Vesting Order, which Approval and Vesting Order shall not have been stayed, set aside, or vacated and no application, motion or other proceeding shall have been commenced seeking the same, in each case which has not been fully dismissed, withdrawn or otherwise resolved in a manner satisfactory to the Parties, each acting reasonably;
- (2) No Order. No Applicable Law and no judgment, injunction, order or decree shall have been issued by a Governmental Authority or otherwise in effect that restrains or prohibits the completion of the Transaction;
- (3) No Restraint. No motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the Transaction contemplated by this Agreement; and
- (4) Monitor's Certificate. The Monitor shall have provided an executed certificate of the Monitor substantially in the form attached to the Approval and Vesting Order (the "**Monitor's Certificate**") confirming that all other conditions to Closing have either been satisfied or waived by both the Purchaser and the Vendors.

The foregoing conditions are for the mutual benefit of the Parties. If any condition set out in this Section 6.1 is not satisfied, performed or mutually waived on or prior to the Closing Date, any Party may elect on written notice to the other Parties to terminate this Agreement.

6.2 Purchaser's Conditions of Closing

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

- (1) Authorizations. The Purchaser shall have received the LPA Permit.
- (2) Vendors' Deliverables. The Vendors shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 5.2;
- (3) No Breach of Representations and Warranties. Except as such representations and warranties may be affected by the occurrence of events or transactions specifically contemplated by this Agreement, each of the representations and warranties contained in Section 7.1 shall be true and correct in all material respects: (a) as of the Closing Date as if made on and as of such date; or (b) if made as of a date specified therein, as of such date; and
- (4) No Breach of Covenants. The Vendors shall have performed, in all material respects, all covenants, obligations and agreements contained in this Agreement required to be performed by the Vendors on or before the Closing Date.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition in this Section 6.2 may be waived by the Purchaser in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing. If any condition set out in this Section 6.2 is not satisfied or performed by the Closing Date, the Purchaser may elect on written notice to the Vendors to terminate this Agreement.

6.3 Vendors' Conditions of Closing

The obligation of the Vendors to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

- (1) Purchaser's Deliverables. The Purchaser shall have executed and delivered or caused to have been executed and delivered to the Vendors at the Closing all the documents and payments contemplated in Section 5.3;
- (2) No Breach of Representations and Warranties. Each of the representations and warranties contained in Section 7.2 shall be true and correct in all material respects (a) as of the Closing Date as if made on and as of such date, or (b) if made as of a date specified therein, as of such date; and
- (3) No Breach of Covenants. The Purchaser shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Purchaser on or before the Closing.

The foregoing conditions are for the exclusive benefit of the Vendors. Any condition in this Section 6.3 may be waived by the Vendors in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver shall be binding on the Vendors only if made in writing. If any condition set forth in this Section 6.3 is not satisfied or performed by the Closing Date, the Vendors may elect on written notice to the Purchaser to terminate the Agreement.

**ARTICLE 7
REPRESENTATIONS AND WARRANTIES**

7.1 Representations and Warranties of the Vendors

The Vendors hereby represent and warrant as of the date hereof and as of the Closing Time as follows, and acknowledges that the Purchaser is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

- (1) Incorporation and Status. The companies comprising the South Shore Group are incorporated or otherwise formed and existing under the laws of the applicable jurisdiction, are in good standing under such laws and, subject to receipt of the Approval and Vesting Order, the Vendors has the power and authority to enter into, deliver and perform its obligations under this Agreement.
- (2) Corporate Authorization. The execution, delivery and, subject to obtaining of the Approval and Vesting Order, performance by the Vendors of this Agreement has been authorized by the Court.
- (3) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Vendors and constitutes a legal, valid and binding obligation of the Vendors, enforceable against it in accordance with its terms, subject only to obtaining the Approval and Vesting Order, and the due execution and delivery of this Agreement by the Purchaser.
- (4) Residency. Except for Can-Am Lobster & Shellfish Ltd., the companies comprising the South Shore Group are not non-residents of Canada for purposes of the Income Tax Act, as applicable.
- (5) No Other Agreements to Purchase. Except for the Purchaser's rights under this Agreement, no Person has any contractual right, option or privilege for the purchase or acquisition from the Vendors of any of the Purchased Assets.

7.2 Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to and in favour of the Vendors as of the date hereof and as of the Closing Time, and acknowledges that, the Vendors are relying on such representations and warranties in connection with entering into this Agreement and performing their obligations hereunder:

- (1) Incorporation and Status. The Purchaser is an unlimited liability corporation (ULC) incorporated and existing under the laws of the Province of Prince Edward Island and, as of Closing, is in good standing under such incorporating legislation and has the power and authority to enter into, deliver and perform its obligations under this Agreement.
- (2) Corporate Authorization. The execution, delivery and performance by the Purchaser of this Agreement has been authorized by all necessary corporate action on the part of the Purchaser.
- (3) No Conflict. The execution, delivery and performance by the Purchaser of this Agreement do not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or

allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Purchaser.

- (4) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Purchaser and, subject only to the due execution and delivery of this Agreement by the Vendors, constitutes a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms subject only to the Approval and Vesting Order.
- (5) Proceedings. There are no proceedings pending, or to the knowledge of the Purchaser, threatened, against the Purchaser before any Governmental Authority, which prohibit or seek to enjoin delay, restrict or prohibit the Closing of the Transaction, as contemplated by this Agreement, or which would reasonably be expected to delay, restrict or prevent the Purchaser from fulfilling any of its obligations set forth in this Agreement.
- (6) Funding Available. The Purchaser has available sufficient funding to enable the Purchaser to consummate the purchase of the Purchased Assets and assumption of the Assumed Liabilities on the terms set forth herein and otherwise to perform all of the Purchaser's obligations under this Agreement.
- (7) Excise Tax Act. The Purchaser will be registered under Part IX of the *Excise Tax Act* (Canada) at Closing.
- (8) Residency. The Purchaser is not a non-resident of Canada within the meaning of section 116 of the *Income Tax Act* (Canada).
- (9) No Sanctions. None of the Purchaser, any of its subsidiaries or, to the knowledge of the Purchaser, any director, officer, agent, employee, Affiliate or representative of the Purchaser or any of its subsidiaries is, or is controlled or 50% or more owned by or is acting on behalf of, an individual or entity (a "**Sanctioned Person**") currently the subject of applicable economic sanctions including those administered or enforced by the government of Canada, the United States of America, or the United Kingdom (collectively, "**Sanctions**"). None of the Purchaser or any of its subsidiaries is located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions. To the Purchaser's knowledge, neither it nor any of its subsidiaries has engaged in any dealings or transactions with or for the benefit of a Sanctioned Person. The Purchaser has procedures and policies in place designed to ensure compliance with Sanctions.

7.3 "As is, Where is"

- (1) The Purchaser acknowledges and agrees that it is purchasing the Purchased Assets, and assuming the Assumed Liabilities, on an "as is, where is" basis and on the basis that the Purchaser has conducted to its satisfaction an independent inspection, investigation and verification of the Purchased Assets (including a review of title), Assumed Liabilities and all other relevant matters and has determined to proceed with the Transaction contemplated herein and will accept the same at the Closing Time in their then current state, condition, location, and amounts, subject to all Permitted Encumbrances.
- (2) Except as otherwise expressly provided in Section 7.1, no representation, warranty or condition whether statutory (including under *The Sale of Goods Act* (New Brunswick), *The International Sale of Goods Act* (New Brunswick), the *International Sale of Goods Contracts Convention Act* (Canada) or any other Canadian (whether federal, provincial,

territorial or municipal) or international act which may be applicable to the subject matter pursuant to the provisions of this Agreement, including but not limited to the United Nations Convention on Contracts for the International Sale of Goods), or express or implied, oral or written, legal, equitable, conventional, collateral, arising by custom or usage of trade, or otherwise is or will be given by the Vendors including as to title, outstanding liens or encumbrances, description, fitness for purpose, merchantability, merchantable quality, quantity, condition (including physical and environmental condition), suitability, durability, assignability, or marketability thereof or any other matter or thing whatsoever, and all of the same are expressly excluded and disclaimed and any rights pursuant to such statutes have been waived by the Purchaser. The Purchaser acknowledges and agrees that it has relied entirely and solely on its own investigations as to the matters set out above and in determining to purchase the Purchased Assets and assume the Assumed Liabilities pursuant to this Agreement.

- (3) The description of the Purchased Assets and Assumed Liabilities contained herein is for the purpose of identification only and the inclusion of any item in such description does not confirm the existence of any such items or that any such item is owned by the Vendors. Except as otherwise explicitly set forth in Section 7.1 no representation, warranty or condition has been given by the Vendors concerning the completeness or accuracy of such descriptions and the Purchaser acknowledges and agrees that any other representation, warranty, statements of any kind or nature, express or implied, (including any relating to the future or historical financial condition, results of operations, prospects, assets or liabilities of the South Shore Group or the quality, quantity or condition of the Purchased Assets or Assumed Liabilities) are specifically disclaimed by the Vendors.
- (4) Any documents, materials and information provided by the Vendors to the Purchaser with respect to the Purchased Assets or Assumed Liabilities (including any confidential information memorandums, management presentations, or material made available in the electronic data room) have been provided to the Purchaser solely to assist the Purchaser in undertaking its own due diligence, and the Vendors have not made and are not making any representations or warranties, implied or otherwise, to or for the benefit of the Purchaser as to the accuracy and completeness of any such documents, materials or information or the achievability of any valuations, estimates or projections. The Purchaser acknowledges that it has not and will not rely upon any such documents, materials or information in any manner, whether as a substitute for or supplementary to its own due diligence, searches, inspections and evaluations. The Vendors and their respective Affiliates, directors, officers, employees, agents and advisors shall not be liable for any inaccuracy, incompleteness or subsequent changes to any such documents, materials or information. The Purchaser further acknowledges that the use of the documents may not be possible without the Purchaser obtaining reliance or other assurances from the author of such documents directly and further that the documents may be subject to copyright or other property rights which may preclude their use by the Purchaser in whole or in part.

ARTICLE 8 TERMINATION

8.1 Grounds for Termination

This Agreement may be terminated prior to the Closing Date:

- (1) by the mutual agreement of the Vendors and the Purchaser;

- (2) by the Vendors upon written notice to the Purchaser if: (a) the Closing has not occurred by the Outside Date directly as a result of a breach of this Agreement by Purchaser; or (b) the Purchaser has materially breached its obligations under this Agreement and has not cured such breach within five (5) Business Days of receiving notice thereof from Vendors; provided in each case that the failure to close, as applicable, is not caused by a breach of this Agreement by Vendors; or
- (3) by the Purchaser upon written notice to the Vendors if: (a) the Closing has not occurred by the Outside Date; or (b) the Vendors have materially breached their obligations under this Agreement and have not cured such breach within five (5) Business Days of receiving notice thereof from Purchaser; provided in each case that the failure to close, as applicable, is not caused by a breach of this Agreement by Purchaser.

8.2 Effect of Termination

If this Agreement is terminated pursuant to Section 8.1(2) or (3), all further obligations of the Parties under this Agreement will terminate and no Party will have any Liability or further obligations hereunder; except for the provisions of 3.3 (Deposit), Section 9.1(1) (Purchaser Indemnity), Section 10.3 (Public Announcements) and Section 10.9 (Governing Law) which shall survive such termination.

ARTICLE 9 INDEMNITY

9.1 Purchaser Indemnity

The Purchaser hereby indemnifies the Vendors and saves them fully harmless against, and will reimburse or compensate them for, any Liabilities arising from, in connection with or related in any manner whatsoever to:

- (1) the inaccuracy of the Purchaser's representations or warranties, or breach of its covenants in this Agreement;
- (2) any transfer Taxes (including penalties and interest) which may be assessed against the South Shore Group, including, notwithstanding anything to the contrary in this Agreement, any Taxes which may be assessed against any of the South Shore Group in the event that any elections made pursuant to Sections 3.5 or 3.6 is challenged by the relevant Tax authority as being inapplicable to the transactions under this Agreement, or as a result of the Purchaser's failure to file such elections within the prescribed time; and
- (3) the Purchaser's failure to pay when due and perform and discharge the Assumed Liabilities.

ARTICLE 10 GENERAL

10.1 Access to Books and Records

The Vendors will exert reasonable commercial efforts prior to the Closing Time to remove from the Business premises all Books and Records except the Purchased Books and Records. For a period of six (6) months from the Closing Date or for such longer period as may be reasonably required for the Vendors (or any trustee in bankruptcy of the estate of any member of the South Shore Group) to comply with Applicable Law, (a) the Purchaser will retain all original Purchased Books and Records and other Books and Records that are not removed from the Business premises prior to the Closing Time, but the Purchaser is not

responsible or liable for any accidental loss or destruction of, or damage to, any such Books and Records and (b) without imparting on the Purchaser any obligation beyond those contained in clause 10.1(a), the Vendors (and any representative, agent, former director or officer or trustee in bankruptcy of the estate of the South Shore Group, including the Monitor) shall have the right to inspect and to make copies (at its own expense) of the Books and Records during normal business hours and without undue interference to the business operations of the Purchaser, upon five (5) Business Day's advance request which includes details of the proper purpose for such inspection.

10.2 Notice

Any notice or other communication under this Agreement shall be in writing and may be delivered by read-receipted email, addressed:

- (1) in the case of the Purchaser, as follows:

c/o Phillips Foods, Inc.
[REDACTED]

with a copy (which shall not constitute notice) to:

Aird & Berlis LLP
181 Bay Street, Suite 1800
Toronto, Ontario M5J 2T9
Attention: Jesse Rosensweet
Email: jrosensweet@airdberlis.com

and to:

Attention: Kyle Plunkett
Email: kplunkett@airdberlis.com

- (2) in the case of the Vendors, as follows:

c/o Deloitte Restructuring Inc.
Suite 800, 1741 Lower Water
Halifax, NS B3J 0J2
Attention: James Foran
Email: jforan@deloitte.ca

with a copy (which shall not constitute notice) to:

Cox & Palmer
PO Box 2380
Halifax, Nova Scotia B3J 3E5
Attention: Gavin MacDonald
Email: gmacdonald@coxandpalmer.com

- (3) in each case, with a further copy to the Monitor as follows:

Deloitte Restructuring Inc.
Suite 800, 1741 Lower Water
Halifax, NS B3J 0J2
Attention: James Foran
Email: jforan@deloitte.ca

with a copy (which shall not constitute notice) to:

Cox & Palmer
PO Box 2380
Halifax, Nova Scotia B3J 3E5
Attention: Gavin MacDonald
Email: gmacdonald@coxandpalmer.com

Any such notice or other communication, if transmitted by email before 5:00 p.m. (Atlantic time) on a Business Day, will be deemed to have been given on such Business Day, and if transmitted by email after 5:00 p.m. (Atlantic) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission. In the case of a communication by email or other electronic means, if an autoreply is received indicating that the email is no longer monitored or in use, delivery must be followed by the dispatch of a copy of such communication by courier or Canada Post registered mail; provided that any communication originally delivered by electronic means shall be deemed to have been given on the date stipulated above for electronic delivery.

Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party. A Person may change its address for service by notice given in accordance with the foregoing and any subsequent communication must be sent to such Person at its changed address.

10.3 Public Announcements

The Vendors and the Monitor shall be entitled to disclose this Agreement to the Court and parties in interest in the CCAA Proceedings, other than any information which the Purchaser advises the Vendors and the Monitor in writing as being confidential, and this Agreement may be posted on the Monitor's website maintained in connection with the CCAA Proceedings at: <https://www.insolvencies.deloitte.ca/en-ca/Pages/South-Shore-Seafoods.aspx?searchpage=Search-Insolvencies.aspx&text=south%20shore>. The Purchaser acknowledges and agrees that the Vendors power to keep designated information confidential is subject to Court ordered disclosure in connection with the ongoing CCAA Proceedings. The Monitor shall request and use commercially reasonable efforts to obtain a sealing order with respect to designated confidential information.

Other than as provided in the preceding sentence or statements made in Court (or in pleadings filed therein) or where required to meet timely disclosure obligations of the Vendors or any of its Affiliates under Applicable Laws or stock exchange rules, neither the Vendors nor the Purchaser shall issue (prior to or after the Closing) any press release or make any public statement or public communication with respect to this Agreement or the Transactions contemplated hereby without the prior consent of the other Party, which shall not be unreasonably withheld, conditioned or delayed.

10.4 Time

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Parties.

10.5 Survival

All representations, warranties and covenants of Vendors contained in this Agreement shall merge and terminate on Closing. Notwithstanding the foregoing, the representations, warranties and covenants of the Purchaser contained herein shall not merge on Closing and shall survive and remain in full force and effect.

10.6 Benefit of Agreement

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

10.7 Entire Agreement

This Agreement and the attached Schedules hereto constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior negotiations, understandings and agreements. This Agreement may not be amended or modified in any respect except by written instrument executed by the Vendors and the Purchaser.

10.8 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

10.9 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of New Brunswick and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the exclusive jurisdiction of the Court in the CCAA Proceedings, and any appellate courts of the Province of New Brunswick therefrom.

10.10 Assignment

This Agreement may be assigned by the Purchaser prior to the issuance of the Approval and Vesting Order, in whole or in part, without the prior written consent of the Vendors, provided that: (a) such assignee is a related party of the Purchaser or is incorporated for the purposes of this Agreement; (b) the Purchaser provides prior notice of such assignment to the Vendors; and (c) such assignee agrees to be bound by the terms of this Agreement to the extent of the assignment; provided that any such assignment shall not relieve the Purchaser of its obligations hereunder; and the Purchaser may assign the benefits of this Agreement to a lender or lenders as security for obligations owed to it or them, all without the consent of (but upon notice to) the Vendors.

10.11 Further Assurances

Each of the Parties shall, at the request and expense of the requesting Party, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such conveyances,

transfers, documents and further assurances as may be reasonably necessary or desirable to give effect to this Agreement.

10.12 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by e-mail of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

10.13 Severability

Notwithstanding any provision herein, if a condition to complete the Transaction, or a covenant or an agreement herein is prohibited or unenforceable pursuant to Applicable Law, then such condition, covenant or agreement shall be ineffective to the extent of such prohibition or unenforceability without invalidating the other provisions hereof.

10.14 Monitor's Certificate

The Parties acknowledge and agree that the Monitor shall be entitled to deliver to the Purchaser, and file with the Court, the executed Monitor's Certificate without independent investigation, upon receiving written confirmation from both Parties (or the applicable Party's counsel) that all conditions of Closing in favour of such Party have been satisfied or waived, and the Monitor shall have no Liability to the Parties in connection therewith. The Parties further acknowledge and agree that upon written confirmation from both Parties that all conditions of Closing in favour of such Party have been satisfied or waived, the Monitor may deliver the executed Monitor's Certificate to the Purchaser's counsel in escrow, with the sole condition of its release from escrow being the Monitor's written confirmation that all such funds have been received, the Monitor's Certificate will be released from escrow to the Purchaser, and the Closing shall be deemed to have occurred.

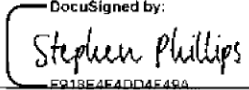
10.15 Monitor's Capacity

In addition to all of the protections granted to the Monitor under the CCAA or any order of the Court in the CCAA Proceedings, the Purchaser acknowledges and agrees that the Monitor, acting in its capacity as Monitor and not in its corporate or personal capacity, will have no Liability to the Purchaser in connection with this Agreement or the Transaction contemplated herein.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Purchaser has executed this Agreement as of the Effective Date.

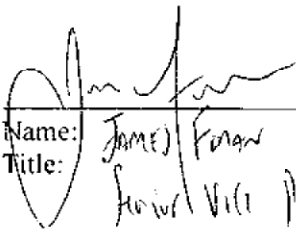
PHILLIPS BRIDGE SEAFOOD ULC

By: 
Name: Brice Stephen Phillips (also known as Stephen Phillips)
Title: Chief Executive Officer

IN WITNESS WHEREOF, the Vendors have accepted and executed this Agreement as of the Effective Date.

**SOUTH SHORE SEAFOODS LTD.
BY THE WATER SHELLFISH (2012) INC.,
CAPTAIN COOKE'S SEAFOOD INC.,
SOUTH SHORE SEAFOODS INTERNATIONAL LTD.,
CAN-AM LOBSTER & SHELLFISH LTD.,
BRIDGE LOBSTERS LIMITED, and
ARSENAULT'S FISH MART INC., each by**

DELOITTE RESTRUCTURING INC., in its capacity as court-appointed Monitor in the CCAA Proceedings

By: 
Name: James J. Foran
Title: Senior Vice President

**SCHEDULE “A-1”
PURCHASED ASSETS**

The Purchased Assets as defined in Section 1.1 of the Agreement include:

1. Any Inventory deemed abandoned pursuant to the provisions of Section 4.9.
2. The Owned Real Properties together with the buildings, structures, improvements and appurtenances situate thereon, and for greater certainty free and clear of all Encumbrances except Permitted Encumbrances.
3. All equipment, machinery, furnishings, furniture, parts, tools, computer hardware, supplies, accessories, office equipment and other tangible personal and moveable property related to the Business, whether located at the Owned Real Properties or elsewhere including, for greater certainty, all equipment subject to secured financing prior to Closing by Business Development Bank of Canada (other than the BDC Excluded Equipment, as defined on Schedule A-2) and by The Toronto-Dominion Bank, free and clear of all Encumbrances.
4. All motor vehicles, rolling equipment, trailers and forklifts, and all additions, parts and accessories of each of them related to the Business.
5. All rights and interests under or pursuant to all warranties, representations and guarantees, express, implied or otherwise, of or made by suppliers or others in connection with the Purchased Assets and Assigned Contracts.
6. All prepayments, prepaid charges, deposits, sums and fees related to the Business or held in respect of the Purchased Assets or Assigned Contracts (but not those related to the Excluded Assets or Excluded Contracts).
7. All personnel and employment records relating to the Transferring Employees.
8. All Books and Records regarding (a) the employees, suppliers and customers of the Business and (b) equipment logs, operating guides, manuals, warranties and otherwise relating to the Purchased Assets, in each case that the Vendors are not required by Applicable Law to retain in their possession (the “**Purchased Books and Records**”).
9. All intellectual property related to the Business including the Vendors’ rights under all trade-marks, trade names, business names, websites and domain names, certification marks, service marks and other source indicators, the goodwill of any business symbolized thereby, patents, copyrights, code, applications, systems, databases, data, website content, know-how, formulae, processes, inventions, technical expertise, research data, trade secrets, industrial designs and other similar property or proprietary rights.
10. All goodwill of the Vendors related to the Business and information and documents relevant thereto including lists of customers and suppliers, credit information, telephone numbers, email addresses, research materials, confidential information and the exclusive right of the Purchaser to represent itself as carrying on the Business in succession to the Vendors.
11. All of Vendors’ rights in and licences to use software and any other information technology systems used in the business.

12. All other intangible property related to the Business.
13. All proceeds of any or all of the foregoing received or receivable after the Closing Date.

**SCHEDULE “A-2”
EXCLUDED ASSETS**

1. Any Inventory excluded as a Purchased Asset pursuant to Section 4.9.
2. The Accounts Receivable related to the Business.
3. Any assets of the South Shore Group not used in the Business and identified on Schedule A-3 hereto.
4. The following vehicles which are leased or financed by the South Shore Group:

Vehicle Description	Last 6 digits of VIN
2022 Ram 1500	165969
2020 Ram 2500	161851
2021 Ram 1500	528162
2020 Jeep Cherokee	406825

5. The “**BDC Excluded Equipment**” shall consist of: the water refrigeration and salinity correction system (including two plastic 22v/160HX recirc pumps, elevated fiberglass tanks with filter pads, four APS chillers with APS air cooled condensing unit, APS aeration system, reverse osmosis filter, intake sand filter and intake bag filter) located at Aboiteau wharf; subject to the security of the Business Development Bank of Canada.
6. All Books and Records that are not Purchased Books and Records, including for greater certainty (a) all minute books and other corporate records of the South Shore Group and (b) All Tax returns of the South Shore Group.
7. The rights of the Vendors under this Agreement or any other agreement, certificate or instrument executed and delivered pursuant to this Agreement.
8. Leasehold improvements relating to Excluded Contracts.
9. All prepayments, prepaid charges, deposits, sums and fees related to the Business in respect of the Excluded Contracts.
10. All cash, cash equivalents and short-term investments and any amounts held in escrow.
11. All bank accounts of the South Shore Group.
12. All rights to receive a refund of and/or credit in respect of, Taxes paid by or on behalf of the South Shore Group.
13. All Tax instalments paid by or on behalf of the Vendors.
14. Any deposits previously received by the Vendors in relation to Excluded Contracts.

15. All causes of action of the Vendors which arise from loss, damage or facts occurring prior to Closing and any insurance proceeds or claims payable for losses or damages incurred prior to Closing, other than insurance proceeds or rights thereto assigned to the Purchaser.

SCHEDULE A-3

NON-CORE EXCLUDED ASSETS

Any and all notes, loans and/or other amounts receivable from the following parties in respect of each of the Debtors, as applicable:

SOUTH SHORE SEAFOODS LTD.

- Aquaprime Mussel Ranch Ltd.
- Moncton Fish Market Ltd.
- 102446 Prince Edward Island Inc.
- 102447 Prince Edward Island Inc.
- Big Blue Seafood Products Incorporated
- International Enterprises Limited
- Area21 LLC

CAPTAIN COOKES SEAFOOD INC.

- 102967 Prince Edward Island Inc.

BY THE WATER SHELLFISH (2012) INC.

- Sea Well Holdings Limited

ARSENAULT FISH MART INC.

- Lyford MacEachern
- Jacob Bernard

SCHEDULE "B"
PERMITTED ENCUMBRANCES

1. Charge/Mortgages in the amount of \$863,000 in favour of BDC on title to the BDC Mortgaged Properties pursuant to the BDC Mortgage.

2. (a) statutory liens in favor of carriers, warehousemen, mechanics and materialmen, to secure claims for labor, materials or supplies and other like liens arising or accrued as a matter of Applicable Law in the ordinary course of business, provided that the obligations secured by such liens are not delinquent or material; (b) the rights of counterparties under the Assigned Contracts; (c) any subsisting reservations or exceptions contained in the original grants from the Crown of any land or interest therein; (d) all encroachments, overlaps, overhangs, unrecorded servitudes and easements, variations in area or measurement, rights of parties in possession, lack of access or any other matters not of record which would be disclosed by an accurate survey or physical inspection of the Owned Real Property and which do not materially interfere with or affect the value or operation of the Business as currently carried on at such Owned Real Property; (e) minor discrepancies in the legal description of the Owned Real Property or any adjoining real property which would be disclosed in a current survey and which do not materially interfere with or affect the value or operation of the Business as currently carried on at such Owned Real Property; (f) all servitudes and easements (including conservation easements and public trust easements, rights-of-way, road use agreements, covenants, conditions, restrictions, reservations, licenses, agreements and other matters of record) and zoning by-laws, ordinances and other restrictions as to the use of real property; provided that they are not of such a nature as to have a material adverse effect on the value or use of the Owned Real Property subject thereto or the operation of the Business as currently carried on at such Owned Real Property; and (g), in the case of Owned Real Property in the Province of Nova Scotia, any overriding interests as described in section 73(1) of the *Land Registration Act* (Nova Scotia).

SCHEDULE "C"
ASSIGNED CONTRACTS

The following Contracts pertaining to the Business will be assigned to the Purchaser:

- Can-Am Lobster and Shellfish Ltd.
 - Lease agreement entered into with DEKM, LLC for the leased premises municipally known as 21 Ranger Drive, Kittery, Maine 03904.
- Specific customer Contracts in writing with the list to be provided to the Vendors no later than four (4) Business Days prior to Closing.

SCHEDULE "D"

ASSUMED LIABILITIES

The Purchaser will assume the following liabilities:

- Those arising under any Assigned Contract.
- Those arising under or in connection with the BDC Mortgage.

SCHEDULE "E"

EXCLUDED CONTRACTS

All Contracts pertaining to the Business except for those listed in Schedule "C".

SCHEDULE "F"
EXCLUDED LIABILITIES

All Liabilities of the Vendors or related to the Business save and except for the Assumed Liabilities including, for greater certainty, but not limited to Liabilities associated with the Excluded Assets and the Excluded Contracts and any warranty Liability in relation to any Excluded Assets or Excluded Contracts.

**SCHEDULE “G”
OWNED REAL PROPERTIES**

1. 6 & 24 Foy Road, Rosebank, PEI (see Exhibit 1 for legal description)
2. 75 Griffin Drive, Bloomfield, PEI (see Exhibit 2 for legal description)
3. 23675 Trans Canada Highway, Borden Carleton, PEI (see Exhibit 3 for legal description)
4. 4 Borden Avenue, Borden Carleton, PEI (see Exhibit 4 for legal description)
5. 1788 Highway 308 Sluice Point, Yarmouth County, Nova Scotia (see Exhibit 5 for legal description)
6. 181 Milton Avenue, Summerside, PEI (see Exhibit 6 for legal description)
7. 1368 Route 112, Searletown, PEI (see Exhibit 7 for legal description)
8. 2941 Barclay Rd., Mount Royal Prince Co., PEI (see Exhibit 8 for legal description)
9. 1028 Buchanan Rd., Mount Royal, PEI (see Exhibit 9 for legal description)
10. 1230 Buchanan Rd., Mount Royal, PEI (see Exhibit 10 for legal description)
11. 1231 Buchanan Rd., Mount Royal, PEI (see Exhibit 11 for legal description)
12. 1242 Buchanan Rd., Mount Royal, PEI (see Exhibit 12 for legal description)
13. 1258 Buchanan Rd., Mount Royal, PEI (see Exhibit 13 for legal description)
14. 42 Foy Road Rosebank, PEI (see Exhibit 14 for legal description)
15. 23693 Trans Canada Highway, Borden Carleton, PEI (see Exhibit 15 for legal description)
16. 169 Borden Ave., PEI (see Exhibit 16 for legal description)
17. Borden-Carleton, PEI (see Exhibit 17 for legal description)
18. 612 River Rd – Rte 117, Augustine Cove (see Exhibit 18 for legal description)
19. 39072 Western Road Route 2, Rosebank, PEI (see Exhibit 19 for legal description)
20. Borden-Carleton, PEI (PID 381707), PEI (see Exhibit 21 for legal description)

SCHEDULE "H"
PURCHASE PRICE ALLOCATION

See attached

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REDACTED