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**Court File No. 2025 01G 0491**

**THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR  
GENERAL DIVISION, IN BANKRUPTCY AND INSOLVENCY**

**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 AND ARRANGEMENT OF  
KARWOOD CONTRACTING LTD., KARWOOD ONTARIO LTD., KARWOOD ENGINEERING INC., AND  
KARWOOD DESIGN GROUP LTD.**

**FIRST REPORT OF THE MONITOR**

**February 12, 2025**

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## INTRODUCTION

1. On February 3, 2025, the Supreme Court of Newfoundland and Labrador (“**NL**”) in Bankruptcy and Insolvency (the “**Court**”) heard an application by Karwood Contracting Ltd. (“**Karwood Contracting**”), Karwood Ontario Ltd. (“**Karwood Ontario**”), Karwood Engineering Inc. (“**Karwood Engineering**”), and Karwood Design Group Ltd. (“**Karwood Design**”) (collectively, “**Karwood**”, the “**Companies**”, or the “**Applicants**”) (the “**CCAA Application**”) for an initial order pursuant to the Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (“**CCAA**”).
2. BDO Canada Limited (“**BDO**”), as proposed monitor, prepared a pre-filing report dated January 31, 2025 (the “**Proposed Monitor’s Report**”) to provide information to this Court for its consideration in respect of the Applicants’ CCAA Application. A copy of the Proposed Monitor’s Report with appendices is attached hereto as **Appendix “A”**.
3. On February 3, 2025 (the “**Filing Date**”), the Court granted an initial order in these proceedings (the “**Initial Order**”) that:
  - a. appointed BDO as monitor of the Applicants in these CCAA proceedings (in such capacity, the “**Monitor**”);
  - b. approved a stay of proceedings for the initial 10-day period (the “**Stay of Proceedings**”);
  - c. approved a charge of \$100,000 securing the fees and disbursement of professionals including the Applicant’s counsel, the Monitor, and the Monitor’s counsel (the “**Initial Administration Charge**”);
  - d. approved an entitlement, but not a requirement, of the Applicants to pay for goods and services supplied to the Applicants, whether incurred prior to or after the Initial Order, and if in the opinion of the Monitor, the supply of such goods or services is necessary for the preservation of the business or property of the Applicants;
  - e. exempted certain parcels of real property of Karwood Ontario from the CCAA Stay of Proceedings, namely:
    - i. the residential property located at 236 West Street, Belmont, Ontario, identified by property index number (“**PIN**”) 08195-0655; and
    - ii. the residential property located at 35 Honey Bend, St. Thomas, Ontario, identified by PIN 35244-2202 (collectively, the “**Exempt Property**”).

- f. authorized Libro Credit Union Limited (“**Libro**”), as the secured mortgage lender of the Exempt Property, to take possession, market and sell the Exempt Property for purposes of applying the proceeds of sale against the secured mortgage debt of Libro; and
- g. excluded the Exempt Property from the Initial Administration Charge (or any subsequent administration charge), if within ten (10) days of the date of the Initial Order, Libro paid to the Monitor \$15,000 on account of the charge.

A copy of the Initial Order granted by the Court is attached hereto as **Appendix “B”**.

4. The Initial Order contemplated a comeback hearing to be heard February 13, 2025 (the “**Comeback Hearing**”).

#### **PURPOSE**

5. The purpose of this first report of the Monitor (the “**First Report**”) is to provide information to the Court with respect to:
  - a. the Applicants’ operations and communications with stakeholders since the granting of the Initial Order;
  - b. the Monitor’s activities since its appointment;
  - c. updates on the Monitor’s understanding of creditor claims against the Applicants; and
  - d. the Applicants’ efforts to obtain debtor-in-possession financing (“**DIP Financing**”).
6. As of the date of this First Report, the Monitor understands that the Applicants will not be filing materials to the Court with respect to the Comeback Hearing.
7. Copies of Court materials filed in these proceedings may be obtained from the Monitor’s website established in connection with the CCAA proceedings (the “**Website**”):

<https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/karwood>.

#### **TERMS OF REFERENCE**

8. In preparing this First Report and making the comments herein, the Monitor has been provided with, and has relied upon unaudited financial information, books and records and financial information prepared by the Companies, discussions with the management and employees of the Companies and other information from various sources (collectively the “**Information**”).

- a. 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 Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the Information; and
  - b. Some of the Information referred to in this First Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the Chartered Professional Accounts Canada Handbook, has not been performed.
9. Future-oriented financial information referred to in this First 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.
10. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this First Report concerning the Companies and its business is based on the Information, and not independent factual determinations made by the Monitor.
11. All references to monetary amounts in this First Report are in Canadian dollars unless otherwise noted.

#### **UPDATE ON THE APPLICANTS' ACTIVITIES**

12. Since the issuance of the Initial Order, the Applicants have been taking steps and focusing on stabilizing operations. Management, with the assistance of the Monitor, has engaged in various discussions with stakeholders, suppliers, customers and employees. As of the date of this First Report, the Applicants have maintained their business operations without significant disruption or issues.

#### **MONITOR'S ACTIVITIES TO DATE**

13. The Monitor established the Monitor's Website in respect of these CCAA proceedings. All court documents and certain other relevant documents have and will continue to be posted as they are made available.
14. Pursuant to the Initial Order, the following Court materials were posted on the Monitor's Website:
  - a. the Applicants' Application Record filed in support of the Initial Order;

- b. the Proposed Monitor’s Report; and
  - c. the Initial Order;
15. On February 7, 2025, the Monitor published notice of the Initial Order in the National Post (National Edition). A copy of the newspaper notice has been posted on the Monitor’s website.
  16. The Monitor prepared and sent a notice, which includes information about the CCAA proceedings (the “**Notice to Creditors**”), to all known creditors, based on the contact information of such known creditors who have a claim against the Applicants of more than \$1,000, provided by the Applicants (the “**Known Creditors**”), by prepaid ordinary mail and email where known. A copy of the Notice to Creditors has been posted on the Monitor’s Website.
  17. The Monitor has also posted on its website a list showing the names of the Known Creditors and amounts owing according to the books and records of the Applicants in accordance with the CCAA.
  18. Completed the required statutory forms and filed such reports with the Office of the Superintendent in Bankruptcy.
  19. Furthermore, since the granting of the Initial Order, the Monitor has:
    - a. assisted the Applicants with stakeholder communications;
    - b. responded to calls, e-mails and letters received from creditors and other parties with respect to the CCAA proceedings;
    - c. created a weekly monitoring protocol with the Applicants to allow the Monitor to review and report on the Applicants weekly cash receipts and disbursements;
    - d. assisted the Applicants in its communications and with the Bank of Montreal (“**BMO**”) and its advisors in the Applicants’ efforts to obtain DIP Financing;
    - e. assisted the Applicants in its efforts to revise its cash flow projections to incorporate potential terms contemplated by the Applicants and BMO in their negotiations to obtain DIP Financing; and
    - f. prepared this First Report, including reviewing the Applicants assets and operations.

#### **CREDITOR UPDATES**

20. As reported in the Proposed Monitor’s Report, the Monitor understands that management is in the process of updating its internal financials for each of the Applicants. Subsequent to the date of the Initial Order, management has provided an update regarding the liabilities of the Companies which are described in greater detail below.
21. According to management, Karwood Contracting is indebted to the following secured creditors:

- a. BMO in the amount of approximately i) \$666,000 secured by a mortgage against one (1) complete and five (5) partially complete residential homes located in Paradise, NL and ii) \$150,000 with respect to a revolving line of credit secured by a general security agreement;
  - b. Boreal Atlantic Ltd. (“**Boreal**”) in the amount of approximately \$644,000 secured by a mortgage against a 7,318 square metre parcel of land located on Kenmount Road, Paradise, NL;
  - c. Tammy and Randy Oram (the former, a current employee) in the amount of approximately \$157,000 secured by a subordinated mortgage on two (2) partially complete residential homes located in Paradise, NL; and
  - d. Ford Credit Canada Company in the form of a Purchase Money Security Interest (“**PMSI**”) related to equipment and vehicle financing.
22. According to management, Karwood Ontario is indebted to the following secured creditors:
- a. Libro in the amount of approximately \$1.3 million secured by a mortgage against two (2) completed residential homes located in Belmont and St. Thomas, Ontario; and
  - b. Axiom Leasing Inc. and BMW Canada Inc. in the form of PMSIs related to equipment and vehicle financing.
23. Karwood management provided the Monitor current statements from Canada Revenue Agency (“**CRA**”), summarized as follows:
- a. Karwood Contracting has a nominal outstanding balance in unremitted source deductions and \$498,000 in unremitted harmonized sales tax (“**HST**”). However, according to management, CRA remittances are outstanding for each account and when considered, approximately \$102,000 is estimated to be owing in source deductions and approximately \$398,000 in HST;
  - b. Karwood Ontario has a nominal outstanding balance in unremitted source deductions and \$710,000 in unremitted HST. However, according to management, CRA remittances are outstanding for each account and when considered, approximately \$32,000 is estimated to be owing in source deductions and approximately \$715,000 in HST;
  - c. Karwood Engineering has a nominal outstanding balance in unremitted source deductions and \$171,000 in unremitted HST. However, according to management, CRA remittances are outstanding for each account and when considered, approximately \$102,000 is estimated to be owing in source deductions and the unremitted HST would remain unchanged; and

- d. Karwood Design does not have any unremitted source deductions or HST.
24. In addition to the debts and creditors described above, the Companies have updated its accounts payable records which indicate that:
- a. Karwood Contracting owes unsecured trade creditors approximately \$2.0 million (not including related party debt), and unsecured loans of approximately \$735,000;
  - b. Karwood Ontario owes unsecured trade creditors approximately \$2.7 million (not including related party debt), and unsecured loans of approximately \$562,000;
  - c. Karwood Engineering owes unsecured trade creditors approximately \$210,000 (not including related party debt), and unsecured loans of approximately \$62,000; and
  - d. Karwood Design does not have any unsecured debt.
25. The Companies are also subject to a number of ongoing court proceedings, with many of the claims affecting the same assets, debts and security across the Companies. There are approximately 35 court proceedings filed in NL and 15 court proceedings filed in Ontario. Management is working to determine the total potential liability related to these contingent claims.
26. On February 11, 2025, the Monitor’s counsel received correspondence from Mr. Barry Learmonth of Learmonth, Boulis and Fitzgerald, acting as counsel for Kent Building Supplies, a division of J.D Irving, Limited (“**Kent**”), advising the Monitor that Kent has perfected lien claims against Karwood Contracting in the amount of approximately \$180,000. The Monitor has yet to fully investigate the validity of the Kent claims as it relates to these CCAA proceedings.

#### **UPDATE ON DIP FINANCING**

27. As noted above, the Monitor has been involved in communications with BMO and its advisors with respect to the Applicant’s efforts to obtain DIP Financing. As of the date of this First Report, the Monitor does not anticipate that a DIP Financing term sheet will be executed between BMO and the Applicants prior to the Comeback Hearing with respect to these CCAA proceedings.

#### **MONITOR RECOMMENDATIONS**

28. As at the date of this First Report, the Monitor understands that the Applicants will not be filing materials to the Court with respect to the Comeback Hearing. The Monitor is of the view that absent DIP Financing, there may be no chance of a viable restructuring of the Applicants.

All of which is submitted to this Court on this 12<sup>th</sup> day of February 2025.

**BDO CANADA LIMITED**

**Acting in its capacity as Proposed Monitor of  
Karwood Contracting Ltd., Karwood Ontario Ltd.,  
Karwood Engineering Inc., and Karwood Design Group Ltd.  
and not in its personal capacity.**

Per:

A handwritten signature in black ink, appearing to read 'Neil Jones', written in a cursive style.

Neil Jones, CA, CPA, CIRP, LIT  
*Senior Vice-President*



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**PRE-FILING REPORT OF BDO CANADA LIMITED  
AS PROPOSED MONITOR**

**January 31, 2025**

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- Appendix A - BDO's Consent to Act as Monitor
- Appendix B - Companies' Cash Flow Forecast

## INTRODUCTION

1. BDO Canada Limited (“**BDO**”) understands that Karwood Contracting Ltd. (“**Karwood Contracting**”), Karwood Ontario Ltd. (“**Karwood Ontario**”), Karwood Engineering Inc. (“**Karwood Engineering**”), and Karwood Design Group Ltd. (“**Karwood Design**”) (collectively, “**Karwood**” or the “**Companies**”) intend to make an application to the Supreme Court of Newfoundland and Labrador in Bankruptcy and Insolvency (the “**Court**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) for an order (the “**Initial Order**”).
2. Pursuant to the terms of the proposed Initial Order, the Companies are seeking, among other things, the following:
  - a. a stay of proceedings pending a further application to be heard within ten (10) days after the granting of the Initial Order (the “**Comeback Application**”), up to and including February 7, 2025 (the “**Initial Stay Period**”);
  - b. the appointment of BDO as monitor (the “**Monitor**”) to the Companies in these proceedings;
  - c. a charge of \$100,000 securing the fees and disbursement of professionals including the Companies counsel, the Monitor, and the Monitor’s counsel (the “**Initial Administration Charge**”); and
  - d. an entitlement, but not a requirement, of the Companies to pay for goods and services supplied to the Companies, whether incurred prior to or after the Initial Order, and if in the opinion of the Monitor, the supply of such goods or services is necessary for the preservation of the business or property of the Companies.
3. BDO understands that at the Comeback Application, the Companies intend to seek, among other things, the following relief:
  - a. an extension of the stay of proceedings;
  - b. an increase of the Initial Administrative Charge to \$250,000;
  - c. debtor-in-possession financing and a related debtor-in-possession lender’s charge of up to \$1 million; and
  - d. such other relief as necessary to preserve and protect the Companies’ businesses and assets and to successfully restructure.

4. The Affidavit of Gregory Hussey (the “**Hussey Affidavit**”), the President of the Companies, affirmed January 27, 2025, provides background information concerning the Companies and their businesses, as well as the reasons that the Companies commenced these proceedings.
5. If the Court grants the relief set out in the proposed Initial Order, the Court materials filed in these proceedings will be made available by BDO on its website established in connection with these proceedings (the “**Website**”):  
  
<https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/karwood>.
6. BDO is filing this report (the “**Pre-filing Report**”) as proposed Monitor. BDO was recently retained by the Companies. If the Initial Order is granted by the Court, the Monitor will file a report in respect of the relief sought by the Companies at the Comeback Application and any material matters that have arisen since the date of this Pre-filing Report.

#### **PURPOSE**

7. The purpose of this Pre-filing Report is to:
  - a. provide BDO’s qualifications to act as Monitor in the CCAA Proceedings;
  - b. provide background information about the Companies;
  - c. comment on the cash flow forecast from January 27, 2025, through April 25, 2025, included in the Companies’ application materials (the “**Cash Flow Forecast**”); and,
  - d. the proposed Monitor’s recommendations on the relief being sought by the Companies.

#### **TERMS OF REFERENCE**

8. In preparing this Pre-filing Report and making the comments herein, the proposed Monitor has been provided with, and has relied upon unaudited financial information, books and records and financial information prepared by the Companies, discussions with the management and employees of the Companies and other information from various sources (collectively the “**Information**”).
  - a. The proposed Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the proposed Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the proposed Monitor expresses no opinion or other form of assurance in respect of the Information; and

- b. Some of the Information referred to in this Pre-filing Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the Chartered Professional Accounts Canada Handbook, has not been performed.
9. Future-oriented financial information referred to in this Pre-filing 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.
10. Unless otherwise indicated, the proposed Monitor's understanding of factual matters expressed in this Pre-filing Report concerning the Companies and its business is based on the Information, and not independent factual determinations made by the proposed Monitor.
11. All references to monetary amounts in this Pre-filing Report are in Canadian dollars unless otherwise noted.

#### **QUALIFICATIONS TO ACT AS MONITOR**

12. BDO is a licensed insolvency trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* ). BDO is not subject to any of the restrictions to act as monitor set out in Section 11.7(2) of the CCAA on who may be appointed as monitor.
13. BDO already has a detailed understanding of the Applicants' operations and cash flow and will be able to quickly and seamlessly perform its responsibilities as Monitor, if appointed.
14. BDO has consented to act as Monitor in these proceedings should the Court grant the Initial Order. A copy of BDO's consent to act as Monitor is attached as **Appendix "A"** to this Pre-filing Report.
15. The Proposed Monitor has retained Boyne Clark LLP to act as its independent legal counsel in connection with these CCAA proceedings.

#### **BACKGROUND**

16. This Pre-filing Report should be read in conjunction with the Hussey Affidavit. Gregory Hussey is the President and 100% shareholder of each of the Companies.
17. The Companies are privately held and incorporated as follows:
  - a. Karwood Contracting and Karwood Engineering are incorporated under the *Newfoundland and Labrador Corporations Act*, RSNL 1990, c C-37; and
  - b. Karwood Ontario and Karwood Design are incorporated under the *Ontario Business Corporations Act*, RSO, 1990, c B.16.

18. Karwood is primarily a general contractor focusing on the development and construction of residential houses and apartments. In Newfoundland and Labrador, Karwood Contracting constructs properties that are designed and planned by Karwood Engineering. In Ontario, Karwood Ontario constructs properties that are designed and planned by Karwood Design.
19. BDO understands that Karwood management is in the process of updating its internal financials for each of the Applicants. The most recent externally prepared financial statements for Karwood Contracting and Karwood Ontario, the primary operating entities, were completed for the year ended March 31, 2023. Therefore, the liabilities of the Companies, which are described in greater detail below, will be updated as more information becomes available.
20. According to management, Karwood Contracting is indebted to the following secured creditors:
  - a. Bank of Montreal (“**BMO**”) in the amount of approximately i) \$650,000 secured by a mortgage against one (1) complete and five (5) partially complete residential homes located in Paradise, Newfoundland and Labrador; and ii) \$150,000 with respect to a revolving line of credit secured by a general security agreement;
  - b. Boreal Atlantic Ltd. (“**Boreal**”) in the amount of approximately \$650,000 secured by a mortgage against a 7,318 square metre parcel of land located on Kenmount Road, Paradise, Newfoundland and Labrador;
  - c. Tammy and Randy Oram (the former, a current employee) in the amount of approximately \$160,000 secured by a subordinated mortgage on two (2) partially complete residential homes located in Paradise, Newfoundland and Labrador; and
  - d. Ford Credit Canada Company in the form of a Purchase Money Security Interest (“**PMSI**”) related to equipment and vehicle financing.
21. According to management, Karwood Ontario is indebted to the following secured creditors :
  - a. Libro Credit Union Ltd. (“**Libro**”) in the amount of approximately \$1.3 million secured by a mortgage against two (2) completed residential homes located in Belmont and St. Thomas, Ontario; and
  - b. Axiom Leasing Inc. and BMW Canada Inc. in the form of PMSIs related to equipment and vehicle financing.
22. BDO understands that Karwood management is in the process of reconciling its internal financials and filing outstanding remittances to Canada Revenue Agency (“**CRA**”). Currently, Karwood management estimates it is indebted to CRA as follows:
  - a. Karwood Contracting owes approximately \$96,000 in unremitted source deductions and \$350,000 in unremitted HST;

- b. Karwood Ontario owes approximately \$30,000 in unremitted source deductions and \$176,000 in unremitted HST;
  - c. Karwood Engineering is current in its source deduction remittances and owes approximately \$99,000 in unremitted HST; and
  - d. Karwood Design does not have any unremitted source deductions or HST.
23. In addition to the debts and creditors described above, the Companies have provided accounts payable listings to the proposed Monitor which show that:
- a. Karwood Contracting has 84 trade creditors owed approximately \$2.2 million in aggregate (not including related party debt), and unsecured loans of approximately \$1.5 million;
  - b. Karwood Ontario has 111 trade creditors owed approximately \$2.6 million in aggregate (not including related party debt)
  - c. Karwood Engineering owes unsecured creditors and trade suppliers approximately \$99,000 (not including related party debt); and
  - d. Karwood Design has owes unsecured creditors approximately \$26,000.
24. According to the Hussey Affidavit, there are currently a number of ongoing court proceedings that involve the Companies, with many of the claims affecting the same assets, debts and security across the Companies. Exhibit “J” of the Hussey Affidavit lists 35 court proceedings filed in Newfoundland and Labrador and at least 14 court proceedings filed in Ontario. Management is working to determine the total potential liability related to these contingent claims.
25. The Companies’ head office is located at 1108 Kenmount Road, Paradise, Newfoundland and Labrador, which is leased from a related party. The Companies have approximately 20 employees, with an additional two (2) individuals hired under contract.

#### **CASH FLOW FORECAST**

26. The Cash Flow Forecast reflects that the Companies are projected to have minimal operational activity until the date of the Comeback Application. A summary of the major assumptions in the Cash Flow Forecast is as follows:
- a. the Companies’ have assumed they will have access to debtor-in-possession financing to finance operations following the Comeback Application;
  - b. the Companies’ operations will focus on the completion and closing of residential homes at varying stages of completion. The Companies will also complete an apartment building

located in Newfoundland and Labrador in which Karwood Contracting is acting as general contractor for a related party;

- c. no headcount reductions are contemplated during the cash flow period; and
  - d. the Companies' business will be operated on a cash-on-delivery basis, or close to it, from the date of the Initial Order.
27. A copy of the Companies' Cash Flow Forecast, as attached under Exhibit "I" to the Hussey Affidavit, the statutory report required pursuant to Section 10(2)(b) of the CCAA, and the report required by the proposed Monitor, are included as **Appendix "B"**.
28. If appointed Monitor, BDO intends to file a revised cash flow forecast, if necessary, in its report to Court on the Comeback Application.

#### **CREDITOR NOTIFICATION**

29. The proposed Initial Order requires the Monitor to:
- a. publish without delay a notice in a local newspaper containing the information prescribed under the CCAA; and
  - b. within five (5) days of the granting of the Initial Order to:
    - i. make the Initial Order publicly available in the manner prescribed under the CCAA;
    - ii. send, in the prescribed manner, a notice to every known creditor who has a claim against the Companies of more than \$1,000 advising that the order is publicly available; and
    - iii. prepare a list, showing the names and addresses of those creditors, and the estimated amounts of those claims, and make it publicly available in the prescribed manner.
30. If appointed Monitor, BDO will also post the Initial Order and all motion materials on the Website.

#### **PROPOSED MONITOR RECOMMENDATIONS**

31. Based on the foregoing and the presently available information, BDO respectfully recommends that this Court grant an initial order under the CCAA on the terms of the draft Initial Order set out in the Companies' application materials.

All of which is submitted to this Court on this 31<sup>st</sup> day of January 2025.

**BDO CANADA LIMITED**

**Acting in its capacity as Proposed Monitor of  
Karwood Contracting Ltd., Karwood Ontario Ltd.,  
Karwood Engineering Inc., and Karwood Design Group Ltd.  
and not in its personal capacity.**

Per:

A handwritten signature in black ink, appearing to read "Neil Jones", written in a cursive style.

Neil Jones, CA, CPA, CIRP, LIT  
*Senior Vice-President*

Court File No.: 2025 01G 0491

THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR  
GENERAL DIVISION, IN BANKRUPTCY AND INSOLVENCY

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 AND ARRANGEMENT OF  
KARWOOD CONTRACTING LTD., KARWOOD ONTARIO LTD., KARWOOD ENGINEERING INC., AND  
KARWOOD DESIGN GROUP LTD.

Applicants

CONSENT OF THE PROPOSED MONITOR

BDO Canada Limited hereby consents to act as the Court-appointed monitor of Karwood Contracting Ltd., Karwood Ontario Ltd., Karwood Engineering Inc., and Karwood Design Group Ltd. (collectively, the "Applicants"), pursuant to the terms of the initial order contained in the Applicants' Application Record and the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, in respect of these proceedings.

Dated at Halifax, Nova Scotia this 31<sup>st</sup> day of January, 2025.

**BDO CANADA LIMITED**

Per:



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Neil Jones, LIT  
Senior Vice President

EXHIBIT 1														
Karwood Contracting Ltd., Karwood Ontario Ltd.														
Karwood Engineering Inc. & Karwood Design Group Ltd. (collectively, the "Karwood Group")														
Statement of Projected Cash Flow for the period January 27, 2025 to April 25, 2025														
Week Ending	31-Jan-25	7-Feb-25	14-Feb-25	21-Feb-25	28-Feb-25	7-Mar-25	14-Mar-25	21-Mar-25	28-Mar-25	4-Apr-25	11-Apr-25	18-Apr-25	25-Apr-25	Total
Week	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	
<b>Receipts</b>														
DIP Financing	-	-	750,000	-	-	-	-	-	-	-	-	-	-	750,000
Sale of homes - Karwood Ontario	-	-	-	550,000	-	-	-	-	-	-	-	-	-	550,000
236 West Street	-	-	-	-	765,000	-	-	-	-	-	-	-	-	765,000
35 Honeybent Street	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of homes - Karwood Contracting	-	-	-	-	340,549	-	-	-	-	-	-	-	-	340,549
55 Silverbirch	-	-	-	-	-	-	-	333,781	-	-	-	-	-	333,781
59 Silverbirch	-	-	-	-	-	-	-	-	-	-	-	-	-	-
61 Silverbirch	-	-	-	-	-	-	-	-	-	-	-	-	-	-
63 Silverbirch	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70 Silverbirch	-	-	-	-	-	-	-	-	-	-	-	-	-	-
41 Yellowwood	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55 Silverbirch Mechanic Lien holdback release	-	-	-	-	-	-	-	39,422	-	-	-	-	-	39,422
59 Silverbirch Mechanic Lien holdback release	-	-	-	-	-	-	-	-	-	-	-	-	38,657	38,657
166 Park Ave. Construction revenue	-	-	250,000	-	-	-	583,333	-	-	-	-	583,333	-	1,416,667
HST refunds	-	-	-	-	-	74,026	-	-	-	-	123,376	-	-	197,402
<b>Total Receipts</b>	-	-	1,000,000	550,000	1,105,549	74,026	583,333	373,203	-	-	123,376	583,333	38,657	4,431,477
<b>Disbursements</b>														
<b>Operational</b>														
Home construction costs (Silverbirch & Yellowwood)	-	-	-	39,501	39,501	39,501	39,501	39,501	39,501	39,501	39,501	39,501	39,501	434,515
Home closing costs	-	-	-	145,173	-	-	45,630	-	-	-	-	-	-	190,803
166 Park Ave. construction Costs	-	-	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	1,375,000
Municipal taxes and insurance	-	-	2,690	5,218	-	417	2,690	5,218	-	417	-	7,908	-	24,557
Payroll expenses	-	-	45,404	42,885	1,275	45,045	42,885	42,885	-	41,970	4,350	42,884	-	266,688
Office expenses	-	-	9,937	410	256	1,270	930	5,901	686	1,626	1,556	5,901	760	30,233
Vehicle expenses	-	-	2,860	2,809	4,289	1,711	1,190	2,809	1,190	4,289	1,711	2,809	1,190	26,857
Banking fees and related charges	-	-	-	9,510	900	280	5,570	-	-	900	2,516	3,000	-	22,676
<b>Restructuring &amp; Legal</b>														
Monitor and Monitor's Counsel fees	-	-	50,000	-	25,000	-	-	-	25,000	-	-	-	25,000	125,000
Company Counsel Fees	-	-	50,000	-	25,000	-	-	-	25,000	-	-	-	25,000	125,000
Corporate costs	-	-	10,000	-	-	-	-	-	10,000	-	-	-	10,000	30,000
Project manager fees	-	-	10,000	-	-	-	-	-	10,000	-	-	-	10,000	40,000
<b>Debtor in Possession Financing</b>														
Interest and fees	-	-	15,000	-	-	-	18,750	-	-	-	18,750	-	-	52,500
<b>Total Disbursements</b>	-	-	360,392	225,333	376,394	213,225	194,631	266,944	236,377	213,704	193,364	227,003	236,451	2,743,939
<b>Net Cash Flow</b>	-	-	639,608	324,667	729,154	(139,199)	388,702	106,259	(236,377)	(213,704)	(70,008)	356,330	(197,794)	1,687,639
<b>Opening Cash</b>	-	-	-	639,608	964,275	1,693,429	1,554,230	1,942,933	2,049,192	1,812,815	1,589,111	1,529,103	1,885,433	-
<b>Net Cash Flow</b>	-	-	639,608	324,667	729,154	(139,199)	388,702	106,259	(236,377)	(213,704)	(70,008)	356,330	(197,794)	1,687,639
<b>Closing Cash</b>	-	-	639,608	964,275	1,693,429	1,554,230	1,942,933	2,049,192	1,812,815	1,589,111	1,529,103	1,885,433	1,687,639	1,687,639

**EXHIBIT "I"**  
 Karwood Contracting Ltd., Karwood Ontario Ltd.,  
 Karwood Engineering Inc. & Karwood Design Group Ltd. (collectively, the "Karwood Group")  
 Statement of Projected Cash Flow for the period January 27, 2025 to April 25, 2025

Week Ending	31-Jan-25	7-Feb-25	14-Feb-25	21-Feb-25	28-Feb-25	7-Mar-25	14-Mar-25	21-Mar-25	28-Mar-25	4-Apr-25	11-Apr-25	18-Apr-25	25-Apr-25	Total
Week	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Note

- Notes:**
- 1 Karwood Ontario Ltd. ("Karwood Ontario") home closings relate to homes that are complete, and therefore do not require work to complete and close. Purchase and sale agreements are executed and current.
  - 2 Karwood Contracting Ltd. ("Karwood Contracting") homes are at various stages of construction. \$5 Silverbirch being 100% complete while other homes are at varying stages of completion.
  - 3 Certain home closings are beyond the 13-week cash flow projection period. These remaining four (4) properties are anticipated to be ready for closing within 18 weeks of construction restart.
  - 4 Mechanic line holdbacks are typically released 30 days after closing upon confirmation, via a lien search, that no liens have been filed on the property in question.
  - 5 The 166 Park Ave. Apartment building project is to be billed on a monthly basis based on construction percentage of completion. Karwood Contracting is the contractor constructing the building for a related party that is not part of the CCMA proceedings.
  - 6 Home closing costs consists of real state legal and disbursement fees, municipal taxes, utilities and realtor commissions.
  - 7 Payroll expenses consist of CRA remittances, payroll provider processing fees, employee benefits and net employee wages.
  - 8 Office expenses consist of rent and utilities for the NL office location, as well as office supplies, software licenses and mobile phone service expenses.
  - 9 The Karwood Group is working to arrange DIP financing. The amount of financing and associated interest and fees are based on management assumptions.

As of January 21, 2025

Karwood Contracting Ltd.  
 Karwood Ontario Ltd.  
 Karwood Engineering Inc.  
 Karwood Design Group Ltd.

Per:   
 Greg Huxley  
 President

Court File No. 2025 01G 0491

THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR  
GENERAL DIVISION, IN BANKRUPTCY AND INSOLVENCY

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  
KARWOOD CONTRACTING LTD., KARWOOD ONTARIO LTD., KARWOOD ENGINEERING INC., AND  
KARWOOD DESIGN GROUP LTD.

MANAGEMENT'S REPORT ON CASH FLOW STATEMENT  
(paragraph 10(2)(b) of the CCAA)

The management of Karwood Contracting Ltd., Karwood Ontario Ltd., Karwood Engineering Inc., and Karwood Design Group Ltd. (collectively, the "**Applicants**") has developed the assumptions and prepared the attached consolidated statement of projected cash flow as of the 23<sup>rd</sup> day of January, 2025, for the period January 27, 2025 to April 25, 2025 (the "**Cash Flow Forecast**"). All such assumptions are disclosed in the notes to the Cash Flow Forecast.

The hypothetical assumptions are suitably supported and consistent with the purpose of the Cash Flow Forecast as described in the Cash Flow Forecast, and the probable assumptions are suitably supported and consistent with the plans of the Applicants and provide a reasonable basis for the Cash Flow Forecast.

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

The Cash Flow Forecast has been prepared solely for the purpose outlined in the Cash Flow Forecast using a set of probable assumptions set out therein. Consequently, readers are cautioned that the Cash Flow Forecast may not be appropriate for other purposes.

Dated at Paradise, Newfoundland and Labrador, this 30th day of January, 2025.



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Gregory Hussey, President

THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR  
GENERAL DIVISION, IN BANKRUPTCY AND INSOLVENCY

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  
KARWOOD CONTRACTING LTD., KARWOOD ONTARIO LTD., KARWOOD ENGINEERING INC., AND  
KARWOOD DESIGN GROUP LTD.

PROPOSED MONITOR'S REPORT ON STATEMENT OF PROJECTED CASH-FLOW  
(paragraph 23(1)(b) of the CCAA)

The attached consolidated statement of projected cash-flow of Karwood Contracting Ltd., Karwood Ontario Ltd., Karwood Engineering Inc., and Karwood Design Group Ltd. (collectively, the "**Applicants**"), as of the 23<sup>rd</sup> day of January, 2025, consisting of a weekly projected cash flow statement for the period January 27, 2025 to April 25, 2025 (the "**Cash Flow Forecast**") has been prepared by the management of the Applicants for the purpose described in the Cash Flow Forecast, using probable and hypothetical assumptions as set out in the notes to the Cash Flow Forecast.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the management of the Applicants. We have reviewed the support provided by management for the probable and hypothetical assumptions and the preparation and presentation of the Cash Flow Forecast.

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 Cash Flow Forecast;
- (b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Cash Flow Forecast, given the hypothetical assumptions; or
- (c) the Cash Flow Forecast does not reflect the probable and hypothetical assumptions.

Since the Cash Flow Projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow Forecast will be achieved. We express no opinion of other form of assurance with respect to the accuracy of any financial information presented in this report or relied on in preparing this report.

The Cash Flow Forecast has been prepared solely for the purpose described in the Cash Flow Forecast and readers are cautioned that it may not be appropriate for other purposes.

Dated at Halifax, Nova Scotia this 30<sup>th</sup> day of January, 2025.

**BDO CANADA LIMITED**

Acting in its capacity as Proposed Monitor of  
Karwood Contracting Ltd., Karwood Ontario Ltd.,  
Karwood Engineering Inc., and Karwood Design Group Ltd.  
and not in its personal capacity.

Per:

A handwritten signature in black ink, appearing to read "Neil Jones", written in a cursive style.

Neil Jones, CA, CPA, CIRP, LIT  
*Senior Vice-President*

**2025 01G**  
**IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR**  
**IN BANKRUPTCY AND INSOLVENCY**

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

**AND IN THE MATTER OF** an application of Karwood Contracting Ltd., Karwood Engineering Inc., Karwood Ontario Ltd., and Karwood Design Group Ltd. (the "Applicants")

**INITIAL ORDER**

**THIS APPLICATION**, made by the Companies pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") for an Order substantially in the form filed with the Application was heard on February 3, 2025,

**ON READING** the affidavit of Greg Hussey and the Exhibits attached thereto, the consent of BDO Canada Ltd. ("BDO") to act as Court-appointed monitor of the Companies (in such capacity, the "Monitor"), and the Pre-Filing Report of BDO dated 31 January, 2025,

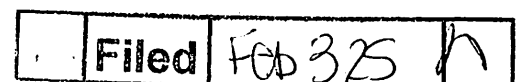
**ON HEARING** the submissions of counsel for the Companies and such other counsel as were present, no one else appearing for any party although duly served as outlined in the affidavit of service.

**SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the materials filed, as set out in the affidavit of service is hereby deemed adequate notice so that this Application is properly returnable today and hereby dispenses with further service thereof.

**APPLICATION**

2. **THIS COURT ORDERS AND DECLARES** that the Companies are each a company to which the CCAA applies.



## POSSESSION OF PROPERTY AND OPERATIONS

3. **THIS COURT ORDERS** that the Companies shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof save and except for the Exempt Property, as defined and dealt with below (the "**Property**"). Subject to further Order of this Honourable Court, the Companies shall continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property. The Companies are authorized and empowered to continue to retain and employ the employees, consultants, independent contractors, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of their Business or for the carrying out of the terms of this Order.

4. **THIS COURT ORDERS** that the Companies, shall be entitled to continue to utilize their cash management system currently in place, or replace it with another substantially similar cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Companies of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Companies, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under any plan of compromise or arrangement with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

5. **THIS COURT ORDERS** that the Companies shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

(a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;



(b) the fees and disbursements of any Assistants retained or employed by the Companies in respect of these proceedings, at their standard rates and charges;

(c) amounts owing for goods and services supplied to the Companies, if in the opinion of the Monitor, the supplier or vendor of such goods or services is necessary for the operation and preservation of the Business or Property.

6. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein the Companies shall be entitled but not required to pay all reasonable expenses incurred by the Companies in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance, maintenance and security services and lease payments for mining equipment used in the operation of the Business; and

(b) payment for goods or services supplied to the Companies following the date of this Order.

7. **THIS COURT ORDERS** that the Companies shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;

(b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Companies in connection with the sale of goods and services by the Companies, but only where such Sales Taxes are accrued or collected after the date of this Order, and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or



kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Companies.

8. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Companies shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Companies and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order. The Monitor, on behalf of the Companies, may pay such Rent twice monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

9. **THIS COURT ORDERS** that, except as specifically permitted herein the Companies are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Companies to any of their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

#### **EXEMPT PROPERTY**

10. **THIS COURT ORDERS** that the Property, as defined above, shall not include the following parcels of real property:

i. The property municipally known as 236 West Street, Belmont, Ontario and legally described as Lot 31, Plan 33M778 Municipality of Central Elgin; subject to an easement in gross over Part 11, Plan 33R-20685 as in ER 1300729, being the whole of PIN 08195-0655; and

ii. The property municipally known as 35 Honey Bend, St. Thomas, Ontario and legally described as Lot 8, Plan 11M232; City of St. Thomas, being the whole of PIN 35244-2202.

(collectively hereinafter referred to as the "**Exempt Property**").

11. **THIS COURT ORDERS AND DECLARES** that, notwithstanding the other terms of the



within Order, the Exempt Property is not subject to the terms of the within Order

#### **NO PROCEEDINGS AGAINST THE COMPANIES OR THE PROPERTY**

12. **THIS COURT ORDERS** that until and including 13 February 2025, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Companies or the Monitor, or affecting the Business or the Property except with the written consent of the Monitor and the Companies, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Companies or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

13. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Companies or the Monitor, or affecting the Business or the Property are hereby stayed and suspended except with the written consent of the Monitor and the Companies, or leave of this Court, provided that nothing in this Order shall (i) empower the Companies to carry on any business which the Companies is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

#### **NO INTERFERENCE WITH RIGHTS**

14. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Companies, except with the written consent of the Monitor and the Companies, or leave of this Court.

#### **CONTINUATION OF SERVICES**

15. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Companies or statutory or regulatory mandates for the supply of



goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Companies, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Companies, and the Companies shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Companies in accordance with normal payment practices of the Companies or such other practices as may be agreed upon by the supplier or service provider and the Companies or as may be ordered by this Court.

#### **NON-DEROGATION OF RIGHTS**

16. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Companies. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

#### **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

17. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Companies with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Companies whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Companies, if one is filed, is sanctioned by this Court or is refused by the creditors of the Companies or this Court.

#### **APPOINTMENT OF MONITOR**

18. **THIS COURT ORDERS** that BDO is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Companies



with the powers and obligations set out in the CCAA or set forth herein and that the Companies and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Companies pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

19. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- a. monitor the Companies' receipts and disbursements;
- b. report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- c. advise, in consultation with the Companies, in its preparation of the Companies' cash flow statements and reporting;
- d. have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Companies, to the extent that is necessary to adequately assess the Companies business, cashflow, and financial affairs or to perform its duties arising under this Order;
- e. be at liberty to engage with Companies' legal counsel or retain independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- f. perform such other duties as are required by this Order or by this Court from time to time.

20. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property but as Monitor shall take part in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business, or any part thereof.

21. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to



occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

22. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Companies with information provided by the Companies in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Companies is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Companies may agree.

23. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or willful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

24. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and counsel to the Companies shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Companies as part of the costs of these proceedings. The Companies are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, and counsel for the Companies on a weekly basis and, in addition, the Companies are hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel



to the Companies reasonable retainers to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

25. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose, the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Supreme Court of Newfoundland and Labrador in Bankruptcy and Insolvency.

26. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and the Companies' counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Initial Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$100,000.00, as security for their professional fees and disbursements incurred at their respective standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Initial Administration Charge shall have the priority set out herein.

#### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

27. **THIS COURT ORDERS** that the Initial Administration Charge shall have a first charge over all the Applicants assets and undertakings.

28. **THIS COURT ORDERS** that the filing, registration or perfection of the Initial Administration Charge shall not be required, and that Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

29. **THIS COURT ORDERS** that the Initial Administration Charge shall constitute a charge on the Property and shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person, except for any secured creditor of the Companies who did not receive notice of the application for this Order. The Companies shall be entitled, on a subsequent motion on notice to those Persons likely to be affected thereby, to seek priority of the Initial Administration Charge ahead of any Encumbrances over which the Initial Administration Charge has not obtained priority pursuant to this Order.

30. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or



as may be approved by this Court, the Companies shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with the Initial Administration Charge, unless the Companies also obtain the prior written consent of the Monitor and of the applicable chargee(s) entitled to the benefit of the Initial Administration Charge (collectively, the "Chargees"), or further Order of this Court.

31. **THIS COURT ORDERS** that the Initial Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees shall not otherwise be limited or impaired in any way by: (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Companies.

32. **THIS COURT ORDERS** that the Initial Administration Charge created by this Order over leases of real property in Canada shall only be a charge in the Companies' interest in such real property leases.

#### **SERVICE AND NOTICE**

33. **THIS COURT ORDERS** that the Monitor shall (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner by electronic means, a notice to every known creditor who has a claim against the Company of more than \$1,000.00, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

#### **GENERAL**

34. **THIS COURT ORDERS** that the Monitor and the Companies may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

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35. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from subsequently acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Company, the Business or the Property.

36. **THIS COURT ORDERS** that each of the Company and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

37. **THIS COURT ORDERS** that a hearing for the balance of the relief sought by the Company in the Notice of Application is hereby scheduled before this Court on \_\_\_\_\_ 2025.

Issued by Justice McDonald on the 3<sup>rd</sup> day of FEB, 2025.



COURT  
OFFICER

