

2025 01G 0491  
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 Ltd., Karwood Design Group Ltd., and Karwood Ontario Ltd. (the “**Applicants**”)

**ORDER**

Before the Honourable Justice Alexander MacDonald on 24 October 2025:

**THIS MOTION** made by the Applicants under the *Companies Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) for an order (the “**Motion**”) approving the asset sale transaction (the “**Transaction**”) contemplated by the asset purchase agreement (“**APA**”) entered into by the Applicants (also referred to as “**KCL**” or the “**Vendor**”) and the prospective purchaser (the “**Purchaser**”), as identified in **Confidential Exhibit “A”** to the Monitor’s Seventh Report, as well as ancillary relief, was heard on 24 October 2025.

**ON READING** the Applicants’ Motion, the Seventh Report and Supplemental Report of BDO Canada Ltd. (hereinafter the “**Monitor**”), and such other supporting material as is before the Court; and

**ON HEARING** the submissions of counsel for the Applicants and such other counsel as were present, and no one else appeared for any other party although duly served as outlined in the affidavit of Keisha Kelly dated 29 September 2025.

**IT IS HEREBY ORDERED AND DECLARED THAT**

**SERVICE AND DEFINED TERMS**

1. **THIS COURT ORDERS** that the time for service of this Motion and accompanying

Filed/Classé October 24, 2025 

**Schedule "A"**  
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**CERTIFICATE OF THE MONITOR**

1. On 24 October 2025 the Court approved the APA ("APA") and the transaction (the "Transaction") between the Applicants and the Purchaser on the terms outlined therein (as attached to the Monitor's Seventh Report as a Confidential Exhibit).
  
2. The Court provided that upon the Monitor's satisfaction that all terms and conditions of the agreements have been met, and the purchase funds called for thereunder have been paid, by the Purchaser, the Monitor shall deliver to KCL and the Purchaser a certificate signed by the Monitor stating the terms of the APA have been met and the transaction contemplated thereunder closed.

**THE MONITOR CERTIFIES** the following:

3. The Monitor has received written confirmation from KCL and the Purchaser that the transactions contemplated under the APA has now closed and confirms that the purchase funds called for thereunder have been received by the Monitor.

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materials is abridged so that this Motion is properly returnable today and therefore dispenses with further service.

2. **THIS COURT ORDERS** that terms used but not defined in this Order shall have the meaning attributed to them in the Notice of Motion or the ARIO, as the case may be.

#### **STAY OF PROCEEDINGS**

3. **THIS COURT ORDERS** that the that the Stay Period, as defined in the Order of the Honourable Justice MacDonald dated 03 February 2025 (the "**Initial Order**") is hereby further extended up to and including 24 November 2025, and for greater certainty shall continue to apply to any enforcement action that may be taken by the Bank of Montreal with respect to the Applicants' Property.

#### **ADMINISTRATION CHARGE**

4. **THIS COURT ORDERS** that the Administration Charge granted on the date of the Initial Order, which approved a charge of \$100,000.00 securing the fees and disbursements of professionals including the Applicant's counsel, the Monitor, and the Monitor's counsel, and was later increased to an amount of \$250,000.00, shall remain in the amount of \$250,000.00.

#### **APPROVAL AND VESTING**

5. **THIS COURT ORDERS AND DECLARES AND CONFIRMS** that the APA and Transaction are hereby approved and execution of the APA by the Applicants and the Purchaser, with such amendments to the APA as the Applicants and the Purchaser may agree to with the consent of the Monitor. The performance by the Applicants of their obligations under the Sale Agreement are hereby authorized and approved. The Applicants are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for completion of the Transaction and conveyance of the assets (the "**Purchased Property**") to the Purchaser (or its nominee).



6. **THIS COURT ORDERS AND DECLARES** that this Order shall constitute the only authorization required by the Monitor and the Applicants to proceed with the Transaction contemplated under APA and that no shareholder or other approval shall be required by the Applicants in connection therewith
7. **THIS COURT ORDERS AND DECLARES** that, at the time of the delivery of the Monitor's certificate (the "**Monitor's Certificate**") to KCL and the Purchaser (the "**Effective Time**"), substantially in the form attached as **Schedule "A"** hereto, the following shall occur and shall be deemed to have occurred at the Effective Time, all in accordance with the Agreements and the steps contemplated thereunder:
- (a) KCL shall be deemed to have transferred to the Purchasers, and the Purchasers shall be deemed to have accepted such assignment and assumption of the Purchased Property in consideration of the contemplated prices ("**Purchase Prices**"); and
  - (b) all of the right, title and interest in and to the Purchased Property shall vest absolutely in the Purchasers, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens (maritime or otherwise), executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or all Charges (as defined in the ARIO) charges created by the ARIO, or any other Order of the Court; (ii) all charges, security interests or Claims evidenced by registrations pursuant to the *Personal Property Security Act* (Newfoundland and Labrador), or any other personal property registry system or pursuant to the *Registration of Deeds Act, 2009* (Newfoundland and Labrador), the *Mechanics' Lien Act* (Newfoundland and Labrador) or the *Mineral Act* (Newfoundland and Labrador) or any other real property or real property related registry or recording system (all of which are collectively referred to as the "**Encumbrances**"), and, for greater certainty, this Court orders that



all of the Encumbrances affecting or relating to the Purchased Property are hereby expunged and discharged as against the Purchased Property, as applicable, and shall be of no further force and effect.

8. **THIS COURT ORDERS** that the Monitor may rely on written notice from KCL and the Purchasers regarding the satisfaction of the Purchase Prices and satisfaction or waiver of conditions to closing under the APA (the "**Closing Certificates**") and shall have no liability with respect to delivery of the Monitor's Certificate.
9. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after receipt of the Closing.
10. **THIS COURT ORDERS** that upon the delivery of the Monitor's Certificate, and upon filing of a copy of this Order, together with any applicable registration fees, all governmental authorities and any other applicable registrar or government ministries or authorities exercising jurisdiction with respect to KCL and the Purchased Property (collectively, the "**Governmental Authorities**") are hereby authorized, requested and directed to accept delivery of such Monitor's Certificate and a copy of this Order as though they were originals and to register, as applicable, such transfers, interest authorizations, discharges and discharge statements of conveyance as may be required to give effect to the terms of this Order and the APA. Presentment of this Order and the Monitor's Certificate shall be the sole and sufficient authority for the Governmental Authorities to make and register, as applicable, transfer of title or interest and cancel and discharge registrations against any of KCL or the Purchased Property of any Claims or Encumbrances, and the Monitor and the Purchaser are hereby specifically authorized to discharge the registrations against KCL or the Purchased Property, as applicable.
11. **THIS COURT ORDERS** that no authorization, approval or other action by and no notice to or filing with any Governmental Authority or regulatory body exercising jurisdiction over KCL or the Purchased Property is required for the due execution, delivery and performance by KCL of the APA.
12. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of



Claims, from and after the delivery of the Monitor's Certificate, all Claims and Encumbrances shall attach to the Purchase Price, with the same priority as they had with respect to the Purchased Property immediately prior to the sale.

13. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Vendor or the Monitor, as the case may be, is authorized, permitted, and directed to, at the Effective Time, disclose to the Purchaser all human resources and payroll information in the Vendor records pertaining to past and current employees of the Vendor. The Purchaser shall maintain and protect the privacy of such information in accordance with applicable law and shall be entitled to use the personal information provided to it in a manner which is in all materials respects identical to the prior use of such information by the Vendor prior to Closing.
14. **THIS COURT ORDERS** that, at the Effective Time, the Vendor, the Monitor and the Purchaser shall be deemed released from any and all claims, liabilities (direct, indirect, absolute or contingent) or obligations with respect to any Taxes (including penalties and interest thereon) that relate to the Vendor, including without limiting the generality of the foregoing, all taxes, penalties and interest that could be assessed against the Vendor or the Purchaser (including its affiliates and any predecessor corporations) pursuant to section 160 of the *Income Tax Act (Canada)*, or any provincial equivalent, in connection with the Vendor, provided, as it relates to the Vendor, such release shall not apply to (i) transaction taxes, or (ii) Taxes in respect of the business and operations conducted by the Vendor after the Effective Time. Nothing in this paragraph shall release or discharge any Claims against Purchaser with respect to Taxes that are transferred to Purchaser.
15. **THIS COURT ORDERS** that except to the extent expressly contemplated by the APA, all Contracts that are oral and/suits, choses of action, claims in *personam* or *in rem*, whether commenced or contingent, to which the Applicants are proper party upon delivery of the Monitor's Certificate will be and remain in full force and effect upon and following delivery of the Monitor's Certificate and no individual, firm, corporation, governmental body or agency, or any other entity (all of the foregoing,



collectively being "**Persons**" and each being a "**Person**") who is a party to any such arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, to deny the availability of any such claim in the name of the Purchasers, or to enforce or exercise any right (including any right of set-off, dilution or other remedy) or make any demand under or in respect of any such arrangement and no automatic termination will have any validity or effect, by reason of:

- (a) any event that occurred on or prior to the delivery of the Monitor's Certificate and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults or events of default arising as a result of the insolvency of KCL);
- (b) any monetary defaults in relation to the contracts incurred on or prior to the delivery of the Monitor's Certificate;
- (c) the insolvency of KCL or the fact that KCL sought or obtained relief under the CCAA;
- (d) any compromises, releases, discharges, cancellations, transactions, arrangements, or other steps taken or effected pursuant to the APA, the transactions contemplated thereunder, or the provisions of this Order, or any other Order of the Court in these proceedings; or
- (e) any effective change of control of KCL arising from the implementation of the APA or the provisions of this Order.

16. **THIS COURT ORDERS** that from and after the Effective Time, all Persons shall be deemed to have waived any and all defaults of the Vendor then existing or previously committed by the Vendor, or caused by the Vendor, directly or indirectly, or non-compliance with any covenant, warranty, representation, undertaking, positive or negative pledge, term, provision, condition or obligation, expressed or implied, in any contract existing between such Person and the Vendor arising directly or indirectly from the filing by the Vendor under the CCAA and the implementation of the transactions contemplated under the APA, including without limitation any of the



matters or events listed in paragraph 19 hereof, and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith under a contract shall be deemed to have been rescinded and of no further force or effect, provided that nothing herein shall be deemed to excuse the Vendor from performing its obligations under the APA or be a waiver of defaults by the Vendor under the APA and the related documents.

17. **THIS COURT ORDERS** that from and after the Effective Time, any and all Persons shall be and are hereby forever barred, estopped, stayed and enjoined from commencing, taking, applying for or issuing or continuing any and all steps or proceedings, whether directly, derivatively or otherwise, and including without limitation, administrative hearings and orders, declarations and assessment, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against the Vendor, the Purchaser, or the Purchased Property relating in any way to or in respect of any and any other claims, obligations, and other matters which are waived, released, expunged, or discharged pursuant to this Order.
18. **THIS COURT ORDERS** that for greater certainty, nothing in this Order shall affect, vary, derogate from, limit or amend, and the Purchased Property the Monitor shall continue to have the benefit of, any and all rights and approvals and protections in favour of the Monitor at law or pursuant to the CCAA, the Initial Order, the ARIO, this Order, any other Orders in these CCAA Proceedings or otherwise, including all approvals, protections and stays of proceedings in favour of the Monitor, all of which are expressly continued and confirmed.
19. **THIS COURT ORDERS** that nothing in this Order affects the independent rights, if any, of any creditor against 77592 Newfoundland & Labrador Inc. under the *Companies Creditors Arrangement Act* for its participation in agreements with the Companies, which are proven to be contrary to the provisions of Sections 38 and 95 to 101 of the *Bankruptcy and Insolvency Act*.
20. **THIS COURT ORDERS** that, notwithstanding:
  - (f) the pendency of these CCAA Proceedings;



- (g) any applications for a bankruptcy order now or hereafter issued pursuant to the BIA in respect of KCL and any bankruptcy order issued pursuant to any such applications; and
- (h) any assignment in bankruptcy made in respect of KCL;
- (i) the provisions of any federal or provincial statutes pertaining to fraudulent preferences, assignments, fraudulent conveyances, transfers at undervalue, other reviewable transactions, or oppressive or unfairly prejudicial conduct;

the APA, the implementation of the transactions contemplated thereunder (including without limitation the transfer and vesting of the Purchased Property) and any payments by the Purchasers authorized herein or pursuant to the APA shall be binding on any trustee in bankruptcy that may be appointed in respect of KCL, and shall not be void or voidable by creditors of KCL or the Purchasers, as applicable, nor shall they constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the CCAA, the BIA or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

## **RELEASES**

21. **THIS COURT ORDERS** that effective upon the delivery of the Monitor's Certificate to the (i) the Applicants and their current and former directors, officers, employees, legal counsel, and advisors; (ii) the Monitor and its legal counsel, and their respective present and former directors, officers, partners, employees, and advisors, and (iii) the Purchaser, its current and former directors, officers, employees, legal counsel, and advisors (the Persons listed in (i), (ii) and (iii) being collectively, the "**Released Parties**") shall be deemed to be forever irrevocably released and discharged from any and all present and future claims whatsoever (including, without limitation, claims for contribution or indemnity), liabilities, indebtedness, demands, actions, causes of action, counterclaims, suits, damages, judgments, executions, recoupments, debts, sums of money, expenses,



accounts, liens, taxes, recoveries, and obligations of any nature or kind whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based in statute or otherwise) based in whole or in part on any act or omission, transaction, offer, investment proposal, dealing, or other fact, matter, occurrence or thing existing or taking place prior to the delivery of the Monitor's Certificate or completed pursuant to the terms of this Order and/or in connection with the Transactions solely in respect of the Vendor and their indebtedness, including their assets, business or affairs, or prior dealings with the Vendor (wherever or however conducted or governed), or the administration and/or management of the Vendor or these proceedings or arising in connection with the APA, the completion of the Transactions, the closing documents, any agreement, document, instrument, matter or transaction in each case solely involving the Vendor or arising in connection with or pursuant to any of the foregoing (collectively, the "**Released Claims**"), which Released Claims are hereby fully, finally, irrevocably and forever waived, discharged, released, cancelled, and barred as against the Released Parties, and are not vested nor transferred to the Purchaser or to any other entity and are extinguished, provided that nothing in this paragraph shall waive, discharge, release, cancel or bar any claim for fraud or wilful misconduct or any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA.

22. **THIS COURT ORDERS** that nothing in this Order waives, discharges or in any way releases any person, including the Released Parties, from any responsibility or obligation, including any Encumbrance, that was, is or may be owed to or enforceable by the Province of Newfoundland and Labrador or any Ministry or agency thereof (collectively, "**Newfoundland and Labrador Governmental Authorities**"), that is not a "claim" as defined in section 2(1) of the CCAA, including from any environmental Liability that was, is or may be owed to or enforceable by any Newfoundland and Labrador Governmental Authority that is not a "claim" as defined in section 2(1) of the CCAA, and nothing in this order in any way bars, estops, stays or enjoins any and all steps or proceedings by any Newfoundland and Labrador Governmental Authorities or any servant, agent or employee thereof in respect thereof; it being understood that nothing in this paragraph shall impact the protections in favour of the Monitor otherwise provided for herein.



## THE MONITOR

23. **THIS COURT ORDERS** that the Seventh Report, and the activities of the Monitor set out therein are hereby approved, provided, however, that only the Monitor, in its personal capacity and only with respect to its own liability, shall be entitled to rely upon or utilize in any way such approval.
24. **THIS COURT ORDERS** that the Monitor, its employees and representatives shall not be deemed directors of the Purchasers, de facto or otherwise, and shall incur no liability as a result of acting in accordance with this Order, other than any liability arising out of or in connection with the gross negligence or willful misconduct of the Monitor.
25. **THIS COURT ORDERS** that no action lies against the Monitor by reason of this Order or the performance of any act authorized by this Order, except by leave of the Court following a motion brought on not less than fifteen (15) days' notice to the Monitor and its legal counsel. The entities related or affiliated with the Monitor or belonging to the same group as the Monitor (including, without limitation, any agents, employees, legal counsel or other advisors retained or employed by the Monitor) shall benefit from the protection granted to the Monitor in this paragraph.
26. **THIS COURT ORDERS** that the Monitor shall not, as a result of this Order or any matter contemplated hereby: (i) be deemed to have taken part in the management or supervision of the management of KCL or the Purchasers, or to have taken or maintained possession or control of the business or properties of any of KCL or the Purchasers, or any part thereof; or (ii) be deemed to be in Possession (as defined in the Initial Order and ARIO) of any properties of KCL or the Purchasers within the meaning of any applicable Environmental Legislation (as defined in the Initial Order and ARIO) or otherwise.
27. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Property shall stand in the place and stead of the Purchased Property, and that from and after the delivery



of the Monitor's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Property with the same priority as they had with respect to the Purchased Property immediately prior to the sale, as if the Purchased Property had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

## **GENERAL**

28. **THIS COURT ORDERS** that following the Effective Time, the Purchasers shall be authorized to take all steps as may be necessary to affect the discharge of the Claims and Encumbrances against KCL and the Purchased Property.
29. **THIS COURT DECLARES** that this Order shall have full force and effect in all provinces and territories in Canada.
30. **THIS COURT DECLARES** that the Monitor, KCL and/or the Purchaser shall be authorized to apply as it may consider necessary or desirable, with or without notice, to any other court or administrative body, whether in Canada, the United States or elsewhere, for orders which aid and complement this Order. All courts and administrative bodies of all such jurisdictions are hereby respectfully requested to make such orders and to provide such assistance to KCL, the Monitor, and/or the Purchasers as may be deemed necessary or appropriate for that purpose.
31. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist KCL, the Monitor, and/or the Purchasers and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to KCL, the Purchasers, and the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist KCL, the Purchaser and the Monitor and their respective agents in carrying out the terms of this Order.
32. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of



12:01 a.m. Newfoundland and Labrador Time on the date hereof.

Dated at St. John's on the 24<sup>th</sup> day of October 2025.

  
COURT  
OFFICER

