

Court File No. CV-25-00741419-00CL

***ONTARIO***  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**

**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 EARTH BORING CO. LIMITED,**  
**YARBRIDGE HOLDINGS INC., TROLAN INVESTMENTS**  
**LTD., AND YARFIELD SERVICES LIMITED**

Applicants

**SECOND REPORT OF THE CCAA MONITOR**

**MAY 27, 2025**

**TABLE OF CONTENTS**

**INTRODUCTION.....4**

**PURPOSE .....6**

**BACKGROUND AND OVERVIEW .....9**

**TERMS OF REFERENCE .....9**

**UPDATE ON THE APPLICANTS’ ACTIVITIES.....10**

**MONITOR’S ACTIVITIES TO DATE .....10**

**APPLICANTS’ RECEIPTS AND DISBURSEMENTS TO DATE .....13**

**OVERVIEW OF APPLICANTS’ 13-WEEK CASH FLOW FORECAST .....14**

**BACKGROUND REGARDING THE CALEDON AGREEMENT .....16**

**PROPOSED HOLDBACK RELEASE .....16**

**RELIEF SOUGHT AT THE APPLICANTS’ THIRD MOTION.....16**

**CONCLUSIONS AND RECOMMENDATIONS .....21**

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**LIST OF APPENDICES**

**Appendix “A” – Pre-Filing Report of the Proposed Monitor dated April 16, 2025  
(without appendices)**

**Appendix “B” – First Report of the Monitor dated April 23, 2025 (without  
appendices)**

**Appendix “C” – Cash Flow Variance for the Period April 17, 2025, to May 16, 2025**

**Appendix “D” – Updated Cash Flow for the Period May 19, 2025, to August 15, 2025**

**Appendix “E” – Draft Amended DIP Term Sheet**

**Appendix “F” – Blackline to the DIP Term Sheet dated April 16, 2025**

**Appendix “G” – Fee Affidavit of Clark Lonergan sworn May 26, 2025**

**Appendix “H” – Fee Affidavit of Heather Fisher sworn May 26, 2025**

## INTRODUCTION

1. On April 15, 2025 (the “**NOI Filing Date**”), Earth Boring Co. Limited (“**EBCL**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to section 50.4 of the *Bankruptcy & Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”). BDO Canada Limited (“**BDO**”), a Licensed Insolvency Trustee, was named proposal trustee (the “**Proposal Trustee**”) in EBCL’s proposal proceedings (the “**Proposal Proceedings**”). The Proposal proceedings for EBCL were converted to proceedings under the CCAA as outlined below.
2. On April 17, 2025, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) heard an application (the “**CCAA Application**”) by EBCL, Yarbridge Holdings Inc., Trolan Investments Ltd., and Yarfield Services Limited (collectively, the “**Applicants**”) for an initial order pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). These proceedings commenced by the Applicants under the CCAA are referred to herein as the “**CCAA Proceedings**”.
3. On April 17, 2025, the Court granted the following orders:
  - (a) an initial order in these proceedings (the “**Initial Order**”) that, among other things:
    - (i) appointed BDO as monitor of the Applicants in these CCAA Proceedings (in such capacity, the “**Monitor**”);
    - (ii) approved a stay of proceedings for the initial 10-day period (the “**Stay of Proceedings**”);
    - (iii) extended the Stay of Proceedings to include a related party, Pennbridge Holdings Inc. (“**Pennbridge**”) and to prevent claims on performance bonds provided in relation to certain projects described in Schedule “A” to the Lien Regularization Order, discussed below;
    - (iv) approved the appointment of Steinberg Advisory Corp. as the chief restructuring officer (the “**CRO**”) over and in respect of the Applicants;

- (v) approved certain Court-ordered charges; and
  - (vi) approved the interim financing facility (the “**DIP Facility**”) to be provided by Bank of Montreal (the “**DIP Lender**”) pursuant to a DIP facility agreement (the “**DIP Term Sheet**”); and
- (b) a lien regularization order (the “**Lien Regularization Order**” or “**LRO**”) that, among other things:
- (i) stayed the rights of any person (“**Lien Claimant**”) who supplied services and/or materials to the Applicants solely with respect to certain construction projects to which the Applicants are a contracting party and which are listed in Schedule “A” to the Lien Regularization Order (the “**Continuing EBCL Projects**”) to preserve, maintain, perfect, or register liens, including by way of a notice of lien pursuant to and in accordance with the *Construction Act*, other than as permitted by the Lien Regularization Order;
  - (ii) granted a Lien Charge over certain of the Applicants property; and,
  - (iii) established the priority of the Lien Charge.
4. The Initial Order contemplated a comeback motion on April 24, 2025 (the “**Comeback Motion**”).
5. At the Comeback Motion, the Court granted an amended and restated initial order (the “**ARIO**”). Amongst other things, the ARIO:
- (a) extended the Stay of Proceedings to and including July 4, 2025;
  - (b) approved an increase to the Administration Charge (as defined in the First Report) to the maximum amount of \$600,000;
  - (c) approved an increase to the DIP Lender’s Charge (as defined in the First Report) to the maximum amount of \$5.5 million; and

- (d) approved an increase in the D&O Charge (as defined in the First Report) to the maximum amount of \$400,000 (together with the Administration Charge and DIP Lender's Charge, the "**Charges**"); and
- 6. On May 5, 2025, the Court granted additional relief pursuant to the order of Justice Steele, amending the ARIO to reflect the agreement concerning the priority of the Charges reached among certain of the Applicant's stakeholders (the "**Second Amended and Restated Initial Order**" or the "**SARIO**").
- 7. The Monitor has provided the Court with the following reports:
  - (a) the Report of the Proposed Monitor dated April 16, 2025 (the "**Proposed Monitor's Report**") in connection with the Applicants' application for protection under the CCAA; and
  - (b) the First Report of the Monitor dated April 23, 2025 (the "**First Report**") in connection with the Applicants' motion for the ARIO.

## **PURPOSE**

- 8. The purpose of this second report of the Monitor (the "**Second Report**") is to provide information to the Court with respect to:
  - (a) the Applicants' and the Monitor's activities since the First Report;
  - (b) the Applicants' actual cash flow results for the 5-week period ended May 16, 2025, versus the budgeted results for that period, as outlined in the Applicants' 12-week consolidated cash flow from April 17, 2025, to the week ended July 4, 2025 (the "**Initial Cash Flow Forecast**");
  - (c) an overview of the Applicants' updated 13-week consolidated cash flow forecast (the "**Updated Cash Flow Forecast**") for the period May 19, 2025 to August 15, 2025 (the "**Updated Cash Flow Period**");
  - (d) an agreement between the Applicants and the Aviva Insurance Company of Canada ("**Aviva**") regarding the Proposed Sanitary Sewers and Forcemain along Various Streets and Bolton Sewage Pumping Station Modifications,

Town of Caledon, Projects 12-2210, 17-2280, 17-2192 and 18-2286 (the “**Caledon Project**”);

(e) the treatment of construction holdback amounts received by the Applicants related to Exhibition Go Station contract (the “**Exhibition Project**”), which is not subject to the LRO;

(f) the Applicants’ motion to the Court returnable on May 28, 2025 (the “**Applicants’ Third Motion**”), seeking the following:

(i) the SISP Approval Order to, among other things:

I. approve a sale and investment solicitation process (the “**SISP**”) attached as Schedule “A” to the SISP Approval Order;

II. approve the appointment of PricewaterhouseCoopers Finance Inc. (“**PwC**”) as the sales advisor (the “**Sales Advisor**”) to administer and manage the SISP (the “**Sales Advisor Engagement**”);

III. grant a charge in favour of the Sales Advisor (the “**Sales Advisor Charge**”) in the maximum amount of \$350,000, as security for the amounts owed to the Sales Advisor pursuant to the terms of the Sales Advisor Engagement;

IV. approve the Pre-Filing Report, First Report and Second Report of the Monitor and the activities described therein;

V. approve the fees and disbursements of the Monitor and its legal counsel for the period ending May 16, 2025; and

VI. approve an amendment to the definition of Administration Charge in the DIP Term Sheet to reflect the amended Administration Charge (the “**Amended DIP Term Sheet**”);

- (ii) the Third Amended and Restated Initial Order (the “**TARIO**”) to, among other things:
  - I. extend the Stay of Proceedings contained in the ARIO to and including August 15, 2025; and
  - II. approve an amendment to the Administration Charge to include the CRO and the Sales Advisor as persons benefitting from such charge, and increase the maximum amount of the Administration Charge from \$600,000 to \$750,000 to include the CRO’s Monthly Fees (as defined in the CRO Engagement) and the Sales Advisor’s Work Fee (as defined in the Sales Advisor Engagement); and
- (iii) such further and other relief as the Court may deem just and equitable; and

(g) the Monitor’s recommendations on the relief sought in the Third Motion.

9. The Monitor understands that the Applicants will be relying on the affidavit of Eugene Woodbridge sworn April 16, 2025 (the “**Initial Woodbridge Affidavit**”), filed in support of the Initial Order, the affidavit of Eugene Woodbridge sworn April 23, 2025 (the “**Second Woodbridge Affidavit**”) filed in support of the relief sought at the Comeback Motion, a further affidavit of Eugene Woodbridge sworn May 23, 2025 (the “**Third Woodbridge Affidavit**”), the Proposed Monitor’s Report, the First Report, and this Second Report.
10. The Initial Order, Lien Regularization Order, the ARIO, and all other materials filed with the Court in these CCAA proceedings are accessible on the Monitor’s website at: <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/earth-boring-co-limited> (the “**Monitor’s Website**”). All court documents and certain other relevant documents have been and will continue to be posted as they are made available.

## **BACKGROUND AND OVERVIEW**

11. This Second Report should be read in conjunction with the Initial Woodbridge Affidavit, the Second Woodbridge Affidavit, and the Third Woodbridge Affidavit. Additional background and financial information with respect to the Applicants was provided in the Proposed Monitor's Report and the First Report (without appendices) attached hereto as **Appendix "A"** and **"B"**, respectively.
12. Any terms not expressly defined herein are otherwise defined in the Initial Woodbridge Affidavit, the Second Woodbridge Affidavit, the Third Woodbridge Affidavit, the Initial Order, the LRO, the ARIO, the SARIO, the SISP Approval Order, the Proposed Monitor's Report, and the First Report.

## **TERMS OF REFERENCE**

13. In preparing this Second Report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, books and records prepared by the Applicants, discussions with management of the Applicants ("**Management**"), and information from other third-party sources (collectively, the "**Information**"). Except as described in this Second Report in respect of the Updated Cash Flow Forecast:
  - (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 such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and
  - (b) some of the information referred to in this Second Report consists of forecasts and projections. An examination or review of the financial forecast and

projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.

14. Future oriented financial information referred to in this Second 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 variation could be significant.
15. Unless otherwise indicated, the Monitor's understanding of the factual matters expressed in this Second Report concerning the Applicants and their business is based on the Information, and not independent factual determinations made by the Monitor.
16. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

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

17. Since the issuance of the ARIO, the Applicants have been focusing on stabilizing operations. Management, with the assistance of the CRO and Monitor, has engaged in various discussions with stakeholders, including suppliers, customers, and employees. In particular, the Applicants have been addressing a significant number of inquiries from project owners, general contractors, contractors, subcontractors, suppliers and the bonding company, Aviva.
18. As of the date of this Second Report, the Applicants have maintained their business operations without significant disruption or issues.

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

19. Since the granting of the ARIO, the Monitor has:
  - (a) held regular discussions with the Applicants, CRO, and key stakeholders (including BMO, BDC, and Aviva) regarding operations, liquidity, lien resolution, Caledon Project negotiations, and broader restructuring initiatives;

- (b) assisted the Applicants with stakeholder communications, including:
  - (i) facilitating conversations with general contractors, subcontractors, and suppliers; and
  - (ii) supporting the Applicants in bidding for new work, including responding to contractor information requests and clarifying financial viability concerns;
- (c) coordinated with the Region of Peel and Aviva in connection to the Caledon Project, including:
  - (i) assisting the Applicants with analysis of cost-to-complete projections;
  - (ii) attending multiple meetings with Region of Peel and Aviva; and
  - (iii) supporting the negotiation of the new contract with Aviva, including review of updated projections and participating in settlement discussions;
- (d) responded to creditor and vendor inquiries relating to these CCAA Proceedings and the Lien Regularization Order;
- (e) engaged directly with municipalities and project owners to:
  - (i) address concerns regarding lien exposure risk for the project owners;
  - (ii) clarify confusions related to treatment of holdback release; and
  - (iii) clarify the continuation of projects, including communications to vendors on bonded projects;
- (f) implemented treasury oversight and provided support to the Applicants treasury functions and DIP Lender reporting requirements such as:
  - (i) implementing weekly treasury monitoring protocol;
  - (ii) conducting variance analysis between actual and forecasted cash flow and submitting variance updates to the DIP Lender;

- (iii) reviewing monthly DIP Lender reporting deliverables; and
  - (iv) facilitating DIP draw request;
- (g) engaged with the Applicants and the CRO on:
- (i) tracking of receipts and discussions on timing of future receipts;
  - (ii) disbursements tracking and cost approval monitoring; and
  - (iii) supporting the development of vendor payment protocols;
- (h) reviewed the Applicants' actual cash flows and supported the review and preparation of the Updated Cash Flow Forecast by:
- (i) participating in project level input review;
  - (ii) reviewing revised assumptions and stress-testing sensitivity scenarios;
  - (iii) participating in discussions related to timing of future receipts;
  - (iv) reviewing the updated vendor payments; and
  - (v) inquiring with the Applicants to stress test the Updated Cash Flow Forecast;
- (i) consulted with the Applicants development of the proposed SISF through:
- (i) participating in the review and assessment of multiple sales advisors' proposals; and
  - (ii) attending multiple sales advisors' pitch meetings alongside the Applicants;
- (j) maintained a list of all Lien Notices to Monitor submitted pursuant to the LRO;
- (k) engaged in discussions with counsel and stakeholders regarding lien claims, bonding implications, and the treatment of holdback funds;

- (l) participated in discussions between the Applicants and stakeholders regarding the priority of the Charges;
- (m) attended at the hearing on May 5, 2025 approving the SARIO;
- (n) engaged with its legal counsel, Gowling WLG (Canada) LLP (“**Gowlings**”), regarding matters related to these CCAA Proceedings; and
- (o) prepared this Second Report.

### **APPLICANTS’ RECEIPTS AND DISBURSEMENTS TO DATE**

- 20. The Monitor’s First Report included an Initial Cash Flow Forecast for the 12-week period from April 17, 2025, to the week ending July 4, 2025.
- 21. The Monitor has reviewed the actual cash flow from operations for the 5-week period ending May 16, 2025 (the “**Initial Review Period**”), through monitoring the banking activities of the Applicants.
- 22. The Applicants’ actual cash flow from operations for the Initial Review Period, exceeded the projections for that same period by approximately \$2.6 million. This variance is a combination of timing differences of receipts and disbursements, as follows:
  - (a) the positive variance is largely due to:
    - (i) delay in vendor payments as vendors are offering short-term credit rather than the initially projected cash on delivery basis. This is coupled with timing delay associated with vendor remobilization payments, which has resulted in approximately \$2 million in disbursements being delayed;
    - (ii) delay in a CRA payment of approximately \$605,000 related to the HST portion of a future holdback release. This will be addressed once the Applicants receive the holdback amounts;
    - (iii) delay in professional and restructuring fee payments of approximately \$444,000;

- (iv) delay in payment of \$400,000 toward BMO Mastercard as Management, with the assistance of the CRO, is strictly managing the Mastercard on an on-going basis;
- (v) positive difference of approximately \$239,000 on general, administrative, and contingency spend;
- (vi) delay in union obligation payments of approximately \$175,000 as cheques issued have not yet been cashed;
- (vii) delay in debt servicing payment(s) of approximately \$133,000 to BMO in respect of capital leases, which will be paid in later weeks; and
- (viii) delay in RRSP contributions of approximately \$101,000 not yet made for key employees.

(b) the above positive variances are partially offset by:

- (i) approximately \$1.4 million delay in receipts largely due to timing differences, and notice of the CCAA proceedings and the LRO. Receipts are expected to catch up in later weeks; and
- (ii) approximately \$98,000 of variance related to payroll, due to additional work required during the Initial Review Period.

23. A summary of the variance analysis described above is attached hereto as **Appendix “C”**.

#### **OVERVIEW OF APPLICANTS’ 13-WEEK CASH FLOW FORECAST**

24. The Applicants have prepared the Updated Cash Flow Forecast for the Updated Cash Flow Period (13-week period from May 19, 2025 to the week ending August 15, 2025) for the purposes of projecting the Applicants’ estimated liquidity needs over that time. A copy of the Updated Cash Flow Forecast is attached hereto as **Appendix “D”**.

25. The Updated Cash Flow Forecast is presented on a weekly basis and represents Management’s estimates of the projected cash flow during the Updated Cash Flow

Period. The Updated Cash Flow Forecast has been prepared by the Applicants using probable and hypothetical assumptions (the “**Assumptions**”) as set out in the notes to the Updated Cash Flow Forecast.

26. The Monitor has reviewed the Updated Cash Flow Forecast to the standard required of a Court-appointed monitor by section 23(1)(b) of the CCAA. In accordance with this standard, the Monitor conducted inquiries, performed analytical procedures, held discussions, and read documents related to the Information supplied to it by certain key members of Management and employees of the Applicants. Based on the Monitor's review, nothing has come to its attention that causes it to believe, in all material respects, that:

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

27. The Monitor notes that the Updated Cash Flow Forecast has been prepared solely for the purpose described above and since the Updated Cash Flow Forecast 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. Readers are cautioned that it may not be appropriate for other purposes.

28. The Updated Cash Flow Forecast shows that during the Updated Cash Flow Period, the Applicants will experience a net cash outflow of approximately \$3,900,439. With \$1,590,586 net disbursements in the Initial Review Period, the Updated Cash Flow Forecast projects that during the Updated Cash Flow Period the Applicants should have sufficient liquidity, with the support of the DIP Facility.

## **BACKGROUND REGARDING THE CALEDON AGREEMENT**

29. The Monitor has engaged in discussions with the Applicants, Aviva and Peel regarding the completion of the Caledon Project. The Monitor expects that an executed agreement satisfactory to the parties will be executed in the near term and which will result in the continuation of the Caledon Project.

## **PROPOSED HOLDBACK RELEASE**

30. EBCL has received approximately \$565,558 in holdback funds (inclusive of HST) with regards to the Exhibition Project. The Monitor understands that this project was completed some months ago and that there are currently no amounts owed to EBCL's vendors (the "**Exhibition Vendors**").

31. The Applicants, with the assistance of the Monitor, will reach out on the Exhibition Vendors to confirm that no amounts with regards to this project are outstanding prior to releasing these restricted funds to the Applicants.

## **RELIEF SOUGHT AT THE APPLICANTS' THIRD MOTION**

32. The Applicants' Third Motion primarily contemplates certain relief necessary to allow the Applicants' to pursue a SISP and permit collection of its accounts receivable to help fund these CCAA Proceedings.

### **Proposed Stay Extension**

33. The Initial Order granted a Stay of Proceedings in favour of the Applicants and the related entity Pennbridge until April 27, 2025 (the "**Stay Period**"). The ARIO extended the Stay Period to and including July 4, 2025.

34. The Applicants seek an extension of the Stay Period to and including August 15, 2025 (the "**Stay Extension**").

35. The Monitor is of the view that the proposed Stay Extension is reasonable and appropriate in order to allow the Applicants to advance/complete on-going construction

projects for the benefit of the Applicants and their stakeholders, and to implement the SISP as further discussed in this Second Report and in the Applicants' motion materials.

36. It is the Monitor's view, based on the Updated Cash Flow Forecast, that the Applicants will have sufficient liquidity to satisfy post-filing obligations as they come due (provided that the Amended DIP Term Sheet is approved, as further discussed below), and to execute on the SISP.

**Increase to Administration Charge and Amendment to Administration Charge Definition**

37. The ARIO provides for an Administration Charge up to a maximum amount of \$600,000 (the "**Administration Charge**") in favour of counsel to the Applicants, the Monitor, and the Monitor's independent counsel (the "**Professionals**") as security for the professional fees and disbursements incurred prior to and after the commencement of these CCAA Proceedings. Professional fee obligations secured by the Administration Charge are expected to be paid in the ordinary course from revenues of the Applicants and funding provided by the DIP Facility.

38. The Applicants are seeking approval of an increase to the Administration Charge from \$600,000 to \$750,000 and to amend the Administration Charge to include the CRO and Sales Advisor as persons benefitting from such charge as follows: (a) \$150,000 to secure the contemplated work fees of the Sales Advisor (as defined in the Sales Advisor Engagement), and (b) the CRO's Monthly Fees (as defined in the CRO Engagement), which was inadvertently omitted by the Applicants from the definition of the Administration Charge in the ARIO.

39. Given the current liquidity constraints of the Applicants, the Monitor is of the view that the proposed modest increase to the Administration Charge is necessary for the effective participation of the Sales Advisor in the SISP. The Monitor believes the quantum of the increased Administration Charge is reasonable in the circumstances based upon a review and assessment of the anticipated costs to be incurred under the Sales Advisor Agreement.

**Approval of the Amended DIP Term Sheet**

40. As a result of the proposed amendment to the Administration Charge, a corresponding amendment to the definition of Administration Charge in the DIP Term Sheet is necessary. The proposed amendment to the definition of Administration Charge is appropriate and will prevent the need for further recourse to the Court should the Administration Charge be further amended by subsequent Order of the Court. A copy of proposed amended DIP Term Sheet and a blackline to the DIP Term Sheet are attached as **Appendix “E”** and **“F”**, respectively.

41. BMO has advised the Monitor that it is supportive of the amendment to the DIP Term Sheet.

**Approval of the SISP and Sale Process Order**

42. The SISP Order and SISP Procedures authorize the Monitor, with the assistance of the Applicants, to undertake a SISP to solicit offers for a sale, recapitalization, or refinancing of the Applicants Property and/or its Business.

43. The SISP Procedures provide for the proposed Sales Advisor, PwC, to carry out the SISP with the following key dates:

- (a) Court approval of the SISP by May 28, 2025;
- (b) solicitations of interest by June 2, 2025;
- (c) Phase I non-binding letters of intent by June 20, 2025;
- (d) Phase II due diligence for Selected Bidders by June 23, 2025;
- (e) Phase II binding offers by July 18, 2025;
- (f) selection of the Successful Bid (assuming no Auction) by July 21, 2025;
- (g) definitive transaction agreement to be finalized by July 25, 2025; and
- (h) pending the Sale Approval Motion, the outside date for a transaction by August 11, 2025.

44. The key terms of the SISP include the following:

- (a) the proposed Sales Advisor, PwC, is an independent third party with expertise marketing and selling complex assets such as those of the Applicants;
- (b) the SISP Procedures shall be carried out in consultation with the Applicants' principal creditors, BMO and BDC;
- (c) the SISP shall be conducted by the Sales Advisor with the assistance of the Monitor;
- (d) the SISP deadlines may be extended by the Monitor with the consent of the DIP Lender by up to two weeks in the event additional time is required to identify and close a transaction; and
- (e) the SISP provides for a procedure to permit an Insider (i.e. any shareholder or director of the Applicants) to participate in the SISP without prejudice to other stakeholders or potential bidders or the process.

45. Any sale of the Property and/or Business will be on an "as is, where is" basis, without surviving representations or warranties of any kind except as set forth in the definitive transaction documents.

46. The Monitor is of the view that the SISP Order and SISP Procedures are reasonable for the following reasons:

- (a) as set out at paragraph 28 of the Proposed Monitor's Report, the Applicants have already run their own sale and investment solicitation process leading up to these CCAA Proceedings (the "**Pre-Filing SISP**"), which supports the expedited SISP timelines. In particular, the Applicants engaged Stifel Financial Corporation to conduct the Pre-Filing SISP, which generated interest from multiple parties but did not result in a transaction in time to address the Applicants immediate liquidity needs;
- (b) the proposed Sales Advisor possesses the necessary expertise and experience in marketing and selling the Applicants Property and/or Business;

- (c) the SISP provides sufficient time to ensure potential bidders are able to perform due diligence and prepare and submit their bids;
- (d) the SISP Procedures contemplate court approval of a sale and completion of a transaction in advance of the expiration of the Stay Period; and
- (e) in the Monitor's view, the contemplated SISP Order and SISP Procedures are commercially reasonable, consistent with sale processes approved by this Court in other CCAA proceedings and have been designed to maximize value through a competitive sale process while mitigating downside costs and risk for stakeholders by limiting the length of time of the process.

47. The Monitor recommends the Court approve the SISP Order and SISP Procedures attached as Schedule "A" to the SISP Order.

**Approval of the Sales Advisor Agreement and Sales Advisor Charge**

48. The Applicants seek approval of the appointment of PwC as Sales Advisor and the approval of a Sales Advisor Charge up to a maximum of \$350,000 to secure the Sales Advisor's fees and disbursements. This charge is subordinate to all other Charges and to BDC's claims.

49. The Monitor is of the view that the appointment of the proposed Sales Advisor is appropriate for the following reasons:

- (a) PwC has the necessary expertise and experience in marketing and selling the Applicants Property and/or Business;
- (b) the proposed SISP will proceed on compressed timelines and the Sales Advisor will be able to facilitate the necessary marketing, due diligence for and negotiation with potential bidders;
- (c) there is a potential for Insider Bids; and
- (d) the Sales Advisor role is designed to maximize value for all stakeholders.

50. The Monitor is also of the view that the Sales Advisor Charge is necessary for the effective participation of the Sales Advisor in the SISP and believes the quantum of the

Sales Advisor Charge is reasonable, in the circumstances based upon a review and assessment of the fees provided for under the Sales Advisor Engagement.

**Approval of the fees of the Monitor and its legal counsel**

51. Pursuant to the SARIO, the Monitor has provided services in the amount of \$290,920.00 (excluding HST), in the period up to and including May 17, 2025. A copy of the Affidavit of Clark Lonergan, sworn May 26, 2025, which includes a copy of the Monitor's time dockets pertaining to its activities under these CCAA Proceedings for the period ending May 17, 2025, in the amount of \$290,920.00 (excluding HST) is attached as **Appendix "G"**. This represents a total of 550.9 hours at an average hourly rate of \$528.08.
52. Further, the Monitor's counsel, Gowling's, has provided services in the amount of \$103,509.55 (excluding HST) in the period up to and including May 16, 2025. A copy of the Affidavit of Heather Fisher, sworn May 26, 2025, which includes a copy of Gowling's time dockets pertaining to its activities under these CCAA Proceedings for the period ending May 16, 2025, in the amount of \$103,509.55 (excluding HST) is attached as **Appendix "H"**. This represents a total of 98.1 hours at an average hourly rate of \$1,045.73.
53. The Monitor has reviewed the accounts of its counsel and is of the view that all the work set out in these accounts was carried out and was necessary, that the hourly rates of the lawyers who worked on this matter were reasonable in light of the services required and that the services were carried out by lawyers with the appropriate level of expertise.

**CONCLUSIONS AND RECOMMENDATIONS**

54. The Monitor is not aware of any non-compliance by the Applicants with the requirements of the CCAA or any order issued by this Court in these CCAA Proceedings. The Monitor believes that the Applicants have acted, and continue to act, in good faith and with due diligence.
55. For the reasons stated herein, the Monitor is of the view that the relief requested by the Applicants as set forth in the Applicants' Third Motion is necessary, reasonable, and

justified and will provide the Applicants the best opportunity to preserve value and maximize recoveries for its stakeholders.

56. The Monitor is therefore supportive of the Applicants' request for relief pursuant to the CCAA and the terms of the Order sought pursuant to the Applicants' Third Motion.

**All of which is respectfully submitted this 27<sup>th</sup> day of May, 2025**

**BDO CANADA LIMITED, in its capacity  
As CCAA Monitor of the Applicants, and  
not in its corporate or personal capacity.  
Per:**

A handwritten signature in black ink, appearing to read "Clark Lonergan". The signature is written in a cursive, flowing style.

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**Clark Lonergan, CA, CPA, CIRP, LIT  
Partner/Senior Vice President**

Court File No.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**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 EARTH BORING CO. LIMITED, YARBRIDGE  
HOLDINGS INC., TROLAN INVESTMENTS LTD., AND YARFIELD  
SERVICES LIMITED**

Applicants

**REPORT OF BDO CANADA LIMITED AS THE PROPOSED CCAA MONITOR**

**APRIL 16, 2025**

**TABLE OF CONTENTS**

**INTRODUCTION.....4**

**PURPOSE .....5**

**TERMS OF REFERENCE .....5**

**PROPOSAL PROCEEDINGS.....6**

**BDO’S QUALIFICATIONS TO ACT AS MONITOR.....7**

**OVERVIEW OF THE APPLICANTS.....7**

**CIRCUMSTANCES LEADING TO THE APPLICANTS’ CCAA FILING .....10**

**OVERVIEW OF APPLICANTS’ 2-WEEK INTERIM CASH FLOW FORECAST .12**

**RELIEF SOUGHT BY THE APPLICANTS .....13**

**THE ADMINISTRATION CHARGE .....15**

**DIP FACILITY AND DIP LENDER’S CHARGE .....16**

**THE D&O CHARGE.....20**

**LIEN REGULARIZATION ORDER .....21**

**CONCLUSIONS AND RECOMMENDATIONS .....22**

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**LIST OF APPENDICES**

**Appendix A - Certificate of Filing of a Notice of Intention to Make a Proposal**

**Appendix B – Interim Cash Flow Forecast for the 2-week period ended April 25, 2025**

**Appendix C – Cash Flow Forecast for the 12-week period ended July 4, 2025**

**Appendix D – CRO Engagement Agreement dated April 16, 2025**

**Appendix E – DIP Term Sheet dated April 16, 2025**

**Appendix F – Interim Financing Term Sheet dated April 16, 2025**

## INTRODUCTION

1. On April 15, 2025 (the “**NOI Filing Date**”), Earth Boring Co. Limited (“**EBCL**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to section 50.4 of the *Bankruptcy & Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”). BDO Canada Limited (“**BDO**”), a Licensed Insolvency Trustee, was named proposal trustee (the “**Proposal Trustee**”) in EBC’s proposal proceedings (the “**Proposal Proceedings**”). A copy of the certificate of filing of a Notice of Intention to Make a Proposal (the “**Certificate of Filing**”) issued by the Office to the Superintendent of Bankruptcy (the “**OSB**”) is attached hereto as **Appendix “A”**.
2. BDO (the “**Proposed Monitor**”) understands that the Applicants have brought an application (the “**CCAA Application**”) before this Court returnable on April 17, 2025, seeking an initial order (the “**Proposed Initial Order**”) 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 to allow them an opportunity to restructure their business and to conduct sale and investment and solicitation process and/or refinancing process. The proceedings to be commenced by the Applicants under the CCAA are referred to herein as the “**CCAA Proceedings**”.
3. The Applicants propose that BDO be appointed as monitor in these CCAA Proceedings (if appointed in such capacity, the “**Monitor**”).
4. The Applicants also seek to have the stay of proceedings extended to Pennbridge Holdings Inc., which is a related party and indirect owner of the Applicants.
5. The Applicants also seek an order (the “**Lien Regularization Order**”) to, among other things, stay the rights of any person (“**Lien Claimant**”) who supplied services and/or materials to the Applicants solely with respect to certain construction projects to which the Applicants are a contracting party and which are listed in Schedule “A” to the Lien Regularization Order, to preserve, maintain, perfect, or register liens, including by way of a notice of lien pursuant to and in accordance with the *Construction Act*, other than as permitted by the Lien Regularization Order; grant a Lien Charge over certain of the Applicants property; and, establish the priority of the Lien Charge.

6. This report (the “**Report**”) has been prepared by the Proposed Monitor prior to and in contemplation of its appointment as Monitor in these CCAA Proceedings, should this Court grant the Proposed Initial Order and the Lien Regularization Order, to provide information to this Court for its consideration in respect of these CCAA Proceedings.

## **PURPOSE**

7. The purpose of this Report is to provide information to the Court on:
  - (a) the Proposal Proceedings;
  - (b) BDO's qualifications to act as Monitor, if appointed;
  - (c) an overview of the Applicants;
  - (d) background on the circumstances leading to the Applicants’ decision to commence CCAA proceedings;
  - (e) an overview of the Applicants’ 2-week cash flow forecast on a consolidated basis (the “**Interim Cash Flow Forecast**”) and the Proposed Monitor’s comments regarding the reasonableness thereof;
  - (f) certain relevant matters about the relief sought in the Proposed Initial Order and the Lien Regularization Order; and
  - (g) the Proposed Monitor’s conclusions and recommendations.

## **TERMS OF REFERENCE**

8. In preparing this Report and making the comments herein, the Proposed Monitor has been provided with, and has relied upon, unaudited financial information, books and records prepared by the Applicants, discussions with management of the Applicants (“**Management**”), and information from other third-party sources (collectively, the “**Information**”). Except as described in this Report in respect of the Interim Cash Flow Forecast:
  - (a) the Proposed Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided.

However, the Proposed Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards (“GAAS”) pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Proposed Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and

(b) some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.

9. Future oriented financial information referred to in this 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 variation could be significant.
10. Unless otherwise indicated, the Proposed Monitor’s understanding of the factual matters expressed in this Report concerning the Applicants and their business is based on the Information, and not independent factual determinations made by the Proposed Monitor.
11. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

## **PROPOSAL PROCEEDINGS**

12. Prior to the NOI Filing Date, the Applicants had been in on-going discussions with various of its significant stakeholders, with regards to cash funding requirements to stabilize EBCL’s business. The Proposed Monitor understands that discussions broke down on or around April 14, 2025 and, as a result, EBCL obtained an immediate stay of proceedings to preserve its business through the filing of the NOI on April 15, 2025, in advance of the CCAA application.

13. The Applicants seek to continue the Proposal Proceedings under the CCAA pursuant to section 11.6 of the CCAA. Given the complicated factual and legal issues currently facing the Applicants, the CCAA is the best forum for these insolvency proceedings and presents the best possible chance of maximizing value for all stakeholders of the Applicants.
14. The Proposed Monitor supports the Applicants' motion to continue the Proposal Proceedings under the CCAA.

### **BDO'S QUALIFICATIONS TO ACT AS MONITOR**

15. BDO is a licensed insolvency trustee within the meaning of section 2 of the BIA. BDO is not subject to any of the restrictions set out in section 11.7(2) of the CCAA on who may be appointed as Monitor.
16. BDO has been actively involved with the Applicants and their primary secured lender, the Bank of Montreal ("**BMO**"), since early March of 2025. BDO's involvement to date includes a review of the Applicants' current financial position, weekly cash flow forecasts, bank reporting obligations, and key project-level data for BMO and the Applicants. BDO has gained a detailed understanding of the Applicants' financial position, capital structure, and operations.
17. The Proposed Monitor has retained Gowling WLG (Canada) LLP to act as its independent legal counsel in the CCAA Proceedings.

### **OVERVIEW OF THE APPLICANTS**

18. This Report should be read in conjunction with the Affidavit of Eugene Woodbridge, sworn April 16, 2025 (the "**Woodbridge Affidavit**"). Mr. Woodbridge is the Chief Executive Officer of EBCL, President of Yarbridge Holdings Inc. ("**Yarbridge**"), and the Vice President of Yarfield Services Limited ("**Yarfield**") and Trolan Investments Ltd. ("**Trolan**"). The Woodbridge Affidavit contains additional background and financial information with respect to the Applicants. Any terms not expressly defined herein are otherwise defined in the Woodbridge Affidavit.
19. The details of the four (4) Applicant companies are as follows:

- (a) EBCL is a private corporation, incorporated pursuant to the laws of Ontario, that maintains its registered head office at 1775 North Sheridan Way, Mississauga, Ontario (“**Head Office**”). EBCL also maintains an administrative office located at 1576 Ifield Road, Mississauga (“**Admin Office**”). EBCL is the principal operating company and contracting entity between the Applicants and its construction project customers;
  - (b) Yarbridge is a private corporation, incorporated pursuant to the laws of Ontario, that maintains a registered head office at 1775 North Sheridan Way, Mississauga, Ontario. Yarbridge is a holding company solely for the equipment storage and maintenance facility, located at 960 Zelco Drive, Burlington (“**Burlington Property**”);
  - (c) Yarfield is a private corporation, incorporated pursuant to the laws of Ontario, that maintains its registered head office at 1775 North Sheridan Way, Mississauga, Ontario. Yarfield was the management company of the Applicants but has been dormant since January of 2025; and
20. Trolan is a private corporation, incorporated pursuant to the laws of Ontario, that maintains a registered head office at 1775 North Sheridan Way, Mississauga, Ontario. Trolan is solely a holding company for an inventory storage yard located at 75 Steelwell Road, Brampton, Ontario (“**Brampton Property**”). Founded in 1947, EBCL is a Mississauga-based company that specializes in trenchless construction services across Ontario, including microtunneling, mixed microtunneling and boring, auger boring, and directional drilling. EBCL is the oldest and largest provider of such services in Ontario and has completed over 2,400 projects for over 120 customers. EBCL’s clients include municipalities such as the City of Toronto, the Region of Peel, and York Region, as well as large infrastructure contractors including EllisDon and Aecon.
21. As set out in more detail in the Woodbridge Affidavit and below, the Applicants are a trenchless construction service provider and operate in the construction industry.
22. The Applicants operate from four (4) primary locations:

- (a) a leased Head Office;
- (b) a leased (related party) Admin Office;
- (c) the Burlington Property; and
- (d) the Brampton Property.

23. As of the date of this Report, the Applicants employ approximately 99 individuals across their operations, including 17 management personnel, 71 unionized employees, and 11 temporary or agency staff. All employees are employed by EBCL and are located in Ontario.

24. The Applicants' unionized employees, consisting of highly skilled trades and labourers, are governed by two (2) collective agreements with three (3) unions:

- (a) International Union of Operating Engineers Local 793 - for employees engaged in the operation of cranes, shovels, bulldozers and similar equipment, maintenance, installation and repair of same, save and except for foremen, those above the rank of foreman, office and clerical staff, shop and yard employees, engineering staff and security staff working within certain geographic areas in Ontario; and
- (b) Teamsters' Local Union 230 and Labourers' International Union of North America, Local 183 – for all employees save and except non-working foremen and persons above the rank of non-working foreman in the sewer and watermain industry in specific geographic areas.

25. The Applicants are in the business of delivering critical infrastructure for public sector clients and private general contractors. The business is capital intensive, requiring significant up-front investment in equipment and labour prior to collecting progress and holdback payments from its customers.

26. The Applicants do not operate any other lines of business and do not have any foreign operations.

## **CIRCUMSTANCES LEADING TO THE APPLICANTS' CCAA FILING**

27. The Applicants have encountered a number of financial and operational challenges in the past 18 months, which have collectively contributed to their liquidity crisis and the need to seek protection under the CCAA:

- (a) the Applicants experienced fast revenue growth from 2021 to 2024, having over 30 new projects totaling more than \$130 million in value. While this expansion positioned the Applicants for a larger market presence, the upfront capital requirements strained the Applicants' working capital and exposed the business to heightened execution risk;
- (b) the Applicants incurred a material project loss on a large municipal job in Caledon (the "**Caledon Project**"), which was initially expected to be profitable. Due to project delays, improper pre-billing, and significant remediation costs, the project generated a loss of approximately \$15 million. This loss was the first of its kind in the Applicants' history and significantly impacted its financial position;
- (c) in connection with execution issues by subcontractors on two other large jobs, the Applicants incurred approximately \$22 million in upfront costs to continue performance. Although the Applicants expect to recover a portion of these amounts through insurance, a substantial portion remains outstanding, resulting in additional cash flow pressure;
- (d) a key project previously expected to generate approximately \$11.4 million in revenue in 2024 was delayed due to changes to Ontario's Housing-Enabling Water Systems Fund, which impacted the Applicants' eligibility. As a result, project revenues originally budgeted for 2024 were deferred to 2025 or later; and
- (e) recent industry-wide changes, including new tariffs affecting equipment imports and public procurement practices, have contributed to tender delays

and market uncertainty, resulting in a slower pipeline conversion and reduced near-term revenue visibility.

28. In response to these challenges, the Applicants engaged:

- (a) Stifel Financial Corporation (“**Stifel**”) to conduct a sale and investment solicitation process (the “**Pre-Filing SISP**”). Although the Pre-Filing SISP generated interest from multiple parties, no transaction materialized in time to address the Applicants’ immediate liquidity needs; and
- (b) Steinberg Advisory Inc. (“**Steinberg**”) as its financial and operational advisor in March of 2025 to assist Management with EBCL’s ongoing financial and operational requirements and assisting with stakeholder information requests.

29. As cash flow deteriorated, the Applicants approached their senior secured lender, BMO, for additional financing. While BMO provided a \$1 million advance under a Second Amendment to the Credit Agreement and Forbearance Agreement (the “**Second Amendment**”). BMO was only willing to provide further funding under a court-supervised process with the usual protections provided to lenders providing debtor-in-possession financing.

30. Given the EBCL’s liquidity constraints, it currently has insufficient liquidity to meet near-term obligations, including payroll. Following consultation with their financial and legal advisors, the Applicants determined that a filing under the CCAA was necessary to maintain operations, and complete profitable projects. The Applicants intend to proceed with a court-supervised restructuring, including a new sale and investment solicitation process (the “**CCAA SISP**”). The Applicants will also seek to disclaim unprofitable contracts while completing a select group of revenue-generating projects (the “**Continuing EBC Projects**”). As well, the Applicants also seek a Lien Regularization Order to preserve the position of lien claimants while unlocking project-level cash receipts.

31. The Proposed Monitor understands that the Applicants have the support of BMO and intend to work collaboratively with Aviva Insurance Company of Canada (“**Aviva**”), the

provider of certain labour and material and performance bonds in respect of the Applicants' projects, throughout the restructuring process.

## **OVERVIEW OF APPLICANTS' 2-WEEK INTERIM CASH FLOW FORECAST**

32. The Applicants have prepared an Interim Cash Flow Forecast for the 2-week period from April 17, 2025, to the week ending April 25, 2025 (the "**Interim Cash Flow Period**") for the purposes of projecting the Applicants' estimated liquidity needs during the Interim Cash Flow Period. A copy of the Interim Cash Flow Forecast is attached hereto as **Appendix "B"**.
33. Additionally, a copy of the 12-week cash flow forecast for the period ending July 4, 2025 (inclusive of the Interim Cash Flow Forecast) (the "**Cash Flow Forecast**") is attached hereto as **Appendix "C"**.
34. The Interim Cash Flow Forecast is presented on a weekly basis and represents Management's estimates of the projected cash flow during the Interim Cash Flow Period. The Interim Cash Flow Forecast and the Cash Flow Forecast have been prepared by the Applicants using probable and hypothetical assumptions (the "**Assumptions**") as set out in the notes to the Interim Cash Flow Forecast.
35. The Proposed Monitor has reviewed the Interim Cash Flow Forecast to the standard required of a Court-appointed monitor by section 23(1)(b) of the CCAA. In accordance with this standard, the Proposed Monitor conducted inquiries, performed analytical procedures, held discussions, and read documents related to the Information supplied to it by certain key members of Management and employees of the Applicants. Based on the Proposed Monitor's review, nothing has come to its attention that causes it to believe, in all material respects, that:
- (a) the Assumptions are not consistent with the purpose of the Interim Cash Flow Forecast;
  - (b) as at the date of this Report, the Assumptions are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable

basis for the Interim Cash Flow Forecast, given the probable and hypothetical assumptions; or

(c) the Interim Cash Flow Forecast does not reflect the Assumptions.

36. The Proposed Monitor notes that the Interim Cash Flow Forecast has been prepared solely for the purpose described above and since the Interim Cash Flow Forecast 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. Readers are cautioned that it may not be appropriate for other purposes.

37. The Interim Cash Flow Forecast shows that during the Interim Cash Flow Period, the Applicants will experience a net cash outflow of approximately \$2,163,339. The Interim Cash Flow Forecast projects that during the Interim Cash Flow Period the Applicants should have sufficient liquidity, with the support of the DIP Facility (defined below and subject to approval).

38. The Proposed Initial Order contemplates a DIP Facility and a DIP Lender's Charge in the amount of \$2,200,000. As detailed below, the Proposed Monitor believes that the amount of the DIP Facility and DIP Lender's Charge is appropriate and necessary given the Interim Cash Flow Forecast and is limited to the amounts reasonably necessary.

#### **RELIEF SOUGHT BY THE APPLICANTS**

39. The Applicants' Proposed Initial Order seeks, among other things, a stay of proceedings, granting of various charges, and other relief to permit the Applicants to stabilize their business and pursue a restructuring of their affairs.

#### **Stay of Proceedings**

40. The Applicants seek a stay of proceedings through and including April 27, 2025 (the "**Initial Stay Period**"), which is necessary to provide the Applicants with time to preserve enterprise value, continue profitable projects, and develop and implement a restructuring strategy.

41. The Applicants seek an extension of the stay of proceedings to protect a related entity, Pennbridge Holdings. This entity is the beneficiary of the Pennbridge Family Trust (which owns all or substantially all of the shares of each of the Applicants) and is a guarantor or indemnifier on various of the Applicants' secured obligations including to Aviva, BMO, and Business Development Bank of Canada ("**BDC**").
42. The Proposed Monitor is supportive of the stay extension to Pennbridge Holdings as a means to facilitate an orderly restructuring process, given that Pennbridge Holdings is closely connected with the Applicants, and given its obligations related to the Applicants' business.
43. The Applicants also seek a stay of proceedings with respect to claims on certain performance bonds issued by Aviva in relation to the Continuing EBC Projects. The Proposed Monitor supports this relief as the Applicants intend to complete the Continuing EBC Projects as part of their restructuring plan. If not stayed, calls on the applicable performance bonds could otherwise cause potential instability and interruption to the Continuing EBC Projects.

#### **CRO Appointment**

44. The Applicants seek the appointment of Steinberg as Chief Restructuring Officer ("**CRO**"). The CRO's engagement agreement dated April 16, 2025, which is attached hereto as **Appendix "D"**, outlines that Steinberg will provide operational restructuring support, assist with the CCAA SISP, assist with negotiations with Aviva and other key stakeholders, and manage the disposition of non-core assets. The CRO's monthly compensation is subject to performance-linked metrics. The CRO's monthly work fees and expenses are to be secured by the Administration Charge.
45. As part of the CCAA SISP, the CRO will also be entitled to a success fee if a successful transaction (as defined in the engagement agreement) occurs. This CRO success fee will require a later charge over the Company's assets if the CCAA SISP is approved by the Court.

46. The Proposed Monitor supports the engagement and appointment of the CRO and believes that the terms of the CRO's engagement, including its compensation, are fair and reasonable in the circumstances and comparable to similar engagements in other cases. The appointment of the CRO will facilitate an effective and value-maximizing restructuring process. Additionally, the Dip Facility Term Sheet (defined below) requires that the Applicants engage the CRO.

**Payment of Critical Pre-Filing Obligations**

47. The Applicants seek the power to pay amounts owing for goods and services provided prior to the date of the Initial Order. This relief is sought because the Applicants are heavily reliant on a small number of highly specialized suppliers and contractors and require the flexibility to protect their business through limited payment of pre-filing amounts to these suppliers and contractors. The power to make such pre-filing payments will be subject to the Proposed Monitor's prior consent, which shall be the subject of careful consideration by the Proposed Monitor.

48. On this basis, the Proposed Monitor supports the granting of the power to pay pre-filing amounts.

**Charges**

49. The Applicants seek the granting of the following charges:

- (a) the Administration Charge;
- (b) the DIP Lender's Charge;
- (c) the Director's Charge; and
- (d) the Lien Charge.

**THE ADMINISTRATION CHARGE**

50. The Proposed Initial Order provides for a charge up to a maximum amount of \$300,000 (the "**Administration Charge**") in favour of counsel to the Applicants, the Proposed Monitor and the Proposed Monitor's independent counsel, and the CRO monthly work fees, as security for the professional fees and disbursements incurred prior to and after

the commencement of the CCAA proceedings. Professional fee obligations secured by the Administration Charge will be paid in the ordinary course from funding provided by the DIP Facility.

51. The Proposed Monitor is of the view that given the current liquidity constraints of the Applicants, the proposed Administration Charge is required. The Proposed Monitor is of the view that the Administration Charge is necessary for the effective participation of the professionals in the CCAA proceedings and believes the quantum of the Administration Charge is reasonable in the circumstances based upon a review and assessment of the anticipated professional costs to be incurred during this matter.

#### **DIP FACILITY AND DIP LENDER'S CHARGE**

52. The Applicants are seeking approval of the DIP facility term sheet dated April 16, 2025 (the "**DIP Term Sheet**") between BMO, as the DIP lender ("**DIP Lender**"), EBCL, as borrower (the "**Borrower**"), and Yarbridge, Yarfield and Trolan, as guarantors, pursuant to which the DIP Lender has agreed to provide interim financing (the "**DIP Facility**") to provide sufficient liquidity to continue operations during the Initial Stay Period, subject to the terms of the DIP Facility.

53. In addition to the approval of the proposed DIP Facility, the Proposed Initial Order contemplates the creation of a related charge of \$2.2 million to match the borrowing requirements under the DIP Facility required by the Applicants pursuant to the Interim Cash Flow Forecast.

54. The material items, terms and conditions of the DIP Facility include the following:

(a) a maximum principal amount of \$5,500,000 advanced as follows:

- (i) \$2.2 million on the issuance of the Initial Order (the "**Initial Advance**"); and
- (ii) subject to further Court approval, additional advances in amounts as required by the Borrower and subject to the additional advance conditions ("**Additional Advances**" together with the Initial Advance as the "**Advances**");

- (b) the purpose of the DIP Facility is to fund:
- (i) the Applicants' operating expenditures during the CCAA Proceedings;
  - (ii) interest, fees and other amounts owing to the DIP Lender (including the Initial Fee, as defined and discussed below); and
  - (iii) the reasonable and documented legal and advisory fees and expenses, including of the CRO, the Applicants' counsel, the DIP Lender's counsel, and the Monitor and its counsel;
- (c) interest rate: Bank of Montreal Prime (currently 4.95%) plus 4.5% per annum (i.e., 9.45% per annum), on the outstanding balance owing under the DIP Facility, not in advance, and accrued monthly and added to the DIP Facility and paid on termination;
- (d) commitment fee: \$100,000 (the "**Commitment Fee**"), representing approximately 1.8% of the maximum amount drawable on the DIP Facility, which is payable on the Maturity Date (as defined below);
- (e) standby fee: 0.25% of the unused portion of the DIP Facility, calculated daily and payable on the Maturity Date (as defined below).
- (f) payment: the DIP Facility is to be repaid on the maturity date, which is defined as the earlier of:
- (i) July 31, 2025 (or such later date as the DIP Lender in its discretion may agree to in writing with the Borrower);
  - (ii) the date on which:
    - I. the stay of proceedings under the CCAA Proceedings is lifted without the consent of the DIP Lender, or
    - II. the CCAA Proceedings are terminated for any reason;

- (iii) the closing of a purchase and sale of substantially all of the assets or shares of the Borrower which has been approved by an order entered by the Court;
  - (iv) the implementation of a plan in the CCAA Proceedings approved by an order entered by the Court;
  - (v) the refinancing of the DIP Facility upon the written consent of the DIP Lender;
  - (vi) the date on which the CCAA Proceedings are terminated or are converted into a proceeding under the Bankruptcy and Insolvency Act (Canada), or the stay of proceedings expires without extension;
  - (vii) the payment in full of the Obligations owing to the DIP Lender; or
  - (viii) the occurrence of an Event of Default (the “**Maturity Date**”);
- (g) prepayment: prepayment of the DIP Facility requires the Applicants to repay any advances made under the DIP Facility with 100% of the proceeds of any of the following:
- (i) insurance proceeds or expropriation awards received by a Borrower, unless in the case of insurance proceeds;
  - (ii) any extraordinary payments received by a Borrower;
  - (iii) the net cash proceeds from the sale of any equity interests in a Borrower or its subsidiary or the receipt of capital contributions by a Borrower or its subsidiary; and
  - (iv) the balance of any contract funds received on an ongoing basis (e.g. progress payments, statutory, deficiency and warranty holdback, and substantial completion and final completion payments) after payment, on a per project basis, of amounts owing for work performed or materials supplied after the date of the Initial Order, with written consent of the DIP Lender and the Monitor, and any

retention of any statutory, or, if applicably, contractual holdback, subject in each case to the DIP Lender's Charge.

55. The DIP Facility is to be secured by a court ordered priority charge over all of the Applicants present and after-acquired property, subject only to the Administration Charge. The DIP Facility will be available to the Applicants up to the amount of the Initial Advance upon the issuance of the proposed Initial Order approving the DIP Term Sheet and the DIP Lender's Charge. A copy of the DIP Term Sheet is attached hereto as **Appendix "E"**.

56. The Proposed Monitor notes the following in respect of the DIP Facility:

- (a) the availability under the DIP Facility accords with the Applicants' Interim Cash Flow Forecast and is expected to provide sufficient liquidity to the Applicants through the forecast period; and
- (b) the interest and fees payable under the DIP Facility are well within the range of similar DIP facilities approved by this Court in the context of other CCAA proceedings.
- (c) The DIP Lender is the incumbent secured lender and an experienced DIP facility provider, and the Proposed Monitor is of the view that the DIP Lender can fulfill its obligations under the DIP Term Sheet, if approved; and
- (d) The DIP Facility grants the DIP Lender standard reporting and oversight functions and will not unnecessarily burden the Applicants or their advisors in the circumstances.

57. The Proposed Monitor therefore believes the terms offered by the DIP Lender in the DIP Term Sheet are reasonable in the circumstances.

58. As described in the Interim Cash Flow Forecast, the Applicants have a critical and immediate need for interim financing. Without access to the DIP Facility, the Applicants will be unable to continue operation during the Interim Cash Flow Period as:

- (a) the Applicants' have two (2) payroll periods prior to the Comeback hearing;

- (b) there is an immediate need to fund materials for ongoing projects;
- (c) the professionals associated with the proposed CCAA proceedings have significant accrued fees and disbursements and inadequate retainers to work on the proceedings beyond the date of the Proposed Initial Order without payment; and
- (d) other overhead operating expenses for insurance, utilities and technology costs critical to running the Applicants operations prior to the comeback hearing.

59. Provided the DIP Facility is approved by the Court, based on the Interim Cash Flow Forecast, the Proposed Monitor believes that the Applicants will have sufficient liquidity during the Initial Stay Period. The Proposed Monitor is satisfied that the amounts set out in the Interim Cash Flow Forecast to be paid prior to the comeback hearing are necessary and reasonable in the circumstances.

60. The DIP Facility is conditional on the granting of the DIP Lender's Charge, and as such, the Proposed Monitor is also of the view that the DIP Lender's Charge is appropriate in the circumstances to maintain the Applicants' business in the normal course and finance these CCAA proceedings. The DIP Lender's Charge will only secure amounts advanced during the Initial Stay Period.

#### **THE D&O CHARGE**

61. The Initial Order provides for a \$200,000 charge to secure an indemnity in favour of the current directors and officers of the Applicants (the **"Directors and Officers"**) against obligations and liabilities that they may incur as director or officers of the Applicants after the commencement of these CCAA proceedings, except to the extent that the obligation or liability is incurred as a result of such director's or officer's gross negligence or willful misconduct (the **"D&O Charge"**).

62. The Directors and Officers do not have a directors' and officers' insurance policy. Accordingly, the D&O Charge is needed to ensure they have coverage for post-filing

director and officer obligations so as to ensure their cooperation and assistance with the CCAA Proceedings.

63. The Proposed Monitor reviewed the calculation of the D&O Charge taking into consideration the estimated quantum and timing of collections and payments for Harmonized Sales Tax (“**HST**”) and employee wages.

64. Based on the foregoing, the Proposed Monitor is of the view that the Directors’ Charge is limited to what is required for the Initial Stay Period and is reasonable in the circumstances.

### **LIEN REGULARIZATION ORDER**

65. The Applicants seek a proposed lien regularization order (the “**LRO**”) to establish a centralized, court-supervised process for preserving construction lien claims, avoiding the need for individual motions for leave under the stay and preventing lien notices and lien claims from being filed. Without such relief, the Proposed Monitor is of the view that progress payments on the Continuing EBC Projects could be jeopardized, to the severe detriment of the Applicants’ liquidity and business.

66. Specifically, the LRO:

- (a) protects the position of lien claimants;
- (b) vacates registered liens from title and replaces them with deemed notices of lien and a consolidated lien charge (the “**Lien Charge**”);
- (c) establishes a standardized lien notice process for claimants;
- (d) directs project payments on Continuing EBC Projects to be accounted for on a project-by-project basis;
- (e) preserves project-level cash flow for construction-related costs;
- (f) enables the release of holdbacks and receivables affected by lien uncertainty;  
and
- (g) provides the Monitor with oversight and reporting obligations.

67. The Proposed Monitor supports the LRO, which substitutes the technical procedures under the *Construction Act* with a streamlined, court-supervised protocol. The LRO protects the interests of lien claimants, removes liens from title, and allows access to project funds. This relief has been granted in similar CCAA and receivership proceedings involving construction-sector debtors and is critical to preventing operational standstills and maintaining value.

### **CONCLUSIONS AND RECOMMENDATIONS**

68. The Proposed Monitor has reviewed the Applicants' CCAA application materials and has consented to act as the Monitor of the Applicants, should this Court grant the Proposed Initial Order.

69. For the reasons stated herein, the Proposed Monitor is of the view that the relief requested by the Applicants as set forth in the proposed Initial Order is necessary, reasonable, and justified and will provide the Applicants the best opportunity to preserve value and maximize recoveries for its stakeholders.

70. The Proposed Monitor is therefore supportive of the Applicants request for relief pursuant to the CCAA and the terms of the proposed Initial Order.

**BDO CANADA LIMITED, in its capacity  
as Proposed Monitor of the Applicants, and  
not in its corporate or personal capacity.**

**Per:**



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**Clark Lonergan, CA, CPA, CIRP, LIT  
Partner/Senior Vice President**

Court File No. CV-25-00741419-00CL

***ONTARIO***  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**

**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 EARTH BORING CO. LIMITED,**  
**YARBRIDGE HOLDINGS INC., TROLAN INVESTMENTS**  
**LTD., AND YARFIELD SERVICES LIMITED**

Applicants

**FIRST REPORT OF THE CCAA MONITOR**

**APRIL 23, 2025**

**TABLE OF CONTENTS**

**INTRODUCTION.....4**

**PURPOSE .....5**

**BACKGROUND AND OVERVIEW .....7**

**TERMS OF REFERENCE .....7**

**UPDATE ON THE APPLICANT’S ACTIVITIES.....8**

**MONITOR’S ACTIVITIES TO DATE .....8**

**APPLICANTS’ RECEIPTS AND DISBURSEMENTS TO DATE .....10**

**OVERVIEW OF APPLICANTS’ 12-WEEK CASH FLOW FORECAST.....11**

**PROPOSED AMENDED AND RESTATED INITIAL ORDER.....12**

**CONCLUSIONS AND RECOMMENDATIONS .....16**



**LIST OF APPENDICES**

**Appendix A – Certificate of Filing of a Notice of Intention to Make a Proposal**

**Appendix B – Proposed Monitor’s Report dated April 16, 2025**

**Appendix C – Cash Flow Variance Analysis for the period ending April 23, 2025**

**Appendix D – Cash Flow Forecast for the 12-week period ended July 4, 2025**

## INTRODUCTION

1. On April 15, 2025 (the “**NOI Filing Date**”), Earth Boring Co. Limited (“**EBCL**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to section 50.4 of the *Bankruptcy & Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”). BDO Canada Limited (“**BDO**”), a Licensed Insolvency Trustee, was named proposal trustee (the “**Proposal Trustee**”) in EBCL’s proposal proceedings (the “**Proposal Proceedings**”). A copy of the certificate of filing of a Notice of Intention to Make a Proposal (the “**Certificate of Filing**”) issued by the Office of the Superintendent of Bankruptcy (the “**OSB**”) is attached hereto as **Appendix “A”**. The Proposal proceedings for EBCL were converted to the CCAA as outlined below.
2. On April 17, 2025, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) heard an application (the “**CCAA Application**”) by, Earth Boring Co. Limited (“**EBCL**”), Yarbridge Holdings Inc., Trolan Investments Ltd., and Yarfield Services Limited (collectively, the “**Applicants**”) for an initial order pursuant to the *Companies’ Creditors Arrangement Act* R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). These proceedings commenced by the Applicants under the CCAA are referred to herein as the “**CCAA Proceedings**”.
3. BDO, as proposed monitor, prepared a pre-filing report dated April 16, 2025 (the “**Proposed Monitor’s Report**”) to provide information to the Court for its consideration in respect of the Applicants’ CCAA Application.
4. On April 17, 2025, the Court granted the following orders:
  - (a) an initial order in these proceedings (the “**Initial Order**”) that, among other things, appointed BDO as monitor of the Applicants in these CCAA Proceedings (in such capacity, the “**Monitor**”), approved a stay of proceedings for the initial 10-day period (the “**Stay of Proceedings**”), extended the Stay of Proceedings to include a related party, Pennbridge Holdings Inc. (“**Pennbridge**”) and to prevent claims on performance bonds provided in relation to Continuing EBCL Projects, approved the appointment of Steinberg Advisory Corp. as the chief restructuring officer (the “**CRO**”)

over and in respect of the Applicants, approved certain Court-ordered charges, and approved the interim financing facility (the “**DIP Facility**”) to be provided by Bank of Montreal (the “**DIP Lender**”) pursuant to a DIP facility agreement (the “**DIP Term Sheet**”); and

(b) a lien regularization order (the “**Lien Regularization Order**” or “**LRO**”) to, among other things, stay the rights of any person (“**Lien Claimant**”) who supplied services and/or materials to the Applicants solely with respect to certain construction projects to which the Applicants are a contracting party and which are listed in Schedule “A” to the Lien Regularization Order, to preserve, maintain, perfect, or register liens, including by way of a notice of lien pursuant to and in accordance with the *Construction Act*, other than as permitted by the Lien Regularization Order; grant a Lien Charge over certain of the Applicants property; and, establish the priority of the Lien Charge.

5. The Initial Order contemplated a comeback motion to be heard April 24, 2025 (the “**Comeback Motion**”).

## **PURPOSE**

6. The report 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) the Applicants’ actual cash flow results for the 7-days ended April 23, 2025, versus the same budgeted period as outlined in the Applicants’ 2-week cash flow from April 17, 2025, to the week ended April 25, 2025 (the “**Interim Cash Flow Forecast**”) on a consolidated basis for the Applicants;
- (d) an overview of the Applicants’ 12-week cash flow forecast (the “**Cash Flow Forecast**”), inclusive of the Interim Cash Flow Forecast, for the period April

17, 2025, to July 4, 2025 (the “**Cash Flow Period**”) on a consolidated basis for the Applicants;

(e) the Applicants’ Comeback Motion, seeking relief including but not limited to an amended and restated initial order (“**Amended and Restated Initial Order**” or “**ARIO**”) to:

- (i) extend the Stay of Proceedings contained in the Initial Order to July 4, 2025;
- (ii) approve an increase to the Administration Charge (herein defined) to the maximum amount of \$600,000;
- (iii) approve an increase to the DIP Lender’s Charge (herein defined) to the maximum amount of \$5.5 million;
- (iv) approve an increase to the D&O Charge (herein defined) to the maximum amount of \$400,000; and
- (v) such further and other relief as the Court may deem just and equitable; and

(f) the Monitor’s recommendations on the relief sought at the Comeback Motion.

7. The Monitor understands that the Applicants will be relying on the affidavit of Eugene Woodbridge sworn April 16, 2025 (the “**Initial Woodbridge Affidavit**”), filed in support of the Initial Order, the Proposed Monitor’s Report, a further affidavit of Eugene Woodbridge sworn April 23, 2025 (the “**Second Woodbridge Affidavit**”), and this First Report.

8. The Initial Order, Lien Regularization Order and all other materials filed with the Court in these CCAA proceedings are accessible on the Monitor’s website at: <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/earth-boring-co-limited> (the “**Monitor’s Website**”).

## **BACKGROUND AND OVERVIEW**

9. This First Report should be read in conjunction with the Initial Woodbridge Affidavit and the Second Woodbridge Affidavit. Additional background and financial information with respect to the Applicants was provided in the Proposed Monitor's Report, attached hereto as **Appendix "B"**.
10. Any terms not expressly defined herein are otherwise defined in the Initial Woodbridge Affidavit, the Second Woodbridge Affidavit, the Initial Order, the LRO, and the Proposed Monitor's Report.

## **TERMS OF REFERENCE**

11. 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 prepared by the Applicants, discussions with management of the Applicants ("**Management**"), and information from other third-party sources (collectively, the "**Information**"). Except as described in this First Report in respect of the Cash Flow Forecast:

- (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 such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and
- (b) some of the information referred to in this First Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.

12. 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 variation could be significant.
13. Unless otherwise indicated, the Monitor's understanding of the factual matters expressed in this First Report concerning the Applicants and their business is based on the Information, and not independent factual determinations made by the Monitor.
14. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

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

15. Since the issuance of the Initial Order, the Applicants have been focusing on stabilizing operations. Management, with the assistance of the CRO and 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**

16. The Monitor established the Monitor's Website in respect of these CCAA Proceedings. All court documents and certain other relevant documents have been and will continue to be posted as they are made available.
17. Pursuant to the Initial Order, the following Court materials were posted on the Monitor's Website:
  - (a) the Applicant's Application Record filed in support of the Initial Order;
  - (b) the Proposed Monitor's Report;
  - (c) the Initial Order;
  - (d) the Lien Regularization Order;

- (e) the Endorsement and further reasons of Justice Steele in respect of the CCAA Application; and
  - (f) the Applicant's Motion Record filed in support of the Comeback Motion.
18. On April 23, 2025, the Monitor published, and will again publish on April 30, 2025, 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.
19. 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. A copy of the Notice to Creditors has been posted on the Monitor's Website.
20. 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.
21. The Monitor has completed the required statutory forms and e-filed such reports with the Office of the Superintendent of Bankruptcy.
22. Furthermore, since the granting of the Initial Order, the Monitor has:
- (a) attended the Applicants' first motion, which occurred on April 17, 2025;
  - (b) assisted the Applicants with stakeholder communications;
  - (c) responded to correspondence received from creditors and other parties with respect to these CCAA Proceedings;
  - (d) participated in various discussions with the Applicants and the CRO regarding operations, treasury functions and discussions with Aviva and other key stakeholders;
  - (e) created a weekly monitoring protocol with the Applicants and the CRO to allow the Monitor to review and report on the Applicants' weekly cash receipts and disbursements;

- (f) reviewed the Applicants’ actual receipts and disbursements;
- (g) assisted the Applicants with the initial funding request from the DIP Facility;
- (h) engaged with its legal counsel, Gowling WLG (Canada) LLP (“**Gowling**”), regarding matters related to these CCAA Proceedings; and
- (i) prepared this First Report.

### **APPLICANTS’ RECEIPTS AND DISBURSEMENTS TO DATE**

23. The Proposed Monitor’s Report included an Interim Cash Flow Forecast for the 2-week period from April 17, 2025, to the week ending April 25, 2025.
24. The Monitor has reviewed the actual cash flow from operations for the 7-day period ending April 23, 2025 (the “**Initial Review Period**”), through monitoring the banking activities of the Applicants.
25. The Applicants’ actual cash flow from operations for the Initial Review Period exceeded the corresponding Interim Cash Flow Forecast amounts for that same period by approximately \$1.65 million. This positive variance is a combination of timing differences of receipts and disbursements, coupled with Initial Review Period capturing a shortened timeframe relative to the Interim Cash Flow Forecast period.
26. In particular:
- (a) the positive variance is largely due to:
    - (i) delay in vendor payments as vendors are offering short-term credit rather than the initially projected cash on delivery basis. This is coupled with timing delays associated with vendor remobilization payments, which resulted in ~\$1.8 million disbursements being delayed;
    - (ii) Initial Review Period ending on April 23, 2025, rather than April 25, 2025, as reflected in the Interim Cash Flow Forecasts. This positive variance is a timing difference as disbursements of ~\$516,000 related

to payroll, source deductions, and union obligations are expected to occur on April 25, 2025;

(iii) a delay in payment of \$400,000 toward BMO Mastercard, as Management is waiting on confirmation of some receipts due later in the week; and

(iv) positive difference of \$100,000 on general, administrative, and contingency spend.

(b) the positive variance is offset by ~\$1.2 million delay in receipts due to timing difference, notice of these CCAA Proceedings, and the LRO. Receipts are expected later this week or next week.

27. A summary of the variance analysis is attached hereto as **Appendix “C”**.

#### **OVERVIEW OF APPLICANTS’ 12-WEEK CASH FLOW FORECAST**

28. The Applicants have prepared the Cash Flow Forecast for the 12-week period from April 17, 2025, to the week ending July 4, 2025, for the purposes of projecting the Applicants’ estimated liquidity needs during the Cash Flow Period. A copy of the Cash Flow Forecast is attached hereto as **Appendix “D”**. The Cash Flow Forecast is unchanged from the Proposed Monitor’s Report.

29. The Cash Flow Forecast is presented on a weekly basis and represents Management’s estimates of the projected cash flow during the Cash Flow Period. The Cash Flow Forecast has been prepared by the Applicants using probable and hypothetical assumptions (the “**Assumptions**”) as set out in the notes to the Cash Flow Forecast.

30. The Monitor has reviewed the Cash Flow Forecast to the standard required of a Court-appointed monitor by section 23(1)(b) of the CCAA. In accordance with this standard, the Monitor conducted inquiries, performed analytical procedures, held discussions, and read documents related to the Information supplied to it by certain key members of Management and employees of the Applicants. Based on the Monitor’s review, nothing has come to its attention that causes it to believe, in all material respects, that:

- (a) the Assumptions are not consistent with the purpose of the Cash Flow Forecast;
- (b) as at the date of this First Report, the Assumptions 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 probable and hypothetical assumptions; or
- (c) the Cash Flow Forecast does not reflect the Assumptions.

31. The Monitor notes that the Cash Flow Forecast has been prepared solely for the purpose described above and since the Cash Flow Forecast 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. Readers are cautioned that it may not be appropriate for other purposes.

32. The Cash Flow Forecast shows that during the Cash Flow Period, the Applicants will experience a net cash outflow of approximately \$3,582,085 (peaks at ~\$5.1 million during the week-ended May 30, 2025). The Cash Flow Forecast projects that during the Cash Flow Period the Applicants should have sufficient liquidity, with the support of the DIP Facility (subject to approval of the increased borrowing amount).

33. The Proposed ARIO contemplates a DIP Facility and a DIP Lender's Charge in the amount of \$5,500,000. The Monitor notes that the DIP Facility terms include an allowable 15% variance which, at the peak projected week in the Cash Flow Forecast, may require the maximum DIP Facility amount. As detailed below, the Monitor believes that the amount of the DIP Facility and DIP Lender's Charge is appropriate and necessary given the Cash Flow Forecast and is limited to the amounts reasonably necessary.

#### **PROPOSED AMENDED AND RESTATED INITIAL ORDER**

34. The proposed ARIO contemplates certain amendments to the Initial Order to grant broader relief in relation to the stay of proceedings and increases to the Administration Charge, the DIP Lender's Charge, and the D&O Charge.

**Proposed Stay Extension**

35. The Initial Order provided a 10-day Stay of Proceedings up to and including April 27, 2025.
36. The Applicants seek an extension of the Stay Period to July 4, 2025 (the “**Stay Extension**”). The Monitor is of the view that the proposed Stay Extension is reasonable and appropriate in order to allow the Applicants to advance/complete on-going construction projects for the benefit of the Applicants and its stakeholders, and to implement an anticipated CCAA SISP, which will be discussed in future reports of the Monitor and in the Applicants’ motion materials when a sale process order is sought from this Court.
37. It is the Monitor’s view, based on the Cash Flow Forecast, that the Applicants will have sufficient liquidity to satisfy post filing obligations as they come due and execute on a CCAA SISP, provided the CCAA SISP is approved in due course and the increase in the DIP Lender’s Charge is granted, as further discussed below.

**Increase to Administration Charge**

38. The Initial Order provides for a charge up to a maximum amount of \$300,000 (the “**Administration Charge**”) in favour of counsel to the Applicants, the Monitor and the Proposed Monitor’s independent counsel, and the CRO monthly work fees (the “**Professionals**”), as security for the professional fees and disbursements incurred prior to and after the commencement of the CCAA proceedings. Professional fee obligations secured by the Administration Charge will be paid in the ordinary course from funding provided by the DIP Facility.
39. The Applicants are seeking approval of an increase to the Administration Charge from \$300,000 to \$600,000 to secure the expected ongoing fees and disbursements of the Professionals through these CCAA Proceedings.
40. The Monitor is of the view that, given the current liquidity constraints of the Applicants, the proposed Administration Charge is required. The Monitor is of the view that the Administration Charge is necessary for the effective participation of the Professionals in

these CCAA Proceedings and believes the quantum of the increased Administration Charge is reasonable in the circumstances based upon a review and assessment of the anticipated professional costs to be incurred during this matter.

**Increase to DIP Facility and DIP Lender's Charge**

41. The Initial Order provides for a charge up to a maximum amount of \$2.2 million (the “**DIP Lender's Charge**”) in favour of the DIP Lender. As detailed in the Proposed Monitor's Report, the DIP Term Sheet contemplates a DIP Facility with a maximum principal amount of \$5.5 million, subject to the terms of the DIP Facility and further approval of the Court.
42. The Applicants are seeking approval of an increase in the DIP Facility from \$2.2 million to \$5.5 million and a corresponding increase in the DIP Lender's Charge from \$2.2 million to \$5.5 million in order to match the borrowing requirements (inclusive of potential permitted variances) under the DIP Facility required by the Applicants pursuant to the Cash Flow Forecast. The requested increase in the DIP Lender's Charge is a condition precedent to further advances under the DIP Facility.
43. As described in the Cash Flow Forecast, the Applicants have a continued need for interim financing and without access to the increase in the DIP Facility, the Applicants will be unable to continue operating during the Cash Flow Period.
44. Provided the DIP Facility increase and associated DIP Lender's Charge is approved by the Court, based on the Cash Flow Forecast, the Monitor believes that the Applicants will have sufficient liquidity during the Stay Extension period. The Monitor is satisfied that the amounts set out in the Cash Flow Forecast to be paid are necessary and reasonable in the circumstances.
45. The Monitor also wishes to clarify paragraph 55 of the Proposed Monitor's Report previously filed concerning the DIP Charge priority. Paragraph 55 provided that “The DIP Facility is to be secured by a court ordered priority charge over all of the Applicants property, subject only to the Administration Charge”. As set out in the Initial Order, the DIP Charge is also subject to the security granted to the Business Development Bank of

Canada up to a maximum amount of principal of \$10,225,000 plus interest on the property municipally known as 960 Zelco Drive, Burlington, Ontario, and legally described in PIN 07035-0005 and of principal of \$5,000,000 plus interest on the property municipally known as 75 Steelwell Road, Brampton, Ontario, and legally described in PIN 14028-0023 (LT).

**Increase to D&O Charge**

46. The Initial Order provides for a \$200,000 charge to secure an indemnity in favour of the current directors and officers of the Applicants (the “**Directors and Officers**”) against obligations and liabilities that they may incur as director or officers of the Applicants after the commencement of these CCAA Proceedings, except to the extent that the obligation or liability is incurred as a result of such director’s or officer’s gross negligence or willful misconduct (the “**D&O Charge**”).
47. As outlined in the Proposed Monitor’s Report, the Directors and Officers do not have a directors’ and officers’ insurance policy. Accordingly, the D&O Charge is needed to ensure they have coverage for post-filing director and officer obligations so as to ensure their cooperation and assistance with the CCAA Proceedings. The Directors and Officers have uniquely specialized knowledge and experience in relation to the highly technical operations of the Applicants and their important business relationships with both suppliers and customers. The Monitor is therefore of the view that the continuation of the Directors and Officers in their positions is essential to the restructuring efforts of the Applicants and is concerned that without a charge over all of the Applicants’ assets securing post-filing liabilities there can be no assurance that they will remain in their roles.
48. The Applicants are seeking approval of an increase in the D&O Charge from \$200,000 to \$400,000 to secure an increase in potential exposure of the Directors and Officers during the Stay Extension period.

49. The Monitor reviewed the calculation of the D&O Charge taking into consideration the estimated quantum and timing of collections and payments for Harmonized Sales Tax (“HST”) and employee wages.

50. Based on the forgoing, the Monitor is of the view that the increase to the D&O Charge is limited to what is required for the period under the Stay Extension, if granted, and is reasonable in the circumstances.

### **CONCLUSIONS AND RECOMMENDATIONS**


51. The Monitor is not aware of any non-compliance by the Applicants with the requirements of the CCAA or any order issued by this Court in these CCAA Proceedings. The Monitor believes that the Applicants have acted, and continue to act, in good faith and with due diligence.

52. For the reasons stated herein, the Monitor is of the view that the relief requested by the Applicants as set forth in the ARIO is necessary, reasonable, and justified and will provide the Applicants the best opportunity to preserve value and maximize recoveries for its stakeholders.

53. The Monitor is therefore supportive of the Applicants request for relief pursuant to the CCAA and the terms of the ARIO.

**All of which is respectfully submitted this 23rd day of April, 2025**

**BDO CANADA LIMITED, in its capacity  
As CCAA Monitor of the Applicants, and  
not in its corporate or personal capacity.  
Per:**



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**Clark Lonergan, CA, CPA, CIRP, LIT  
Partner/Senior Vice President**

Earth Boring Co. Limited, Yarbridge Holdings Inc., Trolan Investments Ltd., and Yarfield Services Ltd. (the "Companies")

Cumulative Budget to Actual Comparison

April 17, 2025 to May 16, 2025

(\$ CAD)

	Cumulative			Notes
	Budget	Actual	Variance F(U)	
<b>Receipts</b>				
Regular Billing	2,525,293	1,178,001	(1,347,292)	The timing variance is largely driven by delays in collection due to the CCAA process and customers trying to assess the LRO. Management has deferred collections into later weeks, Monitor and Management is actively working with CRO and counsel to communicate with customers. In week 5, all amounts collected are related to previous weeks' forecasted amounts. BDO notes that week 5 collections include -\$625K from McNally (Halton Project), which is -\$700K less than previously forecasted. The Company and its counsel is in communication with McNally in an effort to collect the remaining amount.
Holdback Receipts	-	-	-	
Other Deposit	154,770	145,439	(9,331)	
Old Job Collections	115,000	43,629	(71,371)	The Company collected less than forecasted on old jobs. The Company is making continued old job collection efforts and note this is likely a timing variance.
<b>Total Receipts</b>	<b>2,795,063</b>	<b>1,367,069</b>	<b>(1,427,994)</b>	
<b>Disbursements</b>				
Payroll - Admin	194,686	207,218	(12,532)	
Source Deductions - Admin	101,290	100,496	794	
Benefits, RRSPs, Health Tax - Admin	108,100	7,446	100,654	Timing variance due to RRSP payments not yet made for key employees (-\$108K), offset by a -\$7K payout (permanent variance) to a terminated employee in week 3.
Payroll - Union	376,934	429,574	(52,640)	Permanent variance due to labour inefficiencies.
Union Obligations	411,021	236,165	174,856	Timing variance, will catch up in the following days when cheques issued to pay union obligations are cashed.
Source Deductions - Union	233,339	265,857	(32,518)	Permanent variance due to labour inefficiencies, in sync with union payroll variance.
Third Party Labour	48,807	50,595	(1,788)	
Benefits, RRSPs, Health Tax - Union	52,909	48,225	4,684	
Consultants	89,754	91,308	(1,554)	
Rent Payments	11,500	14,835	(3,335)	
Mortgage Payments	-	4,000	(4,000)	
Debt Servicing	337,664	204,306	133,357	Variance due to BMO capital lease not having come out of the Bank (-\$166K) in week 4, offset by -\$30K overdraft interest charged by Bank, which will be reversed in the future week.
BMO Mastercard	500,000	100,000	400,000	The Company is managing credit card debt on an on-going and as needed basis.
Insurance	85,944	85,944	-	
CRA & CBSA Payments	605,000	133	604,867	HST remittance forecasted largely related to the HST portion of a future \$5.2M Halton Project holdback release. The Company plans to remit HST payment upon receiving the holdback.
Utilities/Network charges/Other	36,789	20,674	16,116	
Vendor Payments	2,515,042	525,831	1,989,211	The Company anticipates ramping up vendor payments over the following weeks. The majority of the Company's vendors have continued to extend credit. As such, less pre-payments/COD have been made to date. Variance of ~\$99K due to timing of payment in week 5 brings cumulative timing variance to ~\$2M.
G&A Spend	125,000	11,258	113,742	The G&A Spend category relates primarily to timing differences with regards to the Company's miscellaneous G&A spend.
Professional and Restructuring	997,500	553,789	443,711	The Professional and Restructuring category represents fees to professionals. This is a temporary timing variance and the Company is delaying these payments to assist with the delay in collections.
DIP Interest	7,860	-	7,860	
Contingency	125,000	-	125,000	This is anticipated to be a temporary timing variance to account for unexpected expenditures.
<b>Total Disbursements</b>	<b>6,964,139</b>	<b>2,957,655</b>	<b>4,006,484</b>	
<b>Opening Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Net Cash Inflow/(Outflow)</b>	<b>(4,169,076)</b>	<b>(1,590,586)</b>	<b>2,578,490</b>	
<b>Ending Balance</b>	<b>(4,169,076)</b>	<b>(1,590,586)</b>	<b>2,578,490</b>	
Restricted Cash	58,489	58,489	-	The holdback forecasted was collected and is categorized as restricted cash.

Earth Boring Co. Limited, Yarbridge Holdings Inc., Trolan Investments Ltd., and Yarfield Services Ltd. (the "Companies" or the "Applicants")

Combined Cash Flow Forecast for the Period

May 19th, 2025 to August 15, 2025

(\$ CAD)

Week #	Opening	1	2	3	4	5	6	7	8	9	10	11	12	13	Total	
Week Ending	Balance	5/23/2025	5/30/2025	6/6/2025	6/13/2025	6/20/2025	6/27/2025	7/4/2025	7/11/2025	7/18/2025	7/25/2025	8/1/2025	8/8/2025	8/15/2025		
<b>Receipts</b>	<b>Notes</b>															
Regular Billing	1	228,465	206,807	1,328,659	469,221	25,921	819,810	1,197,391	314,023	101,777	1,407,398	859,365	152,550	-	7,111,388	
Cost Plus Billings	2	-	639,689	503,519	763,303	685,669	865,292	299,899	664,712	363,399	656,158	267,549	212,045	-	5,921,233	
Holdback Receipts	3	65,064	-	79,100	-	500,494	-	-	-	-	595,505	-	-	-	1,240,163	
Old Job Collections	4	38,044	25,000	-	25,000	-	25,000	-	25,000	-	-	150,000	-	-	288,044	
<b>Total Receipts</b>		<b>331,574</b>	<b>871,496</b>	<b>1,911,278</b>	<b>1,257,523</b>	<b>1,212,084</b>	<b>1,710,102</b>	<b>1,497,290</b>	<b>1,003,735</b>	<b>465,176</b>	<b>2,659,061</b>	<b>1,276,914</b>	<b>364,595</b>	<b>-</b>	<b>14,560,828</b>	
<b>Disbursements</b>																
Payroll - Admin	5	2,108	64,000	-	64,000	-	64,000	-	64,000	-	64,000	-	64,000	-	386,108	
Source Deductions - Admin	5	43,090	-	47,000	-	47,000	-	47,000	-	47,000	-	47,000	-	47,000	325,090	
Benefits, RRSPs, Health Tax - Admin	6	-	-	7,000	-	-	-	7,000	-	-	123,792	-	7,000	-	144,792	
Payroll - Union	7	69,402	79,632	132,137	140,726	143,192	137,679	135,275	104,244	106,684	106,568	90,318	80,452	76,851	1,403,160	
Union Obligations	8	-	201,689	-	-	-	298,593	-	-	-	-	342,691	-	-	842,973	
Source Deductions - Union	7	50,152	38,300	42,879	71,151	75,776	77,104	74,135	72,840	56,131	57,445	57,383	48,633	43,320	765,248	
Third Party Labour	9	48,500	97,600	94,150	222,750	147,750	146,500	122,750	85,250	63,250	63,250	53,250	53,250	42,000	1,240,250	
Benefits, RRSPs, Health Tax - Union	6	1,074	13,000	-	-	13,000	12,000	-	-	13,000	-	12,000	-	13,000	77,074	
Consultants	10	25,312	30,962	23,278	13,673	13,673	13,673	13,673	13,673	13,673	13,673	13,673	13,673	13,673	216,282	
Rent Payments	11	-	10,115	-	-	-	-	10,115	-	-	-	10,115	-	-	30,345	
Mortgage Payments	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Debt Servicing	13	23,267	50,533	13,352	2,273	45,379	25,806	59,438	31,573	47,652	25,806	47,994	43,017	47,652	463,742	
BMO Leases	14	35,472	-	163,356	-	11,757	-	-	163,356	-	11,757	-	163,356	-	549,054	
BMO Mastercard	15	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	455,000	
Insurance	16	-	84,506	-	-	1,438	-	84,506	-	1,438	-	84,506	-	1,438	257,834	
HST Payable/(Refund)	17	-	118,678	-	-	-	(75,581)	-	-	-	-	(117,898)	595,505	-	520,704	
Utilities/Network charges/Other	18	31,534	12,169	6,000	5,000	3,345	5,385	19,530	5,000	3,345	5,385	19,530	5,000	3,345	124,567	
Vendor Payments	19	569,779	994,942	1,207,301	960,082	929,185	572,089	423,622	647,003	477,989	486,796	385,124	246,884	122,150	8,022,944	
G&A Spend	20	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	130,000	
Professional and Restructuring	21	307,350	266,500	50,000	210,000	159,750	210,000	106,500	210,000	84,750	160,000	56,500	160,000	84,750	2,066,100	
DIP Interest	22	-	-	35,000	-	-	10,000	35,000	-	-	-	35,000	-	-	115,000	
Contingency	23	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	325,000	
<b>Total Disbursements</b>		<b>1,277,039</b>	<b>2,132,626</b>	<b>1,891,453</b>	<b>1,759,655</b>	<b>1,661,245</b>	<b>1,567,248</b>	<b>1,208,544</b>	<b>1,466,939</b>	<b>984,912</b>	<b>1,188,472</b>	<b>1,207,186</b>	<b>1,550,770</b>	<b>565,178</b>	<b>18,461,267</b>	
<b>Net Cash Inflow/(Outflow)</b>		<b>(945,466)</b>	<b>(1,261,130)</b>	<b>19,825</b>	<b>(502,132)</b>	<b>(449,161)</b>	<b>142,854</b>	<b>288,746</b>	<b>(463,204)</b>	<b>(519,735)</b>	<b>1,470,588</b>	<b>69,728</b>	<b>(1,186,174)</b>	<b>(565,178)</b>	<b>(3,900,439)</b>	
<b>Cumulative Net Cash Flow</b>		<b>(945,466)</b>	<b>(2,206,596)</b>	<b>(2,186,771)</b>	<b>(2,688,903)</b>	<b>(3,138,063)</b>	<b>(2,995,209)</b>	<b>(2,706,463)</b>	<b>(3,169,667)</b>	<b>(3,689,403)</b>	<b>(2,218,814)</b>	<b>(2,149,086)</b>	<b>(3,335,260)</b>	<b>(3,900,439)</b>	<b>(3,900,439)</b>	
<b>Opening Cash Balance</b>		<b>-</b>	<b>1,609,414</b>	<b>663,948</b>	<b>22,818</b>	<b>42,643</b>	<b>460,511</b>	<b>11,351</b>	<b>154,205</b>	<b>442,951</b>	<b>579,747</b>	<b>60,011</b>	<b>1,530,600</b>	<b>1,600,328</b>	<b>414,154</b>	<b>-</b>
DIP Facility Funding	24	3,200,000	-	620,000	-	920,000	-	-	-	600,000	-	-	-	160,000	5,500,000	
Net Cash Inflow/(Outflow)		(1,590,586)	(945,466)	(1,261,130)	19,825	(502,132)	(449,161)	142,854	(463,204)	(519,735)	1,470,588	69,728	(1,186,174)	(565,178)	(5,491,025)	
<b>Closing Cash Balance</b>		<b>1,609,414</b>	<b>663,948</b>	<b>22,818</b>	<b>42,643</b>	<b>460,511</b>	<b>11,351</b>	<b>154,205</b>	<b>442,951</b>	<b>579,747</b>	<b>60,011</b>	<b>1,530,600</b>	<b>1,600,328</b>	<b>414,154</b>	<b>8,975</b>	<b>8,975</b>
<b>Cumulative DIP Drawn</b>	24	<b>3,200,000</b>	<b>3,820,000</b>	<b>3,820,000</b>	<b>4,740,000</b>	<b>4,740,000</b>	<b>4,740,000</b>	<b>4,740,000</b>	<b>4,740,000</b>	<b>5,340,000</b>	<b>5,340,000</b>	<b>5,340,000</b>	<b>5,340,000</b>	<b>5,340,000</b>	<b>5,500,000</b>	<b>5,500,000</b>
<b>Restricted Cash - Beginning</b>	3	<b>58,489</b>	<b>558,982</b>	<b>558,982</b>	<b>558,982</b>	<b>558,982</b>	<b>58,489</b>	<b>58,489</b>	<b>58,489</b>	<b>58,489</b>	<b>58,489</b>	<b>4,639,294</b>	<b>4,639,294</b>	<b>4,639,294</b>	<b>58,489</b>	
Inflow/(Outflow)	3	500,494	-	-	-	(500,494)	-	-	-	-	4,580,805	-	-	-	4,580,805	
<b>Restricted Cash - Ending</b>	3	<b>558,982</b>	<b>558,982</b>	<b>558,982</b>	<b>558,982</b>	<b>58,489</b>	<b>58,489</b>	<b>58,489</b>	<b>58,489</b>	<b>58,489</b>	<b>4,639,294</b>	<b>4,639,294</b>	<b>4,639,294</b>	<b>4,639,294</b>	<b>4,639,294</b>	

Earth Boring Co. Limited, Yarbridge Holdings Inc., Trolan Investments Ltd., and Yarfield Services Ltd. (the "Companies" or the "Applicants")

13-Week Cash Flow Forecast for the Period

May 19th, 2025 to August 15, 2025

(\$ CAD)

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Notes to the Unaudited 13-Week Cash Flow Forecast of the Applicants

In preparing this cash flow forecast (the "13-Week Cash Flow Forecast") the Applicants have relied upon unaudited financial information and the Applicants have not attempted to further verify the accuracy or completeness of such information. The 13-Week Cash Flow Forecast includes estimates concerning the operations of the Applicants and additional information discussed below with respect to the requirements of a Companies Creditors Arrangements Act ("CCAA") filing. Since the 13-Week Cash Flow Forecast is based upon assumptions of future events and conditions that are not ascertainable, the actual results achieved during the period will vary from the 13-Week Cash Flow Forecast, even if the assumptions materialize, and such variation may be material. There is no representation, warranty or other assurances that any of the estimates, forecasts or projections will be realized.

Overview

The 13-Week Cash Flow Forecast includes the receipts and disbursements of all of the Applicants during the 13-Week Cash Flow Forecast period. The Applicants, with the assistance of BDO Canada Limited in its capacity as the monitor of the Applicants (the "Monitor") have prepared the 13-Week Cash Flow Forecast based primarily on estimated disbursements related to the ongoing operations and to the CCAA proceedings.

Assumptions:

- 0 The 13-Week Cash Flow Forecast assumes the Companies continue only with projects expected to generate positive margin/cash flow. Unprofitable projects are assumed to be excluded from ongoing operations and funding.
- 1 Represents progress billings on active construction projects and receipts from some recently completed projects.
- 2 Represents cost reimbursement and mark up per agreement with Aviva to continue the Caledon project.
- 3 Holdback receipts related to completed projects. Holdback receipts are treated as restricted cash, pending priority determination before being moved to receipts. In week 1, -\$65K HST portion of a -\$566K project is recognized as holdback receipt, and will be remitted to Canada Revenue Agency ("CRA") in the following week. The remaining portion of the -\$566K receipt will be released in week 5, after the Monitor has determined no payables are outstanding on the project. In week 10, the -\$600K HST portion of a \$5.2M holdback will be collected and remitted to CRA in week 12, therefore this amount is recognized as a receipt rather than restricted cash in week 10.
- 4 Reflects collection efforts on aged accounts receivable.
- 5 Admin payroll is paid biweekly, source deductions are remitted one week after payroll. Week 1 admin payroll include payment to a terminated employee.
- 6 Represents payments for employee benefits, employer health tax, and RRSP contributions for key personnels (non C-suite).
- 7 Union payroll is paid weekly and one week in arrears. Source deductions are remitted in the week following payroll. Increase in later weeks due to start up of Caledon project, expedited progress on Halton project, and to account for potential labour inefficiencies.
- 8 Week 2 amount represents catch-up payment for union obligation for April 2025, majority of the amount relates to union pension contribution.
- 9 Represents third-party labour costs outsourced for specific active projects, paid weekly.
- 10 Represents fees for consultants in key management roles. Payments are expected to decrease in May as the Companies scale down unprofitable projects.
- 11 Represents rent payments for the Companies' leased office premise at 1775 N Sheridan Way, Mississauga, ON L5K 1A2.
- 12 No mortgage payments are made during this period to BDC.
- 13 Represents debt servicing on capital and equipment leases.
- 14 Represents debt servicing on two Bank of Montreal leases.
- 15 Periodic repayment of the BMO Mastercard used for operating expenses.
- 16 Represents monthly payments for insurance policies essential to the Companies' operations.
- 17 Represents estimated monthly CRA HST refunds/remittances for the month prior. Week 2 includes a -\$66K HST remittance related to a -\$566K holdback received in week 1. Week 12 includes a -\$600K HST remittance related to a -\$5.2M holdback to be received in week 10.
- 18 Represents payments for network and utility charges essential to the Companies' head office operations.
- 19 Trade vendor payments required to continue active projects, which may contain vendor deposits or remobilization costs.
- 20 Represents the Companies' budgeted general and administrative ("G&A") expenses to maintain basic administrative functions.
- 21 Costs of the Monitor and its counsel, the Companies' counsel, Companies' chief restructuring officer/sales agent, and DIP Lender professional fees.
- 22 Interest and fees related to DIP financing facility.
- 23 Contingency of \$25,000 per week is assumed to cover unanticipated costs.
- 24 Relates to DIP funding from Bank of Montreal, up to a maximum amount of \$5,500,000. As of the beginning of the 13-Week Cash Flow Forecast period, \$3,200,000 has already been drawn.

## AMENDED DIP FACILITY TERM SHEET

This term sheet dated May 28, 2025 (this “**Term Sheet**”) sets out the terms on which Bank of Montreal is prepared to provide debtor-in-possession financing to Earth Boring Co. Limited.

**WHEREAS** Earth Boring Co. Limited, Trolan Investments Ltd., Yarbridge Holdings Inc. and Yarfield Services Limited (collectively, the “**Applicants**”) intend to commence insolvency proceedings under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA Proceedings**”) under the jurisdiction of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”);

**WHEREAS** the Borrower has requested that Bank of Montreal (the “**DIP Lender**”) provide it with the DIP Facility (as defined herein) to fund restructuring efforts pursuant to a debtor-in-possession financing in the context of the CCAA Proceedings;

**AND WHEREAS** the DIP Lender has offered to provide interim financing by way of the DIP Facility described in this Term Sheet and subject to the terms and conditions set forth herein. Unless otherwise indicated, all amounts are expressed in the Currency of Canadian dollars (“**CAD**”). All times express herein refer to Eastern Time (Toronto).

**NOW THEREFORE**, the parties, in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), agree as follows:

<b>DEFINITIONS</b>	Capitalized terms used but not otherwise defined herein shall have the meanings given to them on <b>Schedule “A”</b> hereto
<b>BORROWER</b>	Earth Boring Co. Limited (“ <b>Borrower</b> ”)
<b>GUARANTORS</b>	Trolan Investments Ltd. Yarbridge Holdings Inc. Yarfield Services Limited  (together with the Borrower, the “ <b>Credit Parties</b> ”)
<b>DIP LENDER</b>	Bank of Montreal
<b>CURRENCY</b>	Unless otherwise noted, the currency of the DIP Facility (as defined herein) shall be CAD
<b>DIP FACILITY</b>	Subject to Court approval, a senior secured, super-priority, debtor-in-possession, interim revolving credit facility in the maximum principal amount of \$5,500,000 (the “ <b>Maximum Amount</b> ”) plus fees and Interest, subject to the terms and conditions contained herein (the “ <b>DIP Facility</b> ”)
<b>CLOSING DATE</b>	No later than 2 Business Day after Court approval of this Term Sheet
<b>DIP BUDGET</b>	By no later than April 16, 2025, the Borrower and the CRO, in consultation with the Monitor, shall deliver a rolling 13-week cash flow, in form and substance satisfactory to the Monitor and the DIP Lender, in its sole discretion, which shall cover the Stay Period (as defined in the Amended and Restated Initial Order, to be sought by the Applicants) (the “ <b>DIP Budget</b> ”). Such DIP Budget shall be the DIP Budget referenced in this Term Sheet unless and until such time as an Updated DIP Budget (as

	<p>defined below) has been approved by the DIP Lender in accordance with this Section.</p> <p>On a monthly basis, or at the written request of the DIP Lender (including by email), or upon a material change, or a material change reasonably anticipated by the Borrower and the CRO in consultation with the Monitor, to any item set forth in the DIP Budget, or upon the Applicants seeking an extension of the Stay Period, the Borrower shall update and propose a revised DIP Budget to the DIP Lender, in form and substance satisfactory to the DIP Lender in its sole discretion (the “<b>Updated DIP Budget</b>”).</p> <p>The DIP Lender may make such request at any time and from time to time, and if such request is made, the Borrower shall submit the Updated DIP Budget no later than four (4) Business Days following receipt of the request. Any Updated DIP Budget shall have been reviewed and approved by the Monitor, prior to submission to the DIP Lender. If the DIP Lender, in its sole discretion, determines that the Updated DIP Budget is not acceptable, it shall, within two (2) Business Days of receipt thereof, provide written notice (which may be provided by email) to the Borrower and the Monitor stating that the Updated DIP Budget is not acceptable and setting out the reasons why such Updated DIP Budget is not acceptable, and until the Borrower has delivered a revised Updated DIP Budget acceptable to the DIP Lender, in its sole discretion, the prior DIP Budget shall remain in effect and be the DIP Budget for the purpose of this Term Sheet.</p> <p>Upon an Updated DIP Budget being accepted by the DIP Lender, such Updated DIP Budget shall be deemed to be the DIP Budget for the purpose of this Term Sheet.</p> <p>Commencing in the week beginning April 28, 2025, no later than 5:00 p.m. on the Wednesday of every week (provided that such day is a Business Day and, if not, on the next Business Day) the Borrower and the CRO, in consultation with the Monitor, shall deliver to the DIP Lender a variance calculation setting forth actual receipts and disbursements of the Borrower for actual cumulative receipts and actual cumulative disbursements for each line item in the DIP Budget, or to the Updated DIP Budget, if applicable, in each case, comparing the actual receipts and disbursements against DIP Budget, or to the Updated DIP Budget, as applicable, on a line by line basis. The Monitor shall provide an accompanying explanation to the DIP Lender should there be a variance on a line by line basis between the forecasted and actual amounts for the receipts and disbursements in excess of \$20,000.</p>
<p><b>DIP FACILITY ADVANCES</b></p>	<p>The DIP Facility shall be made available to the Borrower in multiple advances, as per the below, until the Maturity Date (as defined herein) in accordance with the then applicable DIP Budget approved by the DIP Lender in its sole discretion, from time to time, subject to duly issued orders of the Court.</p>

	<p>(a) an initial advance (the “<b>Initial Advance</b>”) up to a principal amount of \$2,200,000, made upon satisfactions of the Initial Advance Conditions set out below; and</p> <p>(b) subsequent advances (each a “<b>Subsequent Advance</b>” together with the Initial Advance, the “<b>DIP Advances</b>”) at the request of the Borrower, subject to satisfaction of the Subsequent Advance Conditions at the time of each such advance, provided, however, that the aggregate sum of the Initial Advance and the Subsequent Advance shall not exceed the maximum principal amount of the DIP Facility. The timing for each Subsequent Advance shall be determined based on the funding needs of the Borrower, subject to the DIP Lender’s consent acting in its sole discretion.</p> <p>The Borrower and the CRO, in consultation with the Monitor, may request Subsequent Advances under the DIP Facility by delivering to the DIP Lender a draw request in writing, as approved by the Monitor, not less than three (3) Business Days prior to the Subsequent Advance.</p> <p>Notwithstanding the foregoing, the DIP Lender may issue any advance outside of, or ancillary to, the procedures above at its sole discretion.</p> <p>Nothing in this Term Sheet creates a legally binding obligation on the DIP Lender to advance any amount under the DIP Facility at any time unless the DIP Lender is satisfied in its sole discretion, acting reasonably, that the Borrower is in compliance with the conditions precedent and obligations listed within this Term Sheet and that no fact exists or event has occurred which materially changes the manner in which the DIP Lender previously evaluated the risks inherent in advancing any DIP Advance to the Borrower under the DIP Facility, whether or not the DIP Lender was or should have been aware of such facts or events differently at any time.</p>
<b>ACCOUNT</b>	<p>All DIP Advances shall be deposited into an account acceptable to the Borrower, the Monitor and the DIP Lenders and withdrawn to pay contemplated expenses under the then applicable DIP Budget and otherwise in accordance with the terms hereof.</p>
<b>MANDATORY PREPAYMENTS PRIOR TO MATURITY DATE</b>	<p>Unless the DIP Lender provides its written consent otherwise, and subject only to the Administration Charge, the Borrower shall prepay amounts outstanding under the DIP Facility, with 100% of each of the following amounts:</p> <p>a) insurance proceeds or expropriation awards received by a Borrower, unless in the case of insurance proceeds, and subject to no Event of Default having occurred and continuing, such proceeds are used to repair or replace the borrower’s property in respect of which the insurance proceeds are paid within a reasonable period of time, and in any event, no later than one hundred and twenty (120) days after the occurrence for which such insurance proceeds are paid, such that the property is</p>

	<p>returned to as good or better condition than it was in before the event occurred that caused the insurance proceeds to be paid;</p> <ul style="list-style-type: none"> <li>b) unless otherwise consented to in writing by the DIP Lender, in its sole discretion, any extraordinary payment received by a Borrower;</li> <li>c) the net cash proceeds from the sale of any equity interests in a Borrower or its subsidiary or the receipt of capital contributions by a Borrower or its subsidiary; and</li> <li>d) the balance of any contract funds received on an ongoing basis (e.g. progress payments, statutory, deficiency and warranty holdback, and substantial completion and final completion payments) after payment, on a per project basis, of any amounts due in respect of work done or materials supplied after the date of the Initial Order, subject to the retention of any statutory, or, if applicable, contractual holdback, subject in each case to the DIP Lender’s Charge (as defined herein).</li> </ul> <p>On any day that amounts outstanding under the DIP Facility exceed the Maximum Amount then, not later than the next Business Day, the Borrower shall prepay the Obligations (as defined herein) so that amounts outstanding under the DIP Facility no longer exceed the Maximum Amount.</p> <p>Any mandatory prepayment made hereunder shall not permanently reduce the Maximum Amount and may be re-borrowed if the Borrower is otherwise entitled to a Subsequent Advance under the DIP Facility.</p>
<p><b>JOINT &amp; SEVERAL LIABILITY</b></p>	<p>The Credit Parties each acknowledge and confirm that at the Borrower’s request, the DIP Facility has been made available to the Borrower and the Credit Parties are jointly and severally liable to the DIP Lender as primary obligors. All covenants, agreements and Obligations of the Borrower contained in this Term Sheet relating to or in connection with the DIP Facility shall be on a joint and several basis, and each of the Credit Parties shall be jointly and severally liable for and obligated to repay the DIP Facility. Such joint and several liability is independent of the duties and liabilities of each of the other Credit Parties. Each of the Credit Parties acknowledges and confirms that the DIP Lender is not bound to exhaust its recourse against any of the other Credit Parties before being entitled to demand for payment of all or any part of the DIP Facility from it. Each of the Credit Parties acknowledges and confirms that it is fully responsible for the DIP Facility even though it may not have requested a DIP Advance.</p> <p>Each of the Credit Parties’ liability for payment of the DIP Facility shall be a primary obligation, shall be absolute and unconditional, and shall constitute full recourse obligations of each of the Credit Parties, enforceable against each of them to the full extent of their respective assets and properties. Each of the Credit Parties expressly waives any right to require the DIP Lender to marshal assets in favour of any of the</p>

	<p>Credit Parties or any other person or to proceed against any of the other Credit Parties or any Collateral provided by any person or entity and agrees that the DIP Lender may proceed against any one of the Credit Parties or any Collateral in such order as they shall determine in their sole discretion. To the extent permitted by law, any release or discharge, by operation of law, of any one of the Credit Parties from the performance or observance of any obligation, covenant or agreement contained in this Term Sheet shall not diminish or impair the liability of any other Credit Parties in any respect. Each of the Credit Parties unconditionally and irrevocably waives each and every defense, right to discharge, compensation and setoff of any nature which, by statute or under principles of suretyship, guaranty or otherwise, would operate to impair or diminish in any way the obligation of any of the Credit Parties under this Term Sheet, and acknowledges that such waiver is by this reference incorporated into each security agreement, collateral assignment, pledge and/or other document from each of the Credit Parties now or later granted in respect to this Term Sheet, and no such defense or setoff exists.</p> <p>Each of the Credit Parties waives any and all rights (whether by subrogation, indemnity, reimbursement, or otherwise) to recover from any other Credit Parties any amounts paid or the value of any security given by such Credit Party pursuant to this Term Sheet or otherwise until the Obligations and indebtedness hereunder are irrevocably paid in full in cash.</p>
<p><b>PROJECT REPORTING OBLIGATIONS</b></p>	<p>By no later than April 24, 2025, the Borrower and the CRO, in consultation with the Monitor, shall deliver a current project list breakdown, in form and substance satisfactory to the DIP Lender, in its sole discretion, which shall detail accounts payable (including any significant materials and supplies that have been ordered), holdback amounts, accounts receivable and any other information requested by the DIP Lender. (the “<b>Project Breakdown</b>”).</p> <p>The Borrower and the CRO, in consultation with the Monitor, shall deliver to the DIP Lender updates to the Project Breakdown on a monthly basis, at the request of the DIP Lender, or upon a material change, or a material change reasonably anticipated by the Borrower and the CRO in consultation with the Monitor.</p>
<p><b>PERMITTED PURPOSE AND PAYMENTS</b></p>	<p>The Initial Advance under the DIP Facility shall be used in accordance with the DIP Budget, which have been prepared by the Borrower and the CRO, in consultation with the Monitor. Any additional DIP Advances shall be used in accordance with the Updated DIP Budget, in each case, to fund working capital and general corporate needs of the Borrower during, and costs and expenses incurred by the Borrower in connection with, the CCAA Proceedings. For greater certainty, the Borrower shall use DIP Advances solely for the following purposes, provided that all such uses shall strictly conform to the approved DIP Budget or the Updated DIP Budget:</p> <p>(a) to pay the reasonable and documented professional and advisory</p>

	<p>fees and expenses (including legal fees and expenses) of (i) the Borrower; (ii) the Monitor; and (iii) the DIP Lender;</p> <ul style="list-style-type: none"> <li>(b) to pay the reasonable and documented fees and expenses of the CRO;</li> <li>(c) to pay the Interest (as defined herein), fees and other amounts owing to the DIP Lender under this Term Sheet;</li> <li>(d) to fund the working capital needs of the Borrower in accordance with the approved DIP Budget or Updated DIP Budget; and</li> <li>(e) such other costs and expenses of the Borrower as may be agreed to by the DIP Lender, in writing.</li> </ul> <p>The Borrower, with the consent of the Monitor and the DIP Lender, shall use only the Initial Advance to pay amounts for the Borrower’s payroll, unions dues, advisory fees, and amounts owing for goods or services actually supplied to the Borrower but only if such payment is necessary or desirable to avoid disruption to the operations of the business or the Property of the Borrower during the CCAA proceedings, provided that such amounts in the aggregate do not exceed \$1,000,000.</p> <p>No proceeds of the DIP Advances may be used for any purpose other than in accordance with the DIP Budget, except with the prior written consent of the DIP Lenders and the Monitor.</p>
<p><b>INITIAL ADVANCE CONDITIONS</b></p>	<p>The DIP Lender’s agreement to make the DIP Facility available to the Borrower and the advance of the Initial Advance to the Borrower is subject to the satisfaction of the following conditions precedent (collectively, the “<b>Initial Advance Conditions</b>”), in the DIP Lender’s sole discretion, each of which is for the benefit of the DIP Lender and may be waived by the DIP Lender in its sole discretion:</p> <ul style="list-style-type: none"> <li>(a) the Borrower shall have executed and delivered this Term Sheet, which shall be in full force and effect;</li> <li>(b) the Credit Parties, as applicable, shall have executed and delivered the Additional Security (as defined below), which shall all be in full force and effect;</li> <li>(c) the Borrower shall have provided the DIP Lender the DIP Budget in form and substance satisfactory to the DIP Lender, in its sole discretion;</li> <li>(d) the Court shall have issued an initial order in respect of the Borrower by April 18, 2025 (the “<b>Initial Order</b>”), which Initial Order shall be in form and substance satisfactory to the DIP Lender and the Monitor, and which Initial Order, shall among other things, include the approval of this Term Sheet and the establishment of the DIP Lender’s Charge with the priority contemplated herein;</li> </ul>

	<ul style="list-style-type: none"> <li>(e) the Court shall have issued a lien regularization order by April 18, 2025 (the “<b>Lien Regularization Order</b>”), which Lien Regularization Order shall be in form and substance satisfactory to the DIP Lender, and the Monitor;</li> <li>(f) there shall be no Liens ranking <i>pari passu</i> with or in priority to the DIP Lender’s Charge over the Collateral other than the Permitted Priority Liens;</li> <li>(g) BDO Canada Limited (in such capacity, the “<b>Monitor</b>”) will have been appointed as Monitor pursuant to the Initial Order, with such expanded powers as may be requested by the DIP Lender included in the Initial Order;</li> <li>(h) Steinberg Advisory Inc. will have been appointed as chief restructuring officer of the Applicants (in such capacity, the “<b>CRO</b>”) pursuant to the Initial Order and an engagement letter which shall be subject to the Monitor and DIP Lender’s approval;</li> <li>(i) no Default or Event of Default (terms as defined herein) shall have occurred or will occur as a result of the requested Initial Advance;</li> <li>(j) there will be no appeals, injunctions or other legal impediments relating to the DIP Facility, the DIP Lender’s Charge, the Additional Security or pending litigation seeking to restrain, effect the validity of, or prohibit any of the foregoing; and</li> <li>(k) the Initial Order shall not have been appealed, stayed, vacated or otherwise amended, restated or modified without the consent of the DIP Lender, in its sole discretion.</li> </ul> <p>The amount of the Initial Advance, or such other lesser amount as may be approved by the Initial Order, will be made available to the Borrower by the DIP Lender to finance the Borrower’s working capital and operating requirements in accordance with the DIP Budget and the terms of this Term Sheet.</p>
<p><b>SUBSEQUENT ADVANCE CONDITIONS</b></p>	<p>The advance of any Subsequent Advance by the DIP Lender to the Borrower is subject to the satisfactions of the following conditions precedent (collectively, the “<b>Subsequent Advance Conditions</b>”), each of which is for the benefit of the DIP Lender and may be waived by the DIP Lender in its sole discretion:</p> <ul style="list-style-type: none"> <li>(a) the ARIIO shall be in full force and effect and shall have not been stayed, reversed, vacated, rescinded, modified or amended in any respect adversely affecting the DIP Lender, unless otherwise agreed by the DIP Lender;</li> <li>(b) the DIP Lender Charge shall form a first charge on the Applicants’ Property in priority to all security interests, trusts (including any trusts arising under the <i>Construction Act</i>), claims</li> </ul>

	<p>for holdback, Liens, charges (including any court-ordered charges), encumbrances, statutory or otherwise, in favour of any person, subject only to the Administration Charge and the BDC Mortgage Charges;</p> <p>(c) for greater certainty, the DIP Lender Charge shall rank ahead of (i) any security provided by way of indemnity agreements granted by the Credit Parties in favour of Aviva Insurance or any other surety pursuant to any performance bond and payment bonds; and (ii) any subsequent security provided by the Credit Parties to Aviva Insurance or any other surety following issuance of the Amended and Restated Initial Order;</p> <p>(d) all amounts requested for a particular Subsequent Advance shall be consistent with the Updated DIP Budget for the applicable period, or otherwise expressly agreed by the DIP Lender in advance;</p> <p>(e) the terms and conditions of the SISP, if and when one is sought by the Borrower, including the milestones of such SISP, shall be approved by the Court, the form and substance of such order be satisfactory to the Monitor and the DIP Lender;</p> <p>(f) the representations and warranties contained herein shall be true and correct;</p> <p>(g) all Project Reporting Obligations shall continue to be satisfied;</p> <p>(h) all Initial Advance Conditions shall continue to be satisfied; and</p> <p>(i) no Default or Event of Default shall have occurred and be continuing.</p>
<p><b>DIP LENDER'S CHARGE</b></p>	<p>All Obligations, liabilities and indebtedness of the Borrower under or in connection with the DIP Facility and any of the DIP Credit Documentation shall be secured by a Court-ordered DIP charge on all present and after-acquired personal and real, tangible or intangible property of the Borrower, in each case of any kind or nature whatsoever and whosoever situated (the “<b>DIP Lender’s Charge</b>”) without the need for any further loan or security documentation or any filings or registrations in any public register or system.</p> <p>The DIP Lender Charge shall form a first charge on the Borrower’s Property in priority to all security interests, trusts (including any trusts arising under the <i>Construction Act</i>), claims for holdback, Liens, charges (including any court-ordered charges), encumbrances, statutory or otherwise, in favour of any person, subject only to the Administration Charge the BDC Mortgage Charges.</p> <p>The DIP Lender’s Charge shall secure, without limitation, any amounts outstanding, under the DIP Facility, including any interest accrued, all fees and costs of the DIP Lender including its Legal Fees, the</p>

	<p>Commitment Fee, and any other amounts payable by the Borrower under this Agreement or in connection with the DIP Facility.</p> <p>The DIP Lender’s Charge will not secure any obligation owing to the DIP Lender that exists before the DIP Lender’s Charge is granted.</p>
<p><b>ADDITIONAL SECURITY</b></p>	<p>In addition to the DIP Lender’s Charge, in consideration of the covenants contained herein, the DIP Lender may request that the following shall be delivered to the DIP Lender, in form and substance satisfactory to the DIP Lender in its sole discretion, on or before April 25, 2025 (collectively, the “<b>Additional Security</b>”) as security for the Post-Filing Obligations owing by the Borrower:</p> <ul style="list-style-type: none"> <li>(a) the registration of a charge/mortgage in a principal amount of \$5,500,000 registered against the real property municipally known as 75 Steelwell Road, Brampton, Ontario, and legally described in PIN 14028-0023 (LT) (the “<b>Steelwell Property</b>”), in favour of the DIP Lender as continuing collateral security for the Post-Filing Obligations (the “<b>Steelwell Real Property Security</b>”);</li> <li>(b) together with such certificates, non-disturbance agreements and other documentation as the DIP Lender may reasonably request in connection with the Steelwell Real Property Security;</li> <li>(c) the registration of a charge/mortgage in a principal amount of \$5,500,000 registered against the real property municipally known as 960 Zelco Drive, Burlington, Ontario, and legally described in PIN 07035-0005 (LT) (the “<b>Zelco Property</b>”), in favour of the DIP Lender as continuing collateral security for the Post-Filing Obligations (the “<b>Zelco Real Property Security</b>”);</li> <li>(d) together with such certificates, non-disturbance agreements and other documentation as the DIP Lender may reasonably request in connection with the Zelco Real Property Security; and</li> <li>(e) all such additional security instruments and agreements, including, at the option of the DIP Lender, title insurance, in connection with the Steelwell Real Property Security and the Zelco Real Property Security, in form and substance satisfactory to the DIP Lender, as the DIP Lender may reasonably request to ensure that (i) the Steelwell Property and the Zelco Property are continuing collateral security for the Post-Filing Obligations.</li> </ul>
<p><b>COSTS, FEES AND EXPENSES</b></p>	<p>The Borrower will pay the DIP Lender a commitment fee equal to \$100,000 (the “<b>Commitment Fee</b>”), which shall be fully earned upon Court approval of this Term Sheet and shall be debited from the maximum principal amount of the DIP Facility on the Maturity Date. For certainty, the Commitment Fee shall be secured by the DIP Lender Charge.</p>

	In addition, the Borrower shall pay, on a bi-weekly basis, all reasonable and documented costs and expenses of the DIP Lender, including the Legal Fees.
<b>STANDBY FEE</b>	The Credit Parties have agreed to pay to the DIP Lender a standby fee equal to 0.25% of the unused portion of the DIP Facility, calculated daily and payable on the Maturity Date. The Standby Fee shall accrue Interest from and after the Maturity Date.
<b>INTEREST RATE</b>	<p>The Borrower shall pay interest (“<b>Interest</b>”) on the outstanding principal amount owing under the DIP Facility from the date that each DIP Advance is made both before and after maturity, demand, default, or judgment until payment in full at a rate equal to the Canadian Prime Rate then in effect at the Bank of Montreal plus 4.5% per annum, compounded and calculated monthly, which Interest shall accrue and be added to the principal amount of the DIP Advances on the first day of each month.</p> <p>All Interest shall be calculated on the basis of a 365-day (or 366 day, as applicable) year, in each case for the actual number of days elapsed in the period during which it accrues.</p> <p>All payments under or in respect of the DIP Facility shall be made free and clear of any withholding, set-off or other deductions.</p> <p>If any provision hereof or the DIP Credit Documentation would obligate the Borrower to make any payment of Interest or other amount payable to the DIP Lender in an amount or calculated at a rate which would be prohibited by law or would result in receipt by the DIP Lender of Interest at a criminal rate (as construed under the <i>Criminal Code</i> (Canada)) then, notwithstanding that provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or result in a receipt by the DIP Lender of interest at a criminal rate.</p>
<b>EVIDENCE OF INDEBTEDNESS</b>	The DIP Lender shall maintain records evidencing the DIP Advances. The DIP Lender’s accounts and records constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Credit Parties to the DIP Lender pursuant to this Term Sheet.
<b>REPRESENTATIONS AND WARRANTIES</b>	<p>The Credit Parties represent and warrant to the DIP Lender, upon which the DIP Lender relies in entering into this Term Sheet and the other DIP Credit Documentation, that:</p> <ul style="list-style-type: none"> <li>(a) the Credit Parties, to the extent applicable, are duly organized, validly existing and in good standing under the laws of the jurisdiction of their organization, have all requisite power to carry on business as now and formerly conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to constitute a material adverse effect, are qualified to do business in, and are in good standing in, every jurisdiction where such qualification is required;</li> <li>(b) the transactions contemplated by this Term Sheet, the Additional</li> </ul>

Security and the other DIP Credit Documentation, including, for greater certainty, the granting of the Additional Security:

- a. upon the granting of either the Initial Order or the Amended and Restated Initial Order, are within the powers of the Credit Parties;
  - b. have been duly authorized, executed and delivered by or on behalf of the Credit Parties; and
  - c. upon the granting of either the Initial Order or the Amended and Restated Initial Order, constitute legal, valid and binding obligations of the Borrower enforceable against the Credit Parties; and
  - d. upon the granting of the Initial Order and the Amended and Restated Initial Order, as applicable, do not require the consent or approval of, registration or filing with, or any other action by, any governmental authority, other than filings which may be made to register or otherwise record the DIP Lender's Charge or any security granted pursuant to the DIP Credit Documentation.
- (c) the business operations of the Borrower has been and will continue to be conducted in material compliance with all Applicable Laws of each jurisdiction in which each such business has been or is being carried on;
- (d) the Borrower has obtained all material licenses and permits required for the operation of their business, which licenses and permits remain, and after the date of the Initial Advance will remain, in full force and effect. No proceedings have been commenced to revoke or amend any of such licenses or permits and no notices advising of a breach or potential breach of the conditions of such licenses has been received;
- (e) except as reflected in the DIP Budget and than those amounts the Borrower has made known to the DIP Lender to date, the Borrower has paid where due its obligations for payroll, employee source deductions, sales taxes, value added taxes and are not in arrears in respect of these obligations;
- (f) the Applicants do not have any defined benefit pension plans or similar plans other than the union multi-employer pension plan;
- (g) the execution, delivery and performance, as applicable, of this Term Sheet has been duly authorized by all actions, if any, required on the part and by the Credit Parties' directors and/or shareholders, and constitutes a legal, valid and binding obligation of the Credit Parties enforceable against them in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, arrangement, winding-up, moratorium and other similar laws of general application that

	<p>limit the enforcement of creditors' rights generally and to general equitable principals subject to approval of the Court;</p> <p>(h) no Default or Event of Default has occurred and is continuing;</p> <p>(i) the DIP Budget represents the Borrower's best estimate as at each applicable date of the likely results of the operations of the Borrower during the period applicable thereto and, to the Borrower's knowledge, such results are achievable as provided therein; and</p> <p>(j) all factual information provided by or on behalf of the Credit Parties to the DIP Lenders for the purposes of or in connection with this Agreement and the DIP Credit Documentation is, to the best of the Credit Parties' knowledge, true and accurate in all material respects on the date as of which such information is dated or certified and is not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not materially misleading at such time in light of the circumstances under which such information was provided. In particular, and without limiting the generality of the foregoing, to the best of the Credit Parties' knowledge, all information regarding the Credit Parties' corporate structure is true and complete, and all public filings and financial reports are complete and true in all material respects as of the date thereof.</p>
<p><b>AFFIRMATIVE COVENANTS</b></p>	<p>The Borrower agrees to do, or cause to be done, the following until the DIP Facility are permanently and indefeasibly repaid in full:</p> <p>(a) comply with the DIP Budget, including making payments when scheduled to be made in accordance with the DIP Budget, and the reporting and other obligations to deliver financial information to the DIP Lender hereunder provided that, such reporting and financial information shall be prepared and delivered under the supervision of the Monitor and the CRO, and subject to the approval of the DIP Lender in its sole discretion;</p> <p>(b) use the proceeds of the DIP Facility only for the permitted purposes set out herein and in accordance with the DIP Budget;</p> <p>(c) not post any security, letters of credit or cash collateral to vacate any Liens or any other form of security held against the Borrower unless the DIP Lender has provided written consent;</p> <p>(d) ensure that any proceeds from the sale of any of the Borrower's equipment shall be held in trust by the Monitor pending order of the Court;</p> <p>(e) ensure that all cash received from time to time is deposited in accounts maintained with the DIP Lender (and not accounts maintained with any other financial institution);</p> <p>(f) not sell any of their assets outside of the ordinary course of</p>

business without the prior written consent of the DIP Lender or the approval of the Court;

- (g) allow the DIP Lender, its directors, officers, employees, agents, advisors and representatives full access to the Applicants' premises and all information and documentation of the Applicants and their Affiliates on reasonable notice and during normal business hours and cause management thereof to fully cooperate with any such directors, officers, employees, agents, advisors and representatives;
- (h) comply with the provisions of the Court orders made in the CCAA Proceedings;
- (i) cooperate in all respects with the CRO and the Monitor, including providing financial and other information, assisting with the preparation of a teaser and confidential information memorandum, generating a list of potential interested parties, and participating in meetings with interested parties in connection with a SISP, if applicable, or otherwise;
- (j) promptly upon receipt thereof, provide the DIP Lender with copies of any offers to purchase, term sheets, expressions of interest to fund, invest or acquire, letters of intent, memorandums of understanding or purchase, investment or finance agreements received in connection with the Property;
- (k) any Court orders which are being sought by the Applicants in the CCAA Proceedings (together with draft copies of all supporting court materials including draft affidavits and other documents in connection with any application or motion to be brought to the Court by the Applicants) shall be shared with the DIP Lender at least four (4) Business Days prior to filing with the Court; provided that any Court order that directly impacts the DIP Lender shall be in form and substance satisfactory to the DIP Lender, acting reasonably, subject to any amendments that are required by the Court;
- (l) any Court orders sought which are being sought by the Applicants with respect to a SISP (together with draft copies of all supporting court materials including draft affidavits and other documents) shall be shared with the DIP Lender at least seven (7) Business Days prior to filing with the Court;
- (m) deliver to the DIP Lender periodic reporting packages and other information reasonably requested by the DIP Lender, within a reasonable time period after such requests are made;
- (n) deliver to the DIP Lender, on a monthly basis, within two (2) Business Days after the end of each calendar month: (i) bank statements of the Borrower, (ii) a cash reconciliation, reconciling all purchases, repayments, chargebacks, write-offs and any other transactions covering the prior calendar month;

(iii) AR and AP aging reports; (iv) priority payables listing; operational project by project update (P&L and Balance Sheet); and (v) the SISP bi-weekly when the SISP commences.

- (o) the Credit Parties shall maintain insurance with respect to their property and business with financially sound and reputable insurance companies, of such kinds and in such amounts and against such risks as is customary for the business of the Credit Parties;
- (p) maintain or cause to be maintained in good repair, working order and condition (ordinary wear and tear and casualty and expropriation excepted) all material properties used or useful in the Borrower's business operations and make or cause to be made all appropriate repairs, renewals and replacements thereof except in the case;
- (q) maintain all licenses and permits required for the operation of their business in good standing;
- (r) forthwith notify the Monitor and DIP Lender of any event or circumstance that, with the passage of time, may constitute an Event of Default;
- (s) forthwith notify the Monitor and DIP Lender of the occurrence of any Event of Default, or of any event or circumstance that may constitute a material adverse change from the DIP Budget;
- (t) comply in all respects with all Applicable Laws;
- (u) comply in all material respects with their obligations under the DIP Credit Documentation;
- (v) execute and deliver such loan and security documentation as may be reasonably requested by the DIP Lender from time to time;
- (w) at all times maintain adequate insurance coverage of such kind and in such amounts and against such risks as is customary for the business of the Credit Parties with financially sound and reputable insurers in coverage and scope acceptable to the DIP Lender, acting reasonably, and, if requested by the DIP Lender, cause the DIP Lender to be listed as the loss payee or additional insured (as applicable) on such insurance policies;
- (x) act diligently and in good faith in the pursuit of the CCAA Proceedings;
- (y) take all actions necessary or available to defend the Court orders that affect the DIP Lender, the Collateral, and the Additional Security, from any motion, application, appeal, reversal, modifications, amendment, stay or vacating, unless expressly agreed to in writing in advance by the DIP Lender, in its sole

	<p>discretion; and</p> <p>(z) the Credit Parties shall promptly notify the DIP Lender and the Monitor of any development or event that has had or could reasonably be expected to have a material adverse effect on the Credit Parties or their businesses or affairs.</p>
<p><b>NEGATIVE COVENANTS</b></p>	<p>The Credit Parties, as applicable, covenant and agree not to do the following, other than with the prior written consent of the DIP Lender in the DIP Lender’s sole discretion:</p> <ul style="list-style-type: none"> <li>(a) sell, assign, transfer, lease or otherwise dispose of all or any part of its assets, tangible or intangible, outside the ordinary course of business;</li> <li>(b) make any payment of principal or interest in respect of existing (pre-filing date) indebtedness except as contemplated by the DIP Budget, or declare or pay any dividends;</li> <li>(c) create or permit to exist indebtedness for borrowed money other than existing (pre-filing date) debt disclosed to the DIP Lender and post-filing trade payables incurred in the ordinary course of business;</li> <li>(d) make any payment towards any non-registered employee savings plan or other similar workplace benefit plans, without the consent of the Monitor;</li> <li>(e) terminate or amend in any material manner, any existing material contractual obligation;</li> <li>(f) create or permit to exist any Liens on any of the Property other than Permitted Liens;</li> <li>(g) enter into or agree to enter into any investments (other than cash equivalents) or acquisitions of any kind, direct or indirect, in any business;</li> <li>(h) assume or otherwise agree to be bound by any contingent liabilities or provide any guarantee or financial assistance to any Person;</li> <li>(i) transfer, pay, distribute, lend or otherwise provide any funds (whether arising from DIP Advances or otherwise) to any Affiliate or with any person who is not at arm’s length including any shareholders (direct or indirect) (“<b>Non Arms Length Parties</b>”);</li> <li>(j) enter into or be a party to any transaction including any purchase, sale, lease, license or exchange of property, the rendering of any service or the payment of any management advisory or similar fee, with any Non Arms Length Parties, other than (i) as consented to by the Monitor and approved by the Court on prior</li> </ul>

	<p>notice to the DIP Lender; or (ii) as consented to by the DIP Lender,</p> <ul style="list-style-type: none"> <li>(k) make a public announcement in respect to, enter into any agreement or letter of intent with respect to, or attempt to consummate, or support an attempt to consummate by another party, any transaction or agreement outside the ordinary course of business, other than with the consent and approval of the Monitor;</li> <li>(l) enter into any amalgamation, reorganization, liquidation, dissolution, winding-up, merger or other transaction or series of transactions whereby, directly or indirectly, all or any significant portion of the undertaking, property or assets of any of the Credit Parties would become the property of any other Person or Persons unless authorized by the DIP Lender in writing;</li> <li>(m) other than the Court Ordered Charges, seek or support a motion by another party to provide to a third party a charge upon any Property (including, without limitation, a critical supplier's charge) without the prior consent of the DIP Lender;</li> <li>(n) amend or seek to amend the Initial Order or the Amended and Restated Initial Order, or without the prior approval of the Monitor, the SISP, if one is brought;</li> <li>(o) seek, or consent to the appointment of an interim receiver, receiver, receiver manager, licensed insolvency trustee or any similar official in any jurisdiction;</li> <li>(p) terminate or repudiate any agreement with the DIP Lender;</li> <li>(q) seek or obtain any order from the Court that adversely affects the DIP Lender, in the opinion of the DIP Lender in its sole discretion, except with the prior written consent of the DIP Lender; and</li> <li>(r) disclaim any lease or agreement pursuant to section 32 of the CCAA, which is material to the business and operations of the Borrower without prior notice to the DIP Lender.</li> </ul>
<p><b>INDEMNITY</b></p>	<p>The Credit Parties agree to indemnify and hold harmless the DIP Lender, its officers, directors, employees, representatives, advisors, solicitors and agents (collectively, the “<b>Indemnified Persons</b>”) from and against any and all actions, lawsuits, proceedings (including any investigations or inquiries), claims, losses, damages, liabilities or expenses of any kind or nature whatsoever which may be incurred by or suited against or involve any of the Indemnified Persons as a result of, in connection with or in any way related to the DIP Facility, this Term Sheet, the Additional Security, or the DIP Credit Documentation, except to the extent that such actions, lawsuits, proceedings, claims, losses, damages, liabilities or</p>

	<p>expenses result from the gross negligence or willful misconduct of such Indemnified Persons.</p>
<p><b>EVENTS OF DEFAULT</b></p>	<p>The occurrence of any one or more of the following events shall constitute an event of default (“<b>Event of Default</b>”) under this Term Sheet:</p> <ul style="list-style-type: none"> <li>(a) failure of the Borrower to pay principal or Interest when due under this Term Sheet;</li> <li>(b) any representation, warranty, certificate or other statement of fact made or deemed by or on behalf of any of the Credit Parties herein or in any other DIP Credit Documentation or any amendment or modification hereof or thereof or waiver hereunder or thereunder proves to be false or misleading in any material respect on or as the date made or deemed made;</li> <li>(c) any other breach by any of the Credit Parties in the observance or performance of any provision, covenant (affirmative or negative) or agreement contained in this Term Sheet;</li> <li>(d) any breach by any of the Credit Parties in the observance or performance of any provision, covenant (affirmative or negative) or agreement contained in the Additional Security or the DIP Credit Documentation, or any event of default occurring under such documents;</li> <li>(e) any breach remains unremedied for longer than two (2) Business Days following the receipt of notice thereof or refusal by the Credit Parties to take any actions or steps requested by the Monitor in accordance with the powers granted to it under the Initial Order and/ or the Amended and Restated Initial Order;</li> <li>(f) if the Amended and Restated Initial Order is not issued by the Court by 5:00pm on April 25, 2025, in form and substance satisfactory to the DIP Lender in its sole discretion;</li> <li>(g) the Credit Parties seek to challenge, set-aside, invalidate, or otherwise effect the enforceability and priority of the Additional Security or the DIP Lender’s Charge;</li> <li>(h) the granting of any order reversing, amending, varying, supplementing, staying, vacating or otherwise modifying in any respect in a manner materially affecting the DIP Lender without the prior written consent of the DIP Lender;</li> <li>(i) either the Initial Order or the Amended and Restated Initial Order or the Additional Security, shall cease to be in full force and effect in a manner that has a material adverse effect on the interests of the DIP Lender;</li> <li>(j) any of the Credit Parties shall fail to comply in any material respect that has an adverse effect on the interests of the DIP</li> </ul>

Lender with any order granted by the Court in the CCAA Proceedings or the DIP Lender's Charge is rendered invalid and unenforceable against the Credit Parties;

- (k) the DIP Lender and the Monitor determine that there has been a material adverse change in the assets, business operations and/or capital structure of any of the Credit Parties;
- (l) this Term Sheet, the Additional Security, any other DIP Credit Documentation or the DIP Lender's Charge shall cease to be effective or shall be contested by any of the Credit Parties or any other party;
- (m) any order is issued by the Court (or any other court of competent jurisdiction) that adversely affects the interest of the DIP Lender, in the DIP Lender's sole discretion;
- (n) the CCAA Proceedings are terminated or converted to bankruptcy or receivership proceeding or any order is granted by the Court (or any court of competent jurisdiction) granting relief from the stay of proceedings during the CCAA Proceedings (as extended from time to time until the Maturity Date), unless agreed by the DIP Lender, in its sole discretion;
- (o) unless consented to in writing by the DIP Lender, in its sole discretion, the expiry without further extension of the stay of proceedings in the CCAA Proceedings;
- (p) the making by the Credit Parties of a payment of any kind that is not permitted by this Term Sheet or and is not in accordance with the DIP Budget unless consented to in writing by the DIP Lender in its sole discretion;
- (q) any Plan is filed or sanctioned by the Court, or any transaction is sought to be approved, in form and in substance that is not acceptable to the DIP Lender, including if such plan or transaction does not provide for the repayment, in cash in its entirety of: (i) the Obligations under the DIP Facility in full by the Maturity Date; and (ii) all obligations under, in connection with, or pursuant to, the Pre-Filing Loan Agreements, in each case, including interest thereon and the costs and expenses in connection therewith to the date of implementation or closing of such plan or transaction unless consented to in writing by the DIP Lender;
- (r) the denial or repudiation by the Credit Parties of the legality, validity, binding nature or enforceability of this Term Sheet, the DIP Lender's Charge or the Additional Security;
- (s) any creditor, encumbrancer or other Person seizes or levies upon any Collateral or exercises any right of distress, execution, foreclosure or similar enforcement process against any

	<p>Collateral;</p> <p>(t) any Plan is filed or sanctioned by the Court in a form and in substance that is not acceptable to the DIP Lender, acting reasonably;</p> <p>(u) any of the Credit Parties makes any payments of any kind not permitted by this Term Sheet, the DIP Budget or any order of the Court;</p> <p>(v) if the total cumulative disbursements and receipts provide in the weekly reporting is at any time during the CCAA Proceedings, greater than 15% of the cumulative budget confirmed in the DIP Budget or the applicable Updated DIP Budget, measured on a weekly basis; or</p> <p>(w) borrowings under the DIP Facility exceed the principal amount of the DIP Facility.</p>
<b>REMEDIES</b>	<p>Upon the occurrence and continuance of an Event of Default, subject to the DIP Credit Documentation, the DIP Lender may, upon written Notice to the Borrower and the CRO, with a copy to the Monitor:</p> <p>(a) terminate the DIP Facility and refuse to permit any further DIP Advances and, subject to the DIP Lender obtaining an order from the Court lifting the stay of proceedings in the Amended and Restated Initial Order;</p> <p>(b) on prior written notice to the Borrower and the service list of no less than four (4) Business Days, apply to the Court for the appointment of an interim receiver or a receiver and manager of the Property or for the appointment of a trustee in bankruptcy of the Borrower;</p> <p>(c) exercise the powers and rights of a secured party provided under the <i>Personal Property Security Act</i> (Ontario), the <i>Mortgages Act</i> (Ontario) and any similar legislation in any applicable jurisdiction, including the <i>Construction Act</i> (Ontario); and</p> <p>(d) exercise all such other rights and remedies under the DIP Credit Documentation and orders of the Court in the CCAA Proceedings.</p>
<b>DIP LENDER APPROVALS</b>	<p>All consents of the DIP Lender hereunder shall be in its sole and absolute discretion and shall be in writing. Any consent, approval, instruction or other expression of the DIP Lender to be delivered in writing may be delivered by a written instrument, including by way of electronic mail.</p>
<b>MATURITY DATE</b>	<p>Subject to the termination of this Term Sheet by reason of an Event of Default, the Maturity Date of the DIP Facility shall be the earliest of:</p> <p>(a) July 31, 2025 (or such later date as the DIP Lender in its</p>

	<p>discretion may agree to in writing with the Borrower);</p> <ul style="list-style-type: none"> <li>(b) the date on which (i) the stay of proceedings under the CCAA Proceedings is lifted without the consent of the DIP Lender, or (ii) the CCAA Proceedings are terminated for any reason;</li> <li>(c) the closing of a purchase and sale of substantially all of the assets or shares of the Borrower which has been approved by an order entered by the Court;</li> <li>(d) the implementation of a plan in the CCAA Proceedings approved by an order entered by the Court;</li> <li>(e) the refinancing of the DIP Facility upon the written consent of the DIP Lender;</li> <li>(f) the date on which the CCAA Proceedings are terminated or are converted into a proceeding under the <i>Bankruptcy and Insolvency Act</i> (Canada), or the stay of proceedings expires without extension;</li> <li>(g) the payment in full of the Obligations owing to the DIP Lender or</li> <li>(h) the occurrence of an Event of Default.</li> </ul> <p>The DIP Lender’s commitment in respect of the DIP Facility shall expire on the Maturity Date and all amounts outstanding under the DIP Facility including accrued Interest and Legal Fees (collectively, the “<b>Obligations</b>”) shall be repaid in full on the Maturity Date without the DIP Lenders being required to make demand upon the Borrower or to give notice that the DIP Facility has expired and the indebtedness under this Term Sheet are due and payable.</p> <p>The Maturity Date may be extended from time to time at the request of the Borrower, and with the prior written consent of the DIP Lender and the Monitor, for such period and on such terms and conditions as the DIP Lender may agree to in writing.</p>
<p><b>FURTHER ASSURANCES</b></p>	<p>The Credit Parties shall at their expense, from time to time execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) and things as the DIP Lender may reasonably request for the purpose of giving effect to this Term Sheet and the other DIP Credit Documentation, perfecting, protecting and maintaining the Liens created by the DIP Lender’s Charge or establishing compliance with the representations, warranties and conditions of this Term Sheet or any other DIP Credit Documentation.</p>
<p><b>NON-MERGER</b></p>	<p>The provisions of this Term Sheet shall not merge on the Initial Advance or any Subsequent Advance made hereunder but shall continue in full force and effect for the benefit of the parties hereto.</p>

<b>ENTIRE AGREEMENT</b>	<p>This Term Sheet, including the Schedules hereto and the DIP Credit Documentation, constitutes the entire agreement between the parties relating to the subject matter hereof. To the extent that there is any inconsistency between this Term Sheet and any of the other DIP Credit Documentation, this Term Sheet shall govern and supersede. Neither this Term Sheet nor any other DIP Credit Documentation, nor any terms hereof or thereof, may be amended, unless such amendment is in writing signed by the Borrower and the DIP Lender.</p>
<b>AMENDMENTS, WAIVERS, ETC.</b>	<p>No waiver or delay on the part of the DIP Lender in exercising any right or privilege hereunder or under any other DIP Credit Documentation will operate as a waiver hereof or thereof unless made in writing and signed by an authorized officer of the DIP Lender. Any consent to be provided by the DIP Lender shall be granted or withheld solely in its capacity, and having regard to its interests, as DIP Lender.</p>
<b>ASSIGNMENT</b>	<p>The DIP Lender may assign this Term Sheet and its rights and obligations hereunder, in whole or in part, subject in all cases to the assignee providing written notice to the Credit Parties to confirm such assignment. Neither this Term Sheet nor any right or obligation hereunder may be assigned by any of the Credit Parties without the written consent of the DIP Lenders.</p> <p>Each of the Credit Parties hereby consents to the disclosure of any confidential information in respect of the Credit Parties to any potential assignee provided such potential assignee agrees in writing to keep such information confidential. A copy of all notices delivered pursuant to this section shall be delivered promptly to the Monitor.</p>
<b>PRE-FILING CREDIT ARRANGEMENTS</b>	<p>Except as expressly provided for herein, nothing in this Term Sheet shall amend or affect the rights, remedies and entitlements of the DIP Lender in respect of the Pre-Filing Obligations, including the right to payment of interest, under or in respect of and in accordance with the Pre-Filing Loan Agreements, or any loan documents or security documents delivered in connection with the Pre-Filing Loan Agreements, or restrict the enforcement by the DIP Lender of any such rights, remedies or entitlements.</p> <p>For greater clarity, nothing in this Term Sheet shall amend or affect the rights, remedies and entitlements of the Bank of Montreal and/or any of its affiliates or subsidiaries, including the right to payment of interest, under or in respect of and in accordance with any loan documents or security documents delivered by the Credit Parties.</p>
<b>SEVERABILITY</b>	<p>Any provision in any DIP Credit Documentation which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and thereof or affecting the validity or enforceability of such provision in any other jurisdiction.</p>

<p><b>COUNTERPARTS AND FACSIMILE SIGNATURES</b></p>	<p>This Agreement may be executed in any number of counterparts and by facsimile or e-mail transmission, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument. Any party may execute this Term Sheet by signing any counterpart of it.</p>
<p><b>NOTICES</b></p>	<p>Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or sent by electronic mail to the attention of the person as set forth below:</p> <p><b>In the case of the DIP Lender:</b></p> <p>BMO Financial Group  First Canadian Place  100 King Street West, 19<sup>th</sup> Floor  Toronto, ON M5X 1A1</p> <p>Attention: Rachel Gillespie  Email: <a href="mailto:rachel.gillespie@bmo.com">rachel.gillespie@bmo.com</a></p> <p>With a copy to:</p> <p>Aird &amp; Berlis LLP  Brookfield Place  181 Bay Street, Suite 1800  Toronto, ON M5J 2T9</p> <p>Attention: Steven Graff, Adrienne Ho and Samantha Hans  Email: <a href="mailto:sgraff@airdberlis.com">sgraff@airdberlis.com</a>, <a href="mailto:aho@airdberlis.com">aho@airdberlis.com</a> and <a href="mailto:shans@airdberlis.com">shans@airdberlis.com</a></p> <p><b>In the case of the Credit Parties:</b></p> <p>c/o Earth Boring Co. Limited  1775 North Sheridan Way  Mississauga, ON L5K 1A2</p> <p>Attention: Eugene Woodbridge  Email: <a href="mailto:gene@earthboring.ca">gene@earthboring.ca</a></p> <p>With a copy to:</p> <p>Reconstruct LLP  80 Richmond Street West, Suite 1700  Toronto, ON M5H 2A3</p> <p>Attention: Caitlin Fell, Brendan Bissell and Jessica Wuthmann  Email: <a href="mailto:cfell@reconllp.com">cfell@reconllp.com</a>, <a href="mailto:bbissell@reconllp.com">bbissell@reconllp.com</a> and <a href="mailto:jwuthmann@reconllp.com">jwuthmann@reconllp.com</a></p> <p>In either case, with a copy to the Monitor:</p>

	<p>BDO Canada Limited 20 Wellington East, Suite 500 Toronto, ON M5E 1C5</p> <p>Attention: Clark Lonergan Email: <a href="mailto:clonergan@bdo.ca">clonergan@bdo.ca</a></p> <p>In either case, with a copy to the Monitor's counsel:</p> <p>Gowling WLG (Canada) LLP 1 First Canadian Place 100 King Street, Suite 1600 Toronto, ON M5X 1G5</p> <p>Attention: Clifton Prophet and Heather Fisher Email: <a href="mailto:clifton.prophet@gowlingwlg.com">clifton.prophet@gowlingwlg.com</a> and <a href="mailto:heather.fisher@gowlingwlg.com">heather.fisher@gowlingwlg.com</a></p>
<b>GOVERNING LAW AND JURISDICTION</b>	<p>This Term Sheet shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each of the Credit Parties irrevocably submits to the non-exclusive courts of the Province of Ontario, waives any objections on the ground of venue or forum <i>non conveniens</i> or any similar grounds, and consents to service of process by mail or in any other manner permitted by relevant law.</p>

**[REMAINDER OF PAGE INTENTIONALLY BLANK]**

**IN WITNESS HEREOF**, the parties hereby execute this Term Sheet as of the date first written above.

**DIP LENDER:**

**BANK OF MONTREAL**

Per: \_\_\_\_\_  
Name:  
Title:

**CREDIT PARTIES:**

**EARTH BORING CO. LIMITED**

Per: \_\_\_\_\_

Name: Name 1

Title: Title 1

Per: \_\_\_\_\_

Name: Name 2

Title: Title 2

We have authority to bind the corporation

**TROLAN INVESTMENTS LTD.**

Per: \_\_\_\_\_

Name: Name 1

Title: Title 1

Per: \_\_\_\_\_

Name: Name 2

Title: Title 2

We have authority to bind the corporation

**YARBRIDGE HOLDINGS INC.**

Per: \_\_\_\_\_

Name: Name 1

Title: Title 1

Per: \_\_\_\_\_

Name: Name 2

Title: Title 2

We have authority to bind the corporation

**YARFIELD SERVICES LIMITED**

Per: \_\_\_\_\_

Name: Name 1

Title: Title 1

Per: \_\_\_\_\_

Name: Name 2

Title: Title 2

We have authority to bind the corporation

**SCHEDULE “A”  
ADDITIONAL DEFINITIONS**

“**Administration Charge**” means a super-priority Court-ordered charge against the assets of the Applicants securing the indemnity granted by the Applicants to the Applicants’ legal counsel, the CRO, the Monitor, and Monitor’s legal counsel in an amount not to exceed \$300,000 under the Initial Order, which amount is not to exceed \$600,000 under the Amended and Restated Initial Order or as further amended by order of the Court.

“**Affiliate**” means, in respect of any Person at any date, (a) any corporation, company, limited liability company, association, joint venture or other business entity of which securities, membership interests or other ownership interests representing fifty percent (50%) or more of the voting power of all equity interests are owned or held, directly or indirectly, by such Person, (b) any partnership, limited liability company or joint venture wherein the general partner, managing partner or operator is, directly or indirectly, such Person, or (c) any other Person that is otherwise directly or indirectly controlled by such Person.

“**Applicable Laws**” means all federal, provincial, municipal and local laws, statutes, regulations, codes, acts, permits, licenses, ordinances, orders, by-laws, guidelines, notices, protocols, policies, directions and rules and regulations, including those of any governmental or other public authority, which may now, or at any time hereafter, govern, be applicable to or enforceable against or in respect of any or all of the Credit Parties, the operation of their businesses or their Property, as the case may be.

“**BDC**” Business Development Bank of Canada.

“**BDC Mortgage Charges**” means (i) a charge/mortgage in a principal amount of \$5,000,000 registered against the Steelwell Property in favour of BDC under instrument PR4394604; and (ii) a charge/mortgage in the principal amount of \$4,925,000 registered against the Zelco Property in favour of BDC under instrument HR1655555, a charge/mortgage in the principal amount of \$2,000,000 registered against the Zelco Property in favour of BDC under instrument HR1697379, and a charge/mortgage in the principal amount of \$3,300,000 registered against the Zelco Property in favour of BDC under instrument HR1920436.

“**Business Day**” means a day on which banks in Toronto, Ontario are open for business.

“**Collateral**” means all present and future assets, undertakings and properties, of any kind, of the Applicants, real and personal, tangible or intangible, including all proceeds thereof, wherever situated.

“**Court Ordered Charges**” means the Administration Charge, the Director’s Charge and the DIP Lender’s Charge.

“**Default**” means any Event of Default or any condition or event which, after notice or lapse of time or both, would constitute an Event of Default.

“**DIP Credit Documentation**” means this Term Sheet, the orders of the Court approving it and any other definitive or ancillary documentation in respect of the DIP Facility that are in form and substance satisfactory to the DIP Lender, in its sole discretion.

“**Director’s Charge**” means a super-priority Court-ordered charge against the assets of the Applicants securing the indemnity granted by the Applicants to their directors and officers, in an amount not to exceed \$200,000 under the Initial Order, which amount is not to exceed \$400,000 under the Amended and Restated Initial Order.

**“Governmental Authorities”** means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law or regulation-making organizations or entities: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory, state or other geographic or political subdivision thereof; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power, and **“Governmental Authority”** means any one of them.

**“Legal Fees”** means all reasonable and documented legal fees and disbursements that the DIP Lender will have to pay to its legal counsel in connection with any and all tasks related to this Term Sheet, the CCAA Proceedings, the orders of the Court, the DIP Facility or the DIP Credit Documentation and the enforcement of any of the rights and remedies available hereunder or under any security agreement granted by any of the Credit Parties in favour of the DIP Lender.

**“Liens”** means all mortgages, pledges, charges, encumbrances, hypothecs, liens and security interests of any kind or nature whatsoever.

**“Permitted Priority Liens”** means the Administration Charge. For greater certainty, except as expressly set forth in this Term Sheet, Liens and claims arising from the construction, repair, maintenance and/or improvement of real or personal property, and any Liens or any other claims arising from holdback or statutory trust claims shall not be “Permitted Priority Liens”.

**“Permitted Liens”** means (a) the Court Ordered Charges; and (b) liens, if any, in respect of amounts payable by a Borrower for wages, vacation pay, deductions, sales tax, excise tax, tax payable pursuant to Part IX of the *Excise Tax Act* (Canada), income tax and workers compensation claims.

**“Person”** means an individual, partnership, corporation (including a business trust), joint venture, limited liability company or other entity, or Governmental Authority.

**“Plan”** means the implementation of a proposal, plan of compromise or arrangement within the CCAA Proceedings which has been approved by the requisite majorities of the Borrowers’ creditors and by order entered by the Court and by the DIP Lender.

**“Post-Filing Obligations”** means all liabilities, indebtedness and obligations owing by the Credit Parties to the DIP Lender arising on or after the date of the Initial Order.

**“Pre-Filing Loan Agreements”** means the loan arrangements made pursuant to the credit agreement entered into between the Borrower and the DIP Lender dated as of June 22, 2023, as amended by a first amendment dated as of July 22, 2024 and a second amendment and forbearance agreement dated March 13, 2025 (as the same may be amended, amended and restated, renewed, extended, supplemented, replaced, or otherwise modified from time to time in accordance with its provisions).

**“Pre-Filing Obligations”** means all liabilities, indebtedness and obligations owing by the Credit Parties to the DIP Lender prior to the date of the Initial Order, including any and all liabilities, indebtedness and obligations owing under the Pre-Filing Loan Agreements.

**“Property”** means the Applicants’ present and after-acquired assets, and properties of every nature and kind whatsoever, wherever situate including all proceeds thereof.

**“SISP”** any sale and investment solicitation process in respect of the Property of the Applicants that may be sought in these CCAA Proceedings.

## AMENDED DIP FACILITY TERM SHEET

This term sheet dated ~~April 16~~ May 28, 2025 (this “**Term Sheet**”) sets out the terms on which Bank of Montreal is prepared to provide debtor-in-possession financing to Earth Boring Co. Limited.

**WHEREAS** Earth Boring Co. Limited, Trolan Investments Ltd., Yarbridge Holdings Inc. and Yarfield Services Limited (collectively, the “**Applicants**”) intend to commence insolvency proceedings under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA Proceedings**”) under the jurisdiction of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”);

**WHEREAS** the Borrower has requested that Bank of Montreal (the “**DIP Lender**”) provide it with the DIP Facility (as defined herein) to fund restructuring efforts pursuant to a debtor-in-possession financing in the context of the CCAA Proceedings;

**AND WHEREAS** the DIP Lender has offered to provide interim financing by way of the DIP Facility described in this Term Sheet and subject to the terms and conditions set forth herein. Unless otherwise indicated, all amounts are expressed in the Currency of Canadian dollars (“**CAD**”). All times express herein refer to Eastern Time (Toronto).

**NOW THEREFORE**, the parties, in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), agree as follows:

<b>DEFINITIONS</b>	Capitalized terms used but not otherwise defined herein shall have the meanings given to them on <b>Schedule “A”</b> hereto
<b>BORROWER</b>	Earth Boring Co. Limited (“ <b>Borrower</b> ”)
<b>GUARANTORS</b>	Trolan Investments Ltd. Yarbridge Holdings Inc. Yarfield Services Limited  (together with the Borrower, the “ <b>Credit Parties</b> ”)
<b>DIP LENDER</b>	Bank of Montreal
<b>CURRENCY</b>	Unless otherwise noted, the currency of the DIP Facility (as defined herein) shall be CAD
<b>DIP FACILITY</b>	Subject to Court approval, a senior secured, super-priority, debtor-in-possession, interim revolving credit facility in the maximum principal amount of \$5,500,000 (the “ <b>Maximum Amount</b> ”) plus fees and Interest, subject to the terms and conditions contained herein (the “ <b>DIP Facility</b> ”)
<b>CLOSING DATE</b>	No later than 2 Business Day after Court approval of this Term Sheet
<b>DIP BUDGET</b>	By no later than April 16, 2025, the Borrower and the CRO, in consultation with the Monitor, shall deliver a rolling 13-week cash flow, in form and substance satisfactory to the Monitor and the DIP Lender, in its sole discretion, which shall cover the Stay Period (as defined in the Amended and Restated Initial Order, to be sought by the Applicants) (the “ <b>DIP Budget</b> ”). Such DIP Budget shall be the DIP Budget referenced in this Term Sheet unless and until such time as an Updated DIP Budget (as

	<p>defined below) has been approved by the DIP Lender in accordance with this Section.</p> <p>On a monthly basis, or at the written request of the DIP Lender (including by email), or upon a material change, or a material change reasonably anticipated by the Borrower and the CRO in consultation with the Monitor, to any item set forth in the DIP Budget, or upon the Applicants seeking an extension of the Stay Period, the Borrower shall update and propose a revised DIP Budget to the DIP Lender, in form and substance satisfactory to the DIP Lender in its sole discretion (the “<b>Updated DIP Budget</b>”).</p> <p>The DIP Lender may make such request at any time and from time to time, and if such request is made, the Borrower shall submit the Updated DIP Budget no later than four (4) Business Days following receipt of the request. Any Updated DIP Budget shall have been reviewed and approved by the Monitor, prior to submission to the DIP Lender. If the DIP Lender, in its sole discretion, determines that the Updated DIP Budget is not acceptable, it shall, within two (2) Business Days of receipt thereof, provide written notice (which may be provided by email) to the Borrower and the Monitor stating that the Updated DIP Budget is not acceptable and setting out the reasons why such Updated DIP Budget is not acceptable, and until the Borrower has delivered a revised Updated DIP Budget acceptable to the DIP Lender, in its sole discretion, the prior DIP Budget shall remain in effect and be the DIP Budget for the purpose of this Term Sheet.</p> <p>Upon an Updated DIP Budget being accepted by the DIP Lender, such Updated DIP Budget shall be deemed to be the DIP Budget for the purpose of this Term Sheet.</p> <p>Commencing in the week beginning April 28, 2025, no later than 5:00 p.m. on the Wednesday of every week (provided that such day is a Business Day and, if not, on the next Business Day) the Borrower and the CRO, in consultation with the Monitor, shall deliver to the DIP Lender a variance calculation setting forth actual receipts and disbursements of the Borrower for actual cumulative receipts and actual cumulative disbursements for each line item in the DIP Budget, or to the Updated DIP Budget, if applicable, in each case, comparing the actual receipts and disbursements against DIP Budget, or to the Updated DIP Budget, as applicable, on a line by line basis. The Monitor shall provide an accompanying explanation to the DIP Lender should there be a variance on a line by line basis between the forecasted and actual amounts for the receipts and disbursements in excess of \$20,000.</p>
<p><b>DIP FACILITY ADVANCES</b></p>	<p>The DIP Facility shall be made available to the Borrower in multiple advances, as per the below, until the Maturity Date (as defined herein) in accordance with the then applicable DIP Budget approved by the DIP Lender in its sole discretion, from time to time, subject to duly issued orders of the Court.</p>

	<p>(a) an initial advance (the “<b>Initial Advance</b>”) up to a principal amount of \$2,200,000, made upon satisfactions of the Initial Advance Conditions set out below; and</p> <p>(b) subsequent advances (each a “<b>Subsequent Advance</b>” together with the Initial Advance, the “<b>DIP Advances</b>”) at the request of the Borrower, subject to satisfaction of the Subsequent Advance Conditions at the time of each such advance, provided, however, that the aggregate sum of the Initial Advance and the Subsequent Advance shall not exceed the maximum principal amount of the DIP Facility. The timing for each Subsequent Advance shall be determined based on the funding needs of the Borrower, subject to the DIP Lender’s consent acting in its sole discretion.</p> <p>The Borrower and the CRO, in consultation with the Monitor, may request Subsequent Advances under the DIP Facility by delivering to the DIP Lender a draw request in writing, as approved by the Monitor, not less than three (3) Business Days prior to the Subsequent Advance.</p> <p>Notwithstanding the foregoing, the DIP Lender may issue any advance outside of, or ancillary to, the procedures above at its sole discretion.</p> <p>Nothing in this Term Sheet creates a legally binding obligation on the DIP Lender to advance any amount under the DIP Facility at any time unless the DIP Lender is satisfied in its sole discretion, acting reasonably, that the Borrower is in compliance with the conditions precedent and obligations listed within this Term Sheet and that no fact exists or event has occurred which materially changes the manner in which the DIP Lender previously evaluated the risks inherent in advancing any DIP Advance to the Borrower under the DIP Facility, whether or not the DIP Lender was or should have been aware of such facts or events differently at any time.</p>
<b>ACCOUNT</b>	<p>All DIP Advances shall be deposited into an account acceptable to the Borrower, the Monitor and the DIP Lenders and withdrawn to pay contemplated expenses under the then applicable DIP Budget and otherwise in accordance with the terms hereof.</p>
<b>MANDATORY PREPAYMENTS PRIOR TO MATURITY DATE</b>	<p>Unless the DIP Lender provides its written consent otherwise, and subject only to the Administration Charge, the Borrower shall prepay amounts outstanding under the DIP Facility, with 100% of each of the following amounts:</p> <p>a) insurance proceeds or expropriation awards received by a Borrower, unless in the case of insurance proceeds, and subject to no Event of Default having occurred and continuing, such proceeds are used to repair or replace the borrower’s property in respect of which the insurance proceeds are paid within a reasonable period of time, and in any event, no later than one hundred and twenty (120) days after the occurrence for which such insurance proceeds are paid, such that the property is</p>

	<p>returned to as good or better condition than it was in before the event occurred that caused the insurance proceeds to be paid;</p> <ul style="list-style-type: none"> <li>b) unless otherwise consented to in writing by the DIP Lender, in its sole discretion, any extraordinary payment received by a Borrower;</li> <li>c) the net cash proceeds from the sale of any equity interests in a Borrower or its subsidiary or the receipt of capital contributions by a Borrower or its subsidiary; and</li> <li>d) the balance of any contract funds received on an ongoing basis (e.g. progress payments, statutory, deficiency and warranty holdback, and substantial completion and final completion payments) after payment, on a per project basis, of any amounts due in respect of work done or materials supplied after the date of the Initial Order, subject to the retention of any statutory, or, if applicable, contractual holdback, subject in each case to the DIP Lender’s Charge (as defined herein).</li> </ul> <p>On any day that amounts outstanding under the DIP Facility exceed the Maximum Amount then, not later than the next Business Day, the Borrower shall prepay the Obligations (as defined herein) so that amounts outstanding under the DIP Facility no longer exceed the Maximum Amount.</p> <p>Any mandatory prepayment made hereunder shall not permanently reduce the Maximum Amount and may be re-borrowed if the Borrower is otherwise entitled to a Subsequent Advance under the DIP Facility.</p>
<p><b>JOINT &amp; SEVERAL LIABILITY</b></p>	<p>The Credit Parties each acknowledge and confirm that at the Borrower’s request, the DIP Facility has been made available to the Borrower and the Credit Parties are jointly and severally liable to the DIP Lender as primary obligors. All covenants, agreements and Obligations of the Borrower contained in this Term Sheet relating to or in connection with the DIP Facility shall be on a joint and several basis, and each of the Credit Parties shall be jointly and severally liable for and obligated to repay the DIP Facility. Such joint and several liability is independent of the duties and liabilities of each of the other Credit Parties. Each of the Credit Parties acknowledges and confirms that the DIP Lender is not bound to exhaust its recourse against any of the other Credit Parties before being entitled to demand for payment of all or any part of the DIP Facility from it. Each of the Credit Parties acknowledges and confirms that it is fully responsible for the DIP Facility even though it may not have requested a DIP Advance.</p> <p>Each of the Credit Parties’ liability for payment of the DIP Facility shall be a primary obligation, shall be absolute and unconditional, and shall constitute full recourse obligations of each of the Credit Parties, enforceable against each of them to the full extent of their respective assets and properties. Each of the Credit Parties expressly waives any right to require the DIP Lender to marshal assets in favour of any of the</p>

	<p>Credit Parties or any other person or to proceed against any of the other Credit Parties or any Collateral provided by any person or entity and agrees that the DIP Lender may proceed against any one of the Credit Parties or any Collateral in such order as they shall determine in their sole discretion. To the extent permitted by law, any release or discharge, by operation of law, of any one of the Credit Parties from the performance or observance of any obligation, covenant or agreement contained in this Term Sheet shall not diminish or impair the liability of any other Credit Parties in any respect. Each of the Credit Parties unconditionally and irrevocably waives each and every defense, right to discharge, compensation and setoff of any nature which, by statute or under principles of suretyship, guaranty or otherwise, would operate to impair or diminish in any way the obligation of any of the Credit Parties under this Term Sheet, and acknowledges that such waiver is by this reference incorporated into each security agreement, collateral assignment, pledge and/or other document from each of the Credit Parties now or later granted in respect to this Term Sheet, and no such defense or setoff exists.</p> <p>Each of the Credit Parties waives any and all rights (whether by subrogation, indemnity, reimbursement, or otherwise) to recover from any other Credit Parties any amounts paid or the value of any security given by such Credit Party pursuant to this Term Sheet or otherwise until the Obligations and indebtedness hereunder are irrevocably paid in full in cash.</p>
<p><b>PROJECT REPORTING OBLIGATIONS</b></p>	<p>By no later than April 24, 2025, the Borrower and the CRO, in consultation with the Monitor, shall deliver a current project list breakdown, in form and substance satisfactory to the DIP Lender, in its sole discretion, which shall detail accounts payable (including any significant materials and supplies that have been ordered), holdback amounts, accounts receivable and any other information requested by the DIP Lender. (the “<b>Project Breakdown</b>”).</p> <p>The Borrower and the CRO, in consultation with the Monitor, shall deliver to the DIP Lender updates to the Project Breakdown on a monthly basis, at the request of the DIP Lender, or upon a material change, or a material change reasonably anticipated by the Borrower and the CRO in consultation with the Monitor.</p>
<p><b>PERMITTED PURPOSE AND PAYMENTS</b></p>	<p>The Initial Advance under the DIP Facility shall be used in accordance with the DIP Budget, which have been prepared by the Borrower and the CRO, in consultation with the Monitor. Any additional DIP Advances shall be used in accordance with the Updated DIP Budget, in each case, to fund working capital and general corporate needs of the Borrower during, and costs and expenses incurred by the Borrower in connection with, the CCAA Proceedings. For greater certainty, the Borrower shall use DIP Advances solely for the following purposes, provided that all such uses shall strictly conform to the approved DIP Budget or the Updated DIP Budget:</p> <p>(a) to pay the reasonable and documented professional and advisory</p>

	<p>fees and expenses (including legal fees and expenses) of (i) the Borrower; (ii) the Monitor; and (iii) the DIP Lender;</p> <ul style="list-style-type: none"> <li>(b) to pay the reasonable and documented fees and expenses of the CRO;</li> <li>(c) to pay the Interest (as defined herein), fees and other amounts owing to the DIP Lender under this Term Sheet;</li> <li>(d) to fund the working capital needs of the Borrower in accordance with the approved DIP Budget or Updated DIP Budget; and</li> <li>(e) such other costs and expenses of the Borrower as may be agreed to by the DIP Lender, in writing.</li> </ul> <p>The Borrower, with the consent of the Monitor and the DIP Lender, shall use only the Initial Advance to pay amounts for the Borrower’s payroll, unions dues, advisory fees, and amounts owing for goods or services actually supplied to the Borrower but only if such payment is necessary or desirable to avoid disruption to the operations of the business or the Property of the Borrower during the CCAA proceedings, provided that such amounts in the aggregate do not exceed \$1,000,000.</p> <p>No proceeds of the DIP Advances may be used for any purpose other than in accordance with the DIP Budget, except with the prior written consent of the DIP Lenders and the Monitor.</p>
<p><b>INITIAL ADVANCE CONDITIONS</b></p>	<p>The DIP Lender’s agreement to make the DIP Facility available to the Borrower and the advance of the Initial Advance to the Borrower is subject to the satisfaction of the following conditions precedent (collectively, the “<b>Initial Advance Conditions</b>”), in the DIP Lender’s sole discretion, each of which is for the benefit of the DIP Lender and may be waived by the DIP Lender in its sole discretion:</p> <ul style="list-style-type: none"> <li>(a) the Borrower shall have executed and delivered this Term Sheet, which shall be in full force and effect;</li> <li>(b) the Credit Parties, as applicable, shall have executed and delivered the Additional Security (as defined below), which shall all be in full force and effect;</li> <li>(c) the Borrower shall have provided the DIP Lender the DIP Budget in form and substance satisfactory to the DIP Lender, in its sole discretion;</li> <li>(d) the Court shall have issued an initial order in respect of the Borrower by April 18, 2025 (the “<b>Initial Order</b>”), which Initial Order shall be in form and substance satisfactory to the DIP Lender and the Monitor, and which Initial Order, shall among other things, include the approval of this Term Sheet and the establishment of the DIP Lender’s Charge with the priority contemplated herein;</li> </ul>

	<ul style="list-style-type: none"> <li>(e) the Court shall have issued a lien regularization order by April 18, 2025 (the “<b>Lien Regularization Order</b>”), which Lien Regularization Order shall be in form and substance satisfactory to the DIP Lender, and the Monitor;</li> <li>(f) there shall be no Liens ranking <i>pari passu</i> with or in priority to the DIP Lender’s Charge over the Collateral other than the Permitted Priority Liens;</li> <li>(g) BDO Canada Limited (in such capacity, the “<b>Monitor</b>”) will have been appointed as Monitor pursuant to the Initial Order, with such expanded powers as may be requested by the DIP Lender included in the Initial Order;</li> <li>(h) Steinberg Advisory Inc. will have been appointed as chief restructuring officer of the Applicants (in such capacity, the “<b>CRO</b>”) pursuant to the Initial Order and an engagement letter which shall be subject to the Monitor and DIP Lender’s approval;</li> <li>(i) no Default or Event of Default (terms as defined herein) shall have occurred or will occur as a result of the requested Initial Advance;</li> <li>(j) there will be no appeals, injunctions or other legal impediments relating to the DIP Facility, the DIP Lender’s Charge, the Additional Security or pending litigation seeking to restrain, effect the validity of, or prohibit any of the foregoing; and</li> <li>(k) the Initial Order shall not have been appealed, stayed, vacated or otherwise amended, restated or modified without the consent of the DIP Lender, in its sole discretion.</li> </ul> <p>The amount of the Initial Advance, or such other lesser amount as may be approved by the Initial Order, will be made available to the Borrower by the DIP Lender to finance the Borrower’s working capital and operating requirements in accordance with the DIP Budget and the terms of this Term Sheet.</p>
<p><b>SUBSEQUENT ADVANCE CONDITIONS</b></p>	<p>The advance of any Subsequent Advance by the DIP Lender to the Borrower is subject to the satisfactions of the following conditions precedent (collectively, the “<b>Subsequent Advance Conditions</b>”), each of which is for the benefit of the DIP Lender and may be waived by the DIP Lender in its sole discretion:</p> <ul style="list-style-type: none"> <li>(a) the ARIIO shall be in full force and effect and shall have not been stayed, reversed, vacated, rescinded, modified or amended in any respect adversely affecting the DIP Lender, unless otherwise agreed by the DIP Lender;</li> <li>(b) the DIP Lender Charge shall form a first charge on the Applicants’ Property in priority to all security interests, trusts (including any trusts arising under the <i>Construction Act</i>), claims</li> </ul>

	<p>for holdback, Liens, charges (including any court-ordered charges), encumbrances, statutory or otherwise, in favour of any person, subject only to the Administration Charge and the BDC Mortgage Charges;</p> <p>(c) for greater certainty, the DIP Lender Charge shall rank ahead of (i) any security provided by way of indemnity agreements granted by the Credit Parties in favour of Aviva Insurance or any other surety pursuant to any performance bond and payment bonds; and (ii) any subsequent security provided by the Credit Parties to Aviva Insurance or any other surety following issuance of the Amended and Restated Initial Order;</p> <p>(d) all amounts requested for a particular Subsequent Advance shall be consistent with the Updated DIP Budget for the applicable period, or otherwise expressly agreed by the DIP Lender in advance;</p> <p>(e) the terms and conditions of the SISP, if and when one is sought by the Borrower, including the milestones of such SISP, shall be approved by the Court, the form and substance of such order be satisfactory to the Monitor and the DIP Lender;</p> <p>(f) the representations and warranties contained herein shall be true and correct;</p> <p>(g) all Project Reporting Obligations shall continue to be satisfied;</p> <p>(h) all Initial Advance Conditions shall continue to be satisfied; and</p> <p>(i) no Default or Event of Default shall have occurred and be continuing.</p>
<p><b>DIP LENDER'S CHARGE</b></p>	<p>All Obligations, liabilities and indebtedness of the Borrower under or in connection with the DIP Facility and any of the DIP Credit Documentation shall be secured by a Court-ordered DIP charge on all present and after-acquired personal and real, tangible or intangible property of the Borrower, in each case of any kind or nature whatsoever and whosoever situated (the “<b>DIP Lender’s Charge</b>”) without the need for any further loan or security documentation or any filings or registrations in any public register or system.</p> <p>The DIP Lender Charge shall form a first charge on the Borrower’s Property in priority to all security interests, trusts (including any trusts arising under the <i>Construction Act</i>), claims for holdback, Liens, charges (including any court-ordered charges), encumbrances, statutory or otherwise, in favour of any person, subject only to the Administration Charge the BDC Mortgage Charges.</p> <p>The DIP Lender’s Charge shall secure, without limitation, any amounts outstanding, under the DIP Facility, including any interest accrued, all fees and costs of the DIP Lender including its Legal Fees, the</p>

	<p>Commitment Fee, and any other amounts payable by the Borrower under this Agreement or in connection with the DIP Facility.</p> <p>The DIP Lender’s Charge will not secure any obligation owing to the DIP Lender that exists before the DIP Lender’s Charge is granted.</p>
<p><b>ADDITIONAL SECURITY</b></p>	<p>In addition to the DIP Lender’s Charge, in consideration of the covenants contained herein, the DIP Lender may request that the following shall be delivered to the DIP Lender, in form and substance satisfactory to the DIP Lender in its sole discretion, on or before April 25, 2025 (collectively, the “<b>Additional Security</b>”) as security for the Post-Filing Obligations owing by the Borrower:</p> <ul style="list-style-type: none"> <li>(a) the registration of a charge/mortgage in a principal amount of \$5,500,000 registered against the real property municipally known as 75 Steelwell Road, Brampton, Ontario, and legally described in PIN 14028-0023 (LT) (the “<b>Steelwell Property</b>”), in favour of the DIP Lender as continuing collateral security for the Post-Filing Obligations (the “<b>Steelwell Real Property Security</b>”);</li> <li>(b) together with such certificates, non-disturbance agreements and other documentation as the DIP Lender may reasonably request in connection with the Steelwell Real Property Security;</li> <li>(c) the registration of a charge/mortgage in a principal amount of \$5,500,000 registered against the real property municipally known as 960 Zelco Drive, Burlington, Ontario, and legally described in PIN 07035-0005 (LT) (the “<b>Zelco Property</b>”), in favour of the DIP Lender as continuing collateral security for the Post-Filing Obligations (the “<b>Zelco Real Property Security</b>”);</li> <li>(d) together with such certificates, non-disturbance agreements and other documentation as the DIP Lender may reasonably request in connection with the Zelco Real Property Security; and</li> <li>(e) all such additional security instruments and agreements, including, at the option of the DIP Lender, title insurance, in connection with the Steelwell Real Property Security and the Zelco Real Property Security, in form and substance satisfactory to the DIP Lender, as the DIP Lender may reasonably request to ensure that (i) the Steelwell Property and the Zelco Property are continuing collateral security for the Post-Filing Obligations.</li> </ul>
<p><b>COSTS, FEES AND EXPENSES</b></p>	<p>The Borrower will pay the DIP Lender a commitment fee equal to \$100,000 (the “<b>Commitment Fee</b>”), which shall be fully earned upon Court approval of this Term Sheet and shall be debited from the maximum principal amount of the DIP Facility on the Maturity Date. For certainty, the Commitment Fee shall be secured by the DIP Lender Charge.</p>

	In addition, the Borrower shall pay, on a bi-weekly basis, all reasonable and documented costs and expenses of the DIP Lender, including the Legal Fees.
<b>STANDBY FEE</b>	The Credit Parties have agreed to pay to the DIP Lender a standby fee equal to 0.25% of the unused portion of the DIP Facility, calculated daily and payable on the Maturity Date. The Standby Fee shall accrue Interest from and after the Maturity Date.
<b>INTEREST RATE</b>	<p>The Borrower shall pay interest (“<b>Interest</b>”) on the outstanding principal amount owing under the DIP Facility from the date that each DIP Advance is made both before and after maturity, demand, default, or judgment until payment in full at a rate equal to the Canadian Prime Rate then in effect at the Bank of Montreal plus 4.5% per annum, compounded and calculated monthly, which Interest shall accrue and be added to the principal amount of the DIP Advances on the first day of each month.</p> <p>All Interest shall be calculated on the basis of a 365-day (or 366 day, as applicable) year, in each case for the actual number of days elapsed in the period during which it accrues.</p> <p>All payments under or in respect of the DIP Facility shall be made free and clear of any withholding, set-off or other deductions.</p> <p>If any provision hereof or the DIP Credit Documentation would obligate the Borrower to make any payment of Interest or other amount payable to the DIP Lender in an amount or calculated at a rate which would be prohibited by law or would result in receipt by the DIP Lender of Interest at a criminal rate (as construed under the <i>Criminal Code</i> (Canada)) then, notwithstanding that provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or result in a receipt by the DIP Lender of interest at a criminal rate.</p>
<b>EVIDENCE OF INDEBTEDNESS</b>	The DIP Lender shall maintain records evidencing the DIP Advances. The DIP Lender’s accounts and records constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Credit Parties to the DIP Lender pursuant to this Term Sheet.
<b>REPRESENTATIONS AND WARRANTIES</b>	<p>The Credit Parties represent and warrant to the DIP Lender, upon which the DIP Lender relies in entering into this Term Sheet and the other DIP Credit Documentation, that:</p> <ul style="list-style-type: none"> <li>(a) the Credit Parties, to the extent applicable, are duly organized, validly existing and in good standing under the laws of the jurisdiction of their organization, have all requisite power to carry on business as now and formerly conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to constitute a material adverse effect, are qualified to do business in, and are in good standing in, every jurisdiction where such qualification is required;</li> <li>(b) the transactions contemplated by this Term Sheet, the Additional</li> </ul>

Security and the other DIP Credit Documentation, including, for greater certainty, the granting of the Additional Security:

- a. upon the granting of either the Initial Order or the Amended and Restated Initial Order, are within the powers of the Credit Parties;
  - b. have been duly authorized, executed and delivered by or on behalf of the Credit Parties; and
  - c. upon the granting of either the Initial Order or the Amended and Restated Initial Order, constitute legal, valid and binding obligations of the Borrower enforceable against the Credit Parties; and
  - d. upon the granting of the Initial Order and the Amended and Restated Initial Order, as applicable, do not require the consent or approval of, registration or filing with, or any other action by, any governmental authority, other than filings which may be made to register or otherwise record the DIP Lender's Charge or any security granted pursuant to the DIP Credit Documentation.
- (c) the business operations of the Borrower has been and will continue to be conducted in material compliance with all Applicable Laws of each jurisdiction in which each such business has been or is being carried on;
- (d) the Borrower has obtained all material licenses and permits required for the operation of their business, which licenses and permits remain, and after the date of the Initial Advance will remain, in full force and effect. No proceedings have been commenced to revoke or amend any of such licenses or permits and no notices advising of a breach or potential breach of the conditions of such licenses has been received;
- (e) except as reflected in the DIP Budget and than those amounts the Borrower has made known to the DIP Lender to date, the Borrower has paid where due its obligations for payroll, employee source deductions, sales taxes, value added taxes and are not in arrears in respect of these obligations;
- (f) the Applicants do not have any defined benefit pension plans or similar plans other than the union multi-employer pension plan;
- (g) the execution, delivery and performance, as applicable, of this Term Sheet has been duly authorized by all actions, if any, required on the part and by the Credit Parties' directors and/or shareholders, and constitutes a legal, valid and binding obligation of the Credit Parties enforceable against them in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, arrangement, winding-up, moratorium and other similar laws of general application that

	<p>limit the enforcement of creditors' rights generally and to general equitable principals subject to approval of the Court;</p> <p>(h) no Default or Event of Default has occurred and is continuing;</p> <p>(i) the DIP Budget represents the Borrower's best estimate as at each applicable date of the likely results of the operations of the Borrower during the period applicable thereto and, to the Borrower's knowledge, such results are achievable as provided therein; and</p> <p>(j) all factual information provided by or on behalf of the Credit Parties to the DIP Lenders for the purposes of or in connection with this Agreement and the DIP Credit Documentation is, to the best of the Credit Parties' knowledge, true and accurate in all material respects on the date as of which such information is dated or certified and is not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not materially misleading at such time in light of the circumstances under which such information was provided. In particular, and without limiting the generality of the foregoing, to the best of the Credit Parties' knowledge, all information regarding the Credit Parties' corporate structure is true and complete, and all public filings and financial reports are complete and true in all material respects as of the date thereof.</p>
<p><b>AFFIRMATIVE COVENANTS</b></p>	<p>The Borrower agrees to do, or cause to be done, the following until the DIP Facility are permanently and indefeasibly repaid in full:</p> <p>(a) comply with the DIP Budget, including making payments when scheduled to be made in accordance with the DIP Budget, and the reporting and other obligations to deliver financial information to the DIP Lender hereunder provided that, such reporting and financial information shall be prepared and delivered under the supervision of the Monitor and the CRO, and subject to the approval of the DIP Lender in its sole discretion;</p> <p>(b) use the proceeds of the DIP Facility only for the permitted purposes set out herein and in accordance with the DIP Budget;</p> <p>(c) not post any security, letters of credit or cash collateral to vacate any Liens or any other form of security held against the Borrower unless the DIP Lender has provided written consent;</p> <p>(d) ensure that any proceeds from the sale of any of the Borrower's equipment shall be held in trust by the Monitor pending order of the Court;</p> <p>(e) ensure that all cash received from time to time is deposited in accounts maintained with the DIP Lender (and not accounts maintained with any other financial institution);</p> <p>(f) not sell any of their assets outside of the ordinary course of</p>

business without the prior written consent of the DIP Lender or the approval of the Court;

- (g) allow the DIP Lender, its directors, officers, employees, agents, advisors and representatives full access to the Applicants' premises and all information and documentation of the Applicants and their Affiliates on reasonable notice and during normal business hours and cause management thereof to fully cooperate with any such directors, officers, employees, agents, advisors and representatives;
- (h) comply with the provisions of the Court orders made in the CCAA Proceedings;
- (i) cooperate in all respects with the CRO and the Monitor, including providing financial and other information, assisting with the preparation of a teaser and confidential information memorandum, generating a list of potential interested parties, and participating in meetings with interested parties in connection with a SISP, if applicable, or otherwise;
- (j) promptly upon receipt thereof, provide the DIP Lender with copies of any offers to purchase, term sheets, expressions of interest to fund, invest or acquire, letters of intent, memorandums of understanding or purchase, investment or finance agreements received in connection with the Property;
- (k) any Court orders which are being sought by the Applicants in the CCAA Proceedings (together with draft copies of all supporting court materials including draft affidavits and other documents in connection with any application or motion to be brought to the Court by the Applicants) shall be shared with the DIP Lender at least four (4) Business Days prior to filing with the Court; provided that any Court order that directly impacts the DIP Lender shall be in form and substance satisfactory to the DIP Lender, acting reasonably, subject to any amendments that are required by the Court;
- (l) any Court orders sought which are being sought by the Applicants with respect to a SISP (together with draft copies of all supporting court materials including draft affidavits and other documents) shall be shared with the DIP Lender at least seven (7) Business Days prior to filing with the Court;
- (m) deliver to the DIP Lender periodic reporting packages and other information reasonably requested by the DIP Lender, within a reasonable time period after such requests are made;
- (n) deliver to the DIP Lender, on a monthly basis, within two (2) Business Days after the end of each calendar month: (i) bank statements of the Borrower, (ii) a cash reconciliation, reconciling all purchases, repayments, chargebacks, write-offs and any other transactions covering the prior calendar month;

(iii) AR and AP aging reports; (iv) priority payables listing; operational project by project update (P&L and Balance Sheet); and (v) the SISP bi-weekly when the SISP commences.

- (o) the Credit Parties shall maintain insurance with respect to their property and business with financially sound and reputable insurance companies, of such kinds and in such amounts and against such risks as is customary for the business of the Credit Parties;
- (p) maintain or cause to be maintained in good repair, working order and condition (ordinary wear and tear and casualty and expropriation excepted) all material properties used or useful in the Borrower's business operations and make or cause to be made all appropriate repairs, renewals and replacements thereof except in the case;
- (q) maintain all licenses and permits required for the operation of their business in good standing;
- (r) forthwith notify the Monitor and DIP Lender of any event or circumstance that, with the passage of time, may constitute an Event of Default;
- (s) forthwith notify the Monitor and DIP Lender of the occurrence of any Event of Default, or of any event or circumstance that may constitute a material adverse change from the DIP Budget;
- (t) comply in all respects with all Applicable Laws;
- (u) comply in all material respects with their obligations under the DIP Credit Documentation;
- (v) execute and deliver such loan and security documentation as may be reasonably requested by the DIP Lender from time to time;
- (w) at all times maintain adequate insurance coverage of such kind and in such amounts and against such risks as is customary for the business of the Credit Parties with financially sound and reputable insurers in coverage and scope acceptable to the DIP Lender, acting reasonably, and, if requested by the DIP Lender, cause the DIP Lender to be listed as the loss payee or additional insured (as applicable) on such insurance policies;
- (x) act diligently and in good faith in the pursuit of the CCAA Proceedings;
- (y) take all actions necessary or available to defend the Court orders that affect the DIP Lender, the Collateral, and the Additional Security, from any motion, application, appeal, reversal, modifications, amendment, stay or vacating, unless expressly agreed to in writing in advance by the DIP Lender, in its sole

	<p>discretion; and</p> <p>(z) the Credit Parties shall promptly notify the DIP Lender and the Monitor of any development or event that has had or could reasonably be expected to have a material adverse effect on the Credit Parties or their businesses or affairs.</p>
<p><b>NEGATIVE COVENANTS</b></p>	<p>The Credit Parties, as applicable, covenant and agree not to do the following, other than with the prior written consent of the DIP Lender in the DIP Lender’s sole discretion:</p> <ul style="list-style-type: none"> <li>(a) sell, assign, transfer, lease or otherwise dispose of all or any part of its assets, tangible or intangible, outside the ordinary course of business;</li> <li>(b) make any payment of principal or interest in respect of existing (pre-filing date) indebtedness except as contemplated by the DIP Budget, or declare or pay any dividends;</li> <li>(c) create or permit to exist indebtedness for borrowed money other than existing (pre-filing date) debt disclosed to the DIP Lender and post-filing trade payables incurred in the ordinary course of business;</li> <li>(d) make any payment towards any non-registered employee savings plan or other similar workplace benefit plans, without the consent of the Monitor;</li> <li>(e) terminate or amend in any material manner, any existing material contractual obligation;</li> <li>(f) create or permit to exist any Liens on any of the Property other than Permitted Liens;</li> <li>(g) enter into or agree to enter into any investments (other than cash equivalents) or acquisitions of any kind, direct or indirect, in any business;</li> <li>(h) assume or otherwise agree to be bound by any contingent liabilities or provide any guarantee or financial assistance to any Person;</li> <li>(i) transfer, pay, distribute, lend or otherwise provide any funds (whether arising from DIP Advances or otherwise) to any Affiliate or with any person who is not at arm’s length including any shareholders (direct or indirect) (“<b>Non Arms Length Parties</b>”);</li> <li>(j) enter into or be a party to any transaction including any purchase, sale, lease, license or exchange of property, the rendering of any service or the payment of any management advisory or similar fee, with any Non Arms Length Parties, other than (i) as consented to by the Monitor and approved by the Court on prior</li> </ul>

	<p>notice to the DIP Lender; or (ii) as consented to by the DIP Lender,</p> <ul style="list-style-type: none"> <li>(k) make a public announcement in respect to, enter into any agreement or letter of intent with respect to, or attempt to consummate, or support an attempt to consummate by another party, any transaction or agreement outside the ordinary course of business, other than with the consent and approval of the Monitor;</li> <li>(l) enter into any amalgamation, reorganization, liquidation, dissolution, winding-up, merger or other transaction or series of transactions whereby, directly or indirectly, all or any significant portion of the undertaking, property or assets of any of the Credit Parties would become the property of any other Person or Persons unless authorized by the DIP Lender in writing;</li> <li>(m) other than the Court Ordered Charges, seek or support a motion by another party to provide to a third party a charge upon any Property (including, without limitation, a critical supplier's charge) without the prior consent of the DIP Lender;</li> <li>(n) amend or seek to amend the Initial Order or the Amended and Restated Initial Order, or without the prior approval of the Monitor, the SISP, if one is brought;</li> <li>(o) seek, or consent to the appointment of an interim receiver, receiver, receiver manager, licensed insolvency trustee or any similar official in any jurisdiction;</li> <li>(p) terminate or repudiate any agreement with the DIP Lender;</li> <li>(q) seek or obtain any order from the Court that adversely affects the DIP Lender, in the opinion of the DIP Lender in its sole discretion, except with the prior written consent of the DIP Lender; and</li> <li>(r) disclaim any lease or agreement pursuant to section 32 of the CCAA, which is material to the business and operations of the Borrower without prior notice to the DIP Lender.</li> </ul>
<p><b>INDEMNITY</b></p>	<p>The Credit Parties agree to indemnify and hold harmless the DIP Lender, its officers, directors, employees, representatives, advisors, solicitors and agents (collectively, the “<b>Indemnified Persons</b>”) from and against any and all actions, lawsuits, proceedings (including any investigations or inquiries), claims, losses, damages, liabilities or expenses of any kind or nature whatsoever which may be incurred by or suited against or involve any of the Indemnified Persons as a result of, in connection with or in any way related to the DIP Facility, this Term Sheet, the Additional Security, or the DIP Credit Documentation, except to the extent that such actions, lawsuits, proceedings, claims, losses, damages, liabilities or</p>

	<p>expenses result from the gross negligence or willful misconduct of such Indemnified Persons.</p>
<p><b>EVENTS OF DEFAULT</b></p>	<p>The occurrence of any one or more of the following events shall constitute an event of default (“<b>Event of Default</b>”) under this Term Sheet:</p> <ul style="list-style-type: none"> <li>(a) failure of the Borrower to pay principal or Interest when due under this Term Sheet;</li> <li>(b) any representation, warranty, certificate or other statement of fact made or deemed by or on behalf of any of the Credit Parties herein or in any other DIP Credit Documentation or any amendment or modification hereof or thereof or waiver hereunder or thereunder proves to be false or misleading in any material respect on or as the date made or deemed made;</li> <li>(c) any other breach by any of the Credit Parties in the observance or performance of any provision, covenant (affirmative or negative) or agreement contained in this Term Sheet;</li> <li>(d) any breach by any of the Credit Parties in the observance or performance of any provision, covenant (affirmative or negative) or agreement contained in the Additional Security or the DIP Credit Documentation, or any event of default occurring under such documents;</li> <li>(e) any breach remains unremedied for longer than two (2) Business Days following the receipt of notice thereof or refusal by the Credit Parties to take any actions or steps requested by the Monitor in accordance with the powers granted to it under the Initial Order and/ or the Amended and Restated Initial Order;</li> <li>(f) if the Amended and Restated Initial Order is not issued by the Court by 5:00pm on April 25, 2025, in form and substance satisfactory to the DIP Lender in its sole discretion;</li> <li>(g) the Credit Parties seek to challenge, set-aside, invalidate, or otherwise effect the enforceability and priority of the Additional Security or the DIP Lender’s Charge;</li> <li>(h) the granting of any order reversing, amending, varying, supplementing, staying, vacating or otherwise modifying in any respect in a manner materially affecting the DIP Lender without the prior written consent of the DIP Lender;</li> <li>(i) either the Initial Order or the Amended and Restated Initial Order or the Additional Security, shall cease to be in full force and effect in a manner that has a material adverse effect on the interests of the DIP Lender;</li> <li>(j) any of the Credit Parties shall fail to comply in any material respect that has an adverse effect on the interests of the DIP</li> </ul>

Lender with any order granted by the Court in the CCAA Proceedings or the DIP Lender's Charge is rendered invalid and unenforceable against the Credit Parties;

- (k) the DIP Lender and the Monitor determine that there has been a material adverse change in the assets, business operations and/or capital structure of any of the Credit Parties;
- (l) this Term Sheet, the Additional Security, any other DIP Credit Documentation or the DIP Lender's Charge shall cease to be effective or shall be contested by any of the Credit Parties or any other party;
- (m) any order is issued by the Court (or any other court of competent jurisdiction) that adversely affects the interest of the DIP Lender, in the DIP Lender's sole discretion;
- (n) the CCAA Proceedings are terminated or converted to bankruptcy or receivership proceeding or any order is granted by the Court (or any court of competent jurisdiction) granting relief from the stay of proceedings during the CCAA Proceedings (as extended from time to time until the Maturity Date), unless agreed by the DIP Lender, in its sole discretion;
- (o) unless consented to in writing by the DIP Lender, in its sole discretion, the expiry without further extension of the stay of proceedings in the CCAA Proceedings;
- (p) the making by the Credit Parties of a payment of any kind that is not permitted by this Term Sheet or and is not in accordance with the DIP Budget unless consented to in writing by the DIP Lender in its sole discretion;
- (q) any Plan is filed or sanctioned by the Court, or any transaction is sought to be approved, in form and in substance that is not acceptable to the DIP Lender, including if such plan or transaction does not provide for the repayment, in cash in its entirety of: (i) the Obligations under the DIP Facility in full by the Maturity Date; and (ii) all obligations under, in connection with, or pursuant to, the Pre-Filing Loan Agreements, in each case, including interest thereon and the costs and expenses in connection therewith to the date of implementation or closing of such plan or transaction unless consented to in writing by the DIP Lender;
- (r) the denial or repudiation by the Credit Parties of the legality, validity, binding nature or enforceability of this Term Sheet, the DIP Lender's Charge or the Additional Security;
- (s) any creditor, encumbrancer or other Person seizes or levies upon any Collateral or exercises any right of distress, execution, foreclosure or similar enforcement process against any

	<p>Collateral;</p> <p>(t) any Plan is filed or sanctioned by the Court in a form and in substance that is not acceptable to the DIP Lender, acting reasonably;</p> <p>(u) any of the Credit Parties makes any payments of any kind not permitted by this Term Sheet, the DIP Budget or any order of the Court;</p> <p>(v) if the total cumulative disbursements and receipts provide in the weekly reporting is at any time during the CCAA Proceedings, greater than 15% of the cumulative budget confirmed in the DIP Budget or the applicable Updated DIP Budget, measured on a weekly basis; or</p> <p>(w) borrowings under the DIP Facility exceed the principal amount of the DIP Facility.</p>
<b>REMEDIES</b>	<p>Upon the occurrence and continuance of an Event of Default, subject to the DIP Credit Documentation, the DIP Lender may, upon written Notice to the Borrower and the CRO, with a copy to the Monitor:</p> <p>(a) terminate the DIP Facility and refuse to permit any further DIP Advances and, subject to the DIP Lender obtaining an order from the Court lifting the stay of proceedings in the Amended and Restated Initial Order;</p> <p>(b) on prior written notice to the Borrower and the service list of no less than four (4) Business Days, apply to the Court for the appointment of an interim receiver or a receiver and manager of the Property or for the appointment of a trustee in bankruptcy of the Borrower;</p> <p>(c) exercise the powers and rights of a secured party provided under the <i>Personal Property Security Act</i> (Ontario), the <i>Mortgages Act</i> (Ontario) and any similar legislation in any applicable jurisdiction, including the <i>Construction Act</i> (Ontario); and</p> <p>(d) exercise all such other rights and remedies under the DIP Credit Documentation and orders of the Court in the CCAA Proceedings.</p>
<b>DIP LENDER APPROVALS</b>	<p>All consents of the DIP Lender hereunder shall be in its sole and absolute discretion and shall be in writing. Any consent, approval, instruction or other expression of the DIP Lender to be delivered in writing may be delivered by a written instrument, including by way of electronic mail.</p>
<b>MATURITY DATE</b>	<p>Subject to the termination of this Term Sheet by reason of an Event of Default, the Maturity Date of the DIP Facility shall be the earliest of:</p> <p>(a) July 31, 2025 (or such later date as the DIP Lender in its</p>

	<p>discretion may agree to in writing with the Borrower);</p> <ul style="list-style-type: none"> <li>(b) the date on which (i) the stay of proceedings under the CCAA Proceedings is lifted without the consent of the DIP Lender, or (ii) the CCAA Proceedings are terminated for any reason;</li> <li>(c) the closing of a purchase and sale of substantially all of the assets or shares of the Borrower which has been approved by an order entered by the Court;</li> <li>(d) the implementation of a plan in the CCAA Proceedings approved by an order entered by the Court;</li> <li>(e) the refinancing of the DIP Facility upon the written consent of the DIP Lender;</li> <li>(f) the date on which the CCAA Proceedings are terminated or are converted into a proceeding under the <i>Bankruptcy and Insolvency Act</i> (Canada), or the stay of proceedings expires without extension;</li> <li>(g) the payment in full of the Obligations owing to the DIP Lender or</li> <li>(h) the occurrence of an Event of Default.</li> </ul> <p>The DIP Lender’s commitment in respect of the DIP Facility shall expire on the Maturity Date and all amounts outstanding under the DIP Facility including accrued Interest and Legal Fees (collectively, the “<b>Obligations</b>”) shall be repaid in full on the Maturity Date without the DIP Lenders being required to make demand upon the Borrower or to give notice that the DIP Facility has expired and the indebtedness under this Term Sheet are due and payable.</p> <p>The Maturity Date may be extended from time to time at the request of the Borrower, and with the prior written consent of the DIP Lender and the Monitor, for such period and on such terms and conditions as the DIP Lender may agree to in writing.</p>
<b>FURTHER ASSURANCES</b>	<p>The Credit Parties shall at their expense, from time to time execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) and things as the DIP Lender may reasonably request for the purpose of giving effect to this Term Sheet and the other DIP Credit Documentation, perfecting, protecting and maintaining the Liens created by the DIP Lender’s Charge or establishing compliance with the representations, warranties and conditions of this Term Sheet or any other DIP Credit Documentation.</p>
<b>NON-MERGER</b>	<p>The provisions of this Term Sheet shall not merge on the Initial Advance or any Subsequent Advance made hereunder but shall continue in full force and effect for the benefit of the parties hereto.</p>

<b>ENTIRE AGREEMENT</b>	<p>This Term Sheet, including the Schedules hereto and the DIP Credit Documentation, constitutes the entire agreement between the parties relating to the subject matter hereof. To the extent that there is any inconsistency between this Term Sheet and any of the other DIP Credit Documentation, this Term Sheet shall govern and supersede. Neither this Term Sheet nor any other DIP Credit Documentation, nor any terms hereof or thereof, may be amended, unless such amendment is in writing signed by the Borrower and the DIP Lender.</p>
<b>AMENDMENTS, WAIVERS, ETC.</b>	<p>No waiver or delay on the part of the DIP Lender in exercising any right or privilege hereunder or under any other DIP Credit Documentation will operate as a waiver hereof or thereof unless made in writing and signed by an authorized officer of the DIP Lender. Any consent to be provided by the DIP Lender shall be granted or withheld solely in its capacity, and having regard to its interests, as DIP Lender.</p>
<b>ASSIGNMENT</b>	<p>The DIP Lender may assign this Term Sheet and its rights and obligations hereunder, in whole or in part, subject in all cases to the assignee providing written notice to the Credit Parties to confirm such assignment. Neither this Term Sheet nor any right or obligation hereunder may be assigned by any of the Credit Parties without the written consent of the DIP Lenders.</p> <p>Each of the Credit Parties hereby consents to the disclosure of any confidential information in respect of the Credit Parties to any potential assignee provided such potential assignee agrees in writing to keep such information confidential. A copy of all notices delivered pursuant to this section shall be delivered promptly to the Monitor.</p>
<b>PRE-FILING CREDIT ARRANGEMENTS</b>	<p>Except as expressly provided for herein, nothing in this Term Sheet shall amend or affect the rights, remedies and entitlements of the DIP Lender in respect of the Pre-Filing Obligations, including the right to payment of interest, under or in respect of and in accordance with the Pre-Filing Loan Agreements, or any loan documents or security documents delivered in connection with the Pre-Filing Loan Agreements, or restrict the enforcement by the DIP Lender of any such rights, remedies or entitlements.</p> <p>For greater clarity, nothing in this Term Sheet shall amend or affect the rights, remedies and entitlements of the Bank of Montreal and/or any of its affiliates or subsidiaries, including the right to payment of interest, under or in respect of and in accordance with any loan documents or security documents delivered by the Credit Parties.</p>
<b>SEVERABILITY</b>	<p>Any provision in any DIP Credit Documentation which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and thereof or affecting the validity or enforceability of such provision in any other jurisdiction.</p>

<p><b>COUNTERPARTS AND FACSIMILE SIGNATURES</b></p>	<p>This Agreement may be executed in any number of counterparts and by facsimile or e-mail transmission, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument. Any party may execute this Term Sheet by signing any counterpart of it.</p>
<p><b>NOTICES</b></p>	<p>Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or sent by electronic mail to the attention of the person as set forth below:</p> <p><b>In the case of the DIP Lender:</b></p> <p>BMO Financial Group  First Canadian Place  100 King Street West, 19<sup>th</sup> Floor  Toronto, ON M5X 1A1</p> <p>Attention: Rachel Gillespie  Email: rachel.gillespie@bmo.com</p> <p>With a copy to:</p> <p>Aird &amp; Berlis LLP  Brookfield Place  181 Bay Street, Suite 1800  Toronto, ON M5J 2T9</p> <p>Attention: Steven Graff, Adrienne Ho and Samantha Hans  Email: sgraff@airdberlis.com, aho@airdberlis.com and shans@airdberlis.com</p> <p><b>In the case of the Credit Parties:</b></p> <p>c/o Earth Boring Co. Limited  1775 North Sheridan Way  Mississauga, ON L5K 1A2</p> <p>Attention: Eugene Woodbridge  Email: gene@earthboring.ca</p> <p>With a copy to:</p> <p>Reconstruct LLP  80 Richmond Street West, Suite 1700  Toronto, ON M5H 2A3</p> <p>Attention: Caitlin Fell, Brendan Bissell and Jessica Wuthmann  Email: cfell@reconllp.com, bbissell@reconllp.com and jwuthmann@reconllp.com</p> <p>In either case, with a copy to the Monitor:</p>

	<p>BDO Canada Limited  20 Wellington East, Suite 500  Toronto, ON M5E 1C5</p> <p>Attention: Clark Lonergan  Email: clonergan@bdo.ca</p> <p>In either case, with a copy to the Monitor’s counsel:</p> <p>Gowling WLG (Canada) LLP  1 First Canadian Place  100 King Street, Suite 1600  Toronto, ON M5X 1G5</p> <p>Attention: Clifton Prophet and Heather Fisher  Email: clifton.prophet@gowlingwlg.com and  heather.fisher@gowlingwlg.com</p>
<p><b>GOVERNING LAW AND JURISDICTION</b></p>	<p>This Term Sheet shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each of the Credit Parties irrevocably submits to the non-exclusive courts of the Province of Ontario, waives any objections on the ground of venue or forum <i>non conveniens</i> or any similar grounds, and consents to service of process by mail or in any other manner permitted by relevant law.</p>

**[REMAINDER OF PAGE INTENTIONALLY BLANK]**

**IN WITNESS HEREOF**, the parties hereby execute this Term Sheet as of the date first written above.

**DIP LENDER:**

**BANK OF MONTREAL**

Per: \_\_\_\_\_  
Name:  
Title:

**CREDIT PARTIES:**

**EARTH BORING CO. LIMITED**

Per: \_\_\_\_\_

Name: Name 1

Title: Title 1

Per: \_\_\_\_\_

Name: Name 2

Title: Title 2

We have authority to bind the corporation

**TROLAN INVESTMENTS LTD.**

Per: \_\_\_\_\_

Name: Name 1

Title: Title 1

Per: \_\_\_\_\_

Name: Name 2

Title: Title 2

We have authority to bind the corporation

**YARBRIDGE HOLDINGS INC.**

Per: \_\_\_\_\_

Name: Name 1

Title: Title 1

Per: \_\_\_\_\_

Name: Name 2

Title: Title 2

We have authority to bind the corporation

**YARFIELD SERVICES LIMITED**

Per: \_\_\_\_\_

Name: Name 1

Title: Title 1

Per: \_\_\_\_\_

Name: Name 2

Title: Title 2

We have authority to bind the corporation

**SCHEDULE “A”  
ADDITIONAL DEFINITIONS**

“**Administration Charge**” means a super-priority Court-ordered charge against the assets of the Applicants securing the indemnity granted by the Applicants to the Applicants’ legal counsel, the CRO, the Monitor, and Monitor’s legal counsel in an amount not to exceed \$300,000 under the Initial Order, which amount is not to exceed \$600,000 under the Amended and Restated Initial Order [or as further amended by order of the Court](#).

“**Affiliate**” means, in respect of any Person at any date, (a) any corporation, company, limited liability company, association, joint venture or other business entity of which securities, membership interests or other ownership interests representing fifty percent (50%) or more of the voting power of all equity interests are owned or held, directly or indirectly, by such Person, (b) any partnership, limited liability company or joint venture wherein the general partner, managing partner or operator is, directly or indirectly, such Person, or (c) any other Person that is otherwise directly or indirectly controlled by such Person.

“**Applicable Laws**” means all federal, provincial, municipal and local laws, statutes, regulations, codes, acts, permits, licenses, ordinances, orders, by-laws, guidelines, notices, protocols, policies, directions and rules and regulations, including those of any governmental or other public authority, which may now, or at any time hereafter, govern, be applicable to or enforceable against or in respect of any or all of the Credit Parties, the operation of their businesses or their Property, as the case may be.

“**BDC**” Business Development Bank of Canada.

“**BDC Mortgage Charges**” means (i) a charge/mortgage in a principal amount of \$5,000,000 registered against the Steelwell Property in favour of BDC under instrument PR4394604; and (ii) a charge/mortgage in the principal amount of \$4,925,000 registered against the Zelco Property in favour of BDC under instrument HR1655555, a charge/mortgage in the principal amount of \$2,000,000 registered against the Zelco Property in favour of BDC under instrument HR1697379, and a charge/mortgage in the principal amount of \$3,300,000 registered against the Zelco Property in favour of BDC under instrument HR1920436.

“**Business Day**” means a day on which banks in Toronto, Ontario are open for business.

“**Collateral**” means all present and future assets, undertakings and properties, of any kind, of the Applicants, real and personal, tangible or intangible, including all proceeds thereof, wherever situated.

“**Court Ordered Charges**” means the Administration Charge, the Director’s Charge and the DIP Lender’s Charge.

“**Default**” means any Event of Default or any condition or event which, after notice or lapse of time or both, would constitute an Event of Default.

“**DIP Credit Documentation**” means this Term Sheet, the orders of the Court approving it and any other definitive or ancillary documentation in respect of the DIP Facility that are in form and substance satisfactory to the DIP Lender, in its sole discretion.

“**Director’s Charge**” means a super-priority Court-ordered charge against the assets of the Applicants securing the indemnity granted by the Applicants to their directors and officers, in an amount not to exceed \$200,000 under the Initial Order, which amount is not to exceed \$400,000 under the Amended and Restated Initial Order.

**“Governmental Authorities”** means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law or regulation-making organizations or entities: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory, state or other geographic or political subdivision thereof; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power, and **“Governmental Authority”** means any one of them.

**“Legal Fees”** means all reasonable and documented legal fees and disbursements that the DIP Lender will have to pay to its legal counsel in connection with any and all tasks related to this Term Sheet, the CCAA Proceedings, the orders of the Court, the DIP Facility or the DIP Credit Documentation and the enforcement of any of the rights and remedies available hereunder or under any security agreement granted by any of the Credit Parties in favour of the DIP Lender.

**“Liens”** means all mortgages, pledges, charges, encumbrances, hypothecs, liens and security interests of any kind or nature whatsoever.

**“Permitted Priority Liens”** means the Administration Charge. For greater certainty, except as expressly set forth in this Term Sheet, Liens and claims arising from the construction, repair, maintenance and/or improvement of real or personal property, and any Liens or any other claims arising from holdback or statutory trust claims shall not be “Permitted Priority Liens”.

**“Permitted Liens”** means (a) the Court Ordered Charges; and (b) liens, if any, in respect of amounts payable by a Borrower for wages, vacation pay, deductions, sales tax, excise tax, tax payable pursuant to Part IX of the *Excise Tax Act* (Canada), income tax and workers compensation claims.

**“Person”** means an individual, partnership, corporation (including a business trust), joint venture, limited liability company or other entity, or Governmental Authority.

**“Plan”** means the implementation of a proposal, plan of compromise or arrangement within the CCAA Proceedings which has been approved by the requisite majorities of the Borrowers’ creditors and by order entered by the Court and by the DIP Lender.

**“Post-Filing Obligations”** means all liabilities, indebtedness and obligations owing by the Credit Parties to the DIP Lender arising on or after the date of the Initial Order.

**“Pre-Filing Loan Agreements”** means the loan arrangements made pursuant to the credit agreement entered into between the Borrower and the DIP Lender dated as of June 22, 2023, as amended by a first amendment dated as of July 22, 2024 and a second amendment and forbearance agreement dated March 13, 2025 (as the same may be amended, amended and restated, renewed, extended, supplemented, replaced, or otherwise modified from time to time in accordance with its provisions).

**“Pre-Filing Obligations”** means all liabilities, indebtedness and obligations owing by the Credit Parties to the DIP Lender prior to the date of the Initial Order, including any and all liabilities, indebtedness and obligations owing under the Pre-Filing Loan Agreements.

**“Property”** means the Applicants’ present and after-acquired assets, and properties of every nature and kind whatsoever, wherever situate including all proceeds thereof.

**“SISP”** any sale and investment solicitation process in respect of the Property of the Applicants that may be sought in these CCAA Proceedings.



<b>Summary report:</b>	
<b>Litera Compare for Word 11.9.0.82 Document comparison done on 2025-05-26 10:26:36 PM</b>	
<b>Style name:</b> Firm Standard	
<b>Intelligent Table Comparison:</b> Active	
<b>Original filename:</b> \\torfil01\Shared\Heather Haddon Fara Shared Drive\Earth Boring\Proposed Monitor Report\EBC - DIP Term Sheet(64039021.8).docx	
<b>Modified filename:</b> \\torfil01\Shared\Heather Haddon Fara Shared Drive\Earth Boring\Second Report of Monitor\EBCL - Amended DIP Term Sheet.docx	
<b>Changes:</b>	
<u>Add</u>	3
<del>Delete</del>	1
<del>Move From</del>	0
<u>Move To</u>	0
<u>Table Insert</u>	0
<del>Table Delete</del>	0
<u>Table moves to</u>	0
<del>Table moves from</del>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
<b>Total Changes:</b>	<b>4</b>

Court File No. CV-25-00741419-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**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 EARTH BORING CO. LIMITED, YARBRIDGE  
HOLDINGS INC., TROLAN INVESTMENTS LTD., AND YARFIELD  
SERVICES LIMITED**

**AFFIDAVIT OF CLARK LONERGAN  
(Sworn May 26, 2025)**

I, **CLARK LONERGAN**, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY** that:

1. I am a Partner of BDO Canada Limited (“**BDO**”), and as such have personal knowledge of the matters referred to herein.
2. On April 15, 2025 (the “**NOI Filing Date**”), Earth Boring Co. Limited (“**EBCL**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to section 50.4 of the *Bankruptcy & Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”). BDO, a Licensed Insolvency Trustee, was named proposal trustee (the “**Proposal Trustee**”) in EBCL’s proposal proceedings (the “**Proposal Proceedings**”).
3. On April 17, 2025, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) issued an order (the “**Initial Order**”) granting EBCL, Yarbridge Holdings Inc., Torlan Investments Ltd., and Yarfield Services Limited (collectively the “**Applicants**” or the “**Companies**”) protection pursuant to the *Companies Creditors*

*Arrangement Act*, R.S.C. 1985, c. C-36 (the “**CCAA**”). Pursuant to the Initial Order BDO was appointed as CCAA Monitor (the “**Monitor**”).

4. BDO, as proposed monitor, prepared a pre-filing report dated April 16, 2025 (the “**Proposed Monitor’s Report**”) to provide information to the Court for its consideration in respect of the Applicants’ CCAA Application.
5. On April 24, 2025, on the Applicants’ comeback motion, the Court granted additional relief pursuant to the order of the Honourable Madam Justice Steele (“**Justice Steele**”), approving an extension of the initial stay to July 4, 2025, and increasing the Administration Charge, DIP Lender’s Charge and D&O Charge (all defined in the Initial Order and together the “**Charges**”) (the “**Amended and Restated Initial Order**” or “**ARIO**”). Certain matters relating to the order of priority with regard to the Charges were deferred to a later date.
6. BDO, as Monitor, prepared a first report dated April 23, 2025 (the “**First Monitor’s Report**”) to provide information to the Court for its consideration in respect of the Applicants’ comeback motion and ARIO.
7. On May 5, 2025, the Court granted additional relief pursuant to the order of Justice Steele, amending the ARIO to reflect the agreed upon priority of Charges reached among certain of the Applicant’s stakeholders (the “**Second Amended and Restated Initial Order**” or the “**SARIO**”).
8. On May 26, 2025, the Monitor finalized its second report (the “**Second Report**”) to the Court in which it outlined its activities with respect to the Applicants and the Monitor as well as provided information with respect to the Monitor’s fees and disbursement and those of its legal counsel.
9. Pursuant to the Second Amended and Restated Initial Order, the Monitor has provided services in the amount of \$290,920 (excluding HST), in the period up to May 17, 2025 (the “**Period**”) with respect to services provided. Attached to this

affidavit as **Exhibit “A”** is a summary of all invoices, rendered by the Monitor on a periodic basis during the Period (the “**Monitor’s Accounts**”).

10. True copies of the Monitor’s Accounts, which include a fair and accurate description of the services provided along with hours and applicable rates claimed by the Monitor, are attached to this affidavit as **Exhibit “B”**.
11. In the course of performing its duties pursuant to the Second Amended and Restated Initial Order, the Monitor’s staff has expended a total of 550.9 hours during the Period. Attached to this affidavit as **Exhibit “C”** is a schedule setting out a summary of the individual staff involved in the administration of the Monitor’s appointment and the hours and applicable rates claimed by the Monitor for the Period. The average hourly rate billed by the Monitor during the Period is \$528.08.
12. The Monitor requests that this Court approve its Monitor’s Accounts for the Period, in the total amount of \$290,920 (excluding HST) for services rendered and recorded during the Period.
13. The time shown in the detailed account attached as Exhibits A-C is a fair and accurate description of the services provided and the amounts charged by the Monitor, which reflect the Monitor’s time as billed at the standard billing rates.
14. Gowling WLG (Canada) LLP (“**Gowling**”), as independent legal counsel to the Monitor, has provided legal services to the Monitor, rendered services throughout these proceedings in a manner consistent with the instructions of the Monitor and has prepared an affidavit with respect to the services rendered in the period up to May 16, 2025 (the “**Counsel’s Period**”). The Monitor has reviewed the invoices rendered by Gowling during the Counsel’s Period.

15. To the best of my knowledge, the rates charged by the Monitor and Gowling are comparable to the rates charged for the provision of similar services by other accounting and law firms in downtown Toronto.
16. I verily believe that the fees and disbursements incurred by BDO, in its respective capacity as Monitor, and Gowling are fair and reasonable in the circumstances
17. This affidavit is sworn in support of the Applicant's Motion for, among other things, approval of the Monitor's fees and disbursements and those of its legal representatives and for no other or improper purpose.

**SWORN** by Clark Lonergan at the City of Toronto, in the Province of Ontario, before me on May 26, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Signed by:

*Heather Fisher*

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A commissioner, etc.

**Heather Fisher (LSO #75006L)**

DocuSigned by:

*Clark Lonergan*

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**CLARK LONERGAN**

This is **Exhibit “A”** referred to in the Clark Lonergan at the City of Toronto, in the Province of Ontario, before me on May 26, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely

Signed by:

*Heather Fisher*

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Commissioner for Taking Affidavits (or as may be)  
**Heather Fisher (LSO #75006L)**

EXHIBIT "A"

BDO CANADA LIMITED

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
 EARTH BORING CO. LIMITED, YARBIDGE HOLDINGS INC., TROLAN INVESTMENTS LTD., AND YARFIELD SERVICES LIMITED  
 FEES SUMMARY FROM APRIL 8, 2025 TO MAY 17, 2025

Invoice #	Period	Fees Incurred	Courtesy Discount	Subtotal	HST	Total
CINV3377887	April 8, 2025 to April 17, 2025	\$110,755.50	\$0.00	\$110,755.50	\$14,398.22	\$125,153.72
CINV3430725	April 18, 2025 to May 17, 2025	\$200,164.50	-\$20,000.00	\$180,164.50	\$23,421.39	\$203,585.89
		\$310,920.00	-\$20,000.00	\$290,920.00	\$37,819.60	\$328,739.60

This is **Exhibit “B”** referred to in the Clark Lonergan at the  
City of Toronto, in the Province of Ontario, before me on  
May 26, 2025 in accordance with O. Reg. 431/20,  
Administering Oath or Declaration Remotely

Signed by:

*Heather Fisher*

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Commissioner for Taking Affidavits (or as may be)  
**Heather Fisher (LSO #75006L)**



Tel: 416 865 0210  
 Fax: 416 865 0904  
 www.bdo.ca

BDO Canada Limited  
 20 Wellington Street E, Suite 500  
 Toronto ON M5E 1C5 Canada

**INVOICE**

**Earth Boring Co. Limited**  
**1775 North Sheridan Way**  
**Mississauga, ON L5K 1A2**

**Attention: Gene Woodbridge**

<b>Date</b>	<b>Invoice No.</b>
April 23, 2025	CINV3377887

**Re: Earth Boring Co. Limited - CCAA**

**FOR PROFESSIONAL SERVICES RENDERED** in connection with our engagement in the above noted matter for the two-week period April 8, 2025 to April 17, 2025 as per the details below.

Our Fee	\$ 110,755.50
HST - 13%	14,398.22
<b>TOTAL</b>	<b><u>\$ 125,153.72</u></b>

**Summary of Time Charges:**

	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
C. Lonergan, Partner	64.3	785.00	50,475.50
J. Fritz, Sr. Manager	2.8	625.00	1,750.00
H. Yin, Manager	71.6	500.00	35,800.00
Muaaz Ahmad, Sr. Analyst	56.5	395.00	22,317.50
T. Montesano, Analyst	1.5	275.00	412.50
Total	<u>196.7</u>		<u>\$ 110,755.50</u>

**BANK WIRE TRANSFER/EFT PAYMENTS:** Payment can be made online in Canadian funds. Please ensure you email your online payment confirmations including invoice #, amount paid and payment date) to [EFTPayments@bdo.ca](mailto:EFTPayments@bdo.ca)

**The banking information for BDO Canada Limited is as follows for Canadian Funds**

CIBC Main Branch  
 Commerce Court  
 199 Bay Street  
 Toronto, ON M5L 1G9  
 Account Name: BDO Canada Limited

Bank: Canadian Imperial Bank of Commerce  
 Bank Institution #: 010  
 Transit #: 00002  
 Account #: 91-26910  
 Swift Reference #: CIBCCATT



Staff	Date	Comments	Hours
H. Yin	8-Apr-25	Attend to client site. Multiple meetings with Company, BDO team, CRO, etc. Continue to work on revised draft of CCAA cash flow forecast, multiple correspondence and meetings re: same with Company, CRO, etc.; Review of inputs from MNP and internal templates; Discussion with M. Ahmad and C. Lonergan re: updated model assumptions, sensitivities, and forecast logic; Prepare draft for internal review; Multiple correspondence with C. Lonergan re: Aviva, CCAA materials, fixed asset listing, etc.; Multiple correspondence with Company's counsel re: active projects, etc.; Correspondence with Company re: treasury functions, processes, etc. Correspondence with C. Lonergan re: same; Correspondence with C. Lonergan and Company re various items such as priority payable, union dues, etc.	10.2
M. Ahmad	8-Apr-25	Attend to client site, assist H. Yin on CCAA cash flow; Multiple correspondence with H. Yin and C. Lonergan re: next steps, CCAA materials, assist re: same.	5.0
C. Lonergan	8-Apr-25	Update call with MNP re: cash flow draft, CCAA filing and next steps, etc.; Review of DIP term sheet and discussion with Bank and Counsel re: same. Update on proposed changes to the DIP term sheet, review of CCAA cash flows and discussion with BDO team re: same, etc.; Discussions with CRO re: project analysis and equipment monetization plan, update on Polar refinance; Review of bonds and discussion with A&B re: indemnities and equipment, review of CCAA materials - Initial Order, update correspondence with Company counsel re: affidavit items, treasury function updates with Company and BDO team re: payments to Unions and other priority items, update on private banking and tax trust structure and additionally deciding whether additional entities need to be brought into the CCAA proceeding; Update call with Company counsel re: DIP term sheet items, update with Bank re: Aviva meetings, review of insurance policies, review of CRO engagement letter and discussion with Bank/Counsel and CRO re: the same; Update call with all Counsels re: CCAA filing materials, etc.	7.2
M. Ahmad	9-Apr-25	Work on debt position numbers as requested by Company counsel and correspondence with H. Yin re: same; Correspondence with H. Yin re: cleaning up CCAA cash flow and scenario 2 cash flow file and prepare for distribution.	6.0
C. Lonergan	9-Apr-25	Review of CCAA material affidavit, DIP term sheet, cash flows, Initial Order and Lien Regularization Order ("LRO"); Set up framework for proposed Monitors report and discussions with BDO team re: same; Multiple discussions and correspondence with Bank and Counsel re: CCAA proceedings, update discussions with BDO team re: the same, etc.; Multiple calls with CRO and Company counsel re: projects, next steps, etc.; Call with MNP and BDO team, review of Aviva proposals and discussion with Bank and Counsel re: next steps, update call with Bank, Bank Counsel and Proposed Monitor's counsel re: CCAA filing materials and next steps, etc.	7.2



Staff	Date	Comments	Hours
H. Yin	9-Apr-25	Meet with C. Lonergan and MNP re: updates, next steps, CCAA filing, etc.; Meet with Bank and counsel re: CCAA filing status, Company and Aviva discussions, etc.; Correspondence with G. Schachter re: debt figures, correspondence with M. Ahmad re: same; Clean up of CCAA cash flow workbook, correspondence with M. Ahmad re: same; Review of various correspondence ahead of court date; Begin draft of Monitor's pre-filing report and discussion with C. Lonergan re: same.	7.5
M. Ahmad	10-Apr-25	Update cash flow from D. West's file into BDO template and discuss with H. Yin and C. Lonergan on revisions to BDO sensitivities analysis; Assist with revised cash flow with Aviva proposal reflected.	5.0
C. Lonergan	10-Apr-25	Review of Maynbridge debt purchaser offer, discussion with Bank re: the same; Review of Aviva proposal and Company proposal; Update call with CRO re: Polar and Bank meeting, priority agreement frames and key considerations, update discussions with Bank, Counsel and BDO team re: the same, etc.; Multiple calls with Bank and Counsel re: next steps; Update call with Company, Aviva, CRO, Bank and counsels re: next steps; Correspondence with H. Yin re: project analysis and AP analysis for A&B; Update correspondence with MNP re: cash flows, etc. Update analysis and correspondence to Bank and Counsel re: key considerations re: Company/Aviva's proposed next steps, etc.	5.5
H. Yin	10-Apr-25	Produce revised version of 13-week cash flow forecast with Aviva's proposal reflected, correspondence with M. Ahmad re: same. Draft email re: same for Bank and counsel; Correspondence with BDO team re: new sensitivities per discussions with Company re: updates to P&L forecast figures; Email to MNP re: Scenario A cash flow; Produce by project AP detail breakdown for Bank's counsel, draft email re: same.	3.5
C. Lonergan	11-Apr-25	Review of MNP provided cash flows and comparison to previous versions, discussions with BDO team re: same, etc.; Review of priority agreement from BLG and various iterations with A&B, multiple discussions with BDO team, Bank and Counsel re: same, etc.; Update call with CRO re: next steps, review of contract analysis, etc.	6.5
M. Ahmad	11-Apr-25	Call with BMO, A&B, & BDO team to discuss path forward with the intercreditor agreement; Receive cash flow from MNP and discussions with BDO team re: variances against BDO cash flow. Assist with cash flow comparison.	3.5
H. Yin	11-Apr-25	Discussions with C. Lonergan re: MNP provided cash flow. Conduct comparison and correspondence with M. Ahmad re: same; Review of various correspondence from Bank and counsel re: CCAA filing delay, Company status, etc.; Call with BMO, A&B, and BDO team re: next steps, MNP cash flow comparison, etc.	2.6
C. Lonergan	12-Apr-25	Review of Aviva priority agreement and changes proposed by A&B re: same; Update calls with Company, CRO, and counsel re:	4.3



Staff	Date	Comments	Hours
		Company new proposal. Update call with A&B re: next steps; Update correspondence to the Bank, calls with Bank re: cash flow updates, priority agreement, A&B and BLG items, company proposal, and next steps, etc. Email update to BDO team re: the same, etc.	
C. Lonergan	13-Apr-25	Update correspondence re: Company new cash flow proposal to Aviva; Review of updates to cash flows and assumptions, review of Bank and Counsel correspondence re: same; Update email to BDO team re: cash flow and next steps; Review of various correspondence between Bank and Aviva, discussions with Bank re: the same, etc.	3.3
H. Yin	14-Apr-25	Review of update email from C. Lonergan re: situation update, go forward plan, assumptions to be revised in the cash flow, CCAA update, etc. Correspondence with M. Ahmad re: same; Start draft of First Report of the Monitor, new revised CCAA cash flow, call with Company CRO, etc. re: same; Call with Bank and A&B re: Aviva negotiations and next steps; Correspondence with BDO team re: CCAA filing materials, NOI filing materials needed, etc.	12.4
C. Lonergan	14-Apr-25	Update of treasury, banking, and remaining items to Bank. Update calls with Bank and Counsel re: next steps, Aviva discussions, priority agreement mark up and CCAA filing materials; Review of CCAA filing materials, update call with Company Counsel re: the same, etc.; Project review and discussion with CRO re: the same; Review and discussion with BDO team re: projects cash flows and P&L analysis, bonded jobs analysis and CCAA cash flow, update re: the same; Review of CRO engagement letter, DIP term sheets discussion and review of Counsel correspondence; Discussion with Company Counsel and Monitor's Counsel re: types of bonds and impacts; Prepare for NOI filing, update on Aviva, creditors listing update and discussion with BDO team re: consent, form 33 and other filing materials, etc.	7.7
M. Ahmad	14-Apr-25	Correspondence with H. Yin re: various emails from C. Lonergan re: Aviva negotiations, next steps, etc.; Assist with cash flow updates; Pivot to CCAA cash flow and assist; Review cash flow file with D. West and update to H. Yin; Update CCAA cash flow back end and attend update call with A&B, Bank and BDO team; Meeting with CRO, Company and BDO to discuss CCAA cash flow, next steps, etc.; Assist with incorporating additional projects as indicated by the CRO into the CCAA cash flow. Additional work completed to build out project rolls, payroll costs and other operating costs into the CCAA cash flow file, discussions with H. Yin re: same, etc.	12.0
H. Yin	15-Apr-25	Call with BDO team re: NOI filing, documents needed, etc. Draft email to Company and Company's counsel re: same; Draft BDO consent letter. Discussions with M. Ahmad and T. Montesano re: preparation of all NOI filing forms, Ascend uploads, etc. Discussions with Company re: same, AP listing, revisions to AP list, etc.; Meet with CRO and Company re: project rolls, projects	14.6



Staff	Date	Comments	Hours
		to keep, status of NOI filing, etc.; Correspondence with C. Lonergan re: updated project P&L analysis, assumptions updates, CCAA cash flows, etc. Review Company updates to P&L projection, incorporate into DIP sizing and call with C. Lonergan re: same; Call with Company, CRO, Company counsel, and BDO re: project by project analysis, DIP sizing, etc. for the CCAA cash flow; Review of DIP Term Sheet redline; Correspondence with C. Lonergan re: admin and D&O charges, draft email to C. Lonergan re: same.	
T. Montesano	15-Apr-25	Prepare NOI sign-up documents, e-file same with OSB, and correspondence with H. Yin re: same.	1.5
C. Lonergan	15-Apr-25	Call with CRO and Counsels re: NOI filing, projects, bonding, status of filing materials, etc.; Call with BDO team re: CCAA cash flows and project analysis; Call with Bank re: CRO engagement letter and DIP term sheet; Discussion with CRO re: next steps and engagement letter. Discussion with Company Counsel re: the same; updating and drafting of the Proposed Monitor's report, update discussion with Company Counsel re: filing materials and affidavit, update on charges, review and update of the DIP term sheet, preparing for NOI filing, update on Aviva letters, creditors listing update and discussion with BDO team re: consent, form 33 and other filing materials, directors resolution, etc.; Call with Company, CRO, Company Counsel and BDO team re: projects, DIP sizing and CCAA cash flows, etc. Call with BDO team re: admin and D&O charges.	9.0
M. Ahmad	15-Apr-25	Discussions with Company and CRO re: additional project related changes made to the cash flow. Discussion with H. Yin re: same, projects to keep, etc.; Work with BDO team and Company to prepare NOI materials to file; Help update CCAA cash flow to reflect projects selected to continue through the proceeding; Circulate list of projects selected. Update CCAA cash flow with updated Company figures.	11.5
H. Yin	16-Apr-25	Continue to draft Monitor's pre-filing report, send to C. Lonergan for review and discussions re: same; Final revisions to CCAA cash flow and correspondence with M. Ahmad re: same, circulate final draft to Company and CRO for review. Discussions with Company and CRO re: same, reflect changes from C. Lonergan's notes on CCAA cash flow; Multiple correspondence with C. Lonergan and counsel re: pre-filing report, make revisions as necessary re: same; Review of final pre-filing report, discussions with M. Ahmad re: appendices; Finalize 2-week and 13-week cash flow appendices with M. Ahmad and send to counsel; Draft pre-filing cash flow update to Bank.	13.2
C. Lonergan	16-Apr-25	Update on Monitor's report, appendices and CRO engagement; Update on DIP term sheet and funding mechanism, update with Counsel and Bank re: the same; Review draft Monitor's pre-filing report and discussion with BDO team and Counsel re: the same; Update call with Company and Counsel re: CCAA cash flows, DIP, Admin and D&O charges; Review of Company materials, cash flow and treasury function re: pre-filing debt levels; Finalize	7.4



Staff	Date	Comments	Hours
		Proposed Monitor's Report with BDO team and our Counsel re: changes, appendices. Review of Aviva changes re: CCAA materials, etc.	
M. Ahmad	16-Apr-25	Correspondence with H. Yin re: incorporating C. Lonergan's review notes to the cash flow. Finalize notes for both the 2-week and 13-week cash flow for Monitor's pre-filing report; Assemble appendices for the pre-filing report and correspond with counsel and BDO team re: same; Attend call with A&B, Bank, and BDO team re: go forward court proceedings and potential scenarios; Review various correspondence from Bank and counsel.	8.5
J. Fritz	17-Apr-25	Statutory filing review and internal correspondence with BDO team; Correspondence with Company's counsel re: Court hearing.	2.8
C. Lonergan	17-Apr-25	Review of final Aviva changes to CCAA orders and review of Counsel correspondence re: the same; Review of Monitor's pre-filing report in advance of Court hearing. Attendance at Court; Update with BDO team re: CCAA statutory filing requirements, update of creditor list requirements, etc.; Treasury function update call with BDO team and Company; Various calls with Bank re: DIP financing; Update narrative for Company re: vendors and customers communications, etc.; Correspondence with BDO team re: IT update on Monitor's website, NOI, next steps, cash flow analysis, and DIP coverage of project receipts, etc.	6.2
M. Ahmad	17-Apr-25	Meet with Company to discuss current treasury functions, correspondence with H. Yin re: same; Correspondence with H. Yin and C. Lonergan re: plan going forward, monitoring process and payment approval process; Correspondence with H. Yin re: review of credit card statements, conduct review re: same.	5.0
H. Yin	17-Apr-25	Call with Company re: working file of the finalized CCAA cash flow; Correspondence with M. Ahmad re: next steps, treasury process, monitoring protocols, etc.; Correspondence with internal IT re: set up of Monitor's website. Email to Company's counsel re: same; Discussions with Company re: scheduled payments, communications to vendors, etc.; Review of DIP Term Sheet re: initial advance, draft email to Bank and Bank's counsel re: same; Call with J. Fritz re: statutory filing for CCAA; Correspondence with M. Ahmad re: credit card statements, unusual transactions detection, etc.	7.6



Tel: 416 865 0210  
 Fax: 416 865 0904  
 www.bdo.ca

BDO Canada Limited  
 20 Wellington Street E, Suite 500  
 Toronto ON M5E 1C5 Canada

**INVOICE**

**Earth Boring Co. Limited**  
**1775 North Sheridan Way**  
**Mississauga, ON L5K 1A2**

**Attention: Gene Woodbridge**

**Date**

May 23, 2025

**Invoice No.**

CINV3430725

**Re: Earth Boring Co. Limited - CCAA**

**FOR PROFESSIONAL SERVICES RENDERED** in connection with our engagement in the above noted matter for the period April 18, 2025 to May 17, 2025 as per the details below.

Our Fee	\$ 200,164.50
Courtesy Discount:	(20,000.00)
Sub Total	180,164.50
HST - 13%	23,421.39
<b>TOTAL</b>	<b>\$ 203,585.89</b>

**Summary of Time Charges:**

	Hours	Rate	Amount
C. Lonergan, Partner	108.1	785.00	84,858.50
J. Fritz, Sr. Manager	15.4	625.00	9,625.00
H. Yin, Manager	143.3	500.00	71,650.00
M. Ahmad, Sr. Analyst	30.5	395.00	12,047.50
S. Armes, Sr. Analyst	52.8	395.00	20,856.00
T. Montesano, Analyst	4.1	275.00	1,127.50
<b>Total</b>	<b>354.2</b>		<b>\$ 200,164.50</b>

**BANK WIRE TRANSFER/EFT PAYMENTS:** Payment can be made online in Canadian funds. Please ensure you email your online payment confirmations including invoice #, amount paid and payment date) to [EFTPayments@bdo.ca](mailto:EFTPayments@bdo.ca)

**The banking information for BDO Canada Limited is as follows for Canadian Funds**

CIBC Main Branch  
 Commerce Court  
 199 Bay Street  
 Toronto, ON M5L 1G9  
 Account Name: BDO Canada Limited

Bank: Canadian Imperial Bank of Commerce  
 Bank Institution #: 010  
 Transit #: 00002  
 Account #: 91-26910  
 Swift Reference #: CIBCCATT



Staff	Date	Comments	Hours
J. Fritz	21-Apr-25	Correspondence with BDO team re: statutory notice matters; Affidavit, creditor review, and other CCAA filing matters. Correspondence with BDO team re: same.	4.3
T. Montesano	21-Apr-25	Correspond with S. Macfarlane re: notice of CCAA to be inserted in National Post.	0.6
Clark Lonergan	21-Apr-25	Update with BDO team and Company re: notices and newspaper articles, update on creditors listing, drafting First Report and update correspondence with Counsel re: [REDACTED]	9.2
M. Ahmad	21-Apr-25	Clean up of vendor list for creditor notice, attend to filing matters, etc.; Review documents for CCAA filing requirements. Correspondence with J. Fritz on creditor list, filing requirements, etc.; Request and compile additional vendors for Yarbridge, Trolan, Yarfield.	5.5
Heron Yin	21-Apr-25	Various filing items, correspondence with IT, review of multiple forms to be filed with the OSB, etc. Correspondence with BDO team re: same.	3.6
J. Fritz	22-Apr-25	Direction to M. Ahmad and T. Montesano re: statutory notice matters; Work on comeback hearing materials, Monitor's First Report, and discussions with BDO team re: same.	5.7
T. Montesano	22-Apr-25	Prepare mailing packages, update mailing addresses, mail same to creditors, confirm notice with S. Macfarlane from National Post re: newspaper notice. Review of draft notice, correspond with BDO team re: same, etc.; prepare affidavit of mailing.	3.5
Clark Lonergan	22-Apr-25	Update re: treasury functions, credit cards, review of supplier claim and counsel correspondence re: the same; BDC update with Counsel and discuss cash flow debt servicing requirements; notice and newspaper review and update with the Company, correspondence with Company and Aviva re: meeting; Update and drafting of the Monitor's First Report, review of cash flows for the First Report. Discussion with CRO and BDO team re: project changes, update call with CRO and review of correspondence re: SISP and Stifel next steps; Review of CRO payment process protocols; Review of pre-filing invoice and discussion with CRO/Company re: the same; Review of Caledon project summary; Review of CRO restructuring initiatives update.	7.6
M. Ahmad	22-Apr-25	Review of credit card statements and discussions with H. Yin, C. Lonergan re: same; Finalize and submit vendor notices. Discussions with H. Yin and CRO re: approval process and treasury functions; Receive change requests from J. Fritz and make changes to formatting and structure of the notice listings. Updated and exported PDF listings for the website.	6.5
Heron Yin	22-Apr-25	Review of project level P&L updates; Revisions to the cash flow, conduct sensitivity analysis, etc. Correspondence with CRO and C. Lonergan re: same, etc.; Draft email to counsel re: debt servicing breakdown, etc.; Discussions with M.	7.7



Staff	Date	Comments	Hours
		Ahmad re: credit card statement review, etc.; Discussions with M. Ahmad and CRO re: payment approval process, treasury function updates, etc.	
S. Armes	23-Apr-25	Attend call with Aviva; Make revisions/redactions to documents uploaded to the Monitor's website.	1.5
J. Fritz	23-Apr-25	Discussions with BDO team re: updates to the Monitor's website; Continue to work on Monitor's First Report and discussions with BDO team re: same.	3.3
Clark Lonergan	23-Apr-25	Update with Bank of Montreal re: next steps; Drafting and finalizing the Monitor's First Report, discussion with BDO team and Counsel re: the same; Review of Court materials and affidavit, updates to the First Report; Discussions with BDO team re: variance analysis and treasury function update, etc.; Review of City of Hamilton correspondence, payment of invoices re: cash flow variance analysis; Call with Company, CRO and Aviva re: Caledon project and next steps; Discussion with BDO team re: BMO DIP fee reversal and discussion with the Company and Bank re: the same; BDC priority update and review of counsel correspondence re: the same; Review of Aviva information requirements and correspondence with the Company and counsel re: the same, etc.	7.7
M. Ahmad	23-Apr-25	Meet with CRO and Company to discuss payment approval process; Correspondence with H. Yin re: variance analysis and discussions with Company on receipts and disbursements; Finalize variance analysis, send to H. Yin and C. Lonergan for review; Correspondence with BDO team, assist in finalizing deliverable for the comeback hearing. Review and respond to email regarding purchase approval for material at Garner Road project; Correspondence with H. Yin re: updates to the creditor's list.	7.5
Heron Yin	23-Apr-25	Continued cash flow stress test and correspondence with CRO re: same, etc.; Review of multiple correspondence between Company, counsel, CRO, etc.; Review professional fee invoices received and correspondence with Company re: payment, etc.; Correspondence with M. Ahmad and C. Lonergan re: variance analysis for the First Report, review re: same; Assist in drafting of the First Report, review of First Report, and multiple correspondence with Counsel re: same; Creditor list updates and correspondence with M. Ahmad re: same; Discussions with CRO and company re: treasury protocols, payment approval process, etc.	11.5
J. Fritz	24-Apr-25	Attend to statutory notice matters, etc.	1.4
Clark Lonergan	24-Apr-25	Review of Court materials, motion materials and Monitor's First Report; Attendance at Court; Review of items on Monitor's website for consistency with the First Report; Review of BDC priority issues and correspondence/responses re: the same; Review of Aviva information requests and priority of trust claims and correspondences/responses re: the same; Review of updated ARIO re: the same, review of charge increases and correspondence with Counsel re: the	5.7



Staff	Date	Comments	Hours
		same; Update call with Aviva/MNP and CRO re: Caledon and reporting framework, follow up with CRO and Company re: the same, follow up with BDO team and BMO, etc.; Discussions with BDO team re: estimated security position and call with BMO re: same.	
M. Ahmad	24-Apr-25	Review, comment on UCI invoice approval item; Meeting with MNP re: Aviva information requests, etc. Meet with Company and H. Yin to streamline approval and monitoring protocols; Assist in the estimated security position analysis for BMO.	7.5
Heron Yin	24-Apr-25	Correspondence with M. Ahmad and C. Lonergan re: draft estimated security position analysis for BMO; Discussion with CRO and M. Ahmad re: Aviva requests; Call with BMO re: estimated security position, make revisions re: same and call with C. Lonergan to discuss; Follow up with BDO IT team re: Monitor's website updates, changes, etc.; Review of motion materials; Correspondence with BMO re: reversal of certain charges and pause on autopayments, etc.; Correspondence with counsel re: break out of debt servicing amounts within the cash flow.	7.7
J. Fritz	25-Apr-25	Statutory notice, website matters; Review of ARIO reasons for decision.	0.4
Clark Lonergan	25-Apr-25	Update call with customers, update call with CRO and BDO re: cash treasury functions and project tracking, update call with Company counsel, update call with Counsel re: customer correspondence, statutory filing obligations with the OSB, update call with BDO team re: the same, review of website, update on court orders, correspondence with Surety and their advisors, review of Caledon project financials, etc.	4.4
M. Ahmad	25-Apr-25	Attend to site, multiple work sessions with H. Yin and CRO re: disbursements tracking, cost monitoring, etc.	3.5
Heron Yin	25-Apr-25	Compile additional documents and correspondence with BDO IT team re: uploads to Monitor's website; Work with M. Ahmad and CRO team to create disbursements tracker, cost monitoring template, etc.; Draft remainder statutory filing items, etc.	6.5
S. Armes	28-Apr-25	Communication with M. Ahmed and H. Yin re: status of various workstreams, etc.; Conduct variance analysis of previous week, set up of workbook re: same; Correspondence with company for multiple items including variance analysis, disbursements, payroll description	6.5
Clark Lonergan	28-Apr-25	Multiple correspondence with Company and BDO team re: UCI payments, CRA communication, SISP next steps, etc. Review of potential sales agents, etc. Discussion with Company re: picking sales agent; Receive and review multiple correspondence from Company's counsel, CRO, etc.	4.5
Heron Yin	28-Apr-25	Multiple calls and correspondence with vendors; Update email to BDO team re: status of the Monitor's website; Review follow up from Bank's counsel on property tax and	7.5



Staff	Date	Comments	Hours
		utilities within the cash flow, draft response re: same; Correspondence with Company and CRA re: payroll audit request, next steps, etc.; Review of letter received from Peel Region re: 4 projects, discuss with Company's counsel and CRO re: same, draft response; Email to BMO re: capital lease payments and other BMO charges.	
Clark Lonergan	29-Apr-25	Update with BDO team and CRO re: treasury functions, HST, and operational update re: project P&L, headcount rationalization, etc.; SISP correspondence to Sales Agents, review of data room documentation re: the same, Aviva correspondence and follow up with Company re: information request, discussions with Company Counsel re: next steps, etc.	3.6
S. Armes	29-Apr-25	Discussion with Company re: payroll reports, creation of the payroll template to allocate to specific jobs and correspondence with H. Yin re: same; Conduct prior week's variance analysis.	5.5
J. Fritz	29-Apr-25	Pre-filing payment matter review and correspondence with H. Yin re: same.	0.3
Heron Yin	29-Apr-25	Call with C. Lonergan and S. Armes re: HST, project P&L, headcount, etc.; Discussions with S. Armes re: payroll allocation to specific jobs; Review Stifel's previous confidential information memorandum, draft email re: Company to be sent to sales agents; Review of DIP term sheet and email to CRO and BDO team re: project reporting obligations; Follow up with Company re: CRA audit correspondence; Request and review of March HST filing breakdown, correspondence with J. Fritz re: HST treatments under CCAA for pre-filing related items.	5.2
S. Armes	30-Apr-25	Discussions with BDO team re: next steps; Set up various trackers and working papers for different workstreams; Revise and finalize variance reporting to the Bank, send to H. Yin for review; Request AP listing from Company and review re: same, circulate to BDO team.	3.0
Clark Lonergan	30-Apr-25	Discussions and multiple correspondence with Aviva re: Caledon; Correspondence with MNP re: claims, AP listing, etc.; Correspondence with sales agents re: Company's situation, recent filing, etc.; Discussions with counsel re: <span style="background-color: black; color: black;">[REDACTED]</span> Correspondence with BMO re: same; Discussions with McNally re: Halton project, email update to Company and CRO re: same.; Review variance reporting sent to BMO.	4.7
Heron Yin	30-Apr-25	Attend to site, multiple correspondence with vendors re: Company's situation, continued supply, etc.; Discussions with S. Armes re: variance reporting, review and draft email to BMO; Correspondence with Company counsel re: cash flow line item; Review of multiple correspondence received from counsel, Company, and CRO; Draft email re: project list and send to counsel.	4.5



Staff	Date	Comments	Hours
S. Armes	1-May-25	Assist with CCAA cash flow clean up; Working session with H. Yin to update on treasury monitoring protocols, tracker set up, etc. Make revisions re: same; Discussions with Company and H. Yin re: monthly DIP reporting package and deliverables.	7.5
Clark Lonergan	1-May-25	Update calls with potential Sales Agent re: pitches; Update call with Company and MNP re: Caledon and other information requests; Calls with potential purchasers; Review LRO and respective claims on projects, discussion with Counsel and BDO team re: SISP, Bank options, LRO, Aviva, etc.; Discussion with Company/CRO and Counsels re: Caledon and next steps, etc.; Discussion with McNally and connection with Company and CRO re: the same, etc.	4.7
Heron Yin	1-May-25	Clean up of working copy of CCAA cash flow for Aviva's advisor; Correspondence with Company's counsel on cash items re: admin office location expenses, correspondence with D. West re: same; Discussions with S. Armes and re: treasury protocols, tracker build out, etc.; Email to D. West re: DIP Lender's fee; Correspondence with S. Armes and D. West re: monthly reporting package outlined in DIP Term Sheet, deliverables, timing, etc.; Consolidate email requests to Bank and email re: same; Draft email re: ESP high level bridge between versions and send to Bank; Multiple discussions with vendors re: current status of the Company, address questions re: CCAA filing, go-forward plan, etc.; Review of multiple correspondence from Company, CRO, etc.; Discussions with C. Lonergan and counsel re: [REDACTED]	8.8
S. Armes	2-May-25	Discussions with H. Yin and C. Lonergan on treasury monitoring updates, including review of cash position reporting and integration of feedback into tracking templates; Assist on Caledon reporting matters in support of the Region of Peel meeting; Review of DIP monthly reporting package, and follow up on other outstanding deliverables for May reporting.	7.3
Clark Lonergan	2-May-25	Update call with Company/CRO/BDO team re: Caledon, update of Caledon P&L, update analysis and narrative for the Region of Peel, correspondence and discussion with the Bank re: the same; Correspondence and review of pitch decks from Sales Agents, update with Counsels re: BDC priority issue; Call with Region of Peel and Company re: Caledon, review of DIP monthly reporting package and discussion with BDO team re: the same; Correspondence with MNP re: reporting; Discussion with creditors, correspondence with potential purchaser and Company re: SISP; Treasury function update with BDO team and the Bank, etc.	6.7
Heron Yin	2-May-25	Review of multiple correspondence from Company, counsel, CRO; Multiple discussions with vendors re: CCAA proceedings, updates on Company, future claims process, continued supply to the operation, etc.; Multiple discussions with potential sales process participants re: current status of the CCAA,	8.2



Staff	Date	Comments	Hours
		future SISP, Company status, etc.; Discussions with Company and CRO team re: Envision Consultants, Caledon project, Aviva discussions, etc.; Call with C. Lonergan re: upcoming call with Region of Peel. Discussions with Company and CRO re: same, review of Caledon cost to complete projections, revise and produce summary for presentation to Region of Peel. Attend meeting with Region of Peel re: same; Discussions with Company re: month end reporting package status, review of AR/AP, and other documents to be submitted; Discussions with CRO team re: cash position, various updates, ongoing conversations with customers re: receipts, etc.; Treasury monitoring update call with S. Armes and C. Lonergan.	
Clark Lonergan	3-May-25	Sales Agent update and summary re: the same to Bank and Company, etc.	1.2
Clark Lonergan	4-May-25	Review of Sales Agent offers with BDO team, receive and update summary bid schedule re: the same to send to Bank, Company and its Counsel; Update re: region of Peel and Aviva update, discussion with BDO team re: the same, etc.	3.7
Heron Yin	4-May-25	Working session with C. Lonergan to review all sales agent proposals, correspondence with C. Lonergan re: same. Produce summary of all proposals and send to C. Lonergan for review; Review of Stifel's previous CIM and draft questions to ask sales agents; Correspondence with C. Lonergan re: update on Peel region and Caledon, etc.	3.6
S. Armes	5-May-25	Correspondence with H. Yin re: vendor payment tracking; Follow up with Company re: outstanding vendor balances ahead of H. Yin's discussions with vendors; Assist in analysis on receipts from non-bonded jobs; Assist in compiling AR breakdown for Monitor's correspondence to CRO and counsel; Update treasury monitoring tracker and internal working papers re: same.	6.0
Clark Lonergan	5-May-25	Update with Sales Agents re: presentation times, follow up with Company/Counsel/Bank re: the same; Follow up with Company re: region of peel, review of ARIO and update BDO team re: the same; Review of various LRO and L&M updates, review of receipts on non-bonded projects, discussion with BDO team/CRO and Counsel re: the same; Aviva correspondence re: Caledon; CRO/Counsel correspondence re: Hamilton project; Update with CRO and BDO corporate finance re: Sales Agent pitch, etc.	3.8
Heron Yin	5-May-25	Correspondence with IT re: updates to Monitor's website; Correspondence with Company and Company's counsel re: vendor outstanding amounts; Compile and draft email to CRO and Company's counsel re: AR from non-bonded jobs. Discussions with BDO team, Company's counsel and CRO re: customers offsetting lien amounts against the Company's projected receipts, etc.; Multiple correspondence with vendors and follow up with Company re: same. Correspondence with sales agents re: presentation times.	7.5



Staff	Date	Comments	Hours
S. Armes	6-May-25	Correspondence with H. Yin and Company re: reconciliation of opening balance and pre-filing outstanding cheques; Assist in review and clean-up of pre-filing amounts. Follow up with Company on supporting detail. Update internal tracking files re: same.	4.0
Clark Lonergan	6-May-25	SISP presentations and debrief with Bank and BDO team re: the same, update with Company re: Caledon project and next steps, discussions with BDO team re: same.	4.2
Heron Yin	6-May-25	Attend SISP presentations, discussions with C. Lonergan and Bank re: same; Correspondence with C. Lonergan re: Caledon update, next steps, etc.; Conduct reconciliation of opening balance, review of pre-filing outstanding cheques, correspondence with S. Armes and Company re: same; Review multiple correspondence from counsel, Aviva, MNP, etc.; Continued correspondence with multiple vendors.	7.8
S. Armes	7-May-25	Correspondence with H. Yin and Company re: variance reporting. Review and update weekly variance workbook; Reconcile variances to bank statement and assist in preparing update for the Bank. Participate in discussions with BDO team re: same; Review supporting documents from Company and update internal tracker re: receipts and disbursements.	7.0
Clark Lonergan	7-May-25	Attend SISP presentation and discussion with BDO team re: same; Caledon update, LRO discussion with Counsel; Variance update call with BDO team, etc.	3.6
Heron Yin	7-May-25	Correspondence with C. Lonergan; Correspondence with Company and S. Armes re: variance reporting. Review and reconcile to bank statement. Draft variance reporting update email to Bank; Attend SISP presentations and take notes. Discussions with C. Lonergan re: same.	4.5
S. Armes	8-May-25	Finalize BDO internal working papers, update trackers, communications list, etc. Draft email re: same to H. Yin; Review and sorting of all BDO files, Company files, etc.; Review of previous week's payroll breakdown, rework payroll tracker.	4.5
Clark Lonergan	9-May-25	Update call with Bank re: cash flow, DIP, etc. Update call with Company/Counsel/Bank re: Sales Agent, update call with Sales Agents re: proposal, [REDACTED], update discussions with BDO team and CRO re: cash flows, update call with Aviva re: Caledon, update discussion with Company re: Caledon, correspondence with MNP re: cash flow reporting, discussion with Company and Bank re: customer discussions and next steps, treasury update with BDO team, etc.	4.4
Heron Yin	9-May-25	Attend on-site for various discussions with Company and CRO re: disbursements, variances, etc.; Update call with C. Lonergan and Bank re: cash flow, DIP, etc.; Call with Company, Company's counsel, and Bank re: sales agent for SISP; Correspondence with multiple vendors re: LRO,	9.2



Staff	Date	Comments	Hours
		payments, etc.; Email update to Bank re: pre-filing bank balance lock in; Discussions with CRO and Company re: receipts variance, DIP draw, etc. Draft email re: same; Update with C. Lonergan re: treasury, next steps, etc.	
Clark Lonergan	10-May-25	Review of CRO update, discussion with Company Counsel re: the same; Draft email update to CRO/Company/Counsel re: cash flow, Caledon contract, AR, etc.; update to respective sales agents re: the SISP, discussion with PwC re: SISP, etc.	2.2
Clark Lonergan	11-May-25	Review of LRO correspondence; Review of Company Halton narrative and discussion with Counsel re: the same, etc.	1.3
Clark Lonergan	12-May-25	Meetings with CRO/Company/BDO team re: cash flows and actions items, updated AR and DIP cash flow discussion; Treasury and cash flow tracking with BDO team and Company; Caledon update with Company and CRO, email to Aviva re: the same; Update with BDO team and Company re: DIP draw and required steps, etc.; Review of Bank and its Counsel's correspondence re: update items and potential next steps, etc.; Correspondence with Sales Agent re: SISP items, data room, etc.; Update correspondence with Aviva re: Caledon project; Update on DIP variance reporting; Municipality update re: Trisan new project, etc.	7.7
Heron Yin	12-May-25	Draft DIP draw request for Company; Correspondence with vendors; revise variance reporting to include DIP limit testing and send to Bank; Meet with C. Lonergan, Company, and CRO to discuss next steps, action items, cash flows, etc.; Discussion with C. Lonergan re: treasury monitoring update, DIP draw, receipts delay, etc.; Review multiple correspondence from Company and counsel.	4.8
Clark Lonergan	13-May-25	Update call with McNally re: next steps, discussion with BDO Counsel and McNally Counsel re: the same; Update with Company and BDO team re: new P&L. Discussions with CRO, Company, Counsel and BDO team re: the same, update call with CRO re: Halton project and other projects, update discussion with Counsel re: next steps, SISP, Bank counsel response, Caledon project, etc.; Treasury function update and DIP funding; Update calls with municipalities, re: new contracts, equipment analysis, MNP follow up, etc.	4.7
Heron Yin	13-May-25	Call with BMO re: revision to variance reporting template; Correspondence with C. Lonergan and Company's counsel re: McNally receipts related to Halton. Correspondence with Company re: same, compile supporting documentation and forward to Company's counsel; Discussions with Company re: McNally invoice breakdown, draft email to C. Lonergan to be sent to McNally; Review of Company's new P&L and discussions with C. Lonergan, Company, and CRO re: same. Incorporate new P&L into cash flow for preliminary sensitivity testing, etc.	6.5
Clark Lonergan	14-May-25	Update correspondence with Aviva and discussion with Company re: Caledon project and next steps, etc.; Multiple update calls with McNally, Company and Counsel re:	5.3



Staff	Date	Comments	Hours
		payment, offsets and liens, and project operational items; Project update meeting with Company/CRO and BDO team; Review of UCI invoices, etc.; call with Bank and BDO team re: variance analysis, cash flow and next steps, etc. Review of legal letters re: customers and payment requirements, etc.; Update call with Counsel and new CFO re: next steps, etc.	
Heron Yin	14-May-25	Conduct variance analysis, correspondence with Company re: same; Draft variance reporting update to Bank and call with C. Lonergan and Bank re: same; Correspondence with PwC, Company, and CRO re: SISP kick off meeting time; Discussions on project updates with C. Lonergan, Company, and CRO; Correspondence with C. Lonergan re: UCI payments and invoices, next steps for the cash flow, etc.	5.4
Clark Lonergan	15-May-25	Primrose update, equipment analysis update and discussion with Counsel re: the same, etc.; Municipality update, discussion with Company and Counsel re: the same, etc. Torkin Manes litigation update, etc.	3.4
Heron Yin	15-May-25	Multiple discussions with Company and CRO re: project P&Ls; Discussions with Company re: next steps, cash flows, Caledon update, etc.; Begin set up of updated 13-week cash flow; Discussions with CRO re: P&L workbook format, etc.	6.5
Clark Lonergan	16-May-25	Follow up with Counsels re: LRO, next steps re: McNally, Hamilton; Update call with Rose developers and discussion with Company and BDO team re: the same, follow up with Company and Sales Agent re: the SISP, update on equipment usage plan and discussion with Company and Counsel re: the same, update on Caledon project and accommodation agreement re: the same, cash flow and P&L discussion with the Company, BDO team and CRO re: the same; update call with Counsel re: timing of cash flows; discussion and follow up with Company re: CFO, update with municipalities re: bidding of new work, review of employee correspondence re: outstanding expenses, etc.	3.8
Heron Yin	16-May-25	Attend onsite and participate in multiple working sessions on the P&L; Begin draft of the updated 13-week cash flow; Discussions with C. Lonergan and Company re: Rose Corp., cash flow timing, P&L, and next steps, etc.	10.8
Heron Yin	17-May-25	Continue drafting of updated 13-week cash flow, send to C. Lonergan for review.	5.5

This is **Exhibit “C”** referred to in the Clark Lonergan at the  
City of Toronto, in the Province of Ontario, before me on  
May 26, 2025 in accordance with O. Reg. 431/20,  
Administering Oath or Declaration Remotely

Signed by:

*Heather Fisher*

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Commissioner for Taking Affidavits (or as may be)  
**Heather Fisher (LSO #75006L)**

EXHIBIT "C"

BDO CANADA LIMITED

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
EARTH BORING CO. LIMITED, YARBRIDGE HOLDINGS INC., TROLAN INVESTMENTS LTD., AND  
YARFIELD SERVICES LIMITED

TIME SUMMARY FROM APRIL 8, 2025 TO MAY 17, 2025

	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Clark Lonergan, Partner	172.40	\$ 785.00	\$135,334.00
John Fritz, Senior Manager	18.20	\$ 625.00	\$11,375.00
Heron Yin, Manager	214.90	\$ 500.00	\$107,450.00
Muaaz Ahmad, Senior Analyst	87.00	\$ 395.00	\$34,365.00
Samantha Armes, Senior Analyst	52.80	\$ 395.00	\$20,856.00
Tony Montesano, Analyst	5.60	\$ 275.00	\$1,540.00
<b>Subtotal</b>	<u>550.90</u>		<u>\$310,920.00</u>
Courtesy Discount			<u>-\$20,000.00</u>
<b>Total</b>			<u>\$290,920.00</u>
 <b>Average Hourly Amount</b>			 <u><u>\$528.08</u></u>

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

Court File No. CV-25-00741419-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF EARTH BORING CO. LIMITED, YARBIDGE HOLDINGS INC., TROLAN INVESTMENTS LTD., AND YARFIELD SERVICES LIMITED

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**  
Proceeding commenced at Toronto

**AFFIDAVIT OF CLARK LONERGAN**  
**(Sworn May 26, 2025)**

**GOWLING WLG (CANADA) LLP**  
100 King St W, Suite 1600  
Toronto, ON M5X 1G5  
Fax: 416.862.7661

**Clifton P. Prophet (LSO #34845K)**  
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**Heather Fisher (LSO #75006L)**  
Tel: 416.369.7202  
Heather.fisher@gowlingwlg.com

Lawyers for the BDO Canada Limited, in its capacity as  
Court-appointed Monitor

Court File No. CV-25-00741419-00CL

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**

**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 EARTH BORING CO. LIMITED, YARBRIDGE HOLDINGS INC., TROLAN INVESTMENTS LTD., AND YARFIELD SERVICES LIMITED (Collectively, the "Applicants")**

**AFFIDAVIT OF HEATHER FISHER**  
**(sworn May 26, 2025)**

I, **HEATHER FISHER**, of the City of Toronto in the Province of Ontario, **MAKE**

**OATH AND SAY:**

1. I am an Associate with the law firm of Gowling WLG (Canada) LLP ("**Gowlings**"), lawyers for the Monitor, BDO Canada Limited, and as such, have personal knowledge of the following matters herein deposed, except where stated to be on information and belief, and where so stated, I verily believe it to be true.
2. Attached hereto as **Exhibit "A"** are true copies of Gowlings accounts rendered to the Monitor for services billed during the period March 26, 2025 to May 16, 2025.
3. Attached and marked as **Exhibit "B"** is a summary of the hours charged by Gowlings professionals from the period March 26, 2025 to May 16, 2025. Gowlings incurred a total of 98.1 hours at an average hourly rate of \$1,045.73.

4. During the relevant period, Gowling WLG expended approximately 98.1 hours for total fees of \$103,509.55 (excluding HST), based on Gowlings standard billing rates in effect from time to time during the relevant period. The attached accounts reflect the time spent by Gowling WLG and Gowling WLG rates are typical for Toronto firms of Gowling WLG's size.

**SWORN** by Heather Fisher at the City of Toronto, in the Province of Ontario, virtually before me on May 26, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Signed by:  
*C. Haddon Murray*  
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Commissioner for Taking Affidavits  
(or as may be)  
**C. Haddon Murray**  
**(LSO #61640P)**

DocuSigned by:  
*Heather Fisher*  
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**HEATHER FISHER**

**This is Exhibit "A" referred to in the Affidavit of Heather Fisher affirmed by Heather Fisher at the City of Toronto, in the Province of Ontario, before me on May 26, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.**

Signed by:

*C. Haddon Murray*

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**A COMMISSIONER FOR TAKING OATHS  
C. Haddon Murray  
(LSO#61640P)**



May 26, 2025

**Heather Fisher**  
 Direct +1 416 369 7202  
 Direct Fax +1 416 862 7661  
 heather.fisher@gowlingwlg.com

BDO Canada Limited

**Re: Earth Boring Co. Limited**

**TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING  
 for the period ending May 16, 2025**

**FEES**

Date	Narrative	Hrs	TK Name
26/03/2025	Initial call with C. Prophet re: Earth Boring status and Lien Regularization Order, reviewing precedent Lien Regularization Orders;	0.8	Fisher, Heather
26/03/2025	Initial call and structure discussion;	0.8	Prophet, Cliff
04/04/2025	Call with B. Bissell;	0.5	Prophet, Cliff
06/04/2025	Review of material for filing and consult with C. Lonergan re [REDACTED];	1.1	Prophet, Cliff
06/04/2025	Reviewing draft materials re: initial order;	0.2	Fisher, Heather
07/04/2025	E-mails with client;	0.3	Prophet, Cliff
08/04/2025	[REDACTED]; calls with client and other counsel;	5.5	Prophet, Cliff
08/04/2025	Attendance at meeting with client and other counsel;	1.3	Fisher, Heather
09/04/2025	Call with other counsel and comments on draft court material;	1.8	Prophet, Cliff
09/04/2025	Call with client;	0.6	Prophet, Cliff
09/04/2025	Call with B. Bissell;	0.1	Prophet, Cliff

**Gowling WLG (Canada) LLP**  
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**gowlingwlg.com**

Gowling WLG (Canada) LLP is a member of Gowling WLG, an international law firm which consists of independent and autonomous entities providing services around the world. Our structure is explained in more detail at [gowlingwlg.com/legal](http://gowlingwlg.com/legal).

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Date	Narrative	Hrs	TK Name
10/04/2025	Reviewing draft initial order and lien regularization order;	0.4	Fisher, Heather
11/04/2025	Review of status and e-mail to client;	0.2	Prophet, Cliff
11/04/2025	E-mails re Court scheduling;	0.2	Prophet, Cliff
14/04/2025	Review of prior jurisprudence and consider LRO;	0.8	Prophet, Cliff
14/04/2025	Communicating with BDO;	0.5	Prophet, Cliff
14/04/2025	E-mails with counsel to EBCL;	0.3	Prophet, Cliff
15/04/2025	Review of LRO in detail and comment on same to counsel;	1.8	Prophet, Cliff
15/04/2025	Call with client and call with counsel to company and counsel to bank re filing preparation;	0.8	Prophet, Cliff
16/04/2025	Meeting with H. Fisher and C. Prophet re [REDACTED]; reviewing Applicant's Factum and draft Lien Regularization Order;	1.7	Carew, Natasha
16/04/2025	Multiple meetings with client and company counsel; review and revise pre-filing report;	5.3	Prophet, Cliff
16/04/2025	Reviewing application materials and factum, reviewing and providing comments on Proposed Monitor's Report, coordinating service and filing of Proposed Monitor's Report, meeting with N. Carew and C. Prophet re: [REDACTED];	6	Fisher, Heather
17/04/2025	Prepare for and attend at Court for hearing of initial relief;	3.6	Prophet, Cliff
17/04/2025	Preparation for and attendance at initial application;	2.2	Fisher, Heather
17/04/2025	E-mails after filing;	0.5	Prophet, Cliff
18/04/2025	Correspondence with Justice Steele re: application record and orders;	0.2	Fisher, Heather
21/04/2025	Review and comment on company approach to materials; call with counsel to company; communicating with client;	1.5	Prophet, Cliff
21/04/2025	Reviewing service list, correspondence with C. Prophet, C. Lonergan and B. Bissell re: ARIO and return of application logistics, call with C. Lonergan and C. Prophet re: [REDACTED];	1.9	Fisher, Heather



Date	Narrative	Hrs	TK Name
22/04/2025	Review and comment on company materials; calls and e-mails with counsel to BDC;	1	Prophet, Cliff
22/04/2025	Revise PPSA searches; revise service list;	0.8	Oladosu, Emily
22/04/2025	Calls with BDC and other counsel re: cash flow and ARIO, call with BMO counsel re: DIP Term Sheet and priority for charges, attending to service list logistics;	4.2	Fisher, Heather
22/04/2025	Further communications with counsel to BDC;	0.7	Prophet, Cliff
23/04/2025	Prepare suggested changes to ARIO language re BDC priority;	0.6	Prophet, Cliff
23/04/2025	Multiple calls with company and bank counsel, including calls and document review re information requests from Aviva;	1.5	Prophet, Cliff
23/04/2025	Reviewing and revising First Report of the Monitor, attending to Service List and court filing logistics;	4.2	Fisher, Heather
23/04/2025	Communicating with counsel to BDC and company counsel re priorities points;	0.5	Prophet, Cliff
23/04/2025	Communicate with Bank counsel re BDC position;	0.4	Prophet, Cliff
23/04/2025	Further call with counsel to BDC;	0.5	Prophet, Cliff
24/04/2025	Prepare for and attend Court;	3.2	Prophet, Cliff
24/04/2025	Revise service list;	0.4	Oladosu, Emily
24/04/2025	Attendance at comeback hearing, attending to service list and court filing logistics, correspondence with EBCL and BDC re: proposed endorsement language re: BDC reservation of rights;	2.7	Fisher, Heather
24/04/2025	E-mails re [REDACTED];	0.3	Prophet, Cliff
25/04/2025	Communicating with and about counsel to Aviva;	0.5	Prophet, Cliff
28/04/2025	Revise service list;	0.4	Oladosu, Emily
28/04/2025	Instructions to H. Fisher;	0.3	Prophet, Cliff
28/04/2025	Attending to service list logistics, reviewing Monitor's Notice of Lien Claim submissions, correspondence with C. Fell and B. Bissell re: charge priorities;	0.8	Fisher, Heather



Date	Narrative	Hrs	TK Name
28/04/2025	E-mails from debtor counsel and stakeholder;	0.2	Prophet, Cliff
29/04/2025	Call with counsel to BMO and further correspondence with project claimants;	1	Prophet, Cliff
29/04/2025	Call with counsel to Aviva; review of information requests; review of incoming stakeholder e-mails;	1.4	Prophet, Cliff
29/04/2025	Attendance at meeting with Monitor, Monitor's Counsel, Applicant, Aviva and BMO re: cash flows and information sharing requests, meeting with C. Prophet re: [REDACTED];	1.2	Fisher, Heather
29/04/2025	Instructions to H. Fisher on Aviva issues;	0.4	Prophet, Cliff
30/04/2025	Reviewing company correspondence with City of Hamilton re: continued payment on projects, drafting letter to City of Hamilton re: same, [REDACTED]; reviewing correspondence from Peel Region re: default notice, meeting with C. Prophet re: [REDACTED];	1.6	Fisher, Heather
30/04/2025	Call with Monitor to discuss various matters;	1.0	Gertner, Thomas F.
30/04/2025	E-mails re information requests; [REDACTED]; call with C. Lonergan re [REDACTED];	1.6	Prophet, Cliff
01/05/2025	Instructions to H. Fisher;	0.3	Prophet, Cliff
01/05/2025	Correspondence with City of Hamilton re: continued payment on projects, reviewing monitor's notices of lien;	0.7	Fisher, Heather
02/05/2025	Meeting with H. Fisher re [REDACTED]; reviewing notices of lien;	0.5	Carew, Natasha
02/05/2025	Call with N. Carew re: [REDACTED], call with Caledon, C. Lonergan and G. Woodbridge re: project continuation requirements, [REDACTED], reviewing and providing comments on draft SARIO, correspondence with B. Bissell re: status of BDC priority discussions;	1.7	Fisher, Heather
02/05/2025	Attending to call with Monitor and municipality to discuss project;	0.8	Gertner, Thomas F.



Date	Narrative	Hrs	TK Name
05/05/2025	Reviewing monitor's lien notices, preparation for and attendance at case conference re: priority dispute, attending to Case Center logistics re: same	1.1	Fisher, Heather
05/05/2025	Reviewing lien notices;	0.4	Carew, Natasha
06/05/2025	Correspondence with G. Schachter re: Case Center logistics, reviewing correspondence re: Garner Road project;	0.2	Fisher, Heather
07/05/2025	Considering correspondence re: information sharing;	0.2	Gertner, Thomas F.
07/05/2025	Considering correspondence re: information sharing; reviewing monitor's lien notices, correspondence with EBCL and E. Oladosu re: service list updates;	0.9	Fisher, Heather
08/05/2025	Reviewing lien notices and drafting construction lien report;	1.9	Carew, Natasha
08/05/2025	Reviewing correspondence re: Garner Road holdback payment status, reviewing and providing comments to N. Carew re: [REDACTED];	0.3	Fisher, Heather
09/05/2025	Revising construction lien report;	0.5	Carew, Natasha
09/05/2025	Correspondence with EBCL and E. Oladosu re: service list updates, reviewing monitor's lien notices;	0.2	Fisher, Heather
12/05/2025	Reviewing lien notices, attending to service list logistics, reviewing correspondence from DIP Lender; correspondence with the Court re: Case Center logistics;	1.1	Fisher, Heather
12/05/2025	Update service list;	0.5	Oladosu, Emily
12/05/2025	Reviewing lien notices and correspondence from lien claimant counsel; revising Construction Lien Report;	3.3	Carew, Natasha
13/05/2025	Correspondence with S. Laird and R. Kennaley re: McNally payment of project funds, reviewing documents re: same, reviewing LRO and Initial Order re: same, correspondence with DIP Lender re: sale process questions, correspondence with EBCL re: sale process return date logistics, reviewing lien tracking report;	2.7	Fisher, Heather
14/05/2025	Reviewing and considering correspondence from counsel to C&M McNally; revising construction lien report;	0.8	Carew, Natasha



Date	Narrative	Hrs	TK Name
14/05/2025	Reviewing correspondence re: construction claims;	0.4	Gertner, Thomas F.
14/05/2025	Correspondence with S. Laird and R. Kennaley re: McNally payment of project funds and supporting documentation, considering same, reviewing Construction Act;	2.1	Fisher, Heather
15/05/2025	Preparation for and attendance on call with J. Simpson and A. Scane re: plaintiff EBCL litigation instructions, calls with company re: same, correspondence with N. Carew re: [REDACTED]; correspondence with C. Lonergan and G. Woodbridge re: McNally payment;	1.8	Fisher, Heather
15/05/2025	Considering sales process; internal correspondence re: [REDACTED];	0.3	Gertner, Thomas F.
16/05/2025	Reviewing supporting documentation from McNally, reviewing EBCL correspondence to Primrose re: LRO obligations;	0.4	Fisher, Heather
16/05/2025	[REDACTED];	0.3	Gertner, Thomas F.
16/05/2025	[REDACTED];	1.1	Gertner, Thomas F.
16/05/2025	Reviewing email from counsel to C&M McNally re account reconciliation and direct payments to sub-subcontractors; email to H. Fisher [REDACTED]; receiving and reviewing new lien notices;	0.8	Carew, Natasha
16/05/2025	[REDACTED];	0.5	Fisher, Heather

<u>Timekeeper</u>	<u>Hours</u>	<u>Hourly Rate</u>	<u>Amount</u>
Clifton Prophet	40.6	\$1,390.00	\$56,434.00
Natasha Carew	9.9	\$940.00	\$ 9,306.00
Thomas F. Gertner	4.1	\$855.00	\$ 3,505.50
Heather Fisher	41.4	\$800.00	\$33,120.00
Emily Oladosu – Law Clerk	2.1	\$485.00	\$1,018.50

Total Fees	\$103,384.00
HST (@13%) on Fees	\$13,439.92
<b>Total Fees and HST</b>	<b>\$116,823.92</b>



**DISBURSEMENTS**

Process Server	\$40.00
TeraView Searches	\$42.80
Corporate Searches	\$22.65
<b>Subtotal Taxable Disbursements and HST</b>	<b>\$119.15</b>
Non-Taxable TeraView Searches	\$20.10
<b>Total Disbursements and HST</b>	<b><u>\$125.55</u></b>

**TOTAL NOW DUE** **\$116,962.17**

Sincerely,

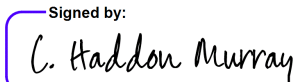
Gowling WLG (Canada) LLP

A handwritten signature in black ink that reads "Heather Fisher".

Heather Fisher  
HF:eo

**This is Exhibit "B" referred to in the Affidavit of Heather Fisher affirmed by Heather Fisher at the City of Toronto, in the Province of Ontario, before me on May 26, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.**

Signed by:



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**A COMMISSIONER FOR TAKING OATHS**

**C. Haddon Murray  
(LSO#61640P)**

**Summary of total professional fees by invoice for the period March 26, 2025 to May 16, 2025**

<b>Invoice</b>	<b>Date</b>	<b>Total Hours</b>	<b>Legal Fees</b>	<b>Disbursements</b>	<b>Taxes</b>	<b>Billed Amt</b>	<b>Average Hourly Rate</b>
20480530	April 23, 2025	40.2	\$46,719.00	\$0.00	\$6,073.47	\$52,792.47	\$1,162.16
20486791	April 30, 2025	24.6	\$25,741.00	\$40.00	\$3,351.53	\$29,132.53	\$1,046.38
20498751	May 22, 2025	33.3	\$30,924.00	\$85.55	\$4,027.59	\$35,037.14	\$928.65
<b>Total</b>		<b>98.1</b>	<b>\$103,384.00</b>	<b>\$125.55</b>	<b>\$13,452.59</b>	<b>\$116,962.14</b>	<b>\$1,045.73</b>

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

Court File No. CV-25-00741419CL

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF EARTH BORING CO. LIMITED ET AL.**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

PROCEEDING COMMENCED AT  
TORONTO

**AFFIDAVIT OF HEATHER FISHER  
(SWORN MAY 26, 2025)**

**GOWLING WLG (CANADA) LLP**

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Lawyers for the Monitor

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

Court File No. CV-25-00741419CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

PROCEEDING COMMENCED AT  
TORONTO

**SECOND REPORT OF THE CCAA  
MONITOR DATED MAY 27, 2025**

**GOWLING WLG (CANADA) LLP**

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Lawyers for the Monitor