2025 01G 4683

IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR
IN BANKRUPTCY AND INSOLVENCY

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

AND IN THE MATTER OF an application by Ocean View Farms Limited

THE BANK OF NOVA SCOTIA'S
POSITION STATEMENT
(on approval rights in interim financing term sheet for 12 December 2025 hearing)

SUMMARY OF CURRENT DOCUMENT	
Court File No:	2025 01G 4683
Date of Filing of Document:	12 December 2025
Name of Filing Party or Person:	The Bank of Nova Scotia
Application to which Document being filed relates:	Notice of Motion dated 11 December 2025 filed by the Company for approval of interim financing term sheet and amendments to the sale and investment solicitation process
Statement of purpose in filing:	To support certain aspects of motion related to the interim financing term sheet

1. The Bank of Nova Scotia (the **Bank**) makes this brief position statement in respect of the Notice of Motion made by Ocean View Farms Limited (the **Company**) for, among other things, authorization for the Company to enter into an interim financing term sheet (the **Bank DIP Loan**) with the Bank, to address anticipated objections or concerns that the Monitor or the Court may have about the inclusion of certain provisions in the Bank DIP Loan that give the Bank consent or approval rights on certain matters (the **Approval Rights**).

2. The Approval Rights in the Bank DIP Loan are the same provisions that the Court considered at the 15 September 2025 hearing and that are present in the Company's existing interim financing agreement. The Court is directed to Covenants (g) and (h) on page 5 of the Bank DIP Loan attached to the Company's draft order.

3. There are two primary reasons why the Approval Rights should not stop the Court from approving the Bank DIP Loan. First, unlike earlier in this process, the Company is agreeing to the Approval Rights; the Bank is not asking the Court to impose them on an unwilling borrower. Second, this Court has regularly approved DIP lending with the same or substantially similar language as the Approval Rights in other CCAA cases where the Company has agreed to it and the DIP lender is the existing senior secured creditor.

4. On the first point, the current circumstances are fundamentally different than the earlier DIP dispute before this Court. The Company and the Bank have reached an agreement that includes the DIP Term Sheet. The Company is willing to accept the restrictions under the Approval Rights as it moves forward in this CCAA proceeding. This remains a debtor-driven process, but the Company has made a calculated decision that it will be better off by giving up some of its discretion and control on the matters covered by the Approval Rights. That is part of the natural give-and-take of an evolving restructuring proceeding, where the parties are represented by experienced counsel and can be expected to act in a manner that they consider to be in their own commercial best interests.

5. On the second point, the Court's reasoning at the outset of this proceeding for rejecting the Bank's proposed interim financing no longer applies. Now, this case is consistent with the previous practice of this Court in authorizing DIP lending with existing secured creditors when the debtor company is agreeing to the terms. In three recent CCAA proceedings, this Court approved DIP loan agreements between the relevant debtor companies and their existing secured creditors that included provisions identical to or having substantially the same effect as the Approval Rights. Copies of the relevant loan documents referred to below are attached as a paginated **Appendix 1**.

5.1. In *Canada Fluorspar (NL) Inc. and Canada Fluorspar Inc.* (2022 01G 0709), Bridge Financing Inc. and the Government of Newfoundland and Labrador were the pre-filing secured creditors of the debtor companies. The Court approved a DIP loan with those creditors that included provisions with substantially similar effect as the Approval Rights, including that the debtors would not, without the consent of the DIP lenders:

5.1.1. "*Transfer, lease or dispose of all or any substantial part of its property, assets or undertaking outside of the ordinary course of business, except such asset sales or dispositions [as] may be permitted pursuant to the Amended Initial Order*";[1] or

5.1.2. "*Amalgamate, consolidate with or merge into or sell all or substantially all of their assets to another entity, or change their corporate or capital structure (including their organizational documents) or enter into any agreement committing to such actions*".[2]

5.2. In *Harbour Grace Ocean Enterprises Ltd. and Laurenceton Holdings Ltd* (2023 01G 5262), the Bank of Montreal was one of the pre-filing secured creditors of the debtor companies. The Court approved a DIP loan with the Bank of Montreal that included provisions identical to the Approval Rights.[3]

5.3. In *Karwood Contracting Ltd., Karwood Engineering Inc., Karwood Design Group Ltd. and Karwood Ontario Ltd.* (2025 01G 0491), the Bank of Montreal was one of the pre-filing secured creditors of the principal debtor company. The Court approved a DIP loan with the Bank of Montreal that included a provision identical to Covenant (g) in the Bank DIP Loan.[4]

[1] Page 9 of Appendix 1.
[2] Page 10 of Appendix 1.
[3] Page 20 of Appendix 1.
[4] Page 31 of Appendix 1.

6. In the circumstances, approval of the Bank DIP Loan is consistent with the existing practice of this Court in CCAA matters.

7. Counsel will make additional oral submissions as required on this issue and other issues raised by the Company's motion.

8. All of which is respectfully submitted.

DATED at St John's, Newfoundland and Labrador, this 11th day of December, 2025.

Cox & Palmer
Solicitors for The Bank of Nova Scotia

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Attention: Mark Russell
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APPENDIX 1
TO POSITION STATEMENT

COPIES OF REFERENCED DIP LOAN AGREEMENTS

DIP FINANCING AGREEMENT

Dated as of March 7, 2022

WHEREAS Canada Fluorspar (NL) Inc., Canada Fluorspar Inc., and Newspar (a general partnership) (collectively, the "**Borrower**"), by Grant Thornton Limited, in its capacity as Monitor (the "**Monitor**"), has requested and the DIP Lenders (as defined below) have agreed to provide financing to the Borrower during the pendency of the Borrower's proceedings (the "**CCAA Proceedings**") under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") to be commenced before the Supreme Court of Newfoundland and Labrador (the "**CCAA Court**"), such financing to be provided in accordance with the terms and conditions set out herein;

AND WHEREAS, for greater certainty throughout this DIP Financing Agreement, the Monitor is authorized to enter into this DIP Financing Agreement on behalf of the Borrower and to take the steps set out herein pursuant to the terms of the Interim Receivership Order (in each case in the name of and on behalf of the Borrower);

AND WHEREAS, the DIP Lenders have agreed to provide financing in order to fund the Borrower's cold idle care and maintenance operations during the CCAA Proceedings as undertaken by the Monitor (collectively, the "**Operations**"), including the costs of the CCAA Proceedings, subject to the terms and conditions set forth herein;

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:

1.	**BORROWER:**	Canada Fluorspar (NL) Inc., Canada Fluorspar Inc., and Newspar (a general partnership), by Grant Thornton Limited, in its capacity as Monitor.
2.	**DIP LENDERS:**	Each of (i) Bridging Finance Inc., a body corporate, existing pursuant to the laws of Canada, as agent for the Bridging Funds ("**BFI**") and (ii) Her Majesty in Right of Newfoundland and Labrador, as represented by the Minister of Industry, Energy and Technology (as successor to the Minister of Tourism, Culture, Industry and Innovation) (the "**Province**", and collectively with BFI, the "**DIP Lenders**"). The relative commitments of each of the DIP Lenders, and the anticipated timing of each such advance, and the permitted uses for each such advance, is set out in **Schedule A** attached hereto.
3.	**DEFINED TERMS:**	Unless otherwise defined herein, capitalized words and phrases used in this DIP Financing Agreement have the meanings given thereto in **Schedule B** hereto. Unless otherwise noted, all references to currency, "dollars" or "$" shall be deemed to refer to Canadian dollars. Payments made to or by DIP Lenders hereunder shall be in Canadian dollars.
4.	**DIP FACILITY;**	A secured debtor-in-possession, interim, non-revolving multiple draw credit facility (the "**DIP Facility**") up to a maximum principal

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amount of $6,500,000 (the "**Facility Amount**"), subject to the terms and conditions contained herein.

The aggregate initial advance under the DIP Facility in an amount up to $3,600,000 (the "**Initial Advance**"), which shall be comprised of each of the respective initial advances for each of the DIP Lenders as specified in Schedule A attached hereto, shall be funded to the Borrower by each DIP Lender within one (1) Business Day after the date on which the Initial Funding Conditions (as defined below) have been satisfied or waived in accordance with Section 7, or such shorter period as the DIP Lenders may agree to in writing in their sole discretion.

The aggregate second advance (other than the Initial Advance and the Subsequent Advances, if any) under the DIP Facility as contemplated by Schedule A attached hereto (the "**Second Advance**" and together with the Initial Advance, each an "**Advance**") shall be funded to the Borrower within two (2) Business Days following (i) the date on which the Second Funding Conditions (as defined below) have been satisfied or waived in accordance with Section 8, and (ii) the receipt of a drawdown request certificate in the form attached hereto as **Schedule C** (the "**Drawdown Request Certificate**"), or such shorter period as the DIP Lenders may agree to in writing in their sole discretion (the "**Second Advance Date**").

Each subsequent advance (other than the Initial Advance and the Second Advance) under the DIP Facility (each a "**Subsequent Advance**" and together with the Initial Advance and the Second Advance, each an "**Advance**") may be funded to the Borrower as BFI and the Province may agree to in writing in their sole discretion (a "**Subsequent Advance Date**").

5. INTEREST:

Interest shall be payable on the aggregate outstanding principal Facility Amount advanced at a rate equal to Prime +12% *per annum*, calculated and accrued monthly in arrears on the last Business Day of each month by way of the DIP Lenders capitalizing and applying such amount to the principal amount outstanding under the DIP Facility until the funds advanced are repaid in full and the DIP Facility is terminated. All accrued and capitalized interest shall be due and payable in full together with all other amounts outstanding in respect of the DIP Facility in cash on the date the DIP Facility is repaid or terminated as set out herein.

6. PURPOSE AND PERMITTED PAYMENTS:

The Borrower shall use proceeds of the DIP Facility solely for the following purposes and in the following order, in each case in accordance with the DIP Budget:

(a) to pay the reasonable and documented professional and advisory fees and expenses of (i) the Borrower and their legal counsel, and (ii) the Monitor and their legal counsel; and

(b) to fund, in accordance with the DIP Budget, the Borrower's funding requirements during the CCAA Proceedings, including, without limitation, in respect of the SISP (as defined below) and the working capital and other general corporate funding requirements of the Borrower during such period;

For greater certainty, the Borrower may not use the proceeds of the DIP Facility to pay: (i) any obligations that are not included in the DIP Budget without the prior written consent of the DIP Lenders, (ii) the interest owing to the DIP Lenders under this DIP Financing Agreement, and (iii) the DIP Lenders Expenses.

7. CONDITIONS PRECEDENT TO INITIAL FUNDING OF FACILITY AMOUNT:

The DIP Lenders' agreement to fund the Initial Advance to the Borrower is subject to the satisfaction or waiver by the DIP Lenders of the following conditions precedent (the "**Initial Funding Conditions**") as determined by the DIP Lenders, each of which is for the benefit of the DIP Lenders and may be waived by the DIP Lenders in their sole discretion:

(a) The DIP Lenders (or their counsel) shall have had a reasonable opportunity to review advance copies of, and must be satisfied in all respects with, the terms of the Initial Order and all material documents to be filed in respect of the Initial Order (in each case as determined by the DIP Lenders in their sole discretion);

(b) The CCAA Court shall have entered the Initial Order substantially in form and substance reasonably acceptable to the DIP Lenders (or their counsel), which shall include approval of this DIP Financing Agreement (including the Initial Advance already made by BFI), authorization for the DIP Lenders to advance the remaining Initial Advance to the Borrower hereunder, and the grant by the CCAA Court of a charge in favour of the DIP Lenders (the "**DIP Lenders' Charge**") on the Collateral, securing all obligations owing by the Borrower to the DIP Lenders hereunder including, without limitation, all principal and interest owing to the DIP Lenders as set out herein (collectively, the "**DIP Financing Obligations**") and providing, among other things, that the DIP Lenders' Charge shall have priority on the Collateral over all Liens,

other than (A) the Permitted Priority Liens (including the Administration Charge) and (B) Liens of any Person that did not receive notice of the application for the Initial Order, and such Initial Order shall not have been stayed, vacated or otherwise amended, restated or modified in any manner that adversely affects the DIP Lenders, without the written consent of the DIP Lenders;

(c) The Borrower shall have executed and delivered this DIP Financing Agreement;

(d) No Event of Default shall have occurred or will occur as a result of the requested Initial Advance;

(e) There shall be no Liens ranking in priority to the DIP Lenders' Charge over the Collateral, other than the Permitted Priority Liens, including the Administration Charge;

(f) The DIP Lenders shall have received a Drawdown Request Certificate at least one (1) Business Day prior to the requested date of advance; and

(g) To the best of their knowledge, the DIP Lenders are satisfied that no Material Adverse Change shall have occurred after the date of the issuance of the Initial Order.

8. CONDITIONS PRECEDENT TO SECOND ADVANCE:

The DIP Lenders' agreement to fund the Second Advance under the DIP Facility to the Borrower, up to the Facility Amount, is subject to the satisfaction of the following conditions precedent prior to such advance (the "**Second Funding Conditions**" and together with the Initial Funding Conditions, collectively, the "**Funding Conditions**") as determined by the DIP Lenders, each of which is for the benefit of the DIP Lenders and may be waived by the DIP Lenders in their sole discretion:

(a) At the comeback motion in respect of the Initial Order, the CCAA Court shall have issued an amended and restated Initial Order (the "**Amended Initial Order**") in form and substance acceptable to the Borrower and the DIP Lenders, in their sole discretion, including as necessary to (i) authorize the Borrower to borrow up to the Facility Amount (increasing the maximum permitted DIP Financing Obligations), and (ii) provide that the DIP Lenders' Charge shall be increased to the Facility Amount and shall have priority over all Liens in respect of the Borrower's Collateral other than the Permitted Priority Liens including the Administration Charge;

(b) The Amended Initial Order shall not have been stayed, vacated or otherwise amended, restated or modified without the prior written consent of the DIP Lenders;

(c) There shall be no Liens ranking in priority to the DIP Lender Charge over the Borrower's Collateral other than the Permitted Priority Liens including the Administration Charge;

(d) The Borrower shall have received one or more Qualified Phase 1 Bid(s) (as such term is defined in the SISP) in accordance with the terms of the SISP;

(e) The Initial Funding Conditions shall continue to be satisfied;

(f) The DIP Lenders shall have received a Drawdown Request Certificate at least one (1) Business Day prior to the requested date of advance; and

(g) To the best of their knowledge, the DIP Lenders are satisfied that no Material Adverse Change shall have occurred after the date of the issuance of the Initial Order or the Amended Initial Order.

9. DIP FACILITY SECURITY:

All DIP Financing Obligations of the Borrower to the DIP Lenders under or in connection with the DIP Facility shall be secured by the DIP Lenders' Charge.

The DIP Lenders' Charge shall not secure any pre-filing obligations.

All Collateral will be free and clear of all Liens, except for the Permitted Liens.

10. MONITOR:

The monitor in the CCAA Proceedings shall be Grant Thornton Limited (the "**Monitor**"). The Monitor shall be authorized to and shall make itself available to have direct discussions with the DIP Lenders, and the DIP Lenders shall be entitled to receive information from the Monitor as may be requested by the DIP Lenders from time to time, in each case subject to any disclosure restrictions contained in the Amended Initial Order or any other Court Order.

11. REPAYMENT:

Subject to section 17, the DIP Facility shall be repayable in full on the earlier of: (i) the occurrence of any Event of Default hereunder which is continuing and has not been cured or waived by the DIP Lenders; (ii) the completion of a Restructuring Transaction; (iii) the termination of the CCAA Proceedings or their conversion to any form of receivership or bankruptcy proceedings; and (iii) 9 months from the date of the Initial Order (the earliest of such dates being the "**Maturity Date**"). 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 Lenders for such period and on such terms and conditions as the Borrower and the DIP Lenders may agree.

Any repayment of the DIP Facility shall be applied *pari passu* to the DIP Lenders' respective advances hereunder.

The repayment of the DIP Facility shall be applied to accrued interest owing to the respective DIP Lenders under this DIP Financing Agreement, DIP Lenders Expenses accrued after the Filing Date, and to principal amount owing to each respective DIP Lender.

12. DIP BUDGET AND VARIANCE REPORTING:

Attached hereto as **Schedule D** is a copy of the agreed DIP Budget (excluding the supporting documentation provided to the DIP Lenders in connection therewith) as in effect on the date hereof (the "**Initial DIP Budget**"), which the DIP Lenders acknowledge and agree has been reviewed and approved by them, and is in form and substance satisfactory to the DIP Lenders. Such Initial DIP Budget shall be the DIP Budget referenced in this DIP Financing Agreement unless and until such time as a revised DIP Budget has been approved by the DIP Lenders in accordance with this section.

The Borrower or the Monitor may update and propose a revised DIP Budget to the DIP Lenders no more frequently than every 2 weeks (unless otherwise consented to by the DIP Lenders), in

each case to be delivered to the Monitor and the DIP Lenders and their legal advisors by no earlier than the Friday of the second week following the date of the delivery of the prior DIP Budget. Such proposed revised DIP Budget shall have been reviewed and approved by the Monitor and the DIP Lenders.

At any time, the latest DIP Budget accepted by the DIP Lenders in writing shall be the DIP Budget for the purpose of this DIP Financing Agreement.

On the last Business Day of every second week, the Borrower shall deliver to the Monitor and the DIP Lenders and their legal advisors a variance calculation (the "**Variance Report**") setting forth actual receipts and disbursements for the preceding two weeks (each a "**Testing Period**") and on a cumulative basis as against the then-current DIP Budget, and setting forth all the variances, on a line-item and aggregate basis in comparison to the amounts set forth in respect thereof for such Testing Period in the DIP Budget; each such Variance Report shall be promptly discussed with the DIP Lenders and their legal advisors. Each Variance Report shall include reasonably detailed explanations for any material variances during the relevant Testing Period.

13. PREPAYMENTS: The Borrower may, without premium or penalty, prepay any amounts outstanding under the DIP Facility at any time prior to the Maturity Date.

14. MANDATORY REPAYMENTS: Unless otherwise consented to in writing by the DIP Lenders, the DIP Facility shall be promptly repaid and the Facility Amount shall be permanently reduced upon a sale, realization or disposition of or with respect to any of the Borrower's Collateral (including obsolete, excess or worn-out Collateral) out of the ordinary course of business, or any insurance proceeds paid to the Borrower in respect of such Collateral, in an amount equal to the net cash proceeds of such sale, realization, disposition or insurance (for greater certainty, net of transaction fees and applicable taxes in respect thereof). Any amount repaid may not be reborrowed.

15. AFFIRMATIVE COVENANTS: The Borrower agrees to do, or cause to be done, the following, unless otherwise consented to or waived in writing by the DIP Lenders:

(a) Serve their CCAA comeback motion (the "**Comeback Motion**") in respect of the Initial Order on all secured parties, if any, that did not receive notice of the application for the Initial Order and shall include an application by the Borrower requesting that the CCAA Court order that the DIP Lenders' Charge shall rank in priority to the Liens of any such secured parties that did not receive notice of the application for the Initial Order, but excluding, in each

case, any secured party holding a Permitted Priority Lien;

(b) (i) Allow representatives or advisors of the DIP Lenders reasonable access to the books, records, financial information and electronic data rooms of or maintained by the Borrower, and (ii) cause management, the financial advisors and legal counsel of the Borrower, to promptly cooperate with reasonable requests for information by the DIP Lenders and their counsel, in connection with this DIP Facility, the CCAA Proceedings, or compliance of the Borrower with its obligations pursuant to this DIP Financing Agreement;

(c) Keep the DIP Lenders apprised on a timely basis of all material developments with respect to the business and affairs of the Borrower and the CCAA Proceedings, including all matters relating to its pursuit of a Restructuring Transaction, in each case subject to disclosure restrictions contained in any Court Order;

(d) Deliver to the DIP Lenders the reporting and other information from time to time reasonably requested by the DIP Lenders and as set out in this DIP Financing Agreement including, without limitation, the Variance Reports at the times set out herein;

(e) Use the proceeds of the DIP Facility only in accordance with the restrictions set out in this DIP Financing Agreement and pursuant to the DIP Budget and Court Orders;

(f) Comply with the provisions of the Initial Order, all other orders of the CCAA Court entered in connection with the CCAA Proceedings (collectively, the "**Court Orders**" and each a "**Court Order**");

(g) Conduct its business in accordance with the DIP Budget;

(h) Promptly notify the DIP Lenders of the occurrence of any Event of Default;

(i) Comply in all material respects with Applicable Law, except to the extent not required to do so pursuant to the Initial Order or any other Court Order;

(j) Provide the DIP Lenders' counsel with draft copies of, and the reasonable opportunity to review and comment on, all material motions, applications, proposed Court Orders and other materials or documents that the Borrower intends to file in the CCAA Proceedings at least five (5) Business Days prior to any such filing or, where it is not practically

possible to do so within such time, as soon as possible prior to the date on which such motion, application, proposed Court Order or other materials or document is served on the service list in respect of the CCAA Proceeding; provided that all such filings by the Borrower must be in form and substance satisfactory to the DIP Lenders in their sole discretion to the extent that any such filings materially affect the rights and interests of the DIP Lenders;

(k) Take all reasonable actions to defend the Court Orders from any appeal, reversal, modifications, amendment, stay or vacating to the extent that it would materially affect the rights and interests of the DIP Lenders;

(l) Provide the DIP Lenders and their legal advisors from time to time with such information regarding the progress of the Borrower's pursuit of a Restructuring Transaction as may be reasonably requested by the DIP Lenders, including copies of any Restructuring Transaction proposals received by the Borrower;

(m) Comply with the DIP Budget subject to any Material Adverse Change identified and agreed by the DIP Lenders; and

(n) Achieve the following milestones (the "**Milestones**") by the dates set out below (or such later dates as may be agreed to in advance in writing by the DIP Lenders in their sole discretion):

(i) the Comeback Motion shall be heard by the CCAA Court not later than ten (10) days following the entry of the Initial Order; and

(ii) the CCAA Court shall have granted an Amended Initial Order, in form and substance satisfactory to the DIP Lenders including a SISP in a form substantially as set out in Schedule E, not later than two (2) Business Days following the hearing of the Comeback Motion.

16. NEGATIVE COVENANTS:

The Borrower covenants and agrees not to do, or cause not to be done, any one or more of the following, other than with the prior written consent of the DIP Lenders:

(a) Transfer, lease or dispose of all or any substantial part of its property, assets or undertaking outside of the ordinary course of business, except such asset sales or dispositions may be permitted pursuant to the Amended Initial Order;

(b) Make any payment, including, without limitation, any payment in respect of any pre-filing liabilities (including any lease liabilities or related obligations), other than such amounts as may be permitted to be paid pursuant to the Amended Initial Order and approved by the Monitor;

(c) Create or permit to exist any indebtedness other than (A) the indebtedness existing as of the date hereof, (B) the DIP Financing Obligations, (C) any obligations to HSBC arising after the Filing Date in connection with the HSBC Facilities, and (D) post-filing trade payables or other obligations incurred in the ordinary course of business;

(d) Make any distribution, dividend, return of capital or other distribution in respect of, or any redemption of, equity securities (in cash, securities or other property or otherwise);

(e) Make any investments or acquisitions whether direct or indirect or enter into any new contract or other obligation with respect to any material liabilities without the DIP Lenders' express consent;

(f) Create or permit to exist any Liens on any of its properties or assets other than the Permitted Liens; or

(g) Amalgamate, consolidate with or merge into or sell all or substantially all of their assets to another entity, or change their corporate or capital structure (including their organizational documents) or enter into any agreement committing to such actions.

17. EVENTS OF DEFAULT:

The occurrence of any one or more of the following events shall constitute an event of default (each an "**Event of Default**") under this DIP Financing Agreement:

(a) Failure by the Borrower to pay: (i) principal, interest or other amounts when due pursuant to this DIP Financing Agreement; or (ii) the DIP Lender Expenses within ten (10) Business Days of being invoiced therefor in accordance with the terms of this DIP Financing Agreement, and any such failure to pay remains unremedied for more than two (2) Business Days;

(b) Failure by the Borrower to (i) comply with the use of proceeds contemplated by Section 6 hereof, (ii) meet any Milestone within five (5) Business Days of the date set out therefor in Section 15(n), or (iii) perform or comply with any of the other covenants set out herein (other than as

set out in paragraph (a) above or in items (i) and (ii) of this paragraph (b)) and such failure remains unremedied for five (5) Business Days following receipt of written notice thereof from any one or more of the DIP Lenders;

(c) Any representation or warranty by the Borrower made in this DIP Financing Agreement is or proves to be incorrect or misleading in any material respect as of the date made;

(d) Issuance of a Court Order: (i) dismissing or terminating the CCAA Proceedings or lifting the stay in the CCAA Proceedings to permit the enforcement of any security against the Borrower or the Collateral, the appointment of a receiver/interim receiver/similar official (except pursuant to the Interim Receivership Order), an assignment in bankruptcy, or the making of a bankruptcy order or receiving order against or in respect of a Borrower (except pursuant to the Interim Receivership Order), in each case which order is not stayed pending appeal thereof, (ii) granting or permitting any other Lien in respect of the Collateral that is in priority to or pari passu with the DIP Lenders' Charge other than as permitted pursuant to this DIP Financing Agreement (including, for greater certainty, any Permitted Priority Liens including the Administration Charge), or (iii) staying, reversing, vacating or otherwise modifying this DIP Financing Agreement or the DIP Lenders' Charge, in each case unless otherwise consented to by the DIP Lenders, and in each case which order is not stayed pending appeal thereof;

(e) Unless consented to in writing by the DIP Lender, the expiry without further extension of the stay of proceedings provided for in the Initial Order or the Amended Initial Order;

(f) A Variance Report or a revised DIP Budget contemplates or forecasts an adverse change or changes from the then existing DIP Budget and such change(s) constitute a Material Adverse Change, or any revised DIP Budget forecasts that borrowings under the DIP Facility will exceed the Facility Amount at any time (unless and until the DIP Lenders provide prior written consent to increase the Facility Amount); and

(g) The denial or repudiation by the Borrower of the legality, validity, binding nature or enforceability of this DIP Financing Agreement.

18. REMEDIES: Upon the occurrence of an Event of Default, and subject to the Amended Initial Order, any one of the DIP Lenders may declare the DIP Financing Obligations to be immediately due and payable

and terminate all commitments hereunder, and may thereafter exercise any and all of the following rights and remedies against the Borrower or the Collateral under or pursuant to this DIP Financing Agreement and the DIP Lenders' Charge:

(a) cease making Advances under this DIP Financing Agreement;

(b) apply to the CCAA Court for appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Borrower and for the appointment of a trustee in bankruptcy of the Borrower;

(c) set-off or consolidate any amounts then owing by the DIP Lenders to the Borrower against the obligations of the Borrower to the DIP Lenders (in their capacities as such) hereunder; and

(d) exercise all such other rights and remedies under Applicable Law.

No failure to exercise, nor any delay in exercising, on the part of the Monitor or any DIP Lender, any right or remedy under this DIP Financing Agreement (or any part thereof) shall operate as a waiver of any such right or remedy or constitute an election to affirm any of the DIP Facility. No election to affirm the DIP Facility on the part of the Monitor and/or any DIP Lender shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this DIP Facility and/or any other document entered into in connection with the DIP Facility are cumulative and not exclusive of any rights or remedies provided by law.

19. INDEMNITY AND RELEASE:

The Borrower agrees to indemnify and hold harmless the DIP Lenders and their directors, officers, employees, legal counsel, advisors, and agents (all such persons and entities being referred to hereafter as "**Indemnified Persons**") from and against any and all actions, suits, proceedings, claims, losses, damages and liabilities of any kind or nature whatsoever (excluding indirect or consequential damages and claims for lost profits) which may be incurred by or asserted against any Indemnified Person as a result of or arising out of or in any way related to the DIP Facility or this DIP Financing Agreement and, upon demand, to pay and reimburse any Indemnified Person for any reasonable legal or other out-of-pocket expenses incurred in connection with investigating, defending or preparing to defend any such action, suit, proceeding or claim; provided, however, the Borrower shall not be obligated to indemnify any Indemnified Person against any loss, claim, damage, expense or liability (i) to the extent it resulted

from the gross negligence or wilful misconduct of such Indemnified Person as finally determined by a court of competent jurisdiction or (ii) to the extent arising from any dispute solely among Indemnified Persons other than any claims arising out of any act or omission on the part of the Borrower. The Borrower shall not be responsible or liable to any Indemnified Person or any other person for consequential damages, loss of profits or punitive damages.

Notwithstanding anything to the contrary herein, the indemnities granted under this DIP Financing Agreement shall survive any termination of the DIP Facility or this DIP Financing Agreement.

20. DIP LENDER'S APPROVALS:

Any consent, agreement, amendment, approval, waiver or instruction of the DIP Lenders to be delivered hereunder, may be delivered by any written instrument, including by way of electronic mail, by counsel on behalf of the respective DIP Lender.

In any circumstance requiring an approval or agreement of the DIP Lenders hereunder, unanimity shall be required among the DIP Lenders.

Any agreement, amendment, instruction or request of the Borrower hereunder may be delivered by any written instrument, including by way of electronic mail, by counsel on behalf of the Borrower.

21. ASSIGNMENT:

The DIP Lenders may assign or grant participation interests in all or part of their interest in the DIP Agreement, the DIP Financing Obligations, and the DIP Lenders' Charge in whole or in part to any Person, subject to (i) providing the Monitor with reasonable evidence that such assignee has the financial capacity to fulfill the obligations of the DIP Lender hereunder, (ii) the prior written consent of the Borrower, unless either (A) an Event of Default has occurred and is continuing or (B) the assignee is an affiliate of the DIP Lender or a fund managed by the DIP Lender, and (iii) prior written consent of the other DIP Lender.

Neither this DIP Agreement nor any right or obligation hereunder may be assigned by the Borrower. Notwithstanding the foregoing, no assignment or grant of participation interests by the DIP Lender shall include any right of the DIP Lender to provide its approval or consent hereunder.

22. FURTHER ASSURANCES:

The Borrower shall, at their sole expense, from time to time do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents and things as the DIP Lenders may reasonably request for the purpose of giving effect to this DIP Financing Agreement.

23. ENTIRE AGREEMENT;

This DIP Financing Agreement, including the schedules hereto, constitute the entire agreement between the parties relating to the

CONFLICT: subject matter hereof.

24. AMENDMENTS, WAIVERS, ETC.: No amendment of any provision of this DIP Financing Agreement shall be effective unless agreed to in writing, executed by the Borrower and the DIP Lenders and, in the case of any material amendment, the Monitor.

No waiver or delay on the part of the DIP Lenders in exercising any right or privilege hereunder will operate as a waiver hereof or thereof unless made in writing by the DIP Lenders and delivered in accordance with the terms of this DIP Financing Agreement, and then such waiver shall be effective only in the specific instance and for the specific purpose given.

25. SEVERABILITY: Any provision in this DIP Financing Agreement 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 or affecting the validity or enforceability of such provision in any other jurisdiction.

26. NO THIRD PARTY BENEFICIARY: No person, other than the Borrower, the DIP Lenders, the Monitor, and the Indemnified Persons is entitled to rely upon this DIP Financing Agreement and the parties expressly agree that this DIP Financing Agreement does not confer rights upon any other party.

27. COUNTERPARTS AND ELECTRONIC SIGNATURES: This DIP Financing Agreement may be executed in any number of counterparts and by facsimile or other electronic transmission including "pdf email", "DocuSign" or other similar method, 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.

28. NOTICES: 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 such Person at its address set out on its signature page hereof. Any such notice, request or other communication hereunder shall be concurrently sent to the Monitor and its counsel. Any such notice shall be deemed to be given and received when received, unless received after 5:00 p.m. (Newfoundland and Labrador time) or on a day other than a Business Day, in which case the notice shall be deemed to be received the next Business Day.

29. GOVERNING LAW: This DIP Financing Agreement shall be governed by, and construed in accordance with, the laws of the Province of Newfoundland and Labrador and the federal laws of Canada applicable therein.

[signature pages follow]

IN WITNESS HEREOF, the parties hereto hereby execute this DIP Financing Agreement as at the date first above mentioned.

Address:
PricewaterhouseCoopers Inc.
PwC Tower
18 York Street, Suite 2600
Toronto, ON M5J 0B2
Attention: Michael McTaggart
Email: michael.mctaggart@pwc.com

BRIDGING FINANCE INC. as agent for the BRIDGING FUNDS, by its court-appointed Receiver and Manager, PRICEWATERHOUSECOOPERS INC.:

Per: _____
Name: Michael McTaggart, LIT
Title: Senior Vice President

I have the authority to bind the corporation.

Address:
Government of Newfoundland and Labrador
Department of Industry, Energy and Technology
P.O. Box 8700
50 Elizabeth Avenue
St. John's, NL A1B 4J6
Attention: Minister
Facsimile: 709.729.2766

HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR, as represented by the Minister of Industry, Energy and Technology

Per: _____
Name:
Title:

Address:
Grant Thornton LLP
Nova Centre, North Tower
Suite 1000 -1675
Grafton Street, Halifax, NS B3J 0E9
Attention: Phil Clarke
Email: Phil.Clarke@ca.gt.com

GRANT THORNTON LIMITED in its capacity as Monitor for CANADA FLUORSPAR (NL) INC., CANADA FLUORSPAR INC., AND NEWSPAR (A GENERAL PARTNERSHIP):

Per: _____
Name: Phil Clarke, KStJ, CPA, CA, CIRP, LIT
Title: Partner

I have the authority to bind the corporation.

IN WITNESS HEREOF, the parties hereto hereby execute this DIP Financing Agreement as at the date first above mentioned.

Address:
PricewaterhouseCoopers Inc.
PwC Tower
18 York Street, Suite 2600
Toronto, ON M5J 0B2
Attention: Michael McTaggart
Email: michael.mctaggart@pwc.com

BRIDGING FINANCE INC. as agent for the BRIDGING FUNDS, by its court-appointed Receiver and Manager, PRICEWATERHOUSECOOPERS INC.:

Per: _____
Name: Michael McTaggart
Title: Partner, Consulting & Deals

I have the authority to bind the corporation.

Address:
Government of Newfoundland and Labrador
Department of Industry, Energy and Technology
P.O. Box 8700
50 Elizabeth Avenue
St. John's, NL A1B 4J6
Attention: Minister
Facsimile: 709.729.2766

HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR, as represented by the Minister of Industry, Energy and Technology

Per: _____
Name: John Cowan
Title: Deputy Minister, Industry, Energy & Technology

Address:
Grant Thornton LLP
Nova Centre, North Tower
Suite 1000 -1675
Grafton Street, Halifax, NS B3J 0E9
Attention: Phil Clarke
Email: Phil.Clarke@ca.gt.com

GRANT THORNTON LIMITED in its capacity as Monitor for CANADA FLUORSPAR (NL) INC., CANADA FLUORSPAR INC., AND NEWSPAR (A GENERAL PARTNERSHIP):

Per: _____
Name: Phil Clarke, KStJ, CPA, CA, CIRP, LIT
Title: Partner

I have the authority to bind the corporation.

DEBTOR-IN-POSSESSION FINANCING TERM SHEET

This term sheet ("**DIP Term Sheet**") sets out the terms and conditions upon which Bank of Montreal, a Canadian Chartered Bank, will provide debtor-in-possession financing to the DIP Loan Parties (as defined below) in consideration of the mutual covenants, terms and conditions set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged.

Borrower:	Harbour Grace Oceans Enterprises Ltd. and Laurenceton Holdings Ltd. (together the "**DIP Loan Parties**").
DIP Lender:	Bank of Montreal (the "**DIP Lender**")
Monitor:	PricewaterhouseCoopers LLP, in its capacity as monitor (in such capacity, the "**Monitor**") in connection with the DIP Loan Parties' proceedings (the "**CCAA Proceedings**") under the *Companies Creditors Arrangement Act* (Canada) (the "**CCAA**").
Type of DIP Loan:	Loan of up to a maximum amount of CDN $1,000,000.00 (CAD)(the "**DIP Loan**"), secured by way of the DIP Charge (defined herein) to be available to the DIP Loan Parties with the agreement of the Monitor subject to and in accordance with the terms herein.
Availability:	Subject to the fulfillment of the applicable conditions precedent to the availability of the DIP Loan set out herein and the DIP Loan Parties' adherence to the 13 week Cash-Flow Statement dated November 15, 2023 (the "**Approved Cash Flows**") being satisfactory to the DIP Lender, and provided that no Event of Default (as defined below) has occurred and is then continuing, advances of the DIP Loan shall be made by the DIP Lender to the DIP Loan Parties.
Purpose, Use of Proceeds:	The proceeds of the DIP Loan will be used by the DIP Loan Parties to fund the cash flow requirements of the DIP Loan Parties on a going-concern basis provided that the same is, unless approved in writing by the DIP Lender and the Monitor, (i) in accordance with the Approved Cash Flows, and (ii) not on account of a liability that existed prior to the date of filing for the CCAA Proceedings (the "**Filing Date**"), including for avoidance of doubt but without limitation any unremitted statutory remittances existing as of the Filing Date.
Closing Date:	On or before November 20, 2023, unless otherwise agreed by the DIP Loan Parties and the DIP Lender (the "**Closing Date**").

Termination Date:

The maturity of the DIP Loan (the "**Termination Date**") shall be the earliest of:

(a) 12 months following the Closing Date;

(b) the effective date of any merger, amalgamation, consolidation, arrangement, reorganization, recapitalization, sale or any other transaction affecting the DIP Loan Parties' assets or operations or resulting in the change of ownership or control of the DIP Loan Parties as confirmed by the Supreme Court of Newfoundland and Labrador (the "**Court**") and satisfactory to the DIP Lender (any of the foregoing being a "**Transaction**");

(c) the date on which the DIP Loan Parties' stay of proceedings expires without being extended or the date on which the CCAA Proceedings are dismissed or terminated or the date on which either of the DIP Loan Parties becomes bankrupt or the stay of proceedings is lifted to allow the filing of a bankruptcy or receivership application or similar insolvency proceeding; and

(d) the date of the acceleration of the DIP Loan and the termination of the commitment with respect to the DIP Loan as a result of an Event of Default (as defined herein).

All outstanding amounts under the DIP Loan, together with all interest accrued in respect thereof and all other amounts owing under this DIP Term sheet shall be payable in full on the Termination Date.

Interest Rates:

All amounts outstanding under the DIP Loan will bear interest at a rate of the DIP Lender's prime rate plus 3% (currently calculated as prime of 7.2% plus 3% for a total of 10.2%) per annum, on the daily balance outstanding under the DIP Loan.

Interest shall be due, owing, payable and repaid as the Termination Date without further notice, protest, demand or other act on the part of the DIP Lender.

Commitment Fee

There is no commitment fee required.

Repayment:

Unless otherwise repaid as contemplated herein, the DIP Loan shall be due, owing, payable and repaid as of the Termination Date without further notice, protest, demand or other act on the part of the DIP Lender.

Mandatory Prepayments: The DIP Loan shall be repaid in full from the net proceeds of any Transaction involving the DIP Loan Parties.

Representations and Warranties: The DIP Loan Parties represent and warrant to the DIP Lender as of the date hereof, and as of the date of each advance under the DIP Loan, that:

(a) the DIP Loan Parties 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 in required;

(b) the execution, delivery and performance, as applicable, of the DIP Term Sheet has been duly authorized by all actions, if any, required on the part and by the DIP Loan Parties' directors, and constitutes a legal, valid and binding obligation of the DIP Loan 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 limit the enforcement of creditors' rights generally and to general equitable principles;

(c) the Approved Cash Flows represent the DIP Loan Parties' best estimate as at each applicable date of the likely results of the operations of the DIP Loan Parties during the period applicable thereto and, to the knowledge of the DIP Loan Parties, such results are achievable as provided therein; and

(d) all employee wages and other amounts owing to employees are up-to-date and there are no amounts owing in respect of wages, termination pay, severance pay, vacation pay, pension benefit contributions or other benefits except those accruing in the normal course and in accordance with the established practices and arrangements of the DIP Loan Parties.

Covenants: The DIP Loan Parties covenant and agree that:

(a) the DIP Loan Parties shall pay all amounts and satisfy all obligations in respect of the DIP Loan;

(b) the DIP Loan Parties shall not make or permit to be made any payment on account of obligations owing as at the Filing Date without the prior consent of the Monitor and the DIP Lender or pursuant to an order of the Court;

(c) the DIP Loan Parties shall not undertake any actions with respect to their respective assets, business operations and/or capital structure which would, in the sole determination of the DIP Lender, have a material adverse effect on the DIP Loan Parties or the Collateral (as defined below);

(d) the DIP Loan Parties shall not incur any indebtedness, including the giving of guarantees, other than indebtedness specifically contemplated herein or permitted in writing by the DIP Lender;

(e) the DIP Loan Parties shall not incur, create, assume or suffer to exist any lien, charge, security interest or other encumbrance on any of the Collateral now owned or hereafter acquired other than: (i) those encumbrances existing as of the Filing Date, (ii) those encumbrances permitted by the DIP Lender in its sole discretion, (iii) the DIP Charge, and (iv) the Administration to be granted by the Court;

(f) the DIP Loan Parties shall not enter into any other credit facility or loan arrangements that would be secured in priority to or *pari passu* with the DIP Loan;

(g) the DIP Loan Parties shall not enter into any Transaction without the prior written consent of the DIP Lender;

(h) the DIP Loan Parties shall provide the DIP Lender and its counsel with updates concerning the CCAA Proceedings as required by the DIP Lender, and will seek the consent and approval of the DIP Lender with respect to any steps taken towards the completion of a Transaction, or any other sale, reorganization, investment, or liquidation of the business or its assets, and further, shall consult with the DIP Lender on all major decisions with respect to the CCAA Proceedings including but not limited to (a) the sale, transfer or assignment of any asset or assets with a value of $50,000.00 or greater (either in any single transaction or in the aggregate); (b) the preparation for and execution of any sales, investment or solicitation process (a "**SISP**") or any similar process being undertaken by the DIP Loan

Parties; (c) the continued engagement, re-engagement, or termination of any employees of the DIP Loan Parties; and (d) all other matters material to the CCAA Proceedings;

(i) without the prior written consent of the DIP Lender, the DIP Loan Parties shall not: (i) declare or pay any dividends on, or make any other payments or distributions (whether by reduction of capital or otherwise) with respect to any of their respective issued and outstanding shares or other equity interests, or (ii) grant any loans;

(j) the DIP Loan Parties shall not sell any of their assets outside of the ordinary course of business without the prior written consent of the DIP Lender;

(k) the DIP Loan Parties shall ensure that their senior management team and advisors are available to meet and respond to inquiries and information requests from the Monitor and the DIP Lender and their advisors as may be reasonably required, and in any event no less frequently than once per week, and to provide them with updates as may be required by the DIP Lender or the Monitor;

(l) the senior management, officers and directors of the DIP Loan Parties remains the same as of the date on which the CCAA Proceedings commenced;

(m) the DIP Loan Parties shall promptly pay all DIP Expenses (as defined below), including all legal and advisory fees and expenses, of the DIP Lender as such DIP Expenses are incurred and invoiced to the DIP Loan Parties;

(n) the DIP Loan Parties shall pay the fees, if any, owing to the DIP Lender in connection with the DIP Loan (as set out herein or otherwise) promptly when such fees are due;

(o) the DIP Loan Parties shall update the Approved Cash Flows and provide a copy thereof to the DIP Lender and the Monitor together with a comparison to the prior version for the DIP Lender's approval, it being understood that such updated Approved Cash Flows, if approved, become the Approved Cash Flows for purposes hereof; and

(p) the DIP Loan Parties shall provide such other information that the DIP Lender may reasonably

request in relation to the CCAA Proceedings, the Collateral, or the DIP Loan generally.

Security:

As continuing security (the "**DIP Security**") for the prompt payment of all amounts payable by the DIP Loan Parties to the DIP Lender under the DIP Term Sheet and as continuing security for the due and punctual performance by the DIP Loan Parties of their existing and future obligations pursuant to the DIP Term Sheet, the DIP Loan Parties hereby grant, convey, assign, transfer, mortgage and charge as and by way of a fixed and specific security interest, mortgage and charge, to and in favour of the DIP Lender, all of their property, assets, rights and undertakings, real and personal, moveable or immovable, tangible and intangible, legal or equitable, of whatsoever nature and kind, wherever located, both present and future, and now or hereinafter owned or acquired (collectively, the "**Collateral**").

The DIP Security shall be elevated by way of a Court-ordered super-priority charge (the "**DIP Charge**") which the DIP Charge shall rank in priority on the Collateral in priority to any security interests, claims, or deemed trusts (statutory or otherwise) but subordinated to the Administration Charge, without any other formality or requirement, such as without limitation under the *Personal Property Security Act* (Newfoundland and Labrador) or registrations in land registration office(s), with Transport Canada as it relates to marine vessels or other vessels registered therein, or otherwise.

Events of Default:

Each of the following shall constitute an "**Event of Default**":

(a) the DIP Loan Parties default in the payment of any amount due and payable to the DIP Lender (whether of principal, interest or otherwise) pursuant to this DIP Term Sheet;

(b) any representations and warranties made by the DIP Loan Parties in the DIP Term Sheet proves to be incorrect as of the date given;

(c) there is a change to the senior management, officers or directors of the DIP Loan Parties that the DIP Lender, in its sole discretion, considers to be a loss of the requisite personnel to allow the DIP Loan Parties to restructure;

(d) the DIP Loan Parties fail or neglect to observe or perform any term, covenant, condition or obligation contained or referred to in the DIP Term Sheet or

any other document between the DIP Loan Parties and the DIP Lender;

(e) the stay of proceedings expires without being extended or the CCAA Proceedings being dismissed or terminated or the DIP Loan Parties becoming subject to a proceeding in bankruptcy or receivership or similar insolvency proceeding;

(f) the entry of an order staying, amending, reversing, vacating or otherwise modifying or having a material adverse effect with respect to the DIP Loan or the DIP Charge, in each case without the prior written consent of the DIP Lender;

(g) the DIP Loan Parties undertake any actions with respect to their assets, business operations and/or capital structure which would, in the sole determination of the DIP Lender, have a material adverse effect on the DIP Loan Parties or the Collateral;

(h) if the DIP Loan Parties make any payments of any kind not permitted by this DIP Term Sheet, or contemplated by the Approved Cash Flows;

(i) the occurrence of any other event or circumstance that has, or could reasonably be expected to have, a material adverse effect on either of the DIP Loan Parties or on the Collateral, including a material adverse change from the Approved Cash Flow budget as determined by the DIP Lender in its sole discretion; and

(j) if there is a change in the ownership, control, existing senior operating management arrangements or governance of the DIP Loan Parties that is not acceptable to the DIP Lender.

Upon the occurrence of an Event of Default, without any notice, protest, demand or other act on the part of the DIP Lender, all indebtedness of the DIP Loan Parties to the DIP Lender shall become immediately due and payable and the DIP Lender shall be able to take all steps necessary to enforce its security. The DIP Lender shall also have the right to exercise all other customary remedies, including, without limitation, the right to enforce and realize on any or all of the Collateral, in each case, upon providing two (2) days' prior written notice to the DIP Loan Parties and the Monitor,

without the necessity of obtaining further relief or an order from the Court.

Conditions Precedent, to first advance:

The conditions precedent to any advance being made under this DIP Term Sheet are:

(a) the representations and warranties made by the DIP Loan Parties in this DIP Loan Term Sheet being true and correct as of the date given;

(b) the issuance of a Court order approving the DIP Loan and the DIP Term Sheet, creating the DIP Charge, and authorizing the payment by the DIP Loan of all of the fees and expenses in respect of the DIP Loan (the "**DIP Order**"); and

(c) the registration of the DIP Order or collateral mortgages, agreements or documents as the DIP Lender may require together with an opinion from the DIP Loan Parties counsel as to the due execution and delivery of this DIP Term Sheet and all related documents contemplated herein.

Illegality: In the event that it becomes illegal for the DIP Lender to lend or continue to lend, the DIP Lender will be repaid and/or the DIP Lender's commitment will be cancelled.

Taxation: All payments of principal, interest and fees will be made free and clear of all present and future taxes, levies, duties or other deductions of any nature whatsoever, levied either now or at any future time.

Fees and Expenses: The DIP Loan Parties shall pay all of the DIP Lender's out-of-pocket expenses (including the fees and expenses of its counsel and advisors), whether or not any of the transactions contemplated hereby are consummated and whether incurred prior to or after the date of the DIP Order, as well as all expenses of the DIP Lender in connection with the ongoing monitoring, interpretation, administration, protection and enforcement of the DIP Loan, and the enforcement of any and all of its remedies against the DIP Loan Parties at law (collectively, the "**DIP Expenses**").

Governing Law, Jurisdiction: Laws of the Province of Newfoundland and the federal laws of Canada applicable in the Province of Newfoundland and Labrador. The DIP Loan Parties agree to submit to the

non-exclusive jurisdiction of the courts of the Province of Newfoundland and Labrador.

[*Signature page follows.*]

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

BANK OF MONTREAL

Per: _____
Name:
Title:

HARBOUR GRACE OCEAN ENTERPRISES LTD.

Per: _____
Name:
Title:

LAURENCETON HOLDINGS LTD.

Per: _____
Name:
Title:

DEBTOR-IN-POSSESSION FINANCING TERM SHEET

This term sheet ("**DIP Term Sheet**") sets out the terms and conditions upon which Bank of Montreal will provide debtor-in-possession financing to the DIP Loan Parties (as defined below) in consideration of the mutual covenants, terms and conditions set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged. It is recognized and agreed that the houses forming part of the Residential Project (as defined below) are under contract and the primary purpose of this DIP Term Sheet is to provide adequate financing so as to complete the Residential Project and to address the claims against the assets forming part thereof.

Borrower:	Karwood Contracting Ltd. ("**Contracting**") as principal borrower together with Karwood Engineering Inc., Karwood Ontario Ltd., and Karwood Group Design Ltd. (together the "**DIP Loan Parties**").
DIP Lender:	Bank of Montreal (the "**DIP Lender**")
Monitor:	BDO Canada Limited in its capacity as monitor (in such capacity, the "**Monitor**") in connection with the DIP Loan Parties' proceedings (the "**CCAA Proceedings**") under the *Companies Creditors Arrangement Act* (Canada) (the "**CCAA**").
Type of DIP Loan:	Loan of up to a maximum amount of CDN $750,000.00 (the "**DIP Loan**"), secured by way of the DIP Charge (defined herein) to be available to Contracting with the agreement of the Monitor subject to and in accordance with the terms herein.
Availability:	Subject to the fulfillment of the applicable conditions precedent to the availability of the DIP Loan set out herein and the DIP Loan Parties' adherence to the 26 week Cash-Flow Statement dated February 18, 2025, a copy of which is attached hereto as **Schedule "A"** (the "**Approved Cash Flows**") being satisfactory to the DIP Lender, and provided that no Event of Default (as defined below) has occurred and is then continuing, advances of the DIP Loan shall be made by the DIP Lender to Contracting.
Purpose, Use of Proceeds:	The proceeds of the DIP Loan will be used by Contracting to fund the cash flow requirements as set out in the Approved Cash Flow on a going concern basis provided that the same is, unless approved in writing by the DIP Lender and the Monitor, (i) in accordance with the Approved Cash Flows, and (ii) not on account of a liability that existed prior to the date of filing, other than as may be provided in the Approved Cash Flow, for these CCAA Proceedings (the "**Filing Date**"), including for avoidance of doubt but without limitation any unremitted statutory remittances existing as of the Filing Date. It is understood and agreed that the principle

use of the proceeds from the DIP Loan are for the purpose of Contracting completing the construction of the residential homes located at:

1. 55 Silver Birch Crescent
2. 59 Silver Birch Crescent
3. 61 Silver Birch Crescent
4. 63 Silver Birch Crescent
5. 70 Silver Birch Crescent
6. 41 Yellow Wood Drive

(collectively, the "Residential Project")

Closing Date:

On or before 24th February 2025 unless otherwise agreed by the DIP Loan Parties and the DIP Lender (the "**Closing Date**").

Termination Date:

The maturity of the DIP Loan (the "**Termination Date**") shall be the earliest of:

(a) 6 months following the Closing Date;

(b) the effective date of any merger, amalgamation, consolidation, arrangement, reorganization, recapitalization, sale or any other transaction affecting the DIP Loan Parties' assets or operations or resulting in the change of ownership or control of the DIP Loan Parties as confirmed by the Supreme Court of Newfoundland (the "**Court**") and satisfactory to the DIP Lender (any of the foregoing being a "**Transaction**");

(c) the date on which the DIP Loan Parties' stay of proceedings expires without being extended or the date on which the CCAA Proceedings are dismissed or terminated or the date on which either of the DIP Loan Parties becomes bankrupt or the stay of proceedings is lifted to allow the filing of a bankruptcy or receivership application or similar insolvency proceeding; and

(d) the date of the acceleration of the DIP Loan and the termination of the commitment with respect to the DIP Loan as a result of an Event of Default (as defined herein).

All outstanding amounts under the DIP Loan, together with all interest accrued in respect thereof and all other amounts

owing under this DIP Term sheet shall be payable in full on the Termination Date.

Interest Rates:

All amounts outstanding under the DIP Loan will bear interest at a rate of 13% per annum, on the daily balance outstanding under the DIP Loan.

Interest shall be due, owing, payable and repaid as the Termination Date without further notice, protest, demand or other act on the part of the DIP Lender.

Commitment Fee

Contracting shall pay to the DIP Lender a commitment fee equal to 1.5% (the "**Commitment Fee**") which may be added to the principal balance of the DIP Loan. The Commitment Fee is non-refundable and is fully earned and payable no later than the Closing Date.

Repayment:

Unless otherwise repaid as contemplated herein, the DIP Loan shall be due, owing, payable and repaid as the Termination Date without further notice, protest, demand or other act on the part of the DIP Lender.

Cash Management and Mandatory Payments:

The DIP Loan shall be repaid from the net proceeds of any Transaction involving the DIP Loan Parties as provided in the Approved Cash Flow. It is acknowledged and agreed that the proceeds from the sale of homes in the Residential Project shall not be treated as general revenue available to Construction or any other DIP Loan Party for general operations but the use of such funds shall be restricted to being used as provided for in the Approved Cash Flow. The net proceeds shall be delivered to, and held in trust by, the Monitor on each sale who shall distribute in accordance with the Approved Cash Flow, including to Construction if so provided in the Approved Cash Flow, such that the sale of the homes can be completed in a cost-effective manner. Any use of the proceeds from the sale of the homes identified in the Approved Cash Flows for expenses related to the CCAA proceedings shall only be permitted with the advance consent of the DIP Lender which shall be granted provided Construction is in compliance with this DIP Term Sheet and the use will not cause Construction to be in breach of this DIP Term Sheet.

Representations and Warranties:

The DIP Loan Parties represent and warrant to the DIP Lender as of the date hereof, and as of the date of each advance under the DIP Loan, that:

(a) the DIP Loan Parties 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 in required;

(b) the execution, delivery and performance, as applicable, of the DIP Term Sheet has been duly authorized by all actions, if any, required on the part and by the DIP Loan Parties' directors, and constitutes a legal, valid and binding obligation of the DIP Loan 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 limit the enforcement of creditors' rights generally and to general equitable principles;

(c) the Approved Cash Flows represent the DIP Loan Parties best estimate as at each applicable date of the likely results of the operations of the DIP Loan Parties during the period applicable thereto and, to the knowledge of the DIP Loan Parties, such results are achievable as provided therein; and

(d) all employee wages and other amounts owing to employees are up-to-date and there are no amounts owing in respect of wages, termination pay, severance pay, vacation pay, pension benefit contributions or other benefits except those accruing in the normal course and in accordance with the established practices and arrangements of the DIP Loan Parties.

Covenants: The DIP Loan Parties covenant and agree that:

(a) the DIP Loan Parties shall pay all amounts and satisfy all obligations in respect of the DIP Loan, including the Commitment Fee;

(b) the DIP Loan Parties shall not make or permit to be made any payment on account obligations owing as at the Filing Date, other than as may be provided in the Approved Cash Flow, without the prior consent of the Monitor and the DIP Lender;

(c) the DIP Loan Parties shall not undertake any actions with respect to their respective assets, business operations and/or capital structure which would, in the sole determination of the DIP Lender, have a material adverse effect on the DIP Loan Parties or the Collateral (as defined below);

(d) the DIP Loan Parties shall not incur any indebtedness, including the giving of guarantees, other than indebtedness specifically contemplated herein or permitted in writing by the DIP Lender;

(e) the DIP Loan Parties shall not incur, create, assume or suffer to exist any lien, charge, security interest or other encumbrance on any of the Collateral now owned or hereafter acquired other than: (i) those encumbrances existing as of the Filing Date, (ii) permitted by the DIP Lender in its sole discretion, (iii) the DIP Charge, and (iv) the Administration Charge, to be granted by the Court;

(f) the DIP Loan Parties shall not enter into any other credit facility or loan arrangements that would be secured in priority to or *pari passu* with the DIP Loan;

(g) the DIP Loan Parties shall not enter into any Transaction without the prior written consent of the DIP Lender;

(h) without the prior written consent of the DIP Lender, the DIP Loan Parties shall not: (i) declare or pay any dividends on, or make any other payments or distributions (whether by reduction of capital or otherwise) with respect to any of their respective issued and outstanding shares or other equity interests, or (ii) grant any loans, or (iii) pay or accept any amount from the DIP Loan as an inter-company payment between the DIP Loan Parties or to any related or affiliated company;

(i) the DIP Loan Parties shall not sell any of their assets outside of the ordinary course of business without the prior written consent of the DIP Lender;

(j) the DIP Loan Parties shall ensure that their senior management team and advisors are available to meet and respond to inquiries and information requests from the Monitor and the DIP Lender and their advisors as may be reasonably required, and in any event no less frequently than once every two

weeks, and to provide them with updates as may be required by the DIP Lender or the Monitor;

(k) the DIP Loan Parties shall promptly pay all DIP Expenses (as defined below), including all legal and advisory fees and expenses, of the DIP Lender as such DIP Expenses are incurred and invoiced to the DIP Loan Parties;

(l) the DIP Loan Parties shall pay the fees, if any, owing to the DIP Lender in connection with the DIP Loan (as set out herein or otherwise) promptly when such fees are due;

(m) the DIP Loan Parties shall update the Approved Cash Flows and provide a copy thereof to the DIP Lender and the Monitor together with a comparison to the prior version for the DIP Lender's approval, it being understood that such updated Approved Cash Flows, if approved by the DIP Lender, become the Approved Cash Flows for purposes hereof; and

(n) the DIP Loan Parties shall provide such other information that the DIP Lender may reasonably request in relation to the CCAA Proceedings, the Collateral, or the DIP Loan generally.

Security:

As continuing security (the "**DIP Security**") for the prompt payment of all amounts payable by the DIP Loan Parties to the DIP Lender under the DIP Term Sheet and as continuing security for the due and punctual performance by the DIP Loan Parties of their existing and future obligations pursuant to the DIP Term Sheet (the "**DIP Obligations**"), the DIP Loan Parties hereby grant, convey, assign, transfer, mortgage and charge as and by way of a fixed and specific security interest, mortgage and charge, to and in favour of the DIP Lender, all of their property, assets, rights and undertakings, real and personal, moveable or immovable, tangible and intangible, legal or equitable, of whatsoever nature and kind, wherever located, both present and future, and now or hereinafter owned or acquired (collectively, the "**Collateral**").

The DIP Security shall be elevated by way of a Court-ordered super-priority charge (the "**DIP Charge**") which DIP Charge shall rank in priority on the Collateral in priority to any security interests, claims, or deemed trusts (statutory or otherwise) but subordinate to the Administration Charge in relation to the Collateral as follows i) to a maximum of $125,000.00 in and to the Collateral forming part of the Residential Project and ii) to a maximum

of $125,000.00 in and to all other Collateral, without any other formality or requirement, such as without limitation registration or notice under the *Personal Property Security Act* (Newfoundland) or registrations in land registration office(s) or otherwise. For greater certainty, the DIP Charge shall rank in priority to any asserted, registered or claimed lien under the *Mechanics' Lien Act*, R.S.N.L. 1990 c. M-3, and the DIP Order (as defined below) shall specifically confirm such ranking.

Events of Default:

Each of the following shall constitute an "**Event of Default**":

(a) the DIP Loan Parties default in the payment of any amount due and payable to the DIP Lender (whether of principal, interest or otherwise) pursuant to this DIP Term Sheet;

(b) any representations and warranties made by the DIP Loan Parties in the DIP Term Sheet proves to be incorrect as of the date given;

(c) the DIP Loan Parties fail or neglect to observe or perform any term, covenant, condition or obligation contained or referred to in the DIP Term Sheet or any other document between the DIP Loan Parties and the DIP Lender;

(d) the stay of proceedings expires without being extended or the CCAA Proceedings being dismissed or terminated or the DIP Loan Parties becoming subject to a proceeding in bankruptcy or receivership or similar insolvency proceeding;

(e) the entry of an order staying, amending, reversing, vacation or otherwise modifying or having a material adverse effect with respect to the DIP Loan or the DIP Charge, in each case without the prior written consent of the DIP Lender;

(f) the DIP Loan Parties undertake any actions with respect to their assets, business operations and/or capital structure which would, in the sole determination of the DIP Lender, has a material adverse effect on the DIP Loan Parties or the Collateral;

(g) if the DIP Loan Parties make any payments of any kind not permitted by this DIP Term Sheet, or contemplated by the Approved Cash Flows;

(h) the occurrence of any other event or circumstance that has, or could reasonably be expected to have, a material adverse effect on either of the DIP Loan Parties or on the Collateral, including a material adverse change from the Approved Cash Flow budget or negative variance of 10% in the weekly performance of the Companies against the Approved Cash Flow as determined by the DIP Lender in its sole discretion; and

(i) if there is a change in the ownership, control, existing senior operating management arrangements or governance of the DIP Loan Parties that is not acceptable to the DIP Lender.

Upon the occurrence of an Event of Default, without any notice, protest, demand or other act on the part of the DIP Lender, all indebtedness of the DIP Loan Parties to the DIP Lender shall become immediately due and payable and the DIP Lender shall be able to take all steps necessary to enforce its security. The DIP Lender shall also have the right to exercise all other customary remedies, including, without limitation, the right to enforce and realize on any or all of the Collateral, in each case, upon providing two (2) days prior written notice to the DIP Loan Parties and the Monitor, without the necessity of obtaining further relief or an order from the Court.

Conditions Precedent, to first advance:

The conditions precedent to any advance being made under this DIP Term Sheet are:

(a) the representations and warranties made by the DIP Loan Parties in this DIP Loan Term Sheet being true and correct as of the date given;

(b) the issuance of a Court order in form and substance acceptable to the DIP Lender and its counsel which, inter alia, approves the DIP Loan and the DIP Term Sheet, creating the DIP Charge, and authorizing the payment by the DIP Loan of all of the fees and expenses in respect of the DIP Loan (the "**DIP Order**"), authorizes and approves the restriction on use of funds arising from the sale of the homes forming part of the Residential Project as set out herein and confirms that the DIP Loan Parties need not take any further step or corporate action for ratification of this DIP Term Sheet or the completion of the transactions contemplated herein such that no opinion on same shall be required;

(c) there not being an outstanding appeal of the DIP Order; and

(d) the DIP Lender having received independent report(s) on the status of the construction of the homes forming part of the Residential Project from Kirkland Appraisals & Consultants so that the DIP Lender may confirm that the cost to complete construction in relation to each home is as set out in Schedule "B" attached hereto; which for certainty shall be achieved if there is not a negative variance in excess of 10% in relation to any one home forming part of the Residential Project. If there is a negative variance related to the construction of a home, no construction shall proceed until the DIP Lender is satisfied in its sole discretion that completing the construction will not result in an adverse change to the Approved Cash Flow or otherwise jeopardize the completion of the construction of the balance of the Residential Project.

Illegality: In the event that it becomes illegal for the DIP Lender to lend or continue to lend, the DIP Lender will be repaid and/or the DIP Lender's commitment will be cancelled.

Taxation: All payments of principal, interest and fees will be made free and clear of all present and future taxes, levies, duties or other deductions of any nature whatsoever, levied either now or at any future time.

Fees and Expenses: The DIP Loan Parties shall pay all of the DIP Lender's out-of-pocket expenses (including the fees and expenses of its counsel and advisors), whether or not any of the transactions contemplated hereby are consummated and whether incurred prior to or after the date of the DIP Order, as well as all expenses of the DIP Lender in connection with the ongoing monitoring, interpretation, administration, protection and enforcement of the DIP Loan, and the enforcement of any and all of its remedies at law (collectively, the "**DIP Expenses**").

Governing Law, Jurisdiction: Laws of the Province of Newfoundland and the federal laws of Canada applicable in the Province of Newfoundland and Labrador. The DIP Loan Parties agree to submit to the non-exclusive jurisdiction of the courts of the Province of Newfoundland and Labrador.

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

KARWOOD CONTRACTING LTD.

Per: _____
Name:
Title:

KARWOOD ONTARIO LTD.

Per: _____
Name:
Title:

KARWOOD DESIGN GROUP INC.

Per: _____
Name:
Title:

KARWOOD ENGINEERING INC.

Per: _____
Name:
Title:

[remainder of this page intentionally left blank, signature page follows]

BANK OF MONTREAL

Per: _____
Name:
Title:

Per: _____
Name:
Title: