

DEBTOR-IN-POSSESSION FINANCING TERM SHEET

This term sheet (“**DIP Term Sheet**”) sets out the terms and conditions upon which Atlantic Golden Age Holdings Inc. will provide debtor-in-possession financing to the Borrower (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:** Atlantic Sea Cucumber Inc. (the “**Borrower**”).
- DIP Lender:** Atlantic Golden Age Holdings Inc. (the “**DIP Lender**”).
- Proposal Trustee:** MSI Spergel Inc. in its capacity as proposal trustee (in such capacity, the “**Proposal Trustee**”) in connection with the Borrower’s proceedings (the “**BIA Proceedings**”) under the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) commenced by a Notice of Intention to Make a Proposal filed on May 1, 2023.
- Type of DIP Loan:** Loan of up to a maximum amount of CDN \$250,000 (the “**DIP Loan**”), secured by way of the DIP Charge (defined herein) to be available to the Borrower with the agreement of the Proposal Trustee 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 Borrower’s adherence to the Form 30 – Report of Consolidated Cash-Flow Statement by the Person Making the Proposal dated July 11, 2023 (the “**Approved Cash Flows**”) being satisfactory to each of the Proposal Trustee and 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 Borrower.
- Purpose, Use of Proceeds:** The proceeds of the DIP Loan will be used by the Borrower to fund the cash flow requirements of the Borrower on a going concern basis provided that the same is, unless approved in writing by the DIP Lender and the Proposal Trustee, (i) in accordance with the Approved Cash Flows, and (ii) not on account of a liability that existed as of May 1, 2023, including for avoidance of doubt but without limitation any unremitted statutory remittances existing as of May 1, 2023.
- Closing Date:** On or before July 11, 2023 unless otherwise agreed by the Borrower 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 all or a material part of the Borrower's assets or operations or resulting in the change of ownership or control of the Borrower confirmed by the Supreme Court of Nova Scotia (the "**Court**") and satisfactory to the DIP Lender (any of the foregoing being a "**Transaction**");
- (c) the date on which the Borrower's stay of proceedings expires without being extended or the date on which the BIA Proceedings are dismissed or terminated or the date on which either of the Borrower 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 10% 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

The Borrower shall pay to the DIP Lender a commitment fee equal to 1.5% (the "**Commitment Fee**"). 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.

Mandatory Prepayments:

The DIP Loan shall be repaid in full from the net proceeds of any Transaction involving the Borrower.

Representations and Warranties: The Borrower represents and warrants to the DIP Lender as of the date hereof, and as of the date of each advance under the DIP Loan, that:

- (a) the Borrower is duly organized, validly existing and in good standing under the laws of the jurisdiction of their organization, has 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;
- (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 Borrower's directors, and constitutes a legal, valid and binding obligation of the Borrower 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 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;
- (d) there are no arrears for any statutory remittances, withholding taxes or other amounts that, if unpaid, would have the benefit of an encumbrance or deemed trust in priority to the DIP Security and the DIP Charge (as defined herein), such as without limitation taxes under the *Excise Tax Act* (Canada) and any source deduction remittances to the Canada Revenue Agency, except those accruing in the normal course and not yet due; and
- (e) except in respect of periods preceding May 1, 2023, 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 Borrower.

Covenants:

The Borrower covenants and agrees that:

- (a) the Borrower shall pay all amounts and satisfy all obligations in respect of the DIP Loan, including the Commitment Fee;
- (b) the Borrower shall not make or permit to be made any payment on account obligations owing as at May 1, 2023 without the prior consent of the Proposal Trustee and the DIP Lender or pursuant to an order of the Court;
- (c) the Borrower 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 Borrower or the Collateral (as defined below);
- (d) the Borrower 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 Borrower 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 May 1, 2023, (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 Borrower 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 Borrower 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 Borrower 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;

- (i) the Borrower 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 Borrower shall ensure that their senior management team and advisors are available to meet and respond to enquiries and information requests from the Proposal Trustee 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 Proposal Trustee;
- (k) the Borrower 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 Borrower;
- (l) the Borrower 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 Borrower shall update the Approved Cash Flows and provide a copy thereof to the DIP Lender and the Proposal 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
- (n) the Borrower shall provide such other information that the DIP Lender may reasonably request in relation to the BIA 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 Borrower to the DIP Lender under the DIP Term Sheet and as continuing security for the due and punctual performance by the Borrower of their existing and future obligations pursuant to the DIP Term Sheet (the "**DIP Obligations**"), the Borrower hereby grants, conveys, assigns, transfers, mortgages and charges 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* (Nova Scotia) or registrations in land registration office(s) or otherwise.

Events of Default:

Each of the following shall constitute an “**Event of Default**”:

- (a) the Borrower’s 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 Borrower in the DIP Term Sheet proves to be incorrect as of the date given;
- (c) the Borrower 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 Borrower and the DIP Lender;
- (d) the stay of proceedings expires without being extended or the BIA Proceedings being dismissed or terminated or the Borrower 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, in each case without the prior written consent of the DIP Lender, the DIP Loan or the DIP Charge;
- (f) the Borrower undertakes 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 Borrower or the Collateral;
- (g) if the Borrower makes 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 Borrower 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
- (i) if there is a change in the ownership, control, existing senior operating management arrangements or governance of the Borrower 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 Borrower 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 Borrower and the Proposal Trustee, 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 Borrower in this DIP Loan Term Sheet being true and correct as of the date given; and
- (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 Borrower of all of the fees and expenses in respect of the DIP Loan (the "**DIP Order**").

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:

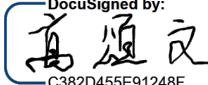
The Borrower shall pay all of the DIP Lender's due diligence and other out-of-pocket expenses (including the fees and expenses of its counsel and advisors), whether or not any of the transactions contemplated hereby are consummated and whether incurred prior to or after the date of the DIP Order, as 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 Nova Scotia and the federal laws of Canada applicable in the Province of Nova Scotia. The Borrower agrees to submit to the non-exclusive jurisdiction of the courts of the Province of Nova Scotia.

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

ATLANTIC SEA CUCUMBER INC.

Per: 
C382D455E91248F
Name: Sam Gao
Title: President

ATLANTIC GOLDEN AGE HOLDINGS INC.

Per: 
C382D455E91248F
Name: Sam Gao
Title: President