

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

BETWEEN:

BUSINESS DEVELOPMENT BANK OF CANADA

Applicant

- and -

GREENHOUSES CANADA INC.

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c.B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.C.43, AS AMENDED

**APPLICATION RECORD
(re: Appointment of Receiver)
(Returnable July 30, 2019)**

CHAITONS LLP

5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9

Sam Rappos

Tel: (416) 218-1137

Fax: (416) 218-1837

E-mail: samr@chaitons.com

Lawyers for the Applicant

TO: **GREENHOUSES CANADA INC.**
5 Westview Crescent
Lively, ON P3Y 1B7

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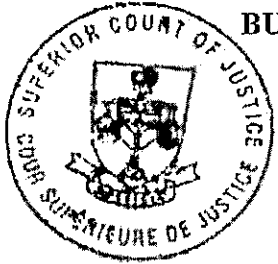
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TAB 1

CV-19-624071-0001
Court File No.

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

BETWEEN:



BUSINESS DEVELOPMENT BANK OF CANADA

Applicant

- and -

GREENHOUSES CANADA INC.

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c.B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.C.43, AS AMENDED

NOTICE OF APPLICATION

TO THE RESPONDENT

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the Applicant appears on the following page.


THIS APPLICATION will come on for a hearing on Tuesday, July 30, 2019, at 10:00 a.m., before a judge presiding over the Commercial List at 330 University Avenue, 8th Floor, Toronto, Ontario M5G 1R7.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the *Rules of Civil Procedure*, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does

not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date July 19th 2019 Issued by 
Local Registrar

Address of court office: Superior Court of Justice
330 University Avenue, 9th Floor
Toronto, Ontario M5G 1R7

TO: **GREENHOUSES CANADA INC.**
5 Westview Crescent
Lively, ON P3Y 1B7

APPLICATION

1. The Applicant, Business Development Bank of Canada (“**BDC**”), makes application for:
 - (a) an order appointing RSM Canada Limited (“**RSM**”) as receiver (“**Receiver**”) of the property, assets and undertaking of Greenhouses Canada Inc. (the “**Debtor**”) pursuant to Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C 1985, c. B-3 (the “**BIA**”), and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43 (the “**CJA**”); and
 - (b) such further and other relief as this Honourable Court may deem just.
2. The grounds for the application are:

The Debtor

- (a) The Debtor is an Ontario corporation that has its registered office in Lively, Ontario.
- (b) The Debtor is the registered owner of real property municipally known as 37 & 85 Panache Lake Road, Espanola, Ontario (the “**Real Property**”).

Loan to the Debtor

- (c) Pursuant to a letter of offer dated February 13, 2015 (as amended, the “**Commitment Letter**”), BDC made a loan to the Debtor in the principal amount of \$1.6 million (the “**Loan**”).
- (d) The Loan provided for \$1.0 million to finance the Debtor’s purchase of the Real Property, and \$600,000 to finance construction on the Real Property.

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- (e) As security for payment of all indebtedness and the performance of all its obligations under the Commitment Letter, the Debtor granted to BDC a first ranking mortgage on the Real Property (the “**Mortgage**”) and a general security agreement (the “**GSA**”).
- (f) Pursuant to the Mortgage and the GSA, upon the occurrence of an event of default, BDC may appoint a receiver over the property and assets of the Debtor, including the Real Property.

Default and Demand

- (g) In November 2018, the Debtor was in default under the Loan as a result of its failure to make required payments under the Commitment Letter.
- (h) On November 7, 2018, BDC informed the Debtor in writing that it was in default and demanded immediate repayment of all amounts owing under the Loan and issued to the Debtor a notice of intention to enforce security pursuant to section 244(1) of the BIA.

Forbearance

- (i) Pursuant to a forbearance agreement dated December 5, 2018 (the “**Forbearance Agreement**”), the Bank agreed to forbear from enforcing its security until the earlier of February 15, 2019 or the occurrence of an event of default under the Forbearance Agreement, to provide the Debtor with time to complete a pending sale of the Real Property.

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- (j) BDC agreed to extend the original forbearance period twice, from February 15, 2019 to May 15, 2019 to June 12, 2019.
- (k) The forbearance period expired on June 12, 2019.
- (l) Pursuant to sections 35 and 36 of the Forbearance Agreement, the Debtor has consented to the appointment of a receiver upon an event of default, which has occurred as a result of its failure to repay BDC.
- (m) The Debtor has been unable to complete the sale of the Real Property in the 5 weeks since the expiry of the forbearance period.

It is Just and Convenient to Appoint a Receiver

- (n) The Debtor has been in default of its obligations to BDC since November 2018. On November 8, 2018, BDC demanded payment and issued its BIA notice. BDC agreed to forbear for a 6-month period to allow the Debtor to complete a sale of the Real Property.
- (o) As a consequence of the Debtor's default, pursuant to the Mortgage and the GSA, the Debtor agreed to BDC appointing a receiver. In connection with the Forbearance Agreement, the Debtor has consented to BDC's application for the Court appointment of a receiver.
- (p) In the circumstances, it is just and convenient to have a Receiver appointed over the Debtor's property, assets and undertakings for the purpose of realizing on the property under the supervision of the Court for the benefit of all of the Debtor's stakeholders.

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- (q) BDC proposes that RSM be appointed as receiver. RSM has advised BDC that it is prepared to act as Receiver if so appointed.

Statutory and Other Grounds

- (r) Section 243 of the BIA, and Section 101 of the CJA.
- (s) Rules 1.04(1), 1.05, 2.01, 2.03, 3.02, and 38 of the *Rules of Civil Procedure*.
- (t) Such further and other grounds as the lawyers may advise.
3. The following documentary evidence will be used at the hearing of the application:
- (a) the Affidavit of Dodie Ballesteros to be sworn and the exhibits thereto; and
- (b) such further and other evidence as the lawyers may advise and this Honourable Court may permit.

19a
July 22, 2019

CHAITONS LLP
5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9

Sam Rappos (LSO #51399S)
Tel: (416) 218-1137
Fax: (416) 218-1837
E-mail: samr@chaitons.com

Lawyers for the Applicant

GREENHOUSES CANADA INC.
Respondent
CV-19-62407-000
Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

NOTICE OF APPLICATION

CHATTONS LLP
5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9

Sam Rappos
Tel: (416) 218-1137
Fax: (416) 218-1837
E-mail: samr@chattons.com

Lawyers for the Applicant

TAB 2

Court File No.

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

BETWEEN:

BUSINESS DEVELOPMENT BANK OF CANADA

Applicant

- and -

GREENHOUSES CANADA INC.

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c.B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.C.43, AS AMENDED

AFFIDAVIT OF DODIE BALLESTEROS

(Sworn July 22, 2019)

I, **DODIE BALLESTEROS**, of the City of Brampton, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am a Business Specialist, Special Accounts, with the Applicant, Business Development Bank of Canada ("**BDC**") and am the individual responsible for managing the loan account of the Respondent, Greenhouses Canada Inc. (the "**Debtor**"). As such, I have knowledge of the matters to which I hereinafter depose. The facts set forth herein are within my personal knowledge, determined from the face of the documents attached as exhibits hereto or from information and advice provided to me by third parties. Where I have relied upon such information and advice, I have identified the source and verily believe same to be true.

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2. This affidavit is sworn in support of an application by BDC for the appointment of RSM Canada Limited (“**RSM**”) as receiver of the Real Property (as defined below) owned by the Debtor.

THE DEBTOR

3. The Debtor is an Ontario corporation with its registered office located at 5 Westview Crescent, Lively, Ontario. The Debtor was incorporated on August 14, 2014 as 1916438 Ontario Limited, and changed its name to Greenhouses Canada Inc. on April 19, 2016. A copy of the Corporate Profile Report for the Debtor is attached hereto and marked as **Exhibit “A”**.

4. The Debtor is the registered owner of real property municipally known as 37 & 85 Panache Lake Road, Espanola, Ontario (the “**Real Property**”). Copies of the parcel registers for the Real Property are collectively attached hereto and marked as **Exhibit “B”**.

5. The Debtor acquired the Real Property in March 2015 with the intention of constructing buildings on the property.

LOAN TO THE DEBTOR

6. Pursuant to a letter of offer dated February 13, 2015 (as amended by letters dated March 10, 2015, March 12, 2015, December 4, 2015, October 20, 2016, July 10, 2017, and May 18, 2018) (collectively, the “**Commitment Letter**”), BDC made a loan to the Debtor in the principal amount of \$1.6 million (the “**Loan**”). The Loan provided for \$1.0 million to finance the Debtor’s purchase of the Real Property, and \$600,000 to finance construction on the Real Property. A copy of the Commitment Letter is attached hereto and marked as **Exhibit “C”**.

7. As security for the Loan, BDC obtained, among other things, the following from the Debtor:

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- (a) a first charge/mortgage in the principal amount of \$1.6 million registered on title to the Real Property on March 13, 2015 as instrument number SD290618 (the “**Mortgage**”), a copy of which is attached hereto and marked as **Exhibit “D”**; and
- (b) a general security agreement dated March 12, 2015 (the “**GSA**”), a copy of which is attached hereto and marked as **Exhibit “E”**.

8. Pursuant to section 11.1 of the Standard Charge Terms under the Mortgage and section 15.1 of the GSA, upon the occurrence of an event of default, BDC may appoint a receiver over the Debtor’s property and assets, including without limitation the Real Property.

OTHER CREDITORS OF THE DEBTOR

9. I am advised by Sam Rappos of Chaitons LLP (“**Chaitons**”), BDC’s lawyers with respect to the Debtor, that BDC holds the only registered mortgage against the Real Property. However, on January 25, 2019, Kamich Steel Systems Inc. (“**Kamich**”) registered a construction lien on title to the Real Property in the amount of \$115,482.42. Copies of Kamich’s construction lien and certificate are collectively attached hereto and marked as **Exhibit “F”**.

10. I am also advised by Mr. Rappos that Chaitons obtained enquiry response certificates from the Ontario Personal Property Security Registration System in respect of registrations which are outstanding against the Debtor (under both its current and former names) under the *Personal Property Security Act* (Ontario) as at July 7, 2019, copies of which are collectively attached hereto and marked as **Exhibit “G”**. The searches disclose the particulars of the following registrations:

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- (a) Her Majesty in Right of Ontario Represented by the Minister of Finance, with collateral classified as “inventory”, “equipment”, “accounts” and “other”, and in the amount of \$3,409;
- (b) Bodkin Capital Corporation, with collateral classified as “equipment” and “other”, and containing a general collateral description referencing leased equipment;
- (c) Sudbury Credit Union Limited, with collateral classified as “inventory”, “equipment” and “accounts”;
- (d) Ford Credit Canada Limited, with collateral classified as “equipment”, “other” and “motor vehicle included”, and containing details for a specific 2016 Ford F150; and
- (e) BDC’s two registrations.

11. I have no knowledge regarding the Debtor’s current status with amounts that could be owing to Canada Revenue Agency for employee sourced deductions or HST.

12. I am further advised by Mr. Rappos that, as of July 8, 2019, the following writs of execution were registered against the Debtor in the City of Greater Sudbury:

- (a) writ number 18-0000218 registered on May 7, 2018 by the Workplace Safety and Insurance Board in the amount of \$16,345.45; and
- (b) writ number 18-0000593 registered on December 4, 2018 by the Ministry of Finance in the amount of \$3,408.32 with respect to the *Employer Health Tax Act* (Ontario).

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13. Mr. Rappos has also advised me that, based on tax certificates dated July 16, 2019 from the Town of Espanola, the Debtor failed to pay its first two real property tax installments and is currently in arrears of \$12,938.56 for the Real Property. Copies of the tax certificates are attached hereto and marked as **Exhibit "H"**.

DEMAND UNDER THE LOAN

14. In November 2018, the Debtor was in default under the Loan as a result of its failure to make required payments under the Commitment Letter. Additionally, at that time the Debtor had not yet completed the construction of buildings on the Real Property.

15. As a result, on November 7, 2018, BDC informed the Debtor in writing that it was in default and demanded immediate repayment of all amounts owing under the Loan and issued to the Debtor a notice of intention to enforce security pursuant to section 244(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"). A copy of the demand letter and BIA notice is attached hereto and marked as **Exhibit "I"**.

FORBEARANCE

16. Pursuant to a forbearance agreement dated December 5, 2018 between the Bank and the Debtor, among others (the "**Forbearance Agreement**"), the Bank agreed to forbear from enforcing its security until the earlier of February 15, 2019 or the occurrence of an event of default under the Forbearance Agreement, to provide the Debtor with time to complete a pending sale of the Real Property to GaiaCann Inc. ("**GaiaCann**"). A copy of the Forbearance Agreement is attached hereto and marked as **Exhibit "J"**.

17. Under the Forbearance Agreement, the Debtor agreed that:

- 6 -

- (a) it did not dispute that it was liable under the Loan to BDC;
- (b) it was in default of its obligations to BDC;
- (c) all documents held by BDC were valid, binding and enforceable; and
- (d) the demand for payment and BIA notice were valid and effective, that the time given for payment by BDC was reasonable, and that the Debtor would not contest the validity of the demand, BIA notice, or the reasonableness of the time given for payment in any proceeding for any reason whatsoever.

18. Pursuant to section 33 of the Forbearance Agreement, it was an event of default under the agreement if the Debtor failed to repay BDC in full by February 15, 2019. Pursuant to sections 35 and 36 of the Forbearance Agreement, the Debtor consented to the appointment of a receiver upon an event of default.

19. In February 2019, the Debtor requested that BDC extend the forbearance period to May 15, 2019, as it had not finalized the sale transaction with GaiaCann. BDC agreed to the extension pursuant to a forbearance extension letter dated February 20, 2019, a copy of which is attached hereto and marked as **Exhibit "K"**.

20. In May 2019, the Debtor requested that BDC again extend the forbearance period, this time to June 12, 2019, as the Debtor still had not completed the sale transaction with GaiaCann. BDC agreed to the extension pursuant to a forbearance extension letter dated May 13, 2019, a copy of which is attached hereto and marked as **Exhibit "L"**.

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21. The forbearance period expired on June 12, 2019. Since that time, BDC has been informed by the Debtor's lawyers that GaiaCann has requested numerous extensions to the closing date due to its inability to obtain mortgage funds, from June 19, 2019, to June 26, 2019, to July 3, 2019 to July 5, 2019.

22. On July 3, 2019, Mr. Rappos sent an email to the Debtor's lawyers informing them that if payment was not received by BDC on July 5, 2019, BDC would bring an application for the appointment of a receiver. A copy of the email is attached hereto and marked as **Exhibit "M"**.

23. The sale by the Debtor to GaiaCann did not close on July 5, 2019. On July 8, 2019, the Debtor's lawyer sent an email to Mr. Rappos indicating that GaiaCann requested another extension to July 12, 2019. A copy of the email is attached hereto and marked as **Exhibit "N"**.

24. As of the date of the swearing of this affidavit, the Debtor has not completed a sale of the Real Property to GaiaCann.

25. As of June 25, 2019, the Debtor owed \$1,125,993.73 to BDC for principal, interest, disbursements and fees, as set out in the letter sent by BDC to the Debtor dated June 26, 2019, a copy of which is attached hereto and marked as **Exhibit "O"**.

IT IS JUST AND CONVENIENT TO APPOINT A RECEIVER

26. The Debtor has been in default of its obligations to BDC since November 2018. On November 8, 2018, BDC demanded payment and issued its BIA notice. BDC agreed to forbear for a 6-month period to allow the Debtor to complete a sale of the Real Property.

27. BDC's forbearance period expired on June 12, 2019. In the past four weeks, the Debtor still has not been able to complete the sale transaction with GaiaCann.

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28. As a consequence of the Debtor's default, pursuant to the Mortgage and the GSA, the Debtor agreed to BDC appointing a receiver. In connection with the Forbearance Agreement, the Debtor has consented to BDC's application for the Court appointment of a receiver.

29. In the circumstances, it is just and convenient to have a receiver appointed over the Real Property for the purpose of realizing on the property under the supervision of the Court for the benefit of all of the Debtor's stakeholders.

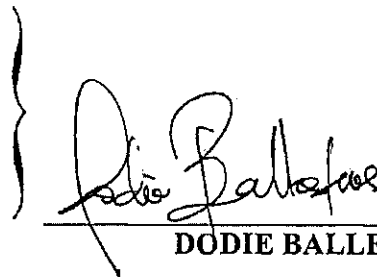
30. BDC proposes that RSM be appointed as receiver. RSM has advised BDC that it is prepared to act as receiver if so appointed. A copy of RSM's consent is attached hereto and marked as Exhibit "P".

31. This affidavit is sworn in support of BDC's application for the appointment of a receiver over the Real Property and for no other or improper purpose.

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario on
July 22, 2019



Commissioner for Taking Affidavits
(or as may be)



DODIE BALLESTEROS

Marla Terri Gold, a Commissioner, etc.,
Province of Ontario, for the Business Development
Bank of Canada, expires August 29, 2020

TAB A

This is Exhibit "A" referred to in the Affidavit of DODIE BALLESTEROS sworn July 22, 2019.



Commissioner for Taking Affidavits (or as may be)

**Marla Terri Gold, a Commissioner, etc.,
Province of Ontario, for the Business Development
Bank of Canada, expires August 29, 2020**

Request ID: 023308384
 Transaction ID: 72346449
 Category ID: UN/E

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2019/07/08
 Time Report Produced: 14:11:32
 Page: 1

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
1916438	GREENHOUSES CANADA INC.	2014/08/14
		Jurisdiction
		ONTARIO
		Former Jurisdiction
		NOT APPLICABLE
Corporation Type	Corporation Status	
ONTARIO BUSINESS CORP.	ACTIVE	
Registered Office Address		Date Amalgamated
5 WESTVIEW CRESCENT		NOT APPLICABLE
		Amalgamation Ind.
		NOT APPLICABLE
		New Amal. Number
		NOT APPLICABLE
		Notice Date
		NOT APPLICABLE
		Letter Date
		NOT APPLICABLE
Mailing Address		Revival Date
5 WESTVIEW CRESCENT		NOT APPLICABLE
		Continuation Date
		NOT APPLICABLE
		Transferred Out Date
		NOT APPLICABLE
		Cancel/Inactive Date
		NOT APPLICABLE
		EP Licence Eff.Date
		NOT APPLICABLE
		EP Licence Term.Date
		NOT APPLICABLE
		Date Commenced in Ontario
		NOT APPLICABLE
		Date Ceased in Ontario
		NOT APPLICABLE
		Number of Directors
		Minimum
		Maximum
		00001
		00010
		Date Commenced in Ontario
		NOT APPLICABLE
		Date Ceased in Ontario
		NOT APPLICABLE
Activity Classification		
NOT AVAILABLE		

Request ID: 023308384
 Transaction ID: 72346449
 Category ID: UN/E

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2019/07/08
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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1916438	GREENHOUSES CANADA INC.

Corporate Name History	Effective Date
GREENHOUSES CANADA INC.	2016/04/19
1916438 ONTARIO LIMITED	2014/08/14

Current Business Name(s) Exist:	YES
Expired Business Name(s) Exist:	NO

Administrator: Name (Individual / Corporation)	Address
ANDREW G. NOOTCHTAI	206 MAANI STREET ATIKAMEKSHENG ANISHNAWBEK NAUGHTON ONTARIO CANADA P0M 2M0

Date Began	First Director	
2014/08/14	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
DIRECTOR		Y

Request ID: 023308384
 Transaction ID: 72346449
 Category ID: UN/E

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2019/07/08
 Time Report Produced: 14:11:32
 Page: 3

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1916438	GREENHOUSES CANADA INC.

Administrator: Name (Individual / Corporation)	Address
ANDREW G. NOOTCHTAI	206 MAANI STREET ATIKAMEKSHENG ANISHNAWBEK NAUGHTON ONTARIO CANADA P0M 2M0

Date Began	First Director	Resident Canadian
2014/08/14	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	SECRETARY	Y

Administrator: Name (Individual / Corporation)	Address
ANDREW G. NOOTCHTAI	206 MAANI STREET ATIKAMEKSHENG ANISHNAWBEK NAUGHTON ONTARIO CANADA P0M 2M0

Date Began	First Director	Resident Canadian
2016/11/01	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	TREASURER	Y

Request ID: 023308384
 Transaction ID: 72346449
 Category ID: UN/E

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2019/07/08
 Time Report Produced: 14:11:32
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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1916438	GREENHOUSES CANADA INC.

Administrator: Name (Individual / Corporation)	Address
JOEL TARVUDD	125 MAGILL STREET LIVELY ONTARIO CANADA P3Y 1K6

Date Began	First Director	Resident Canadian
2014/08/14	NOT APPLICABLE	
Designation	Officer Type	
OFFICER	PRESIDENT	

Administrator: Name (Individual / Corporation)	Address
JOEL TARVUDD	125 MAGILL STREET LIVELY ONTARIO CANADA P3Y 1K6

Date Began	First Director	Resident Canadian
2014/08/14	NOT APPLICABLE	
Designation	Officer Type	
DIRECTOR		Y

Request ID: 023308384
Transaction ID: 72346449
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2019/07/08
Time Report Produced: 14:11:32
Page: 5

CORPORATION PROFILE REPORT

Ontario Corp Number

1916438

Corporation Name

GREENHOUSES CANADA INC.

Last Document Recorded

Act/Code Description

Form

Date

CIA CHANGE NOTICE

1

2019/06/06 (ELECTRONIC FILING)

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

The issuance of this report in electronic form is authorized by the Ministry of Government Services.

TAB B

This is Exhibit "B" referred to in the Affidavit of DODIE BALLESTEROS sworn July 22, 2019.



Commissioner for Taking Affidavits (or as may be)

**Marla Terri Gold, a Commissioner, etc.,
Province of Ontario, for the Business Development
Bank of Canada, expires August 29, 2020**



LAND
REGISTRY
OFFICE #53

73405-0155 (LT)

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 1 OF 2
PREPARED FOR catering
ON 2019/07/08 AT 14:16:02

PROPERTY DESCRIPTION: PT LT 6 CON 4 MERRITT PT 1, 2, 3, 4, 5 & 6 53R19368; SUBJECT TO AN EASEMENT IN GROSS OVER PYS 1, 3 & 5 53R19368 AS IN SD185945; TOWN OF ESPANOIA

PROPERTY REMARKS: CROWN GRANT SEE WP1397. CORRECTION: DOCUMENT SD185945 ADDED TO 73405-0155 ON 2016/01/05 AT 10:00 BY LABONTE-LAROCQUE, THERESE.

ESTATE/QUALIFIER: FEE SIMPLE ABSOLUTE
RECENTLY: DIVISION FROM 73405-0154

FIN CREATION DATE: 2012/04/11

OWNERS' NAMES: 1916439 ONTARIO LIMITED
CAPACITY SHARE
R0M

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 2012/04/11 **						
53R19368	2010/09/22	PLAN REFERENCE				C
SD185945	2010/11/01	TRANSFER EASEMENT	\$2	THE CORPORATION OF THE TOWN OF ESPANOIA	ESPANOIA REGIONAL HYDRO INC.	C
SD222846	2012/04/05	TRANSFER		*** DELETED AGAINST THIS PROPERTY *** THE CORPORATION OF THE TOWN OF ESPANOIA	2309360 ONTARIO LIMITED	
SD239203	2012/11/01	CHARGE		*** COMPLETELY DELETED *** 2309360 ONTARIO LIMITED	SOCIETE D'AIDE AUX ENTREPRISES DE LACLOCHE MANITOULIN BUSINESS ASSISTANCE CORPORATION	
SD244713	2013/02/04	CHARGE		*** COMPLETELY DELETED *** 2309360 ONTARIO LIMITED	BANK OF MONTREAL	
SD244714	2013/02/04	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** 2309360 ONTARIO LIMITED	BANK OF MONTREAL	
SD244715	2013/02/04	POSTPONEMENT		*** COMPLETELY DELETED *** SOCIETE D'AIDE AUX ENTREPRISES DE LACLOCHE MANITOULIN BUSINESS ASSISTANCE CORPORATION	BANK OF MONTREAL	
SD256365	2013/08/02	CHARGE		*** COMPLETELY DELETED *** 2309360 ONTARIO LIMITED	BANK OF MONTREAL	
SD256366	2013/08/02	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** 2309360 ONTARIO LIMITED	BANK OF MONTREAL	
SD256368	2013/08/02	POSTPONEMENT		*** COMPLETELY DELETED ***		

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.



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REGISTRY
OFFICE #53

73405-0155 (LT)

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 2 OF 2
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ON 2019/07/08 AT 14:16:02

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
SD290618	2015/03/13	CHANGE	\$1,600,000	1916438 ONTARIO LIMITED	BANK OF MONTREAL	C
SD290619	2015/03/13	NO ASSGN RENT GEN		1916438 ONTARIO LIMITED	BUSINESS DEVELOPMENT BANK OF CANADA	C
SD290887	2015/03/20	DISCH OF CHARGE		*** COMPLETELY DELETED *** BANK OF MONTREAL	BUSINESS DEVELOPMENT BANK OF CANADA	C
SD290888	2015/03/20	DISCH OF CHARGE		*** COMPLETELY DELETED *** BANK OF MONTREAL		
SD292975	2015/04/30	DISCH OF CHARGE		*** COMPLETELY DELETED *** SOCIETE D'AIDE AUX ENTREPRISES DE LACLOCHE MANITOULIN BUSINESS ASSISTANCE CORPORATION		
SD308571	2016/01/05	IR'S ORDER		LAND REGISTRAR, SUBSURY LAND REGISTRY OFFICE		
SD365437	2018/10/24	APL (GENERAL)		ESPAÑOLA REGIONAL HYDRO DISTRIBUTION CORPORATION	ESPAÑOLA REGIONAL HYDRO DISTRIBUTION CORPORATION	C
SD370567	2019/01/25	CONSTRUCTION LIEN	\$115,482	KAMICH STEEL SYSTEMS INC.		C
SD371522	2019/02/15	CERTIFICATE		KAMICH STEEL SYSTEMS INC.	1916438 ONTARIO LIMITED	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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REGISTRY
OFFICE #53

73405-0157 (LT)

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 1 OF 2
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* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION: PT LT 6 CON 4 MERRITT BEING PT 8 53R19737; TOWN OF ESPANOLA

PROPERTY REMARKS: CROWN GRANT SEE WP1397.

ESTATE/QUALIFIER:
FEE SIMPLE
ABSOLUTE

RECENTLY:
DIVISION FROM 73405-0156

PIN CREATION DATE:
2012/05/24

OWNER'S NAMES
1916438 ONTARIO LIMITED

CAPACITY SHARE
ROOM

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHRD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 2012/05/24 **						
53R19737	2012/03/05	PLAN REFERENCE		*** DELETED AGAINST THIS PROPERTY *** THE CORPORATION OF THE TOWN OF ESPANOLA	2309360 ONTARIO LIMITED	C
SD26262	2012/05/22	TRANSFER		*** COMPLETELY DELETED *** 2309360 ONTARIO LIMITED	BANK OF MONTREAL	
		REMARKS: PLANNING ACT STATEMENTS		*** COMPLETELY DELETED *** 2309360 ONTARIO LIMITED	BANK OF MONTREAL	
SD244713	2013/02/04	CHARGE		*** COMPLETELY DELETED *** 2309360 ONTARIO LIMITED	BANK OF MONTREAL	
SD244714	2013/02/04	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** 2309360 ONTARIO LIMITED	BANK OF MONTREAL	
		REMARKS: MAY BE DELETED WHEN SD244713 IS DELETED		*** COMPLETELY DELETED *** 2309360 ONTARIO LIMITED	BANK OF MONTREAL	
SD256365	2013/08/02	CHARGE		*** COMPLETELY DELETED *** 2309360 ONTARIO LIMITED	BANK OF MONTREAL	
SD256366	2013/08/02	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** 2309360 ONTARIO LIMITED	BANK OF MONTREAL	
		REMARKS: SD256365.		*** COMPLETELY DELETED *** 2309360 ONTARIO LIMITED	BANK OF MONTREAL	
SD290615	2015/03/13	TRANSFER	\$1,000,000	2309360 ONTARIO LIMITED	1916438 ONTARIO LIMITED	C
		REMARKS: PLANNING ACT STATEMENTS.		2309360 ONTARIO LIMITED	1916438 ONTARIO LIMITED	C
SD290618	2015/03/13	CHARGE	\$1,600,000	1916438 ONTARIO LIMITED	BUSINESS DEVELOPMENT BANK OF CANADA	C
SD290619	2015/03/13	NO ASSGN RENT GEN		1916438 ONTARIO LIMITED	BUSINESS DEVELOPMENT BANK OF CANADA	C
		REMARKS: SD290618		*** COMPLETELY DELETED *** BANK OF MONTREAL		
SD290887	2015/03/20	DISCH OF CHARGE		*** COMPLETELY DELETED *** BANK OF MONTREAL		
		REMARKS: SD244713.				

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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

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73405-0157 (LF)

PAGE 2 OF 2
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ON 2019/07/08 AT 14:18:03

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT / CHD
SD290888	2015/03/20	DISCH OF CHARGE		*** COMPLETELY DELETED *** BANK OF MONTREAL		
SD370567	2019/01/25	CONSTRUCTION LIEN	\$115,482	KAWICH STEEL SYSTEMS INC.		C
SD371522	2019/02/15	CERTIFICATE		KAWICH STEEL SYSTEMS INC.	1916438 ONTARIO LIMITED	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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TAB C

This is Exhibit "C" referred to in the Affidavit of DODIE BALLESTEROS sworn July 22, 2019.



Commissioner for Taking Affidavits (or as may be)

Maria Terri Gold, a Commissioner, etc.,
Province of Ontario, for the Business Development
Bank of Canada, expires August 29, 2020



BDCID: 10001614337

Letter of Offer dated February 13, 2015

1916438 Ontario Limited
 37 Panache Lake Rd
 Espanola, ON
 P5E 1H9

Attention of: Mr. Joel Tarvudd

Re: Loan(s) No. 085819-01

In accordance with this letter of offer of credit as amended from time to time (the "Letter of Offer"), Business Development Bank of Canada ("BDC") is pleased to offer you the following loan(s) (hereinafter individually or collectively referred to as the "Loan"). The Letter of Offer is open for acceptance until February 23, 2015 (the "Acceptance Date") after which date it shall become null and void.

LOAN PURPOSE AND FUNDING**Loan Purpose**

Purchase Land and Building	1,000,000.00
Construction	600,000.00
	1,600,000.00

Funding

BDC 085819-01	1,600,000.00
	1,600,000.00

No change to the Loan Purpose or Funding may be made without BDC's prior written consent. The proceeds of the Loan may only be used for the Loan Purpose.

DEFINITIONS

In the Letter of Offer, capitalized terms have the meanings described in Schedule "A" – Section I or are defined elsewhere in the text of the Letter of Offer.

LENDER

BDC

BORROWER

1916438 Ontario Limited (the "Borrower")

GUARANTOR

468177 Ontario Limited

Joel R Tarvudd

Andrew G Nootchtai

Lisa Joy Scharf

(Hereinafter individually or collectively referred to as the "Guarantor"). The terms of each guarantee are set forth in the Security section below.

LOAN AMOUNT

Loan 085819-01: \$1,600,000.00

INTEREST RATE

The Loan and all other amounts owing by the Borrower pursuant to the Loan Documents shall bear interest at the following rate:

Loan 085819-01**Floating Rate**

BDC's Floating Base Rate plus a variance of 0.90% per year (the "Variance 01"). On the date hereof, BDC's Floating Base Rate is 4.85% per year.

INTEREST CALCULATION

Interest shall be calculated monthly on the outstanding principal, commencing on the date of the first disbursement, both before and after maturity, Default and judgement.

Arrears of interest or principal and all other amounts owing by the Borrower pursuant to the Loan Documents shall bear interest at the rate applicable to the Loan and shall be calculated and compounded monthly.

REPAYMENT

Principal of the Loan is repayable according to the following. The balance of the Loan in principal and interest and all other amounts owing pursuant to the Loan Documents shall become due and payable on the Maturity Date (the "Maturity Date").

Loan 085819-01

LETTER OF OFFER 1916438 Ontario Limited – 085819-01, February 13, 2015

Regular

Payments			Start Date	End Date
Number	Frequency	Amount (\$)		
1	Once	8,260.00	15-07-2015	15-07-2015
239	Monthly	6,660.00	15-08-2015	15-06-2035

In addition, interest is payable monthly on the 15th day of the month (the "Payment Date 01") commencing on the next occurring Payment Date 01 following the first advance on the Loan.

Maturity Date: June 15, 2035 (the "Maturity Date 01").

PREPAYMENT

Annual Prepayment Privilege: Provided that the Borrower is not in default of any of its obligations to BDC, the Borrower may, once in any 12 month period, prepay up to 15% of the outstanding principal on any Loan without indemnity. The first prepayment can be made at any time more than one year after February 13, 2015. The prepayment privilege is not cumulative and each prepayment on an individual Loan must be at least 12 months subsequent to the last prepayment on that same loan. The prepayment privilege is not transferable from one individual Loan to another and is not applicable if any Loan is being repaid in full.

In addition to the annual privilege, the Borrower may prepay at any time all or part of the principal provided that the Borrower pays the interest owing up to the time of the prepayment together with an indemnity equal to:

If the interest rate on the Loan is a floating rate:

- three months further interest on the principal prepaid at the floating interest rate then applicable to the Loan.

If the interest rate on the Loan is a fixed rate:

- the sum of (a) three months further interest on the principal prepaid at the fixed interest rate then applicable to the Loan; and (b) the Interest Differential Charge.

Partial prepayments shall be applied regressively on the then last maturing instalments of principal.

SECURITY

The Loan, interest on the Loan and all other amounts owing pursuant to the Loan Documents shall be secured by the following (the "Security"):

Loan 085819-01

1. First readvanceable mortgage in the principal amount of \$1,600,000 on land (approx. 11.5 acres) legally described as Parts 1 to 6 inclusive on Plan 53R being PIN 73405-0155, as well as Part 8, Plan 53R-19737 being PIN 73405-0157, both Merritt Township, Town of Espanola, District of Sudbury, and buildings (to be total of 19,200 sq. ft. upon completion) located at 37 & 85 Panache Lake Road, Espanola, Ontario, to be owned by 1916438 Ontario Limited. Building location survey or title insurance required.
2. General Security Agreement from 1916438 Ontario Limited providing a first security interest in all present and after-acquired personal property, except consumer goods.
3. Guarantee of 468177 Ontario Limited for the full amount of the loan supported by a General Security Agreement providing a security interest in all present and after-acquired personal property, except consumer goods, subject to priority on inventory and accounts receivable to the lender extending an operating line of credit. The guarantor agrees that it is directly responsible for the payment of the cancellation, standby and legal fees.
4. First registered general assignment of rents. Rent may be paid to lessor until notified by BDC. No prepayment without BDC's approval.
5. Guarantee of Joel R. Tarvudd for 25% of the Loan amount outstanding from time to time. The guarantor agrees that he is directly responsible for the payment of the cancellation, standby and legal fees.
6. Guarantee of Lisa Joy Scharf for 25% of the Loan amount outstanding from time to time. The guarantor agrees that she is directly responsible for the payment of the cancellation, standby and legal fees.
7. Guarantee of Andrew G. Nootchtai for 25% of the Loan amount outstanding from time to time. The guarantor agrees that she is directly responsible for the payment of the cancellation, standby and legal fees.

DISBURSEMENT

The Loan funds shall be disbursed as follows:

Loan 085819-01

1. Once all required security is in place and conditions precedent satisfied to BDC's satisfaction, funds in the amount of \$1,000,000 representing 100% of the purchase price of realty located at 37 and 85 Panache Lake Road will be disbursed to the BDC solicitor in trust to close the transaction.

2. BDC will disburse upon receipt of invoices evidencing expenditures under the Loan Purpose. The amount disbursed shall not exceed 100% of the total dollar amount of invoices submitted (excluding applicable taxes) to a maximum of \$600,000 less any applicable holdbacks.

HOLDBACKS

Each disbursement will be subject to a holdback equal to 10% of the price of the services and materials as they are actually supplied. The total holdback shall be disbursed only upon completion of the following:

- The Borrower has provided BDC with a copy of the Certificate of Substantial Performance confirming that the entire project is complete, issued by the General Contractor (or by the Client if there is no General Contractor), in compliance with applicable legislation and;
- The Borrower has provided BDC with satisfactory proof that 45 days have passed following publication of the Certificate in a construction trade newspaper.

SITE VISIT

A physical inspection by a BDC representative of the expenditures under the Loan Purpose is to be done at 75% of construction project completion.

Unless otherwise authorized, funds for each Loan account number shall be disbursed to the solicitor or notary who shall confirm to BDC the execution, delivery and registration of the Security relating to the Loan.

CONDITIONS PRECEDENT

Any obligation to make any advance under the Letter of Offer is subject to the following conditions being fulfilled to the satisfaction of BDC:

1. Receipt of the Security in form and substance satisfactory to BDC registered as required to perfect and maintain the validity and rank of the security, and such certificates, authorizations, resolutions and legal opinions as BDC may reasonably require.
2. Satisfactory review of all financial information relating to the Borrower and any corporate Guarantor and their respective business as BDC may reasonably require.
3. No Default or Event of Default shall have occurred.
4. No Material Adverse Change shall have occurred.
5. Provision of documents evidencing expenditures under the Loan Purpose, if applicable.
6. Satisfaction of all applicable disbursement conditions contained in the Disbursement section of this Letter of Offer.
7. Provide written evidence that an operating credit of not less than \$1,500,000 has been established in favour of 468177 Ontario Limited by a financial institution acceptable to BDC and on terms and conditions satisfactory to BDC.
8. Provide copy of an executed amendment to the Purchase and Sale Agreement dated November 2014 between 1916438 Ontario Limited as Purchaser and 2309360 Ontario Limited as Vendor for property located at 37 Panache Lake Road, Espanola, Ontario. The amendment will amend the property to include both parcels at 37 Panache Lake Road and 85 Panache Road, Espanola, Ontario.

UNDERLYING CONDITIONS

The following conditions shall apply throughout the term of the Loan:

1. You agree to assume all program cost overruns without prejudice to the security held by BDC.
2. You shall abide by the following conditions in relation to the renting to, and occupancy by, third parties of realty relating to your business:
 - a) provide BDC with a copy of all current and future leases (including sub-leases), the terms and conditions of which must be acceptable to BDC and which must be subject to the terms and conditions of this Letter of Offer;
 - b) inform BDC immediately of any change of tenants or occupants, current and future, and obtain BDC's prior approval of all new tenants or occupants;
 - c) ensure that all tenants, sub-tenants and occupants, current and future, conform to BDC's policy regarding "ineligible Activities" as described in this Letter of Offer and respect all environmental laws and regulations;
 - d) include in all new leases, lease renewals and sub-leases a clause requiring that the tenant(s) and occupant(s) conform to BDC's policy regarding "Ineligible Activities" as described in this Letter of Offer and a clause containing a covenant to respect all environmental laws and regulations.
 - e) refrain from amending leases and sub-leases without BDC's prior consent;
 - f) pay the cost of serving such legal and other notices to your tenants as BDC may deem necessary from time to time to protect BDC's interests in relation to this Loan.
3. You agree to provide to BDC annually, upon demand, written proof of your payment of the property, school or similar taxes which are assessed against the mortgaged land and improvements (the "taxes"), within thirty (30) days following the due date of each required instalment. Should you default in paying any such instalment of the taxes when due, you will pay BDC monthly payments as calculated by BDC to establish a tax reserve account. These payments will be collected by the pre-authorized debit plan and the funds in the account will earn interest in accordance with BDC's policy then in effect. You authorize BDC to pay the relevant taxing authorities. Should there be insufficient funds to satisfy the taxes owing, you will pay the shortfall. BDC will not be responsible for funding the shortfall or any arrears, including interest and other charges. You will instruct the taxing authority to forward a copy of the tax notice to BDC, or you will deliver a copy to BDC upon receipt.

REPRESENTATIONS AND WARRANTIES

The Borrower makes the representations and warranties in Schedule "A" – Section II. These representations and warranties shall survive the execution of the Letter of Offer and shall continue in force and effect until the full payment and performance of all obligations of the Borrower pursuant to the Loan Documents.

LETTER OF OFFER 1916438 Ontario Limited – 085819-01, February 13, 2015

COVENANTS

So long as any amount owing pursuant to the Loan Documents remains unpaid, the Borrower and any corporate Guarantor shall perform the covenants in Schedule "A" – Section III.

REPORTING OBLIGATIONS

The Borrower (and if applicable the corporate Guarantor) shall provide to BDC within 90 days of its (their) fiscal year end the following financial statements:

Company	Type	Frequency	Period Ending
1916438 Ontario Limited	Notice to Reader	Annual	March
468177 Ontario Limited	Review Engagement	Annual	March

and such other financial and operating statements and reports as and when BDC may reasonably require.

EVENTS OF DEFAULT

The occurrence of any of the events listed in Schedule "A" – Section IV constitutes an event of default under the Letter of Offer (each an "Event of Default"). If an Event of Default occurs, any obligation of BDC to make any advance, shall, at BDC's option, terminate and BDC may, at its option, demand immediate payment of the Loan and enforce any Security.

FEES

Cancellation Fee

If the Borrower does not draw on the Loan by the Lapsing Date indicated below (the "Lapsing Date"), the Loan shall lapse and be cancelled and the Borrower and the Guarantor shall pay BDC the applicable cancellation fee indicated below. If the Loan is partially disbursed on the Lapsing Date, the Borrower and Guarantor shall pay BDC a percentage of the cancellation fee in proportion to the percentage of the Loan that is cancelled. No cancellation fee will be payable if 50% or more of the Loan has been disbursed.

The cancellation fee is payable on demand and is liquidated damages, not a penalty, and represents a reasonable estimate of BDC's damages should the Loan be cancelled or allowed to lapse in whole or in part.

Loan 085819-01

Lapsing Date: February 13, 2016 (the "Lapsing Date 01").

Cancellation Fee: \$48,000.00 (the "Cancellation Fee 01").

Standby Fee

The Borrower and the Guarantor shall pay BDC a non-refundable standby fee calculated at a rate as indicated below on the portion of the Loan which has not been advanced or cancelled excluding

the Consulting portion and/or Future Interest Reserve. This fee shall be calculated daily and be payable in arrears commencing on the date indicated below and on each Payment Date thereafter.

Loan 085819-01

Rate: 1.50% per annum

Date: August 13, 2015

Legal Fees and Expenses

The Borrower and the Guarantor shall pay, on demand, all legal and other out-of-pocket costs of BDC incurred in connection with the Loan and the Loan Documents including the enforcement of the Loan and the Loan Documents, whether or not any documentation is entered into or any advance is made to the Borrower. All legal and other out-of-pocket expenses of BDC in connection with any amendment or waiver related to the Loan and the Loan documents shall also be for the account of the Borrower.

Loan Management Fee

The Borrower shall pay BDC an annual management fee as indicated below. This management fee is payable annually on the Payment Date immediately following each anniversary of the first advance of the specific Loan account number. This fee is non-refundable and is subject to change.

Loan 085819-01

\$750.00 per year (the "Management Fee 01")

Transaction Fees

The Borrower shall pay BDC loan amendment and Security processing fees charged for the administrative handling of the Loan.

CONFLICTS

The Loan Documents constitute the entire agreement between BDC and the Borrower. To the extent that any provision of the Letter of Offer is inconsistent with or in conflict with the provisions of the other Loan Documents, such provision of the Letter of Offer shall govern.

INDEMNITY

The Borrower shall indemnify and hold BDC harmless against any and all claims, damages, losses, liabilities and expenses incurred, suffered or sustained by BDC by reason of or relating directly or indirectly to the Loan Documents save and except any such claim, damage, loss, liability and expense resulting from the gross negligence or wilful misconduct of BDC.

GOVERNING LAW

This Letter of Offer shall be governed by and construed in accordance with the laws of the jurisdiction in which the Business Centre of BDC is located as shown on the first page of this Letter of Offer.

SUCCESSORS AND ASSIGNS

The Letter of Offer shall extend to and be binding on the Borrower and BDC and their respective successors and assigns. BDC, in its sole discretion, may assign, sell or grant participation in (a "transfer") all or any part of its rights and obligations under this Letter of Offer or the Loan to any third party, and the Borrower agrees to sign any documents and take any actions that BDC may reasonably require in connection with any such transfer. Upon completion of the transfer, the third party will have the same rights and obligations under this Letter of Offer as if it were a party to it, with respect to all rights and obligations included in the transfer and BDC will be released to the extent of any interest under this Letter of Offer or the Loan it assigns. BDC may disclose information it has in connection with the Borrower or any Guarantor to any actual or prospective transferee. No Borrower or Guarantor shall have the right to assign any of its rights or obligations under or pursuant to the Loan Documents without BDC's prior written consent.

ACCEPTANCE

The Letter of Offer and any modification of it may be executed and delivered by original signature, fax, or any other electronic means of communication acceptable to BDC and in any number of counterparts, each of which is deemed to be an original and all of which taken together shall constitute one and the same Letter of Offer.

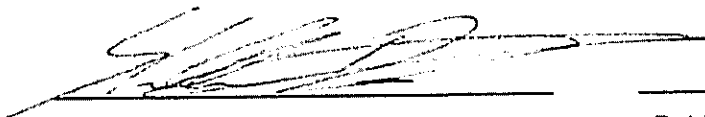
SCHEDULE

The Letter of Offer includes Schedule "A" which contains Definitions, Representations and Warranties, Covenants, Events of Default and General Terms and Conditions. Schedule "A" has been inserted after the signature page and forms an integral part of the Letter of Offer.

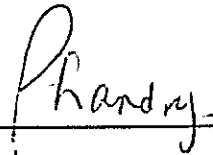
LANGUAGE CLAUSE

The parties hereby confirm their express wish that the Letter of Offer and all related documents be drawn up in the English language. Les parties reconnaissent leur volonté expresse que la présente lettre d'offre ainsi que tous les documents qui s'y rattachent soient rédigés en langue anglaise.

Should you have any questions regarding the Letter of Offer, do not hesitate to communicate with one of the undersigned.



Sheldon Root
Account Manager
Phone: (705) 670-6662
Fax: (705) 670-5333
Sheldon.ROOT@bdc.ca



Patricia Landry
Senior Client Relationship Officer
Phone: (705) 670-6311
Fax: (705) 670-6387
patricia.landry@bdc.ca


LETTER OF OFFER 1916438 Ontario Limited – 085819-01, February 13, 2015

ACCEPTANCE

The parties accept the terms and conditions set forth above and in the attached Schedule "A".

This 18 day of February 2015.

1916438 Ontario Limited


_____, Authorized Signing Officer

Name: Joel Tawud
[Please print name of signing party]

GUARANTOR(S)

468177 Ontario Limited

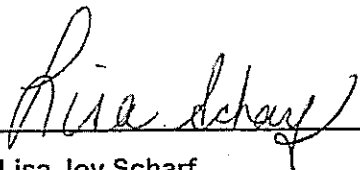

_____, Authorized Signing Officer

Name: JOEL TAWUD
[Please print name of signing party]



Joel R Tawud

Andrew G Nootchtai



Lisa Joy Scharf

ACCEPTANCE

The parties accept the terms and conditions set forth above and in the attached Schedule "A".

This _____ day of _____, 20____.

1916438 Ontario Limited

_____, Authorized Signing Officer

Name: _____
(Please print name of signing party)

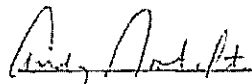
GUARANTOR(S)

468177 Ontario Limited

_____, Authorized Signing Officer

Name: _____
(Please print name of signing party)

Joel R Tarvudd



Andrew G Nootchtal

Lisa Joy Scharf

LETTER OF OFFER 1916438 Ontario Limited – 085819-01, February 13, 2015

February 13, 2015

SECTION I - DEFINITIONS

"Available Funds" – means in respect of the Borrower and any corporate Guarantor for any period of 12 months, the sum of the net profits before non-recurring or non-operating items that are not related to normal operations (as designated by the external accredited accountant) plus depreciation and amortization; plus deferred income taxes; and minus dividends.

"Available Funds Coverage Ratio" – means the ratio of Available Funds over the current portion of Term Debt.

"BDC's Base Rate" – means the annual rate of interest announced by BDC through its offices from time to time as its base rate and, as the case may be, subject to a discount for the duration, applicable to each of BDC's fixed interest rate plans then in effect for determining the fixed interest rates on Canadian dollar loans.

"BDC's Floating Base Rate" – means the annual rate of interest announced by BDC through its offices from time to time as its floating rate then in effect for determining the floating interest rates on Canadian dollar loans. The interest rate applicable to the Loan shall vary automatically without notice to the Borrower upon each change in BDC's Floating Base Rate.

"BDC's US Dollar Floating Base Rate" – means the 1-month US Dollar floating base rate set the last business day of each month for the following month for determining the floating interest rates on US Dollar loans. The interest rate applicable to the Loan shall vary automatically without notice to the Borrower upon each change in BDC's US Dollar Floating Base Rate. BDC's US Dollar Floating Base Rate for the period from the date of the first advance on the Loan to the first business day of the following month will be the 1-month US Dollar floating base rate as established by BDC on the first business day of the month in which the funds are disbursed. Thereafter, the 1-month US Dollar Floating Base Rate may vary on the first business day of each month.

"Corresponding Fixed Interest Rate Plan" – means, at any time in respect of a prepayment, the fixed interest rate plan then being offered by BDC to its clients equal to the number of years, rounded to the nearest year (minimum of one year), from the date such prepayment is received to the next scheduled Interest Adjustment Date (or the Maturity Date if earlier).

"Default" – means an Event of Default or any condition that, with the giving of notice, the passage of time or otherwise, is susceptible of being an Event of Default.

"GAAP" – means generally accepted accounting principles in Canada applied consistently.

"GAAP for Private Enterprises" – means generally accepted accounting principles approved by the Accounting Standards Board for financial reporting for private companies in Canada who have elected not to adopt IFRS.

"IFRS" – means International Financial Reporting Standards approved by the Accounting Standards Board for accounting for publicly accountable enterprises and private enterprises who have voluntarily decided to adopt this set of standards.

"Interest Adjustment Date" – means, in respect of any fixed interest rate plan, the day after the Interest Expiration Date of such fixed interest rate plan.

"Interest Differential Charge" – means, in respect of the prepayment of the Loan or any portion of the Loan on a fixed interest rate plan, if, on the date of the prepayment, the BDC's Base Rate for the Corresponding Fixed Interest Rate Plan is lower than the BDC's Base Rate in effect when the Borrower entered or renewed the fixed interest rate plan, whichever is most recent, the amount calculated as follows:

- (i) the difference between the two rates;
- (ii) such interest differential is multiplied by the principal that would have been outstanding at each future Payment Date until the next Interest Adjustment Date (or the maturity of the principal if earlier);
- (iii) the Interest Differential Charge is the present value of those monthly amounts calculated using BDC's Base Rate for the Corresponding Fixed Interest Rate Plan as the discount rate. In the case of partial prepayment, the Interest Differential Charge will be reduced in the same proportion as the amount prepaid bears to the principal outstanding on the Loan at the time prepayment is received. If the Loan is secured by a mortgage or a hypothec on real estate and the Loan is prepaid in full after 5 years from the date of the mortgage or hypothec, the Interest Differential Charge shall not be payable if the mortgage or hypothec is given by an individual and shall only be payable if permitted under the Interest Act.

"Interest Expiration Date" – means the date on which a fixed Interest rate plan expires.

"Loan" – shall have the meaning indicated in the Letter of Offer, or, as the context may require, at any time the unpaid principal balance of the Loan.

"Loan Documents" – means, collectively, the application for financing, the Letter of Offer, the security contemplated by the Letter of Offer and all other documents, instruments and agreements delivered in connection with the foregoing.

"Material Adverse Change" – means:

- (i) a material adverse change in, or a material adverse effect upon, the financial condition, operations, assets, business, properties or prospects of the Borrower or any corporate Guarantor,
- (ii) a material impairment of the ability of the Borrower or any corporate Guarantor to perform any of their obligations under any Loan Document, or
- (iii) a material adverse effect upon any substantial portion of the assets subject to security in favour of BDC or upon the legality, validity, binding effect, rank or enforceability of any Loan Document.

"Person" – includes any natural person, corporation, company, Limited Liability Company, trust, joint venture, association, incorporated organization, partnership, governmental authority or other entity.

"Tangible Equity" – means the sum of the share capital [owners' capital for non-incorporated businesses]; plus retained earnings [accumulated net income]; plus subordinated loans or advances from the shareholders [owners] and related businesses; minus loans or advances to the shareholders [owners], directors, related or non-related businesses.

"Term Debt" – means the sum of the long-term debt plus the capital leases including the current portion to be paid over the next 12 months; plus the book value of preferred shares subject to a formal redemption agreement, if any.

"Term Debt to Tangible Equity Ratio" – means the ratio of the Term Debt over the Tangible Equity.

"Working Capital Ratio" – means the ratio of the total current assets over the total current liabilities. Current assets include the following: cash on deposit, accounts receivable (trade and other), inventory and prepaid expenses. Current liabilities include the following: bank advances, cheques in transit, accounts payable (trade and other) and the current portion due within the next 12 months of all long term debts.

SECTION II - REPRESENTATIONS AND WARRANTIES

The Borrower hereby represents and warrants to BDC that:

1. It is a partnership, trust or corporation, as the case may be, duly constituted, validly existing and duly registered or qualified to carry on business in each jurisdiction where it is required by applicable laws to be so registered or qualified.
2. The execution, delivery and performance of its obligations under the Letter of Offer and the other Loan Documents to which it is a party have been duly authorized and constitute legal, valid and binding obligations enforceable in accordance with their respective terms.
3. It is not in violation of any applicable law, which violation could lead to a Material Adverse Change.
4. No Material Adverse Change exists and there are no circumstances or events that constitute or would constitute, with the lapse of time, the giving of notice or otherwise, a Material Adverse Change.
5. No Default or Event of Default exists.
6. All information provided by it to BDC is complete and accurate and does not omit any material fact and, without limiting the generality of the foregoing, all financial statements delivered by it to BDC fairly present its financial condition as of the date of such financial statements and the results of its operations for the period covered by such financial statements, all in accordance with GAAP.
7. There is no pending or threatened claim, action, prosecution or proceeding of any kind including but not limited to non-compliance with environmental law or arising from the presence or release of any

contaminant against it or its assets before any court or administrative agency which, if adversely determined, could lead to a Material Adverse Change.

8. In respect of properties and assets charged to BDC, it has good and marketable title, free and clear of any encumbrances, except those encumbrances which BDC has accepted in writing.

The foregoing representations and warranties shall remain in force and true until the Loan is repaid in full.

SECTION III - COVENANTS

The Borrower and each corporate Guarantor shall:

1. Perform their obligations and covenants under the Loan Documents.
2. Maintain in full force and effect and enforceable the Security contemplated by this Letter of Offer.
3. Notify BDC immediately of the occurrence of any Default under the Letter of Offer or any other Loan Documents.
4. Comply with all applicable laws and regulations.
5. Keep all secured assets insured for physical damages and losses on an "All-Risks" basis, including Equipment Breakdown (or Boiler & Machinery) where applicable, for their full replacement value and cause all such Insurance policies to name BDC as loss payee as its interests may appear. The policies shall also name BDC as mortgagee and include a standard mortgage clause in respect of buildings over which BDC holds Security; and
as further Security, assign or hypothecate all Insurance proceeds to BDC; and
if requested by BDC, maintain adequate general liability insurance and environmental insurance to protect it against any losses or claims arising from pollution or contamination incidents, or any other type of insurance it may reasonably require, and to provide copies of such policies; and maintain all policies of insurance in effect for the duration of the Loan.
6. Notify BDC immediately of any loss or damage to their property.
7. Without limiting the generality of paragraph 4 above, in relation to their business operations and the assets and projects of their business, operate in conformity with all environmental laws and regulations; make certain that their assets are and shall remain free of environmental damage; inform BDC immediately upon becoming aware of any environmental issue and promptly provide BDC with copies of all communications with environmental authorities and all environmental assessments; pay the cost of any external environmental consultant engaged by BDC to effect an environmental audit and the cost of any environmental rehabilitation or removal necessary to protect, preserve or remediate the assets, including any fine or penalty BDC is obligated to incur by reason of any statute, order or directive by a competent authority.
8. Promptly pay all government remittances, assessments and taxes including real estate taxes and provide BDC with proof of payments as BDC may request from time to time.
9. Promptly furnish to BDC such information, reports, certificates and other documents concerning the Borrower and any corporate Guarantor as BDC may reasonably request from time to time.
10. Not, without the prior written consent of BDC,
 - a. Change the nature of their business.
 - b. Amalgamate, merge, acquire or otherwise restructure their business, or create an affiliated company, or sell or otherwise transfer a substantial part of their business or any substantial part of their assets, or grant any operating license.
 - c. Permit any Person holding Equity Interests in the Borrower or any corporate Guarantor or in any Person that controls directly or indirectly the Borrower or any corporate Guarantor, to sell or transfer their Equity Interests in such Borrower or corporate Guarantor, or permit the Borrower or any corporate Guarantor or any Person that directly or indirectly controls the Borrower or any corporate Guarantor to issue any Equity Interests to any Person which is not a Borrower or a corporate Guarantor.

"Equity Interests" means, with respect to any Person, any and all shares, interests, participations, rights in, or other equivalents (however designated) of such Person's capital, including any interest in a partnership, limited partnership or other similar Person and any beneficial interest in a trust, which carry

the right to vote on the election of directors or individuals exercising similar functions in respect of such Person and/or which entitle their holder to participate in the profits of such Person.

This provision shall not apply to any Borrower or any corporate Guarantor who is a Public Issuer.

"Public Issuer" means any Borrower or any corporate Guarantor whose Equity Interests are listed or posted for trading on the Toronto Stock Exchange or the TSX Venture Exchange or any other stock exchange or over-the-counter market acceptable to BDC.

11. Not engage in, or permit their premises to be used by a tenant or other Person, for any activity which BDC, from time to time, deems ineligible, including without limitation any of the following ineligible activities:
- a. businesses that are sexually exploitive or that are inconsistent with generally accepted community standards of conduct and propriety, including those that feature sexually explicit entertainment, products or services; businesses that are engaged in or associated with illegal activities; businesses trading in countries that are proscribed by the Federal Government;
 - b. businesses that operate as stand-alone nightclubs, bars, lounges, cabarets, casinos, discotheques, video arcades, pool and billiard halls, and similar operations; or
 - c. businesses that promote nudism and naturism.

BDC's finding that there is an ineligible activity shall be final and binding between the parties and will not be subject to review. The prohibitions set out in this paragraph 11 shall also apply to any entity that controls, is controlled by, or that is under the common control with, any Borrower and any corporate Guarantor.

SECTION IV - EVENTS OF DEFAULT

1. The Borrower fails to pay any amount owing under or pursuant to the Loan Documents.
2. The Borrower fails to comply with or to perform any provision of the Letter of Offer or the other Loan Documents.
3. The Borrower and/or the Guarantor is in default under any other agreement with BDC or any third party for the granting of a loan or other financial assistance and such default remains unremedied after any cure period provided in such other agreement.
4. Any representation or warranty made by the Borrower or any corporate Guarantor in any Loan Document is breached, false or misleading in any material respect, or becomes at any time false.
5. Any schedule, certificate, financial statement, report, notice or other writing furnished by the Borrower or corporate Guarantor to BDC in connection with the Loan is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified.
6. The Borrower or corporate Guarantor becomes insolvent or generally fails to pay, or admits in writing their inability or refusal to pay their debts as they become due; or any Borrower or corporate Guarantor applies for, consents to, or acquiesces in the appointment of a trustee, receiver or other custodian for such Borrower or corporate Guarantor or any property thereof, or makes a general assignment for the benefit of creditors; or, in the absence of such application, consent or acquiescence, a trustee, receiver or other custodian is appointed for the Borrower or corporate Guarantor for a substantial part of the property of such party; or any bankruptcy, reorganization, debt arrangement, or other case or proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is commenced in respect of such party, or any Borrower or corporate Guarantor takes any action to authorize, or in furtherance of, any of the foregoing.
7. The Borrower ceases or threatens to cease to carry on all or a substantial part of their business.
8. Without the prior written consent of BDC, the occurrence of a change of control of the Borrower (as determined by BDC) who is not a Public Issuer.
9. The Borrower or any corporate Guarantor is in violation of any applicable law relating to terrorism or money laundering, including the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada).
10. In the event that either a) any Person or group of Persons, acting jointly or in concert, that already owns 20% or more of the outstanding Equity Interests of a Public Issuer, acquires a number of Equity Interests from such Public Issuer or from any third party that would result in such Person or group of Persons owning more than 50% of the outstanding Equity Interests of such Public Issuer or b) any Person or

group of Persons, acting jointly or in concert, that does not already own 20% or more of the outstanding Equity Interests of a Public Issuer, acquires a number of Equity Interests from such Public Issuer or from any third party that would result in such Person or group of Persons owning at least 20% of the outstanding Equity Interests of such Public Issuer, BDC may review the Loan and may require that the Loan, together with interest and any other amounts then outstanding, be repaid within sixty (60) days. Should the Borrower fail to repay the Loan, accrued interest, and all other amounts outstanding within sixty (60) days of the demand by BDC under this provision, the Borrower shall be in Default and same shall constitute an Event of Default.

SECTION V - GENERAL TERMS AND CONDITIONS

The Borrower and each Guarantor agree to the following additional provisions:

Other Available Interest Rate Plans

Upon acceptance of the Letter of Offer, the Borrower can select one of BDC's other available fixed or floating interest rate plans. If the selection is made before the Acceptance Date, there is no fee and the selected plan shall be based on BDC's Base Rate in effect on the Loan Authorization Date. If the selection is made after the initial Acceptance Date, there is a fee and an Interest Differential Charge may apply. The new rate shall become effective on the fourth day following receipt of the request by BDC. However, in the event of a period of increased interest rate volatility, which will be determined by a fluctuation of greater than 0.5% during the same transaction day of the yield to maturity of the five-year Canada bond benchmark, the Bank reserves the right to suspend the borrower's right to switch from a floating interest rate plan to a fixed interest rate plan.

Standby Fee Date Change When Switching From Floating to Fixed Rate Plans

If the Borrower changes to a fixed interest rate plan within 2 months after the Loan Authorization Date, the standby fee shall be effective two months after the Loan Authorization Date. If the change to a fixed interest rate plan occurs later than two months after the Loan Authorization Date, the standby fee shall be effective on the date the new fixed interest plan takes effect.

Interest Adjustment Date

Provided no Default has occurred and is continuing, prior to each Interest Adjustment Date, BDC shall advise the Borrower of BDC's Base Rates then in effect for the fixed interest rate plans available. Not later than on the current Interest Expiration Date, the Borrower shall select a new interest rate plan. If the Borrower selects a new fixed interest rate plan, effective on the Interest Adjustment Date, the interest rate for the Loan shall be BDC's Base Rate applicable to the fixed interest rate plan selected by the Borrower adjusted by the Variance which new rate shall be applicable until the next Interest Expiration Date. If the Loan is on a fixed interest rate plan with blended payments of principal and interest, the repayment schedule shall be adjusted on each Interest Adjustment Date. If the Borrower has not advised BDC in writing of its choice before an Interest Adjustment Date, the Loan shall automatically switch to BDC's floating interest rate plan on the Interest Adjustment Date with an interest rate being BDC's Floating Base Rate as adjusted by the Variance. Outstanding principal for blended payment loans shall then be divided in equal monthly instalments to be paid until Maturity Date.

In the event BDC should demand repayment of the Loan by reason of an Event of Default, any fixed interest rate applicable at the time of demand shall continue to apply to the Loan until full repayment and shall not be adjusted at the next Interest Adjustment Date.

Pre-Authorized Payment System

All payments provided for in the Letter of Offer must be made by pre-authorized debits from the Borrower's bank account. The Borrower shall sign all documentation required to that effect and provide a sample cheque marked void.

Application of Payments

All payments shall be applied in the following order:

1. any prepayment indemnity (including the monthly interest and Interest Differential Charge)
2. protective disbursements;
3. standby fees (arrears and current);

4. arrears, in the following order: transaction fees, administration fees, management fees, interest and principal;
5. current balances, in the following order: transaction fees, management fees, interest and principal;
6. cancellation fees;
7. credits to the tax reserve account and asset maintenance and upgrade account, if applicable; and
8. other amounts due and payable.

Other than regular payments of principal and interest, BDC may apply any other monies received by it, before or after Default, to any debt the Borrower may owe BDC under or pursuant to the Letter of Offer or any other agreement and BDC may change those applications from time to time.

Consent to Obtaining Information

The Borrower and any corporate Guarantor authorize BDC, from time to time, to obtain financial, compliance, account status and any other information about a Borrower and any corporate Guarantor and their respective business from their accountants, their auditors, any financial institution, creditor, credit reporting or rating agency, credit bureau, governmental department, body or utility.

Notices

Notices must be in writing and may be given in person, or by letter sent by fax, mail, courier or electronically; if to the Borrower, at the Borrower's address above or such other addresses as the Borrower may advise BDC in writing, or if to BDC, at BDC's address above.

Joint and Several Liability

Where in the Loan Documents, any covenant, agreement, warranty, representation or obligation is made or imposed upon two or more Persons or a party comprised of more than one Person, each such covenant, agreement, warranty, representation or obligation shall be deemed to be and be read and construed as a joint and several (solidary in Quebec) covenant, agreement, warranty, representation or obligation of each such Person or party, as the case may be. Without limiting the generality of the foregoing, each Borrower shall be jointly and severally (solidarily) liable with each other to BDC for the full performance of all obligations under the Loan Documents.

Anti- Money Laundering/Know Your Client

The Borrower and each Guarantor acknowledge that, pursuant to prudent banking practices in respect of "knowing your client", BDC, in compliance with its internal policies, is required to verify and record information regarding the Borrower and each Guarantor, their directors, authorized signing officers, shareholders and other Persons in control of the Borrower and each Guarantor. The Borrower and each Guarantor shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by BDC or any prospective assignee or other financial institution participating in the Loan with BDC, in order to comply with internal policies and applicable laws on anti-money laundering and anti-terrorist financing.

Confidentiality

The Borrower and each Guarantor shall not disclose the contents of this Letter of Offer to anyone except its professional advisors.

Changes in Accounting Standards

In the event that a Borrower or any Guarantor adopts any changes in accounting standards, including but not limited to GAAP for Private Enterprises and International Financial Reporting Standards (IFRS), which have an effect on any provision in the Letter of Offer relying on financial statement calculations, BDC may amend such provision to reflect the original intent of the provision.



BDCID: 10001866366

March 10, 2015

Mr. Joel Tarvudd
 1916438 Ontario Limited
 37 Panache Lake Rd
 Espanola, ON
 P5E 1H9

Re: BDC Loan 085819-01

Dear Mr. Tarvudd:

We write in reference to our Letter of Offer for Loan No. 085819-01, and any subsequent amendments thereto. Subject to the terms set out below, the following amendments will be made to your loan(s).

Amendments – Loan No. 085819-01:

SECURITY

The following existing Security relating to this Loan:

First readvanceable mortgage in the principal amount of \$1,600,000 on land (approx. 11.5 acres) legally described as Parts 1 to 6 inclusive on Plan 53R being PIN 73405-0155, as well as Part 8, Plan 53R-19737 being PIN 73405-0157, both Merritt Township, Town of Espanola, District of Sudbury, and buildings (to be total of 19,200 sq. ft. upon completion) located at 37 & 85 Panache Lake Road, Espanola, Ontario, to be owned by 1916438 Ontario Limited. Building location survey or title insurance required.

is modified and is now replaced with:

First readvanceable mortgage in the principal amount of \$1,600,000 on land (approx. 11.5 acres) legally described as Parts 1 to 6 inclusive on Plan 53R19368 being PIN 73405-0155, as well as Part 8, Plan 53R-19737 being PIN 73405-0157, both Merritt Township, Town of Espanola, District of Sudbury, and buildings (to be total of 19,200 sq. ft. upon completion) located at 37 & 85 Panache Lake Road, Espanola, Ontario, to be owned by 1916438 Ontario Limited. Building location survey or title insurance required.

Except for the modifications expressly mentioned above, nothing in the above amendments with respect to the Security shall in any way alter the rights which BDC now or hereafter has or may have and resulting from the Security nor shall it alter in any way the liability of the remaining obligant(s) and/or guarantor(s), as the case may be.



The amendments shall take effect upon receipt by BDC of the Acceptance Form duly signed by all signatories no later than June 10, 2015.

All other terms and conditions of your financing with BDC remain unchanged.

Yours truly,

A handwritten signature in black ink, appearing to read 'Sheldon Root', written over a horizontal line.

Sheldon Root
Account Manager
Phone: (705) 670-6662
Sheldon.ROOT@bdc.ca

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

Patricia Landry
Senior Client Relationship Officer
Phone: (705) 670-6311
patricia.landry@bdc.ca

Encl.

Business Development Bank of Canada
Brady Square
233 Brady Street, Unit 10
Sudbury, ON
P3B4H5

Attention: Sheldon Root

Re: BDC Loan 085819-01

The undersigned accept the terms and conditions set forth in BDC's Letter of Amendment dated March 10, 2015.

Signed this 12TH day of MARCH, 2015.
(date) (month) (year)

BORROWER(S)

1916438 Ontario Limited


_____, Authorized Signing Officer

Name: JOEL TARVUOD
[Please print name of signing party]

GUARANTOR(S)

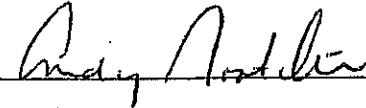
468177 Ontario Limited


_____, Authorized Signing Officer

Name: JOEL TARVUOD
[Please print name of signing party]



Joel R Tarvudd



Andrew G Nootchtai



Lisa Joy Scharf



March 12, 2015

RECEIVED

BDCID: 10001885325

MAR 12 2015

WEAVER SIMMONS

Mr. Joel Tarvudd
1916438 Ontario Limited
37 Panache Lake Rd
Espanola, ON
P5E 1H9

Re: BDC Loan 085819-01

Dear Mr. Tarvudd:

We write in reference to our Letter of Offer for Loan No. 085819-01, and any subsequent amendments thereto. Subject to the terms set out below, the following amendments will be made to your loan(s).

Amendments -- Loan No. 085819-01:

SECURITY

The following existing Security relating to this Loan:

Guarantee of 468177 Ontario Limited for the full amount of the loan supported by a General Security Agreement providing a security interest in all present and after-acquired personal property, except consumer goods, subject to priority on inventory and accounts receivable to the lender extending an operating line of credit. The guarantor agrees that it is directly responsible for the payment of the cancellation, standby and legal fees.

is modified and is now replaced with:

Guarantee of 468177 Ontario Limited for the full amount of the loan supported by a General Security Agreement providing a security interest in all present and after-acquired personal property, except consumer goods, subject to all existing registered charges by the lender extending an operating line of credit (Royal Bank of Canada) and subject to all existing lenders having asset-specific charges. The guarantor agrees that it is directly responsible for the payment of the cancellation, standby and legal fees.

Except for the modifications expressly mentioned above, nothing in the above amendments with respect to the Security shall in any way alter the rights which BDC now or hereafter has or may have and resulting from the Security nor shall it alter in any way the liability of the remaining obligant(s) and/or guarantor(s), as the case may be.



The amendments shall take effect upon receipt by BDC of the Acceptance Form duly signed by all signatories no later than June 12, 2015.

All other terms and conditions of your financing with BDC remain unchanged.

Yours truly,

A handwritten signature in black ink, appearing to read 'Sheldon Root', written over a horizontal line.

Sheldon Root
Account Manager, Acquisition
Phone: (705) 670-6662
Sheldon.ROOT@bdc.ca

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

Patricia Landry
Senior Client Relationship Officer
Phone: (705) 670-6311
patricia.landry@bdc.ca

Encl.

Business Development Bank of Canada
Brady Square
233 Brady Street, Unit 10
Sudbury, ON
P3B4H5

Attention: Sheldon Root

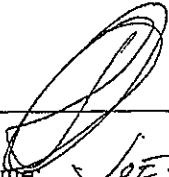
Re: BDC Loan 085819-01

The undersigned accept the terms and conditions set forth in BDC's Letter of Amendment dated March 12, 2015.

Signed this _____ day of _____, _____
(date) (month) (year)

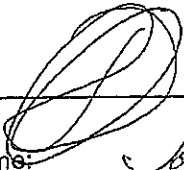
BORROWER(S)

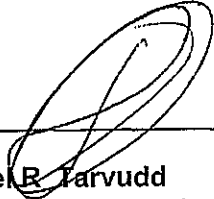
1916438 Ontario Limited


_____, Authorized Signing Officer
Name: JOEL TARVUDD
[Please print name of signing party]


GUARANTOR(S)

468177 Ontario Limited

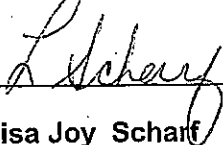

_____, Authorized Signing Officer
Name: JOEL TARVUDD
[Please print name of signing party]



Joe R. Tarvudd



Andrew G. Nootchtai



Lisa Joy Scharf



BDCID: 10003828950

December 4, 2015

Mr. Joel Tarvudd
 1916438 Ontario Limited
 125 Magill St
 Lively, ON
 P3Y 1K6

Re: BDC Loan 085819-01

Dear Mr. Tarvudd:

We write in reference to our Letter of Offer for Loan No. 085819-01, and any subsequent amendments thereto. Subject to the terms set out below, the following amendments will be made to your loan.

REPORTING OBLIGATIONS

Without limitation as to such other financial and operating statements and reports that BDC may reasonably require from time to time, the requirements for financial statements for the Financing have been updated to:

Company	Type	Frequency	Period Ending
1916438 Ontario Limited	Notice to Reader	Annual	September 30
468177 Ontario Limited	Review Engagement	Annual	March 31

These amendments are now in effect.

All other terms and conditions of your financing with BDC remain unchanged.

Yours truly,

Sheldon Root
 Account Manager
 Phone: (705) 670-6662
 sheldon.root@bdc.ca

Rose Walsh
 Senior Client Relationship Officer
 Phone: (705) 670-5332
 rose.walsh@bdc.ca



BDCID: 10006316094

October 20, 2016

Mr. Joel Tarvudd
1916438 Ontario Limited
125 Magill St
Lively, ON
P3Y 1K6

Re: BDC Loan 085819-01

Dear Mr. Tarvudd:

We write in reference to our Letter of Offer for Loan No. 085819-01, and any subsequent amendments thereto. Subject to the terms set out below, the following amendments will be made to your loan.

These amendments are now in effect.

Amendments – Loan No. 085819-01:

FEES

Cancellation Fee: The Lapsing Date on the Loan is extended to February 28, 2017. The Cancellation Fee payable on the Loan will now be calculated based on that date.

All other terms and conditions of your financing with BDC remain unchanged.

Yours truly,

A handwritten signature in black ink, appearing to read "Sheldon Root".

Sheldon Root
Senior Account Manager
Phone: (705) 670-6662
sheldon.root@bdc.ca

A handwritten signature in black ink, appearing to read "Rose Walsh".

Rose Walsh
Senior Client Relationship Officer
Phone: (705) 670-5332
rose.walsh@bdc.ca



BDCID: 10008727215

July 10, 2017

Mr. Joel Tarvudd
1916438 Ontario Limited
125 Magill St
Lively, ON
P3Y 1K6

Re: BDC Loan 085819-01

Dear Mr. Tarvudd:

We write in reference to our Letter of Offer for Loan No. 085819-01, and any subsequent amendments thereto. Subject to the terms set out below, the following amendments will be made to your loan(s).

These amendments are now in effect.

Amendments – Loan No. 085819-01:**FEES**

Cancellation Fee: The Lapsing Date on the Loan is extended to July 21, 2017. The Cancellation Fee payable on the Loan will now be calculated based on that date.

All other terms and conditions of your financing with BDC remain unchanged.

Yours truly,

A handwritten signature in black ink, appearing to read "Sheldon Root", written over a horizontal line.

Sheldon Root
Senior Account Manager
Phone: (705) 670-6662
Sheldon.ROOT@bdc.ca

A handwritten signature in black ink, appearing to read "Jessica Bertrand", written over a horizontal line.

Jessica Bertrand
Client Relationship Officer
Phone: (705) 670-6484
Jessica.BERTRAND@bdc.ca

Encl.



BDCID: 10011687729

May 18, 2018

Mr. Joel Tarvudd
 1916438 Ontario Limited
 125 Magill St
 Lively, ON
 P3Y 1K6

Dear Mr. Tarvudd:

Re: BDC Loan 085819-01

We write in reference to our Letter of Offer for Loan No. 085819-01, and any subsequent amendments thereto. Subject to the terms set out below, the following amendments will be made to your loan.

The amendments shall take effect upon receipt by BDC of the Acceptance Form duly signed by all signatories no later than May 23, 2018.

Amendments – Loan No. 085819-01:**SECURITY**

The following existing Security relating to this Loan:

Guarantee of 468177 Ontario Limited for the full amount of the loan supported by a General Security Agreement providing a security interest in all present and after-acquired personal property, except consumer goods, subject to all existing registered charges by the lender extending an operating line of credit (Royal Bank of Canada) and subject to all existing lenders having asset-specific charges. The guarantor agrees that it is directly responsible for the payment of the cancellation, standby and legal fees.

is modified and is now replaced with:

Guarantee of 468177 Ontario Limited for the full amount of the loan supported by a General Security Agreement providing a security interest in all present and after-acquired personal property, except consumer goods, subject to:

- all existing and future registered charges by the lender extending an operating line of credit;
- and
- all existing lenders having asset-specific charges.

The guarantor agrees that it is directly responsible for the payment of the cancellation, standby and legal fees.

Except for the modifications expressly mentioned above, nothing in the above amendments with respect to the Security shall in any way alter the rights which BDC now or hereafter has or may



have and resulting from the Security nor shall it alter in any way the liability of the remaining obligant(s) and/or guarantor(s), as the case may be.

All other terms and conditions of your financing with BDC remain unchanged.

We confirm that we have informed you and you have agreed that a transaction fee in the amount of \$950.00 will be automatically withdrawn from your account on your next payment date.

Yours truly,


cc: Gianna Torrelli
Business Specialist
Phone: (416) 973-1116
gianna.torrelli@bdc.ca


Marla Gold
Area Office Manager

Encl.

Business Development Bank of Canada
121 King Street West, Suite 1200
Toronto, ON M5H 3T9

Attention: Gianna Torrelli


Re: BDC Loan 085819-01

The undersigned accept the terms and conditions set forth in BDC's Letter of Amendment dated May 18, 2018.

Signed this 22 day of May, 2018
(date) (month) (year)

BORROWER

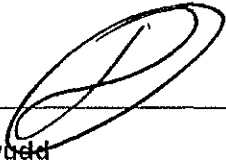
1916438 Ontario Limited


_____, Authorized Signing Officer
Name: JOEL TARVUDD
[Please print name of signing party]

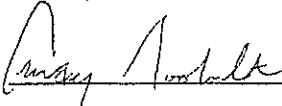
GUARANTORS

468177 Ontario Limited



_____, Authorized Signing Officer
Name: JOEL TARVUDD
[Please print name of signing party]



Joel R. Tarvold



Andrew George Nootchtai



Lisa Joy Scharf

TAB D

This is Exhibit "D" referred to in the Affidavit of DODIE BALLESTEROS sworn July 22, 2019.



Commissioner for Taking Affidavits (or as may be)

**Maria Terri Gold, a Commissioner, etc.,
Province of Ontario, for the Business Development
Bank of Canada, expires August 29, 2020**

LRO # 53 Charge/Mortgage

Received as SD290618 on 2015 03 13 at 16:05

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 3

Properties

PIN 73405 - 0155 LT *Interest/Estate* Fee Simple
Description PT LT 6 CON 4 MERRITT PT 1, 2, 3, 4, 5 & 6 53R19368 ESPANOLA
Address ESPANOLA

PIN 73405 - 0157 LT *Interest/Estate* Fee Simple
Description PT LT 6 CON 4 MERRITT BEING PT 8 53R19737; TOWN OF ESPANOLA
Address ESPANOLA

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name 1916438 ONTARIO LIMITED

Address for Service

I, Joel Tarvudd, President, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Chargee(s)*Capacity**Share*

Name BUSINESS DEVELOPMENT BANK OF CANADA
Address for Service Unit 10, 233 Brady Street
 SUDBURY, Ontario
 P3B 4H5

Statements

Schedule: See Schedules

Provisions

Principal \$ 1,600,000.00 *Currency* CDN
Calculation Period Schedule A
Balance Due Date
Interest Rate Schedule A
Payments
Interest Adjustment Date
Payment Date On demand
First Payment Date
Last Payment Date
Standard Charge Terms 20011
Insurance Amount See standard charge terms
Guarantor

SCHEDULE A**LAND REGISTRATION REFORM ACT****Payment Provisions**

You charge the property covered by the Charge as security for payment to the Chargee, Business Development Bank of Canada, of all Secured Obligations, as defined in the Standard Charge Terms described in the electronic form of charge to which this document forms a schedule, including the following:

- (i) all present and future debts, liabilities and obligations now or hereafter owing by the Chargor to the Chargee including any and all principal advances and re-advances made by the Chargee to the Chargor after the repayment of any or all principal amounts, provided that the total principal amount secured shall not at any time exceed the principal amount referred to in the electronic form of charge to which this document forms a schedule; and,
- (ii) interest on the amounts payable under paragraph (i) above at the rate equal to the floating base rate of Business Development Bank of Canada for commercial and industrial loans denominated in Canadian dollars announced from time to time, plus 10.00% per year, calculated monthly and payable monthly, both after as well as before maturity, default and/or judgment. If the Chargor and the Chargee have agreed in writing in any agreement referred to in the "Secured Obligations" described in paragraph (i) above, or in any other agreement, that a different interest rate will apply to all or part of the debts and liabilities described in paragraph (i) above, then that different rate will apply.

STANDARD CHARGE TERMS

FILED BY: BUSINESS DEVELOPMENT BANK OF CANADA

AS

MORTGAGEE

FILING DATE - January 30th, 2001

FILING NUMBER - 20011

The following set of standard charge terms is considered to be included in and form a part of every Charge/Mortgage of Land in which this set is referred to by its filing number as provided in Section 9 of the *Land Registration Reform Act (Ontario)*

CONTENTS

1.	Interpretation	8.	Assignment of Rights of Indemnity
2.	Grant of Security	9.	Mortgages of Special Interest
3.	Discharge of Mortgage	10.	Events of Default
4.	General Representations	11.	Enforcement
5.	General Covenants	12.	Other Rights
6.	Environmental Matters	13.	Preservation of Mortgage and Other Security
7.	Assignment of Rents etc.	14.	Miscellaneous

For good and valuable consideration, the receipt and sufficiency of which you hereby acknowledge, you warrant, represent, covenant and agree with us as follows:

1. INTERPRETATION

1.1 **Definitions.** In this Mortgage (as hereinafter defined):

- (a) **"Assigned Leases"** means every existing and future Lease and any guarantee of any such Lease;
- (b) **"Assigned Rents"** means all rents, benefits and other monies payable from time to time under the Assigned Leases;
- (c) **"Charge"** means any mortgage, charge (fixed or floating), pledge, lien (statutory or otherwise), assignment, lease, security interest, title retention agreement, trust, easement, restrictive covenant, lease, registered instrument or other encumbrance of any nature however arising;
- (d) **"Environmental/Hazardous Materials Claims"** means enforcement or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental/Hazardous Materials Laws, together with claims made or threatened by any third party against you or in respect of the Mortgaged Property relating to the environment, health, safety, any Wastes/Hazardous Materials or any Environmental/Hazardous Materials Laws;

- (e) **"Environmental/Hazardous Materials Laws"** means laws, by-laws, rules, ordinances, regulations, notices, approvals, orders, licenses, permits, standards, guidelines and policies from time to time of any level of government or other authorized agency relating to the environment, health, safety or any Wastes/Hazardous Materials;
- (f) **"Event of Default"** means any event referred to in paragraph 10.1 hereof, or otherwise herein, as constituting an Event of Default;
- (g) **"Improvements"** means each and every building, structure, erection, improvement, fixture or replacement thereof affixed or attached in, on, or under the Mortgaged Property or any part thereof which now or hereafter constitutes part of Your Interest;
- (h) **"Lease"** means a lease, sub-lease, agreement to lease or sub-lease, right of use or occupation, licence or sub-license, or other agreement as to the use or occupation affecting the Mortgaged Property, or any part thereof, as the case may be, and includes any renewal, replacement or extension of any of the foregoing;
- (i) **"Mortgage"** means the Mortgage Form and these charge terms read together, as amended and extended from time to time;
- (j) **"Mortgage Form"** means the Form 2 Charge/Mortgage of Land under the *Land Registration Reform Act* (Ontario), as amended or replaced from time to time, which refers to these charge terms and is executed by you and all schedules and addenda attached to such Form 2 and "Mortgage Form" includes a Mortgage Form prepared and registered in electronic format and all schedules thereto under Part III of the said Act;
- (k) **"Mortgaged Property"** means the land(s) described or referred to in box 5 of the Mortgage Form (or in the appropriate field as set out in any Mortgage Form prepared in electronic format) together with the Improvements, appurtenances and every other thing referred to in the definition of "land" in Section 1 of the *Land Registration Reform Act* (Ontario), as amended or replaced from time to time, and whether now or hereafter existing or acquired, in connection with such land(s);
- (l) **"Mortgagee"** means the Chargee shown in box 14 of the Mortgage or in the appropriate field as set out in any Mortgage Form prepared in electronic format;
- (m) **"Mortgagor"** means the Chargor shown in box 11 of the Mortgage or in the appropriate field as set out in any Mortgage Form prepared in electronic format;
- (n) **"Permitted Charges"** means any:
 - (i) Charges that are expressly subordinate in priority to the Mortgage and any present or future advances under it;
 - (ii) Charges in our favour; and

- (iii) Charges approved in writing by us prior to the execution of the Mortgage or the creation of the Charge;
- (o) **"Receiver"** includes a receiver, manager, receiver and manager or receiver-manager however appointed;
- (p) **"Secured Obligations"** means the aggregate of:
 - (a) the principal amount set out in the Mortgage Form;
 - (b) all interest thereon at the Interest Rate set out in the Mortgage Form;
 - (c) any amount, cost, charge and expense which has been added to the Secured Obligations pursuant to the Mortgage;
 - (d) any other amount, cost, charge and expense otherwise due and payable to the Mortgagee hereunder or secured by the Mortgage;
 - (e) interest at the Interest Rate set out in the Mortgage Form on all amounts, costs, charges and expenses payable in accordance with paragraphs (c) and (d) above, which amounts, costs, charges, expenses and interest shall be treated, as to the payment of interest thereon, as principal;
 - (f) compound interest on all overdue interest, calculated at the Interest Rate set out in the Mortgage Form, both before and after default, demand, maturity and judgment until paid; and
 - (g) all other present or future debts, liabilities or obligations of the Mortgagor hereunder, or under any letter of offer, commitment letter, guarantee, or any other agreement with the Mortgagee, (including all future advances and re-advances, interest, and interest on overdue interest), whether direct or indirect, absolute or contingent, joint or several, matured or not, extended or renewed, wherever and however incurred, of whatsoever nature or kind, whether or not provided for herein, and whether owed by the Mortgagor to the Mortgagee, as principal, guarantor, indemnitor or otherwise.
- (q) **"Taxes"** means all taxes, assessments, rates, duties, levies, government fees, utility charges, claims and dues levied, assessed or imposed on Your Interest or on you in respect of Your Interest;
- (r) **"Wastes/Hazardous Materials"** means wastes, materials and substances the storage, manufacture, disposal, treatment, generation, use or transport of which is prohibited, controlled or licensed under any Environmental/ Hazardous Materials Laws, or the remediation or release of which into the environment is likely, immediately or in the future, to cause harm or degradation to any of the Mortgaged Property or the environment, including contaminants, pollutants, corrosive substances, toxic substances, special wastes, substances deleterious to fish or wildlife, explosives, radioactive materials, asbestos, urea formaldehyde, and compounds known as chlorobiphenyls;
- (s) **"Your Interest"** means:
 - (i) the estate, right, title and interest in and to the Mortgaged Property as set out in box 7 of the Mortgage Form (or, in the case of a Mortgage Form

which is prepared in electronic format, the estate, right, title and interest described in the appropriate field therein) which, unless the Mortgage Form otherwise expressly provides, includes both the legal and beneficial estate, right, title and interest in and to the Mortgaged Property; and

- (ii) any other estate, right, title or interest in and to the Mortgaged Property hereafter acquired by you, or in your name.

- 1.2 **Our Certificate Conclusive.** Every certificate signed by one of our representatives purporting to show the amount of monies at any particular time due and payable under this Mortgage shall, in the absence of manifest error, be conclusive evidence as against you of the amount due and payable at such time under this Mortgage.
- 1.3 **Invalidity.** The invalidity or unenforceability of the whole or any part of any paragraph of this Mortgage shall not affect the validity or enforceability of any other paragraph or the remainder of such paragraph.
- 1.4 **Headings.** The headings used in this Mortgage have been inserted for convenience of reference only and do not define, limit, alter or enlarge the meaning of any provision of this Mortgage.
- 1.5 **Jurisdiction.** This Mortgage will be governed by and construed in accordance with the laws of Ontario.
- 1.6 **Time of the Essence.** Time shall be of the essence of this Mortgage.
- 1.7 **Consolidation.** The doctrine of consolidation shall apply to this Mortgage.
- 1.8 **Interpretation.** Whenever in this Mortgage the singular or neuter pronoun is used the same shall be respectively construed as the plural, masculine, feminine or body corporate as the context may require.
- 1.9 **Joint and Several Liability.** If you are comprised of more than one person, the liability of such persons is joint and several and every reference in this Mortgage to you shall be construed as meaning each person who executed this Mortgage as a mortgagor as well as all of them.
- 1.10 **Conflict with Mortgage Form.** If there is any conflict between these charge terms and any express terms in the Mortgage Form, the provisions of the express terms in the Mortgage Form shall prevail.
- 1.11 **Conflict with Agreement.** If you have entered into a letter of offer, commitment letter, loan agreement or guarantee (the "Agreement") with us dealing with, or relating to, the Secured Obligations, or any of them, then, in the event of any conflict between any term of this Mortgage and any term of the Agreement, the term of the Agreement shall prevail.
- 1.12 **Enurement.** This Mortgage shall enure to the benefit of and be binding upon you and us and our respective heirs, personal representatives, successors and permitted assigns.

2. GRANT OF SECURITY

- 2.1 **Mortgage.** As security for payment and performance of the Secured Obligations, you hereby charge and mortgage Your Interest to us, subject to Permitted Charges and the

provisions hereof, and, subject to paragraph 3.1, you release all claims to Your Interest to us.

- 2.2 **Title.** If you are not the beneficial owner of Your Interest or any part of Your Interest, you have the right and authority to grant this Mortgage as a charge against both the legal and beneficial title to all of the Mortgaged Property.

3. DISCHARGE OF MORTGAGE

- 3.1 This Mortgage will be redeemed and you will be entitled to a discharge of this Mortgage only upon the latest of:

- (a) full payment and satisfaction of the Secured Obligations;
- (b) our receipt of your written request for a discharge of this Mortgage; and
- (c) our receipt of payment of an administrative fee, to be fixed by us, for the preparation, execution and/or registration of a discharge of this Mortgage.

No discharge will be effective unless it is executed by us.

We shall have no obligation to provide any partial release of this Mortgage from any of the Mortgaged Property except as provided by statute, the Mortgage Form or the Agreement.

You will pay an administrative fee, to be fixed by us, for the preparation or execution of any partial release of this Mortgage. No partial release of any of Your Interest will affect our rights under this Mortgage with respect to the remainder of Your Interest.

We shall have a reasonable time after payment of the Mortgage in full within which to execute a discharge of this Mortgage and deliver it to you. If electronic registration is available, we will either execute a discharge of this Mortgage and deliver it to your solicitor or we will register the discharge on your behalf and will provide either you or your solicitor with confirmation of registration.

4. GENERAL REPRESENTATIONS AND WARRANTIES

- 4.1 **Title.** You own and possess and have good title in fee simple to all of Your Interest and you will defend Your Interest for our benefit against the claims and demands of all other persons.
- 4.2 **Authority to Charge.** You have good right, full power and lawful authority to enter into this Mortgage, to create the Mortgage and Charge provided for herein and to charge all of Your Interest to us subject only to Permitted Charges.
- 4.3 **Quiet Possession.** On default we shall be entitled to enter into and take possession of, and thereafter shall have quiet enjoyment of, Your Interest free from all Charges, except Permitted Charges.
- 4.4 **Permitted Charges.** You have done no act to encumber Your Interest, save for Permitted Charges.
- 4.5 **No Litigation.** There is no litigation, governmental proceeding, complaint, prosecution or investigation, with respect to environmental matters or otherwise, commenced or pending

against you or otherwise affecting Your Interest and you agree to promptly notify us of any such future litigation, proceeding, complaint, prosecution or investigation.

- 4.6 **Construction Liens.** You have fully and completely complied and will comply with all requirements of the *Construction Lien Act (Ontario)* as amended or re-enacted from time to time so as to preserve the priority of the Mortgage and all advances thereunder to any claim for Construction Lien.
- 4.7 **General.** Each statement made by you in this Mortgage is true, complete and accurate and no investigation by us will diminish our right to rely on such statements, all of which will survive until we have discharged this Mortgage.

5. COVENANTS

- 5.1 **Secured Obligations.** You will pay, observe, perform and satisfy all of the Secured Obligations as and when the same are required to be paid, observed, performed and satisfied.
- 5.2 **Taxes.** You will promptly pay all Taxes when due and deliver to us a receipt therefor forthwith upon each payment.
- 5.3 **Other Charges.** If this Mortgage is now or at any time hereafter subject to any Permitted Charge(s):
- (a) you will duly observe, perform and comply with the covenants, provisos and agreements contained in each Permitted Charge (including the punctual payment of any money payable under the same) and you agree to indemnify and save us harmless from and against any and all loss and liability thereunder; and
 - (b) any default under any Permitted Charge shall be deemed to be an Event of Default hereunder.
- 5.4 **No Charges.** You will not create, assume or permit the existence of any Charge affecting any of Your Interest except for Permitted Charges, but nothing herein shall be constituted as our granting any priority to any such Permitted Charges.
- 5.5 **Miscellaneous Fees.** You shall pay to us on demand the following, all of which shall constitute a Secured Obligation and be payable immediately with interest at the highest rate of interest then in effect with respect to any part of the Secured Obligations, until paid:
- (a) a reasonable servicing fee to process each application for approval as herein contemplated; and
 - (b) all fees, costs, charges and expenses (including legal fees and expenses on a solicitor and his own client basis, Receiver's, bailiff's or other fees, commissions and expenses, and any fine, cost or penalty we may be obliged to incur by reason of any statute, order or direction by competent authority) incurred by us, or on our behalf, whether before or after court proceedings are commenced, in connection with:

- (i) the preparation, issue, registration, modification and extension of this Mortgage, investigating title of the Mortgaged Property, recovering, collecting, procuring or enforcing payment or performance of the Secured Obligations, in any way enforcing or protecting the security of this Mortgage, or enforcing any of the terms of this Mortgage or otherwise exercising our rights and powers hereunder (including all of our travelling expenses and those of our employees and agents);
 - (ii) any inspection, appraisal, investigation or environmental audit of the Mortgaged Property or Your Interest;
 - (iii) any environmental rehabilitation, removal or repair necessary to protect, preserve or remediate the Mortgaged Property or Your Interest; and
- (c) all other amounts paid or incurred by us generally in any other measure or proceeding taken by us or on our behalf to realize or collect the Secured Obligations or to defend or perfect the title of Your Interest, or to protect and preserve the Mortgaged Property.

5.6 Maintain Insurance. While this Mortgage is in effect you will:

- (a) maintain or cause to be maintained insurance on Your Interest with a reputable insurer, of kinds, for amounts and payable to such person or persons, all as we may require including, without restricting the generality of the foregoing,
 - (i) insurance against loss or damage by fire to the Improvements in an amount of not less than full insurable value on a replacement cost basis; and
 - (ii) insurance against loss or damage to the Improvements on an all-risks basis.
- (b) cause the insurance policy or policies required by this Mortgage to name us as a loss payee as our interest may appear in respect of Your Interest, and include a standard mortgage clause or a mortgage endorsement;
- (c) pay all premiums respecting such insurance, and deliver all policies to us if required;
- (d) upon request, immediately assign, transfer and deliver over to us each and every policy or policies of insurance and all receipts pertaining to same;
- (e) on the happening of any loss or damage to the Mortgaged Property or any of Your Interest, immediately notify and furnish to us, at your expense, all necessary proofs and do all necessary acts to enable us to obtain payment of any insurance monies otherwise payable to you, but nothing shall limit our right to submit to the insurer a proof of loss on our own behalf; and
- (f) authorize and direct the insurer under any required policy of insurance to include our name as loss payee on any policy of insurance and on any cheque or draft which may be issued respecting a claim settlement under and by virtue of such insurance, and the production by us to any insurer of a certified copy of this Mortgage shall be its complete authority for so doing.

If you fail to maintain insurance as required, we may, but shall not be obliged to, maintain or effect such insurance coverage, or so much insurance coverage as we consider necessary for our protection. If proceeds of any required insurance become payable, we may, in our absolute discretion, apply these proceeds to the Secured Obligations as we see fit or release any insurance proceeds to you to repair, replace or rebuild, but any release of insurance proceeds to you shall not operate as a payment on account of the Secured Obligations or in any way affect this Mortgage or the Charges created hereby. To ensure that we may apply such insurance monies in the manner herein contemplated, you also assign and release to us all of your rights to receive the insurance monies.

5.7 Use, Maintenance and Alteration of Improvements. You will:

- (a) promptly observe, perform, execute and comply with all laws, by-laws, rules, requirements, orders, directions, ordinances and regulations of every governmental, municipal and civil authority or agency concerning any part of the Mortgaged Property that constitutes part of Your Interest;
- (b) not permit or commit any act of waste on any part of the Mortgaged Property that constitutes part of Your Interest;
- (c) not change, or agree to any change of, the present use of Your Interest without our prior express written consent;
- (d) keep all improvements in good condition and repair;
- (e) not permit any Improvements to be unoccupied or unused without our prior express written consent;
- (f) carry on your business in a proper, business-like manner and maintain proper books of account;
- (g) not permit any of the following activities to occur in, on or under the Improvements:
 - (i) businesses that are sexually exploitive or that are inconsistent with generally accepted community standards of conduct and propriety, including those that feature sexually explicit entertainment, products or services;
 - (ii) businesses trading with countries that are proscribed by the Federal Government;
 - (iii) businesses which operate as a separate and sole entity nightclubs, bars, lounges, cabarets, casinos, discotheques and similar operations; or
 - (iv) businesses that are engaged in or associated with illegal activities.

You also agree that if following the grant of this Mortgage your business or the business of a tenant of yours fails to comply with this paragraph, the same may, at our discretion, constitute an Event of Default.

- 5.8 **Right to Inspect and Repair.** We and any of our agents, may at such time and from time to time, as we deem necessary and without the concurrence of any person, enter upon any part of the Mortgaged Property and make arrangements for completing the construction, repairing or putting in of Improvements, or for inspecting, appraising, taking care of, leasing, collecting the rents of, and generally managing any or all of Your Interest, as we may deem expedient, including the inspection and copying of your books and records, whether located at the Mortgaged Property or elsewhere. Further, you consent to our contacting and making enquiries of your lessors/lessees, as well as environmental officials, assessors, municipal authorities and any taxing body.
- 5.9 **No Dividends, etc.** If you are a corporation, you will not, without our prior written consent, issue, purchase or redeem any of your shares, permit any of your shareholders to sell, transfer or dispose of their shares, declare or pay any dividends on any of your issued shares, or amalgamate, merge, consolidate or enter into any business combination with any other person.
- 5.10 **Spousal Consent.** If you are a spouse, your spouse if so named in the Mortgage Form, consents to the transaction evidenced by this Mortgage and releases all his or her interest in the Mortgaged Property to the extent necessary to give effect to our rights hereunder.
- 5.11 **Change in Status.** Immediately after any change or event affecting any of the following, namely:
- (a) Your spousal status;
 - (b) the qualification of the land as a family residence within the meaning of Part II of the *Family Law Act* (Ontario); and
 - (c) the legal title or beneficial ownership of the land,
- you will advise us accordingly and furnish us with full particulars thereof, the intention being that we shall be kept fully informed of the names and addresses of the owner or owners for the time being of the land and of any spouse who is not an owner but who has a right of possession in the land by virtue of Section 19 of the *Family Law Act*. In furtherance of such intention, you covenant and agree to furnish us with such evidence in connection with any of (a), (b) and (c) above as we may from time to time request.
- 5.12 **Perfection of Security.** You will do all things required in order that our security under this Mortgage is constantly perfected.
- 5.13 Every part, lot or unit into which the Mortgaged Property is or may hereafter be divided does and shall stand charged with the Secured Obligations and no person shall have any right to require the moneys hereby secured to be apportioned upon or in respect of any such part, lot or unit.

6. ENVIRONMENTAL MATTERS

- 6.1 **No Environmental Risks.** You represent and agree that:
- (a) you are not aware of any environmental risks or liabilities in connection with the Mortgaged Property which have not been disclosed to us and approved by us in writing;

- (b) the operations on the Mortgaged Property are and will be kept in compliance with all Environmental/Hazardous Materials Laws and you will ensure your staff is trained as required for such purpose;
- (c) you have an environmental emergency response plan and all your officers and employees are familiar with that plan and their duties under it;
- (d) you possess and will maintain all environmental licences, permits and other governmental approvals as may be necessary for the conduct of your business;
- (e) the Mortgaged Property is and will remain free of environmental damage or contamination;
- (f) you will provide us with copies of all communications from or to any person relating to Environmental/Hazardous Materials Laws and any Environmental/Hazardous Materials Claims in connection with the Mortgaged Property that become known to you, and all environmental studies or assessments prepared for you, and you consent to us contacting and making enquiries of environmental officials or assessors;
- (g) you will advise us immediately upon becoming aware of any environmental problem relating to the Mortgaged Property or your business;
- (h) without limiting the above, you will not install in, on or under the Mortgaged Property storage tanks for any Wastes/Hazardous Materials without our prior written consent and only upon full compliance with our requirements and the standards and requirements of all boards and governmental authorities having jurisdiction over the Mortgaged Property, and your activities and assets.

6.2 **Indemnity.** You agree to assume and be responsible for any and all environmental liabilities relating to the Mortgaged Property, including any liability for the clean-up of any Wastes/Hazardous Materials in, on or under the Mortgaged Property, and you agree to protect, save harmless and indemnify us, and any Receiver, and our respective directors, officers, employees and agents, direct and indirect successors and assigns, and our interest in the Mortgaged Property, from and against any and all claims, demands, liabilities, losses, damages and expenses, including legal fees and expenses, suffered by any of such persons arising out of or in connection with any and all environmental liabilities relating to the Mortgaged Property. Your liability will arise upon the earlier of the discovery of any Wastes/Hazardous Materials, and the institution of any Environmental/Hazardous Materials Claims, and will not be dependent upon the realization of any loss or damage or the determination of any liability. This indemnity and your liability hereunder will survive after this Mortgage and the Charges created hereby have been discharged.

7. ASSIGNMENT OF RENTS

7.1 As additional security for the payment and performance of the Secured Obligations, you hereby assign the Assigned Rents to us, together with the benefit of all covenants, rights and agreements contained in the Assigned Leases and you agree as follows:

- (a) to execute and deliver such further assignments, notices or other documents as may be required to render this assignment effective;
- (b) we are not obliged to collect any Assigned Rents, nor to comply with any covenant, agreement or term of any Assigned Lease;

- (c) the tenants shall pay the Assigned Rents as we may from time to time direct, and in the absence of direction, may pay them to you;
- (d) none of the Assigned Leases or your rights thereunder including the right to receive the Assigned Rents, has been or will be amended, assigned, encumbered, terminated, discounted or anticipated without our prior written consent;
- (e) no tenant, sub-tenant, licensee or sub-licensee, as the case may be, may make, and you may not accept, a prepayment of Assigned Rents without our prior written consent and where any such person under any Assigned Lease entered into prior to this Mortgage has a contractual right to prepay Assigned Rents, such prepayment will, if made, be paid to us and applied as prepayment on the Secured Obligations or any of them, or held as security for the Secured Obligations, as we may determine, unless we have, in writing, waived our right to receive such prepayment;
- (f) there is no existing default in payment of Assigned Rents or otherwise under any of the Assigned Leases by any of the parties thereto and no outstanding dispute under any of the Assigned Leases;
- (g) you will observe and perform all of your obligations under each of the Assigned Leases and deliver to us a true copy of each of the Assigned Leases upon demand;
- (h) all Assigned Leases made hereafter will contain terms and conditions and be with tenants, sub-tenants, licensees or sub-licensees (as the case may be), which are not less favourable or desirable to you than those which a prudent landlord would expect to receive for the premises to be leased or subleased. Without limiting the foregoing, each such lease shall contain a covenant by the tenant, in form satisfactory to us, to attorn to us as tenant on demand made after occurrence of an Event of Default, for the balance of the term of the tenant's lease and on the same terms and conditions as are contained in the lease. The benefit of such covenant is and is hereby deemed to be assigned by you to us as additional and separate security to the other security created by the Mortgage including the Assignment of Rents and Assignment of Leases, for payment and performance of the Secured Obligations, and may be enforced by us by demand as aforesaid. We shall have no obligation, however, to enforce the covenant, nor shall our rights and remedies otherwise existing under the Mortgage or at law, including the Assignment of Rents and Assignment of Leases, be prejudiced by the taking, assignment or enforcement or non-enforcement of the covenant, except insofar as enforcement, if any, would be inconsistent with such other rights and remedies including our right to immediate vacant possession or to demand that the tenant attorn to us as a yearly tenant.
- (i) nothing we do pursuant to this paragraph will deem us to be a mortgagee in possession of the Mortgaged Property and we need account only for such monies as we actually receive and we are entitled to charge a reasonable collection fee against such receipts for the collection thereof; and
- (j) we may recover and apply Assigned Rents to such part of the Secured Obligations as may be then due and unpaid without accelerating due dates of the Secured Obligations or any part thereof, or otherwise realizing on our security.

Provided that a discharge of this Mortgage under paragraph 3.1 will constitute a re-assignment to you of all rights and benefits assigned to us by this paragraph.

8. ASSIGNMENT OF RIGHTS OF INDEMNITY

8.1 You hereby assign to us all and any rights of indemnification you now have, or which you may hereafter have, arising or existing by reason of or with respect to Your Interest and the Improvements to have and to hold, take and receive the same to our use absolutely, provided that a discharge of this Mortgage under paragraph 3.1 will constitute a re-assignment of such rights to you.

9. MORTGAGES OF SPECIAL INTERESTS

9.1 **Leasehold.** If Your Interest is as a lessee, sub-lessee, licensee or sub-licensee (collectively a "lessee") of the whole or any portion of the Mortgaged Property pursuant to a Lease the representation set out in paragraph 4.1 above shall be deemed not to include the words "in fee simple", and:

- (a) you hereby demise, sub-lease and mortgage Your Interest and the Lease to us, by way of a sub-lease, except for the last day of the term of the Lease (the "reversion") which is excepted out of the Charge created by this Mortgage but which shall be deemed to be held by you in Trust for us to be assigned or disposed of as we or anyone claiming through us may direct, and we shall have power on any realization to appoint a new person as Trustee of the reversion;
- (b) if the Lease cannot be effectively charged without consent, any Charge intended to be created by this Mortgage upon Your Interest in the Lease shall not become effective until, but shall become effective immediately when, all consents necessary for the validity and effectiveness of such Charge have been obtained or waived by all appropriate persons;
- (c) you represent to us that the Lease is valid and in good standing, in full force and effect and unsurrendered, you have the right to mortgage Your Interest and the Lease to us, all rents or other months payable under the Lease have been paid and all other obligations under the Lease, whether of you or your landlord, have been performed or complied with;
- (d) you will promptly perform and observe all of the terms, covenants and conditions required to be performed and observed by you under the Lease, including payment of rent;
- (e) you shall take no action or be guilty of any default which shall or may cause the Lease to be terminated or forfeited, or, without our prior written consent, surrender or give any notice which would have the effect of terminating, or permitting the termination of, the Lease;
- (f) you will promptly notify us in writing of any default or of any condition that with or without the passage of time or the giving of any notice might result in a default under, or the termination of, the Lease, and you will promptly cause a copy of each notice you receive under the Lease to be delivered to us;
- (g) in the event of any renewal, extension, replacement or substitution of the Lease being created, you will immediately so advise us, and provide us with particulars of the same and a true copy of the subject instrument, and when we request, you will execute such further instrument as we may require;

- (h) you will not during the continuance of this Mortgage, without our prior written consent, modify, alter or suffer or permit any modification or alteration of the Lease and any such altered or modified Lease shall be charged by this Mortgage;
- (i) you will promptly obtain from the lessor under the Lease and deliver to us, a certificate stating that the Lease is in full force and effect, is unmodified or modified as the case may be, that no notice of termination thereon has been served on you thereunder, stating the date to which the rent has been paid and stating whether or not there are any defaults thereunder and specifying the nature of such defaults, if any;
- (j) you shall not consent to the subordination of the Lease to any mortgage of the interest of the lessor (or leasehold interest of the sub-lessor) thereof in the Mortgaged Property;
- (k) you will at the proper time and times take such proceedings, and make, do and execute such acts, deeds, matters and things as may be requisite for obtaining a renewal of the Lease; and
- (l) you will hold the reversion and any renewals, extensions, replacements or substitutions thereof in trust for us and you will assign and dispose of the same in such manner as we may direct by notice in writing.

9.2 **Condominium.** If Your Interest is comprised of one or more condominium units and their appurtenant common interests in a condominium corporation registered pursuant to the *Condominium Act* (Ontario):

- (a) you shall comply with, observe and perform all provisions of the *Condominium Act* and its regulations and the Declaration, the by-laws, the rules and the regulations of the condominium corporation (the "Condominium Corporation");
- (b) you shall pay, on or before the due date thereof, each and every common expense charge, assessment, contribution, expense, fine or levy made by or on behalf of the Condominium Corporation in respect of Your Interest;
- (c) you will forward to us within 10 days of our demand a certificate in any form required by the *Condominium Act* certifying that no monies are owing by you to the Condominium Corporation;
- (d) you will not, without our prior written consent:
 - (i) assign any right, power, duty or obligation under the *Condominium Act* or the regulations created under it; or
 - (ii) give possession of the condominium units hereby charged to any person on the basis of an agreement for the purchase of the condominium units by the occupier or on the basis of a lease, sub-lease or assignment of lease for a term of three years or more;
- (e) you hereby grant to us your power and right to vote and to consent conferred on you by or under the *Condominium Act* in respect of all matters in relation to which the *Condominium Act* allows or provides that we may vote and consent, such power and rights being hereby assigned, transferred and set over unto us, and in respect of all other matters, you hereby irrevocably appoint us as your

proxy to attend, speak and vote and consent for and on your behalf but in our discretion at all meetings of the Condominium Corporation; provided we shall not be obliged to vote or consent or to protect Your Interest and shall not be liable to you in connection with any consequences of our exercise or failure to exercise such right to vote or consent and that if we, by our authorized representative, agent or proxy have not given due notice of our intent to vote or consent, are not present at any duly called meeting of the Condominium Corporation of which we have received written notice, you may exercise the right to vote or consent. Our right to vote and consent includes the right to vote for or against any matter, and the right to dissent. You agree that neither this clause nor anything done by virtue of it shall render us a mortgagee in possession;

- (f) at least five days prior to each general meeting of the Condominium Corporation, you shall deliver to us written notice of the meeting specifying the place, date, hour and purpose of the meeting;
- (g) you hereby authorize any of our officers to apply at any time and from time to time during the term of this Mortgage to the Condominium Corporation:
 - (i) to have any bylaw for the time being in force governing the condominium units and their appurtenant common interests hereby mortgaged made available for inspection by such officer;
 - (ii) for certification to us of the amount of any contribution determined as your contribution, the manner in which any contribution is payable, the extent to which you have paid any contribution and the amount of money expended by the Condominium Corporation on your behalf under the *Condominium Act* and not recovered by it; and
- (h) at our request, you will deliver to us copies of all notices, financial statements and other documents given by the Condominium Corporation to you.

9.3 Vendor's Interest in Right to Purchase. If Your Interest is the full fee simple subject to a right to purchase (in this clause called the "Right to Purchase"):

- (a) you transfer and assign to us absolutely all of your right, title and interest in and to the Right to Purchase and the monies now and hereafter owing thereunder, together with the full benefit of all powers and all covenants and provisions in the Right to Purchase, and full power and authority to use your name for enforcing the performance of the covenants and other matters and things contained in the Right to Purchase; and
- (b) you shall not accept any prepayment of the Right to Purchase other than in accordance with the terms thereof; provided that, if you are obliged to accept a prepayment, the amount thereof shall be paid to us as a prepayment on account of the Secured Obligations unless we waive such prepayment; and
- (c) we shall be under no obligation to commence action or take any proceeding or step to enforce the Right to Purchase and shall not be liable for any loss arising from any omission by us to take any such action, proceeding or step.

9.4 Purchaser's Interest in Right to Purchase. If Your Interest is as a purchaser's interest in an agreement for sale, then the Charge created hereby to secure the Secured Obligations is to attach to your increasing equity in the Mortgaged Property to the intent

that when you obtain the fee simple to the Mortgaged Property, this Mortgage shall become a Mortgage of the full fee simple.

10. EVENTS OF DEFAULT

10.1 The occurrence of any of the following events will constitute an Event of Default:

- (a) if you fail, or threaten to fail, to observe or perform any covenant, agreement, condition or obligation in our favour, whether or not herein contained, including your failure to pay or perform any of the Secured Obligations when due;
- (b) if any representation, warranty or statement made to us either by you or on your behalf and whether or not combined herein or elsewhere, is not or ceases to be true;
- (c) if you, or any other obligant to us, or any other person liable, in respect of any of the Secured Obligations, ceases or threatens to cease to carry on your or its business, as the case may be, or any material part thereof or to sell all or substantially all of your or its assets, or becomes insolvent or files a proposal, a notice of intention to file a proposal, or an assignment for the benefit of creditors under applicable bankruptcy or similar legislation, or if a petition is filed, an order is made, a resolution is passed, or any other step is taken for your, or such other person's, bankruptcy, liquidation, dissolution, winding-up or reorganization or for any arrangement or composition of your or its debts or any protection from your or its creditors;
- (d) if you are in default under any other Charge of Your Interest or under any indebtedness other than Secured Obligations, or you permit to accelerate any indebtedness (other than Secured Obligations) owed by you to any creditor other than us;
- (e) if a Receiver, trustee or similar official of any of Your Interest is appointed;
- (f) if you are a corporation and any member or shareholder commences an action against you or gives notice of dissent to you in accordance with the provisions of any applicable legislation;
- (g) the holder of any other Charge on, or claim against, any of Your Interest does anything to enforce or realize on such Charge or claim, or any execution, sequestration, or other process becomes enforceable against you, or if a distress, seizure or similar process is levied upon or exercised against any of Your Interest;
- (h) if the lessor under any lease to you of any of the Mortgaged Property takes any step to or threatens to terminate such or otherwise exercise any of its remedies under such lease as a result of any default or alleged default by you under such lease;
- (i) if any of the Mortgaged Property is destroyed, substantially damaged, expropriated, or designated or considered for designation as a contaminated site;
- (j) if any permit, licence, certification, quota or order granted to or held by you is cancelled, reduced or revoked, or any order against you is enforced, with the

- effect of preventing your business from being carried on for more than five days or materially adversely changing the condition (financial or otherwise) of your business;
- (k) if you sell, transfer, convey, lease, assign, release, surrender or otherwise dispose of or part with possession of any of the Mortgaged Property or agree to do so; or
 - (l) if you are in arrears of payment to any taxing authority;
 - (m) if you cause or allow hazardous materials to be brought upon the Mortgaged Property or incorporated into any of your assets without our prior consent, or if you cause, permit or fail to remedy any environmental contamination upon, in or under the Mortgaged Property or fail to comply with any abatement or remediation order given by a responsible authority;
 - (n) if you use any of the monies advanced hereunder for any purpose other than as declared to and agreed upon by us;
 - (o) if we deem ourselves insecure or believe that the assets secured hereby are in danger of loss, damage or misuse; or
 - (p) if there is a deemed Event of Default pursuant to this Mortgage.

11. ENFORCEMENT

11.1 **Enforcement.** Upon the occurrence of an Event of Default, at our option, our security will immediately become enforceable. To enforce and realize on the security created hereby we may take (or refrain from taking) any action permitted by law or in equity as we may deem expedient, including any of the following:

- (a) declare any or all of the Secured Obligations immediately due and payable;
- (b) enter upon, take possession of, occupy, use, preserve and protect Your Interest, with power to exclude you, your agents and employees therefrom;
- (c) maintain, repair, replace and complete Improvements in accordance with existing plans or otherwise as we, in our absolute discretion, may determine;
- (d) collect the Assigned Rents and other assets we hold as security for the Secured Obligations;
- (e) distraint for arrears of interest and for arrears of any other of the Secured Obligations in the same manner as if same were arrears of interest;
- (f) provided that the Event of Default has continued for at least 15 days, on at least 35 days notice in writing, enter on and sell or lease the Mortgaged Property or any part thereof. Such notice shall be given to such persons and in such manner and form and within such time as provided in the *Mortgages Act* (Ontario). In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with a grown-up person on the Mortgaged Property, if occupied, or by placing it on the Mortgaged Property if unoccupied, or at our option, by mailing it in a registered letter addressed to you at your last known address, or by publishing it once in a newspaper published in the county or

district in which the Mortgaged Property is situate; and such notice shall be sufficient although not addressed to any person or persons by name or designation; and notwithstanding that any person to be affected thereby may be unknown, unascertained or under disability. Provided further, that in case default be made in the payment of the principal amount or interest or any other Secured Obligation or any part thereof and such default continues for two months after any payment falls due then we may exercise the foregoing powers of entering, leasing or selling or any of them without any notice, it being understood and agreed, however, that if the giving of notice by us shall be required by law then notice shall be given to such persons and in such manner and form and within such time as so required by law. It is hereby further agreed that the whole or any part or parts of the Mortgaged Property may be sold by public auction or private contract, or partly one or partly the other, and that the proceeds of any sale hereunder may be applied first in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the Mortgaged Property or by reason of non-payment or procuring payment of monies, secured by the Mortgage or otherwise, and secondly in payment of all amounts of principal and interest and other Secured Obligations owing under the Mortgage; and if any surplus shall remain after fully satisfying our claims as aforesaid same shall be paid as required by law. We may sell any of the Mortgaged Property on such terms as to credit and otherwise as shall appear to us most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulations as to title or evidence or commencement of title or otherwise which we shall deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the Mortgaged Property and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit, we shall be bound to pay you only such monies as have been actually received from purchasers after the satisfaction of our claims and for any of said purposes may make and execute all agreements and assurances as we shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder.

- (g) exercise any or all of your rights and remedies in respect of Your Interest;
- (h) as your agent, appoint by Instrument a Receiver of the Mortgaged Property and of all your properties, assets, effects and undertakings (collectively called the "Undertakings") related to or arising out of Your Interest (all of which are hereby charged and form part of the Mortgaged Property) with or without bond as we may determine, and in our absolute discretion and from time to time, remove any Receiver so appointed and appoint another in its stead, but we shall be under no liability for the remuneration, acts or omissions of the Receiver, its employees and agents;
- (i) commence proceedings in a court of competent jurisdiction for the appointment of a Receiver with such powers and duties (including the powers set out in paragraph 11.2) as the Court may see fit to confer by Order;
- (j)) exercise any other rights and remedies under this Mortgage; or
- (k) exercise any other right and power a Receiver could exercise.

We shall not be liable for any debts we contract during enforcement of this Mortgage, for damages to persons or property, salaries or non-fulfillment of contracts during any period

when we take any action referred to above, for any misconduct, negligence or misfeasance by us, or any employee or agent of ours, and neither the provisions of this Mortgage nor the exercise of any of the powers provided in this Mortgage shall render us a mortgagee in possession, and we shall not be accountable except for the monies we actually receive. You waive any provision of law which may be waived which imposes any greater obligations on us than described above.

All reasonable costs, charges and expenses, including allowance for the time and services of any officer of the Mortgagee or other person appointed by it for the purposes of protecting, preserving, remediating, taking care of, leasing, collecting the rents of, or managing generally the Mortgaged Property, including any fine or penalty the Mortgagee is obliged to incur by reason of any statute, order or direction of competent authority, shall be forthwith payable to the Mortgagee, and shall be a charge upon the Mortgaged Property and shall bear interest at the Interest Rate set out in the Mortgage Form.

11.2 **Receiver.** A Receiver appointed pursuant to this Mortgage shall be your agent and not ours, and, to the extent permitted by law or its appointment, shall, in our discretion, have all of our rights and powers (including those under this Mortgage), including the power to:

- (a) take possession of and enter upon the Mortgaged Property which constitutes part of Your Interest and the Undertakings or any part thereof;
- (b) sell or lease or concur in selling or leasing the Mortgaged Property and the Undertakings or any part thereof;
- (c) make any arrangement or compromise which it shall think expedient;
- (d) carry on, or concur in the carrying on of, any development then in progress or otherwise contemplated by you with respect to the Mortgaged Property or your business relating to the Mortgaged Property and for such purposes from time to time to borrow money either secured or unsecured, and if secured by security on the whole or any part of the Mortgaged Property and the Undertakings, such security may rank before or *pari passu* with or behind this Mortgage; and
- (e) commence, continue or defend proceedings in the name of the Receiver or in your name, which the Receiver considers necessary or advisable for the proper protection of the whole or any portion of Your Interest or the enforcement of this Mortgage.

We may from time to time fix the remuneration of every such Receiver and direct the payment thereof out of the proceeds of the receivership. The rights and powers conferred by this paragraph are in addition to and not in substitution for any right we may from time to time possess.

11.3 **Application of Proceeds.** Any money from time to time received by the Receiver shall, subject to the claims of creditors, if any, which are secured by any Charges ranking in priority to this Mortgage, be paid, subject to our direction otherwise, by it **Firstly**, in payment of all costs, charges, expenses of and incidental to the appointment of the Receiver and the exercise by it of all of any of the powers aforesaid including the reasonable remuneration of the Receiver and all amounts properly payable by it, **Secondly**, in or towards payment to us of the amounts comprised in the Secured Obligation in such manner and order as we shall, in our absolute discretion, deem advisable, and **Thirdly**, any surplus shall be paid to you provided that in the event any party claims a charge against all or a portion of the surplus, the Receiver shall make

such disposition of all or any portion of the surplus as the Receiver deems appropriate in the circumstances.

- 11.4 **Appointment of Attorney.** You irrevocably appoint us or the Receiver, as the case may be, with full power of substitution, as your attorney for and in your name to do everything necessary or incidental to the exercise of any or all of the powers conferred on us or the Receiver, as the case may be, pursuant to this Mortgage.

12. OTHER RIGHTS

- 12.1 **No Liability to Advance.** None of the preparation, execution or registration of this Mortgage, nor any advance or re-advance of money under it, nor any course of conduct by us, obligates us to advance or re-advance any money, or extend time for payment of a Secured Obligation, all of which remain in our absolute discretion.
- 12.2 **Continuing Security.** This Mortgage shall be general and continuing security for the Secured Obligations and any ultimate unpaid balance thereof, including a current or running account. The Secured Obligations may be reduced to zero from time to time without affecting the continuing nature of this Mortgage as security for any Secured Obligations thereafter incurred. Without limiting the foregoing, no payment, observance, performance or satisfaction of the Secured Obligations, nor any ceasing by you to be indebted or liable to us, will be deemed a redemption or discharge of this Mortgage.
- 12.3 **Security in Addition.** The provisions of this Mortgage and the security of this Mortgage are in addition to, but not in substitution for, any other security now or hereafter held by us for the Secured Obligations or any part thereof. This Mortgage shall not in any way affect or prejudice any security now or hereafter held by us for the whole or any part of the Secured Obligations. Any act done or omitted to be done by us:
- (a) regarding any other securities held by us for the Secured Obligations or any part thereof shall not in any way affect or prejudice this Mortgage; or
 - (b) regarding this Mortgage shall not in any way affect or prejudice any other securities held by us for the Secured Obligations or any part thereof.
- 12.4 **Multiple Securities.** The occurrence of an Event of Default under this Mortgage constitutes default under all other agreements and security held by us in relation to the Secured Obligations and default under such other agreements or security constitutes an Event of Default hereunder.
- 12.5 **Performance of Obligations.** If you fail to perform any of your obligations hereunder or fail, upon request, to give us proof of performance thereof, we may (but will not be obligated to) perform any or all of such obligations or cause them to be performed, without prejudice to our other rights and remedies.
- 12.6 **Indulgences.** We may grant extensions of time and other indulgences, take and give up security, accept compositions, compromise, make settlements, grant releases and discharges, refrain from registering or maintaining registration of Charges, and otherwise deal with you, other obligants to us, your other creditors, sureties and other persons and with Your Interest and other security, all as we see fit in our absolute discretion and without prejudice to your liability or our rights or remedies. You agree that you will not be released nor your liability in any way reduced because we have done, not done, or

concluded in doing or not doing, anything whereby a surety would or might be released in whole or in part.

- 12.7 **Waiver.** We may waive any default hereunder provided that no such waiver, nor any failure to enforce at any time or from time to time any of our rights hereunder, shall be effective unless in writing or prejudice our rights in the event of any future default or breach.
- 12.8 **Remedies Cumulative.** We may in our sole discretion realize on various securities (including this Mortgage) and any parts thereof in any order that we consider advisable and no realization or exercise by us of any power or right under this Mortgage or other security shall in any way prejudice any further realization or exercise until all Secured Obligations are satisfied. All rights and remedies available to us are cumulative and not restrictive of remedies at law and in equity and by statute.
- 12.9 **Application of Payments.** We may, both before and after default, apply all payments made in respect of the Secured Obligations from time to time, and any monies realized from any security held therefor, to such parts of the Secured Obligations (whether or not then due) as we see fit.

13. PRESERVATION OF MORTGAGE AND OTHER SECURITY

- 13.1 **No Dealing With Equity of Redemption.** No extension of time given by us to you, or anyone claiming under you, or any other dealing by us with the owner(s) of the equity of redemption of Your Interest, shall in any way affect or prejudice our rights or remedies against you or any other person liable either in whole or in part for the payment of or performance of the Secured Obligations.
- 13.2 **No Merger.** Neither this Mortgage nor anything contained herein shall operate so as to create any merger, rebate or discharge of any of your representations, obligations (including debts owing to us) or covenants to us under any Agreement, any amendment to it, or other document or security now or hereafter held by us from you or any other person, all of which survive the execution and delivery of this Mortgage and our advance of money. The taking of a judgement on any covenant herein shall not operate as a merger of this said covenant, or affect our right to receive any interest when due.

14. MISCELLANEOUS

- 14.1 **Payment.** We may require payment of the Secured Obligations at any place in Canada as we may direct.
- 14.2 **Strict Observance.** You will strictly observe and perform each your agreements set out herein.
- 14.3 **Further Assurances.** You will execute such documents and further assurances of Your Interest and take such action as we may require.
- 14.4 **No Representations.** We have not made and you do not rely on any representations, warranties, covenants, agreements, conditions or provisos, oral or otherwise, whether made by us or any person acting actually or ostensibly on our behalf, other than those contained in this Mortgage unless those representations, warranties, covenants, agreements, conditions and provisos are contained in a supplementary contact in writing duly executed by both you and us and expressed to be collateral to this Mortgage.

- 14.5 **Assignment.** You will not assign any of your rights or obligations under this Mortgage, and no such purported assignment shall be effective, without our prior written consent, which may be arbitrarily withheld.
- 14.6 **Notice.** Notice may be given to either party by prepaid mail or delivered to the party for whom it is intended, at the address of such party provided on the Mortgage Form or at such other address as may be given in writing by one party to the others, and any notice if posted shall be deemed to have been given at the expiration of three business days after posting and if delivered, on delivery. Delivery by fax transmission is deemed to be received on the day of transmission.
- 14.7 **Modification.** No amendment of this Mortgage will be effective unless signed by all parties to this Mortgage.
- 14.8 **Exclusion of Statutory Covenants.** The implied covenants deemed to be included in a charge under subsection 7(1) of the *Land Registration Reform Act* (Ontario) as amended or re-enacted are excluded from this Mortgage.

END OF DOCUMENT

TAB E

This is Exhibit "E" referred to in the Affidavit of DODIE BALLESTEROS sworn July 22, 2019.



Commissioner for Taking Affidavits (or as may be)

Marla Terri Gold, a Commissioner, etc.,
Province of Ontario, for the Business Development
Bank of Canada, expires August 29, 2020



GENERAL SECURITY AGREEMENT

THIS AGREEMENT dated March 12, 2015

Loan No. 085819-01

BETWEEN: 1916438 ONTARIO LIMITED

(the "Borrower")

AND:

BUSINESS DEVELOPMENT BANK OF CANADA, with a business centre at
Unit 10, 233 Brady Street, Sudbury, Ontario P3B 4H5

(the "Bank")

1. SECURITY INTEREST

(You, as the Borrower, will grant to the Bank a charge, referred to as a security interest, over all personal property now held or in the future held or acquired by you. You will also grant a charge, referred to as a floating charge, over your complete undertaking. These charges are the security the Bank will hold in consideration of lending you funds or providing the credit facility to you.)

1.1 For consideration the Borrower hereby:

- (a) mortgages and charges as a fixed and specific charge, and assigns and transfers to the Bank, and grants to the Bank a general and continuing security interest in all of the Borrower's present and after acquired personal property including, without limitation:
 - (i) all office, trade, manufacturing and all other equipment and all goods, including, without limitation, machinery, tools, fixtures, computers, furniture, furnishings, chattels, motor vehicles and other tangible personal property that is not inventory, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the above (all of which is collectively called the "Equipment");
 - (ii) all inventory, including, without limitation, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in process, finished goods, returned goods, repossessed goods, all livestock and their young after conception, all crops and timber, and all packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing (all of which is collectively called the "Inventory");
 - (iii) all debts, accounts, claims, demands, moneys and choses in action which now are, or which may at any time be, due or owing to or owned by the Borrower and all books, records, documents, papers and electronically recorded data recording, evidencing or relating to the debts, accounts, claims, demands, moneys and choses in action (all of which is collectively called the "Accounts");

- (iv) all documents of title, chattel paper, instruments, securities and money, and all other personal property, of the Borrower that is not Equipment, inventory or Accounts;
 - (v) all patents, trade-marks, copyrights, industrial designs, plant breeder's rights, integrated circuit topographies, trade-names, goodwill, confidential information, trade secrets and know-how, including without limitation, environmental technology and bio-technology, software and any registrations and applications for registration of the foregoing and all other intellectual and industrial property of the Borrower (all of which is collectively called the "Intellectual Property");
 - (vi) all the Borrower's contractual rights, licenses and all other choses in action of every kind which now are, or which may at any time be due or owing to or owned by the Borrower, and all other intangible property of the Borrower, that is not Accounts, chattel paper, instruments, documents of title, Intellectual Property, securities or money;
 - (vii) the personal property described in Schedule "A" attached to this Agreement and all additions thereto and replacements thereof; and
 - (viii) all proceeds of every nature and kind arising from the personal property referred to in this Security Agreement;
- (b) grants to the Bank a general and continuing security interest and charges by way of a floating charge:
- (i) all of the undertaking and assets of the Borrower, of every nature or kind and wherever situate, whether presently owned or hereafter acquired, and all their proceeds, other than its assets and undertakings that are otherwise validly and effectively subject to the charges and security interests in favour of the Bank created pursuant to this Clause 1.1.

1.2 The security interests, mortgages, transfers, assignments, charges, grants and conveyances created pursuant to Clause 1.1 shall be collectively called the "Security interests", and the property subject to the Security Interests and all property, assets and undertaking charged, assigned or transferred or secured by any instruments supplemental to or in implementation of this Security Agreement are collectively called the "Collateral".

1.3 The schedules, including definitions, form part of this Security Agreement.

2. EXCEPTIONS

(With few exceptions, all of your personal property is subject to the security interests and charges described in Clause 1.1. Only the last day of any lease term and possibly your consumer goods are excepted. Corporations do not hold consumer goods.)

2.1 The last day of the term created by any lease or agreement is excepted out of any charge or the Security Interests but the Borrower shall stand possessed of the reversion and shall remain upon trust to assign and dispose of it to any third party as the Bank shall direct.

2.2 All the Borrower's consumer goods are excepted out of the Security Interests.

3. ATTACHMENT

(Value or consideration has flowed between you and the Bank and the Security Interests in your personal property are complete once you sign this Security Agreement.)

The Borrower agrees that the Security Interests attach upon the signing of this Security Agreement (or in the case of after acquired property, upon the date of acquisition), that value has been given, and that the Borrower has (or in the case of after acquired property, will have upon the date of acquisition) rights in the Collateral and the Borrower confirms that there has been no agreement between the Borrower and the Bank to postpone the time for attachment of the Security Interests and that it is the Borrower's understanding that the Bank intends the Security Interests to attach at the same time.

4. PURCHASE MONEY SECURITY INTEREST

(To the extent that the Bank helps you acquire an interest in any personal property, you grant a special security interest to the Bank over that personal property. The special security interest is known as a "Purchase Money Security Interest".)

The Borrower acknowledges and agrees that the Security Interests constitute and are intended to create Purchase Money Security Interests in Collateral to the extent that moneys advanced by the Bank, including all future advances and re-advances, are used or are to be used, in whole or in part, to purchase or otherwise to acquire rights in Collateral.

5. OBLIGATIONS SECURED

(The Security Interests and charges you have granted to the Bank secure all indebtedness and all obligations to the Bank.)

This Security Agreement is in addition to and not in substitution for any other security interest or charge now or in the future held by the Bank from the Borrower or from any other person and shall be general and continuing security for the payment and performance of all indebtedness, liabilities and obligations of the Borrower to the Bank (including interest thereon), whether incurred prior to, at the time of or after the signing of this Security Agreement including extensions and renewals, and all other liabilities of the Borrower to the Bank, present and future, absolute or contingent, joint or several, direct or indirect, matured or not, extended or renewed, wherever and however incurred, including all advances on current or running account, future advances and re-advances of any loans or credit by the Bank and the Borrower's obligation and liability under any contract or guarantee now or in the future in existence whereby the Borrower guarantees payment of the debts, liabilities and/or obligations of a third party to the Bank, and for the performance of all obligations of the Borrower to the Bank, whether or not contained in this Security Agreement (all of which indebtedness, liabilities and obligations are collectively called the "Obligations").

6. REPRESENTATIONS AND WARRANTIES

(You state that you are able to legally grant this Security Agreement to the Bank, it will be binding and the Collateral is not subject to any encumbrances that have not been approved by the Bank. You own the Collateral and nothing prevents you from granting the Security Interests and charges in favour of the Bank. The Bank will rely on all of the following representations and warranties.)

6.1 The Borrower represents and warrants to the Bank that:

- (a) if a corporation, it is a corporation incorporated and organised and validly existing and in good standing under the laws of the jurisdiction of its incorporation; it has the corporate power to own or lease its property and to carry on the business conducted by it; it is qualified as a corporation to carry on the business conducted by it and to own or lease its property and is in good standing under the laws of each jurisdiction in which the nature of its business or the property owned or leased by it makes such qualification necessary; and the execution, delivery and performance of this Security Agreement are within its corporate powers, have been authorised and do not contravene, violate or conflict with any law or the terms and provisions of its constating documents or its by-laws or any shareholders agreement or any other agreement, indenture or undertaking to which the Borrower is a party or by which it is bound;
- (b) if it is a corporation, its name as set forth on page 1 of this Security Agreement is its full, true and correct name as stated in its constating documents and if such name is in English, it does not have or use a French language form of its name or a combined English language and French language form of its name and vice versa, and the Borrower has provided a written memorandum to the Bank accurately setting forth all prior names under which the Borrower has operated;
- (c) if it is a partnership, its name as set forth on page 1 is its full, true and correct, and where required or voluntarily registered its registered, name; it is a partnership validly created and organised and validly existing under the laws of the jurisdiction of its creation; it has the power to carry on the business conducted by it; it is qualified as a partnership to carry on the business conducted by it and is in good standing under the laws of each jurisdiction in which the nature of its business makes such qualification necessary; and the execution, delivery and performance of this Agreement are within its powers, have been authorised, and do not contravene, violate or conflict with any law or the terms of its partnership agreement or any other agreement, indenture or undertaking to which the Borrower is a party or by which it is bound, and a complete list of the names, addresses and (if individuals) the dates of birth of the partners of the partnership are set forth on a Schedule attached to this Security Agreement;

- (d) if the Borrower is an individual, that individual's full name and address provided to the Bank are the individual's full and correct name and address and the individual's date of birth as described on the individual's birth certificate a true copy of which has been provided to the Bank or, if no birth certificate issued from any jurisdiction in Canada exists, as described on the documents provided to the Bank is the individual's correct birth date;
- (e) there is no litigation or governmental proceedings commenced or pending against or affecting the Collateral or the Borrower, in which a decision adverse to the Borrower would constitute or result in a material adverse change in the business, operations, properties or assets or in the condition, financial or otherwise, of the Borrower; and the Borrower agrees to promptly notify the Bank of any such future litigation or governmental proceeding;
- (f) it does not have any information or knowledge of any facts relating to its business, operations, property or assets or to its condition, financial or otherwise, which it has not disclosed to the Bank in writing and which, if known to the Bank, might reasonably be expected to deter the Bank from extending credit or advancing funds to the Borrower;
- (g) it has good title and lawfully owns and possesses all presently held Collateral, free from all security interests, charges, encumbrances, liens and claims, save only the Security Interests and the charges or security interests consented to in writing by the Bank, and it has not granted any licenses in or of its Intellectual Property other than as disclosed and consented to by the Bank;
- (h) to the extent that any of the Collateral includes serial numbered goods and motor vehicles which require serial number registration by virtue of the Act and its regulations including motor vehicles, trailers, manufactured homes, mobile homes, boats, outboard motors for boats or aircraft, the Borrower has given the full and correct serial numbers and any Ministry of Transport designation marks or other relevant licensing authority marks of all such Collateral to the Bank;
- (i) the Collateral is and/or will be located at the place(s) described in Schedule "A" and will not be removed from such location(s) without the prior written consent of the Bank;
- (j) this Security Agreement is granted in accordance with resolutions of the directors (and of the shareholders as applicable) of the Borrower, if the Borrower is a corporation, or, if the Borrower is a partnership, of the partners of the Borrower, and all other requirements have been fulfilled to authorise and make the execution and delivery of this Security Agreement, and the performance of the Borrower's obligations valid and there is no restriction contained in the constating documents of the Borrower or in any shareholders agreement or partnership agreement which restricts the powers of the authorised signatories of the Borrower to borrow money or give security; and
- (k) the Borrower's place(s) of business and chief executive office have been correctly provided to the Bank.

7. COVENANTS OF THE BORROWER

(The Security Interests and the Collateral must be protected while the Security Agreement remains in effect. These covenants are your promises to the Bank describing how the Bank's Security Interests will be attended to. You will also covenant to maintain accurate books and records and allow the Bank's inspection. Your promises are found in the Security Agreement and Schedules.)

7.1 The Borrower covenants with the Bank that while this Security Agreement remains in effect the Borrower will:

- (a) promptly pay and satisfy the Obligations as they become due or are demanded;
- (b) defend the title to the Collateral for the Bank's benefit, against the claims and demands of all persons;
- (c) fully and effectually maintain and ensure that the Security Interests are and continue to be valid and effective;

- (d) maintain the Collateral in good condition and repair and provide adequate storage facilities to protect the Collateral and not permit the value of the Collateral to be impaired;
- (e) observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;
- (f) forthwith pay and satisfy:
 - (i) all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Borrower shall in good faith contest its obligations so to pay and shall furnish to the Bank such security as the Bank may require;
 - (ii) all security interests, charges, encumbrances, liens and claims which rank or could rank in priority to, or on an equal basis with, any of the Security Interests; and
 - (iii) all fees from time to time chargeable by the Bank arising out of any term of the commitment letter between the Bank and the Borrower including, without limitation, inspection, administration and returned cheque handling fees;
- (g) forthwith pay and satisfy all costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) which may be incurred by the Bank in connection with granting loans or credit to the Borrower, including for:
 - (i) inspecting the Collateral;
 - (ii) negotiating, preparing, perfecting, registering or renewing the registration of this Security Agreement and the Security Interests, any Financing or Financing Change Statement, any modification or amending agreement and other documents relating to the Borrower's obligations, whether or not relating to this Security Agreement;
 - (iii) complying with any disclosure requirements under the Act;
 - (iv) investigating title to the Collateral;
 - (v) taking, recovering, keeping possession and disposing of the Collateral;
 - (vi) maintaining the Collateral in good repair, storing the Collateral and preparing the Collateral for disposition;
 - (vii) any inspection, appraisal, investigation or environmental audit of the Collateral and the cost of any environmental rehabilitation, treatment, removal or repair necessary to protect, preserve or remedy the Collateral including any fine or penalty the Bank becomes obligated to pay by reason of any statute, order or direction of competent authority;
 - (viii) all other actions and proceedings taken to preserve the Collateral, enforce this Security Agreement and of any other security interest held by the Bank as security for the Obligations, protect the Bank from liability in connection with the Security Interests or assist the Bank in its loan and credit granting or realization of the Security Interest, including any actions under the Bankruptcy and Insolvency Act (Canada) and all remuneration of any Receiver (as defined in Article 15 hereof) or appointed pursuant to the Bankruptcy and Insolvency Act (Canada);
 - (ix) any sums the Bank pays as fines, or as clean up costs because of contamination of or from your assets. Further, you will indemnify the Bank and its employees and agents from any liability or costs incurred including legal defense costs. Your obligation under this paragraph continues even after the Obligations are repaid and this agreement is terminated.
- (h) at the Bank's request, execute and deliver further documents and instruments and do all acts as the

Bank in its absolute discretion requires to confirm, register and perfect, and maintain the registration and perfection of, the Security Interests;

- (i) notify the Bank promptly of:
 - (i) any change in the information contained in this Security Agreement relating to the Borrower, its business or the Collateral, including, without limitation, any change of name or address (including any change of trade name, proprietor or partner) and any change in the present location of any Collateral;
 - (ii) the details of any material acquisition of Collateral, including the acquisition of any motor vehicles, trailers, manufactured homes, boats or aircraft;
 - (iii) any material loss or damage to the Collateral;
 - (iv) any material default by any account debtor in the payment or other performance of its obligations to the Borrower respecting any Accounts;
 - (v) any claims against the Borrower including claims in respect of the Intellectual Property or of any actions taken by the Borrower to defend the registration of or the validity of or any infringement of the Intellectual Property;
 - (vi) the return to or repossession by the Borrower of Collateral that was disposed of by the Borrower; and
 - (vii) all additional places of business and any changes in its place(s) of business or chief executive office;
- (j) prevent the Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted by this Security Agreement, from being or becoming an accession to property not covered by this Security Agreement;
- (k) carry on and conduct its business and undertaking in a proper and businesslike manner so as to preserve and protect the Collateral and the earnings, income, rents, issues and profits of the Collateral, including maintenance of proper and accurate books of account and records;
- (l) permit the Bank and its representatives, at all reasonable times, access to the Collateral including all of the Borrower's property, assets and undertakings and to all its books of account and records for the purpose of inspection and the taking of extracts and copies, whether at the Borrower's premises or otherwise, and the Borrower will render all assistance necessary;
- (m) observe and perform all its obligations under:
 - (i) leases, licences, undertakings, and any other agreements to which it is a party;
 - (ii) any statute or regulation, federal, provincial, territorial, or municipal, to which it is subject;
- (n) deliver to the Bank from time to time promptly upon request:
 - (i) any documents of title, instruments, securities and chattel paper constituting, representing or relating to the Collateral;
 - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral to allow the Bank to inspect, audit or copy them;
 - (iii) all financial statements prepared by or for the Borrower regarding the Borrower's business;

- (iv) such information concerning the Collateral, the Borrower and the Borrower's business and affairs as the Bank may reasonably require;
- (o) with respect to the Intellectual Property, take all necessary steps and initiate all necessary proceedings, to maintain the registration or recording of the Intellectual Property, to defend the Intellectual Property from infringement and to prevent any licensed or permitted user from doing anything that may invalidate or otherwise impair the Intellectual Property;
- (p) with respect to copyright forming part of the Intellectual Property, provide to the Bank waivers of the moral rights thereto executed by all contributors or authors of the copyrighted work;
- (q) receive and hold in trust on behalf of and for the benefit of the Bank all proceeds from the sale or other disposition of any Collateral;
- (r) consent to the Bank contacting and making enquiries of the Borrower's lessors, as well as municipal or other government officials or assessors; and
- (s) observe and perform the additional covenants and agreements set out in any schedules to this Security Agreement.

7.2 Any amounts required to be paid to the Bank by the Borrower under this Clause 7 shall be immediately payable with interest at the highest rate borne by any of the Obligations until all amounts have been paid.

7.3 This Security Agreement shall remain in effect until it has been terminated by the Bank by notice of termination to the Borrower and all registrations relating to the Security Agreement have been discharged.

8. INSURANCE

(It is your obligation to thoroughly insure the Collateral in order to protect your interests and those of the Bank. You will follow the specific requirements of the insurance coverage described in this Clause.)

8.1 The Borrower covenants that while this Security Agreement is in effect the Borrower shall:

- (a) maintain or cause to be maintained insurance on the Collateral with a reputable insurer, of kinds, for amounts and payable to such person or persons, all as the Bank may require, and in particular maintain insurance on the Collateral to its full insurable value against loss or damage by fire and all other risks of damage, including an extended coverage endorsement and in the case of motor vehicles, insurance against theft;
- (b) cause the insurance policy or policies required by this Security Agreement to be assigned to the Bank, including a standard mortgage clause or a mortgage endorsement, as the Bank may require;
- (c) pay all premiums respecting such insurance, and deliver all policies to the Bank, if it so requires.

8.2 If proceeds of any required insurance becomes payable, the Bank may, in its absolute discretion, apply these proceeds to the Obligations as the Bank sees fit or release any insurance proceeds to the Borrower to repair, replace or rebuild, but any release of insurance proceeds to the Borrower shall not operate as a payment on account of the Obligations or in any way affect this Security Agreement or the Security Interests.

8.3 The Borrower will forthwith, on the happening of loss or damage to the Collateral, notify the Bank and furnish to the Bank at the Borrower's expense any necessary proof and do any necessary act to enable the Bank to obtain payment of the insurance proceeds, but nothing shall limit the Bank's right to submit to the insurer a proof of loss on its own behalf.

8.4 The Borrower hereby authorizes and directs the insurer under any required policy of insurance to include the name of the Bank as loss payee on any policy of insurance and on any cheque or draft which may be issued respecting a claim settlement under and by virtue of such insurance, and the production by the Bank to any insurer of a notarial or certified copy of this Security Agreement (notarized or certified by a notary public or solicitor) shall be the insurer's complete authority for so doing.

8.5 If the Borrower fails to maintain insurance as required, the Bank may, but shall not be obliged to, maintain or effect such insurance coverage, or so much insurance coverage as the Bank may wish to maintain.

9. OTHER PROHIBITIONS

(You agree to not encumber your property so as to interfere with the security interests or charges granted to the Bank and you will not dispose of any of the Collateral except inventory disposed of in the ordinary course of your business.)

Without the prior written consent of the Bank the Borrower will not:

- (a) create or permit to exist any security interest in, charge, encumbrance or lien over, or claim against any of its property, assets, undertakings including without limitation the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests created by this Security Agreement;
- (b) grant, sell, or otherwise assign any of its chattel paper or any of the Collateral except only inventory that is disposed of in accordance with Clause 10.2; or
- (c) where the Borrower is a corporation
 - (i) repay or reduce any shareholders loans or other debts due to its shareholders; or
 - (ii) change its name, merge with or amalgamate with any other entity;

10. RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL

(You will preserve and protect all of the Collateral and not dispose of it without the consent of the Bank. Any sales or other disposition will result in you holding the proceeds in trust for the Bank. Your responsibilities towards the Collateral and any trust proceeds are important to the Bank.)

10.1 Except as provided by this Security Agreement, without the Bank's prior written consent the Borrower will not:

- (a) sell, lease, license or otherwise dispose of the Collateral;
- (b) release, surrender or abandon possession of the Collateral; or
- (c) move or transfer the Collateral from the jurisdictions in which the Security Interests have been perfected.

10.2 Provided that the Borrower is not in default under this Security Agreement, the Borrower may lease, sell, license, consign or otherwise deal with items of Inventory only in the ordinary course of its business and for the purposes of carrying on its business.

10.3 Any disposition of any Collateral, excepting sales of Inventory in the ordinary course, shall result in the Borrower holding the proceeds in trust for and on behalf of the Bank and subject to the Bank's exclusive direction and control. Nothing restricts the Bank's rights to attach, seize or otherwise enforce its Security Interests in any Collateral sold or disposed, unless it is sold or disposed with the Bank's prior written consent.

11. PERFORMANCE OF OBLIGATIONS

(If you do not strictly do all those things that you have agreed to do in this Security Agreement, the Bank may perform those obligations but you will be required to pay for them.)

If the Borrower fails to perform its covenants and agreements under this Security Agreement, the Bank may, but shall not be obliged to, perform any or all of such covenants and agreements without prejudice to any other rights and remedies of the Bank, and any payments made and any costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) incurred by the Bank shall be immediately payable by the Borrower to the Bank with interest at the highest rate borne by any of the Obligations and shall be secured by the Security Interests, until all such amounts have been paid.

12. ACCOUNTS

(Any dealing with the Collateral that results in an account being created, or proceeds arising, is of particular importance to the Bank. The account, or proceeds, acts in substitution for the Collateral that has been sold, usually inventory. You will protect the account or proceeds in favour of the Bank.)

Notwithstanding any other provision of this Security Agreement, the Bank may collect, realize, sell or otherwise deal with all or a portion of the Accounts in such manner, upon such terms and conditions and at any time, whether before or after default, as may seem to it advisable, and without notice to the Borrower, except in the case of disposition after default and then subject to the applicable provisions of the Act, if any. All forms of payment received by the Borrower in payment of any Account, or as proceeds, shall be subject to the Security Interests and shall be received and held by the Borrower in trust for the Bank.

13. APPROPRIATION OF PAYMENTS

(The Bank has the right to determine how funds it receives will be applied in relation to your loan facility.)

Any and all payments made respecting the Obligations and monies realized from any Security Interests (including monies collected in accordance with or realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as the Bank sees fit, and the Bank may at any time change any appropriation as the Bank sees fit.

14. DEFAULT

(You must comply with the payment and other obligations that you have made in favour of the Bank. You must also strictly satisfy the covenants and agreements that you have made in this Security Agreement. Failure to do so will be considered a default and the Bank will consider its legal remedies and possibly pursue them. This Clause defines the defaults and outlines your obligations.)

14.1 Unless waived by the Bank, the Borrower shall be in default under this Security Agreement and shall be deemed to be in default under all other agreements between the Borrower and the Bank in any of the following events:

- (a) the Borrower defaults, or threatens to default, in payments when due of any of the Obligations; or
- (b) the Borrower is in breach of, or threatens to breach, any term, condition, obligation or covenant made by it to or with the Bank, or any representation or warranty of the Borrower to the Bank is untrue or ceases to be accurate, whether or not contained in this Security Agreement; or
- (c) the Borrower or a guarantor of the Borrower declares itself to be insolvent or admits in writing its inability to pay its debts generally as they become due, or makes an assignment for the benefit of its creditors, is declared bankrupt, makes a proposal or otherwise takes advantage of any provisions for relief under the Bankruptcy and Insolvency Act (Canada), the Companies Creditors' Arrangement Act (Canada) or similar legislation in any jurisdiction, or makes an authorized assignment; or
- (d) a receiver, manager, receiver and manager or receiver-manager of all or a part of the Collateral is appointed; or
- (e) an order is made or a resolution is passed for the winding up of the Borrower or a guarantor of the Borrower; or
- (f) the Borrower or a guarantor of the Borrower ceases or threatens to cease to carry on all or a substantial part of its business or makes or threatens to make a sale of all or substantially all of its assets; or
- (g) distress or execution is levied or issued against all or any part of the Collateral; or
- (h) if the Borrower is a corporation and any member or shareholder:
 - (i) commences an action against the Borrower; or
 - (ii) gives a notice of dissent to the Borrower in accordance with the provisions of any governing legislation; or

- (i) if the Borrower is a corporation and its voting control changes without the Bank's prior written consent; or
- (j) the Borrower uses any monies advanced to it by the Bank for any purpose other than as agreed upon by the Bank; or
- (k) without the Bank's prior written consent, the Borrower creates or permits to exist any security interest, charge, encumbrance, lien or claim against any of the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests; or
- (l) the holder of any other security interest, charge, encumbrance, lien or claim against any of the Collateral does anything to enforce or realize on such security interest, charge, encumbrance, lien or claim; or
- (m) the Borrower enters into an amalgamation, a merger or other similar arrangement with any other person without the Bank's prior written consent or, if the Borrower is a corporation, it is continued or registered in a different jurisdiction without the Bank's prior written consent; or
- (n) the Bank in good faith and on commercially reasonable grounds believes that the prospect of payment or performance of any of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy or removed from the jurisdiction in which this Security Agreement has been registered; or
- (o) the lessor under any lease to the Borrower of any real or personal property takes any steps to or threatens to terminate such lease or otherwise exercise any of its remedies under such lease as a result of any default by the Borrower; or
- (p) the Borrower causes or allows hazardous materials to be brought upon any lands or premises occupied by the Borrower or to be incorporated into any of its assets, or the Borrower causes, permits, or fails to remedy any environmental contamination upon, in or under any of its lands or assets, or fails to comply with any abatement or remediation order given by a responsible authority; or
- (q) any permit, license, certification, quota or order granted to or held by the Borrower is cancelled, revoked or reduced, as the case may be, or any order against the Borrower is enforced, preventing the business of the Borrower from being carried on for more than 5 days or materially adversely changing the condition (financial or otherwise) of the Borrower's business; or
- (r) if an individual, the Borrower dies or is declared incompetent by a court of competent jurisdiction.

15. ENFORCEMENT

(If a default occurs, the Bank has numerous remedies and legal rights, including enforcement of the Security Agreement according to this Clause. You also have rights, provided by the *Personal Property Security Act* and the common law in your jurisdiction.)

15.1 Upon any default under this Security Agreement the Bank may declare any or all of the Obligations whether or not payable on demand to become immediately due and payable and the Security Interests will immediately become enforceable. To enforce and realize on the Security Interests the Bank may take any action permitted by law or in equity as it may deem expedient and in particular, without limitation, the Bank may do any of the following:

- (a) appoint by instrument a receiver, manager, receiver and manager or receiver-manager (the "Receiver") of all or any part of the Collateral, with or without bond as the Bank may determine, and in its absolute discretion remove such Receiver and appoint another in its stead;
- (b) enter upon any of the Borrower's premises at any time and take possession of the Collateral with power to exclude the Borrower, its agents and its servants, without becoming liable as a mortgagee in possession;
- (c) preserve, protect and maintain the Collateral and make such replacements and repairs and additions to the Collateral as the Bank deems advisable;

- (d) dispose of all or part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to the Bank may seem reasonable, provided that if any sale, lease or other disposition is on credit the Borrower will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies are actually received;
- (e) register assignments of the Intellectual Property, and use sell, assign, license or sub-license any of the Intellectual Property; and
- (f) exercise all of the rights and remedies of a secured party under the Act and any other applicable laws.

15.2 A Receiver appointed pursuant to this Security Agreement insofar as responsibility for its actions is concerned shall be the agent of the Borrower and not of the Bank and, to the extent permitted by law or to such lesser extent permitted by its appointment, shall have all the powers of the Bank under this Security Agreement, and in addition shall have power to:

- (a) carry on the Borrower's business and for such purpose from time to time to borrow money either secured or unsecured, and if secured by granting a security interest on the Collateral, such security interest may rank before or on an equal basis with or behind any of the Security Interests and if it does not so specify such security interest shall rank in priority to the Security Interests; and
- (b) make an assignment for the benefit of the Borrower's creditors or a proposal on behalf of the Borrower under the Bankruptcy and Insolvency Act (Canada); and
- (c) commence, continue or defend proceedings in the name of the Receiver or in the name of the Borrower for the purpose of protecting, seizing, collecting, realizing or obtaining possession of or payment for the Collateral; and
- (d) make any arrangement or compromise that the Receiver deems expedient.

15.3 Subject to the claims, if any, of the creditors of the Borrower ranking in priority to this Security Agreement, all amounts realized from the disposition of the Collateral pursuant to this Security Agreement will be applied as the Bank, in its absolute discretion and to the full extent permitted by law, may direct as follows:

- (a) in payment of all costs, charges and expenses (including legal fees and disbursements on a solicitor and its own client basis) incurred by the Bank respecting or incidental to:
 - (i) the exercise by the Bank of the rights and powers granted to it by this Security Agreement; and
 - (ii) the appointment of the Receiver and the exercise by the Receiver of the powers granted to it by this Security Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver;
- (b) in or toward payment to the Bank of all principal and other monies (except interest) due in respect of the Obligations;
- (c) in or toward payment to the Bank of all interest remaining unpaid respecting the Obligations; and
- (d) in payment to those parties entitled thereto under the Act.

16. GENERAL PROVISIONS PROTECTING THE BANK

(You have granted this Security Agreement to the Bank in consideration by the Bank advancing funds or providing credit or a credit facility to you. The Bank will not be responsible for debts or liabilities that may arise except to the extent that it agrees to be responsible or liable in this Security Agreement. If enforcement becomes necessary, the Bank will act in good faith and in a commercially reasonable manner.)

16.1 To the full extent permitted by law, the Bank shall not be liable for any debts contracted by it during enforcement of this Security Agreement, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when the Bank shall manage the Collateral upon entry or seizure, nor shall the Bank be liable to account as a mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable. The Bank shall not be bound to do, observe or perform or to see to the observance or performance by the Borrower of any obligations or covenants imposed upon the Borrower nor shall the Bank, in the case of securities, instruments or chattel paper, be obliged to preserve rights against other persons, nor shall the Bank be obliged to keep any of the Collateral identifiable. To the full extent permitted by law, the Borrower waives any provision of law permitted to be waived by it which imposes greater obligations upon the Bank than described above.

16.2 Neither the Bank nor any Receiver appointed by it shall be liable or accountable for any failure to seize, collect, realize, sell or obtain payments for the Collateral nor shall they be bound to institute proceedings for the purposes of seizing, collecting, realizing or obtaining payment or possession of the Collateral or the preserving of any right of the Bank, the Borrower or any other party respecting the Collateral. The Bank shall also not be liable for any misconduct, negligence, misfeasance by the Bank, the Receiver or any employee or agent of the Bank or the Receiver, or for the exercise of the rights and remedies conferred upon the Bank or the Receiver by this Security Agreement.

16.3 The Bank or any Receiver appointed by it may grant extensions of time and other indulgences, take and give securities, accept compromises, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the debtors of the Borrower, co-obligants, guarantors and others and with the Collateral and other securities as the Bank may see fit without liability to the Bank and without prejudice to the Bank's rights respecting the Obligations or the Bank's right to hold and realize the Collateral.

16.4 The Bank in its sole discretion may realize upon any other security provided by the Borrower in any order or concurrently with the realization under this Security Agreement whether such security is held by it at the date of this Security Agreement or is provided at any time in the future. No realization or exercise of any power or right under this Security Agreement or under any other security shall prejudice any further realization or exercise until all Obligations have been fully paid and satisfied.

16.5 Any right of the Bank and any obligation of the Borrower arising under any other agreements between the Bank and the Borrower shall survive the signing, registration and advancement of any money under this Security Agreement, and no merger respecting any such right or obligation shall occur by reason of this Security Agreement. The obligation, if any, of the Borrower to pay legal fees, a commitment fee, a standby fee or administration fees, under the terms of the Bank's commitment letter with the Borrower shall survive the signing and registration of this Security Agreement and the Bank's advancement of any money to the Borrower and any legal fees, commitment fees, standby fees or administration fees owing by the Borrower shall be secured by the Collateral.

16.6 In the event that the Bank registers a notice of assignment of Intellectual Property the Borrower shall be responsible for and shall indemnify the Bank against all maintenance and renewal costs in respect thereof, and any costs of initiating or defending litigation, together with all costs, liabilities and damages related thereto.

16.7 Notwithstanding any taking of possession of the Collateral, or any other action which the Bank or the Receiver may take, the Borrower now covenants and agrees with the Bank that if the money realized upon any disposition of the Collateral is insufficient to pay and satisfy the whole of the Obligations due to the Bank at the time of such disposition, the Borrower shall immediately pay to the Bank an amount equal to the deficiency between the amount of the Obligations and the sum of money realized upon the disposition of the Collateral, and the Borrower agrees that the Bank may bring action against the Borrower for payment of the deficiency, notwithstanding any defects or irregularities of the Bank or the Receiver in enforcing its rights under this Security Agreement.

17. APPOINTMENT OF ATTORNEY

(You appoint the Bank your attorney for specific matters.)

The Borrower hereby irrevocably appoints the Bank or the Receiver, as the case may be, with full power of substitution, as the attorney of the Borrower for and in the name of the Borrower to do, make, sign, endorse or execute under seal or otherwise all deeds, documents, transfers, cheques, instruments, demands, assignments, assurances or consents that the Borrower is obliged to sign, endorse or execute and generally to use the name of the

Borrower and to do everything necessary or incidental to the exercise of all or any of the powers conferred on the Bank, or the Receiver, as the case may be, pursuant to this Security Agreement. This grant and authority shall continue and survive any mental infirmity or legal incapacity of the Borrower subsequent to the execution hereof.

18. CONSOLIDATION

(Should you wish to redeem the Security Interest, the Bank may require you to also pay other obligations to it before discharging its Security Interests.)

For the purposes of the laws of all jurisdictions in Canada, the doctrine of consolidation applies to this Security Agreement.

19. NO OBLIGATION TO ADVANCE

(The Bank determines, in the end, whether any advances or further advances under the loan facility will be made.)

Neither the preparation and execution of this Security Agreement nor the perfection of the Security Interests or the advance of any monies by the Bank shall bind the Bank to make any advance or loan or further advance or loan, or extend any time for payment of any indebtedness or liability of the Borrower to the Bank.

20. WAIVER

(Indulgences granted by the Bank should not be taken for granted.)

The Bank may permit the Borrower to remedy any default without waiving the default so remedied. The Bank may from time to time and at any time partially or completely waive any right, benefit or default under this Security Agreement but such waiver shall not be a bar to or a waiver of any such right, benefit or default thereafter, or of any other right, benefit or default under this Security Agreement. No waiver shall be effective unless it is in writing and signed by the Bank. No delay or omission on the part of the Bank in exercising any right shall operate as a waiver of such right or any other right.

21. NOTICE

(This Clause describes how the various notices referred to in this Security Agreement may be given.)

Notice may be given to either party by prepaid mail or delivered to the party for whom it is intended, at the principal address of such party provided in this Security Agreement or at such other address as may be given in writing by one party to the other, and any notice if mailed shall be deemed to have been given at the expiration of three business days after mailing and if delivered, on delivery.

22. EXTENSIONS

(Your duties and responsibilities to the Bank remain in place regardless of any concerns you may have about the loan facility or the Bank's actions.)

The Bank may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security interests, and otherwise deal with the Borrower, the Borrower's account debtors, sureties and others and with the Collateral and other security interests as the Bank may see fit without prejudice to the Borrower's liability or the Bank's right to hold and realize on the Security Interests.

23. NO MERGER

(Except as agreed upon in the Security Agreement or another contract specifically discussing this point, this Security Agreement is an independent obligation on your part.)

This Security Agreement shall not create any merger or discharge of any of the Obligations, or any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest of any form held or which may be held by the Bank now or in the future from the Borrower or from any other person. The taking of a judgement respecting any of the Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.

24. RIGHTS CUMULATIVE

(This Agreement describes some rights and remedies of the Bank. The Bank also is entitled to rely on all other rights and remedies available to it in law and in any other agreements it has entered into with you.)

The Bank's rights and remedies set out in this Security Agreement, and in any other security agreement held by the Bank from the Borrower or any other person to secure payment and performance of the Obligations, are cumulative and no right or remedy contained in this Security Agreement or any other security agreements is intended to be exclusive but each will be in addition to every other right or remedy now or hereafter existing at law, in equity or by statute, or pursuant to any other agreement between the Borrower and the Bank that may be in effect from time to time.

25. ASSIGNMENT

(Should the Bank assign or transfer or otherwise deal with this Security Agreement on its own behalf, you agree that the Security Agreement shall remain binding and effective upon you.)

The Bank may, without notice to the Borrower, at any time assign or transfer, or grant a security interest in, all or any of the Obligations, this Security Agreement and the Security Interests. The Borrower agrees that the assignee, transferee or secured party, as the case may be, shall have all of the Bank's rights and remedies under this Security Agreement and the Borrower will not assert as a defence, counterclaim, right of set-off or otherwise any claim which it now has or may acquire in the future against the Bank in respect of any claim made or any action commenced by such assignee, transferee or secured party, as the case may be, and will pay the assigned Obligations to the assignee, transferee or secured party, as the case may be, as the said Obligations become due.

26. SATISFACTION AND DISCHARGE

(Until this Security Agreement is terminated and any registrations relating to it are discharged, the Security Agreement will remain effective even though the indebtedness to the Bank may have been paid.)

Any partial payment or satisfaction of the Obligations, or any ceasing by the Borrower to be indebted to the Bank shall not be a redemption or discharge of this Security Agreement. The Borrower shall be entitled to a release and discharge of this Security Agreement upon full payment and satisfaction of all Obligations, and upon written request by the Borrower and, subject to applicable law, payment to the Bank of an administrative fee to be fixed by the Bank and payment of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by the Bank in connection with the Obligations and such release and discharge. The Borrower shall, subject to applicable law, pay an administrative fee, to be fixed by the Bank, for the preparation or execution of any full or partial release or discharge by the Bank of any security it holds, of the Borrower, or of any guarantor or covenantor with respect to any Obligations.

27. ENVIRONMENT

The Borrower represents and agrees that:

- (a) it operates and will continue to operate in conformity with all applicable environmental laws, regulations, standards, codes, ordinances and other requirements of any jurisdiction in which it carries on business and will ensure its staff is trained as required for that purpose;
- (b) it has an environmental emergency response plan and all officers and employees are familiar with that plan and their duties under it;
- (c) it possesses and will maintain all environmental licences, permits and other governmental approvals as may be necessary to conduct its business and maintain the Collateral;
- (d) there has been no complaint, prosecution, investigation or proceeding, environmental or otherwise, respecting the Borrower's business or assets including without limitation the Collateral;
- (f) it will advise the Bank immediately upon becoming aware of any environmental problems relating to its business or the Collateral;
- (g) it will provide the Bank with copies of all communications with environmental officials and all environmental studies or assessments prepared for the Borrower and it consents to the Bank contacting and making enquiries of environmental officials or assessors;

- (h) it will from time to time when requested by the Bank provide to the Bank evidence of its full compliance with the Borrower's obligations in this Clause 27.

28. ENUREMENT

This Security Agreement shall enure to the benefit of the Bank and its successors and assigns, and shall be binding upon the Borrowers and its heirs, executors, administrators, successors and any assigns permitted by the Bank, as the case may be.

29. INTERPRETATION

29.1 In this Security Agreement:

- (a) "Collateral" has the meaning set out in Clause 1 and any reference to the Collateral shall, unless the context otherwise requires, be deemed to be a reference to the Collateral in whole or in part;
- (b) "the Act" means the *Personal Property Security Act* of the province in which the business centre of the Bank is located, as described on page 1 of this Security Agreement, and all regulations under the Act, as amended from time to time.

29.2 Words and expressions used in this Security Agreement that have been defined in the Act shall be interpreted in accordance with their respective meanings given in the Act unless otherwise defined in this Security Agreement or unless the context otherwise requires.

29.3 The invalidity or unenforceability of the whole or any part of any clause of this Security Agreement shall not affect the validity or enforceability of any other clause or the remainder of such clause of this Security Agreement.

29.4 The headings used in this Security Agreement have been inserted for convenience of reference only and shall not define, limit, alter or enlarge the meaning of any provision of this Security Agreement.

29.5 This Security Agreement shall be governed by the laws of the province referred to in subclause 29.1(b). For enforcement purposes, the Borrower hereby attorns to the jurisdiction of the courts and laws of any province, state, territory or country in which the Bank enforces its rights and remedies hereunder.

30. COPY OF AGREEMENT AND FINANCING STATEMENT

The Borrower:

- (a) acknowledges receiving a copy of this Security Agreement; and
- (b) if the Act so permits, waives all rights to receive from the Bank a copy of any financing statement or financing change statement filed, or any verification statement or other document received at any time respecting this Security Agreement.

31. TIME

Time shall in all respects be of the essence.

32. INDEPENDENT ADVICE

The Borrower acknowledges having received, or having had the opportunity to receive, independent legal and accounting advice respecting this Security Agreement and its effect.

33. PARENTHETICAL COMMENTS

The Borrower acknowledges and agrees that the comments in parentheses are intended to provide a brief but not thorough indication of the intent of the legal provisions that follow in each subsequent clause, and do not form

part of this Security Agreement.

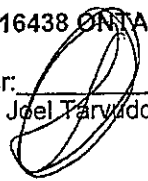
34. THE COMMITMENT LETTER

The Bank has extended an offer of financing or a commitment letter to the Borrower relating to the loan facilities secured by this Security Agreement. The Borrower acknowledges and agrees that in the event of any discrepancy between any term of this Security Agreement and any term of the commitment letter, the terms of the commitment letter shall apply and take precedence over the terms of this Security Agreement.

IN WITNESS WHEREOF the Borrower has hereunto set his hand and seal or has affixed its corporate seal duly attested by the hand(s) of its proper officer(s) in that behalf, on the day and year first above written.



1916438 ONTARIO LIMITED

Per: 
Joel Tarvudd, President

SCHEDULE "A"**Subclause 1.1(a):**

1. the following specific items, even though they may be included within the descriptions of Collateral (insert description by item or kind):

2. the following serial numbered goods:

Serial No. (re motor vehicles & trailers, etc.)

Year

Make and Model

3. Location(s) of the Collateral:

TAB F

This is Exhibit "F" referred to in the Affidavit of DODIE BALLESTEROS sworn July 22, 2019.



Commissioner for Taking Affidavits (or as may be)

**Marla Terri Gold, a Commissioner, etc.,
Province of Ontario, for the Business Development
Bank of Canada, expires August 29, 2020**

LRO # 53 Construction Lien

Registered as SD370567 on 2019 01 25 at 13:55

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 1

Properties

PIN 73405 - 0157 LT
Description PT LT 6 CON 4 MERRITT BEING PT 8 53R19737; TOWN OF ESPANOLA
Address 85 PANACHE LAKE ROAD
 ESPANOLA

PIN 73405 - 0155 LT
Description PT LT 6 CON 4 MERRITT PT 1, 2, 3, 4, 5 & 6 53R19368; SUBJECT TO AN EASEMENT
 IN GROSS OVER PTS 1, 3 & 5 53R19368 AS IN SD185945; TOWN OF ESPANOLA
Address 37 PANACHE LAKE ROAD
 ESPANOLA

Consideration*Consideration* \$115,482.42**Claimant(s)**

Name KAMICH STEEL SYSTEMS INC.
Address for Service 2838-2 Belize Drive
 Val Caron, ON P3N 1B3

I am the lien claimant and the facts stated in the claim for lien are true.
 This document is not authorized under Power of Attorney by this party.

Statements

Name and Address of Owner 1916438 Ontario Limited located at 37 & 85 Panache Lake Road, Espanola, Ontario Name and address of person to whom lien claimant supplied services or materials 1916438 Ontario Limited also known as Greenhouses Canada Inc. located at 5 Westview Crescent, Lively, Ontario P3Y 1B7 Time within which services or materials were supplied from 2018/10/29 to 2019/01/25 Short description of services or materials that have been supplied labour for installation of metal roof, installation closures, trims, and soffits Contract price or subcontract price 142,703.18 Amount claimed as owing in respect of services or materials that have been supplied 115,482.42

The lien claimant claims a charge against the holdbacks required to be retained under the Act and any additional amount owed by a payer to the contractor or to any subcontractor whose contract or subcontract was in whole or in part performed by the services or materials that have been supplied by the lien claimant in relation to the premises at 37 & 85 Panache Lake Road, Espanola, Ontario

Signed By

Sophie Rachel Marie Mageau 15 Mackenzie Street acting for Signed 2019 01 25
 Sudbury Applicant(s)
 P3C 4Y1

Tel 705-675-7521

Fax 705-675-7390

I have the authority to sign and register the document on behalf of the Applicant(s).

Submitted By

DESMARAIS, KEENAN LLP 15 Mackenzie Street 2019 01 25
 Sudbury
 P3C 4Y1

Tel 705-675-7521

Fax 705-675-7390

Fees/Taxes/Payment

Statutory Registration Fee \$64.40
Total Paid \$64.40

LRO # 53 Certificate

Registered as SD371522 on 2019 02 15 at 11:15

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 4

Properties

PIN 73405 - 0157 LT
Description PT LT 6 CON 4 MERRITT BEING PT 8 53R19737; TOWN OF ESPANOLA
Address 85 PANACHE LAKE ROAD
 ESPANOLA

PIN 73405 - 0155 LT
Description PT LT 6 CON 4 MERRITT PT 1, 2, 3, 4, 5 & 6 53R19368; SUBJECT TO AN EASEMENT
 IN GROSS OVER PTS 1, 3 & 5 53R19368 AS IN SD185945; TOWN OF ESPANOLA
Address 37 PANACHE LAKE ROAD
 ESPANOLA

Party From(s)

Name KAMICH STEEL SYSTEMS INC.
Address for Service 2838-2 Belzile Drive, Val Caron, Ontario
 P3N 1B3

I, LIZANNE GREGOIRE, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Party To(s)*Capacity**Share*

Name 1916438 ONTARIO LIMITED
Address for Service 5 Westview Crescent, Lively, Ontario P3Y 1B7

Statements

This document relates to registration number(s)SD370567

Schedule: See Schedules

Signed By

John Robert Leblanc 15 Mackenzie Street acting for Signed 2019 02 14
 Sudbury Party From(s)
 P3C 4Y1

Tel 705-675-7521

Fax 705-675-7390

I have the authority to sign and register the document on behalf of the Party From(s).

Submitted By

DESMARAIS, KEENAN LLP 15 Mackenzie Street 2019 02 15
 Sudbury
 P3C 4Y1

Tel 705-675-7521

Fax 705-675-7390

Fees/Taxes/Payment

Statutory Registration Fee \$64.40

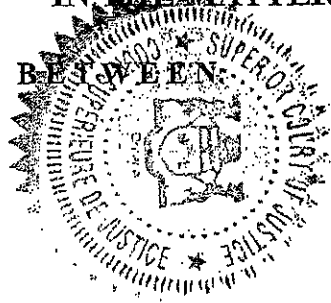
Total Paid \$64.40

File Number

Party From Client File Number : 99076

Court File No.

SUPERIOR COURT OF JUSTICE
IN THE MATTER OF THE CONSTRUCTION LIEN ACT, S.O. 1990, C. 30

**KAMICH STEEL SYSTEMS INC.****Plaintiff**

- and -

GREENHOUSES CANADA INC., formerly known as 1916438 ONTARIO LIMITED**Defendant****CERTIFICATE OF ACTION**

I, HEREBY CERTIFY that an action has been commenced in the Ontario Superior Court of Justice under the *Construction Lien Act*, 1990, between the above parties, in respect of the premises described in Schedule "A" to this Certificate, and relating to the claim for lien bearing the following registration number #SD370567.

DATED this 4th day of February, 2019.


Local Registrar

SCHEDULE "A"

PIN 73405-0157(LT), PT LT 6 CON 4 MERRITT BEING PT 8 53R19737; TOWN OF ESPANOLA
85 PANACHE LAKE ROAD, ESPANOLA.

PIN 73405-0155(LT), PT LT 6 CON 4 MERRITT PT 1, 2, 3, 4, 5 & 6 53R19368; SUBJECT TO AN
EASEMENT IN GROSS OVER PTS 1, 3 & 5 53R19368 AS IN SD185945; TOWN OF
ESPANOLA

37 PANACHE LAKE ROAD, ESPANOLA

KAMICH STEEL SYSTEMS INC.

Plaintiff

and

GREENHOUSES CANADA INC., formerly 1916438
ONARIO LIMITED

Defendant

Court File #

Ontario
SUPERIOR COURT OF JUSTICE
In the matter of the Construction Lien Act
Proceeding commenced at Sudbury

CERTIFICATE OF ACTION

Name, address and telephone number of new solicitor
DESMARAIS, KEENAN LLP
Barristers & Solicitors
15 Mackenzie Street
Sudbury, Ontario P3C 4Y1

Attention: J. Robert Leblanc
(LSUC#14854R)

(705) 675-7521
Fax: (705) 675-7390
Lawyer for the Plaintiff

TAB G

This is Exhibit "G" referred to in the Affidavit of DODIE BALLESTEROS sworn July 22, 2019.



Commissioner for Taking Affidavits (or as may be)

**Marta Terri Gold, a Commissioner, etc.,
Province of Ontario, for the Business Development
Bank of Canada, expires August 29, 2020**

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(3470)

RUN NUMBER : 189
RUN DATE : 2019/07/08
ID : 20190708141427.90

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

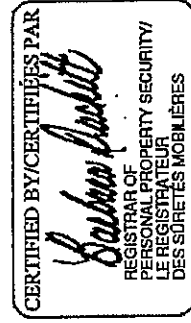
SEARCH CONDUCTED ON : GREENHOUSES CANADA INC.

FILE CURRENCY : 07JUL 2019

ENQUIRY NUMBER 20190708141427.90 CONTAINS 14 PAGE(S), 5 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

CHAYONS LLP (LC) - LUCY CATERINA
5000 YONGE STREET, 10TH FLOOR
TORONTO ON M2N 7E9



CONTINUED ...

2



REPORT : PPSR060
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(3471)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 189
RUN DATE : 2019/07/08
ID : 20190708141427.90

TYPE OF SEARCH: BUSINESS DEBTOR
SEARCH CONDUCTED ON: GREENHOUSES CANADA INC.
FILE CURRENCY: 07/JUL 2019

FORM 10 FINANCING STATEMENT / CLAIM FOR ITEM

00 FILE NUMBER
746580214

01 REGISTRATION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 20181206 0924 1031 5248 P PPSA 05

02 DEBTOR NAME: GREENHOUSES CANADA INC.
03 BUSINESS NAME: GREENHOUSES CANADA INC.
04 ADDRESS: 5 WESTVIEW CRES LITVELY ONTARIO CORPORATION NO. P3Y 1B7

05 DEBTOR NAME: [REDACTED]
06 BUSINESS NAME: [REDACTED]
07 ADDRESS: [REDACTED]

08 SECURED PARTY: HER MAJESTY IN RIGHT OF ONTARIO REPRESENTED BY THE MINISTER OF FINANCE
09 ADDRESS: 400-130 DUFFERIN AVENUE, LONDON ON N6A 6G8

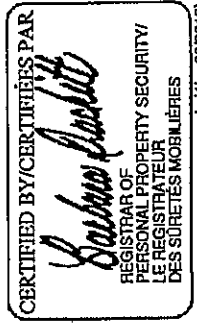
10 COMMERCIAL CLASSIFICATION: [REDACTED]
CONSUMER: [REDACTED]
GOODS: INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED: [REDACTED] MAJORITY OF MAJORITY DATE: [REDACTED]

11 MOTOR VEHICLE: [REDACTED]
12 YEAR MAKE: [REDACTED] MODEL: [REDACTED] TYPE: [REDACTED]

13 GENERAL COLLATERAL DESCRIPTION: [REDACTED]
14 COLLATERAL DESCRIPTION: [REDACTED]

16 REGISTERING AGENT: [REDACTED] ADDRESS: [REDACTED] LONDON ON N6A 6G8

17 ***FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY.***
CONTINUED ... 3



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 189
RUN DATE : 2019/07/08
ID : 20190708141427.90

TYPE OF SEARCH BUSINESS DEFOR
SEARCH CONDUCTED ON GREENHOUSES CANADA INC.
FILE CURRENCY 07JUL 2019

FORM TO FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
729960831

CARTRON PAGE 0001 MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES 4 SCHEDULES NUMBER UNDER PERIOD
001 20170719 1009 1616 7438 P PPSA 04

02 DEBORAH NAME DATE OF BIRTH INITIAL SURNAME ONTARIO CORPORATION NO. PPSA 1K6
03 BUSINESS NAME GREENHOUSES CANADA INC. LIVELY
04 ADDRESS 125 MAGILL ST., UNIT B NAUGHTON

05 DATE OF BIRTH 24 FEB 1969 BIRTHDAY SURNAME NAUGHTON
06 BUSINESS NAME ANDREW NOOTCHTAL
07 ADDRESS 206 MAANI WFLN RR2 OAKVILLE

08 SECURED PARTY / BODKIN CAPITAL CORPORATION ON L6H 1A7
09 SECURED PARTY / 102-1465 NORTH SERVICE RD E

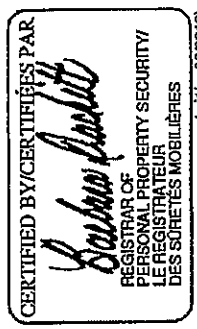
10 COMMERCIAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF MATURITY OF MATURITY DATE
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED

11 YEAR MAKE MODEL VEHICLE
12 MOTOR VEHICLE

13 PURSUANT TO LEASE AGREEMENT 10924390, ALL PRESENT AND FUTURE
14 EQUIPMENT ENCOMPASSED BY LEASE AGREEMENT 10924390 TOGETHER WITH ALL
15 ATTACHMENTS ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS,
JCLD ONLINE MISSISSAUGA

16 REGISTERING AGENT ADDRESS 16-1375 SOUTHDOWN RD STE 322 ON L5J 2Z1
17

FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY.
CONTINUED ... 4



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(3473)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 189
RUN DATE : 2019/07/08
ID : 20190708141427.90

BUSINESS DEBTOR
GREENHOUSES CANADA INC.
07JUL 2019

FORM 13 FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
729960831

REGISTRATION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO OF PAGES SCHEDULES NUMBER UNDER PERIOD
002 4 20170719 1009 1616 7438

DEBTOR NAME BUSINESS NAME ADDRESS SURNAME SURNAME
24 FEB 1969 FIRST GIVEN NAME ANDREX 206 MAANI WFLN RR2 NAUGHTON
MOONCRITAL

DEBTOR NAME BUSINESS NAME ADDRESS SURNAME SURNAME
FIRST GIVEN NAME ANDREX 206 MAANI WFLN RR2 NAUGHTON
MOONCRITAL

SECURED PARTY / SPESH CREDITORS ADDRESS ADDRESS ADDRESS ADDRESS
ONTARIO CORPORATION NO: ONTARIO CORPORATION NO: PUM 2M0

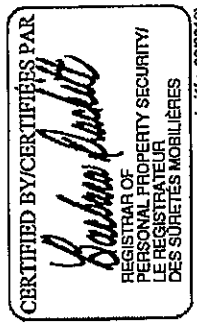
COMPTERAR CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF MATURITY OR MATURITY DATE
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED

YEAR MAKE MODEL

GENERAL COLLATERAL DESCRIPTION ADDITIONS AND IMPROVEMENTS THERETO AND ALL PROCEEDS OF EVERY TYPE,
DEALING WITH COLLATERAL INCLUDING WITHOUT LIMITATION TRADE-INS,

REGISTERING AGENT ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ***
CONTINUED . . .



REPORT : P5SR060
PAGE : 5
(3474)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 189
RUN DATE : 2019/07/08
ID : 20190708141427.90

TYPE OF SEARCH: BUSINESS DETECTOR
SEARCH CONDUCTED ON: GREENHOUSES CANADA INC.
FILE CURRENCY: 07 JUL 2019

FORM 1 G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
729960831

00 REGISTRATION PAGE NO. OF PAGES MOTOR VEHICLE REGISTRATION REGISTERED UNDER PERIOD
003 4 20170719 1009 1616 7438

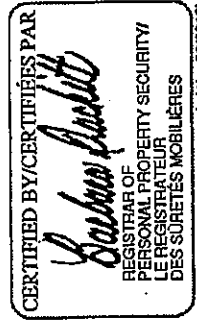
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02 DEBITOR NAME FIRST GIVEN NAME SURNAME ONTARIO CORPORATION NO.
03 DEBITOR NAME FIRST GIVEN NAME SURNAME ONTARIO CORPORATION NO.
04 DEBITOR NAME FIRST GIVEN NAME SURNAME ONTARIO CORPORATION NO.

05 SECURED PARTY / LENDER NAME FIRST GIVEN NAME SURNAME ONTARIO CORPORATION NO.
06 SECURED PARTY / LENDER NAME FIRST GIVEN NAME SURNAME ONTARIO CORPORATION NO.
07 SECURED PARTY / LENDER NAME FIRST GIVEN NAME SURNAME ONTARIO CORPORATION NO.

08 SECURED PARTY / LENDER NAME FIRST GIVEN NAME SURNAME ONTARIO CORPORATION NO.
09 SECURED PARTY / LENDER NAME FIRST GIVEN NAME SURNAME ONTARIO CORPORATION NO.
10 SECURED PARTY / LENDER NAME FIRST GIVEN NAME SURNAME ONTARIO CORPORATION NO.

11 MOTOR VEHICLE MAKE MODEL YEAR MAKE
12 MOTOR VEHICLE MAKE MODEL YEAR MAKE
13 GENERAL DESCRIPTION EQUIPMENT, INVENTORY, GOODS, NOTES, CHATTEL PAPER, CONTRACT RIGHTS,
14 GENERAL DESCRIPTION ACCOUNTS, RENTAL PAYMENTS, SECURITIES, INTANGIBLES, DOCUMENTS OF
15 GENERAL DESCRIPTION TITLE AND MONEY AND ALL PROCEEDS OF PROCEEDS AND A RIGHT TO ANY

16 REGISTERING AGENT ADDRESS
17 REGISTERING AGENT ADDRESS
*** FOR FURTHER INFORMATION CONTACT THE SECURED PARTY ***
CONTINUED ...



REPORT : P5SR060
PAGE : 6
(3475)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 189
RUN DATE : 2019/07/08
ID : 20190708141427.90

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : GREENHOUSES CANADA INC.
SLIP CURRENCY : 07 JUL 2019

FORM 10 FINANCING STATEMENT / STAIN FOR LITHO

FILE NUMBER : 729960831

REGISTRATION NUMBER : 20170719 1009 1616 7438

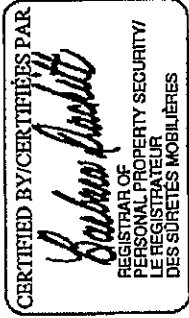
REGISTRATION PERIOD : ONTARIO CORPORATION NO.
REGISTRATION NUMBER : ONTARIO CORPORATION NO.
REGISTRATION PERIOD : ONTARIO CORPORATION NO.

REGISTRATION PERIOD : ONTARIO CORPORATION NO.
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REGISTRATION PERIOD : ONTARIO CORPORATION NO.

REGISTRATION PERIOD : ONTARIO CORPORATION NO.
REGISTRATION NUMBER : ONTARIO CORPORATION NO.
REGISTRATION PERIOD : ONTARIO CORPORATION NO.

INSURANCE PAYMENT AND ANY OTHER PAYMENT THAT IDENTIFIES OR
COMPENSATES FOR LOSS OR DAMAGE TO THE COLLATERAL INCLUDING BUT NOT
LIMITED TO THE FOLLOWING 2015 GRACO REACTOR 2E-30I SPRAYER



CONTINUED...

REPORT : P5SR060
PAGE : 7
(3476)

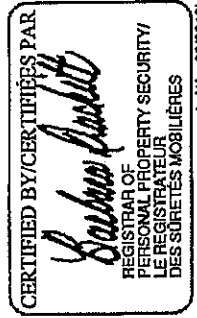
PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 189
RUN DATE : 2019/07/08
ID : 20190708141427.90

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : GREENHOUSES CANADA INC.
DATE CURRENCY : 07 JUL 2019

FORM 10 FINANCING STATEMENT / CREDIT FOR DEB

00	REGISTRATION NUMBER	727261686
01	REGISTRATION PAGE NO. OF PAGES	001 001
02	REGISTRATION NUMBER	20170503 1659 1626 3/33
03	REGISTRATION SCHEDULE	P PPSA
04	REGISTRATION DATE	5
05	REGISTRATION TYPE	ON P32K8
06	REGISTRATION CLASSIFICATION	ON P32K8
07	REGISTRATION NUMBER	ON P32K8
08	REGISTRATION DATE	ON P32K8
09	REGISTRATION TYPE	ON P32K8
10	REGISTRATION CLASSIFICATION	ON P32K8
11	REGISTRATION NUMBER	ON P32K8
12	REGISTRATION DATE	ON P32K8
13	REGISTRATION TYPE	ON P32K8
14	REGISTRATION CLASSIFICATION	ON P32K8
15	REGISTRATION NUMBER	ON P32K8
16	REGISTRATION DATE	ON P32K8
17	REGISTRATION TYPE	ON P32K8



CONTINUED... 8

REPORT : PSSR060
PAGE : 8
(3477)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 189
RUN DATE : 2019/07/08
ID : 20190708141427.90

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : GREENHOUSES CANADA INC.
FILE CURRENCY : 07 JUL 2019

FORM 10 FINANCING STATEMENT / AGREEMENT FOR LIEN

00 REGISTRATION NO. 704188731

01 CAUTION PAGE TOTAL 1
 FILING NO. OF PAGES 001
 SCHEDULE NUMBER 20150312 0918 2201 1677 P PPSA
 REGISTERED PERIOD 25

02 DEBTOR NAME: 1916438 ONTARIO LIMITED
 ADDRESS: 125 MAGILL STREET

03 DEBTOR NAME: 1916438 ONTARIO LIMITED
 ADDRESS: 125 MAGILL STREET

04 DEBTOR NAME: 1916438 ONTARIO LIMITED
 ADDRESS: 125 MAGILL STREET

05 DEBTOR NAME: 1916438 ONTARIO LIMITED
 ADDRESS: 125 MAGILL STREET

06 DEBTOR NAME: 1916438 ONTARIO LIMITED
 ADDRESS: 125 MAGILL STREET

07 DEBTOR NAME: 1916438 ONTARIO LIMITED
 ADDRESS: 125 MAGILL STREET

08 SECURED PARTY / LENDER: BUSINESS DEVELOPMENT BANK OF CANADA
 ADDRESS: UNIT 10, 233 BRADY STREET

09 SECURED PARTY / LENDER: BUSINESS DEVELOPMENT BANK OF CANADA
 ADDRESS: UNIT 10, 233 BRADY STREET

10 MOTOR VEHICLE: [REDACTED] DATE OF MATURITY: [REDACTED]
 INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED: [REDACTED]
 MOTOR VEHICLE AMOUNT: [REDACTED] DATE OF MATURITY: [REDACTED]

11 MOTOR VEHICLE: [REDACTED] MODEL: [REDACTED]

12 MOTOR VEHICLE: [REDACTED] MODEL: [REDACTED]

13 GENERAL DESCRIPTION: [REDACTED]

14 GENERAL DESCRIPTION: [REDACTED]

15 GENERAL DESCRIPTION: [REDACTED]

16 REGISTERING AGENT: [REDACTED]

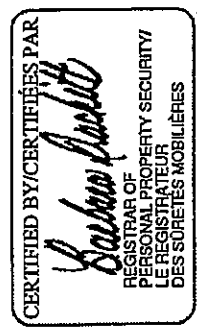
17 REGISTERING AGENT: [REDACTED]

ONTARIO CORPORATION NO. 1916438 ON P31 1K6

ONTARIO CORPORATION NO. [REDACTED]

WEAVER, SIMMONS LLP (SV/JK)
 SUITE 400, 233 BRADY STREET
 SUDBURY ON P3B 4H5

*** FOR FURTHER INFORMATION CONTACT THE SECURED PARTY ***
 CONTINUED... 9



REPORT : PSSR060
PAGE : 9
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PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 189
RUN DATE : 2019/07/08
ID : 20190708141427.90

NUMBER OF SEARCH BUSINESS DEBTOR
SEARCH CONDUCTED ON GREENHOUSES CANADA INC.
FILE CURRENCY 07JUL 2019

FORM 2-C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CADATION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED
PAGES NO. OF PAGES SCHEDULE NUMBER UNDER
001 704188737 20150312 0921 2201 1678

RECORD NUMBER 704188737

PAGE AMENDED NO SPECIFIC PAGE AMENDS CHANGE REQUIRED B RENEWAL U
1 001 001

REFERS GIVEN NAME IMMEDIATE SURNAME

BUSINESS NAME 1916438 ONTARIO LIMITED

OTHER CHANGE

REASON/ DESCRIPTION

DATE OF BIRTH

FIRST GIVEN NAME

FIRST SURNAME

DEBTOR/ TRANSFEREE

BUSINESS NAME

ADDRESS

ASSIGNOR SECURED PARTY/ LENDOR/ CLAIMANT/ ASSIGNER

ADDRESS

COLLATERAL CLASSIFICATION

CONSUMER

GOODS INVENTORY EQUIPMENT ACCOUNTS/ OTHER

AMOUNT INCLUDED

DATE OF MATURITY OR PAID

YEAR MAKE MODEL V-I-N

MOTOR VEHICLE

GENERAL

CO-MATERIAL

DESCRIPTION

REFERRING AGENT OR SECURED PARTY/ LENDOR/ CLAIMANT

ADDRESS

WEAVER, SIMMONS LLP (SV/JK)

SUITE 400, 233 BRADY STREET

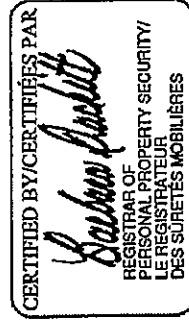
ON P3B 4H5

SUBBURY

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 10

ONTARIO CORPORATION NO.



REPORT : P5SR060
PAGE : 10
(3479)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 189
RUN DATE : 2019/07/08
ID : 20190708141427.90

NUMBER OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : GREENHOUSES CANADA INC.
FILE CURRENCY : 07JUL 2019

FORM 26 (REV. 1998) CHANGE STATEMENT / CHANGE STATEMENT

CATION PAGE MOTOR VEHICLE REGISTRATION REGISTERED
SOLING NO. OF PAGES SCHEDULE NUMBER UNDER
001 1 20181126 1631 1590 4D11

01 FILE NUMBER 704188737

02 PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED
REFERENCED X A AMENDMENT

23 BUSINESS NAME 1916438 ONTARIO LIMITED

24 CHANGE OF NAME OF DEBTOR TO GREENHOUSES CANADA INC.

05 DEBTOR/ FIRST GIVEN NAME INITIAL SURNAME

06 DEBTOR/ BUSINESS NAME GREENHOUSES CANADA INC.

04/07 ADDRESS 5 WESTVIEW CRESCENT

25 ASSIGNOR ADDRESS

08 SECURED PARTY/ LIEN CLAIMANT/ ASSIGNEE

09 COLLATERAL CLASSIFICATION

10 YEAR MAKE MODEL

11 MOTOR VEHICLE

12 GENERAL

13 COLLATERAL

14 DESCRIPTION

15 SECURED PARTY/ AGENT OF

16 SECURED PARTY/ ADDRESS

17 LIEN CLAIMANT

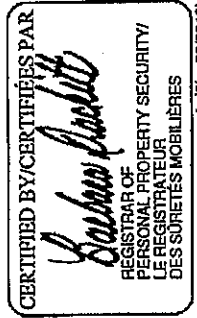
ONTARIO CORPORATION NO. 237-1B7
ON E23-1B7

DATE OF MOTOR VEHICLE NO-FIXED
AMOUNT MATURITY OR MATURITY DATE

V.I.N.

CHAITONS LLP (SD/31973)
5000 YONGE STREET, 10TH FLOOR
TORONTO ON M2N 7E9

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ***
CONTINUED ... 11



REPORT : P5SR060
PAGE : 11
(3480)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 189
RUN DATE : 2019/07/08
ID : 20190708141427.90

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : GREENHOUSES CANADA INC.
FILE CURRENCY : 07 JUL 2019

FORM TO BE MANAGING STATEMENT / CLAIM FOR LIEN

00
704168609

01
REGISTRATION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION PERIOD
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 1 20150312 0925 2201 1679 P PPSA 25

02 DEBTOR NAME : 1916438 ONTARIO LIMITED
03 BUSINESS NAME : 125 MAGILL STREET
04 ADDRESS :
05 DATE OF BIRTH :
06 FIRST GIVEN NAME :
07 SURNAMES :
08 ONTARIO CORPORATION NO. : 1916438
09 ON F3Y 1K6

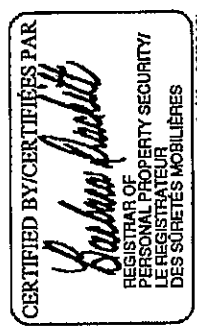
02 DEBTOR NAME :
03 BUSINESS NAME :
04 ADDRESS :
05 DATE OF BIRTH :
06 FIRST GIVEN NAME :
07 SURNAMES :
08 ONTARIO CORPORATION NO. :
09 ON F3B 4H5

08 SECURED PARTY /
09 DEBTOR NAME : BUSINESS DEVELOPMENT BANK OF CANADA
10 UNIT 10, 233 BRADY STREET
11 SUBURBY : SUBURBY
12 ON F3B 4H5

10 MOTOR VEHICLE CLASSIFICATION :
11 CONSUMER :
12 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED :
13 MOTOR VEHICLE AMOUNT :
14 DATE OF MAINTENANCE OR MAINTENANCE DATE :
15 NO. FILED :
16 YEAR MAKE :
17 MODEL :

13 GENERAL COLLATERAL DESCRIPTION :
14 REGISTERING AGENCY :
15 ADDRESS :
16 WEAVER, SIMMONS LLP (SV/JK)
17 SUITE 400, 233 BRADY STREET
18 SUBURBY : SUBURBY
19 ON F3B 4H5

20 *** FOR FURTHER INFORMATION CONTACT THE SECURED PARTY ***
21 CONTINUED... 12



REPORT : P5SR060
PAGE : 12
(3481)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 189
RUN DATE : 2019/07/08
ID : 20190708141427-90

BUSINESS DEBTOR
GREENHOUSES CANADA INC.
07JUL 2019

NUMBER OF SEARCH
SEARCH CONDUCTED ON
FEE CURRENCY

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

20 1 001 704188809 20150312 0927 2201 1680
CAPTION PAGE NO. OF PAGES MOTOR VEHICLE REGISTRATION REGISTERED UNDER
RECORD REFERENCE NO. SPECIFIC PAGE/AMENDED CHANGE-REQUIRED CORRECT PERIOD
21 001 1 704188809 01

22 1916438 ONTARIO LIMITED
FIRST GIVEN NAME INITIAL SURNAME
BUSINESS NAME 1916438 ONTARIO LIMITED

23 02/05
DATE OF BIRTH
DEBTOR/ TRANSFEREE

24 03/06
BUSINESS NAME
ADDRESS

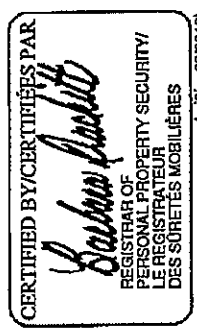
25 04/07
ASSIGNOR
SECURED PARTY/ LEND CLAIMANT/ ASSIGNEE

26 08
27 09
COLLATERAL CLASSIFICATION
ADDRESS

28 10
MOTOR VEHICLE GENERAL DESCRIPTION
YEAR MAKE MODEL V.I.N.

29 11
20 12
21 13
22 14
23 15
24 16
25 17
WEAVER, SIMMONS LLP (S/JK)
SUITE 400, 233 BRADY STREET
SUDBURY ON P3B 4H5

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
CONTINUED... 13



REPORT : P5SR060
PAGE : 13
(3482)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 189
RUN DATE : 2019/07/08
ID : 20190708141427.90

SEARCH CONDUCTED ON
FILE CURRENCY
BUSINESS DEBTOR
GREENHOUSES CANADA INC.
07JUL 2019

FORM 20 FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION CHANGE TOTAL MOTOR VEHICLE REGISTRATION REGISTRATION
SCHEDULE NUMBER UNDER
NO. OF PAGES SCHEDULE 20181126 1631 1590 4010

01 RECORDS 704188809
21 REFERENCE NO. SPKORFC PAGE AMENDED CHANGE REQUIRED
CORRECT PERIOD

22 BUSINESS NAME 1916438 ONTARIO LIMITED
FIRST GIVEN NAME SURNAME
LIVELY ONTARIO CORPORATION NO. 151 187

23 DEBTOR/ TRANSFEROR
24 BUSINESS NAME 1916438 ONTARIO LIMITED

25 OTHER CHANGE
26 REASON/ DESCRIPTION CHANGE OF NAME OF DEBTOR TO GREENHOUSES CANADA INC.

27 DEBTOR/ TRANSFEROR
28 DATE OF BIRTH FIRST GIVEN NAME SURNAME
GREENHOUSES CANADA INC.

02/ 05 DEBTOR/ TRANSFEROR
03/ ADDRESS 5 WESTVIEW CRESCENT
06 ASSIGNOR SECURED PARTY/DEB CLAIMANT/ASSIGNEE

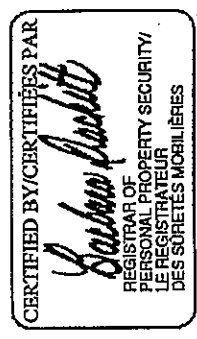
08 COLLATERAL CLASSIFICATION
09 CONSUMPTIVE GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MOTOR VEHICLE DATE OF REGISTRATION ON PROPERTY STATE

10 YEAR MAKE MODEL VIN
11 MOTOR VEHICLE CHALTONS LLP (SD/31973) TORONTO ON M2N 7E9

12 GENERAL COLLEAUTION
13 DISCRPTION
14 REGISTRATION AGENT OR
15 SECURED PARTY/ DEB CLAIMANT

16 CHALTONS LLP (SD/31973) TORONTO ON M2N 7E9
17 *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

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REPORT : PSSR060
PAGE : 14
(3483)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

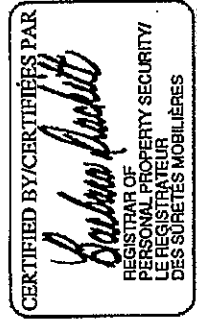
RUN NUMBER : 189
RUN DATE : 2019/07/08
ID : 20190708141427.90

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : GREENHOUSES CANADA INC.
FILE CURRENCY : 07JUL 2019

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
746588214	20181206 0924 1031 5248		
729960831	20170719 1009 1616 7438		
727261686	20170503 1659 1626 3733		
704188737	20150312 0918 2201 1677	20150312 0921 2201 1678	20181126 1631 1590 4011
704188809	20150312 0925 2201 1679	20150312 0927 2201 1680	20181126 1631 1590 4010

9 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.



RDN NUMBER : 189
 RDN DATE : 2019/07/08
 ID : 20190708141457.62

PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : PSSR060
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 (3484)

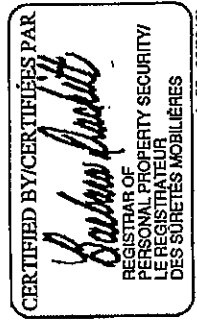
THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : 1916438 ONTARIO LIMITED
 FILE CURRENCY : 07JUL 2019

ENQUIRY NUMBER 20190708141457.62 CONTAINS 9 PAGE(S), 3 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

CHALTONS LLP (LC) - LUCY CATERINA
 5000 YONGE STREET, 10TH FLOOR
 TORONTO ON M2N 7E9



(crtj5 06/2018)



CONTINUED... 2

REPORT : PSSR060
PAGE : 2
(3485)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 189
RUN DATE : 2019/07/08
ID : 20190708141457.62

NAME OF SEARCH BUSINESS DEBTOR
SEARCH CONDUCTED ON 1916438 ONTARIO LIMITED
FILE CURRENCY 07 JUL 2019

FORM 16 FINANCING STATEMENT CLAIM FOR DEBT

00 FILE NUMBER
723059208

01 CREATION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION PERIOD
FILE NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
01 001 20161202 1439 1530 6455 F PSSA 5

02 DEBTOR NAME 1916438 ONTARIO LIMITED
03 FIRST GIVEN NAME INITIAL SURNAME
125 MAGILL ST. UNIT B LTVELY
04 BUSINESS NAME ADDRESS ONTARIO CORPORATION NO.
ON P3Y 1K6

05 DEBTOR NAME ANDREW
06 DATE OF BIRTH 24 FEB 1969
07 BUSINESS NAME ADDRESS NAUGHTON
211 MAANI ST EDMONTON AB T5J 5C7

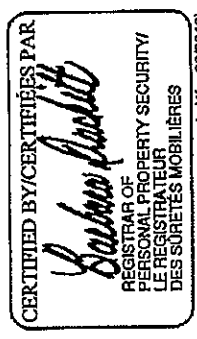
08 SECURED PARTY / FINANCIAL INSTITUTION FORD CREDIT CANADA LIMITED
09 ADDRESS PO BOX 2400

10 GENERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO. FIXED
INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OF SECURITY DATE

11 MOTOR VEHICLE YEAR MAKE 2016 FORD
12 VIN 1P1PWEHF6GFC49888

13 GENERAL COLLATERAL DESCRIPTION CANADIAN SECURITIES REGISTRATION SYSTEMS
14 REGISTERING AGENT ADDRESS 4126 NORLAND AVENUE BURNABY BC V5G 3S8

15 CONTACT THE SECURED PARTY
16 FOR FURTHER INFORMATION
17 CONTINUED... 3



REPORT : PSSR060
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PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 189
RUN DATE : 2019/07/08
ID : 20190708141457.62

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1916438 ONTARIO LIMITED
TIME CURRENCY : 07 JUL 2019

TOWN (OR FINANCING STATEMENT / CLAIM FOR FEE)

FILE NUMBER : 704108737

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTRATION REGISTRATION REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 1 20150312 0918 2201 1677 P PPSA 25

DATE OF BIRTH INITIAL SURNAME ONTARIO CORPORATION NO. 1916438
FIRST GIVEN NAME 1916438 ONTARIO LIMITED ON P3J 1K6
125 MAGILL STREET LIVELY

DATE OF BIRTH SUPPLEMENT SURNAME ONTARIO CORPORATION NO.
FIRST GIVEN NAME BUSINESS NAME
BUSINESS NAME ADDRESS

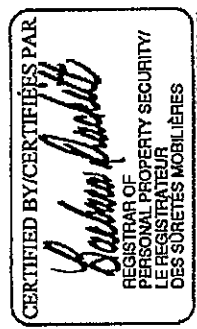
SECURED PARTY / BLENDED PARTNER'S COMMAND ADDRESS SUDBURY ON P3B 4H5
BUSINESS DEVELOPMENT BANK OF CANADA
UNIT 10, 233 BRADY STREET

COHERENT CLASSIFICATION MOTOR VEHICLE AMOUNT DATE OF NO. INDEXED
CONSUMER INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURED ON MATURED DATE

YEAR MAKE MODEL VEHICLE

MOTOR VEHICLE WEAVER, SIMMONS LLP (SV/JK) SUDBURY ON P3B 4H5
GENERAL CONTRACTUAL DESCRIPTION SULTVE 400, 233 BRADY STREET

REGISTRAR AGENT ADDRESS CONTACT THE SECURED PARTY ***
CONTINUED ... 4



REPORT : PSSR060
PAGE : 4
(3487)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 189
RUN DATE : 2019/07/08
ID : 20190708141457.62

NAME OF SEARCH BUSINESS DEBTOR
SEARCH CONDUCTED ON 1916438 ONTARIO LIMITED
FILE CURRENCY 07JUL 2019

WORK TO CLEARING CHANGE STATEMENT / CHANGE STATEMENT

CAPTION PAGE MONTH MOTOR VEHICLE REGISTRATION REGISTERED
FILE NO. OF PAGES SCHEDULE NUMBER UNDER
001 1 20150312 0921 2201 1678

01 RECORD NUMBER 704188737 CORRECT PERIOD
21 PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED RENEWAL YEARS
001 1 01

22 FIRST GIVEN NAME INITIAL SURNAME
BUSINESS NAME 1916438 ONTARIO LIMITED

23 DEBTOR/ TRANSFEROR
24 DEBTOR/ TRANSFEREE

25 CURRENCY CHANGE
26 REASON/ DESCRIPTION
27 DATE OF BIRTH
28 FIRST GIVEN NAME INITIAL SURNAME

02/ BUSINESS NAME
05/ ADDRESS
03/ ADDRESS
06/ ADDRESS

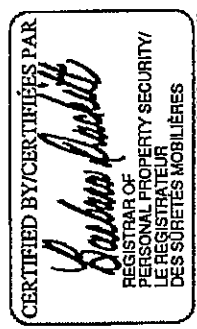
04/07 ASSIGNOR SECURED PARTY/LEEN CLAIMANT/ASSIGNEE
08 ADDRESS
09 ADDRESS

10 COLLATERAL CLASSIFICATION CONSUMERY GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED
MOTOR VEHICLE DATE OF REGISTRATION MAHLEIN OR MAHLEIN DATE
YEAR MAKE MODEL V.I.N.

11 MOTOR VEHICLE GENERAL DESCRIPTION
12 WEAVER, SIMMONS LLP (SV/JK)
13 SUITE 400, 233 BRADY STREET
14 SUDBURY ON P3B 4H5

15 REGISTERING AGENT OR SECURED PARTY/ LEEN CLAIMANT
16 WEAVER, SIMMONS LLP (SV/JK)
17 SUITE 400, 233 BRADY STREET

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
CONTINUED...



REPORT : PSSR060
PAGE : (3488)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 189
RUN DATE : 2019/07/08
ID : 20190708141457-62

NAME OF SEARCH BUSINESS DEBTOR
1916438 ONTARIO LIMITED
07JUL 2019

FORM 3-C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE 001 OF 001 PAGES SCHEDULE 20191126 1631 1590 4011 REGISTERED UNDER

01 REGISTRY REFERENCE 704188737 CORRECT PERIOD

21 PAGE AMENDED NOT SPECIFIC PAGE AMENDED CHANGE REQUIRED A AMENDMENT RENEWAL YEARS

22 BUSINESS NAME 1916438 ONTARIO LIMITED GENERAL SURNAME

23 DEBTOR TRANSFEROR

24 BUSINESS NAME 1916438 ONTARIO LIMITED GENERAL SURNAME

25 OTHER CHANGE CHANGE OF NAME OF DEBTOR TO GREENHOUSES CANADA INC.

26 REASON/ DESCRIPTION

27 DEBTOR/ TRANSFEROR DATE OF BIRTH FIRST GIVEN NAME GENERAL SURNAME

02/ 05 DEBTOR/ TRANSFEROR BUSINESS NAME GREENHOUSES CANADA INC.

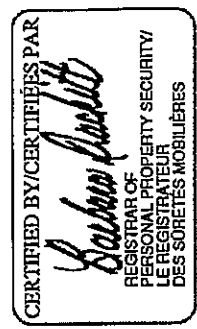
03/ 06 DEBTOR/ TRANSFEROR ADDRESS 5 WESTVIEW CRESCENT LIVELY

04/07 ASSIGNOR SECURED PARTY/LEEN-CLAIMANT/ASSIGNEE

08 09 COLLATERAL CLASSIFICATION ADDRESS

10 MOTOR VEHICLE GENERAL DESCRIPTION YEAR MAKE MODEL V.I.N.

11 12 13 14 15 16 17 CHALTONS LLP (SD/31973) 5000 YONGE STREET, 10TH FLOOR TORONTO ON M2N 7E9



*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 6

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RDN NUMBER : 189
RDN DATE : 2019/07/08
ID : 20190708141457.62

INVESTOR SEARCH BUSINESS DEBTOR
SEARCH CONDUCTED ON 1916438 ONTARIO LIMITED
ENRICH CURRENCY 07JUL 2019

FORM 1C FINANCIAL STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
70418809

01 CAUTION PAGE TOTAL MOTOR/VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 1 20150312 0925 2201 1679 P PFSA 25

02 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME SURNAME
03 BUSINESS NAME 1916438 ONTARIO LIMITED LIVELY
04 ADDRESS 125 MAGILL STREET

05 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME SURNAME
06 BUSINESS NAME 1916438 ONTARIO LIMITED LIVELY
07 ADDRESS 125 MAGILL STREET

08 SECURED PARTY / DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME SURNAME
09 BUSINESS NAME BUSINESS DEVELOPMENT BANK OF CANADA SUBURY
ADDRESS UNIT 10, 233 BRADY STREET ON P3B 4H5

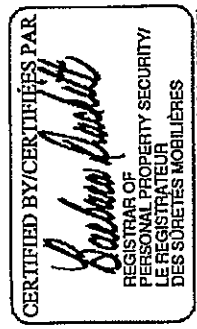
10 SCRAVER'S CLASSIFICATION MOTOR VEHICLE AMOUNT DATE OF MATURITY DAVIS
CONSUMER GOODS INVENTOR'S EQUIPMENT ACCORDING OTHER INCLUIDED

11 YEAR MAKE MODEL
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13 GENERAL COLLATERAL DESCRIPTION
14 COLLATERAL DESCRIPTION
15

16 REGISTERING AGENT WEAVER, SIMMONS LLP (SV/JK)
17 ADDRESS SUITE 400, 233 BRADY STREET SUBURY ON P3B 4H5

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ***
CONTINUED... 7



REPORT : PSSR060
PAGE : 7
(3490)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RDN NUMBER : 189
RDN DATE : 2019/07/08
ID : 20190708141457.62

BUSINESS DEBTOR
1916438 ONTARIO LIMITED
07JUL 2019

SEARCH CONDUCTED ON
FILE CURRENCY

2019-20 FINANCING CHANGE STATEMENT / CHANGE STATEMENT
PAGE NO. OF PAGES SCHEDULED UNDER REGISTERED
001 1 20150312 0927 2201 1680

21 RECORDS REFERENCED
FILE NUMBER 704188809

22 PAGE AMENDED: NO SPECIFIC PAGE AMENDED CHANGE REQUIRED
RENEWAL YEARS 01

23 REFERENCE DEBTOR/ TRANSFEROR
24 BUSINESS NAME 1916438 ONTARIO LIMITED

25 OTHER CHANGE
26 REASON/ DESCRIPTION

28 DEBTOR/ TRANSFEROR
02/ DATE-OR-BIRTH
05/ BUSINESS NAME
03/ BUSINESS NAME
06/ ADDRESS

ONTARIO CORPORATION NO.

29 ASSIGNOR SECURED PARTY/BIEN CLAIMANT/ASSIGNEE

08 COLLATERAL CLASSIFICATION
09 ADDRESS

10 MOTOR VEHICLE DATE OF NO. FILED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED AMOUNT MATURITY OR PAYABILITY DATE

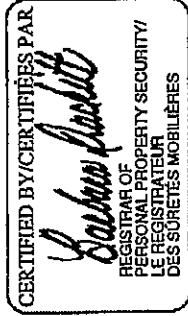
11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE
13 GENERAL

14 COLLATERAL DESCRIPTION
15 DESCRIPTION
16 CREDITING AGENT OR SECURED PARTY/BIEN CLAIMANT
17 ADDRESS

WEAVER, SIMMONS LLP (SV/JK) ON P3B 4H5
SUITE 400, 233 BRADY STREET SUDBURY

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 8



REGISTRAR OF PERSONAL PROPERTY SECURITY / LE REGISTRATEUR DES SURETES MOBILIERES (en/le 06/2019)



REPORT : PSSR060
PAGE : 8
(3491)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 189
RUN DATE : 2019/07/08
ID : 20190708141457.62

NAME OF SEARCHED BUSINESS DEBTOR
SEARCH CONDUCTED ON 1916438 ONTARIO LIMITED
FILE CURRENCY 07JUL 2019

POINT TO CHANGE STATEMENT / CHANGE STATEMENT

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REGISTRATION NUMBER 20101126 1631 1590 4010

01 RECORD NUMBER 704188809
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03 PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED A AMENDMENT
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05 BUSINESS NAME 1916438 ONTARIO LIMITED

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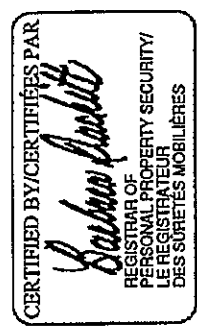
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CHAITONS LLP (SD/31973)
5000 YONGE STREET, 10TH FLOOR
TORONTO ON M2N 7E5

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

ONTARIO CORPORATION NO. ON P3Y 1B7

CHANGE OF NAME OF DEBTOR TO GREENHOUSES CANADA INC.

GREENHOUSES CANADA INC.

5 WESTVIEW CRESCENT

SECURED PARTY/HEIR/CLAIMANT/ASSIGNEE

ADDRESS

COLLATERAL CLASSIFICATION
CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED
MOTOR VEHICLE DATE OF MATURITY DATES

YEAR MAKE MODEL V.I.N

AMOUNT PAID BY OR

SECURED PARTY/HEIR/CLAIMANT/ASSIGNEE

ADDRESS

SECURED PARTY/HEIR/CLAIMANT/ASSIGNEE

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SECURED PARTY/HEIR/CLAIMANT/ASSIGNEE

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SECURED PARTY/HEIR/CLAIMANT/ASSIGNEE

ADDRESS

SECURED PARTY/HEIR/CLAIMANT/ASSIGNEE

REPORT : PSSR060
PAGE : (3492)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

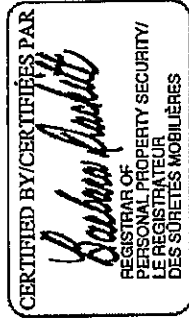
RUN NUMBER : 189
RUN DATE : 2019/07/08
ID : 20190708141457.62

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1916438 ONTARIO LIMITED
FILE CURRENCY : 07JUL 2019

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
723059208	20161202 1439 1530 6455	20150312 0921 2201 1678	20181126 1631 1590 4011
704188737	20150312 0918 2201 1677	20150312 0927 2201 1680	20181126 1631 1590 4010
704188809	20150312 0925 2201 1679		

7 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.



TAB H

This is Exhibit "H" referred to in the Affidavit of DODIE BALLESTEROS sworn July 22, 2019.



Commissioner for Taking Affidavits (or as may be)

Maria Terri Gold, a Commissioner, etc.,
Province of Ontario, for the Business Development
Bank of Canada, expires August 29, 2020

**CERTIFICATE OF TREASURER
TOWN OF ESPANOLA**



Certificate No.: 140175
Date : July 16, 2019

Lawyer: CHAITONS LLP
10TH FLOOR
5000 YONGE STREET
TORONTO ON M2N 7E9

Roll: 5226 000 01116633.0000
Property: MERRITT CON 4 PT LOT 6 RP 53R19737
PART 8

Location: 85 PENAGE LAKE RD
Owner: 1916438 ONTARIO LIMITED

STATEMENT OF ARREARS OF TAXES (MUNICIPAL ACT S.O. 2001, c.25 s.352)

YEAR	TAXES LEVIED	TAXES OUTSTANDING	INTEREST OUTSTANDING	TOTAL
2016 & Priors:		0.00	0.00	0.00
2017:	8863.09	0.00	0.00	0.00
2018:	10136.21	0.00	0.00	0.00
Total		0.00	0.00	0.00


CURRENT TAX CERTIFICATE (MUNICIPAL ACT S.O. 2001, c.25 s.352)

INSTALLMENT	EFFECTIVE	TAXES LEVIED	TAXES OUTSTANDING	TAXES PAST DUE
Feb 28, 2019	I 2019	2534.11	2534.11	2534.11
Apr 30, 2019	I 2019	2534.00	2534.00	2534.00
Jul 31, 2019	F 2019	2430.40	2430.40	
Sep 30, 2019	F 2019	2430.00	2430.00	
Penalty			253.41	253.41
Credit				0.00
Misc. Charges			0.00	0.00
Total		9928.51	10181.92	5321.52
TOTAL PAST DUE				5321.52

NO AREA CHARGES AND OTHER ADJUSTMENT CHARGES

NO LOCAL IMPROVEMENTS

I hereby certify that the above statements respectively show all arrears of taxes returned to this office and due and owing against the above lands.



Treasurer
Cynthia Townsend

**CERTIFICATE OF TREASURER
TOWN OF ESPANOLA**



Certificate No.: 140174
Date : July 16, 2019

Lawyer: CHAITONS LLP
10TH FLOOR
5000 YONGE STREET
TORONTO ON M2N 7E9

Roll: 5226 000 01116675.0000
Property: MERRITT CON 4 PT LOT 6 RP 53R19368
PARTS 1 TO 6

Location: 37 PENAGE LAKE RD
Owner: 1916438 ONTARIO LIMITED

STATEMENT OF ARREARS OF TAXES (MUNICIPAL ACT S.O. 2001, c.25 s.352)

YEAR	TAXES LEVIED	TAXES OUTSTANDING	INTEREST OUTSTANDING	TOTAL
2016 & Prior.:		0.00	0.00	0.00
2017:	9361.53	0.00	0.00	0.00
2018:	14508.63	0.00	0.00	0.00
Total		0.00	0.00	0.00


CURRENT TAX CERTIFICATE (MUNICIPAL ACT S.O. 2001, c.25 s.352)

INSTALLMENT	EFFECTIVE	TAXES LEVIED	TAXES OUTSTANDING	TAXES PAST DUE
Feb 28, 2019 I	2019	3627.32	3627.32	3627.32
Apr 30, 2019 I	2019	3627.00	3627.00	3627.00
Jul 31, 2019 F	2019	3991.76	3991.76	
Sep 30, 2019 F	2019	3991.00	3991.00	
Penalty			362.72	362.72
Credit				0.00
Misc. Charges			0.00	0.00
Total		15237.08	15599.80	7617.04
TOTAL PAST DUE				7617.04

NO AREA CHARGES AND OTHER ADJUSTMENT CHARGES

NO LOCAL IMPROVEMENTS

I hereby certify that the above statements respectively show all arrears of taxes returned to this office and due and owing against the above lands.



Treasurer
Cynthia Townsend

TAB I

This is Exhibit "I" referred to in the Affidavit of DODIE BALLESTEROS sworn July 22, 2019.



Commissioner for Taking Affidavits (or as may be)

**Maria Terri Gold, a Commissioner, etc.,
Province of Ontario, for the Business Development
Bank of Canada, expires August 29, 2020**



November 7, 2018

1916438 Ontario Limited
5 Westview Cres,
Lively, ON P3Y 1B7

Attention: Mr. Joel Tarvudd

Dear Mr. Tarvudd:

Subject: BDC Loan to 1916438 Ontario Limited; BDC Account No. 085819-01

You are in DEFAULT under the terms of the security for the subject loan and BDC hereby invokes the acceleration clause contained in the security and demands the repayment of the loans in full.

The amount due and payable on the date of this letter is:

	Loan No. 01
Principal	\$1,163,469.00
Interest	\$11,512.76
Fees	\$50.00
TOTAL	\$1,175,031.76
Daily interest	\$222.76

Daily interest is required up to and including the date of payment. Interest is compounded monthly and the daily interest amount will increase as a result.

If the sum is not received within 10 days from the date of this letter, BDC shall take such action as may be necessary to enforce its rights as set out in the security.

We enclose the Form 86 Notice of Intention to Enforce Security pursuant to Subsection 244(I) of the Bankruptcy and Insolvency Act.

Yours truly,

Gianna Torrelli
cc: Gianna Torrelli
Business Specialist, Special Accounts
T (416) 973-1116
E gianna.torrelli@bdc.ca

Marla Gold
Marla Gold
Area Office Manager, Special Accounts

Encl.

CC: Guarantors

November 7, 2018

FORM 86

Notice of Intention to Enforce a Security
(Rule 124)

To: 1916438 Ontario Limited, an insolvent person.

Take notice that:

1. Business Development Bank of Canada, a secured creditor, intends to enforce its security on the insolvent person's property described below:

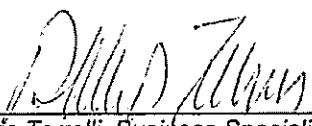
Land and building located at 37 & 85 Panache Lake Road, Espanola, Ontario

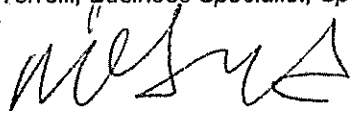
All personal property of the insolvent person except consumer goods.

2. The security that is to be enforced is in the form of a General Security Agreement and a mortgage of land.
3. The total amount of the indebtedness secured by the security is \$1,175,031.76 as at November 7, 2018 with interest thereafter at the Bank's floating base rate plus 0.90% per annum compounded monthly and all costs and charges of enforcement.
4. The secured creditor will not have the right to enforce the security until after the expiration of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

Dated at Toronto, Ontario, this 7th day of November 2018.

BUSINESS DEVELOPMENT BANK OF CANADA


to: Gianria Torrelli, Business Specialist, Special
Accounts


Marla Gold, Area Office Manager, Special
Accounts

CONSENT AND WAIVER

THE UNDERSIGNED hereby:

1. Acknowledges receipt of the above Form 86 Notice;
2. Waives the ten day period of notice required under Section 244 of the Bankruptcy and Insolvency Act; and
3. Consents to the immediate enforcement by Business Development Bank of Canada of the Security referred to in the above Form 86 Notice.

DATED at _____, _____, this ____ day of
_____, 201__.

Per:

Authorized Signatory

TAB J

This is Exhibit "J" referred to in the Affidavit of DODIE BALLESTEROS sworn July 22, 2019.



Commissioner for Taking Affidavits (or as may be)

**Maria Terri Gold, a Commissioner, etc.,
Province of Ontario, for the Business Development
Bank of Canada, expires August 29, 2020**

FORBEARANCE AGREEMENT

THIS AGREEMENT is made as of the 5 day of December ~~November~~, 2018.

BETWEEN:

BUSINESS DEVELOPMENT BANK OF CANADA
(the "Bank" or "BDC")

-and-

GREENHOUSES CANADA INC.
(formerly known as 1916438 Ontario Limited)
(the "Borrower")

-and-

468177 ONTARIO LIMITED
(“Corporate Guarantor”)

-and-

JOEL R. TARVUDD
(“Joel”)

-and-

ANDREW G. NOOTCHTAI
(“Andrew”)

-and-

LISA JOY SCHARF
(“Lisa”)

RECITALS:

- A. Pursuant to a letter of offer dated February 13, 2015, as amended, the Bank agreed to loan to the Borrower a maximum amount of \$1.6 million (the “Loan”);
- B. The Borrower executed and delivered to the Bank the documents listed on Schedule “A” hereto as evidence of and security for payment and performance of its indebtedness and obligations to the Bank (collectively, the “Borrower Documents”);

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- C. The Corporate Guarantor, Joel, Andrew and Lisa (collectively, the "Guarantors", and each a "Guarantor") have executed and delivered to the Bank the documents listed on Schedule "A" hereto as evidence of and security for payment and performance of their indebtedness and obligations to the Bank (together with the Borrower Documents, the "Documents").
- D. The Borrower is in default under the Borrower Documents. As a result, on November 7, 2018, the Bank demanded payment of the Borrower's and the Guarantors' (collectively, the "Obligors") respective indebtedness, liabilities and obligations to the Bank and issued Notices of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act* (Canada) (the "BIA");
- E. At the request of the Obligors, the Bank has agreed to forbear from enforcing the Loan and the Documents, subject to and in accordance with the terms and conditions of this Forbearance Agreement (the "Agreement").

NOW THEREFORE THIS AGREEMENT WITNESSETH that for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties agree as follows:

Acknowledgements

1. Recitals: The parties hereto acknowledge and agree that each of the foregoing recitals is true and accurate both in substance and in fact.
2. Liability: The Borrower acknowledge that as of November 26, 2018, the aggregate amount owing to the Bank and secured by the Documents is CDN\$1,179,277.36, as more particularly described in Schedule "B" hereto (together with all additional interest, fees, penalties, costs and other amounts payable in connection with the Loan, the "Indebtedness"). The Borrower confirms that the Indebtedness is unconditionally owing to BDC, it does not dispute that it is liable to pay the Indebtedness to BDC on any ground whatsoever, it has no claim, demand, setoff or counter-claim against BDC on any basis whatsoever, and there is no matter, fact or thing which may be asserted by it in extinction or diminution of the Indebtedness or result in any bar to or delay in the recovery thereof. If there are any claims for setoff, counter-claim or damages, they are hereby expressly released and discharged.
3. Default: The Borrower acknowledges and agrees that it is in default of its obligations contained in the Borrower Documents, including without limitation by reason of its non-payment of the Indebtedness pursuant to the Demand (as such term is defined below).
4. Borrower Documents: The Borrower acknowledges and agrees that the Borrower Documents now held by the Bank for payment and performance of the Indebtedness have not been released, waived or varied and are valid, binding and enforceable against it in accordance with their respective terms.

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5. Guarantees: Each Guarantor confirms that he/she/it has guaranteed the payment and performance of the Indebtedness and obligations owing by the Borrower to the Bank in accordance with the guarantees listed on Schedule "A". Each Guarantor does not dispute his/hers/its liability on any basis whatsoever and confirms that he/she/it has no claim for set-off, counter-claim or damages on any basis whatsoever against the Bank. If there are any claims, they are hereby expressly released and discharged. Each Guarantor confirms that the guarantee granted by him/her/it has not been released, waived or varied, that it is binding upon him/her/it and that it is valid and enforceable against him/her/it in accordance with their respective written terms.
6. BDC's Rights: Each of the Obligors acknowledges, confirms and agrees that BDC is entitled to exercise its rights and remedies under the Documents, at law and in equity. Each of the Obligors further acknowledges and agrees that except as provided in this Agreement, BDC (by itself or through its employees or agents) has not made any promises, or taken any action or omitted to take any action which would constitute a waiver of its right to take any enforcement action in connection with the enforcement of the Documents, or which would estop it from so doing and that no statement, representation, promise, act or omission by BDC or its employees or agents shall create such a waiver or estoppel. Each of the Obligors acknowledges and agrees that by entering into this Agreement, BDC, except as provided in this Agreement, has not waived any of its rights under any of the Documents, including without limitation BDC's right to take any enforcement action in connection with the enforcement of the Documents.
7. Demand Letters and BIA Notices: The Obligors each acknowledge receipt of a demand letter sent by the Bank dated November 7, 2018 (collectively, the "Demands") wherein the Bank demanded immediate payment of their respective indebtedness, obligations and liabilities to the Bank. The Borrower and the Corporator Guarantor each acknowledge receipt of a Notice of Intention to Enforce Security dated November 7, 2018 (the "BIA Notices") issued on behalf of the Bank pursuant to Section 244(1) of the BIA. The Obligors each further acknowledge that the Demands and the BIA Notices are valid and effective, and that the time given by the Bank for payment was reasonable. The Obligors each agree not to contest the validity of the Demands, the BIA Notices, or the reasonableness of the time given for payment in any proceeding for any reason whatsoever.

Forbearance

8. The Bank agrees not to take any steps to enforce any of the Documents until the earlier of:
 - (a) February 15, 2019 (or such later date as the Bank, acting in its sole discretion, may agree to in writing); or
 - (b) the occurrence of an Event of Default (as hereinafter defined),

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(hereinafter referred to as the "Forbearance Termination Date" and the period commencing on the date hereof and ending on (but excluding) the Forbearance Termination Date is the "Forbearance Period").

Representations

9. Each of the Obligors hereby represents and warrants to BDC that each has the capacity and authority to enter into and perform its obligations under this Agreement and the execution and delivery of this Agreement and the performance by it of its obligations hereunder have been duly authorized by all necessary proceedings.

Covenants and Agreements

During the Forbearance Period:

10. Accrued Interest Arrears: The Borrower shall pay to the Bank interest arrears of \$15,758.36 and an NSF fees of \$50.00 concurrently with the execution of this Agreement.
11. Monthly Interest Payments: During the Forbearance Period, the Borrower shall continue to pay to the Bank monthly interest payments by providing the Bank with two (2) post-dated cheques each in the amount of six thousand and five hundred dollars (\$6,500) payable on December 15, 2018 and January 15, 2019.
12. Principal Monthly Payments: The Borrower acknowledges, confirms and agrees that it has failed to make the required monthly principal payments to the Bank since July 2018. The Bank agrees that the Borrower is not required to make monthly principal payments during the Forbearance Period.
13. Environmental Assessments: The Bank may complete environmental site assessments in respect of the real property municipally known as 37 and 85 Panache Lake Road, Espanola, Ontario (the "Property"). The Borrower shall fully cooperate with the Bank in assisting the Bank with completing environmental assessments. The cost of the assessments will be paid by the Bank and the amount so paid shall be added to the Indebtedness and shall bear interest from the date of payment at the highest rate payable by the Borrower for any of its Indebtedness to the Bank.
14. Appraisal: The Bank shall be entitled to commission an appraisal of the Property from a qualified appraiser of its choosing (the "Appraisal"). The Borrower shall fully cooperate with the Bank in assisting the Bank with completing the Appraisal. The cost of the Appraisal will be paid by the Bank and the amount so paid shall be added to the Indebtedness and shall bear interest from the date of payment at the highest rate payable by the Borrower for any of its Indebtedness to the Bank.
15. Insurance: The Borrower shall provide, concurrently with execution with this Agreement, written documentation satisfactory to the Bank that confirms that the

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Property has adequate and sufficient insurance coverage with respect to the Property and with respect to its business, property and assets.

16. Sale Transaction: The Borrower shall provide to the Bank, by no later than December 15, 2018 (a) a fully executed copy of the agreement of purchase and sale with GaiaCann Inc. for the Property, and (b) copies of the articles of incorporation and by-laws of GaiaCann Inc.
17. Reporting Requirements: The Borrower is required to satisfy all reporting requirements set out in the Documents.
18. Financial Covenants: The Borrower is required to stay within and maintain at all times all financial covenants set out in the Documents.
19. Agreements: The Obligors shall not enter into any material agreements out of the ordinary course of business, except with the prior written consent of BDC, which consent may be withheld in the BDC's discretion, acting reasonably.
20. Dispositions: The Obligors shall not sell, transfer, convey, lease or otherwise dispose of any of their property and assets out of the ordinary course of business without the prior written consent of BDC, which consent may be withheld in BDC's discretion, acting reasonably.
21. Remuneration: Without the prior written consent of BDC, the Obligors shall not make any distributions, directly or indirectly, to or for the benefit of any shareholder, director, officer, employee or any other person not dealing at arm's-length with the Obligors.
22. Expenditures, etc.: The Obligors shall make no capital expenditures or withdrawals of capital, pay any dividends, make any out of the ordinary course withdrawals, or enter into any transactions with any affiliates or related companies, without the prior written consent of BDC, which consent may be withheld in BDC's discretion, acting reasonably.
23. Loans, Advances, etc.: The Obligors shall not, without the prior written consent of BDC, make any loans or advance money or property to any other party or invest in or purchase shares of another party or guarantee, assume or otherwise become responsible for the indebtedness, performance or obligations of any other party.
24. Corporate Existence: Each of the Borrower and the Corporate Guarantor shall maintain their corporate existence as a valid and subsisting entity and shall not merge, amalgamate or consolidate with any other corporation(s) without BDC's prior written consent.
25. Priority Payables: Each of the Borrower and the Corporate Guarantor shall keep current all of their respective obligations to creditors who may have a lien, charge, security interest or deemed trust in their property and assets which may rank in priority to the security held by BDC on such property and assets, including, without limitation, all amounts owing for wages, vacation pay, realty taxes, employee source deductions, harmonized goods and services tax, provincial sales tax, employer health tax,

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construction liens, and Workplace Safety and Insurance Board premiums (collectively, the "Priority Payables")

26. Proof of Priority Payables: Upon receiving a written request from BDC, the Borrower and the Corporate Guarantor shall provide written evidence to BDC that all Priority Payables have been paid up to the end of the then mostly recently completed fiscal quarter, such written evidence to be in a form and content to the satisfaction of BDC in its discretion, acting reasonably.
27. Access to Premises, Books and Records: The Obligors shall upon request, permit BDC, its representatives or agents, during normal business hours, to enter upon its premises to inspect its property and assets, and to examine and make copies of all books and records relating thereto including any books and records required by BDC, its representatives or agents.
28. Notice of Default: The Obligors shall forthwith provide BDC with written notice of the occurrence of an Event of Default hereunder.
29. Notice of Proceedings: The Obligors shall provide BDC with notice of the commencement of any legal proceeding brought by any person against any of the Obligors within one Business Day of receipt of same, and provide BDC with a copy of the relevant pleadings and diligently keep BDC current and up to date with respect to the status of any such proceeding;
30. Material Contracts: The Obligors shall not surrender, terminate, repudiate or amend, vary or modify in a manner adverse to BDC acting reasonably, any material contract with respect to their respective property and assets without the prior written consent of BDC which may be withheld in BDC's discretion, acting reasonably.
31. Other Agreements: The covenants and other terms and conditions contained in the Documents shall continue in full force and effect, except that, to the extent there exists any actual inconsistency between such provisions and the provisions of this Agreement, the provisions of this Agreement shall govern.
32. Insolvency Proceedings: None of the Obligors shall commence any proceeding under the BIA and/or the *Companies' Creditors Arrangement Act* (Canada) ("CCAA") without BDC's prior written consent. In the event that any of the Obligors does, it agrees that BDC shall be an "unaffected creditor" under any such proceedings and the Obligors hereby consent to a court order lifting any stay of proceeding as against BDC.

Default

33. Events of Default – Any one or more of the following events in respect of the Obligors will constitute an event of default under this Agreement (each an "Event of Default"):
 - (a) the non-payment when due of any amounts payable by the Borrower to the Bank whether under this Agreement, the Documents, or otherwise;

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- (b) the Borrower has failed to irrevocably repay the Indebtedness to the Bank in full by the Forbearance Termination Date;
 - (c) a default or breach of any obligation, promise, covenant, term or condition occurs under this Agreement or the Documents;
 - (d) any representation or warranty made by any Obligor in any Document or this Agreement, or in any certificate or other document delivered to BDC in connection with the Documents or this Agreement, is false or misleading in any material respect;
 - (e) any change of ownership, control or management of the Borrower or the Corporate Guarantor, without the prior written consent of BDC;
 - (f) any default occurs under any material contract;
 - (g) any Obligor becomes insolvent or bankrupt, or makes or files a proposal, a notice of intention to make a proposal or an assignment for the benefit of creditors under the BIA or comparable legislation in Canada or any other jurisdiction; an application for a bankruptcy order or for the appointment of a receiver, receiver and manager or interim receiver is filed against any Obligor; a receiver is appointed with respect to any corporate Obligors; or, if proceedings are initiated under any legislation by or against any corporate Obligor for its restructuring, liquidation, winding-up, dissolution or reorganization or any arrangement or composition of its debts, including without limitation the CCAA;
 - (h) any person takes possession of all or any material part of the property and assets of any Obligor by distress or execution or similar process is levied or enforced against all or any material part of the property of any Obligor;
 - (i) the non-payment when due of any Priority Payables amount owed by the Borrower or the Corporate Guarantor;
 - (j) if any financial reporting information provided by or on behalf of any of the Obligors to BDC proves to be false, misleading, inaccurate or incorrect in any material respect, or if there is a failure to provide BDC with such financial reporting or other information as they may require from time to time; or
 - (k) if BDC in its discretion, acting reasonably, determines that there's a material adverse change in the business, financial condition of any Obligor.
34. Remedies – In addition to the Bank's rights and remedies available under the Documents, under this Agreement, at law or in equity, upon the occurrence of an Event of Default:
- (a) to BDC shall, at the option of BDC, become immediately the outstanding balance of the Indebtedness owing by the Obligors due and payable; and

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- (b) the Documents shall, at BDC's option, become enforceable in accordance with their terms.

Consents

35. Subject to applicable law, upon the occurrence of an Event of Default, the Obligors each consent to any action by the Bank in connection with the enforcement of the Documents, without the necessity of further notice or demand, and hereby agree not to directly or indirectly commence, carry on, consent to, or be a party in any way to any proceeding which would constrain any such action or which would call into question the validity or enforceability of the Indebtedness, this Agreement and/or the Documents. Without limiting the generality of the foregoing, upon or after the occurrence of an Event of Default, (i) the Borrower and the Corporate Guarantor each hereby irrevocably consents to the private or court appointment of a receiver or receiver and manager in respect of any or all of its property or assets; (ii) the immediate making of a bankruptcy order in respect of the property and assets of the Borrower and the Corporate Guarantor, and (iii) the Obligors each hereby irrevocably consent to judgment being entered against them in the amount equal to their outstanding indebtedness, obligations and liabilities owed to the Bank, with any and all interest, expenses, fees plus costs on a substantial indemnity basis.
36. Concurrently with the execution of this Agreement, the Obligors shall execute the consents in the form attached hereto as Schedule "C" (the "Consents") to give effect to the above consents. The Consents may be utilized by the Bank at any time upon or after the occurrence of an Event of Default, acting in the Bank's sole and unfettered discretion. The Obligors each authorize the Bank or its solicitors to insert the date onto the consents.

Miscellaneous

37. Forbearance Fee: In consideration for the Bank's forbearance and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Borrower shall pay to BDC the sum of \$7,500 as a forbearance fee, which shall be fully earned on execution of this Agreement.
38. Reimbursement: The Obligors jointly and severally agree to reimburse BDC in respect of all reasonable expenses (including reasonable legal fees and disbursements at its solicitors' normal charges) which BDC has incurred or will incur in connection with any review of the Documents, the negotiation and preparation of this Agreement, and the enforcement of the Documents. To the extent such expenses have not been included in the Indebtedness described in Schedule "B", BDC may pay such expenses directly and the amount so paid shall form part of the Indebtedness and shall bear interest from the date of payment at the highest rate payable by the Obligors for any of the Indebtedness to BDC.
39. Release: Each Obligor on their own behalf and on behalf of their agents, representatives, officers, directors, advisors, employees, subsidiaries, affiliates, successors, heirs, trustees, estate representatives, and assigns (collectively, the "Releasors"), hereby absolutely and irrevocably releases, remises, acquits and forever discharges BDC, its employees, agents,

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representatives, consultants, counsel, servants, officers, directors, partners, predecessors, successors and assigns, subsidiary corporations, parent corporations, shareholders, and related corporate divisions and the successors and assigns of each of the foregoing (all of the foregoing hereinafter called the "Released Parties"), from any and all actions and causes of action, judgments, executions, suits, debts, claims, demands, liabilities, obligations, damages and expenses of any and every character, known or unknown, direct or indirect, at law or in equity, of whatsoever kind or nature, whether heretofore or hereafter arising, for or by reason of any manner or things done, omitted or suffered to be done by any of the Released Parties prior to and including the date of execution hereof, or in any way directly or indirectly arising out of or in any way connected to this Agreement and the Documents (the "Released Matters"). Each Obligor acknowledges that the agreements in this paragraph are intended to be in full satisfaction of all or any alleged injuries or damages arising in connection with the Released Matters. Each Obligor represents and warrants to BDC that it has not transferred, assigned or otherwise conveyed any of its right, title or interest in any Released Matter to any other person and that the foregoing constitutes a full and complete release of all Released Matters. The foregoing release shall survive the termination of this Agreement, the Loan and the Documents and the payment in full and in cash of the Indebtedness.

40. Independent Legal Advice: Each of the Obligors acknowledges that, in executing and delivering this Agreement, they have acted and continue to act freely and without duress. Each of the Obligors acknowledges that the actions of BDC in entering into this Agreement have been fair and reasonable and that BDC (i) has not acted in a managerial capacity with respect to any of the Obligors, and (ii) has no fiduciary duty to any of the Obligors in connection with this Agreement, or any of the Documents. Each of the Obligors confirms that they have had the benefit of independent legal advice in connection with the preparation and negotiation of this Agreement. Each of the Obligors hereby waives and agrees not to assert or cause to be asserted any defence, right or claim with respect to any matter set forth in this Agreement, and each Obligor hereby releases BDC from any and all claims they may have with respect thereto arising on or before the date of this Agreement.
41. Limitation Period: Each Obligor hereby agrees to suspend or extend by a period of five (5) years from the date hereof the basic limitation period provided by Section 4 of the *Limitations Act, 2002* (Ontario) as well as the ultimate limitation period provided by Section 15 of the *Limitations Act, 2002* (Ontario) as a business agreement in accordance with the provisions of Section 22(5) of the *Limitations Act, 2002* (Ontario).
42. Further Assurances: The Obligors upon request by BDC, shall promptly do, make, execute and deliver all such further acts, documents and instruments as BDC may reasonably require to allow BDC to enforce any of its rights under this Agreement and to give effect to the intention of this Agreement.
43. Headings: The headings contained herein are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

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44. Severability: If, in any jurisdiction, any provision of this Agreement or its application to any party or circumstance is restricted, prohibited or unenforceable, such provision shall, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other parties or circumstances.
45. Time: Time is of the essence in the performance of the parties' respective obligations.
46. Amendment: No amendment, supplement, modification or waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any party, shall be binding unless executed in writing by the party to be bound thereby.
47. Notices: Any notice, consent or approval required or permitted to be given in connection with this Agreement (a "Notice") shall be in writing and shall be sufficiently given if delivered (whether in person, by courier service or other personal method of delivery), or transmitted by e-mail:

- (i) in the case of a Notice to BDC at:

Business Development Bank of Canada
121 King Street West, Suite 1200
Toronto, Ontario M5H 3T9

Attention: Gianna Torrelli
Email: gianna.torrelli@bdc.ca

and with a copy to:

Chaitons LLP
5000 Yonge Street, 10th Floor
Toronto, ON M2N 7E9

Attention: Sam Rappos
Email: samr@chaitons.com

- (ii) in the case of a Notice to the Obligors:

and with a copy to:

The date of receipt of such notice shall be the date of the actual delivery to the address specified if delivered or the date of actual transmission by email, respectively, unless such date is not a Business Day, in which event the date of receipt shall be the next Business Day immediately following the date of such delivery or transmission. "Business Day"

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means a day other than a Saturday, Sunday, statutory holiday in the Province of Ontario, or any other day on which the Schedule 1 Canadian Chartered Banks located in the City of Toronto are not open for business during normal banking hours.

48. Assignment: The Obligors may not assign this Agreement or any rights or obligations under this Agreement except with the prior written consent of BDC which may be withheld in BDC's discretion, acting reasonably.
49. Enurement: This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors (including any successor by reason of amalgamation of any party) and permitted assigns.
50. No Third-Party Beneficiaries: Unless expressly stated herein, this Agreement shall be solely for the benefit of the parties hereto and no other person or entity shall be a third-party beneficiary hereof.
51. No Novation: This Agreement shall not constitute and shall not be deemed or construed to be a satisfaction, reinstatement, novation or release of any Documents.
52. Governing Law: This Agreement shall be construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.
53. Execution and Delivery: This Agreement may be executed in counterparts, and acceptance of this Agreement may be provided by email transmission in PDF format and, on such execution and transmission, this Agreement shall be binding on the parties with the same force and effect as if originally executed.
54. Entire Agreement: Except for the Documents and any other agreements or documents executed in connection therewith and herewith, this Agreement constitutes the entire agreement between the parties and set out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understanding or other agreements, oral or written, express, implied or collateral between the parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement.

[remainder of page intentionally left blank]

IN WITNESS OF WHICH the parties have duly executed this Agreement on the date described above.

BUSINESS DEVELOPMENT BANK OF CANADA

By: [Signature]
Name: Gianna Torrelli
Title: Business Specialist

I/we have authority to bind the bank.

GREENHOUSES CANADA INC.

By: [Signature]
Name: Joel Tarvudd
Title: Director

I have authority to bind the corporation.

468177 ONTARIO LIMITED

By: [Signature]
Name: Joe Trampis
Title: President

I have authority to bind the corporation.

[Signature]
Witness

[Signature]
Witness

[Signature]
Witness

[Signature]
JOEL R. TARVUDD

[Signature]
ANDREW G. NOOTCHTAI

[Signature]
LISA JOY SCHARF

SCHEDULE "A"**DOCUMENTS**Borrower Documents

1. Letter of Offer dated February 13, 2015, as amended by letters dated March 10, 2015, March 12, 2015, December 4, 2015, December 4, 2015, October 20, 2016, July 10, 2017 and May 18, 2018
2. General Security Agreement dated March 12, 2015
3. Charge/Mortgage in the principal amount of \$1.6 million registered in favour of the Bank on March 13, 2015 as instrument no. SD290618 against PIN 73405-0155 and 73405-0157, LRO #53
4. Assignment of Rents dated March 12, 2015 registered as Notice of Assignment of Rents-General in favour of the Bank on March 13, 2015 as instrument no. SD290619 against PIN 73405-0155 and 73405-0157, LRO #53

Guarantor Documents

5. Guarantee dated March 12, 2015 granted by the Corporate Guarantor
6. General Security Agreement dated March 12, 2015 granted by the Corporate Guarantor
7. Guarantee dated March 12, 2015 granted by Lisa
8. Guarantee dated March 12, 2015 granted by Joel
9. Guarantee dated March 12, 2015 granted by Andrew

SCHEDULE "B"**INDEBTEDNESS OWING**

Loan No.085819-01	CDN Amount
Principal	\$1,163,469.00
Interest	\$15,758.36
NSF Fee	\$50.00
TOTAL:	\$1,179,277.36

**SCHEDULE "C"
CONSENTS**

TO: BUSINESS DEVELOPMENT BANK OF CANADA

GREENHOUSES CANADA INC. and 468177 ONTARIO LIMITED each hereby consents to the private or court appointment of an interim receiver, receiver and receiver and manager of their respective property, assets and undertaking.

DATED at Lindsay, this 5th day of December, 2018.

GREENHOUSES CANADA INC.

By:

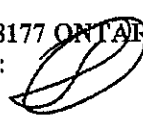


Name: Joel Tarrudd
Title: Director

I have authority to bind the corporation.

468177 ONTARIO LIMITED

By:



Name: Joel Tarrudd
Title: President

I have authority to bind the corporation.

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF THE BANKRUPTCY OF
GREENHOUSES CANADA INC., OF THE COMMUNITY OF LIVELY,
IN THE PROVINCE OF ONTARIO**

CONSENT

GREENHOUSES CANADA INC. hereby consents to the immediate making of a bankruptcy order in respect of its property, assets and undertaking upon the application of Business Development Bank of Canada.

DATED at Lively this 5th day of December, 2018

GREENHOUSES CANADA INC.

By: 

Name: Joel Tarvudd

Title: Director

I have authority to bind the corporation.

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF THE BANKRUPTCY OF
468177 ONTARIO LIMITED, OF THE COMMUNITY OF LIVELY,
IN THE PROVINCE OF ONTARIO**

CONSENT

468177 ONTARIO LIMITED hereby consents to the immediate making of a bankruptcy order in respect of its property, assets and undertaking upon the application of Business Development Bank of Canada.

DATED at 125 McGill, Lively this 5th day of March, 2016.

468177 ONTARIO LIMITED

By:

Name:

Title:

I have authority to bind the corporation.

Court File No.:

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

BUSINESS DEVELOPMENT BANK OF CANADA

Plaintiff

- and -

**GREENHOUSES CANADA INC., 468177 ONTARIO
LIMITED, JOEL R. TARVUDD, ANDREW G. NOOTCHTAI
and LISA JOY SCHARF**

Defendants

CONSENT

The Defendants hereby consent to judgment being entered against them in this Court in favour of the Plaintiff for the balance of their indebtedness to the Plaintiff including principal, interest, fees, costs and expenses, together with interest at the rates applicable thereto which amounts shall be conclusively evidenced by an affidavit sworn by the Plaintiff or by its lawyers.

The Defendant, Greenhouses Canada Inc. (formerly known as 1916438 Ontario Limited), consents to judgment being entered against it in this Court in favour of the Plaintiff for possession of the land and premises municipally known as 37 and 85 Panache Lake Road, Espanola, Ontario (the "Property") and legally described as

PT LT 6 CON 4 MERRITT PT 1, 2, 3, 4, 5 & 6 53R19368; SUBJECT TO AN
EASEMENT IN GROSS OVER PTS 1, 3 & 5 53R19368 AS IN SD185945;
TOWN OF ESPANOLA, as more particularly described in PIN 73405-0155 (LT)

PT LT 6 CON 4 MERRITT BEING PT 8 53R19737; TOWN OF ESPANOLA, as
more particularly described in PIN 73405-0157 (LT)

The Defendant, Greenhouses Canada Inc., consents to judgment being entered against it
granting the Plaintiff leave to issue a writ of possession in respect of the Property.

The Defendants declare that the judgment being consented to does not affect the rights of
any person under any legal disability.

DATED this *5th* day of *December*, 20*18*.

GREENHOUSES CANADA INC.

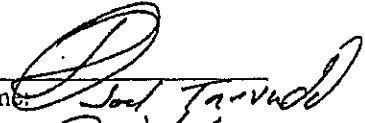
By: 

Name: *Joel Tarvudd*
Title: *Director*

I have authority to bind the corporation.


468177 ONTARIO LIMITED

By:


Name: Joel Tarvudd
Title: President


I have authority to bind the corporation.

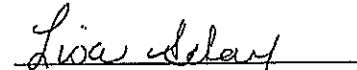

Witness


Witness


Witness


JOEL K. TARVUDD


ANDREW G. NOOTCHTAI


LISA JOY SCHARF

TAB K

This is Exhibit "K" referred to in the Affidavit of DODIE BALLESTEROS sworn July 22, 2019.



Commissioner for Taking Affidavits (or as may be)

**Marta Terri Gold, a Commissioner, etc.,
Province of Ontario, for the Business Development
Bank of Canada, expires August 29, 2020**

February 20, 2019

Delivered Via Email

Greenhouses Canada Inc.
125 Magil Street
Lively, ON P3Y 1K6

Dear Sirs/Mesdames,

Re: Indebtedness of Greenhouses Canada Inc. (formerly known as 1916438 Ontario Limited) to Business Development Bank of Canada

We refer to the forbearance agreement dated December 5, 2018 between the Borrower, BDC, 468177 Ontario Limited, Joel R. Tarvudd, Andrew G. Nootchtai and Lisa Joy Scharf (the "Forbearance Agreement"). Unless otherwise indicated, all capitalized terms used herein have the meanings ascribed thereto in the Forbearance Agreement.

As you are aware, the Forbearance Agreement expired on February 15, 2019. The Obligors have requested an extension to the Forbearance Agreement to provide the Borrower with additional time to irrevocably repay the Indebtedness owing by the Borrower to BDC.

BDC is prepared to extend the Forbearance Agreement on the following terms and conditions:

1. The Borrower acknowledges that as of February 19, 2019, the aggregate amount of the Indebtedness owing to BDC and secured by the Documents is CDN\$1,172,161.88 (together with all additional interest, fees, penalties, costs and other amounts payable in connection with the Loan). The Borrower confirms that the Indebtedness is unconditionally owing to BDC, it does not dispute that it is liable to pay the Indebtedness to BDC on any ground whatsoever, it has no claim, demand, setoff or counter-claim against BDC on any basis whatsoever, and there is no matter, fact or thing which may be asserted by it in extinction or diminution of the Indebtedness or result in any bar to or delay in the recovery thereof. If there are any claims for setoff, counter-claim or damages, they are hereby expressly released and discharged.
2. Each Guarantor confirms that he/she/it has guaranteed the payment and performance of the Indebtedness and obligations owing by the Borrower to BDC in accordance with the guarantees listed on Schedule "A" to the Forbearance Agreement. Each Guarantor does not dispute his/hers/its liability on any basis whatsoever and confirms that he/she/it has no claim for set-off, counter-claim or damages on any basis whatsoever against BDC. If there are any claims, they are hereby expressly released and discharged. Each Guarantor confirms that the guarantee granted by him/her/it has not been released, waived or varied, that it is binding upon him/her/it and that it is valid and enforceable against him/her/it in accordance with their respective written terms.

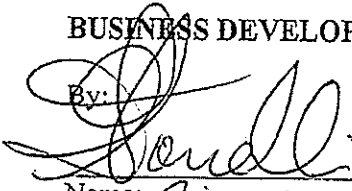
- 2 -

3. In consideration for BDC's extended forbearance and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Borrower shall pay to BDC the sum of \$5,000 as a forbearance fee, which shall be fully earned on execution of this letter agreement and paid to BDC as provided for in section 4 below.
4. Contemporaneously with the execution of this letter agreement, the Borrower shall provide BDC with:
 - (a) a certified cheque in the amount of \$68,050, which amount constitutes payment of the following amounts:
 - (i) \$4,294 for BDC to engage appraiser, Charles Bell Real Estate Appraisals;
 - (ii) \$3,107.50 for BDC to engage Pinchin Environmental;
 - (iii) \$5,000 to BDC for forbearance fee payable pursuant to section 3 hereof;
 - (iv) \$10,000 for interest arrears owed by the Borrower to BDC up to and including February 15, 2019; and
 - (v) \$45,632 for principal payments owed by the Borrower to BDC for the period commencing on July 15, 2018 up to and including February 15, 2019;
 - (b) two (2) post-dated cheques each in the amount of \$12,200, representing principal and interest owed by the Borrower to BDC for the months of March and April 2019, payable on March 15, 2019 and April 15, 2019; and
 - (c) written evidence, in a form and content to the satisfaction of BDC in its discretion, acting reasonably, that the Borrower and the Corporate Guarantor are current in their respective obligations with respect to realty taxes.
5. The Forbearance Period and the Forbearance Termination Date shall be extended until the earlier of:
 - (a) May 15, 2019; and
 - (b) the occurrence of an Event of Default.
6. Except as specifically amended herein, all other terms and conditions of the Forbearance Agreement shall remain in effect unamended.

If the forgoing terms and conditions are acceptable to you, kindly acknowledge your understanding of, and agreement to, all of the terms and conditions of this Agreement by executing two (2) copies of this Agreement where indicated below and return both executed copies by not later than 5:00 p.m. on February 20, 2019.

Yours very truly,

BUSINESS DEVELOPMENT BANK OF CANADA

By: 
 Name: Gianna Torrelli
 Title: Business Specialist

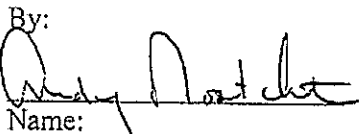
I/we have authority to bind the bank.

The Undersigned hereby acknowledges and agrees to the terms and conditions of this Agreement.

Dated this 20th day of February, 2019.

GREENHOUSES CANADA INC.

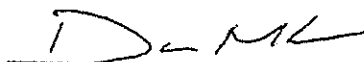
468177 ONTARIO LIMITED

By: 
 Name: _____
 Title: _____


By: 
 Name: JOEL TARVUDD
 Title: PRESIDENT

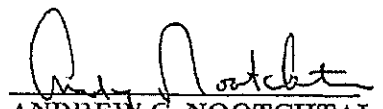
I/we have authority to bind the corporation


I/we have authority to bind the corporation


 Witness: _____


 JOEL R. TARVUDD


 Witness: _____


 ANDREW G. NOOTCHTAI


 Witness: _____


 LISA JOY SCHARF

TAB L

This is Exhibit "L" referred to in the Affidavit of DODIE BALLESTEROS sworn July 22, 2019.



Commissioner for Taking Affidavits (or as may be)

**Maria Terri Gold, a Commissioner, etc.,
Province of Ontario, for the Business Development
Bank of Canada, expires August 29, 2020**

May 13, 2019

Delivered Via Email

Greenhouses Canada Inc.
125 Magil Street
Lively, ON P3Y 1K6

Dear Sirs/Mesdames,

Re: Indebtedness of Greenhouses Canada Inc. (formerly known as 1916438 Ontario Limited) to Business Development Bank of Canada

We refer to the forbearance agreement dated December 5, 2018 between the Borrower, BDC, 468177 Ontario Limited, Joel R. Tarvudd, Andrew G. Nootchtai and Lisa Joy Scharf (the "Forbearance Agreement"), as amended by the letter dated February 20, 2019. Unless otherwise indicated, all capitalized terms used herein have the meanings ascribed thereto in the Forbearance Agreement.

As you are aware, the Forbearance Agreement expires on May 15, 2019. The Obligors have requested an extension to the Forbearance Agreement to provide the Borrower with additional time to irrevocably repay the Indebtedness owing by the Borrower to BDC.

BDC is prepared to extend the Forbearance Agreement on the following terms and conditions:

1. The Borrower acknowledges that as of May 13, 2019, the aggregate amount of the Indebtedness owing to BDC and secured by the Documents is CDN\$1,111,171.82 (together with all additional interest, fees, penalties, costs and other amounts payable in connection with the Loan). The Borrower confirms that the Indebtedness is unconditionally owing to BDC, it does not dispute that it is liable to pay the Indebtedness to BDC on any ground whatsoever, it has no claim, demand, setoff or counter-claim against BDC on any basis whatsoever, and there is no matter, fact or thing which may be asserted by it in extinction or diminution of the Indebtedness or result in any bar to or delay in the recovery thereof. If there are any claims for setoff, counter-claim or damages, they are hereby expressly released and discharged.
2. Each Guarantor confirms that he/she/it has guaranteed the payment and performance of the Indebtedness and obligations owing by the Borrower to BDC in accordance with the guarantees listed on Schedule "A" to the Forbearance Agreement. Each Guarantor does not dispute his/hers/its liability on any basis whatsoever and confirms that he/she/it has no claim for set-off, counter-claim or damages on any basis whatsoever against BDC. If there are any claims, they are hereby expressly released and discharged. Each Guarantor confirms that the guarantee granted by him/her/it has not been released, waived or varied, that it is binding upon him/her/it and that it is valid and enforceable against him/her/it in accordance with their respective written terms.

- 2 -


3. In consideration for BDC's extended forbearance and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Borrower shall pay to BDC the sum of \$7,500 as a forbearance fee, which shall be fully earned on execution of this letter agreement and paid to BDC contemporaneously with the execution of this letter agreement by certified cheque.
4. The Forbearance Period and the Forbearance Termination Date shall be extended until the earlier of:
 - (a) June 12, 2019; and
 - (b) the occurrence of an Event of Default.
5. Except as specifically amended herein, all other terms and conditions of the Forbearance Agreement shall remain in effect unamended.

If the forgoing terms and conditions are acceptable to you, kindly acknowledge your understanding of, and agreement to, all of the terms and conditions of this Agreement by executing two (2) copies of this Agreement where indicated below and return both executed copies by not later than 5:00 p.m. on May 14, 2019.

Yours very truly,


BUSINESS DEVELOPMENT BANK OF CANADA

By:


 Name: Gianna Torvelli
 Title: Business Specialist

I/we have authority to bind the bank.

By:


 Name: ZANDON GRAY
 Title: REGIONAL DIRECTOR

I/we have authority to bind the bank.

The Undersigned hereby acknowledges and agrees to the terms and conditions of this Agreement.

Dated this day of May, 2019.

GREENHOUSES CANADA INC.

468177 ONTARIO LIMITED

By: Andy Nootchtai

By: JOEL TARYUDD

Name: Andy Nootchtai
Title: _____

Name: Joel Taryudd
Title: President

I/we have authority to bind the corporation

I/we have authority to bind the corporation

[Signature]
Witness:

[Signature]
JOEL R. TARYUDD

[Signature]
Witness:

Andy Nootchtai
ANDREW G. NOOTCHTAI

[Signature]
Witness:

[Signature]
LISA JOY SCHARF

TAB M

This is Exhibit "M" referred to in the Affidavit of DODIE BALLESTEROS sworn July 22, 2019.



Commissioner for Taking Affidavits (or as may be)

Maria Terri Gold, a Commissioner, etc.,
Province of Ontario, for the Business Development
Bank of Canada, expires August 29, 2020

Sam P. Rappos

From: Sam P. Rappos
Sent: Wednesday, July 03, 2019 11:18 PM
To: Alesia Sostarich
Cc: BALLESTEROS, Dodie (TORONTO); Joel Tarvudd; Sue Tulloch; Jeff Scharf; VAN DINTER, Jeff (TORONTO); HUTCHINSON, Angus (CSCBC)
Subject: Re: Greenhouses Canada Inc.
Categories: DM, #31973 : 4516673

Alesia, please be advised that if BDC is not repaid in full by end of day Friday, we have been instructed to bring an application for the appointment of a receiver.

Regards,
 Sam

Sam P. Rappos
 Partner | Chaitons LLP | Tel: 416.218.1137

On Jul 3, 2019, at 4:56 PM, Alesia Sostarich <alesia@poulsonlaw.ca> wrote:

Hello

The purchase has requested an extension to Friday, July 5, 2019. The issue continue to be funding.

Regards, Alesia

Sent from my iPhone

On Jul 3, 2019, at 12:59 PM, BALLESTEROS, Dodie (TORONTO) <Dodie.BALLESTEROS@bdc.ca> wrote:

Please advise/confirm that the pay out is taking place today.

Thank you.

Dodie Ballesteros
 Business Specialist | Spécialiste d'entreprise
 T 416-954-5948 C 416-554-2849 F 416-973-8283

bdc.ca

From: Alesia Sostarich <alesia@poulsonlaw.ca>
Sent: June 27, 2019 11:33 AM
To: BALLESTEROS, Dodie (TORONTO) <Dodie.BALLESTEROS@bdc.ca>; 'Joel Tarvudd' <jtarvudd@laari.ca>
Cc: 'Sue Tulloch' <sue@poulsonlaw.ca>; 'Jeff Scharf' <jscharf@gaiacann.ca>; VAN DINTER, Jeff (TORONTO) <JEFF.VANDINTER@bdc.ca>; HUTCHINSON, Angus (CSCBC) <Angus.HUTCHINSON@bdc.ca>; 'Sam P. Rappos' <samr@chaitons.com>
Subject: RE: Greenhouses Canada Inc.

Dodie:

The transaction has been extended to July 3, 2019 at the request of the Purchaser.

Regards, Alesia

Alesia L. Sostarich B.A. (Hons) M.L.I.S LLB

125 Durham Street, Sudbury ON P3E 3M9 P: 705-674-6497 * F: 705 674-8331 * F 705-674-9055 (litigation)

140 Barber Street, Espanola ON P5E 1S4 P: 705-869-2171 * F: 705-869-5063

Poulson Law * corporate *real estate * litigation * estate

From: BALLESTEROS, Dodie (TORONTO) [<mailto:Dodie.BALLESTEROS@bdc.ca>]

Sent: June 25, 2019 2:32 PM

To: Alesia Sostarich; 'Joel Tarvudd'

Cc: 'Sue Tulloch'; 'Jeff Scharf'; VAN DINTER, Jeff (TORONTO); HUTCHINSON, Angus (CSCBC); Sam P. Rappos

Subject: Greenhouses Canada Inc.

Attached please find the pay out statement for June 26, 2019.

Please courier the certified cheque or bank draft to my attention by noon on Wednesday at:

BDC

121 King St. West

Suite 1200

Toronto, Ontario

M5H 3T9

Alternatively, wire the funds to:

Transfer to : Bank of Montreal
Main Branch
119 St-Jacques Street
Montreal, Quebec

PAYEE : Business Development Bank of Canada (514-283-4386)
5 Place Ville-Marie
Montreal, QC H3B 5E7

SWIFT CODE : BOFMCAM2
Bank ID : 001
Transit : 00011
Account: 1142-012 (CDN)

REFERENCE : Customer Name : 1916438 Ontario Limited

BDC customer account no. : 085819-01

Regards,

Dodie Ballesteros

Business Specialist | Spécialiste d'entreprise
T 416-954-5948 C 416-554-2849 F 416-973-8283

bdc.ca

From: BALLESTEROS, Dodie (TORONTO)

Sent: June 20, 2019 10:27 AM

To: Alesia Sostarich <alesia@poulsonlaw.ca>

Cc: 'Sue Tulloch' <sue@poulsonlaw.ca>; 'Joel Tarvudd' <jtardvudd@laari.ca>; 'Jeff Scharf' <jscharf@gaiacann.ca>; TORRELLI, Gianna (TORONTO) <gianna.torrelli@bdc.ca>; VAN DINTER, Jeff (TORONTO) <JEFF.VANDINTER@bdc.ca>; HUTCHINSON, Angus (CSCBC) <Angus.HUTCHINSON@bdc.ca>

Subject: RE: Greenhouses Canada Inc.

Hi Alesia,

Unless we are provided with confirmation of funding for June 26, 2019 by tomorrow, Friday, June 21, 2019, and given the sale transaction has been protracted to the detriment of the Bank, please be advised that we are invoking our remedial rights under the duly executed Forbearance Agreement.

Regards,

Dodie Ballesteros

Business Specialist | Spécialiste d'entreprise
T 416-954-5948 C 416-554-2849 F 416-973-8283

bdc.ca

From: Alesia Sostarich <alesia@poulsonlaw.ca>

Sent: June 20, 2019 9:52 AM

To: TORRELLI, Gianna (TORONTO) <gianna.torrelli@bdc.ca>

Cc: 'Sue Tulloch' <sue@poulsonlaw.ca>; 'Joel Tarvudd' <jtardvudd@laari.ca>; 'Jeff Scharf' <jscharf@gaiacann.ca>; 'Monica Homer' <nootchs.logging@gmail.com>; BALLESTEROS, Dodie (TORONTO) <Dodie.BALLESTEROS@bdc.ca>

Subject: RE: Greenhouses Canada Inc.

Thank you.

Dodie,

The transaction has been extended to Wednesday, June 26, 2019.

Regards, Alesia

Alesia L. Sostarich B.A. (Hons) M.L.I.S LLB

125 Durham Street, Sudbury ON P3E 3M9 P: 705-674-6497 * F: 705 674-8331 * F 705-674-9055 (litigation)

140 Barber Street, Espanola ON P5E 1S4 P: 705-869-2171 * F: 705-869-5063

Poulson Law * corporate *real estate * litigation * estate

From: TORRELLI, Gianna (TORONTO) [<mailto:gianna.torrelli@bdc.ca>]

Sent: June 20, 2019 7:56 AM

To: Alesia Sostarich

Cc: Sue Tulloch; 'Joel Tarvudd'; Jeff Scharf; 'Monica Homer'; BALLESTEROS, Dodie (TORONTO)

Subject: RE: Greenhouses Canada Inc.

Good morning Alesia

Please be advised that given the uncertainty with repayment of the Bank's mortgage, this account is being transferred to my colleague Dodie Ballesteros.

Gianna Torrelli

Business Specialist | Spécialiste d'entreprise

T 416-973-1116 F 416-973-8283

<image001.jpg>

bdc.ca

<image002.jpg><image003.jpg> <image004.jpg> <image005.jpg>

From: Alesia Sostarich <alesia@poulsonlaw.ca>

Sent: June 19, 2019 11:40 AM

To: TORRELLI, Gianna (TORONTO) <gianna.torrelli@bdc.ca>

Cc: Sue Tulloch <sue@poulsonlaw.ca>

Subject: RE: Greenhouses Canada Inc.

Hi Gianna:

I have not received a request for an extension, but I understand that the purchaser is not in a position to close today as mortgage funds are not available.

I will let you know later in the day when I have a formal request and the date that the transaction will be extended to.

Alesia

Alesia L. Sostarich B.A. (Hons) M.L.I.S LLB

125 Durham Street, Sudbury ON P3E 3M9 P: 705-674-6497 * F: 705 674-8331 * F 705-674-9055 (litigation)
 140 Barber Street, Espanola ON P5E 1S4 P: 705-869-2171 * F: 705-869-5063

Poulson Law * corporate * real estate * litigation * estate

From: TORRELLI, Gianna (TORONTO) [<mailto:gianna.torrelli@bdc.ca>]
Sent: June 19, 2019 11:25 AM
To: Alesia Sostarich
Subject: RE: Greenhouses Canada Inc.

Hi Alesia

Can you please confirm the status of the payout of the Bank's mortgage?

Gianna Torrelli
 Business Specialist | Spécialiste d'entreprise
 T 416-973-1116 F 416-973-8283

<image001.jpg>

bdc.ca

<image002.jpg><image006.jpg> <image004.jpg> <image005.jpg>

From: Alesia Sostarich <alesia@poulsonlaw.ca>
Sent: June 12, 2019 4:28 PM
To: TORRELLI, Gianna (TORONTO) <gianna.torrelli@bdc.ca>
Subject: Greenhouses Canada Inc.

The extension will be to Wednesday, June 19, 2019 with the proviso that we will close sooner if possible.

I have to leave the office now, but I will be available tomorrow.

Regards, Alesia

Alesia L. Sostarich B.A. (Hons) M.L.I.S LLB
 125 Durham Street, Sudbury ON P3E 3M9 P: 705-674-6497 * F: 705 674-8331 * F 705-674-9055 (litigation)
 140 Barber Street, Espanola ON P5E 1S4 P: 705-869-2171 * F: 705-869-5063

Poulson Law * corporate * real estate * litigation * estate

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Information confidentielle: Le présent message, ainsi que tout fichier qui y est joint, est (sont) envoyé(s) à l'intention exclusive de son ou (ses) destinataire(s); il est de nature confidentielle et peut faire l'objet d'une information privilégiée. Nous avisons toute personne autre que le destinataire prévu que tout examen, réacheminement, impression, copie, distribution ou toute autre utilisation de ce message et tout document joint est (sont) strictement interdit(s). Si vous n'êtes pas le destinataire prévu, veuillez en aviser immédiatement l'expéditeur par retour de courriel et supprimer ce message et tout document joint de votre système. Merci!

Confidentiality Warning: This message and any attachments are intended only for the use of the intended recipient(s), are confidential, and may be privileged. If you are not the intended recipient, you are hereby notified that any review, retransmission, conversion to hard copy, copying, circulation or other use of this message and any attachments is strictly prohibited. If you are not the intended recipient, please notify the sender immediately by return email, and delete this message and any attachments from your system. Thank you!

Information confidentielle: Le présent message, ainsi que tout fichier qui y est joint, est (sont) envoyé(s) à l'intention exclusive de son ou (ses) destinataire(s); il est de nature confidentielle et peut faire l'objet d'une information privilégiée. Nous avisons toute personne autre que le destinataire prévu que tout examen, réacheminement, impression, copie, distribution ou toute autre utilisation de ce message et tout document joint est (sont) strictement interdit(s). Si vous n'êtes pas le destinataire prévu, veuillez en aviser immédiatement l'expéditeur par retour de courriel et supprimer ce message et tout document joint de votre système. Merci!

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Information confidentielle: Le présent message, ainsi que tout fichier qui y est joint, est (sont) envoyé(s) à l'intention exclusive de son ou (ses) destinataire(s); il est de nature confidentielle et peut faire l'objet d'une information privilégiée. Nous avisons toute personne autre que le destinataire prévu que tout examen, réacheminement, impression, copie, distribution ou toute autre utilisation de ce message et tout document joint est (sont) strictement interdit(s). Si vous n'êtes pas le destinataire prévu, veuillez en aviser immédiatement l'expéditeur par retour de courriel et supprimer ce message et tout document joint de votre système. Merci!

TAB N

This is Exhibit "N" referred to in the Affidavit of DODIE
BALLESTEROS sworn July 22, 2019.



Commissioner for Taking Affidavits (or as may be)

**Maria Terri Gold, a Commissioner, etc.,
Province of Ontario, for the Business Development
Bank of Canada, expires August 29, 2020**

Sam P. Rappos

From: Alesia Sostarich <alesia@poulsonlaw.ca>
Sent: Monday, July 08, 2019 11:20 AM
To: Sam P. Rappos
Cc: 'BALLESTEROS, Dodie (TORONTO)'; 'Joel Tarvudd'; 'Sue Tulloch'; 'Jeff Scharf'; 'VAN DINTER, Jeff (TORONTO)'; 'HUTCHINSON, Angus (CSCBC)'
Subject: RE: Greenhouses Canada Inc.
Categories: DM, #31973 : 4519834

Sam:

The sale did not close Friday. It has been extended, as the request of the Purchaser, to Friday, July 12, 2019.

Regards, Alesia

Alesia L. Sostarich B.A. (Hons) M.L.I.S LLB

125 Durham Street, Sudbury ON P3E 3M9 P: 705-674-6497 * F: 705 674-8331 * F 705-674-9055 (litigation)
 140 Barber Street, Espanola ON P5E 1S4 P: 705-869-2171 * F: 705-869-5063

Poulson Law * corporate * real estate * litigation * estate

From: Sam P. Rappos [mailto:samr@chaitons.com]
Sent: July 8, 2019 11:18 AM
To: Alesia Sostarich
Cc: BALLESTEROS, Dodie (TORONTO); Joel Tarvudd; Sue Tulloch; Jeff Scharf; VAN DINTER, Jeff (TORONTO); HUTCHINSON, Angus (CSCBC)
Subject: RE: Greenhouses Canada Inc.

Good morning,

Was the sale completed on Friday?

Thanks,
 Sam

Sam P. Rappos
 Partner | Chaitons LLP | Tel: 416.218.1137

From: Sam P. Rappos
Sent: Wednesday, July 03, 2019 11:18 PM
To: Alesia Sostarich <alesia@poulsonlaw.ca>

Cc: BALLESTEROS, Dodie (TORONTO) <Dodie.BALLESTEROS@bdc.ca>; Joel Tarvudd <jtarvudd@laari.ca>; Sue Tulloch <sue@poulsonlaw.ca>; Jeff Scharf <jscharf@gaiaconn.ca>; VAN DINTER, Jeff (TORONTO) <JEFF.VANDINTER@bdc.ca>; HUTCHINSON, Angus (CSCBC) <Angus.HUTCHINSON@bdc.ca>
Subject: Re: Greenhouses Canada Inc.

Alesia, please be advised that if BDC is not repaid in full by end of day Friday, we have been instructed to bring an application for the appointment of a receiver.

Regards,
 Sam

Sam P. Rappos
 Partner | Chaitons LLP | Tel: 416.218.1137

On Jul 3, 2019, at 4:56 PM, Alesia Sostarich <alesia@poulsonlaw.ca> wrote:

Hello

The purchase has requested an extension to Friday, July 5, 2019. The issue continue to be funding.

Regards, Alesia

Sent from my iPhone

On Jul 3, 2019, at 12:59 PM, BALLESTEROS, Dodie (TORONTO) <Dodie.BALLESTEROS@bdc.ca> wrote:

Please advise/confirm that the pay out is taking place today.

Thank you.

Dodie Ballesteros
 Business Specialist | Spécialiste d'entreprise
 T 416-954-5948 C 416-554-2849 F 416-973-8283

bdc.ca

From: Alesia Sostarich <alesia@poulsonlaw.ca>
Sent: June 27, 2019 11:33 AM
To: BALLESTEROS, Dodie (TORONTO) <Dodie.BALLESTEROS@bdc.ca>; 'Joel Tarvudd' <jtarvudd@laari.ca>
Cc: 'Sue Tulloch' <sue@poulsonlaw.ca>; 'Jeff Scharf' <jscharf@gaiaconn.ca>; VAN DINTER, Jeff (TORONTO) <JEFF.VANDINTER@bdc.ca>; HUTCHINSON, Angus (CSCBC) <Angus.HUTCHINSON@bdc.ca>; 'Sam P. Rappos' <samr@chaitons.com>
Subject: RE: Greenhouses Canada Inc.

Dodie:

The transaction has been extended to July 3, 2019 at the request of the Purchaser.

Regards, Alesia

Alesia L. Sostarich B.A. (Hons) M.L.I.S LLB

125 Durham Street, Sudbury ON P3E 3M9 P: 705-674-6497 * F: 705 674-8331 * F 705-674-9055 (litigation)

140 Barber Street, Espanola ON P5E 1S4 P: 705-869-2171 * F: 705-869-5063

Poulson Law * corporate * real estate * litigation * estate

From: BALLESTEROS, Dodie (TORONTO) [mailto:Dodie.BALLESTEROS@bdc.ca]

Sent: June 25, 2019 2:32 PM

To: Alesia Sostarich; 'Joel Tarvudd'

Cc: 'Sue Tulloch'; 'Jeff Scharf'; VAN DINTER, Jeff (TORONTO); HUTCHINSON, Angus (CSCBC); Sam P. Rappos

Subject: Greenhouses Canada Inc.

Attached please find the pay out statement for June 26, 2019.

Please courier the certified cheque or bank draft to my attention by noon on Wednesday at:

BDC
121 King St. West
Suite 1200
Toronto, Ontario
M5H 3T9

Alternatively, wire the funds to:

Transfer to : Bank of Montreal
Main Branch
119 St-Jacques Street
Montreal, Quebec

PAYEE : Business Development Bank of Canada (514-283-4386)

5 Place Ville-Marie
Montreal, QC H3B 5E7

SWIFT CODE : BOFMCAM2
Bank ID : 001
Transit : 00011
Account: 1142-012 (CDN)

REFERENCE : Customer Name : 1916438 Ontario Limited

BDC customer account no. : 085819-01

Regards,

Dodie Ballesteros
 Business Specialist | Spécialiste d'entreprise
 T 416-954-5948 C 416-554-2849 F 416-973-8283

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From: BALLESTEROS, Dodie (TORONTO)
Sent: June 20, 2019 10:27 AM
To: Alesia Sostarich <alesia@poulsonlaw.ca>
Cc: 'Sue Tulloch' <sue@poulsonlaw.ca>; 'Joel Tarvudd' <jtavudd@laari.ca>; 'Jeff Scharf' <jscharf@gaiaacann.ca>; TORRELLI, Gianna (TORONTO) <gianna.torrelli@bdc.ca>; VAN DINTER, Jeff (TORONTO) <JEFF.VANDINTER@bdc.ca>; HUTCHINSON, Angus (CSCBC) <Angus.HUTCHINSON@bdc.ca>
Subject: RE: Greenhouses Canada Inc.

Hi Alesia,

Unless we are provided with confirmation of funding for June 26, 2019 by tomorrow, Friday, June 21, 2019, and given the sale transaction has been protracted to the detriment of the Bank, please be advised that we are invoking our remedial rights under the duly executed Forbearance Agreement.

Regards,

Dodie Ballesteros
 Business Specialist | Spécialiste d'entreprise
 T 416-954-5948 C 416-554-2849 F 416-973-8283

bdc.ca

From: Alesia Sostarich <alesia@poulsonlaw.ca>
Sent: June 20, 2019 9:52 AM
To: TORRELLI, Gianna (TORONTO) <gianna.torrelli@bdc.ca>
Cc: 'Sue Tulloch' <sue@poulsonlaw.ca>; 'Joel Tarvudd' <jtavudd@laari.ca>; 'Jeff Scharf' <jscharf@gaiaacann.ca>; 'Monica Homer' <nootchs.logging@gmail.com>; BALLESTEROS, Dodie (TORONTO) <Dodie.BALLESTEROS@bdc.ca>
Subject: RE: Greenhouses Canada Inc.

Thank you.

Dodie,

The transaction has been extended to Wednesday, June 26, 2019.

Regards, Alesia

Alesia L. Sostarich B.A. (Hons) M.L.I.S LLB
 125 Durham Street, Sudbury ON P3E 3M9 P: 705-674-6497 * F: 705 674-8331 * F 705-674-9055 (litigation)
 140 Barber Street, Espanola ON P5E 1S4 P: 705-869-2171 * F: 705-869-5063

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From: TORRELLI, Gianna (TORONTO) [<mailto:gianna.torrelli@bdc.ca>]
Sent: June 20, 2019 7:56 AM
To: Alesia Sostarich
Cc: Sue Tulloch; 'Joel Tarvudd'; Jeff Scharf; 'Monica Homer'; BALLESTEROS, Dodie (TORONTO)
Subject: RE: Greenhouses Canada Inc.

Good morning Alesia

Please be advised that given the uncertainty with repayment of the Bank's mortgage, this account is being transferred to my colleague Dodie Ballesteros.

Gianna Torrelli
 Business Specialist | Spécialiste d'entreprise
 T 416-973-1116 F 416-973-8283

<image001.jpg>

bdc.ca

<image002.jpg><image003.jpg> <image004.jpg> <image005.jpg>

From: Alesia Sostarich <alesia@poulsonlaw.ca>
Sent: June 19, 2019 11:40 AM
To: TORRELLI, Gianna (TORONTO) <gianna.torrelli@bdc.ca>
Cc: Sue Tulloch <sue@poulsonlaw.ca>
Subject: RE: Greenhouses Canada Inc.

Hi Gianna:

I have not received a request for an extension, but I understand that the purchaser is not in a position to close today as mortgage funds are not available.

I will let you know later in the day when I have a formal request and the date that the transaction will be extended to.

Alesia

Alesia L. Sostarich B.A. (Hons) M.L.I.S LLB
 125 Durham Street, Sudbury ON P3E 3M9 P: 705-674-6497 * F: 705 674-8331 * F 705-674-9055 (litigation)
 140 Barber Street, Espanola ON P5E 1S4 P: 705-869-2171 * F: 705-869-5063

Poulson Law * corporate * real estate * litigation * estate

From: TORRELLI, Gianna (TORONTO) [<mailto:gianna.torrelli@bdc.ca>]
Sent: June 19, 2019 11:25 AM
To: Alesia Sostarich
Subject: RE: Greenhouses Canada Inc.

Hi Alesia
Can you please confirm the status of the payout of the Bank's mortgage?

Gianna Torrelli
Business Specialist | Spécialiste d'entreprise
T 416-973-1116 F 416-973-8283

<image001.jpg>

bdc.ca

<image002.jpg><image006.jpg> <image004.jpg> <image005.jpg>

From: Alesia Sostarich <alesia@poulsonlaw.ca>
Sent: June 12, 2019 4:28 PM
To: TORRELLI, Gianna (TORONTO) <gianna.torrelli@bdc.ca>
Subject: Greenhouses Canada Inc.

The extension will be to Wednesday, June 19, 2019 with the proviso that we will close sooner if possible.

I have to leave the office now, but I will be available tomorrow.

Regards, Alesia

Alesia L. Sostarich B.A. (Hons) M.L.I.S LLB
125 Durham Street, Sudbury ON P3E 3M9 P: 705-674-6497 * F: 705 674-8331 * F 705-674-9055 (litigation)
140 Barber Street, Espanola ON P5E 1S4 P: 705-869-2171 * F: 705-869-5063

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TAB O

This is Exhibit "O" referred to in the Affidavit of DODIE BALLESTEROS sworn July 22, 2019.



Commissioner for Taking Affidavits (or as may be)

**Maria Terri Gold, a Commissioner, etc.,
Province of Ontario, for the Business Development
Bank of Canada, expires August 29, 2020**



June 25, 2019

1916438 Ontario Limited
5 Westview Cres,
Lively, ON P3Y 1B7

Dear Mr. Tarvudd:

**Subject: Confirmation of Payout Amounts—Loan number 085819-01
1916438 Ontario Limited (the “debtor”)**

As requested, Business Development Bank of Canada (“BDC”) has calculated the prepayment figures for the above mentioned loan, as at June 26th, 2019:

	<u>Loan 01</u>
Principal	\$1,104,440.42
Interest up to and including June 25, 2019	15,203.16
Protective Disbursements	2,341.94
Interest on Protective Disbursements	8.21
Administration Fees	4,000.00
Total	<u>\$ 1,125,993.73</u>
Current Per Diem (subject to change)	\$212.89
Current Interest rate – floating base +0.90 %	<u>6.95%</u>

Since this loan is on a floating interest rate, please contact this office one day prior to the date of payout and request the exact amount of accrued interest and Prepayment Indemnity required to retire the loan. The amounts will be confirmed to you by email. Funds and Per Diem Interest calculated up to and including the date prior to the payout must be received by BDC no later than 12:00 p.m. on the payout date. If the Funds and Per Diem Interest are not received by 12:00 p.m. of the fifth business day from the date of the letter, this payout letter is no longer valid and may not be relied upon. If you are not able to deliver the payout prior to 12:00 p.m. of the fifth business day, please contact this office one day prior to the new date of payout to reconfirm the exact amount of accrued interest, Prepayment Indemnity and the new Per Diem Interest required to retire the loan.

Any subsequently produced prepayment figures will render the contents herein null and void.

The executed discharges will be delivered to you in due course.

Any release and/or discharge granted by BDC is made on the basis that all source deductions, GST/HST/QST obligations and all other amounts, claims and demands owed by any party to the loan to the Canada Revenue Agency, Revenu Quebec or any other governmental agency that could give rise to a deemed trust claim by such agency in priority to any claim or security held by BDC in relation to the loan (collectively, “Deemed Trust Claims”) have been paid in full.

To the extent that BDC suffers a loss or is required to pay any amounts to any governmental agency in respect of any Deemed Trust Claims as a result of the failure of any loan party to meet its



obligations to such governmental agency, then BDC shall be entitled to claim the full amount of any loss or payment required to be made by it in respect of any Deemed Trust Claim from the loan parties, or any of them, and the discharges shall not operate as a release of the loan parties to such extent.

Yours truly,

A handwritten signature in black ink, appearing to read "Dodie Ballesteros".

Dodie Ballesteros
Business Specialist
T (416) 954-5948
E dodie.ballesteros@bdc.ca

A handwritten signature in black ink, appearing to read "Saroja Sinnanainar".

Saroja Sinnanainar
Analyst, Special Accounts

cc: Alesia L. Sostarich of Poulson Law

Sent Via Email: alesia@poulsonlaw.ca

TAB P

This is Exhibit "P" referred to in the Affidavit of DODIE
BALLESTEROS sworn July 22, 2019.



Commissioner for Taking Affidavits (or as may be)

**Marla Terri Gold, a Commissioner, etc.,
Province of Ontario, for the Business Development
Bank of Canada, expires August 29, 2020**

Court File No.

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

BETWEEN:

BUSINESS DEVELOPMENT BANK OF CANADA

Applicant

- and -

GREENHOUSES CANADA INC.

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c.B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.C.43, AS AMENDED

CONSENT

RSM CANADA LIMITED ("RSM") hereby consents to act as Court-appointed receiver of real property municipally known as 37 & 85 Panache Lake Road, Espanola, Ontario and owned by the Respondent pursuant to subsection 243(1) of *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, in accordance with an order substantially in the form requested by the Applicant, or as such order may be amended in a manner satisfactory to RSM.

DATED this ^{18th} day of July, 2019

RSM CANADA LIMITED

By: 

Name: Daniel Weisz

Position: Senior Vice-President

I have authority to bind the corporation

BUSINESS DEVELOPMENT BANK OF CANADA

-and-

GREENHOUSES CANADA INC.

Applicant

Respondent

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

CONSENT

CHATTONS LLP
5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9

Sam Rappos (LSO No. 51399S)
Tel: (416) 218-1137
Fax: (416) 218-1837
E-mail: samr@chattons.com

Lawyers for the Applicant

BUSINESS DEVELOPMENT BANK OF CANADA
Applicant

-and-

GREENHOUSES CANADA INC.
Respondent
Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

AFFIDAVIT OF DODIE BALLESTEROS
(sworn July 22, 2019)

CHAITONS LLP
5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9

Sam Rappos
Tel: (416) 218-1137
Fax: (416) 218-1837
E-mail: samr@chaitons.com

Lawyers for the Applicant

BUSINESS DEVELOPMENT BANK OF CANADA
Applicant

-and-

GREENHOUSES CANADA INC.
Respondent
Court File No. CV-19-624071-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

APPLICATION RECORD
(re: Appointment of Receiver)
(Returnable July 30, 2019)

CHATONS LLP
5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9

Sam Rappos
Tel: (416) 218-1137
Fax: (416) 218-1837
E-mail: samr@chatons.com

Lawyers for the Applicant