

*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

7132221 CANADA INC.

Respondent

APPLICATION UNDER Section 211 of the *Bankruptcy and Insolvency Act*, R.S.C 1985, c. B-3,  
and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43.

**APPLICATION RECORD**

**CHAITONS LLP**

5000 Yonge Street, 10<sup>th</sup> Floor  
Toronto, ON M2N 7E9

**Christopher J. Staples**

(LSUC No. 31302R)

Tel: (416) 218-1147

Email: [chris@chaitons.com](mailto:chris@chaitons.com)

**Lawyers for the Applicant**

**To: 7132221 CANADA INC.**  
204-220 Kennevale Dr.  
Ottawa, ON K2J 6B6

**Respondent**

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Court File No.: CV-23-

-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

7132221 CANADA INC.

Respondent

APPLICATION UNDER Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C 1985, c. B-3, and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43.

**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:

- In person
- By telephone conference
- BY VIDEO CONFERENCE**

at the following location:

**330 University Avenue, Toronto, Ontario M5G 1R7 on Thursday, the 8<sup>th</sup> day of June, 2023 at 10:00am.**

**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

- 2 -

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: May , 2023

Issued by: \_\_\_\_\_

Local Registrar

Address of Court Office:

330 University Avenue  
Toronto, Ontario M5G 1R7

TO: 7132221 CANADA INC.  
204-220 Kennevale Dr.  
Ottawa, ON K2J 6B6

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## APPLICATION

1. The Applicant (“**BMO**” or the “**Bank**”) makes application for:
  - (a) An order substantially in the form attached as Schedule “A” to this notice of application, appointing BDO Canada Limited (“**BDO**”) as receiver, without security, of the property, assets and undertaking of the respondents, 7132221 Canada Inc. (“**Hawktree**” or the “**Company**”); and
  - (b) Such further and other relief as this Court may deem just.

### **THE GROUNDS FOR THE APPLICATION** are as follows:

1. Hawktree is an importer and distributor of wholesale and retail health and safety products, including, masks, respirators, eye protection, gowns, swabs, gloves, ventilators and testing devices, including Covid-19 rapid tests. It is the exclusive distributor of products under the Canadian Red Cross brand. Hawktree operates out of rented offices located in Ottawa, Ontario but carries on business throughout Ontario and Canada and internationally. Its inventory is largely stored in third party warehouses in Canada and abroad.
2. The Bank has advanced to Hawktree the following loan facilities:
  - (a) a demand overdraft loan in a maximum amount of \$5,000,000 (the “**Operating Loan**”) margined against accounts receivable and inventory for operating financing, bearing interest at the rate of the Bank’s prime rate plus 3.70% *per annum*;

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- (b) a corporate MasterCard authorized in the amount of \$100,000; and
- (c) a letter of credit in the maximum amount of \$4,770,000 to assist with the sale and purchase of inventory.

3. The indebtedness of Hawktree to the Bank is secured by a general security agreement which gives the Bank the right on default to appoint a receiver or to apply to the Court for the appointment of a receiver.

4. A review of the Hawktree financial statements as at December 31, 2020 showed \$2,316,000 owing for 2020 income taxes which were not paid when due. As a result, the Bank issued a breach notice dated July 21, 2021.

5. In addition, Hawktree was significantly in breach of the debt service coverage covenant and debt ratio covenant under its loan agreement with the Bank. As a result, the Bank issued a breach notice dated August 20, 2021.

6. In September 2021 the Bank conducted a review of the Hawktree loans and accounts, including its financial statements for the year ended December 31, 2020 and Company prepared statements and cash flows to August 2021. Aside from the breaches noted above, this review raised significant concerns, including the following:

- (a) Despite Hawktree advising that outstanding income taxes would be paid by the end of August 2021, they were not;

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- (b) There was a decline in deposit volume to the Hawktree operating account over the previous six months of approximately 83% year over year leading to an increased likelihood of excesses on the Operating Loan;
- (c) There was a significant drop in accounts receivable, affecting the margin calculations on the Operating Loan and making it vulnerable to excesses;
- (d) Where Hawktree had enjoyed significant sales increases from the outset of the Covid-19 pandemic, financial results for the first and second quarters of 2021 were disappointing and declining, with no large pandemic orders completed and a significant drop in sales to Red Cross. Costs of sales were higher than sales leading to negative gross margins and worsening the financial covenants already in breach;
- (e) Hawktree made large product prepayments in 2020 where either product was not delivered or deposits were not repaid. This affected cashflow and resulted in the need for litigation; and
- (f) There were concerns about some inventory being potentially obsolete.

7. As a result, the Bank made the decision to exit its banking relationship with Hawktree and advised Hawktree that it would require repayment of the loans described above by May 31, 2022. By a standstill agreement dated February 10, 2022 (the “**Standstill Agreement**”), the Bank agreed to forbear from making demand on the Hawktree indebtedness and from taking steps to enforce its security until May 31, 2022 provided, among other terms and conditions, Hawktree repaid all of its indebtedness to the Bank by May 31, 2022 and presented to the Bank a firm and binding financing commitment for repayment on or before April 29, 2022.

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8. Hawktree was unable to raise financing to pay out its indebtedness to the Bank by May 31, 2022 and requested an extension to the Standstill Agreement to November 30, 2022 to continue financing efforts. The Bank was agreeable to this and by a standstill extension agreement dated May 31, 2022, the Bank agreed to extend the Standstill Agreement, now requiring payment of the Hawktree indebtedness by November 30, 2022 and delivery to the Bank by October 31, 2022 of a firm and binding financing commitment to pay out same.

9. Again, Hawktree was not able to provide a financing commitment by October 31, 2022 and was unable able to raise financing to pay out the indebtedness to the Bank by November 30, 2022.

10. On December 1, 2022, Hawktree retained BDO to assist with, among other matters, assessing Hawktree's finances and its strategic options to secure refinancing, a sale, or investment in the business.

11. On December 13, 2022 BDO, on behalf of Hawktree, provided to the Bank an update of Hawktree's finances, including a recalculation of Hawktree's borrowing limit on the Operating Loan as of October 31, 2022 based on the margin criteria set out in the Restated LOA. BDO's review showed that Hawktree's borrowing limit under the Operating Loan was \$1,780,000, not a \$3,240,000 figure calculated by the Company and previously provided to the Bank. This recalculation resulted in a deficit on the Operating Loan of approximately \$1,480,000, a significant breach of the Operating Loan terms.

12. The Bank was not prepared to further extend the Standstill Agreement and wished to be in a position to proceed with enforcement if necessary. Therefore the Bank, by its lawyers, made demand on Hawktree by letter dated January 9, 2023 for the amounts then outstanding from Hawktree to the Bank, totaling \$3,420,263.21. With the demand, the Bank delivered a notice of its intention to exercise its security in accordance with the *Bankruptcy and Insolvency Act*.



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13. The Bank remained prepared to work with Hawktree and was advised by Hawktree and BDO that the Company intended to conduct a sale and investment solicitation process (“SISP”) for the sale of the Hawktree business, property, assets and undertaking and/or for injections of equity, in part to raise sufficient funds to pay the Bank out.

14. By this process, potential purchasers/investors are targeted with a teaser letter and provided the opportunity to review certain books and records of the Company upon signing a non-disclosure agreement. A deadline is set for the delivery of non-binding expressions of interest (“EOI”), after which a bid selection date is set, followed by a deadline to submit binding letters of intent, the choice of a winning bidder and completion of a transaction agreement.

15. The Bank was prepared to allow time for Hawktree to run the SISP. The parties therefore entered into a forbearance agreement dated February 2, 2023 (the “**Forbearance Agreement**”) whereby the Bank agreed to forbear until April 7, 2023 from taking steps to recover payment of the Hawktree’s indebtedness to the Bank or from enforcing its security in consideration of, among other matters:

- (a) Hawktree making reductions in the Operating Loan of \$50,000 on each of March 3, March 30 and April 7, 2023;
- (b) the guarantors providing cash collateral and/or mortgage security and;
- (c) Hawktree agreeing that in executing the Forbearance Agreement, on default thereunder it consents to the appointment of a receiver and manager of the assets, property and undertaking of Hawktree.

16. Hawktree was unable to make the Operating Loan reductions of \$50,000 on March 3, March 30 or April 7, 2023.

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17. The time for delivery of EOIs under the SISP expired on March 15, 2023. Only one EOI was received and was in an amount insufficient to repay the Bank in full. That EOI ultimately did not proceed, and no new purchasers/investors have since submitted EOIs.

18. The Hawktree loans are in default and the forbearance period under the Forbearance Agreement has expired. The Bank has made demand and Hawktree is unable to repay the balance of its indebtedness. It is insolvent. Attempts to refinance, sell or attract investors have been unsuccessful.

19. The Bank seeks the appointment of a receiver to protect its security under the GSA and to assess the best course of action for the Company's business going forward, either through continued operation during a sales process or discontinuance of the business and sale of the Company's assets. A receiver will be able to determine whether a going concern sale of the business, including the Property and the assets secured by the GSA, is viable and in the interests of interested parties.

20. Hawktree operates in multiple markets and has inventory in different locations and jurisdictions, including third party warehouse facilities. Therefore, a receiver is required to locate inventory and to work with manufacturers, distributors, and third party warehouse owners. The receiver will also be able to assess whether extrajudicial/recognition orders might be required to deal with Hawktree assets.

21. It is just and convenient for the Court to appoint a receiver.

22. The Bank relies on s. 243 of the *BIA* and s. 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43.

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23. Such further and other grounds as counsel may advise and this Honourable Court may permit.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the application:

1. Affidavit of Leo Chun sworn May 5, 2023; and
2. Such further and other evidence as the applicant may submit and this Honourable Court accepts.

Date: May , 2023

**CHAITONS LLP**  
5000 Yonge Street, 10<sup>th</sup> Floor  
Toronto, Ontario, M2N 7E9

**Christopher J. Staples** (LSUC #31302R)  
Tel. (416) 218-1147  
[chris@chaitons.com](mailto:chris@chaitons.com)

**Lawyers for the Applicant**

BANK OF MONTREAL

Applicant

and

7132221 CANADA INC.

Respondent

Court File No.

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

Proceedings commenced at TORONTO

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**NOTICE OF APPLICATION**

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**CHAITONS LLP**  
5000 Yonge Street, 10<sup>th</sup> Floor  
Toronto, ON M2N 7E9

**Christopher J. Staples** (LSUC #31302R)  
Tel: 416-218-1147  
chris@chaitons.com

**Lawyers for the Applicant**

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APPLICATION UNDER Section 211 of the *Bankruptcy and Insolvency Act*, R.S.C 1985, c. B-3, and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43.

**AFFIDAVIT OF LEO CHUN**

I, **LEO CHUN**, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am an Account Manager with the Special Accounts Management Unit (“**SAMU**”) of Bank of Montreal (“**BMO**” or the “**Bank**”) and have carriage of BMO’s accounts and loans with the respondent corporation, 7132221 Canada Inc. operating as Hawktree Solutions (“**Hawktree**” or the “**Company**”). As such, I have knowledge of the matters to which I depose in this affidavit. To the extent that I have relied on information from others, I have stated the source of such information and believe that information to be true.

2. I swear this affidavit in support of an application by BMO for an order appointing BDO Canada Limited as receiver, without security, of the present and future property, assets and undertaking of Hawktree.

### **Background**

3. Hawktree was established in 2012 as an importer and distributor of wholesale and retail health and safety products, including, masks, respirators, eye protection, gowns, swabs, gloves, ventilators and testing devices, including Covid-19 rapid tests. It is the exclusive distributor of products under the Canadian Red Cross brand. Hawktree operates out of rented offices located in Ottawa, Ontario but carries on business throughout Ontario and Canada and internationally. Its inventory is largely stored in third party warehouses in Canada and abroad. Attached hereto as **Exhibit “A”** is a copy of the Ontario and federal corporate profiles for Hawktree.

4. The principals of Hawktree are Robbie Fraser, his spouse Sarah Fraser and Renee Tremmaglia.

### **Loan Facilities and Security**

5. By amended and restated letter of agreement (“**LOA**”) from the Bank to Hawktree dated March 10, 2021 (the “**Restated LOA**”), a true copy of which is attached hereto as **Exhibit “B”**, the Bank and Hawktree confirmed the following loan facilities:

- (a) a demand overdraft loan in a maximum amount of \$5,000,000 (the “**Operating Loan**”) for operating financing, bearing interest at the rate of the Bank’s prime rate plus 3.70% *per annum*. The Operating Loan is margined, meaning that advances are to be contained within;

- (i) 75% of the Bank's estimated worth of good quality assigned Canadian domiciled accounts receivable past due to 61 days (91 days if government accounts), less doubtful accounts, accounts in dispute, prior claims, contra accounts, holdbacks, progress billings and lienable accounts payable; plus
- (ii) 75% of the Bank's valuation of raw material and finished goods inventory to a cap of \$2,000,000;
- (b) a corporate MasterCard authorized in the amount of \$100,000; and
- (c) a letter of credit in the maximum amount of \$4,770,000 to assist with the sale and purchase of inventory (the "**Letter of Credit**");

6. Among other conditions, advances under the loan facilities above are conditional on Hawktree:

- (a) Maintaining a debt to tangible net worth ratio of less than or equal to 4.00, stepping down to 3.00 as at fiscal year-end December 31, 2021 and stepping down again to 2.50 as at fiscal year-end December 31, 2022 (the "**Debt Ratio Covenant**")<sup>1</sup>;
- (b) Maintaining a debt service coverage ratio of greater than or equal to 1.25 (the "**DSC Covenant**")<sup>2</sup>; and
- (c) Payment of all taxes when due (including without limitation, corporate, GST, HST, sales tax and withholding).

---

<sup>1</sup> Total liabilities / total assets (less intangible assets).

<sup>2</sup> Net income after taxes plus interest, depreciation and amortization / long term debt, interest and dividends.

7. The indebtedness of Hawktree to the Bank is secured, in part, by a general security agreement from Hawktree to BMO dated August 14, 2019 registered in accordance with the provisions of the *PPSA* (the “**GSA**”). A true copy of the GSA is attached hereto as **Exhibit “C”**. A true copy of a *PPSA* search showing the registration of the GSA is attached hereto as **Exhibit “D”**.

8. One other party, BDC Capital Inc. (“**BDC**”), has a registered a security interest under the *PPSA*. BMO and BDC entered into a subordination agreement dated March 2021 whereby BDC subordinated to BMO its interest in all assets of Hawktree other than a specified life insurance policy and intellectual property. A true copy of this subordination agreement is attached hereto as **Exhibit “E”**.

9. Among other remedies, enforcement of BMO’s rights under the GSA include the right to appoint a receiver and to apply to the Court for the appointment of a receiver. Default includes breach of any obligation to BMO.

10. Robbie Fraser, Sarah Fraser and Renee Tremmaglia are also guarantors of the Hawktree indebtedness to the Bank in the principal amount of \$1,275,000.

### **Defaults and Standstill Agreement**

11. A review of the Hawktree financial statements as at December 31, 2020 showed \$2,316,000 owing for 2020 income taxes, which Mr. Fraser advised were due by March 31, 2021 and would be paid by that date. The income taxes were not paid by March 31, 2021 and Canada Revenue Agency (CRA) issued to Hawktree an arrears notice.



12. As a result of the failure to pay income taxes, the Bank issued a breach notice dated July 21, 2021 referencing the covenant noted above requiring the payment of taxes when due and confirming that Hawktree was in breach of the covenant. A true copy of this breach notice is attached hereto as **Exhibit “F”**. In response Mr. Fraser advised the Bank that the arrears would be paid by the end of August 2021.

13. In addition, Hawktree was required to provide to the Bank on a quarterly basis a calculation of, among other covenants, the Debt Ratio Covenant and the DSC Covenant. The calculation as at June 30, 2021 was provided and showed that both of these covenants were in breach by significant degrees. A true copy of these calculations is attached hereto as **Exhibit “G”**.

14. As a result, the Bank issued a breach notice dated August 20, 2021 referencing the covenant breaches. A true copy of this breach notice is attached hereto as **Exhibit “H”**.

15. In September 2021 the Bank conducted a review of the Hawktree loans and accounts, including its financial statements for the year ended December 31, 2020 and Company prepared statements and cash flows to August 2021. Aside from the breaches noted above, this review raised significant concerns, including the following:

- (a) Despite Mr. Fraser advising that the income taxes would be paid by the end of August 2021, they were not. Instead, he now proposed that Hawktree pay same in monthly instalments through to February 2022, although no arrangement to allow same was in place with CRA;

- (b) There was a decline in deposit volume to the Hawktree operating account over the previous six months of approximately 83% year over year leading to an increased likelihood of excesses on the Operating Loan;
- (c) There was a significant drop in accounts receivable, affecting the margin calculations on the Operating Loan and making it vulnerable to excesses;
- (d) Where Hawktree had enjoyed significant sales increases from the outset of the Covid-19 pandemic, in large part leading to the fiscal 2020 income taxes due, financial results for the first and second quarters of 2021 were disappointing and declining, with no large pandemic orders completed and a significant drop in sales to Red Cross. Costs of sales were higher than sales leading to negative gross margins and worsening the financial covenants already in breach;
- (e) Hawktree made large product prepayments in 2020 where either product was not delivered or deposits were not repaid. This affected cashflow and resulted in the need for litigation; and
- (f) There were concerns about some inventory being potentially obsolete.

16. While all of the issues noted above would have to be addressed, of immediate concern was the outstanding income taxes. Mr. Fraser was advised that the Bank required that these be paid by October 10, 2021 or that satisfactory arrangements be in place with CRA. Otherwise, the Hawktree accounts would be transferred to SAMU, which is responsible for the management and administration of credit facilities and accounts having a higher than acceptable level of risk.

17. Hawktree was unable to pay the outstanding taxes by October 10, 2021 and its accounts were transferred to SAMU in October 2021.

18. While based on reporting from Hawktree there appeared to be some reduction in outstanding income taxes owing, the Bank was not provided with confirmation that taxes had been paid in full. In addition, Hawktree was not able to satisfy the Bank that there would be any improvement in sales, revenue or cash flow or that the covenant breaches could be cured.

19. As a result, the Bank made the decision to exit its banking relationship with Hawktree and advised Mr. Fraser that it would require repayment of the loans described above by May 31, 2022. By a standstill agreement dated February 10, 2022 between the Bank, Hawktree and the guarantors of the Hawktree indebtedness (the “**Standstill Agreement**”), the Bank agreed to forbear from making demand on the Hawktree indebtedness and from taking steps to enforce its security until May 31, 2022 provided, among other terms and conditions, Hawktree repaid all of its indebtedness to the Bank by May 31, 2022 and presented to the Bank a firm and binding financing commitment for repayment on or before April 29, 2022. A true copy of the Standstill Agreement is attached hereto as **Exhibit “I”**.

20. Hawktree was unable to raise financing to pay out its indebtedness to the Bank by May 31, 2022. Mr. Fraser requested an extension to the Standstill Agreement to November 30, 2022 to continue his financing efforts. The Bank was agreeable to this and by a standstill extension agreement dated May 31, 2022, the Bank agreed to extend the Standstill Agreement, now requiring payment of the Hawktree indebtedness by November 30, 2022 and delivery to the Bank by October 31, 2022 of a firm and binding financing commitment to pay out same. A true copy of this standstill extension agreement is attached hereto as **Exhibit “J”**.

21. Again, Hawktree was not able to provide a financing commitment by October 31, 2022 and was unable able to raise financing to pay out the indebtedness to the Bank by November 30, 2022.

22. On December 1, 2022, Hawktree retained BDO Canada Limited (“**BDO**”) to assist with, among other matters, assessing Hawktree’s finances and its strategic options to secure refinancing, a sale, or investment in the business.

23. On December 13, 2022 BDO, on behalf of Hawktree, provided to the Bank an update of Hawktree’s finances, including a recalculation of Hawktree’s borrowing limit on the Operating Loan as of October 31, 2022 based on the margin criteria set out in the Restated LOA. BDO’s review showed that Hawktree’s borrowing limit under the Operating Loan was \$1,780,000, not a \$3,240,000 figure calculated by the Company and previously provided to the Bank. This recalculation resulted in a deficit on the Operating Loan of approximately \$1,480,000, a significant breach of the Operating Loan terms. A true copy of BDO’s margin calculation is attached hereto as **Exhibit “K”**.

24. The Bank was not prepared to further extend the Standstill Agreement and wished to be in a position to proceed with enforcement if necessary. Therefore the Bank, by its lawyers, made demand on Hawktree by letter dated January 9, 2023 for the amounts then outstanding from Hawktree to the Bank, totaling \$3,420,263.21. With the demand, the Bank delivered a notice of its intention to exercise its security in accordance with the *Bankruptcy and Insolvency Act*. A true copy of this demand and notice are attached hereto as **Exhibit “L”**.

25. The Bank remained prepared to work with Hawktree and was advised by Mr. Fraser and BDO that the Company intended to conduct a sale and investment solicitation process (“SISP”) for the sale of the Hawktree business, property, assets and undertaking and/or for injections of equity, in part to raise sufficient funds to pay the Bank out.

26. By this process, potential purchasers/investors are targeted with a teaser letter and provided the opportunity to review certain books and records of the Company upon signing a non-disclosure agreement. A deadline is set for the delivery of non-binding expressions of interest (“EOI”), after which a bid selection date is set, followed by a deadline to submit binding letters of intent, the choice of a winning bidder and completion of a transaction agreement.

27. The Bank was prepared to allow time for Hawktree to run the SISP. The parties therefore entered into a forbearance agreement dated February 2, 2023 (the “**Forbearance Agreement**”) whereby the Bank agreed to forbear until April 7, 2023 from taking steps to recover payment of the Hawktree’s indebtedness to the Bank or from enforcing its security in consideration of, among other matters:

- (a) Hawktree making reductions in the Operating Loan of \$50,000 on each of March 3, March 30 and April 7, 2023;
- (b) the guarantors providing cash collateral and/or mortgage security and;
- (c) Hawktree agreeing that in executing the Forbearance Agreement, on default thereunder it consents to the appointment of a receiver and manager of the assets, property and undertaking of Hawktree.

A true copy of the Forbearance Agreement is attached hereto as **Exhibit “M”**.

28. Hawktree was unable to make the Operating Loan reductions of \$50,000 on March 3, March 30 or April 7, 2023.

29. The time for delivery of EOIs under the SISP expired on March 15, 2023. I was advised by Neil Jones, a Partner with BDO, that only one EOI was received and was in an amount insufficient to repay the Bank in full. In addition, the EOI was subject to additional due diligence so the bid amount could change. That EOI ultimately did not proceed, and no new purchasers/investors have since submitted EOIs.

### **BMO's Request for the Appointment of a Receiver**

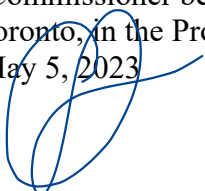
30. The Hawktree loans are in default and the forbearance period under the Forbearance Agreement has expired. The Bank has made demand and Hawktree is unable to repay the balance of its indebtedness. It is insolvent. Attempts to refinance, sell or attract investors have been unsuccessful.

31. The Bank seeks the appointment of a receiver to protect its security under the GSA and to assess the best course of action for the Company's business going forward, either through continued operation during a sales process or discontinuance of the business and sale of the Company's assets. A receiver will be able to determine whether a going concern sale of the business, including the Property and the assets secured by the GSA, is viable and in the interests of interested parties.

32. Hawktree operates in multiple markets and has inventory in different locations and jurisdictions, including third party warehouse facilities. Therefore, a receiver is required to locate

inventory and to work with manufacturers, distributors, and third party warehouse. The receiver will also be able to assess whether extrajudicial/recognition orders might be required to deal with Hawktree assets.

SWORN BEFORE ME VIA  
VIDEOCONFERENCE, the affiant being  
located in the City of Toronto, and  
the Commissioner being located in the City  
of Toronto, in the Province of Ontario  
on May 5, 2023



---

Christopher Staples  
A Commissioner, etc.



---

Leo Chun

This is Exhibit "A" to the Affidavit of Leo Chun  
sworn on May 5, 2023

A Commissioner for the taking of affidavits, etc.



Request ID: 026821429  
Transaction ID: 80858426  
Category ID: UNE

Province of Ontario  
Ministry of Government Services

Date Report Produced: 2021/10/13  
Time Report Produced: 12:41:29  
Page: 1

## CORPORATION PROFILE REPORT

<b>Ontario Corp Number</b>	<b>Corporation Name</b>	<b>Incorporation Date</b>
1792766	7132221 CANADA INC.	2009/03/02
		<b>Jurisdiction</b>
		CANADA
<b>Corporation Type</b>	<b>Corporation Status</b>	<b>Former Jurisdiction</b>
FEDERAL CORP WITH SHARE	REFER TO JURISDICTION	NOT APPLICABLE
<b>Registered or Head Office Address</b>	<b>Date Amalgamated</b>	<b>Amalgamation Ind.</b>
ROBBIE B. FRASER 98 HAWKTREE RIDGE	NOT APPLICABLE	NOT APPLICABLE
	<b>New Amal. Number</b>	<b>Notice Date</b>
OTTAWA ONTARIO CANADA K2J 5N3	NOT APPLICABLE	NOT APPLICABLE
		<b>Letter Date</b>
<b>Principal Place of Business in Ontario</b>		NOT APPLICABLE
ROBBIE B. FRASER 98 HAWKTREE RIDGE	<b>Revival Date</b>	<b>Continuation Date</b>
	NOT APPLICABLE	NOT APPLICABLE
OTTAWA ONTARIO CANADA K2J 5N3	<b>Transferred Out Date</b>	<b>Cancel/Inactive Date</b>
	NOT APPLICABLE	NOT APPLICABLE
	<b>EP Licence Eff.Date</b>	<b>EP Licence Term.Date</b>
	NOT APPLICABLE	NOT APPLICABLE
	<b>Date Commenced in Ontario</b>	<b>Date Ceased in Ontario</b>
	2009/03/02	NOT APPLICABLE
<b>Activity Classification</b>		
NOT AVAILABLE		

Request ID: 026821429  
Transaction ID: 80858426  
Category ID: UNE

Province of Ontario  
Ministry of Government Services

Date Report Produced: 2021/10/13  
Time Report Produced: 12:41:29  
Page: 2

## CORPORATION PROFILE REPORT

**Ontario Corp Number**

1792766

**Corporation Name**

7132221 CANADA INC.

**Corporate Name History**

REFER TO JURISDICTION

**Current Business Name(s) Exist:**

YES

**Expired Business Name(s) Exist:**

NO

**Administrator:**

**Name (Individual / Corporation)**

ROBBIE  
B.  
FRASER

**Address**

98 HAWKTREE RIDGE

OTTAWA  
ONTARIO  
CANADA K2J 5N3

**Date Began**

2009/03/02

**First Director**

NOT APPLICABLE

**Designation**

OFFICER/MANAGER IN ONT.

**Officer Type**

Resident Canadian

NOT APPLICABLE

Request ID: 026821429  
Transaction ID: 80858426  
Category ID: UN/E

Province of Ontario  
Ministry of Government Services

Date Report Produced: 2021/10/13  
Time Report Produced: 12:41:29  
Page: 3

# CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1792766	7132221 CANADA INC.

Last Document Recorded		Form	Date
Act/Code	Description		
CIA	INITIAL RETURN	2	2009/03/18

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.




Government  
of Canada

Gouvernement  
du Canada

[Canada.ca](#) → [Innovation, Science and Economic Development Canada](#)

→ [Corporations Canada](#) → [Search for a Federal Corporation](#)

## Federal Corporation Information - 713222-1

 Beware of scams and other suspicious activities. See [Corporations Canada's alerts](#).

### Note

This information is available to the public in accordance with legislation (see [Public disclosure of corporate information](#)).

[Order copies of corporate documents](#)

### Corporation Number

713222-1

### Business Number (BN)

817335896RC0001

### Corporate Name

7132221 CANADA INC.

### Status

Active

### Governing Legislation

*Canada Business Corporations Act - 2009-03-02*

[Order a Corporate Profile](#) [\[View PDF Sample\]](#) [\[View HTML Sample\]](#).

[PDF Readers](#)

## Registered Office Address

204-220 Kennevale Drive  
OTTAWA ON K2J 6B6  
Canada

### **i** Note

Active CBCA corporations are required to update this information within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

## Directors

**Minimum** 1

**Maximum** 10

Renee Tremmaglia  
204-220 Kennevale Drive  
Ottawa ON K2J 6B6  
Canada

Sui Jinxun  
Suite 105, Huixianlou HuiFeng  
Enterprice World ChangFeng Nr2  
Gutianlu, Wuhan City Hubei 430045  
China

Robbie B. Fraser  
186 Chenoa Way  
OTTAWA ON K2J 0M4  
Canada

Sarah Fraser  
186 Chenoa Way  
Ottawa ON K2J 0M4  
Canada

### **i Note**

Active CBCA corporations are required to update director information (names, addresses, etc.) within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

## Annual Filings

### **Anniversary Date (MM-DD)**

03-02

### **Date of Last Annual Meeting**

2021-04-29

### **Annual Filing Period (MM-DD)**

03-02 to 05-01

### **Type of Corporation**

Non-distributing corporation with 50 or fewer shareholders

### **Status of Annual Filings**

2021 - Filed

2020 - Filed

2019 - Filed

## Corporate History

### Corporate Name History

---

2009-03-02 to Present

7132221 CANADA INC.

### Certificates and Filings

#### Certificate of Incorporation

2009-03-02

#### Certificate of Amendment \*

2015-03-05

Amendment details: Other

#### Certificate of Amendment \*

2017-06-26

Amendment details: Other

\* Amendment details are only available for amendments effected after 2010-03-20. Some certificates issued prior to 2000 may not be listed. For more information, [contact Corporations Canada](#).

[Order copies of corporate documents](#)

[Start New Search](#)

[Return to Search Results](#)

### Date Modified:

2021-09-17

This is Exhibit "B" to the Affidavit of Leo Chun  
sworn on May 5, 2023

A Commissioner for the taking of affidavits, etc.



# Letter of Agreement – Amendment & Restatement



269 LAURIER AVE W,  
OTTAWA, ON K1P 5J9

March 10, 2021

7132221 CANADA INC.  
204-220 KENNEVALE DR,  
OTTAWA, ONTARIO K2J 6B6

Attention: Robbie Fraser

## **LETTER OF AGREEMENT – AMENDMENT & RESTATEMENT**

Bank of Montreal ("**BMO**") is pleased to provide this amended and restated Letter of Agreement with respect to the credit Facilities (each a "**Facility**" and collectively, the "**Facilities**") described herein. The letter (the "**Letter of Agreement**") amends and restates the existing Letter of Agreement dated June 25, 2019 (the "**Prior Letter**"). The Facilities are offered (or continue to be offered, as applicable) on the terms and conditions set out in this Letter of Agreement. The Schedules listed below and attached form part of this Letter of Agreement.

The Schedules listed below and attached form part of this Letter of Agreement. Capitalised terms used but not defined have the meanings ascribed to them in Schedule D.

Notwithstanding any other provision of this Letter of Agreement or in any applicable agreements, any Advance under any Facility hereunder will be made at BMO's sole discretion. Any unutilized portion of any Facility hereunder may be cancelled by BMO at any time without prior notice.

<b>Borrower:</b>	7132221 CANADA INC. <b>(the "Borrower")</b>
<b>Guarantor(s):</b>	ROBBIE FRASER SARAH FRASER RENEE TREMMAGLIA <b>(the "Guarantor(s)")</b>
<b>Total Facility Limit:</b>	The total approved amount of all facilities shall not exceed \$9,870,000.00 at any time.



## Your Product Summary

### Facility/ Facilities:

Facility No#	Product Type	Authorized Amount	Currency
1	Overdraft Lending Product - Combined CDN and USD	\$5,000,000.00	CAD equivalent
2	BMO Corporate MasterCard	\$100,000.00	CAD
4	Standby Letter of Credit	\$4,770,000.00	CAD

## Your Product Details

### Revolving Facility - Shared limit/Multi-product/Multi-draw

#### Facility # 1 - New

<b>Facility Authorization:</b>	\$5,000,000.00 CAD							
<b>Current Advanced Amount:</b>	\$750,000.00 CAD							
<b>Available Amount:</b>	\$4,250,000.00 CAD							
<b>Type of Loan:</b>	Operating Facility							
<b>Purpose:</b>	For general operating requirements							
<b>Drawdown Conditions:</b>	Increase in Facility Authorization subject to 75% EDC EGP Guarantee							
<b>Current Advances:</b>	<b>Product type</b>	<b>Account #</b>	<b>Current Balance</b>	<b>Payment Amount</b>	<b>Payment Type</b>	<b>Payment Frequency</b>	<b>Interest Rate</b>	<b>Maturity Date</b>
	Overdraft Lending Product - CDN or USD	3843-1988-253	\$432,470.49	\$0.00	N/A	Monthly	3.7%	N/A
<b>Advance Options</b> (each a "Loan" and collectively the "Loans")	<b>Additional Details</b>							
<b>Letters of</b>	<b>Cap (Amount):</b> \$200,000.00 CAD							



## Your Product Summary

<p><b>Credit/ Guarantee</b></p>	<p><b>Interest Rate:</b> Draws will bear interest equal to the Prime Rate plus %, until actual payment in full.</p> <p><b>Repayment Terms:</b> To be reduced and/or cancelled in normal course.</p> <p><b>Maximum Term:</b> 12 months from date of issue. Renewals as required.</p> <p><b>Drawdown Conditions:</b> The Borrower may request the issuance of Letters of Credit, in a form reasonably acceptable to BMO, at any time and from time to time. Each Letter of Credit shall expire at or prior to the close of business on the date that is one year after the date of the issuance of such a Letter of Credit.</p> <p><b>Commissions and Fees:</b> Advised based on specifics of request and Trade Finance client fee schedule.</p> <p><b>Terms &amp; Conditions:</b> Per Indemnity Agreement.</p>
<p><b>Operating Demand Loan</b></p>	<p><b>Interest Rate:</b> Prime Rate plus 1.25%. Interest is calculated monthly in arrears, and payable on the last day of each month. The Prime Rate in effect as of March 10, 2021 is 2.45%.</p> <p><b>Facility Fee:</b> \$800.00 per month. This is the fee for the loan and does not include other account fees. Refer to our Better Banking Guide for other applicable fees.</p> <p><b>Repayment Terms:</b> Repayable upon demand.</p> <p><b>Other Costs:</b> BMO is not obliged to permit the Loan to exceed the Cap amount.</p> <p>In the event the Loans exceed the Cap amount, the excess will bear interest at the Overdraft Rate, which is currently 21% per annum. BMO shall also be entitled to charge the Borrower a fee of 1% calculated on the amount of excess over the Cap amount or \$100, whichever is greater and a \$5 overdraft handling charge per item that creates or increases the excess.</p>
<p><b>US Overdraft Demand Loan</b></p>	<p><b>Interest Rate:</b> US Base Rate Plus 1.25%. Interest is calculated monthly in arrears, and payable on the last day of each month. The US Base Rate in effect as of March 10, 2021 is 3.75%.</p> <p><b>Repayment Terms:</b> Repayable on demand.</p> <p><b>Facility Fee:</b> \$0:00 per month (incl in Cdn fee). This is the fee for the loan and does not include other account fees. Refer to our Better Banking Guide for other applicable fees.</p> <p><b>Other Costs:</b> BMO is not obliged to permit the Loan to exceed the Cap amount.</p> <p>In the event the Loans exceed the Cap amount, the excess will bear interest at the Overdraft Rate, which is currently 21% per annum. BMO shall also be entitled to charge the Borrower a fee of 1% calculated on the amount of excess over the Cap amount or \$100, whichever is greater and a \$5 overdraft handling</p>



## Your Product Summary

	charge per item that creates or increases the excess.		
<p>The aggregate of all outstanding Advances under this Facility shall at no time exceed the Facility Authorization for this Facility.</p> <p>Each Loan under this Facility shall be a separate Loan.</p> <p>The Borrower shall give to BMO 5 Business Days notice with respect to any request for a Loan under this Facility or request to change the Cap amount of an Operating Demand Loan under this Facility.</p> <p>The Borrower is permitted four account limit changes per month and a charge of \$150/ change will apply for additional limit changes.</p>			
<b>Margin Limit:</b>	<p>Advances under this Facility are at all times to be contained within the Margin Limit as calculated below, so the aggregate of all outstanding Advances under this Facility shall at no time exceed the Facility Authorization.</p> <p>The Margin Limit shall be calculated as the aggregate of the lesser of (i) the items in the described margin category, less the deductions shown, multiplied by the Advance Rate and (ii) the Cap for each of the margin categories shown.</p>		
<b>Margin Reporting:</b>			
Information is required within 30 days after month-end, unless otherwise advised.			
<b>Documentation</b>		<b>Frequency</b>	
Statement of Security under Section 427 of the Bank Act (LF 151)		monthly	
Aged Accounts Receivable Listing - CAD		monthly	
Aged Accounts Receivable Listing - USD		monthly	
<b>Margin Category and Description</b>	<b>Deduction</b>	<b>Advance Rate %</b>	<b>Cap</b>
Lender's estimated worth of good quality assigned (hypothecated) Canadian domiciled accounts receivable	amounts past due 61 days or more, doubtful accounts, accounts in dispute, intercompany accounts, prior claims, contra accounts, holdbacks, progress billings, lienable accounts payable	75%	
Lender's estimated worth of good quality assigned (hypothecated) Canadian domiciled government accounts receivables  [Government accounts receivable include Federal and provincial government and government agencies,	amounts past due 91 days or more, doubtful accounts, accounts in dispute, intercompany accounts, prior claims, contra accounts, holdbacks, progress billings, lienable accounts payable-	75%	



## Your Product Summary

municipalities, crown corporations and inclusive of Canadian Red Cross, Hospitals, Indigenous communities]			
Lender's estimated worth of good quality assigned (hypothecated) Canadian domiciled accounts receivable insured by EDC.	- Past due 61 days or more - doubtful accounts - accounts in dispute - intercompany accounts - prior claims - contra accounts - holdbacks - progress billings	75%	
Lender's valuation of assigned (hypothecated) raw material and finished goods inventory	- obsolete inventory - Advance payments - prior claims (if not deducted from accounts receivable) - work-in-progress - accounts payable subject to liens, hypothecs or other priorities	50%	\$2,000,000.00

## BMO Corporate MasterCard

### Facility # 2 - Existing

<b>Facility Authorization:</b>	\$100,000.00 CAD
<b>Type of Loan:</b>	Corporate MasterCard <sup>®</sup>
<b>Purpose:</b>	Operating Financing
<b>Interest Rate:</b>	As determined by Corporate MasterCard Agreement.
<b>Repayments:</b>	As determined by Corporate MasterCard Agreement.
<b>Facility Fee:</b>	As determined by Corporate MasterCard Agreement.
<small>®* MasterCard is a registered trademark of MasterCard International Incorporated. Used under license.</small>	

## Standby Letter of Credit

### Facility # 3- New

<b>Facility Authorization:</b>	\$4,770,000.00 CAD
<b>Type of Loan:</b>	Letter of Credit
<b>Purpose:</b>	To assist with sale and purchase of PPE
<b>Repayments:</b>	To be reduced and/or cancelled in normal course.



## Your Product Summary

<b>Interest Rate:</b>	Draws will bear interest equal to the Prime Rate plus 3.00%, until actual payment in full.
<b>Maximum Term:</b>	12 months from the date of issue. Renewals as required.
<b>Drawdown Conditions:</b>	Subject to cash collateral security in place and BMO review of private financing contract to confirm cash pledged by borrower to secure bank advances is unrestricted
<b>Commissions and Fees:</b>	Advised based on specifics of request and Trade Finance client fee schedule.
<b>Terms and Conditions:</b>	Per Indemnity Agreement



## Terms and Conditions

### Conditions Precedent to Advances:

BMO will not be required to make any Advance to the Borrower unless and until each of the following conditions and each of the additional conditions precedent set out in Schedule C have been met to the entire satisfaction of BMO (at its sole discretion):

### Conditions Precedent to be Obtained:

1. Evidence of repayment of all indebtedness not otherwise permitted under this Agreement, as applicable.
2. Receipt of all notices, certificates, directions, forms or other Documentation required in connection with an Advance.
3. Business Development Corporation written concurrence to increased advances as per Subordination Agreement

### Security:

Each of the following documents, instruments, agreements and other assurances (collectively, the "Security") shall be delivered to BMO prior to any Advance of funds, in form and substance acceptable to BMO and its solicitors, acting reasonably:

### Security Held:

1. Registered General Security Agreement ("GSA")/Moveable Hypothec ("Hypothec") providing BMO with a security interest/hypothec over all present and after-acquired personal/movable property of the Borrower with a First ranking for all assets including CDN Accounts Receivable, Inventory/Warehouse Receipts, Machinery and Equipment [Postponement agreement executed by Business Development Corporation; Subordination agreement executed by Business Development Corporation]
2. Assignment, Postponement of Shareholder Loans held by Robbie Fraser and Sarah Fraser
3. Assignment of Moneys which may become payable under Fire Insurance indicating Loss Payable to Bank, Standard Mortgage Clause

### Security to be Obtained:

1. \$1,275,000.00 Personal guarantee from SARAH FRASER, RENEE TREMMAGLIA, and ROBBIE FRASER

### Security to be Obtained Re: Facility # 3:

1. Assignment of Cash Collateral in the amount of \$4,770,000.00 to be held in a Term Deposit.

### Security to be Obtained Re: Facility # 1 - Government Guaranteed Loans:

1. Receipt of Documentation required under the Export Guarantee Program - Operating Loan program and applicable legislation and receipt or confirmation of the guarantee in form and substance satisfactory to BMO.

### Security to be Released:

1. \$134,000.00 Personal guarantee from Jaimie Pierson
2. Assignment, Postponement of Shareholder Loans held by Jaimie Pierson, Pierson Ventures Ltd and Alert First Aid Inc.
3. \$716,000.00 Personal guarantee from ROBBIE FRASER and SARAH FRASER



## Terms and Conditions

Any other documents, instruments or agreements as may be required by BMO, acting reasonably

### Covenants

As long as any Advance remains outstanding under or in connection with this Letter of Agreement, or so long as any commitment under this Letter of Agreement remains in effect, the Borrower and any Guarantor will perform and comply with the covenants set out in Schedule A.

### Financial Covenants:

In addition, the Borrower and each Guarantor, as applicable, will perform and comply with the following financial covenants, based on financial statements of the Borrower or applicable Guarantor:

Financial Covenant	Description	Requirement	Frequency
Debt service coverage ratio	(Net Income after Taxes + Interest + Depreciation + Amortization - Dividends) / (CPLTD + Interest)	Greater Than or Equal To 1.25	Quarterly
Debt to tangible net worth	Total Liabilities/ (Total Assets - Intangibles (including leaseholds, goodwill and future income tax assets) - Total Liabilities)  [Note: if private financing obtained to provide cash collateral security for Letter of Credit; both liability and offsetting asset can be excluded from covenant calculation]	Less Than or Equal To 4.00;  Stepping down to 3:00 as at fiscal year end December 31, 2021;  Stepping down to 2.50 as at fiscal year end December 31, 2022	Quarterly
Current Ratio	Current Assets/Current Liabilities  [Note: if private financing obtained to provide cash collateral security for Letter of Credit; both liability and offsetting asset can be excluded from covenant calculation]	Greater Than or Equal To 1.35	Quarterly

### Additional Covenants:

In addition, the Borrower and each Guarantor, as applicable, will perform and comply with the following covenants:

1. Nil

### Reporting Requirements:

<b>Annual</b>	To be provided to the Bank within 120 days of the Borrower's fiscal year end:  1) Accountant prepared Review Engagement financial statements of the Borrower  2) Borrower's aged lists of Accounts Receivable and Accounts Payable to be provided at time of annual
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## Terms and Conditions

	<p>review</p> <p>3) Updated Personal Net Worth statement of the Guarantors (including validation of declared personal assets) at the request of the Bank</p>
<b>Quarterly</b>	<p>To be provided to the bank within 45 days of quarter end:</p> <p>1) Accountant Prepared Balance Sheet and Income Statement</p> <p>2) Covenant Compliance Certificate</p>
<b>Monthly</b>	<p>To be provided within 30 days of month end:</p> <p>1) Aged Accounts Receivable and Accounts Payable Listings</p> <p>2) Inventory Listings</p> <p>3) Accounts Payable Listings</p>

A \$100 per month fee will be applied for non compliance with reporting requirements. The application of this fee does not waive the Default condition.

Prompt notification of management letters, Default notices, Litigation, and any other material events

Satisfactory evidence that all Taxes (including, without limitation, GST, HST, sales tax, withholdings, etc.) have been paid to date

### Representations and Warranties:

The Borrower and each Guarantor, as applicable, makes the representations and warranties set out in Schedule B. All representations and warranties of the Borrower and any Guarantor, in addition to any representation or warranty provided in any document executed in connection with a Facility or any Security, shall be true and correct on the date of this Letter of Agreement and on the date of any Advance under a Facility.

### Noteless Advances:

The Borrower acknowledges that the actual recording of the amount of any Advance or repayment thereof under the Facilities, and interest, fees and other amounts due in connection with the Facilities, in an account of the Borrower maintained by BMO, shall constitute *prima facie* evidence of the Borrower's indebtedness and liability from time to time under the Facilities; provided that the obligation of the Borrower to pay or repay any indebtedness and liability in accordance with the terms and conditions of the Facilities set out in this Letter of Agreement shall not be affected by the failure of BMO to make such recording. The Borrower also hereby acknowledges being indebted to BMO for principal amounts shown as outstanding from time to time in BMO's account records, and all accrued and unpaid interest in respect thereto, which principal and interest the Borrower hereby undertakes to pay to BMO in accordance with the terms and conditions applicable to the Facilities as set out in this Letter of Agreement.

### Fees:

All costs and expense incurred by BMO in connection with this Letter of Agreement and the Facilities (including without limitation all legal, appraisal, consulting, and registration fees), and the enforcement of the Security are for the account of the Borrower.

A one-time fee ("Fee") of \$10,000 is payable by the Borrower to BMO upon acceptance of this Letter of Agreement. This fee is



## Terms and Conditions

deemed to be earned by BMO upon acceptance of this Letter of Agreement, to compensate for time, effort and expense incurred by BMO in authorizing these Facilities.

Credit renewal fees will be payable as advised by BMO annually; at the date of this letter such fees are estimated to be \$5,000.00. All fees payable under this Letter of Agreement shall be paid to BMO on the dates due, in immediately available funds. Fees paid shall not be refundable except in the case of manifest error in the calculation of any fee payment.

### **Banking Services:**

The Borrower shall maintain its Bank Accounts, solely with the BMO. Borrower acknowledges that the pricing (including interest, fees and charges) contained in this Letter of Agreement is contingent on the Borrower maintaining all of its operating accounts with BMO. In the event the Borrower does not do so, BMO may, at any time, in its sole discretion and without any requirement to obtain the agreement of, or provide prior notice to the Borrower, increase such pricing.

### **Treasury & Payment Solutions:**

BMO will provide Non-Credit and treasury & payment solutions to the Borrower. A Treasury & Payment Specialist will contact the Borrower to implement BMO's On-Line Banking for Business platform (OLBB) and discuss additional treasury & payment features such as Electronic Funds Transfer (EFT), Wire Payments, BMO DepositEdge® and Moneris® Payment Processing Solutions. BMO's objective is to provide a package of services that are tailored to meet both the current and future needs of the Borrower in a cost efficient operating environment.

### **Commercial Loan Insurance Plan:**

**You understand that unless you submit an Application for Commercial Loan Insurance Plan ("Application"), and it has been approved by Canada Life as the insurer, you will not be covered under the Commercial Loan Insurance Plan for any facilities under this Letter of Agreement and would be ineligible to submit a claim should you undergo an insurable event.**

### **Counterparts; Electronic Transmissions:**

This agreement may be executed in any number of counterparts with the same effect as if all parties hereto had all signed the same document. Any counterpart of this Agreement may be executed and circulated by facsimile, PDF or other electronic means and any counterpart executed and circulated in such a manner shall be deemed to be an original counterpart of this Agreement. All counterparts shall be construed together and shall constitute one and the same original agreement.

### **Governing Law:**

Ontario and the federal Laws of Canada applicable therein.

### **Schedules:**

The following Schedules are attached to and form part of this letter of agreement:

Schedule A - Covenants

Schedule B - Representations and Warranties

Schedule C - Conditions Precedent to Advances



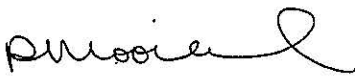
## Agreement and Consent

This Letter of Agreement amends and restates, without novation, the Prior Letter, as of June 25, 2019, without prejudice to the effect of the terms of the Prior Letter or to any actions taken under or pursuant to the Prior Letter prior to such date. The entry into effect of this Letter of Agreement shall not be deemed to waive or limit any of BMO's rights in respect of any Event of Default then existing under the Prior Letter or any Event of Default under this Letter of Agreement which exists because of matters occurring prior to such effective date, whether or not known to BMO.

In accepting this agreement you acknowledge that if, in the opinion of BMO, a material adverse change in risk occurs including, without limitation, any material adverse change in the financial condition, business, property or prospects of the Borrower or any Guarantor, the rights and remedies of BMO, or the ability of the Borrower or any Guarantor to perform its Obligations to BMO, any obligation to Advance some or all of the above Facilities may be withdrawn or cancelled.

Please indicate your acceptance of the terms and conditions hereof by signing and returning one copy of this Letter of Agreement (and making payment of the above noted fee, if applicable) to BMO no later than April 30, 2021. If your acceptance of this Letter of Agreement is not received by BMO by that date, BMO shall have no obligation to proceed with any of the Facilities.

Yours truly,  
BANK OF MONTREAL

By:   
Name: ROBYN MOOIBROEK  
Title: Director

Accepted and agreed to this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_  
(Day) (Month) (Year)

### BORROWER(S)

7132221 CANADA INC.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

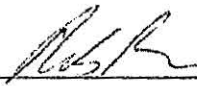
Title: \_\_\_\_\_



**Agreement and Consent**

GUARANTOR(S)

ROBBIE B FRASER

Signature: 

Name: ROBBIE B FRASER

Witness Signature: 

Witness Name: Sandra Sasic

RENEE TREMMAGLIA

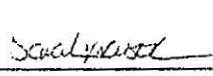
Signature: 

Name: RENEE TREMMAGLIA

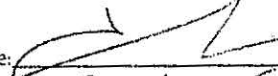
Witness Signature: 

Witness Name: Lucas Smith

SARAH ELIZABETH FRASER

Signature: 

Name: SARAH ELIZABETH FRASER

Witness Signature: 

Witness Name: Sandra Sasic



### SCHEDULE A

#### COVENANTS

1. Payment of all indebtedness due to BMO in connection with this Letter of Agreement or any Facility.
2. Maintenance of corporate existence and status, if applicable.
3. Payment of all Taxes when due (including, without limitation, corporate, GST, HST, sales tax and withholding).
4. Compliance with all material Laws, regulations and applicable permits or Approvals (including health, safety and employment standards, labour codes and environmental Laws).
5. Compliance with all material agreements.
6. Use of proceeds to be consistent with the approved purpose.
7. Notices of death of Borrower or Guarantor, Default, material Litigation, and regulatory proceedings to be provided to BMO on a timely basis.
8. Access by BMO to books and records; BMO to have right to inspect property to which its security applies.
9. No assumption of additional indebtedness or guarantee Obligations by Borrower without prior written consent of BMO.
10. No liens or encumbrances on any assets except with the prior written consent of BMO.
11. No change of control or ownership of the Borrower without the prior written consent of BMO.
12. No disposition of property or assets (except in the ordinary course of business) without the prior written consent of BMO.
13. No material acquisitions, hostile takeovers, mergers or amalgamations without BMO's prior written approval.
14. [For multiple currencies]:

If, for the purposes of obtaining judgment in any court in any jurisdiction with respect to this Letter of Agreement, it becomes necessary to convert into a particular currency (the "Judgment Currency") any amount due under this Letter of Agreement in any currency other than the Judgment Currency (the "Currency Due"), then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given. For this purpose "rate of exchange" means the rate at which BMO is able, on the relevant date, to purchase the Currency Due with the Judgment Currency in accordance with its normal practice at its principal office in Toronto, Ontario. In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which the judgment is given and the date of receipt by BMO of the amount due, the Borrower will, on the date of receipt by BMO, pay such additional amounts, if any, or be entitled to receive reimbursement of such amount, if any, as may be necessary to ensure that the amount received by BMO on such date is the amount in the Judgment Currency which when converted at the rate of exchange prevailing on the date of receipt by BMO is the amount then due under this Letter of Agreement in the Currency Due. If the amount of the Currency Due which BMO is so able to purchase is less than the amount of the Currency Due originally due to it, the Borrower and each Guarantor jointly and severally (solidarily) agree to indemnify BMO from and against any and all loss or damage arising as a result of such deficiency. This indemnity shall constitute an obligation separate and independent from the other Obligations contained in this Letter of Agreement, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by BMO from time to time and shall continue in full force and effect notwithstanding any judgment or order in respect of an amount due under this Letter of Agreement or under any judgment or order.



SCHEDULE B

REPRESENTATIONS AND WARRANTIES

1. It has the corporate status, power and authority to enter into this Letter of Agreement and any agreement executed in connection with a Facility or any Security to which it is a party, and to perform its Obligations hereunder and thereunder.
2. It is in compliance with all applicable Laws (including environmental Laws) and its existing agreements.
3. Except as otherwise disclosed to BMO in writing, no consent or approval of, registration or filing with, or any other action by, any governmental authority is required in connection with the execution, delivery and performance by it of this Letter of Agreement and any agreement executed in connection with a Facility or any Security to which it is a party.
4. All factual information that has been provided to BMO for purposes of or in connection with this Letter of Agreement or any transaction contemplated herein is true and complete in all material respects on the date as of which such information is dated or certified.
5. No event, development or circumstance has occurred that has had or could reasonably be expected to have a Material Adverse Effect on the business, assets, operations or condition, financial or otherwise, of the Borrower or any Guarantor.
6. There is no material Litigation pending against it or, to its knowledge, threatened against or affecting it.
7. It has timely filed or caused to be filed all required tax returns and reports and has paid or caused to be paid all required Taxes.
8. It has good and marketable title to its properties and assets including ownership of and/or sufficient rights in any material intellectual property.
9. It has complied with all Obligations in connection with any pension plan which it has sponsored, administered or contributed to, or is required to contribute to including, without limitation, registration in accordance with applicable Laws, timely payment of all required contributions or premiums, and performance of all fiduciary and administration Obligations.
10. It maintains insurance policies and coverage that provides sufficient insurance coverage in at least such amounts and against at least such risks as are usually insured against in the same general area by persons in the same or a similar business.
11. It is not in Default nor has any event or circumstance occurred which, but for the passage of time or the giving of notice, or both, would constitute a Default under any loan, credit or security agreement, or under any material instrument or agreement, to which it is a party.



### SCHEDULE C

#### ADDITIONAL CONDITIONS PRECEDENT TO ADVANCES

1. Delivery and review of the articles or other constating documents, by-laws, certified resolutions, shareholder agreements (if any) and good standing or equivalent certificates of each Credit Party demonstrating corporate or organisational status, due capacity and sufficient authority.
2. Delivery of a duly executed copy of the Documentation.
3. Review of all necessary Approvals.
4. Review of all Material Contracts.
5. Review of all information necessary for BMO to comply with all legal and internal requirements in respect of anti-money laundering and proceeds of crime legislation and "know your customer" requirements.
6. Review (as to covered risks, amounts, periods, renewals, issuer(s), named insured(s), beneficiaries, loss payees, caps, standard mortgage and similar clauses, conditions, exclusions and otherwise) by BMO (or its agents) of all insurance policies issued to the Credit Parties.
7. Completion of all due diligence required by BMO in respect of the Credit Parties and their respective business, operations, assets, property and undertaking (including lien, Litigation and solvency searches, as well as real property, insurance, tax, pension and environmental diligence, in each case where and as applicable).
8. Confirmation that all representations, warranties and other declarations made by the Credit Parties under each of the Documentation are true, complete and accurate at the time made or deemed made (including at the time of any Advance).
9. Confirmation that, since the most recent financial statements provided to BMO, no event or series of events has occurred or failed to occur which would reasonably be expected to have, either singly or in the aggregate, a Material Adverse Effect.
10. Confirmation that no Default shall have occurred or be continuing.
11. Payment of all fees, costs, charges, expenses and other amounts then owing under the Documentation.
12. Any other document or action that BMO may reasonably require.



### SCHEDULE D

#### DEFINITIONS

**"Advance"** means an advance, continuation or conversion (where applicable) of any loan or credit extended under this Agreement.

**"Approvals"** means, collectively, all material governmental, regulatory, third party or other approvals, authorizations, consents, rights, titles, interests, franchises, licenses, permits, privileges, qualifications and the like, and orders, registrations, declarations, publications, recordings, filings, notices and such other actions which, in each case, are necessary or desirable (i) for the ownership, lease, operation and normal conduct of the business, property, undertaking and assets of any Credit Party, or (ii) under or in connection with the Facilities and the Documentation (including the execution, delivery, performance, validity, enforceability and perfection (opposability) thereof).

**"Credit Parties"** means, collectively, the Borrower(s) and the Guarantor(s).

**"Default"** means a breach or default or event which, with the giving of notice or the passage of time or both, would constitute a breach or a default (whether as to the performance or fulfilment of any representations, warranties, covenants, obligations or other provisions thereunder) under the applicable documentation (including the Documentation).

**"Documentation"** means, collectively, this Agreement, the Guarantee and Security (set forth below) and all other agreements and documents required to be delivered in connection with the Facilities or the transactions contemplated hereby.

**"including"** means including but without limitation.

**"Laws"** means all laws, statutes, regulations, rules, codes, orders, ordinances, treaties, conventions, judgements, awards, determinations, directives, orders and decrees applicable to a Credit Party, its business or its property, undertaking and assets, including, without limitation, environmental laws and pension plan and other employee plan matters.

**"Litigation"** means any judgment, writ of execution, order, notice of deficiency, injunction or directive rendered, and any notice of infraction, action, suit, proceeding or investigation pending or threatened, in each case against a Credit Party or any of its property or assets.

**"Material Contracts"** means any contract or agreement entered into by any Credit Party in respect of which any material breach or default or any termination or non-renewal would reasonably be expected to have a Material Adverse Effect under clause (i) or (ii) of the definition thereof, as such contracts or agreements may be amended, supplemented, restated, replaced or otherwise modified from time to time to the extent permitted under the Documentation.

**"Material Adverse Effect"** means a material adverse effect on (i) the business, assets, results of operations, prospects or condition (financial or otherwise) of any Credit Party, (ii) the ability of each Credit Party to perform its obligations under the Documentation, or (iii) the legality, validity, binding nature or enforceability of the rights, remedies or recourses of BMO under any of the Documentation.

**"Obligations"** means all debts, liabilities and obligations owed to BMO under or in connection with the Facilities, this Letter of Agreement or any other Documentation (in principal, interest, fees, premiums, penalties, costs, losses, expenses and other charges).





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## Schedules

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**"Prime Rate"** means the rate of interest announced from time to time by BMO as its reference rate then in effect for determining rates of interest charged on Canadian dollar loans made to its customers in Canada and designated as its prime rate.

**"Taxes"** means all taxes, duties, assessments, imposts, levies and similar charges and claims imposed upon a Credit Party, its income or profits, or upon any properties belonging to it (including, without limitation, corporate, GST, HST, sales tax, real property taxes and other withholdings, deductions and related liabilities).

**"US Base Rate"** means the rate of interest announced from time to time by BMO as its reference rate then in effect for determining rates of interest charged on U.S. Dollar loans made to its customers in Canada and designated as its U.S. base rate.



This is Exhibit "C" to the Affidavit of Leo Chun  
sworn on May 5, 2023

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

A Commissioner for the taking of affidavits, etc.

SECURITY AGREEMENT

The undersigned (hereinafter called the "Debtor") hereby enters into this Security Agreement with Bank of Montreal (hereinafter called the "Bank") for valuable consideration and as security for the repayment of all present and future indebtedness of the Debtor to the Bank and interest thereon and for the payment and discharge of all other present and future liabilities and obligations, direct or indirect, absolute or contingent, of the Debtor to the Bank (all such indebtedness, interest, liabilities and obligations being hereinafter collectively called the "Obligations"). This Security Agreement is entered into pursuant to and is governed by the *Personal Property Security Act* (Ontario) insofar as it affects personal property located in Ontario.

1. The Debtor hereby represents and warrants to the Bank that it has assets at the following locations in Ontario:

204-220 Kennevale Drive, Ottawa, Ontario, K2J 6B6.

3100 Swansea Cr, Ottawa, ON K1G 3W4

List all premises and asset locations, by schedule, if necessary

2. The Debtor hereby:

Attach a schedule, if equipment is to be listed

- (a) mortgages and charges to the Bank as and by way of a fixed and specific mortgage and charge, and grants to the Bank a security interest in, all its present and future equipment and any proceeds therefrom, including, without limiting the generality of the foregoing, all fixtures, plant, machinery, tools and furniture now or hereafter owned or acquired or in respect of which the Debtor has rights now or in the future and any equipment specifically listed or otherwise described in any Schedule hereto ;
- (b) mortgages and charges to the Bank, and grants to the Bank a security interest in, all its present and future inventory and any proceeds therefrom, including, without limiting the generality of the foregoing, all raw materials, goods in process, finished goods and packaging material and goods acquired or held for sale or furnished or to be furnished under contracts of rental or service ;
- (c) assigns, transfers and sets over to the Bank and grants to the Bank a security interest in, all its present and future intangibles and any proceeds therefrom, including, without limiting the generality of the foregoing, all its present and future accounts, accounts receivable, client lists, client records, client files, contract rights and other choses in action of every kind or nature now due or hereafter to become due, including insurance rights arising from or out of the assets referred to in sub-clauses (a) and (b) above ;
- (d) grants, mortgages, charges, transfers and assigns to the Bank a security interest in, all its present and future chattel papers, documents of title, instruments, money and securities, and any proceeds therefrom ; and

(e) charges in favour of the Bank as and by way of a floating charge its undertaking and all its property and assets, real and personal, moveable or immovable, of whatsoever nature and kind, both present and future (other than property and assets hereby validly assigned or subjected to a specific mortgage and charge and to the exceptions hereinafter contained). For the purposes of this Security Agreement, the equipment, inventory, intangibles, undertaking and all other property and assets of the Debtor referred to in this clause 2 are hereinafter sometimes collectively called the "Collateral". Without limiting the generality of the description of Collateral as set out in this clause 2, and for the greater certainty, the Collateral shall include all present and future personal property of the Debtor of the type described in any schedule attached hereto. The Debtor agrees that it shall promptly advise the Bank in writing of any acquisition of personal property which is not of the type herein described. The Debtor agrees to execute and deliver from time to time, at its own expense, amendments to this Security Agreement or additional security agreements, which may be reasonably required by the Bank to ensure attachment of security interests in such personal property.

3. The Collateral is on the date hereof primarily situate or located at the location(s) set out in clause 1 hereof but may from time to time be located at other premises of the Debtor. The Collateral may also be located at other places while in transit to and from such locations and premises; and the Collateral may from time to time be situated or located at any other place when on lease or consignment to any lessee or consignee from the Debtor.

4. It is hereby declared that the last day of any term of years reserved by any lease, verbal or written, or any agreement therefor, now held or hereafter acquired by the Debtor, is hereby or shall be excepted out of the mortgages, charges and security interests hereby created, but the Debtor shall stand possessed of the reversion of one day remaining in the Debtor in respect of any such term of years, for the time being demised, as aforesaid upon trust to assign and dispose of the same as any purchaser of such term of years shall direct. There shall also be excluded from the security created by this Security Agreement any property of the Debtor that constitutes consumer goods for the personal use of the Debtor.

5. The Debtor shall not without the prior written consent of the Bank sell or dispose of any of the Collateral other than that described in sub-clause (b) of clause 2 above which may be sold only in the ordinary course of business and for the purpose of carrying on the same; and if the amounts of any of the intangibles referred to in sub-clause (c) of clause 2 above or any proceeds arising from the Collateral described in sub-clauses (a) and (b) of clause 2 above shall be paid to the Debtor, the Debtor shall receive the same as agent of the Bank and forthwith pay over the same to the Bank. The Debtor shall not without the prior written consent of the Bank create any liens upon or assign or transfer as security or pledge or hypothecate as security or create a security interest in the Collateral except to the Bank. The Debtor agrees that the Bank may require any account debtor to the Debtor to make payment to the Bank and the Bank may take control of any proceeds referred to in sub-clauses (a), (b) and (c) of clause 2 hereof and may hold all amounts received from any account debtors and any proceeds as cash collateral as part of the Collateral and as security for the Obligations of the Debtor to the Bank.

6. The Debtor shall at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all and singular every such further acts, deeds, transfers, assignments, security agreements and assurances as the Bank may reasonably require for the better granting, transferring, assigning, charging, setting over, assuring and confirming unto the Bank the property and assets hereby mortgaged and charged or subjected to security interests or intended so to be or which the Debtor may hereafter become bound to mortgage, charge, transfer, assign or subject to a security interest in favour of the Bank and for the better accomplishing and effectuating of this Security Agreement.

7. The Debtor shall at all times have and maintain insurance over the Collateral against risks of fire (including so-called extended coverage), theft, and such other risks as the Bank may reasonably require in writing, containing such terms, in such form, for such periods and written by such companies as may be reasonably satisfactory to the Bank. The Debtor shall duly and seasonably pay all premiums and other sums payable for maintaining such insurance and shall cause the insurance money thereunder to be payable to the Bank as its interest hereunder may appear and shall, if required, furnish the Bank with certificates or other evidence satisfactory to the Bank of compliance with the foregoing insurance provisions.

8. The Debtor shall at all times upon request by the Bank furnish the Bank with such information concerning the Collateral and the Debtor's affairs and business as the Bank may reasonably request, including lists of inventory and equipment and lists of accounts and accounts receivable showing the amounts owing upon each account and securities therefor and copies of all financial statements, books and accounts, invoices, letters, papers and other documents in any way evidencing or relating to the account.

9. The Debtor shall be in default under this Security Agreement upon the occurrence of any one of the following events:

- (a) the Debtor shall default under any of the Obligations;
- (b) the Debtor shall default in the due observance or performance of any covenant, undertaking or agreement heretofore or hereafter given to the Bank, whether contained herein or not and including any covenant or undertaking set out in any Schedule to this Security Agreement;
- (c) an execution or any other process of any court shall become enforceable against the Debtor or a distress or analogous process shall be levied upon the property of the Debtor or any part thereof;
- (d) the Debtor shall become insolvent or commit an act of bankruptcy, or make an assignment in bankruptcy or a bulk sale of its assets or a bankruptcy petition shall be filed or presented against the Debtor and not be *bona fide* opposed by the Debtor;
- (e) the Debtor shall cease to carry on business.

10. Upon any default under this Security Agreement, the Bank may declare any or all of the Obligations to be immediately due and payable and may proceed to realize the security hereby constituted and to enforce its rights by entry; or by the appointment by instrument in writing of a receiver or receivers of the subject matter of such security or any part thereof and such receiver or receivers may be any person or persons, whether an officer or officers or employee or employees of the Bank or not, and the Bank may remove any receiver or receivers so appointed and appoint another or others in his or their stead, or by proceedings in any court of competent jurisdiction for the appointment of a receiver or receivers or for sale of the Collateral or any part thereof; or by any other action, suit, remedy or proceeding authorized or permitted hereby or by law or by equity; and may file such proofs of claim and other documents as may be necessary or advisable in order to have its claim lodged in any bankruptcy, winding-up or other judicial proceedings relative to the Debtor. Any such receiver or receivers so appointed shall have power to take possession of the Collateral or any part thereof and to carry on the business of the Debtor, and to borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof or the carrying on of the business of the Debtor, and to further charge the Collateral in priority to the security constituted by this Security Agreement as security for money so borrowed, and to sell, lease or otherwise dispose of the whole or any part of the Collateral on such terms and conditions and in such manner as he shall determine. In exercising any powers any such receiver or receivers shall act as agent or agents for the Debtor and the Bank shall not be responsible for his or their actions.

In addition, the Bank may enter upon the applicable premises and lease or sell the whole or any part or parts of the Collateral. The Debtor agrees that considering the nature of that part of the Collateral that is not perishable it will be commercially reasonable to sell such part of the Collateral:

- (a) as a whole or in various lots;
- (b) by a public sale or call for tenders by advertising such sale once in a local daily newspaper at least seven (7) days before such sale; and
- (c) by private sale after the receipt by the Bank of at least two offers from prospective purchasers who may include persons related to or affiliated with the Debtor or other customers of the Bank.

Any such sale shall be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as to the Bank in its sole discretion may seem advantageous and such sale may take place whether or not the Bank has taken possession of such property and assets.

No remedy for the realization of the security hereof or for the enforcement of the rights of the Bank shall be exclusive of or dependent on any other such remedy, but any one or more of such remedies may from time to time be exercised independently or in combination. The term "receiver" as used in this Security Agreement includes a receiver and manager.

11. Any and all payments made in respect of the Obligations from time to time and moneys realized from any securities held therefor (including moneys realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as the Bank may see fit, and the Bank shall at all times and from time to time have the right to change any appropriation as the Bank may see fit.

12. The Debtor agrees to pay all reasonable expenses, including solicitor's fees and disbursements and the remuneration of any receiver appointed hereunder, incurred by the Bank in the preparation, perfection and enforcement of this Security Agreement, including all expenses incurred by the Bank and its agents to put into place and confirm the priority of any security interest in this Security Agreement and the payment of such expenses shall be secured hereby.

13. The Bank may waive any default herein referred to; provided always that no act or omission by the Bank in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent default or rights resulting therefrom.

14. The Debtor acknowledges that value has been given, that the Debtor has rights in the Collateral and that the parties have not agreed to postpone the time for attachment of any security interest in this Security Agreement.

15. The security hereof is in addition to and not in substitution for any other security now or hereafter held by the Bank and shall be general and continuing security notwithstanding that the Obligations of the Debtor shall at any time or from time to time be fully satisfied or paid.

16. Nothing herein shall obligate the Bank to make any advance or loan or further advance or loan or to renew any note or extend any time for payment or any indebtedness or liability of the Debtor to the Bank.

17. This Security Agreement shall enure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and assigns of the Debtor and the Bank.

18. This Security Agreement is a security agreement within the meaning of the Personal Property Security Act (Ontario) and does not constitute an acknowledgement of any particular indebtedness or liability of the Debtor to the Bank.

19. The Debtor acknowledges receipt of a copy of this agreement.


20. In construing this Security Agreement, terms herein shall have the same meaning as defined in the *Personal Property Security Act* (Ontario), unless the context otherwise requires. The word "Debtor", the personal pronoun "it" or "its" and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used depending upon whether the Debtor is one or more individuals, corporations or partnerships and, if more than one, shall apply and be binding upon each of them severally. The term "successors" shall include, without limiting its meaning, any corporation resulting from the amalgamation of a corporation with another corporation and, where the Debtor is a partnership, any new partnership resulting from the admission of new partners or any other change in the Debtor, including, without limiting the generality of the foregoing, the death of any or all of the partners.


IN WITNESS WHEREOF this Security Agreement has been executed by the Debtor on  
the 14<sup>th</sup> day of August, 2019. (year)

Insert date  
of execution

To be signed by  
Debtor, if Debtor is a  
corporation ensure  
signatures are  
authorized and if  
Debtor is a corporation  
with a corporate seal,  
affix Corporate Seal.  
Debtor's name should  
be typed.

7132221 CANADA INC.

By:   
Name: Robbie Fraser  
Title: President

By:   
Name: Sarah Fraser  
Title: Secretary

#### CORPORATE AUTHORIZING RESOLUTION

Required  
only for a  
corporation

"WHEREAS it is in the interests of the Company to enter into a security agreement with the Bank of Montreal as security for its present and future obligations to the Bank of Montreal and therein mortgage, charge, assign and otherwise transfer and encumber and grant security interests in all its present and future property and assets;

#### NOW THEREFORE BE IT RESOLVED THAT:

1. the Company do enter into, execute and deliver to the Bank of Montreal a security agreement substantially in the form of the draft security agreement presented to the directors, subject to such alternations, amendments or additions to which the President or a Vice-President of the Company may agree;
2. the Company do mortgage, charge, assign and otherwise transfer and encumber and grant security interests in all its present and future equipment, inventory, intangibles, undertaking and other property and assets as security for its present and future obligations to the Bank of Montreal, all as provided in the said draft security agreement;
3. the execution by the President or a Vice-President of the Company of the said security agreement shall be conclusive proof of his agreement to any amendments, alterations or additions incorporated therein;
4. the President and the Vice-President of the Company be and they are each along hereby authorized to execute and deliver the security agreement aforesaid on behalf of the Company and each of the officers of the Company are hereby authorized to execute all such other documents and writings and to do such others acts and things as may be necessary for fulfilling the Company's obligations under the said security agreement."

CERTIFICATE

I am the Secretary of 7132221 Canada Inc. and I hereby certify that:


To be completed by Secretary or other authorized officer; insert name of corporation. Insert appropriate date.

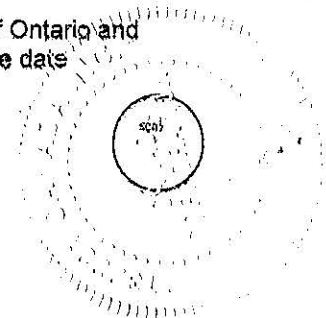
1. the foregoing is a true copy of a resolution duly and properly passed or consented to by the board of directors of the said Company on the 14<sup>th</sup> day of August, 2019;(year)
2. the attached Security Agreement is in the form of the draft security agreement referred to in the resolution and has been duly and properly executed by the proper officers of the Company under its corporate seal; and
3. the resolution was passed at a meeting duly called and held on the date aforesaid and at which a quorum of the directors was present throughout the meeting, all the directors having received proper notice of the meeting or waiving such notice in accordance with the by-laws of the Company

Use applicable clause

(or where applicable – the Company is subject to the *Business Corporations Act* of Ontario and the resolution was consented to by the signatures of all the directors of the Company on the date aforesaid in accordance with the *Business Corporations Act*.)

To be signed by Secretary or other authorized officer; affix corporate seal

By:   
 Name: SARAH FRASER  
 Title: Secretary



® Registered trade-marks of Bank of Montreal



This is Exhibit "D" to the Affidavit of Leo Chun  
sworn on May 5, 2023

A handwritten signature in blue ink, consisting of several overlapping loops and a vertical stroke, positioned between the two lines of text.

A Commissioner for the taking of affidavits, etc.



PERSONAL PROPERTY SECURITY REGISTRATION  
SYSTEM (ONTARIO) ENQUIRY RESULTS

Prepared for : Chaitons LLP (AC)  
Reference : AMY  
Docket : 68605/AC  
Search ID : 917889  
Date Processed : 4/25/2023 11:54:46 AM  
Report Type : PPSA Electronic Response  
Search Conducted on : 7132221 CANADA INC.  
Search Type : Business Debtor

DISCLAIMER :

This report has been generated using data provided by the Personal Property Registration Branch, Ministry of Government Services, Government of Ontario. No liability is undertaken regarding its correctness, completeness, or the interpretation and use that are made of it.

MINISTRY OF CONSUMER AND BUSINESS SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE

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

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 7132221 CANADA INC.

FILE CURRENCY: April 24, 2023

RESPONSE CONTAINS: APPROXIMATELY 2 FAMILIES and 4 PAGES.

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.

THE ABOVE REPORT HAS BEEN CREATED BASED ON THE DATA PROVIDED BY  
THE PERSONAL PROPERTY REGISTRATION BRANCH, MINISTRY OF CONSUMER  
AND BUSINESS SERVICES, GOVERNMENT OF ONTARIO. NO LIABILITY IS  
UNDERTAKEN REGARDING ITS CORRECTNESS, COMPLETENESS, OR THE  
INTERPRETATION AND USE THAT ARE MADE OF IT.

MINISTRY OF CONSUMER AND BUSINESS SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 7132221 CANADA INC.

FILE CURRENCY: April 24, 2023

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 2 ENQUIRY PAGE : 1 OF 4

SEARCH : BD : 7132221 CANADA INC.

00 FILE NUMBER : 754499187 EXPIRY DATE : 16AUG 2024 STATUS :  
01 CAUTION FILING : PAGE : 001 OF 001 MV SCHEDULE ATTACHED :  
REG NUM : 20190816 1420 1862 6047 REG TYP: P PPSA REG PERIOD: 5  
02 IND DOB : IND NAME:  
03 BUS NAME: 7132221 CANADA INC.  
OCN : 7132221  
04 ADDRESS : 204-220 KENNEVALE DRIVE  
CITY : OTTAWA PROV: ON POSTAL CODE: K2J 6B6  
05 IND DOB : IND NAME:  
06 BUS NAME: HAWKTREE SOLUTIONS  
OCN : 190331892  
07 ADDRESS : 204-220 KENNEVALE DRIVE  
CITY : OTTAWA PROV: ON POSTAL CODE: K2J 6B6

08 SECURED PARTY/LIEN CLAIMANT :

BANK OF MONTREAL

09 ADDRESS : 100 KING STREET WEST, B1 LEVEL

CITY : TORONTO PROV: ON POSTAL CODE: K2J 6B6

CONS. MV DATE OF OR NO FIXED

GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE

10 X X X X AMOUNT MATURITY MAT DATE X

YEAR MAKE MODEL V.I.N.

11

12

GENERAL COLLATERAL DESCRIPTION

13 GENERAL SECURITY AGREEMENT

14

15

16 AGENT: HAZLO LAW PROFESSIONAL CORPORATION

17 ADDRESS : 283 SUSSEX DRIVE

CITY : OTTAWA PROV: ON POSTAL CODE: K1N 6Z1

CONTINUED

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

MINISTRY OF CONSUMER AND BUSINESS SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 7132221 CANADA INC.

FILE CURRENCY: April 24, 2023

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 2 ENQUIRY PAGE : 2 OF 4

SEARCH : BD : 7132221 CANADA INC.

FILE NUMBER 754499187

PAGE TOT REGISTRATION NUM REG TYPE  
01 CAUTION : 001 OF 1 MV SCHED: 20211020 1619 1590 0527

21 REFERENCE FILE NUMBER : 754499187

22 AMEND PAGE: NO PAGE: X CHANGE: A AMNDMNT REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: 7132221 CANADA INC.

25 OTHER CHANGE:

26 REASON: TO ADD MOTOR VEHICLE TO COLLATERAL CLASSIFICATION ON REGISTRATION

27 /DESCR: NO. 20190816 1420 1862 6047, FILE REFERENCE NO.754499187.

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : CHAITONS LLP (SD/68605)

17 ADDRESS : 5000 YONGE STREET, 10TH FLOOR

CITY : TORONTO PROV : ON POSTAL CODE : M2N 7E9

END OF FAMILY

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

MINISTRY OF CONSUMER AND BUSINESS SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 7132221 CANADA INC.

FILE CURRENCY: April 24, 2023

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 2 OF 2 ENQUIRY PAGE : 3 OF 4

SEARCH : BD : 7132221 CANADA INC.

00 FILE NUMBER : 769988313 EXPIRY DATE : 19FEB 2028 STATUS :  
01 CAUTION FILING : PAGE : 001 OF 2 MV SCHEDULE ATTACHED :  
REG NUM : 20210219 1301 1590 4338 REG TYP: P PPSA REG PERIOD: 7  
02 IND DOB : IND NAME:  
03 BUS NAME: 7132221 CANADA INC.  
OCN :  
04 ADDRESS : 220 KENNEVALE DRIVE, SUITE 204  
CITY : OTTAWA PROV: ON POSTAL CODE: K2J 6B6  
05 IND DOB : IND NAME:  
06 BUS NAME: 7132221 CANADA INC.  
OCN :  
07 ADDRESS : 3100 SWANSEA CRESCENT  
CITY : OTTAWA PROV: ON POSTAL CODE: K1G 3W4

08 SECURED PARTY/LIEN CLAIMANT :  
BDC CAPITAL INC.  
09 ADDRESS : SUITE 1100-50 O'CONNOR STREET  
CITY : OTTAWA PROV: ON POSTAL CODE: K1P 5E1  
CONS. MV DATE OF OR NO FIXED  
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE  
10 X X X X X  
YEAR MAKE MODEL V.I.N.

11

12

GENERAL COLLATERAL DESCRIPTION

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15

16 AGENT: KELLY SANTINI LLP AG

17 ADDRESS : 160 ELGIN ST. SUITE 2401

CITY : OTTAWA PROV: ON POSTAL CODE: K2P 2P7

CONTINUED

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

MINISTRY OF CONSUMER AND BUSINESS SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 7132221 CANADA INC.

FILE CURRENCY: April 24, 2023

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 2 OF 2 ENQUIRY PAGE : 4 OF 4

SEARCH : BD : 7132221 CANADA INC.

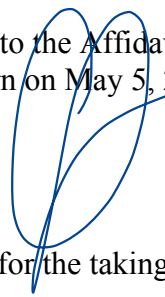
00 FILE NUMBER : 769988313 EXPIRY DATE : 19FEB 2028 STATUS :  
01 CAUTION FILING : PAGE : 002 OF 2 MV SCHEDULE ATTACHED :  
REG NUM : 20210219 1301 1590 4338 REG TYP: REG PERIOD:  
02 IND DOB : IND NAME:  
03 BUS NAME: 7132221 CANADA INC.  
OCN :  
04 ADDRESS : 186 CHENOA WAY  
CITY : OTTAWA PROV: ON POSTAL CODE: K2J 0M4  
05 IND DOB : IND NAME:  
06 BUS NAME: HAWKTREE SOLUTIONS  
OCN :  
07 ADDRESS : 220 KENNEVALE DRIVE, SUITE 204  
CITY : OTTAWA PROV: ON POSTAL CODE: K2J 6B6

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS :  
CITY : PROV: POSTAL CODE:  
CONS. MV DATE OF OR NO FIXED  
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE  
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YEAR MAKE MODEL V.I.N.  
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GENERAL COLLATERAL DESCRIPTION  
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16 AGENT:  
17 ADDRESS :  
CITY : PROV: POSTAL CODE:  
LAST SCREEN

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

This is Exhibit "E" to the Affidavit of Leo Chun  
sworn on May 5, 2023

A handwritten signature in blue ink, consisting of several overlapping loops and a vertical stroke, positioned over the text of the affidavit.

A Commissioner for the taking of affidavits, etc.



**SUBORDINATION AGREEMENT** entered into as of March \_\_, 2021

**AMONG :** **BDC CAPITAL INC.**, a wholly-owned subsidiary of the **BUSINESS DEVELOPMENT BANK OF CANADA**, with a branch office at 700 Silver Seven Rd Suite 100, Kanata, ON K2V 1C3

(hereinafter called the "**BDC**")

**AND:** **THE BANK OF MONTREAL**, a Schedule I bank existing under the *Bank Act* (Canada), having a branch office at 269 Laurier Ave W, Ottawa, ON, K1P 5E1

(hereinafter called the "**Bank**")

**AND:** **7132221 CANADA INC.**, a corporation incorporated pursuant to the laws of Canada with its head office located at 220 Kennevale Drive, Suite 204, Ottawa, ON, K2J 6B6

(hereinafter called the "**Customer**")

**WHEREAS:**

- A. The Bank has granted or intends to grant to the Customer various credit facilities not exceeding an aggregate amount of \$9,900,000 (collectively, the "**Bank Credit**"), as they may be amended, increased, reduced or otherwise modified from time to time provided that such amendments may not provide for the Bank's extension of credit facilities beyond the amount of the Bank Credit without the BDC's prior written consent, which consent shall not be unreasonably withheld or delayed, and the Customer has granted or intends to grant in favour of the Bank various security interests in respect thereof (the "**Bank Security**") (the "**Bank Credit**" and the "**Bank Security**", together with all interest, royalty, bonuses or fees payable thereunder, being hereinafter collectively called the "**Bank Debt**");
- B. The BDC submitted to the Customer an offer of financing dated February 11, 2021 (the "**BDC Offer**") relating to, *inter alia*, the granting of a subordinated loan in the amount of \$2,700,000 to the Customer, the terms and conditions of which are provided in the BDC Offer and the Customer has granted or intends to grant various security interests in favour of the BDC in respect thereof (collectively the "**BDC Security**") (the "**BDC Offer**" and the "**BDC Security**", together with all interest, royalty, bonuses or fees payable thereunder, being hereinafter collectively called the "**Subordinated Debt**");
- C. The Lenders (as such term is hereinafter defined) hereby wish to set forth their respective rights and remedies in respect of the security granted by the Customer to each of them;

**NOW THEREFORE** in consideration of the covenants and conditions hereinafter described, and for good and valuable consideration, the parties hereto agree as follows:

## 1 INTERPRETATION

### 1.1 Definitions.

Except as otherwise provided herein or unless the context otherwise requires, capitalized terms and expressions used in this Agreement and its preamble shall have the meaning set forth below:

- 1.1.1 "**Agreement**" means this Subordination Agreement;
- 1.1.2 "**Bank Credit**" is defined in the recitals hereto;
- 1.1.3 "**Bank Debt**" is defined in the recitals hereto;
- 1.1.4 "**Bank Notice of Default**" means the written notice of the Bank that an Event of Default has occurred under the Bank Debt;
- 1.1.5 "**Bank Security**" is defined in the recitals hereto;
- 1.1.6 "**BDC Offer**" is defined in the recitals hereto;
- 1.1.7 "**BDC Security**" is defined in the recitals hereto;
- 1.1.8 "**BDC Notice of Default**" means the written notice of the BDC that an Event of Default has occurred under the Subordinated Debt;
- 1.1.9 "**Business Day(s)**" means any day, except Saturday or Sunday, when the Bank is open to do business in Toronto, Canada;
- 1.1.10 "**Customer**" is defined in the recitals hereto;
- 1.1.11 "**Event of Default**" means either (i) a demand for payment under the Bank Debt which has not been fully repaid in five (5) days, or (ii) the occurrence of any of the events of default specified in the Bank Debt, or the Subordinated Debt;
- 1.1.12 "**GAAP**" means the generally accepted accounting principles in force in Canada, as accepted or established by the Canadian Institute of Chartered Accountants, as they may be modified from time to time, but applied in a constant manner;
- 1.1.13 "**Intellectual Property**" means all intellectual property owned or licensed by the Customer, including all patents, trade-marks, domain and website names, business names, copyright, industrial designs, trade secrets, know-how and all other intellectual property of any kind and nature whatsoever;
- 1.1.14 "**Lenders**" mean, as the case may be, the Bank or the BDC or both, each a "**Lender**";
- 1.1.15 "**Life Insurance Policy**" means the insurance policy on the lives of Robbie Fraser and Sarah Fraser in the coverage amount equal to \$2,700,000 that has been or will be obtained pursuant to the BDC Offer and that is subject to the BDC Security, and includes any amendments, modifications, replacements or substitutions therefor and all proceeds payable thereunder or in connection therewith;

1.1.16 "**Security**" means, individually or collectively, all the deeds, documents and agreements, including any amendment, substitution or replacement thereof, relating or useful to complete and confirm the hypothecs, charges, mortgages, security interest or other movable or immovable security granted to the Bank, or, as the case may be, to the BDC, in accordance with the laws of any governmental authority having jurisdiction over the properties and rights of the Customer subject to such security; and

1.1.17 "**Standstill Period**" has the meaning given to such term in Section 5.2.

1.2 **Titles.** The titles have been inserted in this Agreement for convenience of reference only and shall not in any manner affect its interpretation. The section numbers refer to the sections of this Agreement.

1.3 **Preamble.** The preamble hereinabove forms an integral part of this Agreement.

1.4 **Accounting Terms.** Each accounting term used in this Agreement has the meaning generally ascribed to it by GAAP unless another definition is given herein, and any reference to an item of a balance sheet or income statement must be construed according to its presentation in the appropriate statement established in accordance with GAAP as modified from time to time by any accounting norms adopted by the Canadian Institute of Chartered Accountants.

1.5 **Terms.** In this Agreement, words importing the singular number also include the plural and *vice versa*, and person (or persons) includes an individual, firm, company, corporation, government, governmental body or agency, unincorporated association or partnership. Information that is provided in the schedules hereto shall be consistent with the definitions, terms and conditions of this Agreement. All references to currency are in lawful dollars of Canada.

## 2 CONSENT AND SUBORDINATION OF BDC SECURITY

2.1 The Bank hereby consents to the Customer entering into the BDC Offer and granting the BDC Security.

2.2 Subject to the terms hereof, the BDC Security relating to or in connection with the Subordinated Debt is hereby subordinated to the Bank Security relating to or in connection with the Bank Debt. The proceeds of any realization of the BDC Security remains subject to the subordination provided by this Agreement.

2.3 The subordinations herein provided in favour of a lender shall remain in force notwithstanding:

2.3.1 the time or order of creation, execution, delivery, attachment or perfection of any of the Security;

2.3.2 the method of perfection of any of the Security;

2.3.3 the time or order of registration or filing of financing statements, real estate charges or other recording of any of the Security;

2.3.4 the date or dates of any default by the Customer regarding any indebtedness or under any of the Security;

2.3.5 the date of crystallization of any floating charge contained in any of the Security;  
or

2.3.6 the date of any notice of an Event of Default

For greater certainty, the subordinations herein provided in favour of a Lender shall apply with respect to all Security registrations made by the other Lender against the Customer.

2.4 Subject to the provisions relating to the restrictions imposed on the BDC during a Standstill Period, the subordination herein:

2.4.1 shall not prevent the BDC from receiving scheduled payments on account of principal, interest, royalty, bonuses or fees in accordance with the terms and conditions of the Subordinated Debt;

2.4.2 upon ten (10) days' prior written notice by the BDC to the Bank, shall not prevent the BDC from exercising its rights under any guarantee held by it with respect to the Subordinated Debt provided the guarantor(s) do not also directly or indirectly guarantee any of the Bank Debt; and

2.4.3 shall not prevent the BDC from filing a proof of claim with any trustee in bankruptcy in case of (i) bankruptcy or assignment of property by the Customer, (ii) filing by the Customer of a notice of intention or a proposal pursuant to the *Bankruptcy and Insolvency Act* (Canada) or filing of an arrangement under the *Companies' Creditors Arrangement Act* (Canada).

2.5 The Lenders agree that any proceeds payable at any time and from time to time pursuant to and in accordance with the Life Insurance Policy shall be paid to the BDC and the Bank hereby subordinates its Security to the BDC for the limited purposes of this Section 2.5.

2.6 Upon the occurrence of an Event of Default under the Subordinated Debt and in the event the BDC elects to call or otherwise make demand for the repayment of any of the Customer's indebtedness to the BDC or initiate proceedings or otherwise take any action to realize upon or under the BDC Security, it shall first provide the BDC Notice of Default to the Bank advising the Bank of its intention to take such actions and identifying the default(s). If the Bank does not notify the BDC in writing that it intends to impose a Standstill Period within fifteen (15) Business Days of receipt of the BDC Notice of Default, then (notwithstanding Section 5.2) the BDC may then realize upon the BDC Security and take such actions as it deems appropriate or necessary to enforce its rights under the Subordinated Debt or any part thereof provided in each case that the proceeds of any such realization of the BDC Security remains subject to the subordination provided by this Agreement. The provisions of Section 5.2 of this Agreement shall apply if the Bank imposes a Standstill Period after receipt of a BDC Notice of Default pursuant to this Section 2.6.

### **3 PAYMENTS IN THE ORDINARY COURSE**

3.1 Except during a Standstill Period, the BDC may receive and retain all scheduled payments on account of principal, interest, royalty, bonus and fees in connection with the Subordinated Debt provided that if a payment results, or would reasonably be expected after giving effect to the payment to result, in an Event of Default under the Bank Debt, such payment will be deemed to have been received and held by the BDC in trust for the

Bank and shall be forthwith paid over to the Bank by the BDC upon the delivery of a Bank Notice of Default relating thereto by the Bank to the BDC.

- 3.2 During a Standstill Period, all payments, save and except for payment received by the BDC in accordance with Section 2.56 hereof, will be deemed to have been received and held by the BDC in trust for the Bank and shall be forthwith paid over to the Bank by the BDC as soon as possible, without deduction.
- 3.3 If the Event of Default under the Bank Debt is cured to the satisfaction of the Bank, acting reasonably, prior to the expiry of the Standstill Period, the Customer shall resume its payments relating to the Subordinated Debt and the BDC may then receive scheduled payments on account of principal, interest, royalties, bonus and fees in connection with the Subordinated Debt, as well as all of the arrears related to such amounts, including the interest on the unpaid interest, in each case subject to the provisos set forth in Section 3.1 above.
- 3.4 The Bank shall use its reasonable commercial efforts to advise the BDC as soon as the Customer has remedied the Event of Default under the Bank Debt.

#### **4 SECURITY HELD BY THE LENDERS**

- 4.1 The Bank Security with respect to the Bank Debt shall have priority over the BDC Security relating to the Subordinated Debt with the exception of the Security on the Life Insurance Policy and Intellectual Property.
- 4.2 The BDC Security relating to the Subordinated Debt with respect to the Life Insurance Policy and Intellectual Property shall have priority over the Bank Security relating to the Bank Debt.
- 4.3 Without limiting the rights of the BDC under Section 2.56 of this Agreement, should new Security be granted by the Customer in favour of the BDC, such Security shall be subordinated to the rights of the Bank with respect to the Bank Debt pursuant to the provisions hereof.

#### **5 STANDSTILL PERIOD**

- 5.1 If an Event of Default occurs with respect to the Bank Debt, the Bank may, but without any obligation to do so, notify the BDC of the occurrence of such Event of Default and impose a Standstill Period on the BDC with respect to the exercise of its rights regarding the Subordinated Debt.
- 5.2 The Bank shall not be entitled to impose a Standstill Period on the BDC otherwise than in accordance with Section 5.1, Section 2.56 hereof or unless the Bank has first delivered to the BDC the Bank Notice of Default. Upon receipt of the Bank Notice of Default, the BDC shall not commence and shall stay all proceedings it may have commenced in connection with the enforcement or realization of the BDC Security in accordance with Section 2.6 or, as the case may be, shall not initiate any proceedings against the Customer or make demand for the repayment or payment of any of the indebtedness of the Customer under the Subordinated Debt or otherwise exercise any right or remedy under any of the Subordinated Debt; provided, however, that after that date that is ninety (90) days (the "Standstill Period") from the date of the BDC's receipt of the Bank Notice of Default or the date of the Bank imposing a Standstill Period as contemplated by Section 2.56 hereof, the BDC shall be permitted to exercise its rights and remedies, whether by judicial means

or otherwise, provided in each case that any realization of the BDC Security remains subject to the provisions of this Agreement.

**6**     **DURATION**

6.1     This Agreement shall remain in force until the first of the following dates:

6.1.1   the date on which it is terminated upon the written consent of the Lenders; and

6.1.2   the date on which any and all amounts due with respect to the Bank Debt and the Subordinated Debt have been paid or repaid in full.

**7**     **DOCUMENTATION**

7.1     Each Lender shall, upon request of the other Lender and no later than fifteen (15) days of such request, sign any deed, agreement or other document, and shall do any act deemed useful or necessary in order to give effect to the Agreement hereof, including, without limitation, any notice of this Agreement under the *Personal Property Security Act* (Ontario) or otherwise giving notice of the existence of this Agreement

**8**     **DEFAULT AND NOTICE OF DEFAULT**

8.1     The BDC and the Bank agree to: i) act in a commercially reasonable manner when exercising their respective rights and remedies under the terms of the Bank Debt and the Subordinated Debt; and ii) use good faith efforts to provide each other with copies of any letter or any notice transmitted in writing by one or the other to the Customer relating to any Event of Default under the terms of the Bank Debt or the Subordinated Debt, as the case may be, and the Customer hereby expressly consents to the sharing and delivery of such information in accordance with the Bank Debt and the Subordinated Debt.

**9**     **NOTICE**

9.1     All notices or requests provided for in this Agreement shall be transmitted in writing to the party to which it is sent or given. Any notice or request is validly transmitted by its delivery to its recipient, either: personally (in which case, the delivery shall be accepted); or by registered and prepaid mail; or by facsimile email or served to the addresses hereinafter mentioned:

9.1.1   For the BDC:

BDC Capital Inc.  
700 Silver Seven Road, Suite 100  
Kanata, ON  
K2V 1C3

To the attention of: Managing Director, Growth & Transition Capital  
EMAIL: [trevor.allibon@bdc.ca](mailto:trevor.allibon@bdc.ca)

9.1.2   For the Bank:

Bank of Montreal  
269 Laurier Ave W  
Ottawa, ON  
K1P 5E1

To the attention of: Senior Commercial Account Manager  
EMAIL: [robyn.mooibroek@bmo.com](mailto:robyn.mooibroek@bmo.com)

9.1.3 For the Customer:

7132221 Canada Inc. d/b/a Hawktree Solutions  
220 Kennevale Drive, Suite 204  
Ottawa, ON  
K2J 6B6

Attention: President  
EMAIL:

- 9.2 Any notice given or any request made as provided for hereinabove is deemed to have been received upon its delivery, if personally delivered, or at the time of its service, if served, or on the third (3<sup>rd</sup>) Business Day following its mailing, if sent by mail, or on the Business Day following its transmittal, if transmitted by email. However, if the mail service is interrupted by a strike, a slowdown, an act of God or any other cause, the party sending the notice or the request shall use one of the services that is not interrupted or shall deliver such notice or request in a manner that such notice or request is received as soon as possible. Each party may advise the other parties of any change of address in the manner hereinabove mentioned for the purposes of this Agreement.

10 **COVENANTS OF THE CUSTOMER**

- 10.1 The Customer hereby confirms to and agrees with the Bank and the BDC that:
- 10.1.1 so long as any of the indebtedness of the Customer herein referred to remains outstanding, it shall stand possessed of its assets so charged for the Bank and for the BDC in accordance with their respective interests and priorities as herein set out; and
- 10.1.2 the Customer shall promptly provide the Bank or the BDC upon request with any information which either reasonably requests about the business and affairs of the Customer.

11 **MISCELLANEOUS**

- 11.1 **Successors and Assigns.** The terms and conditions herein shall apply and enure to the benefit of the successors and assigns of the BDC and the Bank. Any assignee of the rights of the Bank according to the Bank Debt shall benefit from the rights of the Bank in accordance with the terms hereof and any assignee of the rights of the BDC pursuant to the Subordinated Debt shall assume in writing the obligations of the BDC described herein and the BDC agrees to obtain such assumption from such assignee.
- 11.2 **Further Assurances.** Each party will, at the other party's request, execute and deliver any further agreements and documents and provide any further assurances as may be

reasonably required by either party to give effect to subordination and postponements contained in this Agreement.

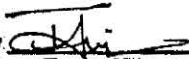
- 11.3 **Amendments, etc.** The terms of this Agreement, the subordination effected hereby and the rights of either the Bank or the BDC in respect of the Bank or the BDC, respectively, shall not be affected by: (a) any exercise or non-exercise of any right, power or remedy under or in respect of the Bank Debt, the Subordinated Debt or any instrument or agreement relating thereto, or securing or guaranteeing any of same; or (b) any waiver, consent, release, indulgence, extension, renewal, modification, delay or other action, inaction or omission, in respect of any Bank Debt, Subordinated Debt or any instrument or agreement relating thereto, or securing or guaranteeing any of same, all whether or not the Bank or the BDC, as appropriate, shall have had notice or knowledge of any of the foregoing.
- 11.4 **Governing Laws.** The provisions hereof shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- 11.5 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original, and all of which taken together shall constitute one and the same agreement. Execution of this Agreement may be made by each party by signing a copy of the Agreement and sending such signature by electronic means or otherwise.
- 11.6 **Entire Agreement.** This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written.

*[Signature Page To Follow]*



IN WITNESS WHEREOF, the parties hereto have executed this Subordination Agreement in the following manner:

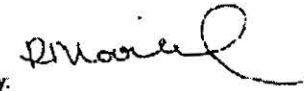
**BDC CAPITAL INC.**

By:   
Name: Trevor Allbon  
Title: Managing Director, Growth and Transition Capital

By:   
Name: Christina Howard  
Title: Director

I have authority to bind the BDC.

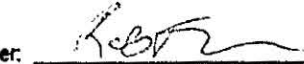
**BANK OF MONTREAL**

By:   
Name: Robyn Moolbroek  
Title: Director

By:   
Name: Jennifer Lajoie  
Title: Associate Director

I have authority to bind the Bank.

**7132221 CANADA INC.**

Per:   
Name: Robbie Fraser  
Title: President

I have authority to bind the Customer.

This is Exhibit "F" to the Affidavit of Leo Chun  
sworn on May 5, 2023

A Commissioner for the taking of affidavits, etc.

269 LAURIER AVE W,  
OTTAWA,  
ON K1P5J9

**BY EMAIL**

Date: July 21, 2021

7132221 CANADA INC.  
204 - 220 KENNEVALE DR, OTTAWA Ontario K2J6B6, Canada

Attn: Robbie Fraser

**Re: Notice of Covenant Breach and Reservation of Rights**

Reference is made to a Letter of Agreement dated March 10, 2021 to which you and the Bank of Montreal (“**BMO**”) are party (the “**Agreement**”).

Pursuant to the Agreement, you were required to observe the following financial covenant(s):

Pursuant to Schedule A: Payment of all Taxes when due (including without limitation, corporate, GST, HST, sales tax and withholding)

You are hereby notified that the covenant(s) listed above were in breach for July 15, 2021. This notice does not constitute an exhaustive list of defaults or events of default that may have occurred and may be continuing under the Agreement or otherwise.

Please be advised that BMO has not waived any defaults or events of default arising from the breaches of covenant listed above, and BMO specifically reserves all of its rights, remedies and claims under the Agreement or otherwise with respect to any and all such defaults and events of default.

If you have questions regarding this notice, please contact Robyn Mooibroek at (613) 564-0807.

**BANK OF MONTREAL**

By: *Robyn Mooibroek*

Name: Robyn Mooibroek

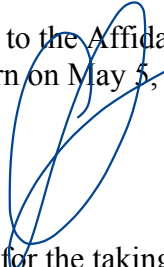
Title: Director

By: *Tara Conway*

Name: Tara Conway

Title: Vice President and Team Lead

This is Exhibit "G" to the Affidavit of Leo Chun  
sworn on May 5, 2023

A handwritten signature in blue ink, consisting of several overlapping loops and a vertical stroke, positioned between the two lines of text.

A Commissioner for the taking of affidavits, etc.

**732221 Canada Inc. Hawktree Solutions**  
**Covenants**  
**As of June 30, 2021**

**Current Ratio**

Current Assets	15,611,650
Current Liabilities	11,102,041

		Required
Current Ratio	1.41	1.35
		MET

**Debt Service Coverage Ratio**

Net Income (Loss)	(842,184)
Interest	74,799
Non-Deductible CRA interest	26,805
Bad Debt Expense (Recovery)	17,276
Foreign Exchange Loss (Gain)	(6,416)
Depreciation & Amortization	-
Dividends	-
Total Available to Service	(729,720)

Current portion LTD (CPLTD)	102,720
Interest	74,799
Non-Deductible CRA interest	26,805
Bad Debt Expense (Recovery)	17,276
Foreign Exchange Loss (Gain)	(6,416)
Depreciation & Amortization	-
Dividends	-
Total Required Servicing	215,184

		Required
	-3.39	1.25
		BREACH

**Debt to tangible net worth**

<b>Total Liabilities</b>	13,982,541
--------------------------	------------

Total Assets	15,707,130
Intangibles	
Leaseholds	-
Goodwill	-
Future Income Tax Assets	12,000
Total Liabilities	13,982,541
<b>Tangible Net Worth</b>	1,712,589

		Required
	8.16	4.00
		BREACH

Each of the undersigned hereby certifies on behalf of the Borrower and without personal liability as follows:

(a) the foregoing information and all information supporting calculations attached hereto are true, correct and complete as at the end of the said Fiscal Quarter;

warranties contained in Schedule D of the Letter of Agreement are true and

(c) no event has occurred and is continuing which constitutes a Default or an Event of Default;

(d) no Material Adverse Change has occurred since the date the prior Interim Financial Statements were delivered to the Agent; and

Dated:

July 26, 2021



By: \_\_\_\_\_  
Name: Joanne LeBlanc CPA, CGA  
Title: Financial Controller

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**732221 Canada Inc. Hawktree Solutions**  
**Balance sheet - Actual**

	Q1 2021	Q2 2021
<b>Current Assets</b>		
Cash	\$ 37,595	\$ 26,129
Accounts Receivable	670,200	592,002
Inventory	8,002,081	10,919,081
Other Current Assets	4,627,790	4,074,438
	13,337,665	15,611,650
<b>Fixed Assets</b>	34,632	95,480
<b>Total Assets</b>	13,372,297	15,707,130
<b>Liabilities and Shareholder's Equity</b>		
<b>Liabilities</b>		
BMO LOC	664,530	2,033,595
AP & Accruals	4,843,074	6,723,616
Due (to) / from Shareholders	-	-
Customer Deposits	1,741	1,741
Corporate Tax Liability	2,291,282	2,343,089
	7,800,627	11,102,041
<b>Long-term Liabilities</b>		
Future income tax liability (asset)	-	(12,000)
BDC Loan New	2,700,000	2,632,000
BDC Loans	280,410	260,500
	2,980,410	2,880,500
<b>Shareholder's Equity</b>		
Common Shares	503,094	503,094
Retained Earnings	2,088,166	1,221,495
	2,591,260	1,724,589
<b>Total Liabilities &amp; Equity</b>	13,372,297	\$ 15,707,130

**732221 Canada Inc. Hawktree Solutions**  
**Income Statement - Actual**

	Q1 2021	Q2 2021	FY TO DATE
<b>REVENUE</b>			
International	\$ -	\$ -	\$ -
<b>Domestic</b>			
Pandemic Preparedness	514,960	417,477	932,437
Red Cross Core	<u>1,988,976</u>	<u>1,159,532</u>	<u>3,148,508</u>
<b>Total Domestic</b>	<u>2,503,936</u>	<u>1,577,009</u>	<u>4,080,945</u>
<b>Total Revenue</b>	<b>2,503,936</b>	<b>1,577,009</b>	<b>4,080,945</b>
<b>COGS</b>			
	<u>1,952,153</u>	<u>1,638,198</u>	<u>3,590,351</u>
<b>Gross Margin</b>	<u>551,783</u>	<u>(61,189)</u>	<u>490,594</u>
<b>GM%</b>	<b>22%</b>	<b>-4%</b>	<b>12%</b>
<b>OPERATING EXPENSES</b>			
Payroll	162,840	316,933	479,773
Consulting Services	191,525	195,206	386,731
Marketing & Business Development	33,333	31,187	64,520
Office	19,835	23,692	43,527
Telecommunications	5,502	5,651	11,153
Commissions	(692)	37,138	36,446
Licenses, Permits, & Subscriptions	12,525	10,596	23,121
Bank Charges & Fees	7,718	21,953	29,671
Insurance	12,499	15,923	28,422
Travel expenses	10,283	10,252	20,535
<b>Total Operating Expenses</b>	<u>455,368</u>	<u>668,531</u>	<u>1,123,899</u>
<b>EBITDA</b>	<u>96,415</u>	<u>(729,720)</u>	<u>(633,305)</u>
<b>Other Expenses</b>			
Amortization	-	-	-
Interest Expense/(Income)	9,694	74,799	84,493
Non-Deductible CRA interest	-	26,805	26,805
Bad Debt Expense (Recovery)	-	17,276	-
Foreign Exchange Loss (Gain)	-	(6,416)	-
Corporate Tax	-	-	-
<b>Total Other Expenses</b>	<u>9,694</u>	<u>112,464</u>	<u>122,158</u>
<b>NET INCOME/(LOSS)</b>	<u><u>\$ 86,721</u></u>	<u><u>(\$842,184)</u></u>	<u><u>(\$755,463)</u></u>

**732221 Canada Inc. Hawktree Solutions**

**Other Current Assets**

As of June 30, 2021

Prepaid purchases & expenses	\$ 3,844,402	see below for breakdown
HST/GST Receivable	262,393	
QST/QC receivable	25,855	
Prepaid Insurance	13,778	
Undeposited Funds	6,916	credit card payments received not yet in BMO bank
Accrued Receivables	765	
Employee Advances	452	
Suspense	(2,737)	
Allowance for Doubtful Accounts	(77,386)	
<b>Total</b>	<b><u>4,074,438</u></b>	

World Prestige Treasure SDNBHD	1,597,050	due from World Prestige USD \$1,228.5
DFK	1,109,561	due from DFK USD \$772k
G-Force CNC Enterprises Inc.	882,409	Montreal warehouse- bring balance down as masks received
One International Limited	112,597	air freight refund US 87.5k Rob to follow up \$\$ versus credit
Firstar Healthcare	46,148	on the way to arrive end July
Gravitas International Ltd	35,991	Hydro pads - they will not ship per Sarah's email - \$ back
Roadgear - Bestdeals USD	11,458	
Powersource Group Pty Ltd.USD	(23,652)	
Kuehne + Nagel	(14,068)	
<b>Prepaid Inventory</b>	<b><u>3,757,492</u></b>	

Bell Media Inc.	30,769	can use for future campaign per Lucas and Rob
BDC 2.7m loan fee	34,710	
BMO fees	6,667	
EDC Loan fees	14,763	
<b>Prepaid Expenses</b>	<b><u>86,910</u></b>	

**Total Prepaids** **3,844,402**

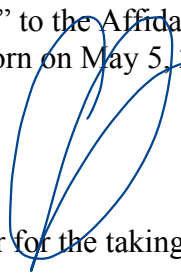
**Repayments anticipated 2021-2022**

World Prestige Treasure SDNBHD	(1,597,050)	See cashflow for repayment dates from suppliers
DFK	(1,109,561)	See cashflow for repayment dates from suppliers
	<b><u>(2,706,611)</u></b>	

**Balance after repayments** **1,137,792**



This is Exhibit "H" to the Affidavit of Leo Chun  
sworn on May 5, 2023

A handwritten signature in blue ink, consisting of several overlapping loops and a vertical stroke, positioned between the two lines of text.

A Commissioner for the taking of affidavits, etc.

269 LAURIER AVE W,  
OTTAWA,  
ON K1P5J9

**BY EMAIL**

Date: August 20, 2021

7132221 CANADA INC.  
204 - 220 KENNEVALE DR, OTTAWA Ontario K2J6B6, Canada

Attn: Robbie Fraser

**Re: Notice of Covenant Breach and Reservation of Rights**

Reference is made to a Letter of Agreement dated March 10, 2021 to which you and the Bank of Montreal (“**BMO**”) are party (the “**Agreement**”).

Pursuant to the Agreement, you were required to observe the following financial covenant(s):

Debt to tangible net worth ratio of less than or equal to 4.00; Stepping down to 3.00 as at fiscal year end December 31, 2021; Stepping down to 2.50 as at fiscal year end December 31, 2022

Debt Service Coverage Ratio of greater than or equal to 1.25

You are hereby notified that the covenant(s) listed above were in breach for the quarter ending June 30, 2021. This notice does not constitute an exhaustive list of defaults or events of default that may have occurred and may be continuing under the Agreement or otherwise.

Please be advised that BMO has not waived any defaults or events of default arising from the breaches of covenant listed above, and BMO specifically reserves all of its rights, remedies and claims under the Agreement or otherwise with respect to any and all such defaults and events of default.

If you have questions regarding this notice, please contact Robyn Mooibroek at (613) 564-0807.

**BANK OF MONTREAL**

By: \_\_\_\_\_  
Name: Robyn Mooibroek  
Title: Director

This is Exhibit "I" to the Affidavit of Leo Chun  
sworn on May 5, 2023

A Commissioner for the taking of affidavits, etc.

**VIA EMAIL TO: rfraser@hawktreesolutions.com**

February 10, 2022

7132221 Canada Inc.  
204 – 220 Kennevale Dr.,  
Ottawa, ON K2J 6B6

**Attention: Robbie Fraser**

Dear Sirs:

**Re: Bank of Montreal (the “Bank”) loans to 7132221 Canada Inc.  
o/a Hawktree Solutions (the “Borrower”)**

Further to our discussions, we confirm our advice that we are concerned with the Borrower's financial performance which concerns include substantial income tax arrears, covenant breaches, reduced earnings and decreased cash flow.

Notwithstanding the aforementioned concerns, the Bank is willing to forbear from demanding payment of the amounts outstanding under the credit facilities made available to the Borrower on and subject to the terms and conditions confirmed in a Letter of Agreement – Amendment and Restatement dated March 10, 2021, and a Commercial Card Agreement dated August 23, 2019 (collectively, the “Credit Facility Agreement”) and taking steps to enforce the security held by the Bank until the earlier of May 31, 2022 or the occurrence of an Event of Default (as hereinafter defined), in order to allow the Borrower an opportunity to complete a refinancing and/or sale of assets in an amount or amounts sufficient to repay its indebtedness to the Bank. The Bank's forbearance is subject to and in accordance with the following terms and conditions:

1. The Borrower confirms that it is indebted to the Bank as at January 25, 2022 in the amount of \$2,236,332.91 inclusive of principal and interest, more particularly set out as follows:

<u>Loan No.</u>	<u>Principal</u>	<u>Interest</u>
Overdraft Lending C/A (the “ODL”) Loan No. 3843-1988-253 (Bank prime plus 1.25% per annum)	\$2,190,926.00	\$5,263.42

Canada Emergency Business Account Loan No. 5112-4200-0153-6915	\$40,000.00	-
Corporate MasterCard Account Card No. 5264 5500 0018 8659 (Standard Rates)	\$143.49	-
<b>TOTAL:</b>	\$2,231,069.49	\$5,263.42

2. Robbie Fraser ("Robbie"), Sarah Fraser ("Sarah"), and Renee Tremmaglia ("Renee") (collectively, the "Guarantors") acknowledge that the Bank holds from them the following guarantee of the indebtedness and liabilities of the Borrower to the Bank:
  - (a) a joint and several guarantee from the Guarantors dated March 16, 2021 limited to the principal amount of \$1,275,000.00 with interest thereon at the rate of Bank prime plus 3.00% per annum from the date of demand for payment.
3. The Guarantors further acknowledge that their guarantee is valid and enforceable against them in accordance with its written terms.
4. The Borrower and the Guarantors acknowledge and confirm that they do not dispute their liability to pay the indebtedness set out in Paragraphs 1 and 2 herein on any basis whatsoever and that they have no claim for setoff, counterclaim, demand or damages on any basis whatsoever against the Bank and that there is no matter, fact or thing which may be asserted by them in extinction or diminution of their indebtedness to the Bank or result in any bar or recovery thereof. If there are such claims, they are hereby expressly released and discharged.
5. The Borrower and the Guarantors confirm that the security in support of the Borrower's indebtedness including, *inter alia*, a General Security Agreement dated August 14, 2019, Bank Act Security dated March 24, 2021, an Assignment, Postponement and Subordination Agreement dated March 16, 2019 granted by Robbie in favour of the Bank, acknowledged and agreed to by the Borrower, and an Assignment, Postponement and Subordination Agreement dated March 16, 2019 granted by Sarah in favour of the Bank, acknowledged and agreed to by the Borrower (collectively, with the guarantee, the "Security") has not been discharged, waived or varied, that the Security is binding upon the Borrower, and is valid and enforceable in accordance with its written terms.

6. The Borrower's Corporate MasterCard Account will be cancelled at the end of business on April 29, 2022 at which time the full amount due and owing under this facility will be repaid in full. Until cancelled, the Borrower will continue to pay all monthly MasterCard accounts in full when due and owing.
7. Effective February 1, 2022 the interest rate on the ODL is increased to Bank prime plus 3.00% per annum. The Borrower will continue to make all interest payments monthly on the ODL in accordance with existing arrangements and, from and after February 1, 2022, at the increased interest rate.
8. The Borrower will not be allowed any unauthorized excesses (including daylight or same day coverage) and will monitor its cash flow to ensure that sufficient room is available on the operating line to honour any cheques presented for payment, failing which they will be returned marked "non-sufficient funds".
9. The Borrower will remit, as and when required, all current amounts required to be deducted or withheld and remitted under the Income Tax Act (Canada), Excise Tax Act, Harmonized Sales Tax Act, Retail Sales Tax Act, Employment Standards Act, Municipal Act (Ontario) and any other claims which, if unpaid, would rank in priority to the Bank's security position.
10. The Borrower will keep the Bank updated in respect of its dealings with Canada Revenue Agency. If there remain any outstanding corporate taxes, the Borrower will enter into a repayment plan with Canada Revenue Agency and will provide to the Bank a copy of the agreement and confirmation of payments as they are made.
11. The Borrower will deposit to the Borrower's account with the Bank all monies received on a daily basis.
12. Effective immediately, no new loans will be approved by the Bank and no Letters of Credit will be approved or issued by the Bank.
13. The Borrower will continue to provide in accordance with existing arrangements in-house financial reports within 25 days of each month end to include the following:
  - (i) signed aged list of accounts receivable and accounts payable. The listing will specify the currency of the payable/receivable. Each report will separate the receivables falling under the Export Development Corporation (EDC) guarantee and all other receivables;
  - (ii) an updated inventory listing;
  - (iii) a signed Borrower's Certificate;

- (iv) copies of all contracts (including filled purchase orders) for the sale of products and all other contracts having a value of \$25,000.00 or greater entered into in the immediate preceding month.
14. The Borrower will continue to provide in accordance with existing arrangements quarterly reports within 30 days of quarter-end to include the following:
    - (i) an accountant prepared balance sheet and income statement; or
    - (ii) a covenant compliance certificate.
  15. The Bank will engage the services of an appraiser, at the Borrower's expense, to complete an inventory appraisal on a liquidation and going concern basis. The Borrower will provide to the appraiser full access to the premises and cooperation in providing records and answering questions posed by the appraiser. The appraiser's fee will not exceed \$10,000.00 plus HST.
  16. At the end of each month commencing January 31, 2022, the Borrower will provide to the Bank email updates with details of financial institutions and companies approached for financing and including copies of any discussion papers and/or term sheets.
  17. On or before April 29, 2022, the Borrower will provide to the Bank a copy of a firm and binding financing commitment in an amount or amounts sufficient to repay all of the Borrower's indebtedness by May 31, 2022.
  18. The Borrower acknowledges and agrees that the terms and conditions of this agreement are subject to review by and the consent of Export Development Canada (EDC), failing which this agreement is of no force and effect. In the event EDC reduces its guarantee during the term of this agreement or any renewals, the Bank is hereby irrevocably authorized and directed to further reduce by a similar amount or amounts any affected facility or facilities as of the date such EDC reduction or reductions take effect.
  19. The Borrower acknowledges that the Bank will be providing a copy of this agreement to BDC Capital Inc. in accordance with the terms and conditions contained in the Subordination Agreement dated March, 2021.
  20. The Borrower acknowledges that any MasterCard reward points which have been accumulated by it must be used prior to the payout date, failing which all unused reward points will be forfeited.

21. In addition to the events of default contained in the Credit Facility Agreement, any one or more of the following events shall constitute an event of default herein (each an "Event of Default"):
- (i) the non-payment when due of any amount payable by the Borrower or any of the Guarantors, under the Credit Facility Agreement, the Security or otherwise;
  - (ii) a judgment or decree for the payment of money is obtained or entered against the Borrower or any of the Guarantors;
  - (iii) the Bank receives a garnishment notice or other notice of similar effect in respect of the Borrower or any of the Guarantors pursuant to the *Income Tax Act* (Canada), or any similar notice under any other federal or provincial statute;
  - (iv) the commission of an act of bankruptcy or the commencement of bankruptcy or insolvency proceedings by or against the Borrower;
  - (v) the Bank determines, acting reasonably, that a material adverse change has occurred after the date of this letter in respect of the operations, business, financial condition or affairs of the Borrower; or
  - (vi) failure to repay the indebtedness of the Borrower to the Bank in full on or before May 31, 2022 inclusive of principal, interest, fees and costs.
22. Upon or after the occurrence of an Event of Default, the Bank may at its option:
- (i) declare the Borrower's indebtedness to the Bank to be immediately due and payable;
  - (ii) take any steps, which the Bank considers necessary or desirable to collect payment of any of the Borrower's indebtedness to the Bank, including issuing demands and enforcement of all or any of the Security; or
  - (iii) in addition to those rights and remedies granted herein, the Bank shall have all other rights and remedies available to it under the Security, the Credit Facility Agreement, at law or in equity.
23. The Borrower shall pay to the Bank a monthly standstill agreement fee in the amount of \$1,000.00 commencing January 31, 2022 and the Bank is



irrevocably authorized and directed to debit the Borrower's account in respect of payment of such fee.

24. The Borrower agrees to pay all reasonable costs and expenses whether incurred before or after the date hereof of the Bank including, without limitation, all legal fees and disbursements, appraisal fees and late fees incurred in connection with this matter and the Bank is irrevocably authorized and directed to debit the Borrower's account in respect of payment of such costs, expenses, and late fees, together with the monthly standstill agreement fee provided for in paragraph 23 above.
25. The covenants and other terms and conditions contained herein, in the Security, the Credit Facility Agreement or otherwise shall continue in full force and effect and the Borrower shall comply with same, except to the extent there exists any actual inconsistency between such provisions and the provisions contained herein, in which case the provisions herein shall govern.
26. The Borrower represents and warrants to the Bank that they have the capacity and authority to enter into and perform the obligations herein provided and the execution of this letter agreement and the performance by it of its obligations hereunder have been duly authorized by all necessary proceedings.
27. This agreement and any documents provided in conjunction with the agreement may be executed in counterparts and by facsimile transmission or email in PDF format, and each counterpart when so executed and delivered by facsimile transmission or email in PDF format shall be deemed an original and such counterparts when taken together shall constitute one and the same instrument.

Please acknowledge your agreement with the terms and conditions hereinbefore set out by executing and returning by fax or scanned in pdf format a fully executed copy of this letter by no later than February 16, 2022.

Yours truly,

**BANK OF MONTREAL**

Per: *Athol Hall*

(COMPUTER GENERATED SIGNATURE)

Name: Athol Hall,

Title: Account Manager

I have authority to bind the Bank


We hereby acknowledge and agree to the terms and conditions hereinbefore set out.

Dated at Ottawa this 28 day of February, 2022.

7132221 CANADA INC.

  
Per: \_\_\_\_\_  
Name: Robbie Fraser  
Title: President

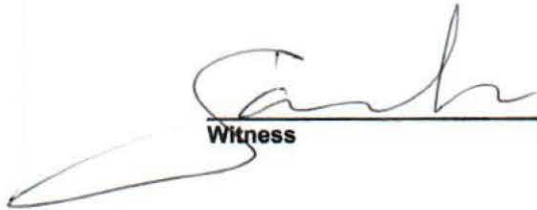
I have authority to bind the Corporation

  
Witness

  
ROBBIE FRASER

  
WITNESS

  
SARAH FRASER

  
Witness

  
RENEE TREMMAGLIA

This is Exhibit "J" to the Affidavit of Leo Chun  
sworn on May 5, 2023

A Commissioner for the taking of affidavits, etc.

VIA EMAIL TO: [rfraser@hawktreesolutions.com](mailto:rfraser@hawktreesolutions.com)

May 31, 2022

7132221 Canada Inc.  
204 – 220 Kennevale Dr.,  
Ottawa, ON K2J 6B6

**Attention: Robbie Fraser**

Dear Sir,

**Re: Bank of Montreal (the "Bank") loans to 7132221 Canada Inc.  
o/a Hawktree Solutions (the "Borrower")**

We refer to the standstill letter agreement dated February 10, 2022 between the Borrower and the Bank (the "Standstill Agreement") whereby the Bank agreed to forbear until May 31, 2022, from taking steps to recover payment of the Borrower's indebtedness to the Bank or from enforcing the Bank's Security (as defined in the Standstill Agreement). All capitalized terms used herein are as defined in the Standstill Agreement.

The Borrower confirms that it is indebted to the Bank as at May 30, 2022, in the amount of \$2,720,591.22, comprising \$2,707,521.39 for principal and \$13,069.83 for interest, plus costs. Interest continues to accrue at the applicable rates in accordance with the provisions of the Standstill Agreement.

The amount of \$2,720,591.22 together with any further advances and additional interest accruing from May 31, 2022, and costs actually incurred to the date of payment is hereinafter referred to as the "Indebtedness".

The Borrower has requested that the Bank extend the forbearance period for repayment of the Indebtedness to November 30, 2022 and the Bank has agreed to extend such forbearance subject to the terms hereof. In consideration of the Bank's agreement to the foregoing, the Borrower and Guarantors (as defined in the Standstill Agreement) undertake, acknowledge, confirm and agree as follows:

- (i) effective June 1, 2022, the interest rate on the ODL will be increased to Bank prime plus 7.00% per annum. The Borrower will continue to make all interest payments monthly on the ODL in accordance with existing

arrangements and, from and after June 1, 2022, at the increased interest rate;

- (ii) to provide to the Bank on or before October 31, 2022, a copy of a firm and binding financing commitment in an amount or amounts sufficient to repay the Indebtedness by November 30, 2022;
- (iii) that the terms and conditions of this agreement are subject to review by and the consent of EDC, failing which this agreement is of no force and effect. In the event EDC reduces its guarantee during the term of this agreement or any renewals, the Bank is hereby irrevocably authorized and directed to further reduce by a similar amount or amounts any affected facility or facilities as of the date such EDC reduction or reductions take effect;
- (iv) the Borrower acknowledges that the Bank will be providing a copy of this extension agreement to BDC Capital Inc. in accordance with the terms and conditions contained in the Subordination Agreement dated March 2021;
- (v) the Borrower will continue to provide to the Bank, at the end of each month, email updates with details of financial institutions and companies approached for financing including copies of any discussion papers and/or term sheets;
- (vi) to pay to the Bank a monthly standstill agreement fee in the amount of \$1,000.00 and the Bank is irrevocably authorized and directed to debit the Borrower's account in respect of payment of such fee together with the Bank's legal fees;
- (vii) to repay the Indebtedness on the earlier of the completion of a refinancing or November 30, 2022, unless otherwise agreed to in writing between the Borrower and the Bank.

The Borrower and Guarantors hereto confirm that all other terms, conditions and undertakings contained in the Standstill Agreement remain in full force and effect to the extent they are not inconsistent with the terms, conditions and undertakings contained herein. The loans remain on a demand basis and the Bank reserves its right to issue demand at any time should it deem it necessary to do so in order to protect its interest.

This agreement may be executed in counterparts and by facsimile transmission or email in PDF format, and each counterpart when so executed and delivered by facsimile transmission or email in PDF format shall be deemed an original and such counterparts when taken together shall constitute one and the same instrument.

Yours truly,

**BANK OF MONTREAL**

Per: Athol Hall  
(COMPUTER GENERATED SIGNATURE)

Name: Athol Hall  
Title: Account Manager

I have authority to bind the Bank

We hereby acknowledge and agree to the terms and conditions hereinbefore set out.

Dated at Ottawa this 1 day of June, 2022

**7132221 CANADA INC.**

Per: Robbie Fraser

Name: Robbie Fraser  
Title: President

I have authority to bind the Corporation

[Signature]  
**WITNESS**

[Signature]  
**ROBBIE FRASER**

Leanne Hill  
WITNESS

Sarah Fraser  
SARAH FRASER

[Signature]  
WITNESS

Renee Tremaglia  
RENEE TREMMAGLIA

This is Exhibit "K" to the Affidavit of Leo Chun  
sworn on May 5, 2023

A Commissioner for the taking of affidavits, etc.



7132221 Canada Inc. Hawktree Solutions ("HTS")  
 Borrowing Base Certificate Recalculation  
 For the period ended October 31, 2022

	Company	BDO	Variance	Notes
<b>Accounts receivable</b>				
<b>Canadian domiciled accounts receivable</b>				
Current (within net 30 day terms)	5,908	5,465	(443)	
1-30 days	1,537,812	9,641	(1,528,171)	1
31-60 days	1,714	966	(748)	
61 days or more past due	3,461	200	(3,261)	
91 days or more past due	589,667	583,466	(6,201)	
Total Canadian domiciled accounts receivable	2,138,562	599,738	(1,538,824)	
<b>Less:</b>				
Doubtful accounts/accounts in dispute				
Amounts exceeding 61 days (excluding offsets/credit balances)	(593,128)	(583,666)	9,462	
Amounts subject to right of offset			-	
	(593,128)	(583,666)	9,462	
Good Canadian domiciled accounts receivable	1,545,435	16,072	(1,529,363)	
<b>Marginable value at 75%</b>	<b>A</b>	<b>1,159,076</b>	<b>12,054</b>	<b>(1,147,022)</b>
<b>Accounts receivable</b>				
<b>Canadian domiciled government accounts receivable</b>				
Current (within net 30 day terms)	16,425	16,869	443	
1-30 days	44,364	59,064	14,700	
31-60 days	26,356	27,105	748	
61 days or more past due	22,772	26,032	3,261	
91 days or more past due	90,280	96,540	6,260	
Total Canadian domiciled government accounts receivable	200,197	225,609	25,412	
<b>Less:</b>				
Doubtful accounts/accounts in dispute			-	
Amounts exceeding 91 days (excluding offsets/credit balances)	(90,280)	(96,540)	(6,260)	
Amounts subject to right of offset		(70,378)	(70,378)	2
	(90,280)	(166,917)	(76,637)	
Good Canadian domiciled government accounts receivable	109,917	58,692	(51,225)	
<b>Marginable value at 75%</b>	<b>B</b>	<b>82,438</b>	<b>44,019</b>	<b>(38,419)</b>
<b>Total marginable AR</b>	<b>C = A + B</b>	<b>1,241,513</b>	<b>56,072</b>	<b>(1,185,441)</b>
<b>Inventory</b>				
First Aid	824,555	824,555	-	
Emergency Preparedness	269,866	269,866	-	
Training Aids & Apparel	236,737	236,737	-	
A.E.D.	214,705	214,705	-	
Non-branded items	40,080	40,080	-	
FebriDX	601,460	-	(601,460)	3
Masks	380,049	380,049	-	
Gloves	370,370	370,370	-	
Gowns	277,565	69,391	(208,174)	4
Hand sanitizer	64,524	64,524	-	
Hawktree samples	112,745	33,823	(78,922)	5
Adjustment for Inventory Build and Reconciliation	308,987	-	(308,987)	6
Nitrile Gloves related to AK&H sale	-	893,470	893,470	1
International UK Inventory	502,644	294,800	(207,844)	7
Inventory in Transit - Nitrile Gloves	44,621	44,621	-	
Total Inventory	4,248,908	3,692,370	(556,538)	
Less: Sales tax, excise & GST	(156,969)	-	156,969	8
Less: Income tax payable (penalties and interest)	(87,444)	-	87,444	
Unencumbered inventory	4,004,494	3,692,370	(312,124)	
<b>Marginable value at 50%</b>	<b>2,002,247</b>	<b>1,846,185</b>	<b>(156,062)</b>	
<b>Maximum marginable value of inventory</b>	<b>D</b>	<b>2,000,000</b>	<b>1,846,185</b>	<b>(153,815)</b>
<b>Marginable value of assets</b>	<b>E = C+D</b>	<b>3,241,513</b>	<b>1,902,257</b>	<b>(1,341,503)</b>
<b>Priority payables</b>				
Less: Sales tax, excise & GST	-	(31,887)	31,887	8
Less: Income tax payable (penalties and interest)	-	(87,444)	(87,444)	
	<b>F</b>	<b>(119,331)</b>	<b>(119,331)</b>	
<b>Borrowing limit</b>	<b>E+F</b>	<b>3,241,513</b>	<b>1,782,926</b>	<b>(1,458,587)</b>
<b>Borrowings</b>	<b>3,264,308</b>	<b>3,264,308</b>	<b>-</b>	
<b>Surplus / (Deficit)</b>	<b>(22,794)</b>	<b>(1,481,381)</b>	<b>(1,458,587)</b>	

Disclaimer: The information contained and discussed herein has not been audited, reviewed or otherwise verified by BDO and as such BDO expresses no opinion, whether expressed or implied, regarding the accuracy of the information contained herein. Actual results may vary to that discussed herein and the variance may be material in nature.

#### Notes to the Borrowing Base Certificate Recalculation

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**Note 1:** Effective month ended October 31, 2022, there was a \$1.5M write-down of amounts receivable owing from AK&H Ltd. ("AK&H"). The AK&H receivable related to an original transaction in December 2021 whereby HTS purchased nitrile gloves from GAUKE International Trading Co. Ltd. ("Gauke") (a related party - 12.4% owner of HTS) for resale to AK&H through G-Force CNC Enterprises Inc ("G-Force") which was acting as intermediary. AK&H, through G-Force, provided HTS with a \$500k deposit in December 2021 for the purposes of solidifying the order. As the global COVID-19 pandemic waned in early/mid 2022, demand for quality assured personal protective equipment ("PPE") declined, prompting G-Force, a CNC machining company, to return to its core business after temporarily pivoting to PPE manufacturing. Following G-Force's exit, HTS initiated business directly with AK&H in September 2022 at which time the original G-Force invoices were reissued to AK&H. Therefore, the age of the receivable is in question. Further, the AK&H sale and related receivable did not appear to meet revenue recognition criteria pursuant to generally accepted accounting principles. The transaction appeared to be a standing purchase order and AK&H is currently purchasing the product at a discounted value as the market price for the gloves has declined from the time HTS entered into the original agreement with G-Force. HTS has recorded each sale to AK&H as a contra to the accounts receivable balance and gradually reducing the deposit on a per transaction basis. Therefore, BDO recommended an adjusting journal entry to record the PPE gloves on hand as inventory at market value and reverse the associated revenue, HST and accounts receivable. More recent sales to AK&H have been recorded when the product changes possession and is shipped from the HTS warehouse. The variances between Canadian domiciled accounts receivable and Canadian domiciled government accounts receivable relate primarily to classification discrepancies.

**Note 2:** The accounts receivable offset relates to balances less than 60 days aged owing from the Canada Red Cross ("CRC"). HTS has a trade payable owing to CRC amounting to \$207k as of period end.

**Note 3:** FebriDx inventory has been removed from the borrowing base calculation as the product is expired, therefore obsolete. FebriDx is a Covid-19 rapid testing product manufactured by Lumos Diagnostics ("Lumos") which ultimately had low success rate in detecting recent variants. HTS has arranged for the inventory to be replaced by Lumos at no cost with CoviDx, another Covid-19 rapid testing product that is approved by Health Canada. The replacement inventory has yet to be received.

**Note 4:** Gown inventory within the borrowing base calculation has been reduced as the product is expired, however HTS has identified a buyer willing to pay 25% of product cost and will use the product for non-medical purposes.

**Note 5:** Samples inventory within the borrowing base has been reduced as the product is not held for resale, therefore does not qualify for margining. HTS has segregated 30% of the samples inventory as resaleable under a new initiative of refurbishing sample AEDs for resale.

**Note 6:** Management informed this inventory line item relates to a pending inventory reconciliation required resulting from the transition between QuickBooks and NetSuite accounting systems. Following the reconciliation, Management expects the First Aid inventory will be adjusted upwards, however until the reconciliation is complete, BDO has removed the balance from its borrowing base recalculation.

**Note 7:** Although inventory is located outside of Canada, it is considered marginable as the inventory is located in the UK with a law based system similar to Canada. The inventory value has been adjusted to reflect management's estimate of lower of cost or market value.

**Note 8:** The company deducted priority claims prior to calculating the marginable inventory value rather than deducting the priority claims from the total marginable accounts receivable and inventory.

**Note 9:** Included with the excise tax priority payable are balances owing to CRA and Revenue Quebec of \$125k and \$31k, respectively. However, the reversal of the AK&H receivable discussed in Note 1 will result in a credit of \$174k and a net credit position with CRA. The Revenue Quebec QST balance would remain as a priority payable.

This is Exhibit "L" to the Affidavit of Leo Chun  
sworn on May 5, 2023

A Commissioner for the taking of affidavits, etc.

January 9, 2023

**VIA REGISTERED AND REGULAR MAIL  
PERSONAL AND CONFIDENTIAL**

7132221 Canada Inc.  
204 – 220 Kennevale Dr.  
Ottawa, ON K2J 6B6

Attention: Robbie Fraser, President

**Re: Bank of Montreal (the "Bank") loans to  
7132221 Canada Inc. (the "Company")**

Dear Sir,

We act as solicitors for the Bank. According to our client's records, the Company is indebted to the Bank as of January 8, 2023 in the amount of \$3,429,906.54, particulars of which are as follows:

<u>Loan No.</u>	<u>Principal</u>	<u>Interest</u>
Overdraft Lending C/A Loan No. 3843-1988-253 (Bank prime plus 1.25% per annum)	\$3,255,968.26	\$9,643.33
Canada Emergency Business Account Loan 5112-4200-0153-6915	\$60,000.00	-
Corporate MasterCard Account Card No. 5264 5500 0018 8659 (Standard Rates)	\$104,294.95	-
<b>TOTAL:</b>	<b>\$3,420,263.21</b>	<b>\$9,643.33</b>

Interest continues to accrue on the principal amounts aforementioned from January 9, 2023 to the date of payment at the rates of interest as set out above.

The indebtedness of the Company is secured by certain securities including a General Security Agreement dated August 14, 2019 and Bank Act Security dated March 24, 2021 (collectively, the "Security").

On behalf of the Bank, we hereby demand payment of the indebtedness of the Company pursuant to the Security and all other security held by the Bank from it as security for the payment of its indebtedness, together with payment of interest thereon, any further principal advances and legal costs to the date of payment.

Payment is to be made forthwith.

In the event that payment in full is not made as required, the Bank will be obliged to take such proceedings as it considers necessary to recover payment of the indebtedness of the Company in full and to enforce its Security, which proceedings may involve the appointment of an agent or receiver and manager.

Enclosed please find our client's Notice of Intention to Enforce Security which is served on the Company pursuant to the provisions of the Bankruptcy and Insolvency Act.

We also take this opportunity to enclose a forbearance agreement containing the terms and conditions upon which the Bank is prepared to forbear until March 31, 2023 from proceeding with enforcement of the Security to afford the Company an opportunity to obtain and complete a sales process and/or a refinancing. We strongly recommend that all the documentation be reviewed with your solicitor but, in any event, will require execution and return by the Company and guarantors of the forbearance agreement (including execution of the consents) by January 16, 2023. I will then have the agreement executed by the Bank and will return a fully executed copy to you. Please note that the ten day notice period specified in the Notice of Intention to Enforce Security continues to run unabated during this time.

Yours truly,  
CHAITONS LLP



Gary N. Feldman  
PARTNER

GNF/sd  
Encl.

**NOTICE OF INTENTION TO ENFORCE SECURITY**  
**(given pursuant to section 244 of the *Bankruptcy and Insolvency Act*)**

TO: 7132221 CANADA INC., an insolvent person,

Take notice that:

1. Bank of Montreal, a secured creditor, intends to enforce its security on the hereinafter described property of the insolvent person:  
  
All assets, property and undertaking of 7132221 Canada Inc.
2. The security that is to be enforced is in the form of a General Security Agreement dated August 14, 2019 and Bank Act Security dated March 24, 2021 (collectively, the "Security").
3. The total amount of indebtedness secured by the Security as at January 8, 2023 is \$3,429,906.54, plus costs.
4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10 day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

DATED at Toronto this 9<sup>th</sup> day of January, 2023.

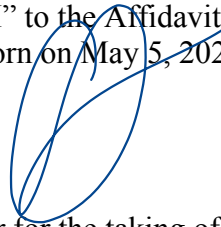
BANK OF MONTREAL  
by its solicitors, Chaitons LLP



---

Gary N. Feldman

This is Exhibit "M" to the Affidavit of Leo Chun  
sworn on May 5, 2023

A handwritten signature in blue ink, consisting of a large, stylized loop that encircles the text above it.

A Commissioner for the taking of affidavits, etc.

7132221 Canada Inc.  
204 – 220 Kennevale Dr.  
Ottawa, ON K2J 6B6

February 2, 2023

Mr. Leo Chun  
Bank of Montreal  
First Canadian Place  
100 King Street West  
19<sup>th</sup> Floor  
Toronto, ON M5X 1A1

Dear Mr. Chun:

**Re: Bank of Montreal (the "Bank") loans to  
7132221 Canada Inc. (the "Borrower")**

---

We acknowledge receipt of the Bank's Notice of Intention to Enforce Security dated January 9, 2023 (the "Notice") and letter dated January 9, 2023 demanding payment of the indebtedness and liabilities of the Borrower to the Bank.

We acknowledge that as at January 27, 2023, the Borrower is indebted to the Bank in the amount of \$3,407,636.21 comprising \$3,372,930.53 for principal and \$34,705.68 for interest, particulars of which are as follows:

<u>Loan No.</u>	<u>Principal</u>	<u>Interest</u>
Overdraft Lending C/A Loan No. 3843-1998-253 (Bank prime plus 1.25% per annum)	\$3,226,810.42	\$34,705.68
Canada Emergency Business Account Loan 5112-4200-0153-6915	\$40,000.00	-
Corporate Mastercard Card No. 5264 5500 0018 8659	\$106,120.11	-
<b>TOTAL:</b>	<b>\$3,372,930.53</b>	<b>\$34,705.68</b>

We further acknowledge that interest continues to accrue on the loans from January 31, 2023, to the date of payment at the rates set out above.

The amount of \$3,407,636.21 together with any further advances and additional interest accruing from January 31, 2023 and fees and costs actually incurred to the date of payment, is hereinafter collectively referred to as the "Indebtedness".



We confirm that we do not dispute the Borrower's liability to pay the sums demanded of it on any basis whatsoever and that the Borrower has no claim for setoff, counterclaim or damages on any basis whatsoever against the Bank. If there are any claims for setoff, counterclaim or damages, they are hereby expressly released and discharged.

We confirm that as security for the Borrower's indebtedness to the Bank, the Bank holds, *inter alia*, a General Security Agreement dated August 14, 2019 and Bank Act Security dated March 24, 2021 (collectively, the "Security"). We confirm that the Security has not been discharged, waived or varied, that it is binding upon the Borrower and that it is valid and enforceable in accordance with its written terms.

Robbie B. Fraser (Rob), Sarah Fraser and Renee Tremmaglia (Renee) (collectively, the "Guarantors") acknowledge that the Bank holds from them the following guarantee of the indebtedness and liabilities of the Borrower:

- (a) joint and several guarantee from the Guarantors dated March 16, 2021 in the principal amount of \$1,275,000.00 bearing interest at the rate of Bank prime plus 3.00% per annum from the date of demand for payment.

The Guarantors confirm that their guarantee has not been released, waived or varied, that it is binding upon them and that it is valid and enforceable against them in accordance with its written terms.

The Guarantors confirm that they do not dispute their liability pursuant to their guarantee and that they do not have any claim for setoff, counterclaim or damages on any basis whatsoever against the Bank. If there are any claims for setoff, counterclaim or damages, they are hereby expressly released and discharged.

We do not request that the Bank withdraw the demands for payment or the Notice. However, we request that the Bank forbear until April 7, 2023 (the "Forbearance Period") from taking steps to recover payment of the Indebtedness or from enforcing the Security. In consideration of the Bank's forbearance, we undertake, agree, acknowledge and confirm as follows:

- (a) to continue to make all interest payments monthly in accordance with existing arrangements;
- (b) to remit, as and when required, all current amounts required to be deducted or withheld and remitted under the *Income Tax Act (Canada)*, *Excise Tax Act*, *Harmonized Sales Tax (Ontario)*, *Employment Standards Act* and any other claims which, if unpaid, would rank in priority to the Security;
- (c) to deposit to the Borrower's operating account with the Bank all monies received by the Borrower on a daily basis;
- (d) neither the Borrower nor Guarantors shall attempt to sell or dispose of any of the Borrower's assets, other than in the ordinary course of business without the prior written consent of the Bank;

- (e) the Borrower's Corporate MasterCard Account has been cancelled at the Borrower's request and the remaining balance owing under this facility will be repaid in full by no later than March 3, 2023;
- (f) the Borrower is currently out of margin on its operating line by approximately \$1,480,000.00. Notwithstanding this default, the Bank has agreed to allow the Borrower to operate out of margin during the Forbearance Period with the authorized limit permanently reduced to and capped at \$3,162,000.00 and with the following permanent reductions:

<u>Date</u>	<u>Reduction</u>	<u>Maximum Authorized Limit</u>
February 10, 2023		\$3,162,000.00
March 3, 2023	\$50,000.00	\$3,112,000.00
March 30, 2023	\$50,000.00	\$3,062,000.00
April 7, 2023	\$50,000.00	\$3,012,000.00

- (g) in addition to the permanent reductions in (f) above, any windfall payments or monies received by the Borrower during the Forbearance Period over and above ordinary receivables contemplated by the January 17<sup>th</sup> cash flow projections (eg. receipt of payment from G-Force CNC Enterprises Inc. or other settlement monies or tax refunds) will be split 75/25 in favour of the Borrower up to the first \$200,000.00 received and thereafter to be split 75/25 in favour of the Bank and the maximum authorized limit will be further reduced by the amounts received by the Bank. In such event, the reductions provided for in (f) above will still be applied but in reduction of the maximum authorized limit in place at that time;
- (h) Rob will pay to the Bank on or before February 10, 2023, the sum of \$200,000.00 to be held in a GIC as continuing collateral security in support of his guarantee of the Borrower's indebtedness. Rob will simultaneously provide to the Bank a copy of his birth certificate and driver license. If the indebtedness is repaid in full, the cash collateral together with accrued interest will be returned to Rob. In the event of a shortfall, the cash collateral will be applied in whole or in part in reduction/repayment of the indebtedness to be credited against the obligations of the Guarantors under the joint and several guarantee;
- (i) Renee will forthwith execute in favour of the Bank a collateral charge in the amount of \$100,000.00 as collateral security in support of her guarantee of the Borrower's indebtedness. The charge will be registered as a second charge subsequent to the existing first charge in favour of MCAP Service Corporation against title to Unit 50, Level 1, Carlton Condominium Plan No. 11, (PIN 15011-0050 (LT)) registered in the name of Renee Tremmaglia-Smith being one and the same person as Renee. The condominium unit is currently listed for sale and, upon closing, Renee, will pay to the Bank the sum of \$100,000.00 to be held in a GIC as continuing collateral security in support of her guarantee of the Borrower's indebtedness in consideration for which the Bank will discharge its charge. The GIC will be held on the same terms as set out in (h) above;
- (j) the Borrower has retained the services of BDO Canada Limited ("BDO") to assist with various matters including preparation of borrowing base calculations, cash flow

projections, and an assessment of the Borrower's ongoing viability. The Borrower hereby authorizes and directs BDO to report to the Bank from time to time on all matters affecting the Borrower's business including any assessments as to ongoing viability and, without limiting the generality of the foregoing, a mandate to complete the following:

- i. an evaluation of the Borrower's significant assets and the Bank's security position relative thereto including any specific asset confirmations deemed advisable by BDO;
  - ii. to determine the extent to which the Borrower's assets are encumbered by the various statutory liens and deemed trusts;
  - iii. monthly preparation of in-house financial reports within 20 days of each month end including signed aged lists of accounts receivable and accounts payable, separation of receivables and payables in Canadian or US dollars, separation of receivables between those falling under the Export Development Canada ("EDC") guarantee and all other receivables, an updated inventory listing, a signed borrowing base certificate and copies of new contracts entered into for the immediate preceding month;
  - iv. a bi-weekly comparison of the January 17<sup>th</sup> (updated February 1<sup>st</sup> and attached as Schedule "A") cash flow projections to actual results with explanatory notes for any negative variance greater than \$7,500.00;
  - v. formulation of an alternative plan/recommendation in the event the Borrower is unable to finalize a sale or recapitalization acceptable to the Bank as more specifically outlined in subparagraph (h) below.
- (k) during the Forbearance Period with the assistance of BDO, the Borrower intends to conduct a sale and investment solicitation process (SISP) for the sale of its business, property, assets and undertaking and/or injections of equity in an amount or amounts sufficient to repay the Indebtedness on or before the expiry of the Forbearance Period. The Borrower and/or BDO will keep the Bank updated in respect of the process not less frequently than bi-weekly. The Bank acknowledges that a receivership/court ordered sale may be required to give effect to the SISP;
- (l) the Bank's forbearance is conditional on BDC Capital Inc.'s ("BDC") agreement to postpone collection of principal payments during the Forbearance Period. The Borrower acknowledges that the Bank will be providing a copy of this agreement to BDC in accordance with the terms and conditions contained in a Subordination Agreement dated March 2021;
- (m) the Borrower acknowledges and agrees that the terms and conditions of this Agreement are subject to review by and the consent of EDC, failing which this Agreement is of no force and effect. In the event EDC reduces its guarantee during the term of this Agreement or any renewals, the Bank is hereby irrevocably authorized and directed to further reduce by similar amount or amounts any affected facility or facilities as of the date such EDC reduction or reductions take effect;
- (n) to pay to the Bank the sum of \$10,000.00 as an application fee for this request to

forbear. \$5,000.00 is to be collected upon execution of this Agreement and the remaining \$5,000.00 is to be paid on the earlier of repayment of the Indebtedness or April 7, 2023.

We further acknowledge and confirm that any one or more of the following events shall constitute an event of default ("Event of Default") under this Forbearance Agreement:

- (a) if the Borrower or Guarantors default in the observance or performance of any covenant, agreement or undertaking contained in this Forbearance Agreement, the Security or any other agreement between them. The margin deficit set out in paragraph (f) of this Agreement shall not be deemed an Event of Default;
- (b) other than in furtherance of the SISF provided for in paragraph (h) of this Agreement, if the Borrower ceases to carry on business, makes an assignment for the benefit of creditors, files an assignment in bankruptcy or makes a proposal under the *Bankruptcy and Insolvency Act*; an application in bankruptcy is issued or the Borrower is adjudicated insolvent or bankrupt; the Borrower applies to any tribunal for the appointment of a receiver, trustee or similar liquidator; if any proceeding is commenced relating to it or to any portion of its property under any law relating to reorganization, arrangement or readjustment of debt, dissolution, winding-up or similar law; or if a receiver, trustee, manager, consultant, liquidator, agent or other similar party is appointed in respect of its property or any part thereof;
- (c) if any person takes possession of any property of the Borrower or the Guarantors by way of or in contemplation of enforcement of security, or a distress, execution or similar process is levied or enforced against any such property;
- (d) if an execution or any other process of any court is enforced against the Borrower or Guarantors or if a distress, lease termination or analogous process is levied upon the property of the Borrower or the Guarantors or any part thereof;
- (e) the Bank determines, acting reasonably, that a material adverse change has occurred during the Forbearance Period in respect of the operations, business, financial condition or affairs of the Borrower, or in the performance of this Agreement. A material adverse change includes but is not limited to any negative variance greater than \$50,000.00 in comparison to the weekly Cumulative Net Cash Flow reflected on Schedule "A";
- (f) failure to repay the Indebtedness on or before the expiration of the Forbearance Period unless the Bank, in its sole discretion, agrees to an extension of the time period for repaying the Indebtedness.

Upon the occurrence of an Event of Default: (i) the Indebtedness shall, at the option of the Bank, become immediately due and payable; (ii) interest thereon shall be due and payable from such date at the rate applicable to the Indebtedness to the actual date of payment; and (iii) the Security shall, at the option of the Bank, become enforceable without further notice in accordance with its terms.

We agree and consent to the making of a bankruptcy order and appointment of a receiver and manager of the assets, property and undertaking of the Borrower and agree to forthwith execute and deliver to the Bank written consents in the form annexed hereto as

Schedule "B" which consents are to be held by the Bank's solicitors in escrow until the occurrence of an Event of Default.

We further agree to pay all reasonable costs and expenses whether incurred before or after the date hereof of the Bank including, without limitation, all legal fees and disbursements incurred in connection with the preparation, negotiation and enforcement of this Forbearance Agreement. The Bank is hereby expressly authorized to debit the Borrower's account at the Bank for payment of all of the aforementioned costs including the \$10,000.00 application fee.

We further acknowledge and agree that your actual forbearance shall be good and sufficient consideration for the contents hereof. The Guarantors have joined in this request for forbearance and acknowledge that your actual forbearance will not in any way affect their liability to the Bank.

This Agreement may be executed in counterparts and by facsimile transmission or email in PDF format, and each counterpart when so executed and delivered by facsimile transmission or email in PDF format shall be deemed an original and such counterparts when taken together shall constitute one and the same instrument.

DATED at Sthawg this 3 day of <sup>February</sup> January, 2020.

7132221 CANADA INC.

Per:

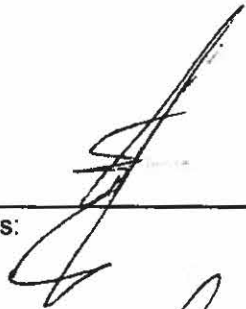


Name: Robbie Fraser

Title: President


I have the authority to bind the Company

Witness:



ROBBIE B. FRASER



  
\_\_\_\_\_  
Witness:

  
\_\_\_\_\_  
RENEE TREMMAGLIA

BANK OF MONTREAL hereby acknowledges receipt of this request for forbearance and agrees to the terms and provisions contained herein.

DATED at Toronto this 6th day of February, 2023.

**BANK OF MONTREAL**

Per:

  
\_\_\_\_\_  
Leo Chun,  
Account Manager

I have authority to bind the Bank

## Schedule "A"

2132231 Cash Flow - MaxTree Solutions (PMS) 1 Statement of projected weekly cash flows For the weekly period ending January 13, 2023 to Apr 17, 2023 Updated on February 1, 2023															
Note	Week 1 13-Jan-23	Week 2 20-Jan-23	Week 3 27-Jan-23	Week 4 03-Feb-23	Week 5 10-Feb-23	Week 6 17-Feb-23	Week 7 24-Feb-23	Week 8 03-Mar-23	Week 9 10-Mar-23	Week 10 17-Mar-23	Week 11 24-Mar-23	Week 12 31-Mar-23	Week 13 07-Apr-23	Total	
<b>Opening line of credit position</b>	1	13,254,383	13,234,190	13,202,591	13,239,902	13,262,037	13,238,667	13,190,597	13,252,627	13,117,513	13,047,442	13,011,142	13,000,670	13,104,620	13,254,383
<b>Inflows</b>															
Existing accounts receivable	2	29,377	31,502	2,534	-	-	-	-	-	-	-	-	-	-	63,413
New accounts receivable	3	32,397	107,147	107,147	116,010	141,563	141,563	141,563	214,310	137,557	137,557	137,557	138,546	133,284	1,646,302
<b>Total inflows</b>		61,674	138,649	109,681	116,010	141,563	141,563	141,563	214,310	137,557	137,557	137,557	138,546	133,284	1,709,715
<b>Outflows</b>															
<b>Trade payable</b>															
Existing trade payable	4	446	89,937	47,943	37,439	33,206	47,181	-	19,350	-	-	-	27,785	-	365,367
New trade payable	4	-	3,198	3,198	3,148	3,098	35,890	35,890	16,299	16,708	16,708	16,708	19,145	11,046	161,627
<b>Overhead expenses</b>															
General and administrative expenses		-	-	8,990	-	8,361	-	8,361	6,990	-	-	4,180	8,560	-	42,461
Warehouse and logistics		-	-	400	31,031	-	-	35,344	-	-	44,429	-	-	-	111,204
Insurance		3,003	-	3,134	-	3,003	-	3,234	-	3,003	-	3,334	-	3,003	22,617
Payroll		25,400	-	25,400	-	25,400	-	25,400	-	21,400	-	21,400	-	21,400	145,000
Payroll remittances		16,500	-	16,500	-	16,500	-	16,500	-	9,500	-	9,500	-	9,500	70,500
Employee benefits		1,840	-	-	-	-	1,640	-	-	-	1,840	-	-	-	5,320
Contractors and commissions payable		-	-	10,000	10,000	11,750	-	-	-	-	5,750	-	-	-	41,500
Bank charges and fees		-	-	3,308	-	-	-	-	5,308	-	-	-	5,308	-	15,923
Forfeiture fees		-	-	-	5,000	-	-	-	-	-	-	-	5,000	-	10,000
Professional fees		-	-	-	14,375	14,375	14,375	14,375	28,750	14,375	28,750	14,375	14,375	28,750	172,500
<b>Debt servicing</b>															
BMO line of credit payments		-	-	36,207	-	-	-	36,206	-	-	-	-	34,821	-	107,318
BMO Mastercard		-	-	400	-	-	-	35,344	-	-	-	44,429	-	-	111,204
SCC loans interest only	5	800	11,408	482	-	-	11,708	482	-	-	34,000	34,000	34,000	482	20,617
EDC		-	-	14,730	-	-	-	-	-	-	-	-	-	-	14,730
Credit card payments/miscellaneous payments		41,488	107,041	166,991	89,120	118,193	91,494	152,476	79,196	67,486	101,256	147,092	155,309	96,198	1,415,344
<b>HST (payable) receivable</b>															
		-	-	(129,026)	-	-	(51,117)	-	-	-	-	-	667,167	-	(147,331)
<b>Net cash flow</b>		20,185	31,606	(57,110)	(2,136)	23,370	48,070	(62,030)	135,114	70,071	36,301	(9,536)	183,951	37,086	186,040
<b>Projected cash position</b>	A	13,274,568	13,265,794	13,208,684	13,266,546	13,289,916	13,190,597	13,252,627	13,117,513	13,047,442	13,011,142	13,020,670	13,204,620	13,067,542	13,267,582
<b>Cumulative Net Cash Flow</b>		20,185	51,792	(5,519)	(7,656)	15,716	63,786	1,756	136,670	206,940	243,241	233,705	149,755	186,840	372,880
<b>Cumulative Cash Flow less Permitted Variance (\$30,000)</b>		(9,815)	21,792	(35,519)	(57,656)	(41,884)	(13,786)	(12,030)	104,640	176,940	209,241	194,169	119,755	156,840	342,880
<b>Current margin availability</b>	B	3,268,000	3,268,000	3,268,000	3,268,000	3,268,000	3,268,000	3,268,000	3,218,000	3,218,000	3,218,000	3,218,000	3,168,000	3,118,000	3,118,000
<b>Estimated margin surplus / (deficit)</b>	A + B	33,902	65,409	8,098	5,963	29,333	77,401	15,173	300,487	170,558	206,856	197,822	63,372	50,458	358,920
<b>Recalculated margin availability</b>	C	1,782,926	1,782,926	1,782,926	1,782,926	1,782,926	1,782,926	1,782,926	1,782,926	1,782,926	1,782,926	1,782,926	1,782,926	1,782,926	1,782,926
<b>Estimated margin surplus / (deficit)</b>	A + C	(1,451,372)	(1,451,372)	(1,451,372)	(1,451,372)	(1,451,372)	(1,451,372)	(1,451,372)	(1,314,346)	(1,244,350)	(1,208,074)	(1,170,074)	(1,131,074)	(1,092,074)	(1,053,074)
<b>Weekly estimate of margin availability</b>	D	1,543,092	1,498,750	1,477,154	1,454,269	1,415,738	1,377,209	1,338,679	1,277,780	1,238,978	1,200,127	1,171,325	1,136,782	1,142,204	1,142,204
<b>Estimated margin surplus / (deficit)</b>	A + D	(1,667,105)	(1,703,641)	(1,768,782)	(1,803,743)	(1,822,973)	(1,813,888)	(1,913,948)	(1,844,786)	(1,808,518)	(1,808,013)	(1,849,751)	(1,967,847)	(1,924,330)	(1,924,330)
<b>Working Capital Summary</b>															
Accounts receivable		51,012	36,200	30,335	67,908	69,635	71,361	73,088	74,941	76,919	78,898	80,876	81,865	100,452	100,452
Inventory		3,007,664	2,943,300	2,878,751	2,806,677	2,727,027	2,647,377	2,567,727	2,483,048	2,362,477	2,291,907	2,221,336	2,150,765	2,135,730	2,135,730
Accounts payable		5,274,243	5,197,098	5,161,947	5,137,099	5,114,285	5,096,704	5,086,304	5,049,191	5,054,055	5,058,940	5,063,814	5,038,464	5,076,319	5,076,319

Disclaimer: The Cash Flow forecast ("Forecast") was prepared by Management with the assistance of BDO Canada Limited ("BDO"). The assumptions supporting these outcomes are that of Management. The information contained and discussed herein has not been audited, reviewed or otherwise verified by BDO and as such BDO expresses no opinion, whether expressed or implied, regarding the accuracy of the information contained herein. As the forecast contemplates future cash flows, actual results will vary to that discussed herein and the variance may be material in nature.

**Notes to the statement of projected weekly cash flows (the "Cash Flow")**

Note 1: The opening line of credit balance represents the consolidated net balance of all bank accounts, lines of credit and outstanding cheques held by HTS as at January 6, 2023 as summarized below:

BMO - Account 3843 1988-77	(3,255,063)
BMO - Account 3841 4776-2	700
Scotiabank - 9076600150	(1,254,023)
<b>Other Indebtedness</b>	
BMO Mastercard	(107,428)
Scotiabank Visa Account	(97,767)
	(205,195)

Note 2: Accounts receivable provided on the Company's balance sheet as at January 6, 2023 is reported as follows:

CLASSIFICATION	2023	2022
Accounts receivable	39,617	67,297
Allowance for doubtful accounts	(1,174)	(1,174)
<b>Total</b>	<b>38,443</b>	<b>66,123</b>
Credit balances in A/R	(1,174)	(1,174)
<b>Total</b>	<b>37,269</b>	<b>64,949</b>

Included in accounts receivable is an amount totaling \$144,027 receivable from the Canadian Red Cross ("CRC"). It is anticipated that it will be offset against amounts payable to CRC related to royalties on labels.

Note 3: Cash inflows from new accounts receivable are reported by the following label projects by management:

(In \$'000)	2023
First Aid	257,796
Training Equipment	161,303
A&B	73,744
Emergency Programs	661,099
PPE (Military Gloves)	444,231
Aged Inventory	306,099
<b>Total Sales</b>	<b>1,709,367</b>

Label Projects

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Total
New labels shipped	49,007	113,837	121,837	113,563	143,290	141,290	141,290	141,290	141,290	139,515	139,515	139,515	131,871	1,786,367
Total addition to on-hand labels of 7 day term	14,689	107,147	116,810	116,810	124,874	124,874	124,874	124,874	124,874	119,141	119,141	119,141	112,889	1,521,513
Total addition to on-hand labels of 7 day term	14,689	107,147	116,810	116,810	124,874	124,874	124,874	124,874	124,874	119,141	119,141	119,141	112,889	1,521,513
Collection on-hand labels of 7 day term	22,297	107,147	107,147	107,147	107,147	107,147	107,147	107,147	107,147	107,147	107,147	107,147	107,147	1,424,689
Collection on-hand labels of 7 day term	22,297	107,147	107,147	107,147	107,147	107,147	107,147	107,147	107,147	107,147	107,147	107,147	107,147	1,424,689

Management's expected inflows from the collection of new accounts receivable is illustrated below:

CLASSIFICATION	2023
COGS AP	4,263,258
Non-COGS AP	911,436
<b>Total</b>	<b>5,174,694</b>

Note 4: Accounts payable provided on the Company's balance sheet as at January 6, 2023 is reported as follows:

CLASSIFICATION	2023	2022
COGS AP	2,26,483	68,804
Non-COGS AP	68,804	105,287
<b>Total</b>	<b>2,95,287</b>	<b>174,091</b>

Management expects to settle existing payables during the forecast period as follows:

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Total
New Purchases per week	15,980	15,980	15,980	15,980	15,980	15,980	15,980	15,980	15,980	15,980	15,980	15,980	15,980	267,954
Purchases COGS (\$)	2,198	2,198	2,198	2,198	2,198	2,198	2,198	2,198	2,198	2,198	2,198	2,198	2,198	33,291
Purchases 30 day terms (\$)	13,782	13,782	13,782	13,782	13,782	13,782	13,782	13,782	13,782	13,782	13,782	13,782	13,782	234,663

Note 5: The cash flow forecast assumes a principal liability to be repaid by the week ending March 31, 2023 pursuant to draft terms of the Indenture Agreement. Each outflow during the forecast period includes interest payments for BMO's revolving facility, and minimum payment requirements for the BMO Mastercard account until the outstanding balance is paid in full by the week ending March 31, 2023. Interest expense is reported in the cash flow forecast.



**SCHEDULE "B"**

**CONSENT**

**TO: BANK OF MONTREAL**

7132221 CANADA INC. hereby consents to the appointment of a Receiver and Manager pursuant to the General Security Agreement dated August 14, 2019.

DATED at *Ottawa* this *3* day of ~~January~~ *February*, 2023.

**7132221 CANADA INC.**

Per:



Name: Robbie Fraser

Title: President

I have the authority to bind the Company

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)

IN THE MATTER OF THE BANKRUPTCY OF 7132221 Canada Inc., a company incorporated under the laws of the Province of Ontario, carrying on business in the City of Ottawa, in the Province of Ontario.

CONSENT

7132221 CANADA INC. hereby consents to the immediate making of a Bankruptcy Order in respect of its property.

DATED at *Ottawa* this *3* day of ~~January~~ *February*, 2023.

7132221 CANADA INC.

Per:



Name: Robbie Fraser  
Title: President

I have the authority to bind the Company

BANK OF MONTREAL  
Applicant

-and-

7132221 CANADA INC.  
Respondent

Court File No. CV-23-00700033-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceedings commenced at TORONTO

**APPLICATION RECORD**

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