

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY and INSOLVENCY**

B E T W E E N

ROYAL BANK OF CANADA

Plaintiff

- and -

SLE-CO PLASTICS INC., SLE-CO PROPERTIES INC., and  
1142024 ONTARIO INC.

Defendants

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**MOTION RECORD**

**Volume 1**

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January 9, 2020

**HARRISON PENZA LLP**

Barristers & Solicitors  
450 Talbot Street  
London Ontario  
N6A 5J6

**Timothy C. Hogan (LSO #36553S)**

Tel: (519) 679-9660  
Fax: (519) 667-3362

Solicitors for the Plaintiff

TO: Service List Attached

## SERVICE LIST

TO: **Advocates LLP**  
255 Queens Avenue, Suite 1620  
London, ON N6A 5R8

**Angelo D'Ascanio**  
Tel: (519) 858-8220 x 232  
Fax: (519) 858-0687  
Email: [a.dascanio@advocatesllp.com](mailto:a.dascanio@advocatesllp.com)

**Eric Grigg**  
Tel: (519) 858-8220 x 234  
Fax: (519) 858-0687  
Email: [e.grigg@advocatesllp.com](mailto:e.grigg@advocatesllp.com)

Lawyers for the Defendants

AND

TO: **BDO Canada Limited**  
633 Colborne St Unit 100  
London, Ontario N6B 2V3

**Stephen N. Cherniak**  
Tel: (519) 660-6540  
Fax: (519) 439-4351  
Email: [scherniak@bdo.ca](mailto:scherniak@bdo.ca)

Proposed Receiver

AND

TO: **Aird & Berlis LLP**  
Brookfield Place, 181 Bay Street, Suite 1800  
Toronto, ON M5J 2T9

**Sanj Mitra**  
Tel: (416) 865-3085  
Fax: (416) 863-1515  
Email: [smitra@airdberlis.com](mailto:smitra@airdberlis.com)

Lawyers for the Proposed Receiver

AND

TO: **Sle-Co Plastics Inc.**  
400 South Edgeware Road  
St. Thomas, ON N5P 3Z5

Defendant

AND

TO: **Sle-Co Properties Inc.**  
400 South Edgeware Road  
St. Thomas, ON N5P 3Z5

Defendant

AND

TO: **1142024 Ontario Inc.**  
1425 Creamery Road  
London, ON N5V 5B3

Defendant

AND

TO: **Jeffrey Slegers**  
589 Clarke Road  
London, ON N5V 2E1

AND

TO: **Cisco Systems Capital Canada Co.**  
3450 Superior Court, Unit 1  
Oakville, ON L6L 0C4

AND

TO: **Toyota Motor Manufacturing Canada Inc.**  
1055 Fountain Street North  
Cambridge, ON N3H 5K2

AND

TO: **Dell Financial Services Canada Limited**  
155 Gordon Baker Rd, Suite 501  
North York, ON M2H 3N5

AND

TO: **Inoac Interior Systems LP**  
575 James Street South, P.O. Box 1600  
St. Marys, ON N4X 1B9

AND

TO: **Thornton Grout Finnegan LLP**  
100 Wellington St W Suite 3200  
Toronto, ON M5K 1K7

**D.J. Miller**

Tel: (416) 304-0559  
Email: [djmillier@tgf.ca](mailto:djmillier@tgf.ca)

**Owen Gaffney**

Tel: (416) 304-1109  
Email: [ogaffney@tgf.ca](mailto:ogaffney@tgf.ca)

Lawyers for the HSBC Bank Canada

AND

TO: **Kennaley Construction Law**  
58 Peel Street  
Simcoe, ON N3Y 1S2

**Robert J. Kennaley**

Tel: (519) 426-2577  
Fax: (519) 426-3777  
Email: [rjk@kennaley.ca](mailto:rjk@kennaley.ca)

Lawyers for Rassaun Services Inc.

AND

TO: **Jay Okkerse Contracting Ltd.**  
45 Yarmouth Road,  
St Thomas, Ontario, N5P 3Z8

AND

TO: **Kirwin Fryday Medcalf Lawyers**  
100-140 Fullarton Street  
London, ON N6A 5P2

**Kevin J.F. Fryday**

Tel: (519) 679-8800 xt103  
Fax: (519) 518-2362  
Email: [kfryday@lawhouse.ca](mailto:kfryday@lawhouse.ca)

Lawyers for Jay Okkerse Contracting Ltd.

AND

TO: **North Shore Farming Company Limited**  
43502 Sparta Line  
RR#4  
St Thomas, ON N5P 3S8, Canada

AND

TO: **Gunn & Associates**  
108 Centre Street  
St. Thomas, ON N5R 2Z7

**Frederick E. Leitch, QC**  
Tel: (519) 631-0700  
Fax: (519) 631-1468

Lawyers for North Shore Farming Company Limited

AND

TO: **Canada Revenue Agency**  
c/o Department of Justice  
Ontario Regional Office  
120 Adelaide St. W., Suite 400  
Toronto, ON M5H 1T1

**Attention: Rakhee Bhandari**  
Tel: (416) 952-8563  
Email: [rakhee.bhandari@justice.gc.ca](mailto:rakhee.bhandari@justice.gc.ca)

AND

TO: **Her Majesty the Queen in Right of Ontario**  
as represented by Ministry of Finance  
Legal Services Branch  
33 King Street West, 6th Floor  
Oshawa, ON L1H 8E9

**Attention: Kevin O'Hara**  
Senior Counsel, Ministry of Finance  
Tel: (905) 433-6934  
Fax: (905) 436-4510  
Email: [kevin.ohara@fin.gov.on.ca](mailto:kevin.ohara@fin.gov.on.ca)

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# Tab 1

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
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B E T W E E N

ROYAL BANK OF CANADA

Plaintiff

- and -

SLE-CO PLASTICS INC., SLE-CO PROPERTIES INC. and  
1142024 ONTARIO INC.

Defendants

**NOTICE OF MOTION**

Royal Bank of Canada (the “**Bank**”) will make a motion to a Judge on Friday, January 17, 2020 at 10:00 a.m., or as soon after that time as the motion can be heard, at the Court House, 80 Dundas Street, London, Ontario.

**PROPOSED METHOD OF HEARING:** The motion is to be heard (*choose appropriate option*)

in writing under subrule 37.12.1(1) because it is (insert one of on consent, unopposed or made without notice);

in writing as an opposed motion under subrule 37.12.1(4);

orally.

**THE MOTION IS FOR:**

1. An order substantially in the form attached hereto as Schedule “A”, *inter alia*, appointing BDO Canada Limited as Receiver (the “**Receiver**”), without security, of all of the assets, undertakings and properties of the Defendants, Sle-Co Plastics Inc. (“**Plastics Inc.**”), Sle-

Co Properties Inc. ("**Properties Inc.**", collectively with Plastics Inc., the "**Borrowers**") and 1142024 Ontario Inc. ("**114 Ontario**"), (collectively with the Borrowers hereinafter referred to as the "**Defendants**") acquired for, or used in relation to a business carried on by the Defendants, and including the St. Thomas Property (as defined below);

2. An order dispensing with notice of the within motion or abridging the time for service, filing and confirming this motion, if necessary; and,
3. Such further and other relief as to this Honourable Court may seem just.

**THE GROUNDS FOR THE MOTION ARE:**

4. Plastics Inc. is a Tier 2 automotive parts supplier serving original equipment manufacturers for both interior and exterior molded plastic automotive parts from premises municipally known as 400 South Edgeware Road, St. Thomas, Ontario and legally described as:
  - a. PT LT 8 1ST Range South Edgeware Road Yarmouth PT 1 & 2 11R6493; T/W E230839, E230840, E230841; S/T E378042; St. Thomas (PIN 35163-0288 (LT));
  - b. PCL 8-2 SEC YAR-SER; PT LT 8 Range South Of Edgeware Rd Yarmouth PT 2 11R153; S/T LT37577; St. Thomas (PIN 35163-0283 (LT));  
(collectively, the "**St. Thomas Property**")
5. Properties Inc. is the owner of the St. Thomas Property.
6. Properties Inc. was formed on October 17, 2018 through the amalgamation of 1353732 Ontario Inc. ("**135A Inc.**") 1457020 Ontario Inc. ("**145A Inc.**"), 2351901 Ontario Inc. ("**235A Inc.**") and 2366608 Ontario Inc. ("**236A Inc.**") (collectively, the "**Predecessor Companies**") on October 17, 2018 (the "**Amalgamation**").
7. The assets of the Predecessor Companies are owned by Properties Inc., and the obligations of the Predecessor Companies are the obligations of Properties Inc.

8. Properties Inc. is a related company to Plastics Inc.
9. Plastics Inc. currently employs between 160 to 180 employees, none of whom are parties to a collective bargaining agreement.
10. 114 Ontario owns the shares of Plastics Inc. and Properties Inc.
11. As further detailed below, Plastics Inc. filed a Notice of Intention to Make a Proposal pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act* on November 5, 2019 (the “**NOI**”), and the time to file a proposal has been extended by Court Order to January 18, 2020.
12. The Bank is not stayed by the NOI. It is anticipated that Plastic Inc. will be bankrupt following January 18, 2020.
13. Plastics Inc. and Properties Inc. are indebted to the Bank as further detailed below and have provided cross guarantees of each other’s obligations to the Bank. The principal of Plastics Inc. and Properties Inc. is Jeffrey Slegers (“**Slegers**”). Slegers is a guarantor of the indebtedness of Plastics Inc. and Properties Inc. to the Bank. Slegers is not currently active in the day-to-day operations of Plastics Inc.
14. 114 Ontario has guaranteed the indebtedness of Plastics Inc. to the Bank and has provided security to the Bank.

**The Indebtedness to Bank and Security held as of November 11, 2019**

15. A Revolving Demand Facility, a Lease Line, a Visa and certain Foreign Exchange facilities (collectively the “**Plastics Credit Facility**”) were provided to Plastics Inc. as detailed in a Letter Agreement dated July 23, 2018 which was amended by: (i) a Letter Agreement dated August 22, 2018 (“**Plastics Letter Agreement**”); (ii) a Credit Amending Agreement

dated March 4, 2019 (the “**Credit Amendment**”); and (iii) an Addendum dated March 22, 2019 (“**Credit Addendum**”).

16. A Term Loan (the “**Properties Credit Facility**”) was provided to Properties Inc. as detailed in a Letter Agreement dated April 2, 2015, as amended by Amending Agreements dated November 25, 2016, December 29, 2017 and July 25, 2018, a Credit Amending Agreement dated March 4, 2019; and an Addendum dated March 22, 2019 (collectively, the “**Properties Letter Agreement**”):

17. As of January 9, 2020, the indebtedness owing to the Bank by Plastics Inc. pursuant to the Plastics Credit Facilities is \$5,621,793.54 and USD\$2,313,971.97, plus accrued interest, bank fees, legal costs and professional costs (the “**Plastics Indebtedness**”).

18. As of January 9, 2020, the indebtedness owing to the Bank by Properties Inc. pursuant to the Properties Credit Facility is \$3,506,309.59 plus accrued interest, bank fees, legal costs and professional costs (the “**Properties Indebtedness**”).

19. The amounts in paragraph 17 and 18 plus accrued interest thereon, plus all Bank fees, the Bank’s reasonable legal fees on a full indemnity basis and other professional costs, and all other amounts properly payable pursuant to the Plastics Credit Facilities, the Properties Credit Facility and the Bank’s Security (defined and described below), are collectively hereinafter referred to as the “**Indebtedness**”.

20. The Indebtedness is secured by the following:

Security for Indebtedness of Plastics Inc.

1. General Security Agreements from Plastics Inc. dated January 15, 2015 and April 7, 2015;
2. Master Lease Agreement dated July 20, 2015 with leasing schedules;

3. The First Mortgage, Second, Mortgage, and Third Mortgage, each as defined below;
  4. Guarantee and Postponement of Claim in the amount of \$7,100,000 dated March 4, 2019 from Properties Inc.;
  5. Guarantee and Postponement of Claim in the amount of \$7,100,000 dated July 31, 2018 from 114 Ontario and General Security Agreement from 114 Ontario dated July 31, 2018;
  6. Guarantee and Postponement of Claim in the amount of \$1,000,000 dated April 7, 2015 from Sleepers; and
- (collectively hereinafter referred to as the “**Plastics Security**”)

Security from Properties Inc.

1. General Security Agreement dated March 4, 2019 and General Security Agreement from 236A Inc. dated April 7, 2015;
  2. Collateral mortgage in the principal amount of \$2,625,000, receipted as instrument no. CT116408 on July 14, 2015 over the St. Thomas Property (the “**First Mortgage**”);
  3. Collateral mortgage in the principal amount of \$4,500,000, receipted as instrument no. CT156622 on August 3, 2018 over the St. Thomas Property (the “**Second Mortgage**”);
  4. Collateral mortgage in the principal amount of \$2,600,000, receipted as instrument no. CT164931 on March 18, 2019 over the St. Thomas Property (the “**Third Mortgage**”);
  5. Guarantee and Postponement of Claim from Plastics Inc. dated March 4, 2019 and limited to the sum of \$4,500,000.
- (collectively hereinafter referred to as the “**Properties Security**”)

The Plastics Security and Properties Security are collectively hereinafter referred to as the “**Bank’s Security**”.

21. The Bank’s Security contains terms providing that on default, the Bank may appoint a receiver over the assets and property of the Borrowers.
22. The Bank has perfected its security interest in the personal property of the Defendants by registration of financial statements pursuant to the *Personal Property Security Act (Ontario)*.

### **The Bank's Interest in the St. Thomas Property**

23. The Bank holds a first-priority secured interest in the St. Thomas Property pursuant to the First Mortgage. The following interests are also registered on title to the St. Thomas Property subsequent to the First Mortgage:

- a. the Second Mortgage;
- b. a construction lien in favour of Rassaun Services Inc. in the amount of \$494,708 on October 11, 2018 and the corresponding certificate;
- c. a construction lien in favour of Jay Okkerse Contracting Ltd. in the amount of \$152,915 on December 28, 2018 and the corresponding certificate;
- d. a construction lien in favour of North Shore Farming Company Limited in the amount of \$29,319 on February 11, and the corresponding certificate;
- e. application by owner to change name from 2366608 Ontario Inc. to Properties Inc. dated March 18, 2019 as Instrument No. CT164930; and,
- f. the Third Mortgage.

### **Default, Demands and Credit Amendment**

24. The Borrowers defaulted under the Credit Facilities as follows and as further detailed below:

- a. Prior borrowings in excess of the limits under the Credit Facilities;
- b. The registration of construction liens as against title to the St. Thomas Property; and,
- c. Failure to meet EBITDA calculated on a cumulative year (fiscal year ending April 30, 2019) to date basis of not less than \$418,000 as at fiscal quarter ending October 31, 2018 and at January 31, 2019.

25. Through the winter and spring of 2019, Plastics Inc. experienced significant cash flow issues and requested additional operating credit from the Bank on the Plastics Credit

Line in excess of the original credit limit of \$3,500,000. The Bank ultimately agreed to increase the credit limit to \$4,500,000 pursuant to the Credit Amendment, as modified by the Credit Addendum. The Credit Amendment and the Credit Addendum, and the increased limit to the Plastics Credit Line, each terminated May 1, 2019.

26. The Bank issued demands for payment and a Notice of Intention to Enforce Security under section 244 of the *Bankruptcy and Insolvency Act, R.S.C., 1985, c. B-3, as amended* ("**BIA**") to the Defendants on May 9, 2019 (the "**Demands**").

27. The Defendants did consent to an earlier enforcement of the Bank's Security. The Bank of in a position to seek the within order pursuant to s. 244(1.1) of the *BIA*.

#### **Second Credit Amending Agreement**

28. On May 15, 2019, the Bank entered into a second Credit Amending Agreement with the Borrowers, and with 114 Ontario, Slegers, 2253125 Ontario Inc., and 2384003 Ontario Inc., as guarantors of the Indebtedness of the Borrowers to the Bank (the "**Second Credit Amending Agreement**"). The Second Credit Amending Agreement included, *inter alia*, the following terms:

- a. The Indebtedness owing to the Bank by the Borrowers, was due and owing to the Bank and was not disputed, and the Borrowers made no claim of set-off in any way against the Indebtedness;
- b. The limit of the Plastics Credit Line would be temporarily increased to the lesser of \$5,500,000 or the Borrowing Limit (as defined in the Plastics Letter Agreement), with such temporary increase terminating on November 1, 2019;



- c. The Borrowers were in default of the terms of the respective Plastics Letter Agreement and Properties Letter Agreement;
  - d. The Defendants and Sleepers acknowledged the validity of the Bank's Security, including all guarantees provided in relation to the obligations of the Borrowers to the Bank;
  - e. The Borrowers would use best efforts to obtain refinancing by August 1, 2019;
  - f. No excess borrowings above the credit limits of the respective Plastics Credit Facilities and Properties Credit Facility would be permitted by the Bank;
  - g. An executed Consent to Receiver from each of the Defendants and Sleepers, to an Order in the form sought herein (the "**Consent to Receiver**");
  - h. The Bank would rely on the Consent to should the Borrowers, or any of them, default under the terms of the Second Credit Amending Agreement.
29. The Borrowers defaulted under the terms of the Credit Amending, and on June 17, 2019, the Bank did send a letter to each of the Borrowers, as copied to 114 Ontario, stating, *inter alia*, that:
- a. Plastics Inc. and Properties Inc. were in default of the Credit Amending Agreement;
  - b. The terms of the Credit Amending Agreement continued to be applicable, without the Bank waiving any of its rights arising from such default pursuant to the terms of same.
- (the "**Default Letter**")

30. On July 2, 2019, the Bank did send a further letter to the Borrowers, as copied to 114 Ontario, providing day-to-day forbearance pursuant to the terms of the Credit Amending Agreement, without waiving the default of the Borrowers under the Credit Amending Agreement, and at the Bank's sole discretion.
31. The Borrowers further failed to obtain financing by August 1, 2019, constituting a further default under the terms of the Second Credit Amending Agreement.
32. Plastics Inc. further defaulted under the terms of the Credit Amending Facility by borrowing in excess of the credit limit of the Plastics Credit Facilities, and on August 19, 2019, the Bank did send a second Default Letter to the Borrowers, as copied to 114 Ontario:
- a. Advising of the new Default under the terms of the Credit Amending Agreement, and referencing the previous default thereunder;
  - b. Stating that the terms of the Credit Amending Agreement continued to be applicable, without the Bank waiving any of its rights arising from such default pursuant to the terms of same.
33. The Credit Amending Agreement terminated as of November 1, 2019.
34. Properties did enter into a sale agreement for the sale of the St. Thomas Property (the "**St. Thomas APS**"), which included a term that the St. Thomas Property would be leased back to Plastics Inc. following any such sale. The closing of this sale was conditional on certain terms.
35. The Borrowers failed to secure financing. In November, 2019, Plastics Inc. provided a cash flow statement to the Bank which provided that it would not be able to continue in operation with a pending credit limit of \$4,500,000 on the Plastics Credit Line.

36. Plastics Inc. filed the NOI on November 5, 2019 (the “**NOI**”). The proposal Trustee under the NOI is BDO Canada Limited (“**BDO**”).
37. On November 6, 2019, the Bank did send a third letter to the Borrowers, as copied to 114 Ontario, confirming that the Bank was not stayed from enforcing its Security by the filing of the NOI, and that the Bank would continue to provide forbearance and credit to the Defendants on a day-to-day basis, in the Bank’s sole discretion.
38. Following the filing of the NOI, Plastics Inc., with the assistance of BDO, offered its assets for sale to the market through a sale process. Also included in this sale process was the St. Thomas Property.
39. The initial stay period under the NOI expired on December 4, 2019. To permit the continuation of the sales process, Plastics Inc. obtained an Order of this Honourable Court dated November 29, 2019, extending the time to file a proposal to January 18, 2020 (the “**November 19 Order**”).
40. Details of Plastic Inc.’s insolvency and the sales process are contained in the First Report of BDO, as Proposed Receiver.
41. Plastics Inc. has advised that it will not be filing a proposal, and as such will be deemed a bankrupt following January 18, 2020.
42. The Bank is not willing to provide any further forbearance to the Defendants, and is now seeking to enforce its security and to sell the assets of the Defendants.

### **The Rationale for a Receiver**

43. The Defendants are insolvent, and not able to meet the Demands.
44. The Bank issued the Demands to each of the Defendants, and no further credit is available to the Borrowers from the Bank.

45. The Defendants are in default of the terms of the Second Credit Amending Agreement, which has expired.
46. The Borrowers have failed to secure refinancing necessary to repay the Indebtedness, and the St. Thomas Property is encumbered by construction liens.
47. Plastics Inc. will be deemed a bankrupt following the expiry of the stay period in relation to the NOI on January 18, 2020, and a Receiver will be required in order to complete the sales process initiated by Plastics Inc. for the sale of its assets, including the St. Thomas Property.
48. The Defendants have each consented to the appointment of a Receiver pursuant to the Consent to Receiver.
49. The Borrowers are insolvent, and will be bankrupt following January 18, 2020. No further terms of forbearance are available to Plastics Inc. or Properties Inc. from the Bank, or to 114 Ontario. It is necessary for the protection of the respective estates that a Receiver be appointed. The appointment will also be in the best interest of the Bank.
50. BDO Canada Limited has consented to act as Receiver should this Honourable Court so appoint it.
51. In these circumstances the appointment of the Receiver is just and equitable and is necessary for the protection of the estate of the Defendants and the interests of the Bank and other stakeholders.
52. Section 243 of the *BIA*.
53. Section 101 of the *Courts of Justice Act, R.S.O. 1990, c. C.43, as amended*.
54. Such further and other grounds as counsel may advise.

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

1. The Notice of Motion;
2. The Affidavit of Greg Smith sworn January 9, 2020;
3. The Consent of BDO Canada Limited;
4. The Pre-Receivership Report of BDO Canada Limited; and
5. Such further and other material as counsel may advise and this Honourable Court may permit.

January 9, 2020

**HARRISON PENZA LLP**  
Barristers & Solicitors  
450 Talbot Street  
London, ON N6A 5J6

**Timothy C. Hogan (LSO #36553S)**  
Tel: (519) 679-9660  
Fax: (519) 667-3362  
[thogan@harrisonpensa.com](mailto:thogan@harrisonpensa.com)

Solicitors for the Plaintiff  
Royal Bank of Canada

# SCHEDULE "A"



of [NAME] sworn January [ ], 2020 and on reading the consent of BDO Canada Limited to act as the Receiver,

### **SERVICE**

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

### **APPOINTMENT**

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, BDO Canada Limited is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtors acquired for, or used in relation to a business carried on by the Debtors, including the real property described as Schedule "A" hereto and including all proceeds thereof (the "**Property**").

### **RECEIVER'S POWERS**

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;



- (c) to manage, operate, and carry on the business of the Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtors;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for

judicial review in respect of any order or judgment pronounced in any such proceeding;

- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
  - (i) without the approval of this Court in respect of any transaction not exceeding \$250,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; and
  - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share

information, subject to such terms as to confidentiality as the Receiver deems advisable;

- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtors, and without interference from any other Person.

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

4. THIS COURT ORDERS that (i) the Debtors, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's

possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

7. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

8. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

#### **NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY**

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors or the Property are hereby stayed and suspended pending further Order of this Court.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

10. THIS COURT ORDERS that all rights and remedies against the Debtors, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtors to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any

registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

### **NO INTERFERENCE WITH THE RECEIVER**

11. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, without written consent of the Receiver or leave of this Court.

### **CONTINUATION OF SERVICES**

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtors are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtors' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

### **RECEIVER TO HOLD FUNDS**

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts

from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

## **EMPLOYEES**

14. THIS COURT ORDERS that all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

## **PIPEDA**

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

## **LIMITATION ON ENVIRONMENTAL LIABILITIES**

16. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or

collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

#### **LIMITATION ON THE RECEIVER'S LIABILITY**

17. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

#### **RECEIVER'S ACCOUNTS**

18. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security



interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

19. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Ontario Superior Court of Justice in Bankruptcy and Insolvency.

20. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

#### **FUNDING OF THE RECEIVERSHIP**

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$1,000,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "B" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

24. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

#### **SERVICE AND NOTICE**

25. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission.

26. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or distribution by courier, personal delivery or facsimile transmission

shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

## **GENERAL**

27. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

28. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors.

29. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

30. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

31. THIS COURT ORDERS that the Bank shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Bank's 'security or, if not so provided by the Bank's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtors' estate with such priority and at such time as this Court may determine.

32. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any

other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

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Justice, Ontario Superior Court of Justice,  
In Bankruptcy and Insolvency

## **SCHEDULE "A"**

The property known municipally as 400 South Edgeware Road, St. Thomas, Ontario and legally described as:

- a. PT LT 8 1ST Range South Edgeware Road Yarmouth PT 1 & 2 11R6493; T/W E230839, E230840, E230841; S/T E378042; St. Thomas (PIN 35163-0288 (LT));
- b. PCL 8-2 SEC YAR-SER; PT LT 8 Range South Of Edgeware Rd Yarmouth PT 2 11R153; S/T LT37577; St. Thomas (PIN 35163-0283 (LT)).

**SCHEDULE "B"**  
**RECEIVER CERTIFICATE**

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. THIS IS TO CERTIFY that BDO Canada Limited , the receiver (the "**Receiver**") of the assets, undertakings and properties Sle-Co Plastics Inc., Sle-Co Properties Inc. and 1142024 Ontario Inc. acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof, including the real property described at Schedule "A" to the Order (as defined below) (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (the "**Court**") dated the \_\_\_ day of January, 2020 (the "Order") made in an action having Court file number [-----] has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ \_\_\_\_\_, being part of the total principal sum of \$ \_\_\_\_\_ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded daily after the date hereof at a notional rate per annum equal to the rate of \_\_\_\_\_ per cent above the prime commercial lending rate of Bank of \_\_\_\_\_ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

BDO CANADA LIMITED, solely in its capacity as Receiver of the Property, and not in its personal capacity

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

Name:

Title:

ROYAL BANK OF CANADA

-and-

SLE-CO PLASTICS INC., SLE-CO PROPERTIES INC. and 1142024  
ONTARIO INC.

Plaintiff

Defendants

Court File No.

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**ONTARIO  
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at  
London, Ontario

---

***APPOINTING ORDER***

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Harrison Pensa <sup>LLP</sup>  
Barristers and Solicitors  
450 Talbot Street, 1<sup>st</sup> Floor  
P.O. Box 3237  
London, Ontario N6A 4K3

Timothy C. Hogan (LSUC #36553S)  
Tel: (519) 679-9660  
Fax: (519) 667-3362

Solicitors for the Plaintiff  
176723/kwe



ROYAL BANK OF CANADA

-and-

SLE-CO PLASTICS INC., SLE-CO PROPERTIES INC. and 1142024  
ONTARIO INC.

Plaintiff

Defendants

Court File No. 35-2220172T

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**ONTARIO  
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at  
London, Ontario

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**NOTICE OF MOTION**

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**HARRISON PENSA** LLP  
Barristers and Solicitors  
450 Talbot Street, 1<sup>st</sup> Floor  
P.O. Box 3237  
London, Ontario N6A 4K3

**Timothy C. Hogan (LSO #36553S)**  
Tel: (519) 679-9660  
Fax: (519) 667-3362

Solicitors for the Plaintiff

# Tab 2

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY and INSOLVENCY**

B E T W E E N

ROYAL BANK OF CANADA

Plaintiff

- and -

SLE-CO PLASTICS INC., SLE-CO PROPERTIES INC., and  
1142024 ONTARIO INC.

Defendants

**AFFIDAVIT OF GREG SMITH  
(Sworn January 9, 2020)**

I, Greg Smith, of the City of Burlington, in the Regional Municipality of Halton, MAKE OATH AND SAY AS FOLLOWS:

1. I am the Senior Director of Special Loans & Advisory Services for the Plaintiff, Royal Bank of Canada (the "**Bank**") and as such have knowledge of the matters to which I hereinafter dispose. Unless I indicate to the contrary, these matters are within my own knowledge and are true. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.

**The Defendants and the St. Thomas Property**

2. The Defendant, Sle-Co Plastics Inc. ("**Plastics Inc.**") is a Tier 2 automotive parts supplier serving original equipment manufacturers for both interior and exterior molded plastic automotive parts from premises municipally known as 400 South Edgeware Road, St. Thomas, Ontario and legally described as:

- a. PT LT 8 1ST Range South Edgware Road Yarmouth PT 1 & 2 11R6493; T/W E230839, E230840, E230841; S/T E378042; St. Thomas (PIN 35163-0288 (LT)); and
  - b. PCL 8-2 SEC YAR-SER; PT LT 8 Range South Of Edgware Rd Yarmouth PT 2 11R153; S/T LT37577; St. Thomas (PIN 35163-0283 (LT)).

(collectively, the “**St. Thomas Property**”)
3. The Corporate Profile Report for Plastics Inc. is attached hereto to this my affidavit and marked as **Exhibit “A”**.
4. The Defendant, Sle-Co Properties Inc. (“**Properties Inc.**”, collectively with Plastics Inc., the “**Borrowers**”) is the owner of the St. Thomas Property.
5. Properties Inc. was formed on October 17, 2018 through the amalgamation of 1353732 Ontario Inc. (“**135A Inc.**”), 1457020 Ontario Inc. (“**145A Inc.**”), 2351901 Ontario Inc. (“**235A Inc.**”) and 2366608 Ontario Inc. (“**236A Inc.**”) (collectively, the “**Predecessor Companies**”) on October 17, 2018 (the “**Amalgamation**”). The Corporate Profile Report for Properties Inc. is attached hereto to this my affidavit and marked as **Exhibit “B”**.
6. The assets of the Predecessor Companies are owned by Properties Inc. and the obligations of the Predecessor Companies are the obligations of Properties Inc.
7. Properties Inc. is a related company to Plastics Inc. The principal of both Plastics Inc. and Properties Inc. is Jeffrey Slegers (“**Slegers**”).
8. Slegers is a guarantor of the indebtedness of the Borrowers to the Bank, and is not currently active in the day-to-day operations of Plastics Inc.
9. Plastics Inc. currently employs between 160 and 180 employees that are not subject to a collective bargaining agreement.

10. The St. Thomas Property consists of a 16.83 acre industrial property. The parcel registers for the parcels comprising the St. Thomas Property are attached hereto to this my affidavit and marked collectively as **Exhibit "C"**.
11. The Defendant, 1142024 Ontario Inc. ("**114 Ontario**", collectively with the Borrowers, the "**Defendants**") is a guarantor of Plastics Inc. and holds the shares of Plastics Inc. and Properties Inc. The Corporate Profile Report for 114 Ontario is attached hereto to this my affidavit and marked as **Exhibit "D"**.

### **The Indebtedness to Bank and Security held as of November 11, 2019**

12. The Borrowers are indebted to the Bank as further detailed below and have provided cross guarantees of their respective obligations to the Bank. 114 Ontario is a guarantor of the obligations of Plastics Inc. to the Bank, and is also indebted to the Bank as a result thereof.
13. The following facilities were provided to Plastics Inc. as detailed in a Letter Agreement dated July 23, 2018 which was amended by: (i) a Letter Agreement dated August 22, 2018 ("**Plastics Letter Agreement**"); (ii) a Credit Amending Agreement dated March 4, 2019 (the "**Credit Amendment**"); and (iii) an Addendum dated March 22, 2019 ("**Credit Addendum**"):
  - i. Facility # 1 - Revolving Demand Facility: payable on demand, with an original credit limit of \$3,500,000.0, increasing to the lesser of \$5,500,000 or the Borrowing Limit (as defined in the Plastics Letter Agreement) pursuant to the Second Credit Agreement (as defined below) and set to \$5,050,00 on November 6, 2019. (the "**Plastics Credit Line**").
  - ii. Facility # 2 - Revolving Lease Line: with a credit limit of \$3,500,000;
  - iii. Visa Business Facility: with a credit limit of \$100,000 available in Canadian currency and US currency, as governed by a RBC Royal Bank Visa Business Card Agreement dated February 18, 2016; and,
  - iv. All Foreign Exchange Forward Contracts outstanding from time to time.

(collectively the “**Plastics Credit Facilities**”)

Attached hereto to this my affidavit and marked collectively as **Exhibit “E”** are true copies of the Plastics Letter Agreement, Plastics Amendment and Plastics Addendum.

14. The following facility was provided to Properties Inc. as detailed in a Letter Agreement dated April 2, 2015 (the “**Properties Letter Agreement**”), as amended by Amending Agreements dated November 25, 2016, December 29, 2017 and July 25, 2018 (collectively, the “**Properties Amendments**”), and the Credit Amendment and Credit Addendum:

- i. Facility # 1 – Multi-Draw Term Loan Facility: in the sum of \$4,500,000.  
(the “**Properties Credit Facility**”)

Attached hereto to this my affidavit and marked collectively as **Exhibit “F”** are true copies of the Properties Letter Agreement and the Properties Amendments.

15. The Plastics Credit Facilities and the Properties Credit Facility are collectively hereinafter referred to as the “**Credit Facilities**”.
16. As of January 9, 2020, the indebtedness owing to the Bank by Plastics Inc. pursuant to the Plastics Credit Facilities is \$5,621,793.54 and USD\$2,313,971.97, plus accrued interest, bank fees, legal costs and professional costs (the “**Plastics Indebtedness**”).
17. As of January 9, 2020, the indebtedness owing to the Bank by Properties Inc. pursuant to the Properties Credit Facility is \$3,506,309.59 plus accrued interest, bank fees, legal costs and professional costs (the “**Properties Indebtedness**”).
18. The amounts in paragraphs 16 and 17 plus accrued interest thereon, plus all Bank fees, the Bank’s reasonable legal fees on a full indemnity basis and other professional costs, and all other amounts properly payable pursuant to the Credit Facilities and the Bank’s

Security (defined and described below), are collectively hereinafter referred to as the **“Indebtedness”**.

19. The Indebtedness is secured by the following:

Security for Indebtedness of Plastics Inc.

1. General Security Agreements from Plastics Inc. dated January 15, 2015 and April 7, 2015 (the **“Plastics GSAs”**). The Plastics GSAs are attached hereto to this my affidavit and marked collectively as **Exhibit “G”**;
2. Master Lease Agreement dated July 20, 2015 with leasing schedules (collectively the **“Lease”**). The Lease is attached hereto to this my affidavit and marked as **Exhibit “H”**;
3. The First Mortgage, Second, Mortgage, and Third Mortgage, each as defined below;
4. Guarantee and Postponement of Claim in the amount of \$7,100,000 dated March 4, 2019 from Properties Inc.;
5. Guarantee and Postponement of Claim in the amount of \$7,100,000 dated July 31, 2018 from 114 Ontario and General Security Agreement from 114 Ontario dated July 31, 2018;
6. Guarantee and Postponement of Claim in the amount of \$1,000,000 dated April 7, 2015 from Sleepers; and  
(4-6 collectively, the **“Plastics Guarantees”**). The Plastics Guarantees are attached hereto to this my affidavit and marked as **Exhibit “I”**, and the General Security Agreement from 114 Ontario dated July 31, 2018 is marked as **Exhibit “I-2”**.  
(collectively hereinafter referred to as the **“Plastics Security”**)

Security from Properties Inc.

1. General Security Agreement dated March 4, 2019 and General Security Agreement from 236A Inc. dated April 7, 2015 (the **“Properties GSA”**). The Properties GSA is attached hereto to this my affidavit and marked as **Exhibit “J”**;
2. Collateral mortgage in the principal amount of \$2,625,000, receipted as instrument no. CT116408 on July 14, 2015 over the St. Thomas Property (the **“First Mortgage”**). The First Mortgage is attached hereto to this my affidavit and marked as **Exhibit “K”** ;
3. Collateral mortgage in the principal amount of \$4,500,000, receipted as instrument no. CT156622 on August 3, 2018 over the St. Thomas Property (the

“**Second Mortgage**”). The Second Mortgage is attached hereto to this my affidavit and marked as **Exhibit “L”**;

4. Collateral mortgage in the principal amount of \$2,600,000, receipted as instrument no. CT164931 on March 18, 2019 over the St. Thomas Property (the “**Third Mortgage**”). The Third Mortgage is attached hereto to this my affidavit and marked as **Exhibit “M”**; and
5. Guarantee and Postponement of Claim from Plastics Inc. dated March 4, 2019 and limited to the sum of \$4,500,000 (the “**Property Guarantee**”). The Property Guarantee is attached hereto to this my affidavit and marked as **Exhibit “N”**.  
(collectively hereinafter referred to as the “**Properties Security**”)

20. The Plastics Security and Properties Security are collectively hereinafter referred to as the “**Bank’s Security**”.

21. The Bank perfected its security interest in the personal property of Plastics Inc. pursuant to the provisions of the *Personal Property Security Act (Ontario)* by registering the following financing statements:

<b>FILE NUMBER</b>	<b>REGISTRATION NUMBER</b>
750559455	20190426 1032 8077 0160
748726965	20190301 1438 8077 7059
748726974	20190301 1438 8077 7060
748605951	20190226 1634 8077 6883
715502907	20160408 1436 8077 4452
712211328	20151130 1438 8077 5253
708193476	20150720 1438 8077 6750
702631269	20141229 1446 1530 5372

Attached hereto to this my affidavit and marked as **Exhibit “O”** is a true copy of the Personal Property Security Registration System Search Results for Plastics Inc. current as of January 6, 2020 with a summary of competing interests attached (the “**Plastics PPSA Summary**”).

22. The Bank perfected its security interest in the personal property of Properties Inc. pursuant to the provisions of the *Personal Property Security Act (Ontario)* by registering the following financing statements:



FILE NUMBER	REGISTRATION NUMBER
747263115	20190102 1944 1531 3078

Attached hereto to this my affidavit and marked as **Exhibit “P”** is a true copy of the Personal Property Security Registration System Search Results for Properties Inc. current as of January 6, 2020 with a summary of competing interests attached (the “**Properties PPSA Summary**”).

23. The Bank perfected its security interest in the personal property of 114 Ontario pursuant to the provisions of the *Personal Property Security Act (Ontario)* by registering the following financing statements:

FILE NUMBER	REGISTRATION NUMBER
741792114	20180719 1439 1530 6872

Attached hereto to this my affidavit and marked as **Exhibit “Q”** is a true copy of the Personal Property Security Registration System Search Results for 114 Ontario current as of January 6, 2020 with a summary of competing interests attached (the “**114 PPSA Summary**”).

**The Bank’s interest in the St. Thomas Property**

24. The parcel registers for the St. Thomas Property are attached hereto to this my affidavit above as **Exhibit “C”** (collectively, the “**Parcel Register**”). The Parcel Register confirms the following registrations subsequent to the registration of the First Mortgage:

- a. the Second Mortgage;
- b. a construction lien in favour of Rassaun Services Inc. in the amount of \$494,708 on October 11, 2018 as Instrument No. CT159358;
- c. a certificate in favour of Rassaun Services Inc. on November 28, 2018 as Instrument No. CT161143;

- d. a construction lien in favour of Jay Okkerse Contracting Ltd. in the amount of \$152,915 on December 28, 2018 as Instrument No. CT162222;
- e. a certificate in favour of Jay Okkerse Contracting Ltd. on January 28, 2019 as Instrument No. CT163206;
- f. a construction lien in favour of North Shore Farming Company Limited in the amount of \$29,319 on February 11, 2019 as Instrument No. CT163713;
- g. a certificate in favour of North Shore Farming Company Limited on March 5, 2019 as Instrument No. CT164521;
- h. application by owner to change name from 2366608 Ontario Inc. to Properties Inc. dated March 18, 2019 as Instrument No. CT164930; and
- i. the Third Mortgage.

### **Default, Demands and Credit Amendment**

25. The Borrowers defaulted under the terms of the Credit Facilities as follows:
- a. Prior borrowings in excess of the limits under the Credit Facilities;
  - b. The registration of construction liens as against title to the St. Thomas Property;
  - c. Failure to meet the January 31, 2019 EBITDA covenant of \$986,000; and,
  - d. Failure to meet EBITDA calculated on a cumulative year (fiscal year ending April 30, 2019) to date basis of not less than \$418,000 as at fiscal quarter ending October 31, 2019.
26. Following the initial defaults by the Borrowers, the Bank, the Borrowers, and the guarantors of the Borrowers, including 114 Ontario, entered into the Credit Amendment, as modified by the Credit Addendum, which terminated May 1, 2019.
27. Pursuant to the Credit Addendum, and at the request of, *inter alia*, the Defendants, the Bank did provide Plastics Inc. with additional credit in the form of a \$1,000,000 Temporary Overrun to the Plastics Credit Line (as defined in the Credit Amendment), which expired on May 1, 2019.

28. Following the expiration of the Credit Addendum, the Bank issued demands for payment and Notices of Intention to Enforce Security under section 244(1) of the *Bankruptcy and Insolvency Act* (the “**BIA**”) to the Defendants on May 9, 2019 (the “**Demands**”). The Demands are attached hereto to this my affidavit and marked collectively as **Exhibit “R”**.
29. The Defendants did consent to an earlier enforcement of the Bank’s Security. The Bank is in a position to seek the within order pursuant to s. 243 of the BIA.

### **Second Credit Amending Agreement**

30. On May 15, 2019, the Bank entered into a second Credit Amending Agreement with the Borrowers, and with 114 Ontario, Slegers, 2253125 Ontario Inc., and 2384003 Ontario Inc., as guarantors of the Indebtedness of the Borrowers to the Bank (the “**Second Credit Amending Agreement**”). The Second Credit Amending Agreement included, *inter alia*, the following terms:
- a. The Indebtedness owing to the Bank by the Borrowers, was due and owing to the Bank and was not disputed, and the Borrowers made no claim of set-off in any way against the Indebtedness;
  - b. The limit of the Plastics Credit Line would be temporarily increased to the lesser of \$5,500,000 or the Borrowing Limit (as defined in the Plastics Letter Agreement), with such temporary increase terminating on November 1, 2019;
  - c. The Borrowers were in default of the terms of the respective Plastics Letter Agreement and Properties Letter Agreement;

- d. The Defendants and Sleepers acknowledged the validity of the Bank's Security, including all guarantees provided in relation to the obligations of the Borrowers to the Bank;
- e. The Borrowers would use best efforts to obtain refinancing from Business Development Bank of Canada ("**BDC**"), and would provide the Bank with an executed discussion paper from Business Development Bank of Canada (the "**BDC Discussion Paper**") by no later than June 14, 2019, and would obtain such refinancing by August 1, 2019;
- f. No excess borrowings above the credit limits of the respective Plastics Credit Facilities and Properties Credit Facility would be permitted by the Bank;
- g. An executed Consent to Receiver from each of the Defendants and Sleepers, to an Order in the form sought therein (the "**Consent to Receiver**");
- h. The Bank would rely on the Consent to Receiver should the Borrowers, or any of them, default under the terms of the Second Credit Amending Agreement.

Attached hereto to this my affidavit and marked as **Exhibit "S"** is a true copy of the Second Credit Amending Agreement.

31. The Borrowers defaulted under the terms of the Second Credit Amending Agreement by failing to provide the BDC Discussion Paper to the Bank by June 14, 2019, and on June 17, 2019, the Bank did send a letter (the "**Default Letter**") to each of the Borrowers and 114 Ontario stating, *inter alia*, that:

- a. The Borrowers were in default of the Second Credit Amending Agreement;

- b. The terms of the Second Credit Amending Agreement continued to be applicable, without the Bank waiving any of its rights arising from such default pursuant to the terms of same.

Attached hereto to this my affidavit and marked as **Exhibit “T”** is a true copy of the Default Letter.

- 32. On July 2, 2019, the Bank did send a letter to the Borrowers and 114 Ontario, as confirmed by the Defendants, stating that, notwithstanding the continued default of the Borrowers under the Second Credit Amending Agreement, the Bank would continue to provide the Borrowers with day-to-day forbearance at the Bank’s sole discretion. Attached hereto to this my affidavit and marked as **Exhibit “U”** is a true copy of the letter dated July 2, 2019.
- 33. Plastics Inc. further defaulted under the terms of the Second Credit Amending Agreement by borrowing in excess of the credit limit of the Plastics Credit Facilities, and on August 19, 2019, the Bank did send a second Default Letter to the Borrowers:
  - a. Advising of the new Default under the terms of the Second Credit Amending Agreement, and referencing the previous default thereunder;
  - b. Stating that the terms of the Second Credit Amending Agreement continued to be applicable, without the Bank waiving any of its rights arising from such default pursuant to the terms of same.

Attached hereto to this my affidavit and marked as **Exhibit “V”** is a true copy of the second Default Letter dated August 19, 2019.

- 34. The Second Credit Amending Agreement terminated as of November 1, 2019.

35. Properties did enter into a sale agreement for the sale of the St. Thomas Property (the “**St. Thomas APS**”), which included a term that the St. Thomas Property would be leased back to Plastics Inc. following any such sale. The closing of this sale was conditional on certain terms. Attached hereto to this my affidavit and marked as **Exhibit “W”** is a true, redacted copy of the St. Thomas APS.
36. The Borrowers failed to secure financing from BDC or any other lender. In November, 2019, Plastics Inc. provided a cash flow statement to the Bank which provided that it would not be able to continue in operation with a pending credit limit of \$4,500,000 on the Plastics Credit Line.
37. Plastics Inc. filed a Notice of Intention to Make a Proposal pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act* on November 5, 2019 (the “**NOI**”). Attached hereto to this my affidavit and marked as **Exhibit “X”** is a true copy of the NOI.
38. On November 6, 2019, the Bank did send a letter to Plastics Inc. and Properties Inc., as copied to 114 Ontario, confirming that:
- a. The credit limit on the Plastics Credit Line is set to \$5,050,000;
  - b. the Bank was not stayed from enforcing its Security by the filing of the NOI; and,
  - c. that the Bank would continue to provide forbearance and credit to the Defendants on a day-to-day basis, in the Bank’s sole discretion. Attached hereto to this my affidavit and marked as **Exhibit “Y”** is a true copy of the letter from the Bank to the Borrowers dated November 6, 2019.
39. On November 14, 2019, the Bank did send an additional letter to Plastics Inc. and Properties Inc., as copied to 114 Ontario, confirming that it would continue to provide credit and forbearance as set out in the November 6, 2019 letter on a day-to-day basis, in the

Bank's sole discretion. Attached hereto to this my affidavit and marked as **Exhibit "Z"** is a true copy of the letter from the Bank to the Borrowers dated November 14, 2019.

40. The proposal Trustee under the NOI is BDO Canada Limited ("**BDO**").
41. Following the filing of the NOI, Plastics Inc., with the assistance of BDO, offered its assets for sale to the market through a sale process. Also included in this sale process was the St. Thomas Property.
42. The initial stay period under the NOI expired on December 4, 2019. To permit the continuation of the sales process, Plastics Inc. obtained an Order of this Honourable Court dated November 29, 2019, extending the time to file a proposal to January 18, 2020 (the "**November 29 Order**"). Attached hereto to this my affidavit and marked as **Exhibit "AA"** is a true copy of the November 29 Order.
43. Details of Plastic Inc.'s insolvency and the sales process are contained in the First Report of BDO, as Proposed Receiver.
44. Plastics Inc. has advised that it will not be filing a proposal, and as such will be deemed a bankrupt following January 18, 2020.
45. The Bank is not willing to provide any further forbearance to the Defendants, and is now seeking to enforce its security and to sell the assets of the Defendants.

#### **Contractual Authority to Appoint a Receiver**

46. The GSAs grant the Bank a right to appoint a Receiver at paragraph 13(a). Paragraph 13(a) of the GSAs is reproduced below:

Upon default, RBC [the Bank] may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of RBC [the Bank] or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his/her stead. Any such Receiver shall, so far as concerns responsibility for his/her acts, be deemed the agent of Debtor and not RBC [the Bank], and RBC [the Bank] shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver, his/her servants, agents or employees. Subject to the provisions of the instrument appointing him/her, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Debtor and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Debtor, enter upon, use and occupy all premises owned or occupied by Debtor wherein Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable the Receiver to carry on Debtor's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by RBC [the Bank], all Money received from time to time by such Receiver in carrying out his/her appointment shall be received in trust for and paid over to RBC [the Bank]. Every such Receiver may, in the discretion of RBC [the Bank], be vested with all or any of the rights and powers of RBC [the Bank].

47. The First Mortgage, Second Mortgage and Third Mortgage incorporate standard charge terms 20015 by reference (the "**Standard Charge Terms**"). Section 42 of the Standard Charge Terms authorize the Bank to appoint a Receiver in the event of default. The Standard Charge Terms are attached hereto to this my affidavit and marked as **Exhibit "BB"**. Section 42 of the Standard Charge Terms is reproduced below:

42. RECEIVERSHIP Notwithstanding anything contained in the Charge, it is declared and agreed that at any time and from time to time when there shall be default under the provisions of the Charge, the Chargee [the Bank] may, at such time and from time to time and with or without entry into possession of the Charged Premises, or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee or employees of the Chargee or not, to be a receiver (which term as used herein includes a receiver manager and also includes the plural as well as the singular) of the Charged Premises, or any part thereof, and of the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any receiver and appoint another in such receiver's stead, and that, in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor [Properties Inc.], but no such appointment shall be revocable by the Chargor.

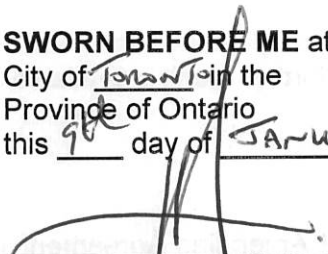


## **The Bank's Position**

48. The Defendants are substantially indebted to the Bank of the amounts set out in the Demands.
49. The Bank issued the Demands to each of the Defendants, and no further credit is available to the Borrowers from the Bank.
50. The Defendants are in default of the terms of the Second Credit Amending Agreement, which has expired.
51. The Borrowers have failed to secure refinancing necessary to repay the Indebtedness, and the St. Thomas Property is encumbered by construction liens.
52. Plastics Inc. will be deemed a bankrupt following the expiry of the stay period in relation to the NOI on January 18, 2020, and a Receiver will be required in order to complete the sales process initiated by Plastics Inc. for the sale of its assets, including the St. Thomas Property.
53. The Defendants have each consented to the appointment of a Receiver pursuant to the Consent to Receiver.
54. The Borrowers are insolvent, and Plastics Inc. will be bankrupt following January 18, 2020. No further terms of forbearance are available to the Defendants from the Bank. It is necessary for the protection of the respective estates that a Receiver be appointed. The appointment will also be in the best interest of the Bank.
55. The Bank proposes that BDO Canada Limited be appointed as Receiver of the Defendants.

56. BDO Canada Limited as consented to act as Receiver, should this Honourable Court so appoint it.

**SWORN BEFORE ME** at the )  
City of Toronto in the )  
Province of Ontario )  
this 9<sup>th</sup> day of JANUARY, 2020 )

  
\_\_\_\_\_  
Commissioner for Taking Affidavits (or as may be)

Peter John Gordon, a Commissioner, etc.,  
City of Toronto, for the Royal Bank of Canada.  
Expires June 10, 2020.

  
\_\_\_\_\_  
**GREG SMITH**

Court File No.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY and INSOLVENCY**

BETWEEN

ROYAL BANK OF CANADA

Plaintiff

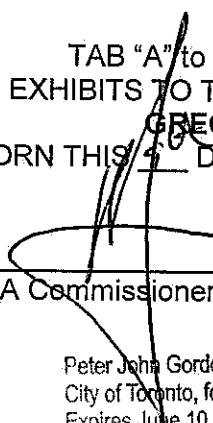
- and -

SLE-CO PLASTICS INC., SLE-CO PROPERTIES INC. and  
1142024 ONTARIO INC.

Defendants

**EXHIBITS**

TAB "A" to "BB" ARE THE  
EXHIBITS TO THE AFFIDAVIT OF  
**GREG SMITH**  
SWORN THIS 4 DAY OF JANUARY, 2020

  
\_\_\_\_\_  
A Commissioner for taking Affidavits

Peter John Gordon, a Commissioner, etc.,  
City of Toronto, for the Royal Bank of Canada.  
Expires June 10, 2020.

# EXHIBIT "A"

# CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date	
797389	SLE-CO PLASTICS INC.	1988/10/28	
		Jurisdiction	
		ONTARIO	
Corporation Type	Corporation Status	Former Jurisdiction	
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE	
Registered Office Address	Date Amalgamated	Amalgamation Ind.	
1425 CREAMERY ROAD	NOT APPLICABLE	NOT APPLICABLE	
	New Amal. Number	Notice Date	
LONDON ONTARIO CANADA N5V 5B3	NOT APPLICABLE	NOT APPLICABLE	
Mailing Address		Letter Date	
NOT AVAILABLE		NOT APPLICABLE	
	Revival Date	Continuation Date	
	NOT APPLICABLE	NOT APPLICABLE	
	Transferred Out Date	Cancel/Inactive Date	
	NOT APPLICABLE	NOT APPLICABLE	
	EP Licence Eff.Date	EP Licence Term.Date	
	NOT APPLICABLE	NOT APPLICABLE	
	Number of Directors Minimum      Maximum	Date Commenced in Ontario	Date Ceased in Ontario
	UNKNOWN    UNKNOWN	NOT APPLICABLE	NOT APPLICABLE
Activity Classification			
NOT AVAILABLE			

# CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
797389	SLE-CO PLASTICS INC.

Corporate Name History	Effective Date
SLE-CO PLASTICS INC.	1988/10/28

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

Administrator: Name (Individual / Corporation)	Address
JEFFREY JOSEPH SLEEGERS	589 CLARKE ROAD  LONDON ONTARIO CANADA N5V 2E1

Date Began	First Director	
1997/12/09	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
DIRECTOR		Y

# CORPORATION PROFILE REPORT

<b>Ontario Corp Number</b>	<b>Corporation Name</b>
797389	SLE-CO PLASTICS INC.

<b>Administrator: Name (Individual / Corporation)</b>	<b>Address</b>
JEFFREY JOSEPH SLEEGERS	589 CLARKE ROAD  LONDON ONTARIO CANADA N5V 2E1

<b>Date Began</b>	<b>First Director</b>	<b>Resident Canadian</b>
1997/12/09	NOT APPLICABLE	
<b>Designation</b>	<b>Officer Type</b>	
OFFICER	PRESIDENT	

<b>Administrator: Name (Individual / Corporation)</b>	<b>Address</b>
JEFFREY JOSEPH SLEEGERS	589 CLARKE ROAD  LONDON ONTARIO CANADA N5V 2E1

<b>Date Began</b>	<b>First Director</b>	<b>Resident Canadian</b>
1997/12/09	NOT APPLICABLE	
<b>Designation</b>	<b>Officer Type</b>	
OFFICER	SECRETARY	

# CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
797389	SLE-CO PLASTICS INC.

Administrator: Name (Individual / Corporation)	Address
ANGELA JEAN SLEEGERS	589 CLARKE ROAD  LONDON ONTARIO CANADA N5V 2E1

Date Began	First Director	Resident Canadian
1999/12/29	NOT APPLICABLE	
Designation	Officer Type	
OFFICER	VICE-PRESIDENT	



# CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
797389	SLE-CO PLASTICS INC.

Last Document Recorded		Form	Date
Act/Code	Description		
CIA	ANNUAL RETURN 2018	1C	2018/11/11 (ELECTRONIC FILING)

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

**ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.**

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

# EXHIBIT "B"

# CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Amalgamation Date
1991365	SLE-CO PROPERTIES INC.	2018/10/17
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address	Date Amalgamated	Amalgamation Ind.
400 SOUTH EDGEWARE ROAD	NOT APPLICABLE	A
	New Amal. Number	Notice Date
ST. THOMAS ONTARIO CANADA N5P 3Z5	NOT APPLICABLE	NOT APPLICABLE
Mailing Address		Letter Date
NOT AVAILABLE		NOT APPLICABLE
	Revival Date	Continuation Date
	NOT APPLICABLE	NOT APPLICABLE
	Transferred Out Date	Cancel/Inactive Date
	NOT APPLICABLE	NOT APPLICABLE
	EP Licence Eff.Date	EP Licence Term.Date
	NOT APPLICABLE	NOT APPLICABLE
	Date Commenced in Ontario	Date Ceased in Ontario
	NOT APPLICABLE	NOT APPLICABLE
Activity Classification	Number of Directors Minimum      Maximum	
NOT AVAILABLE	00001      00001	

# CORPORATION PROFILE REPORT

**Ontario Corp Number**

1991365

**Corporation Name**

SLE-CO PROPERTIES INC.

**Corporate Name History**

SLE-CO PROPERTIES INC.

**Effective Date**

2018/10/17

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

NO

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

NO

**Amalgamating Corporations**

**Corporation Name**

2366608 ONTARIO INC.

1457020 ONTARIO INC.

1353732 ONTARIO INC.

2351901 ONTARIO INC.

**Corporate Number**

2366608

1457020

1353732

2351901

# CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1991365	SLE-CO PROPERTIES INC.

Administrator: Name (Individual / Corporation)	Address
JEFFREY JOSEPH SLEEGERS	3831 ELGIN ROAD  MOSSLEY ONTARIO CANADA N0L 1V0

Date Began	First Director	Resident Canadian
2018/10/17	YES	
Designation	Officer Type	Resident Canadian
DIRECTOR		Y

# CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1991365	SLE-CO PROPERTIES INC.

Last Document Recorded		
Act/Code	Description	Date
BCA	ARTICLES OF AMALGAMATION	2018/10/17

**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.

# EXHIBIT "C"



35163-0283 (LT)

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

PROPERTY DESCRIPTION: PCL 8-2 SEC YAR-SER; PT LT 8 RANGE SOUTH OF EDGEWARE RD YARMOUTH PT 2 11R153; S/T LT37577; ST. THOMAS

PROPERTY REMARKS:

ESTATE/QUALIFIER:  
FEE SIMPLE  
ABSOLUTE

OWNERS' NAMES  
SLE-CO PROPERTIES INC.

RECENTLY:  
FIRST CONVERSION FROM BOOK

CAPACITY SHARE  
ROWN

PIN CREATION DATE:  
2005/04/25

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
** PRINTOUT	INCLUDES ALL	DOCUMENT TYPES AND	DELETED INSTRUMENTS	SINCE 2005/04/22 **		
LT2396	1973/05/17	TRANSFER	*** COMPLETELY DELETED ***		A. SCHULMAN CANADA LTD.	C
11R153	1973/05/17	PLAN REFERENCE				
11R7355	2000/07/12	PLAN REFERENCE				C
LT37577	2000/08/24	TRANSFER EASEMENT				C
CT57693	2010/06/11	TRANSFER	*** COMPLETELY DELETED *** A. SCHULMAN CANADA LTD.		THE CORPORATION OF THE CITY OF ST. THOMAS	
		REMARKS: PLANNING ACT STATEMENTS				
CT57695	2010/06/11	CHARGE	*** COMPLETELY DELETED *** TRIVES, PEDRO		SURE CAPITAL MORTGAGE INC.	
CT57696	2010/06/11	NO ASSGN RENT GEN	*** COMPLETELY DELETED *** TRIVES, PEDRO		SURE MORTGAGE CAPITAL INC.	
		REMARKS: CT57695.				
CT57697	2010/06/11	NO SEC INTEREST	*** COMPLETELY DELETED *** SURE MORTGAGE CAPITAL INC.			
		REMARKS: CT57695				
CT62171	2010/10/05	APL CH NAME INST	*** COMPLETELY DELETED *** SURE CAPITAL MORTGAGE INC.		SURE MORTGAGE CAPITAL INC.	
		REMARKS: CT57695.				
CT98509	2013/11/01	CHARGE	*** COMPLETELY DELETED *** TRIVES, PEDRO		JONES, KERAN ELIZABETH	
CT99965	2013/12/23	TRANSFER	\$1,750,000 TRIVES, PEDRO		2366608 ONTARIO INC.	C

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





35163-0283 (LT)

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

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
		REMARKS: PLANNING ACT STATEMENTS.				
CT99966	2013/12/23	CHARGE		*** COMPLETELY DELETED *** 2366608 ONTARIO INC.	LIBRO CREDIT UNION LIMITED	
CT99967	2013/12/23	DISCH OF CHARGE		*** COMPLETELY DELETED *** JONES, KERAN ELIZABETH		
		REMARKS: CT98509.				
CT99979	2013/12/23	DISCHARGE INTEREST		*** COMPLETELY DELETED *** SURE MORTGAGE CAPITAL INC.		
		REMARKS: CT57697.				
CT99980	2013/12/23	DISCH OF CHARGE		*** COMPLETELY DELETED *** SURE CAPITAL MORTGAGE INC.		
		REMARKS: CT57695.				
CT116408	2015/07/14	CHARGE	\$2,625,000	2366608 ONTARIO INC.	ROYAL BANK OF CANADA	C
CT117304	2015/08/07	DISCH OF CHARGE		*** COMPLETELY DELETED *** LIBRO CREDIT UNION LIMITED		
		REMARKS: CT99966.				
CT156622	2018/08/03	CHARGE	\$4,500,000	2366608 ONTARIO INC.	ROYAL BANK OF CANADA	C
CT159358	2018/10/11	CONSTRUCTION LIEN	\$494,708	RASSAUN SERVICES INC.		C
CT161143	2018/11/28	CERTIFICATE		RASSAUN SERVICES INC.		C
		REMARKS: CT159358				
CT162222	2018/12/28	CONSTRUCTION LIEN	\$152,915	JAY OKKERSE CONTRACTING LTD.		C
CT163206	2019/01/28	CERTIFICATE		JAY OKKERSE CONTRACTING LTD.		C
		REMARKS: CT162222				
CT163713	2019/02/11	CONSTRUCTION LIEN	\$29,319	NORTH SHORE FARMING COMPANY LIMITED		C
CT164521	2019/03/05	CERTIFICATE		NORTH SHORE FARMING COMPANY LIMITED		C
		REMARKS: CT163713				
CT164930	2019/03/18	APL CH NAME OWNER		2366608 ONTARIO INC.	SLE-CO PROPERTIES INC.	C
CT164931	2019/03/18	CHARGE	\$2,600,000	SLE-CO PROPERTIES INC.	ROYAL BANK OF CANADA	C



35163-0288 (LT)

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

PROPERTY DESCRIPTION: PT LT 8 1ST RANGE SOUTH EDGEWARE ROAD YARMOUTH PT 1 & 2 11R6493; T/W E230839, E230840, E230841; S/T E378042; ST. THOMAS

PROPERTY REMARKS: PLANNING ACT CONSENT AS IN E376465.

ESTATE/QUALIFIER: RECENTLY: FIRST CONVERSION FROM BOOK  
FEE SIMPLE  
LT CONVERSION QUALIFIED

OWNERS' NAMES: CAPACITY SHARE  
2366608 ONTARIO INC. ROWN

PIN CREATION DATE:  
2005/04/25

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
** PRINTOUT			INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 2005/04/22 **			
**SUBJECT,			ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:			
**			SUBSECTION 44 (1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *			
**			AND ESCHEATS OR FORFEITURE TO THE CROWN.			
**			THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF			
**			IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY			
**			CONVENTION.			
**			ANY LEASE TO WHICH THE SUBSECTION 70 (2) OF THE REGISTRY ACT APPLIES.			
**DATE OF CONVERSION TO			LAND TITLES: 2005/04/25 **			
E127805	1968/07/12	BYLAW				C
11R1526	1978/05/17	PLAN REFERENCE				C
11R2043	1980/03/31	PLAN REFERENCE				C
E230839Z	1980/05/09	REST COV APL ANNEX				C
11R6401	1996/10/17	PLAN REFERENCE				C
11R6493	1997/02/19	PLAN REFERENCE				C
E376465	1997/03/27	TRANSFER	*** COMPLETELY DELETED ***		A. SCHULMAN CANADA LTD.	
E378042	1997/05/30	TRANSFER EASEMENT			THE PUBLIC UTILITIES COMMISSION OF THE CITY OF ST. THOMAS	C
CT57693	2010/06/11	TRANSFER	*** COMPLETELY DELETED *** A. SCHULMAN CANADA LTD.		TRIVES, PEDRO	

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



35163-0288 (LT)

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REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
CT57695	2010/06/11	CHARGE		*** COMPLETELY DELETED *** TRIVES, PEDRO	SURE CAPITAL MORTGAGE INC.	
CT57696	2010/06/11	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** TRIVES, PEDRO	SURE MORTGAGE CAPITAL INC.	
CT57697	2010/06/11	NO SEC INTEREST		*** COMPLETELY DELETED *** SURE MORTGAGE CAPITAL INC.		
CT62171	2010/10/05	APL CH NAME INST		*** COMPLETELY DELETED *** SURE CAPITAL MORTGAGE INC.	SURE MORTGAGE CAPITAL INC.	
CT98509	2013/11/01	CHARGE		*** COMPLETELY DELETED *** TRIVES, PEDRO	JONES, KERAN ELIZABETH	
CT99965	2013/12/23	TRANSFER	\$1,750,000	TRIVES, PEDRO	2366608 ONTARIO INC.	C
CT99966	2013/12/23	CHARGE		*** COMPLETELY DELETED *** 2366608 ONTARIO INC.		
CT99967	2013/12/23	DISCH OF CHARGE		*** COMPLETELY DELETED *** JONES, KERAN ELIZABETH	LIBRO CREDIT UNION LIMITED	
CT99979	2013/12/23	DISCHARGE INTEREST		*** COMPLETELY DELETED *** SURE MORTGAGE CAPITAL INC.		
CT99980	2013/12/23	DISCH OF CHARGE		*** COMPLETELY DELETED *** SURE CAPITAL MORTGAGE INC.		
CT116408	2015/07/14	CHARGE	\$2,625,000	2366608 ONTARIO INC.	ROYAL BANK OF CANADA	C
CT117304	2015/08/07	DISCH OF CHARGE		*** COMPLETELY DELETED *** LIBRO CREDIT UNION LIMITED		
				REMARKS: CT99966.		

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

35163-0288 (LT)

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REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
CT156622	2018/08/03	CHARGE	\$4,500,000	2366608 ONTARIO INC.	ROYAL BANK OF CANADA	C
CT159358	2018/10/11	CONSTRUCTION LIEN	\$494,708	RASSAUN SERVICES INC.		C
CT161143	2018/11/28	CERTIFICATE		RASSAUN SERVICES INC.		C

REMARKS: CT159358

# EXHIBIT "D"

# CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date	
1142024	1142024 ONTARIO INC.	1995/09/07	
		Jurisdiction	
		ONTARIO	
Corporation Type	Corporation Status	Former Jurisdiction	
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE	
Registered Office Address	Date Amalgamated	Amalgamation Ind.	
1425 CREAMERY ROAD	NOT APPLICABLE	NOT APPLICABLE	
	New Amal. Number	Notice Date	
LONDON ONTARIO CANADA N5V 5B3	NOT APPLICABLE	NOT APPLICABLE	
Mailing Address		Letter Date	
NOT AVAILABLE		NOT APPLICABLE	
	Revival Date	Continuation Date	
	NOT APPLICABLE	NOT APPLICABLE	
	Transferred Out Date	Cancel/Inactive Date	
	NOT APPLICABLE	NOT APPLICABLE	
	EP Licence Eff.Date	EP Licence Term.Date	
	NOT APPLICABLE	NOT APPLICABLE	
	Number of Directors Minimum      Maximum	Date Commenced in Ontario	Date Ceased in Ontario
	00001      00009	NOT APPLICABLE	NOT APPLICABLE
Activity Classification			
NOT AVAILABLE			

# CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1142024	1142024 ONTARIO INC.

Corporate Name History	Effective Date
1142024 ONTARIO INC.	1995/09/07

<b>Current Business Name(s) Exist:</b>	NO
<b>Expired Business Name(s) Exist:</b>	NO

Administrator: Name (Individual / Corporation)	Address
JEFFREY JOSEPH SLEEGERS	31 CAITHNESS COURT  LONDON ONTARIO CANADA N5X 3S2

<b>Date Began</b>	<b>First Director</b>	
1995/09/07	NOT APPLICABLE	
<b>Designation</b>	<b>Officer Type</b>	<b>Resident Canadian</b>
DIRECTOR		Y

# CORPORATION PROFILE REPORT

**Ontario Corp Number**

1142024

**Corporation Name**

1142024 ONTARIO INC.

**Administrator:**

**Name (Individual / Corporation)**

JEFFREY  
JOSEPH  
SLEEGERS

**Address**

31 CAITHNESS COURT

LONDON  
ONTARIO  
CANADA N5X 3S2

**Date Began**

1995/09/07

**First Director**

NOT APPLICABLE

**Designation**

OFFICER

**Officer Type**

PRESIDENT

**Resident Canadian**

Y

**Administrator:**

**Name (Individual / Corporation)**

JEFFREY  
JOSEPH  
SLEEGERS

**Address**

31 CAITHNESS COURT

LONDON  
ONTARIO  
CANADA N5X 3S2

**Date Began**

1995/09/07

**First Director**

NOT APPLICABLE

**Designation**

OFFICER

**Officer Type**

SECRETARY

**Resident Canadian**

Y



# CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1142024	1142024 ONTARIO INC.

Administrator: Name (Individual / Corporation)	Address
JEFFREY JOSEPH SLEEGERS	31 CAITHNESS COURT  LONDON ONTARIO CANADA N5X 3S2

Date Began	First Director	Resident Canadian
1995/09/07	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	TREASURER	Y

# CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1142024	1142024 ONTARIO INC.

Last Document Recorded		Form	Date
Act/Code	Description		
CIA	ANNUAL RETURN 2018	1C	2018/11/11 (ELECTRONIC FILING)

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

**ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.**

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

# EXHIBIT "E"



**Royal Bank of Canada**  
 Commercial Financial Services  
 383 Richmond Street - Suite 700  
 London, ON N6A 3C4

July 23, 2018

**Private and Confidential**

**SLE-CO PLASTICS INC.**

1425 Creamery Road  
 London, Ontario  
 N5V 5B3

ROYAL BANK OF CANADA (the "**Bank**") hereby confirms the credit facilities described below (the "**Credit Facilities**") subject to the terms and conditions set forth below and in the attached Terms & Conditions and Schedules (collectively the "**Agreement**"). This Agreement amends and restates without novation the existing agreement dated November 21, 2016 and any amendments thereto. Any amount owing by the Borrower to the Bank under such previous agreement is deemed to be a Borrowing under this Agreement. Any and all security that has been delivered to the Bank and is set forth as Security below, shall remain in full force and effect, is expressly reserved by the Bank and, unless expressly indicated otherwise, shall apply in respect of all obligations of the Borrower under the Credit Facilities. Unless otherwise provided, all dollar amounts are in Canadian currency.

The Bank reserves all of its rights and remedies at any time and from time to time in connection with any or all breaches, defaults or events of default now existing or hereafter arising under this Agreement or any other agreement delivered to the Bank, and whether known or unknown, and this Agreement shall not be construed as a waiver of any such breach, default or event of default.

**BORROWER:** Sle-Co Plastics Inc. (the "**Borrower**")

**CREDIT FACILITIES**

**Facility #1:** \$5,500,000.00 revolving demand facility, reducing to \$3,500,000.00 on August 18, 2018, by way

a) RBP based loans ("**RBP Loans**")

Revolve in increments of:	\$5,000.00	Minimum retained balance:	\$0.00
Revolved by:	Bank	Interest rate (per annum):	RBP + 0.75%

b) RBUSBR based loans in US currency ("**RBUSBR Loans**")

Revolve in increments of:	\$5,000.00	Minimum retained balance:	\$0.00
Revolved by:	Bank	Interest rate (per annum):	RBUSBR + 0.75%

**AVAILABILITY**

The Borrower may borrow, convert, repay and reborrow up to the amount of this facility provided this facility is made available at the sole discretion of the Bank and the Bank may cancel or restrict the availability of any unutilized portion at any time and from time to time without notice.

Borrowings outstanding under this facility must not exceed at any time the aggregate of the following, less Potential Prior-Ranking Claims (the "**Borrowing Limit**");

- a) 75% of Good Canadian/US Accounts Receivable;
- b) 90% of Good EDC Accounts Receivable;
- c) 90% of Good Private Insured Accounts Receivable;
- d) 75% of Good Designated Accounts Receivable;
- e) to a maximum of \$750,000.00, 50% of the lesser of cost or net realizable value of Finished Goods Inventory;
- f) 50% of the lesser of cost or net realizable value of Raw Materials Inventory; and
- g) \$2,000,000.00 of Borrowings not subject to margining for the period of July 17, 2018 to August 18, 2018.

The amount available under this facility is temporarily increased for the period commencing July 17, 2018 and ending August 18, 2018 (the "**Reduction Date**"). This temporary increase is for the above referenced period only. On the Reduction Date (and provided that the Bank has not cancelled this facility or issued a demand for repayment), the amount available under this facility shall reduce to \$3,500,000.00 and the Borrower shall make all payments necessary to ensure that outstanding Borrowings under this facility do not exceed the amount available at any time and from time to time.

#### **REPAYMENT**

Notwithstanding compliance with the covenants and all other terms and conditions of this Agreement, Borrowings under this facility are repayable on demand.

#### **GENERAL ACCOUNT**

The Borrower shall establish current accounts with the Bank in each of Canadian currency and US currency (each a "**General Account**") for the conduct of the Borrower's day-to-day banking business. The Borrower authorizes the Bank daily or otherwise as and when determined by the Bank, to ascertain the balance of each General Account and:

- a) if such position is a debit balance the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, make available a Borrowing by way of RBP Loans, or RBUSBR Loans as applicable, under this facility; and
- b) if such position is a credit balance, where the facility is indicated to be Bank revolved, the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, apply the amount of such credit balance or any part as a repayment of any Borrowings outstanding by way of RBP Loans, or RBUSBR Loans as applicable, under this facility.

**Facility #2:** \$3,500,000.00 revolving lease line of credit by way of Leases. Leases will be governed by this Agreement and separate agreements between the Borrower and the Bank. In the event of a conflict between this Agreement and a separate agreement, the terms of the separate agreement will govern.

#### **AVAILABILITY**

The Borrower may borrow, repay and reborrow up to the amount of this facility provided this facility is made available at the sole discretion of the Bank and the Bank may cancel or restrict availability of any unutilized portion of this facility at any time from time to time without notice. The determination by the Bank as to whether it will enter into any Lease will be entirely at its sole discretion.

#### **OTHER FACILITIES**

The Credit Facilities are in addition to the following facilities (the "**Other Facilities**"). The Other Facilities will be governed by this Agreement and separate agreements between the Borrower and the Bank. In the event of a conflict between this Agreement and any such separate agreement, the terms of the separate agreement will govern.

- 
- a) VISA Business to a maximum amount of \$100,000.00 available in Canadian currency and US currency; and
  - b) All Foreign Exchange Forward Contracts outstanding at any time and from time to time.

**FEES****Monthly Fee:**

Payable in arrears on the same day of each month.

Management Fee: \$250.00

**SECURITY**

Security for the Borrowings and all other obligations of the Borrower to the Bank, including without limitation any amounts outstanding under any Leases, (collectively, the "Security"), shall include:

- a) General security agreement on the Bank's form 924 signed by the Borrower constituting a first ranking security interest in all personal property of the Borrower;
- b) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$4,700,000.00 signed by 1142024 Ontario Inc.;
- c) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$4,700,000.00 signed by 1457020 Ontario Inc.;
- d) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$4,700,000.00 signed by 1353732 Ontario Inc.;
- e) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$4,700,000.00 signed by 2253125 Ontario Inc.;
- f) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$4,700,000.00 signed by 2351901 Ontario Inc.;
- g) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$4,700,000.00 signed by 2366608 Ontario Inc.;
- h) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$4,700,000.00 signed by 2384003 Ontario Inc.;
- i) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$7,100,000.00 signed by 1142024 Ontario Inc., supported by a general security agreement on the Bank's form 924 constituting a first ranking security interest in all personal property of 1142024 Ontario Inc.;
- j) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$7,100,000.00 signed by 1457020 Ontario Inc., supported by:
  - i) a general security agreement on the Bank's form 924 constituting a first ranking security interest in all personal property of 1457020 Ontario Inc.; and
  - ii) a collateral mortgage in the amount of \$2,163,000.00 constituting a first fixed charge on the lands and improvements located at 1425 Creamery Road, London, Ontario;

- k) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$7,100,000.00 signed by 1353732 Ontario Inc., supported by:
- i) a general security agreement on the Bank's form 924 constituting a first ranking security interest in all personal property of 1353732 Ontario Inc.; and
  - ii) a collateral mortgage in the amount of \$207,000.00 constituting a first fixed charge on the lands and improvements located at 1455 Creamery Road, London, Ontario;
- l) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$7,100,000.00 signed by 2253125 Ontario Inc.;
- m) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$7,100,000.00 signed by 2351901 Ontario Inc., supported by:
- i) a general security agreement on the Bank's form 924 constituting a first ranking security interest in all personal property of 2351901 Ontario Inc.; and
  - ii) a collateral mortgage in the amount of \$375,000.00 constituting a first fixed charge on the lands and improvements located at 2728 Dundas Street, London, Ontario;
- n) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$7,100,000.00 signed by 2366608 Ontario Inc., supported by:
- i) a general security agreement on the Bank's form 924 constituting a first ranking security interest in all personal property of 2366608 Ontario Inc.; and
  - ii) a collateral mortgage in the amount of \$4,500,000.00 constituting a first fixed charge on the lands and improvements located at 400 South Edgeware Road, St Thomas, Ontario;
- o) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$7,100,000.00 signed by 2384003 Ontario Inc., supported by: a general security agreement on the Bank's form 924 constituting a first ranking security interest in all personal property of 2384003 Ontario Inc.;
- Upon receipt of the security described in paragraphs i), j), k), l), m), n) and o) above, in form and substance satisfactory to the Bank, together with such legal opinions and any other supporting documentation as the Bank may reasonably require, to the full satisfaction of the Bank, such security will replace the security described in paragraphs b), c), d), e), f), g) and h) above.*
- p) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$1,000,000.00 signed by Jeffrey J. Slegers; and
- q) Assignment of life insurance policy on the Bank's form 583 signed by the Borrower assigning a life insurance policy covering life of Jeffrey J. Slegers.

#### **FINANCIAL COVENANTS**

In the event that the Borrower or 1142024 Ontario Inc. changes accounting standards, accounting principles and/or the application of accounting principles during the term of this Agreement, all financial covenants shall be calculated using the accounting standards and principles applicable at the time this Agreement was entered into.

Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of any demand or other discretionary facility, 1142024 Ontario Inc. covenants and agrees with the Bank that 1142024 Ontario Inc. will:

- 
- a) maintain on a consolidated basis, to be measured as at the end of each fiscal year:
- i. Debt Service Coverage of not less than 1.25:1;
  - ii. a ratio of Total Liabilities to Tangible Net Worth of not greater than 3:1;

In the event that the Borrower changes accounting standards, accounting principles and/or the application of accounting principles during the term of this Agreement, all financial covenants shall be calculated using the accounting standards and principles applicable at the time this Agreement was entered into.

Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of any demand or other discretionary facility, the Borrower covenants and agrees with the Bank that the Borrower will:

- a) commencing with the fiscal quarter ending October 31, 2018, maintain, to be measured as at the end of each fiscal quarter:
- i. EBITDA calculated on a cumulative year (fiscal year ending April 30, 2019) to date basis of not less than \$418,000.00 as at fiscal quarter ending October 31, 2018; \$986,000.00 as at January 31, 2019; and \$1,995,000.00 as at April 30, 2019; and
  - ii. EBITDA calculated on a cumulative fiscal year (fiscal year ending April 30, 2020) to date basis of not less than \$1,075,000.00 as at fiscal quarter ending July 31, 2019; and \$2,308,000.00 as at October 31, 2019.

#### **REPORTING REQUIREMENTS**

The Borrower and 1142024 Ontario Inc. will provide the following to the Bank:

- a) monthly Borrowing Limit Certificate, substantially in the form of Schedule "G" signed on behalf of the Borrower by any one of the Chief Executive Officer, the President, the Vice-President Finance, the Treasurer, the Comptroller, the Chief Accountant or any other employee of the Borrower holding equivalent office, within 30 days of each month end;
- b) quarterly unaudited financial statements for the Borrower with comparisons to forecast, within 45 days of each fiscal quarter end;
- c) annual Borrower Compliance Certificate, substantially in the form of Schedule "H" signed by an authorized signing officer of the Borrower, within 90 days of each fiscal year end, certifying compliance with this Agreement including the financial covenants set forth in the Agreement;
- d) annual 1142024 Compliance Certificate, substantially in the form of Schedule "K" signed by an authorized signing officer of 1142024 Ontario Inc., within 90 days of each fiscal year end, certifying compliance with this Agreement including the financial covenants set forth in the Agreement;
- e) quarterly Borrower Compliance Certificate, substantially in the form of Schedule "I" signed by an authorized signing officer of the Borrower, within 45 days of each fiscal quarter end, certifying compliance with this Agreement including the financial covenants set forth in the Agreement;
- f) annual review engagement financial statements for the Borrower, within 120 days of each fiscal year end;
- g) annual forecasted balance sheet and income and cash flow statements for the Borrower, prepared on a quarterly basis for the next following fiscal year, within 120 days of each fiscal year end;



- 
- h) annual notice to reader financial statements for each of the 1142024 Ontario Inc., 1457020 Ontario Inc., 2351901 Ontario Inc., 2366608 Ontario Inc., 1353732 Ontario Inc., 2253125 Ontario Inc., 2384003 Ontario Inc. and Sle-Co Vehicle Systems Inc., within 120 days of each fiscal year end;
  - i) annual notice to reader consolidated financial statements including notes specifying the basis of consolidation and statement of cash flows and supporting notes for 1142024 Ontario Inc., within 120 days of each fiscal year end;
  - j) biennial personal statement of affairs for all Guarantors, who are individuals, within 120 days of the end of every second fiscal year of the Borrower, commencing with the fiscal year ending in 2019; and
  - k) such other financial and operating statements and reports as and when the Bank may reasonably require.

**CONDITIONS PRECEDENT**

In no event will the Credit Facilities or any part thereof be available unless the Bank has received:

- a) a duly executed copy of this Agreement;
- b) the Security provided for herein, registered, as required, to the satisfaction of the Bank;
- c) such financial and other information or documents relating to the Borrower or any Guarantor if applicable as the Bank may reasonably require; and
- d) such other authorizations, approvals, opinions and documentation as the Bank may reasonably require.

Additionally;

- e) all documentation to be received by the Bank shall be in form and substance satisfactory to the Bank.
- f) no Lease will be made available to the Borrower unless it meets the leasing criteria established by the Bank and the Bank has received such documentation in respect thereof as may be required by the Bank.

**BUSINESS LOAN INSURANCE PLAN**

The Borrower hereby acknowledges that the Bank has offered it group creditor insurance coverage on the Borrowings under the Business Loan Insurance Plan and the Borrower hereby acknowledges that it is the Borrower's responsibility to apply for any new or increased insurance amount for the Borrowings that may be eligible.

If the Borrower decides to apply for insurance on the Borrowings, the application will be made via the Bank's Business Loan Insurance Plan application (form 3460 ENG or 53460 FRE). If the Borrower has existing uninsured Borrowings and decides not to apply for Business Loan Insurance Plan coverage on any new Borrowings, it hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the Bank's offer to apply for Business Loan Insurance Plan coverage on all such Borrowings, and that all such Borrowings are not insured under the Policy as at the date of acceptance of this Agreement.

If the Borrower has Business Loan Insurance Plan coverage on previously approved Borrowings, such coverage will be applied automatically to all new Borrowings eligible for Business Loan Insurance Plan coverage that share the same loan account number, up to the approved amount of Business Loan Insurance Plan coverage. This Agreement cannot be used to waive coverage on new Borrowings eligible for Business Loan Insurance Plan coverage if Business Loan Insurance Plan coverage is in effect on the Borrower's existing Borrowings. If the Borrower does not want Business Loan Insurance Plan coverage to apply to any new Borrowings, a different loan account number will need to be set up and all uninsured loans attached to it.

If the Borrower has existing Borrowings to which Business Loan Insurance Plan coverage applies, and any new Borrowings would exceed the approved amount of Business Loan Insurance Plan coverage already in place, the Borrower must apply for additional Business Loan Insurance Plan coverage (if eligible) in order for Business Loan Insurance Plan coverage to apply to any new Borrowings. If the Borrower decides not to apply for additional Business Loan Insurance Plan coverage in respect of any new Borrowings (if eligible), the Borrower hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the Bank's offer to apply for additional Business Loan Insurance Plan coverage on such new Borrowings and that such new Borrowings are not insured under the Policy as at the date the Borrower executes this Agreement.

If there are any discrepancies between the insurance information in this Agreement and the Business Loan Insurance Plan documents regarding the Borrowings, the Business Loan Insurance Plan documents govern.

Business Loan Insurance Plan premiums (plus applicable taxes), will be taken as a separate payment, directly from the bank account associated with the loan, at the same frequency and schedule as your regular loan payments, where applicable. As premiums are based on the outstanding loan balance and the insured person's age at the time the premiums are due, the cost of Business Loan Insurance Plan coverage may increase during the term of the loan. The premium calculation is set out in the Business Loan Insurance Plan terms and conditions provided to the Borrower at the time the application for Business Loan Insurance Plan coverage was completed. Refer to the terms and conditions (form 3460 ENG or 53460 FRE) for further explanation and disclosure.

**GOVERNING LAW JURISDICTION**

Province of Ontario

**ACCEPTANCE**

This Agreement is open for acceptance until August 23, 2018, after which date it will be null and void, unless extended in writing by the Bank.

**ROYAL BANK OF CANADA**

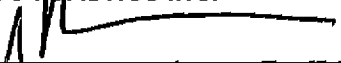
Per: 

Name: Mike Cussen  
Title: Vice President, Business Credit

/mh

We acknowledge and accept the terms and conditions of this Agreement on this 31 day of JULY, 2018.

**SLE-CO PLASTICS INC.**

Per: 

Name:  
Title:

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

Name:  
Title:

I/We have the authority to bind the Borrower

We acknowledge and accept the terms and conditions of this Agreement on this 31 day of JULY, 2018.

1142024 ONTARIO INC.

Per: [Signature]  
Name:  
Title:

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

I/We have the authority to bind the Guarantor

As Guarantor, we acknowledge and confirm our agreement with the terms and conditions of this Agreement on this 31 day of JULY, 2018.

1457020 ONTARIO INC.

Per: [Signature]  
Name:  
Title:

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

I/We have the authority to bind the Guarantor

As Guarantor, we acknowledge and confirm our agreement with the terms and conditions of this Agreement on this 31 day of JULY, 2018.

1353732 ONTARIO INC.

Per: [Signature]  
Name:  
Title:

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

I/We have the authority to bind the Guarantor

As Guarantor, we acknowledge and confirm our agreement with the terms and conditions of this Agreement on this 31 day of JULY, 2018.

**2253125 ONTARIO INC.**

Per: [Signature]  
Name:  
Title:

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

I/We have the authority to bind the Guarantor

As Guarantor, we acknowledge and confirm our agreement with the terms and conditions of this Agreement on this 31 day of JULY, 2018.

**2351901 ONTARIO INC.**

Per: [Signature]  
Name:  
Title:

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

I/We have the authority to bind the Guarantor

As Guarantor, we acknowledge and confirm our agreement with the terms and conditions of this Agreement on this 31 day of JULY, 2018.

**2366608 ONTARIO INC.**


Per: [Signature]  
Name:  
Title:

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

I/We have the authority to bind the Guarantor

As Guarantor, we acknowledge and confirm our agreement with the terms and conditions of this Agreement on this 31 day of JULY, 2018.

**2384003 ONTARIO INC.**

Per:   
Name:  
Title:

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

I/We have the authority to bind the Guarantor

As Guarantor, I acknowledge and confirm my agreement with the terms and conditions of this Agreement on this 31 day of JULY, 2018.

  
Witness

  
**JEFFREY J. SLEEGERS**

Attachments:

Terms and Conditions

Schedules:

- Definitions
- Calculation and Payment of Interest and Fees
- Notice Requirements
- Additional Borrowing Conditions
- Borrowing Limit Certificate
- Annual Compliance Certificate (Borrower)
- Quarterly Compliance Certificate (Borrower)
- Annual Compliance Certificate (1142024 Ontario Inc.)
- RBC Covarity Dashboard Terms and Conditions

## TERMS AND CONDITIONS

The Bank is requested by the Borrower to make the Credit Facilities available to the Borrower in the manner and at the rates and times specified in this Agreement. Terms defined elsewhere in this Agreement and not otherwise defined in the Terms and Conditions below or the Schedules attached hereto have the meaning given to such terms as so defined. In consideration of the Bank making the Credit Facilities available, the Borrower agrees, and if the Borrower is comprised of more than one Person, such Persons jointly and severally agree, or in Quebec solidarily agree, with the Bank as follows:

### REPAYMENT

Amounts outstanding under the Credit Facilities, together with interest, shall become due in the manner and at the rates and times specified in this Agreement and shall be paid in the currency of the Borrowing. Unless the Bank otherwise agrees, any payment hereunder must be made in money which is legal tender at the time of payment. In the case of a demand facility of any kind, the Borrower shall repay all principal sums outstanding under such facility upon demand. Where any Borrowings are repayable by scheduled blended payments, such payments shall be applied, firstly, to interest due, and the balance, if any, shall be applied to principal outstanding. If any such payment is insufficient to pay all interest then due, the unpaid balance of such interest will be added to such Borrowing, will bear interest at the same rate, and will be payable on demand or on the date specified herein, as the case may be. Borrowings repayable by way of scheduled payments of principal and interest shall be so repaid with any balance of such Borrowings being due and payable as and when specified in this Agreement. The Borrower shall ensure that the maturities of instruments or contracts selected by the Borrower when making Borrowings will be such so as to enable the Borrower to meet its repayment obligations. For any Borrowings that are repayable by scheduled payments, if the scheduled payment date is changed then the Maturity Date of the applicable Borrowings shall automatically be amended accordingly.

In the case of any reducing term loan and/or reducing term facility ("**Reducing Term Loan/Facility**"), provided that nothing contained in this paragraph shall confer any right of renewal or extension upon the Borrower, the Borrower and the Bank agree that, at the Bank's option, the Bank may provide a letter ("**Renewal Letter**") to the Borrower setting out the terms upon which the Bank is prepared to extend the Reducing Term Loan/Facility. In the event that the Bank provides a Renewal Letter to the Borrower and the Reducing Term Loan/Facility is not repaid on or before the Maturity Date of the applicable Reducing Term Loan/Facility, then at the Bank's option the Reducing Term Loan/Facility shall be automatically renewed on the terms set out in the Renewal Letter and the terms of this Agreement shall be amended accordingly.

### PREPAYMENT

Where Borrowings are by way of RBP Loans or RBUSBR Loans, the Borrower may prepay such Borrowings in whole or in part without fee or premium.

The prepayment of any Borrowings under a term facility and/or any term loan will be made in the reverse order of maturity.

### EVIDENCE OF INDEBTEDNESS

The Bank shall maintain accounts and records (the "**Accounts**") evidencing the Borrowings made available to the Borrower by the Bank under this Agreement. The Bank shall record the principal amount of such Borrowings, the payment of principal and interest on account of the Borrowings, and all other amounts becoming due to the Bank under this Agreement. The Accounts constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Bank pursuant to this Agreement. The Borrower authorizes and directs the Bank to automatically debit, by mechanical, electronic or manual means, any bank account of the Borrower for all amounts payable under this Agreement, including, but not limited to, the repayment of principal and the payment of interest, fees and all charges for the keeping of such bank accounts.

**GENERAL COVENANTS**

Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of, any demand or other discretionary facility, the Borrower covenants and agrees with the Bank that the Borrower:

- a) will pay all sums of money when due under the terms of this Agreement;
- b) will immediately advise the Bank of any event which constitutes or which, with notice, lapse of time or both, would constitute a breach of any covenant or other term or condition of this Agreement or any Security;
- c) will file all material tax returns which are or will be required to be filed by it, pay or make provision for payment of all material taxes (including interest and penalties) and Potential Prior-Ranking Claims, which are or will become due and payable and provide adequate reserves for the payment of any tax, the payment of which is being contested;
- d) will give the Bank 30 days prior notice in writing of any intended change in its ownership structure and it will not make or facilitate any such changes without the prior written consent of the Bank;
- e) will comply with all Applicable Laws, including, without limitation, all Environmental and Health and Safety Laws;
- f) will immediately advise the Bank of any action requests or violation notices received concerning the Borrower and hold the Bank harmless from and against any losses, costs or expenses which the Bank may suffer or incur for any environment related liabilities existent now or in the future with respect to the Borrower;
- g) will deliver to the Bank such financial and other information as the Bank may reasonably request from time to time, including, but not limited to, the reports and other information set out under Reporting Requirements;
- h) will immediately advise the Bank of any unfavourable change in its financial position which may adversely affect its ability to pay or perform its obligations in accordance with the terms of this Agreement;
- i) will keep its assets fully insured against such perils and in such manner as would be customarily insured by Persons carrying on a similar business or owning similar assets and, in addition, for any buildings located in areas prone to flood and/or earthquake, will insure and keep fully insured such buildings against such perils;
- j) except for Permitted Encumbrances, will not, without the prior written consent of the Bank, grant, create, assume or suffer to exist any mortgage, charge, lien, pledge, security interest or other encumbrance affecting any of its properties, assets or other rights;
- k) will not, without the prior written consent of the Bank, sell, transfer, convey, lease or otherwise dispose of any of its properties or assets other than in the ordinary course of business and on commercially reasonable terms;
- l) will not, without the prior written consent of the Bank, guarantee or otherwise provide for, on a direct, indirect or contingent basis, the payment of any monies or performance of any obligations by any other Person, except as may be provided for herein;
- m) will not, without the prior written consent of the Bank, merge, amalgamate, or otherwise enter into any other form of business combination with any other Person;
- n) will permit the Bank or its representatives, from time to time, i) to visit and inspect the Borrower's premises, properties and assets and examine and obtain copies of the Borrower's records or other information, ii) to collect information from any entity regarding any Potential Prior-Ranking Claims and iii) to discuss the Borrower's affairs with the auditors, counsel and other professional advisers of the Borrower. The Borrower hereby authorizes and directs any such third party to provide to the Bank or its representatives all such information, records or documentation requested by the Bank; and
- o) will not use the proceeds of any Credit Facility for the benefit or on behalf of any Person other than the Borrower.

**FEES, COSTS AND EXPENSES**

The Borrower agrees to pay the Bank all fees stipulated in this Agreement and all fees charged by the Bank relating to the documentation or registration of this Agreement and the Security. In addition, the Borrower agrees to pay all fees (including legal fees), costs and expenses incurred by the Bank in connection with the preparation, negotiation, documentation and registration of this Agreement and any Security and the administration, operation, termination, enforcement or

protection of its rights in connection with this Agreement and the Security. The Borrower shall indemnify and hold the Bank harmless against any loss, cost or expense incurred by the Bank if any facility under the Credit Facilities is repaid or prepaid other than on its Maturity Date. The determination by the Bank of such loss, cost or expense shall be conclusive and binding for all purposes and shall include, without limitation, any loss incurred by the Bank in liquidating or redeploying deposits acquired to make or maintain any facility.

#### **GENERAL INDEMNITY**

The Borrower hereby agrees to indemnify and hold the Bank and its directors, officers, employees and agents harmless from and against any and all claims, suits, actions, demands, debts, damages, costs, losses, obligations, judgements, charges, expenses and liabilities of any nature which are suffered, incurred or sustained by, imposed on or asserted against any such Person as a result of, in connection with or arising out of i) any breach of any term or condition of this Agreement or any Security or any other agreement delivered to the Bank by the Borrower or any Guarantor if applicable, ii) the Bank acting upon instructions given or agreements made by electronic transmission of any type, iii) the presence of Contaminants at, on or under or the discharge or likely discharge of Contaminants from, any properties now or previously used by the Borrower or any Guarantor and iv) the breach of or non compliance with any Applicable Law by the Borrower or any Guarantor.

#### **AMENDMENTS AND WAIVERS**

No amendment or waiver of any provision of this Agreement will be effective unless it is in writing, signed by the Borrower and the Bank. No failure or delay, on the part of the Bank, in exercising any right or power hereunder or under any Security or any other agreement delivered to the Bank shall operate as a waiver thereof. Each Guarantor, if applicable, agrees that the amendment or waiver of any provision of this Agreement (other than agreements, covenants or representations expressly made by any Guarantor herein, if any) may be made without and does not require the consent or agreement of, or notice to, any Guarantor. Any amendments requested by the Borrower will require review and agreement by the Bank and its counsel. Costs related to this review will be for the Borrower's account.

#### **SUCCESSORS AND ASSIGNS**

This Agreement shall extend to and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. The Borrower shall not be entitled to assign or transfer any rights or obligations hereunder, without the consent in writing of the Bank. The Bank may assign or transfer all or any part of its rights and obligations under this Agreement to any Person. The Bank may disclose to potential or actual assignees or transferees confidential information regarding the Borrower and any Guarantor if applicable, (including, any such information provided by the Borrower, and any Guarantor if applicable, to the Bank) and shall not be liable for any such disclosure.

#### **GAAP**

Unless otherwise provided, all accounting terms used in this Agreement shall be interpreted in accordance with Canadian Generally Accepted Accounting Principles, as appropriate, for publicly accountable enterprises, private enterprises, not-for-profit organizations, pension plans and in accordance, as appropriate, with Public Sector Accounting Standards for government organizations in effect from time to time, applied on a consistent basis from period to period. All financial statements and/or reports shall be prepared using one of the above bases of presentation, as appropriate. Except for the transition of accounting standards in Canada, any change in accounting principles or the application of accounting principles is only permitted with the prior written consent of the Bank.

#### **SEVERABILITY**

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement and such invalid provision shall be deemed to be severable.



**GOVERNING LAW**

This Agreement shall be construed in accordance with and governed by the laws of the Province identified in the Governing Law Jurisdiction section of this Agreement and the laws of Canada applicable therein. The Borrower irrevocably submits to the non-exclusive jurisdiction of the courts of such Province and acknowledges the competence of such courts and irrevocably agrees to be bound by a judgment of any such court.

**DEFAULT BY LAPSE OF TIME**

The mere lapse of time fixed for performing an obligation shall have the effect of putting the Borrower, or a Guarantor if applicable, in default thereof.

**SET-OFF**

The Bank is authorized (but not obligated), at any time and without notice, to apply any credit balance (whether or not then due) in any account in the name of the Borrower, or to which the Borrower is beneficially entitled (in any currency) at any branch or agency of the Bank in or towards satisfaction of the indebtedness of the Borrower due to the Bank under the Credit Facilities and the other obligations of the Borrower under this Agreement. For that purpose, the Bank is irrevocably authorized to use all or any part of any such credit balance to buy such other currencies as may be necessary to effect such application.

**NOTICES**

Any notice or demand to be given by the Bank shall be given in writing by way of a letter addressed to the Borrower. If the letter is sent by telecopier, it shall be deemed received on the date of transmission, provided such transmission is sent prior to 5:00 p.m. on a day on which the Borrower's business is open for normal business, and otherwise on the next such day. If the letter is sent by ordinary mail to the address of the Borrower, it shall be deemed received on the date falling five (5) days following the date of the letter, unless the letter is hand-delivered to the Borrower, in which case the letter shall be deemed to be received on the date of delivery. The Borrower must advise the Bank at once about any changes in the Borrower's address.

**CONSENT OF DISCLOSURE**

The Borrower hereby grants permission to any Person having information in such Person's possession relating to any Potential Prior-Ranking Claim, to release such information to the Bank (upon its written request), solely for the purpose of assisting the Bank to evaluate the financial condition of the Borrower.

**NON-MERGER**

The provisions of this Agreement shall not merge with any Security provided to the Bank, but shall continue in full force for the benefit of the parties hereto.

**JOINT AND SEVERAL**

Where more than one Person is liable as Borrower or Guarantor if applicable for any obligation under this Agreement, then the liability of each such Person for such obligation is joint and several (in Quebec, solidarily) with each other such Person.

**COUNTERPART EXECUTION**

This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together constitute one and the same instrument.

**ELECTRONIC MAIL AND FAX TRANSMISSION**

The Bank is entitled to rely on any agreement, document or instrument provided to the Bank by the Borrower or any Guarantor as applicable, by way of electronic mail or fax transmission as though it were an original document. The Bank is further entitled to assume that any communication from the Borrower received by electronic mail or fax transmission is a reliable communication from the Borrower.

**ELECTRONIC IMAGING**

The parties hereto agree that, at any time, the Bank may convert paper records of this Agreement and all other documentation delivered to the Bank (each, a "**Paper Record**") into electronic images (each, an "**Electronic Image**") as part of the Bank's normal business practices. The parties agree that each such Electronic Image shall be considered as an authoritative copy of the Paper Record and shall be legally binding on the parties and admissible in any legal, administrative or other proceeding as conclusive evidence of the contents of such document in the same manner as the original Paper Record.

**REPRESENTATIONS AND WARRANTIES**

The Borrower and 1142024 Ontario Inc. represents and warrants to the Bank that:

- a) it is duly incorporated, validly existing and duly registered or qualified to carry on business in each jurisdiction in which its business or assets are located;
- b) the execution, delivery and performance by it of this Agreement have been duly authorized by all necessary actions and do not violate its constating documents or any Applicable Laws or agreements to which it is subject or by which it is bound;
- c) no event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, a breach of any covenant or other term or condition of this Agreement or any Security or any other agreement delivered to the Bank;
- d) there is no claim, action, prosecution or other proceeding of any kind pending or threatened against it or any of its assets or properties before any court or administrative agency which relates to any non-compliance with any Environmental and Health and Safety Laws which, if adversely determined, might have a material adverse effect upon its financial condition or operations or its ability to perform its obligations under this Agreement or any Security, and there are no circumstances of which it is aware which might give rise to any such proceeding which it has not fully disclosed to the Bank; and
- e) it has good and marketable title to all of its properties and assets, free and clear of any encumbrances, other than as may be provided for herein.

Representations and warranties are deemed to be repeated as at the time of each Borrowing and/or the entering into each Lease hereunder.

**LANGUAGE**

The parties hereto have expressly requested that this Agreement and all related documents, including notices, be drawn up in the English language. Les parties ont expressément demandé que la présente convention et tous les documents y afférents, y compris les avis, soient rédigés en langue anglaise.

**WHOLE AGREEMENT**

This Agreement and any documents or instruments referred to in, or delivered pursuant to, or in connection with, this Agreement constitute the whole and entire agreement between the Borrower and the Bank with respect to the Credit Facilities.

**EXCHANGE RATE FLUCTUATIONS**

If, for any reason, the amount of Borrowings and/or Leases outstanding under any facility in a currency other than Canadian currency, when converted to the Equivalent Amount in Canadian currency, exceeds the amount available under such facility, the Borrower shall immediately repay such excess or shall secure such excess to the satisfaction of the Bank.

**JUDGEMENT CURRENCY**

If for the purpose of obtaining judgement in any court in any jurisdiction with respect to this Agreement, it is necessary to convert into the currency of such jurisdiction (the "**Judgement Currency**") any amount due hereunder in any currency other than the Judgement Currency, then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgement is given. For this purpose "rate of exchange" means the rate at which the Bank would, on the relevant date, be prepared to sell a similar amount of such currency in the Toronto foreign exchange market, against the Judgement Currency, in accordance with normal banking procedures.

In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which judgement is given and the date of payment of the amount due, the Borrower will, on the date of payment, pay such additional amounts as may be necessary to ensure that the amount paid on such date is the amount in the Judgement Currency which, when converted at the rate of exchange prevailing on the date of payment, is the amount then due under this Agreement in such other currency together with interest at RBP and expenses (including legal fees on a solicitor and client basis). Any additional amount due from the Borrower under this section will be due as a separate debt and shall not be affected by judgement being obtained for any other sums due under or in respect of this Agreement.

## Schedule "A"

### DEFINITIONS

For the purpose of this Agreement, the following terms and phrases shall have the following meanings:

**"Applicable Laws"** means, with respect to any Person, property, transaction or event, all present or future applicable laws, statutes, regulations, rules, policies, guidelines, rulings, interpretations, directives (whether or not having the force of law), orders, codes, treaties, conventions, judgements, awards, determinations and decrees of any governmental, quasi-governmental, regulatory, fiscal or monetary body or agency or court of competent jurisdiction in any applicable jurisdiction;

**"Borrowing"** means each use of a Credit Facility, excluding Leases, and all such usages outstanding at any time are **"Borrowings"**;

**"Borrowing"** means each use of a Credit Facility and all such usages outstanding at any time are **"Borrowings"**;

**"Business Day"** means a day, excluding Saturday, Sunday and any other day which shall be a legal holiday or a day on which banking institutions are closed throughout Canada;

**"Business Loan Insurance Plan"** means the optional group creditor insurance coverage, underwritten by Sun Life Assurance Company of Canada, and offered in connection with eligible loan products offered by the Bank;

**"Canadian/US Accounts Receivable"** means trade accounts receivable of the Borrower owing by Persons whose chief operating activities are located in the US or Canada;

**"Cash Taxes"** means, for any fiscal period, any amounts paid in respect of income taxes;

**"Contaminant"** includes, without limitation, any pollutant, dangerous substance, liquid waste, industrial waste, hazardous material, hazardous substance or contaminant including any of the foregoing as defined in any Environmental and Health and Safety Law;

**"Corporate Distributions"** means any payments to any shareholder, director or officer, or to any associate or holder of subordinated debt, or to any shareholder, director or officer of any associate or holder of subordinated debt, including, without limitation, bonuses, dividends, interest, salaries or repayment of debt or making of loans to any such Person, but excluding salaries to officers or other employees in the ordinary course of business;

**"Debt Service Coverage"** means, for any fiscal period, the ratio of EBITDA, less Cash Taxes and, to the extent not deducted in determining net income, less Corporate Distributions, to the total of Interest Expense and scheduled principal payments in respect of Funded Debt;

**"Designated Accounts Receivable"** means trade accounts receivable of the Borrower owing by Shelby Modules and Windsor Modules, both divisions of Magna Closures Inc., a subsidiary of Magna International;

**"EBITDA"** means, for any fiscal period, net income from continuing operations (excluding extraordinary gains or losses) plus, to the extent deducted in determining net income, Interest Expense and income taxes accrued during, and depreciation, depletion and amortization expenses deducted for, the period;

**"EDC Accounts Receivable"** means trade accounts receivable of the Borrower, where the payment has been insured by Export Development Canada ("**EDC**"), and the Bank has been provided with a duly executed Direction to Pay supported by a copy of the applicable insurance policy and any renewals thereof;

**"Environmental Activity"** means any activity, event or circumstance in respect of a Contaminant, including, without limitation, its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation, or its Release into the natural environment, including movement through or in the air, soil, surface water or groundwater;

**"Environmental and Health and Safety Laws"** means all Applicable Laws relating to the environment or occupational health and safety, or any Environmental Activity;

**"Equity"** means the total of share capital, (excluding preferred shares redeemable within one year) contributed surplus and retained earnings plus Postponed Debt;

**"Equivalent Amount"** means, with respect to an amount of any currency, the amount of any other currency required to purchase that amount of the first mentioned currency through the Bank in Toronto, in accordance with normal banking procedures;

**"Finished Goods Inventory"** means the portion of the Borrower's Unencumbered Inventory that is classified as finished goods inventory;

**"Funded Debt"** means, at any time for the fiscal period then ended, all obligations for borrowed money which bears interest or to which interest is imputed plus, without duplication, all obligations for the deferred payment of the purchase of property, all capital lease obligations and all indebtedness secured by purchase money security interests, but excluding Postponed Debt;

**"Good Canadian/US Accounts Receivable"** means Canadian/US Accounts Receivable excluding (i) the entire amount of accounts, any portion of which is outstanding more than 90 days after billing date, provided that the under 90 day portion may be included where the over 90 day portion is less than 10% of the amount of accounts, or where the Bank has designated such portion as nevertheless good, (ii) all amounts due from any affiliate, (iii) bad or doubtful accounts, (iv) accounts subject to any security interest or other encumbrance ranking or capable of ranking in priority to the Bank's security, (v) the amount of all holdbacks, contra accounts or rights of set-off on the part of any account debtor, (vi) those trade accounts receivable included elsewhere in the Borrowing Limit calculation, or (vii) any accounts which the Bank has previously advised to be ineligible;

**"Good Designated Accounts Receivable"** means Designated Accounts Receivable excluding (i) the entire amount of accounts, any portion of which is outstanding more than 120 days after billing date, provided that the under 120 day portion may be included where the over 120 day portion is less than 10% of the amount of accounts, or where the Bank has designated such portion as nevertheless good, (ii) all amounts due from any affiliate, (iii) bad or doubtful accounts, (iv) accounts subject to any security interest or other encumbrance ranking or capable of ranking in priority to the Bank's security, (v) the amount of all holdbacks, contra accounts or rights of set-off on the part of any account debtor, (vi) those trade accounts receivable included elsewhere in the Borrowing Limit calculation, or (vii) any accounts which the Bank has previously advised to be ineligible;

**"Good EDC Accounts Receivable"** means EDC Accounts Receivable, excluding (i) the entire amount of accounts, any portion of which is outstanding more than 90 days after billing date, provided that the under 90 day portion may be included where the over 90 day portion is less than 10% of the amount of accounts, or where the Bank has designated such portion as nevertheless good, (ii) all amounts due from any affiliate, (iii) bad or doubtful accounts, (iv) accounts subject to any security interest or other encumbrance ranking or capable of ranking in priority to the Bank's security, (v) the amount of all holdbacks, contra accounts or rights of set-off

on the part of any account debtor, or (vi) any accounts which the Bank has previously advised to be ineligible;

**"Good Private Insured Accounts Receivable"** means Private Insured Accounts Receivable, excluding (i) the entire amount of accounts, any portion of which is outstanding more than 120 days after billing date, provided that the under 120 day portion may be included where the over 120 day portion is less than 10% of the amount of accounts, or where the Bank has designated such portion as nevertheless good, (ii) all amounts due from any affiliate, (iii) bad or doubtful accounts, (iv) accounts subject to any security interest or other encumbrance ranking or capable of ranking in priority to the Bank's security, (v) the amount of all holdbacks, contra accounts or rights of set-off on the part of any account debtor, or (vi) any accounts which the Bank has previously advised to be ineligible;

**"Guarantor"** means any Person who has guaranteed the obligations of the Borrower under this Agreement;

**"Interest Expense"** means, for any fiscal period, the aggregate cost of advances of credit outstanding during that period including, without limitation, interest charges, capitalized interest, the interest component of capital leases, fees payable in respect of letters of credit and letters of guarantee and discounts incurred and fees payable in respect of bankers' acceptances;

**"Lease"** means an advance of credit by the Bank to the Borrower by way of a Master Lease Agreement, Master Leasing Agreement, Leasing Schedule, Equipment Lease, Conditional Sales Contract, or pursuant to an Interim Funding Agreement or an Agency Agreement, in each case issued to the Borrower;

**"Maturity Date"** means the date on which a facility is due and payable in full;

**"Permitted Encumbrances"** means, in respect of the Borrower:

- a) liens arising by operation of law for amounts not yet due or delinquent, minor encumbrances on real property such as easements and rights of way which do not materially detract from the value of such property, and security given to municipalities and similar public authorities when required by such authorities in connection with the operations of the Borrower in the ordinary course of business; and
- b) Security granted in favour of the Bank;

**"Person"** includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association, a government or any department or agency thereof including Canada Revenue Agency, and any other incorporated or unincorporated entity;

**"Policy"** means the Business Loan Insurance Plan policy 5100, issued by Sun Life Assurance Company of Canada to the Bank;

**"Postponed Debt"** means indebtedness that is fully postponed and subordinated, both as to principal and interest, on terms satisfactory to the Bank, to the obligations owing to the Bank hereunder;

**"Potential Prior-Ranking Claims"** means all amounts owing or required to be paid, where the failure to pay any such amount could give rise to a claim pursuant to any law, statute, regulation or otherwise, which ranks or is capable of ranking in priority to the Security or otherwise in priority to any claim by the Bank for repayment of any amounts owing under this Agreement;

**"Private Insured Accounts Receivable"** means trade accounts receivable of the Borrower, where the payment has been insured by an insurer acceptable to the Bank, on terms and conditions satisfactory to the Bank, and the Bank has been named as loss payee by way of a duly executed assignment of or a rider/endorsement to the applicable insurance policy from such other insurer, supported by a copy of the applicable insurance policy and any renewals thereof;

**"Raw Materials Inventory"** means the portion of the Borrower's Unencumbered Inventory that is classified as raw materials inventory;

**"RBP"** and **"Royal Bank Prime"** each means the annual rate of interest announced by the Bank from time to time as being a reference rate then in effect for determining interest rates on commercial loans made in Canadian currency in Canada;

**"RBUSBR"** and **"Royal Bank US Base Rate"** each means the annual rate of interest announced by the Bank from time to time as a reference rate then in effect for determining interest rates on commercial loans made in US currency in Canada;

**"Release"** includes discharge, spray, inject, inoculate, abandon, deposit, spill, leak, seep, pour, emit, empty, throw, dump, place and exhaust, and when used as a noun has a similar meaning;

**"Tangible Net Worth"** means the total of Equity less intangibles, deferred charges, leasehold improvements, deferred tax credits and unsecured advances to related parties. For the purpose hereof, intangibles are assets lacking physical substance;

**"Total Liabilities"** means all liabilities, exclusive of deferred tax liabilities and Postponed Debt;

**"Unencumbered Inventory"** means inventory of the Borrower which is not subject to any security interest or other encumbrance or any other right or claim which ranks or is capable of ranking in priority to the Bank's security including, without limitation, rights of unpaid suppliers to repossess inventory within 30 days after delivery and rights of unpaid farmers, fishermen and aquaculturalists in respect of any unpaid amounts for products sold and delivered within the previous 15 days, under the *Bankruptcy and Insolvency Act*, Canada;

**"US"** means United States of America.

## **Schedule "B"**

### **CALCULATION AND PAYMENT OF INTEREST AND FEES**

#### **LIMIT ON INTEREST**

The Borrower shall not be obligated to pay any interest, fees or costs under or in connection with this Agreement in excess of what is permitted by Applicable Law.

#### **OVERDUE PAYMENTS**

Any amount that is not paid when due hereunder shall, unless interest is otherwise payable in respect thereof in accordance with the terms of this Agreement or the instrument or contract governing same, bear interest until paid at the rate of RBP plus 5% per annum or, in the case of an amount in US currency if applicable, RBUSBR plus 5% per annum. Such interest on overdue amounts shall be computed daily, compounded monthly and shall be payable both before and after any or all of default, maturity date, demand and judgement.

#### **EQUIVALENT YEARLY RATES**

The annual rates of interest or fees to which the rates calculated in accordance with this Agreement are equivalent, are the rates so calculated multiplied by the actual number of days in the calendar year in which such calculation is made and divided by 365.

#### **TIME AND PLACE OF PAYMENT**

Amounts payable by the Borrower hereunder shall be paid at such place as the Bank may advise from time to time in the applicable currency. Amounts due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day. Interest and fees payable under this Agreement are payable both before and after any or all of default, maturity date, demand and judgement.

#### **RBP LOANS AND RBUSBR LOANS**

The Borrower shall pay interest on each RBP Loan and RBUSBR Loan, monthly in arrears, on the 26th day of each month or such other day as may be agreed to between the Borrower and the Bank. Such interest will be calculated monthly and will accrue daily on the basis of the actual number of days elapsed and a year of 365 days and shall be paid in the currency of the applicable Borrowing.



## Schedule "D"

### ADDITIONAL BORROWING CONDITIONS

#### FEF Contracts

"Foreign Exchange Forward Contract" or "FEF Contract" means a currency exchange transaction or agreement or any option with respect to any such transaction now existing or hereafter entered into between the Borrower and the Bank;

At the Borrower's request, the Bank may agree to enter into FEF Contracts with the Borrower from time to time. The Borrower acknowledges that the Bank makes no formal commitment herein to enter into any FEF Contract and the Bank may, at any time and at all times, in its sole and absolute discretion, accept or reject any request by the Borrower to enter into a FEF Contract. If the Bank does enter into a FEF Contract with the Borrower, it will do so subject to the following:

- a) the Borrower shall promptly issue or countersign and return a confirmation or acknowledgement of the terms of each such FEF Contract as required by the Bank;
- b) the Borrower shall, if required by the Bank, promptly enter into a Foreign Exchange and Options Master Agreement or such other agreement in form and substance satisfactory to the Bank to govern the FEF Contract(s);
- c) in the event of demand for payment under the Agreement of which this schedule forms a part, the Bank may terminate all or any FEF Contracts. If the agreement governing any FEF Contract does not contain provisions governing termination, any such termination shall be effected in accordance with customary market practice. The Bank's determination of amounts owing under any terminated FEF Contract shall be conclusive in the absence of manifest error. The Bank shall apply any amount owing by the Bank to the Borrower on termination of any FEF Contract against the Borrower's obligations to the Bank under the Agreement and any amount owing to the Bank by the Borrower on such termination shall be added to the Borrower's obligations to the Bank under the Agreement and secured by the Security;
- d) the Borrower shall pay all required fees in connection with any FEF Contracts and indemnify and hold the Bank harmless against any loss, cost or expense incurred by the Bank in relation to any FEF Contract;
- e) any rights of the Bank herein in respect of any FEF Contract are in addition to and not in limitation of or substitution for any rights of the Bank under any agreement governing such FEF Contract. In the event that there is any inconsistency at any time between the terms hereof and any agreement governing such FEF Contract, the terms of such agreement shall prevail;
- f) in addition to any security which may be held at any time in respect of any FEF Contract, upon request by the Bank from time to time, the Borrower will deliver to the Bank such security as is acceptable to the Bank as continuing collateral security for the Borrower's obligations to the Bank in respect of FEF Contracts; and
- g) the Borrower will enter each FEF Contract as principal, and only for purposes of hedging currency risk arising in the ordinary course of the Borrower's business and not for purposes of speculation. The Borrower understands and hereby acknowledges the risks associated with each FEF Contract, including those disclosed by the Bank in the attached Risk Disclosure Statement received by the Borrower.

## **FOREIGN EXCHANGE FORWARDS RISK DISCLOSURE STATEMENT**

The Borrower should only enter into over-the-counter foreign exchange forward contracts or variations thereof ("**FX Forwards**") if it has sufficient knowledge and experience to evaluate them and if it understands, acknowledges and is capable of assuming all of the risks associated with them, including those described below.

**Market or Price Risk.** FX Forwards involve market or price risk. At any given time after execution but prior to maturity, an FX Forward will have a market value which may be greater or less than the market value the FX Forward had at the time of execution. Accordingly, if the Borrower wishes to reverse or close-out an FX Forward prior to maturity, there may be a resulting gain or loss to the Borrower. Such gain or loss could be substantial depending on the terms of the FX Forward and market conditions, which can change continuously and rapidly.

**Absence of Advisory Relationship.** While Royal Bank of Canada ("**RBC**") may comment on a variety of topics in conversation with the Borrower, the Borrower should not assume that RBC is acting in an advisory capacity unless RBC expressly indicates otherwise. All information provided by RBC should be evaluated by the Borrower independently of RBC. This includes not only information about market conditions and trends but also any information about the legal, regulatory, tax, accounting and credit issues generated by FX Forwards.

**This Risk Disclosure Statement does not purport to disclose all of the risks and material considerations associated with FX Forwards, and neither this Risk Disclosure Statement, nor any other document provided by RBC, should be construed as legal, tax, investment or business advice or counsel.**

**Schedule "G"**

**BORROWING LIMIT CERTIFICATE**

I, \_\_\_\_\_, representing the Borrower hereby certify as of month ending \_\_\_\_\_:

1. I am familiar with and have examined the provisions of the Agreement dated July 23, 2018 and any amendments thereto, between Sle-Co Plastics Inc., as Borrower, and Royal Bank of Canada, as the Bank and have made reasonable investigations of corporate records and inquiries of other officers and senior personnel of the Borrower. Terms defined in the Agreement have the same meanings where used in this certificate.

2. The Borrowing Limit is \$ \_\_\_\_\_, calculated as follows:

Total Canadian/US Accounts Receivable		\$ _____	
Less:	a) Accounts, any portion of which exceeds 90 days	\$ _____	
	b) Accounts due from affiliates	\$ _____	
	c) "Under 90 days" accounts where collection is suspect	\$ _____	
	d) Accounts subject to prior encumbrances	\$ _____	
	e) Holdbacks, contra-accounts or rights of set-off	\$ _____	
	f) Accounts included elsewhere in the Borrowing Limit calculation	\$ _____	
	g) Other ineligible accounts	\$ _____	
Plus:	h) Under 90 day portion of accounts included in a) above, where the over 90 day portion is less than 10% of the amount of accounts, or which the Bank has designated as nevertheless good	\$ _____	
Good Canadian/US Accounts Receivable			A \$ _____
Marginable Good Canadian/US Accounts Receivable at 75% of A			B \$ _____
Total EDC Accounts Receivable			\$ _____
Less:	a) Accounts, any portion of which exceeds 90 days	\$ _____	
	b) Accounts due from affiliates	\$ _____	
	c) "Under 90 days" accounts where collection is suspect	\$ _____	
	d) Accounts subject to prior encumbrances	\$ _____	
	e) Holdbacks, contra-accounts or rights of set-off	\$ _____	
	f) Other ineligible accounts	\$ _____	
Plus:	g) Under 90 day portion of accounts included in a) above, where the over 90 day portion is less than 10% of the amount of accounts, which the Bank has designated as nevertheless good	\$ _____	
Good EDC Accounts Receivable			C \$ _____
Marginable Good EDC Accounts Receivable at 90% of C			D \$ _____
Total Private Insured Accounts Receivable			\$ _____
Less:	a) Accounts, any portion of which exceeds 120 days	\$ _____	
	b) Accounts due from affiliates	\$ _____	
	c) "Under 120 days" accounts where collection is suspect	\$ _____	

	d) Accounts subject to prior encumbrances	\$ _____	
	e) Holdbacks, contra-accounts or rights of set-off	\$ _____	
	f) Other ineligible accounts	\$ _____	
Plus:	g) Under 120 day portion of accounts included in a) above, where the over 120 day portion is less than 10% of the amount of accounts, which the Bank has designated as nevertheless good	\$ _____	
	Good Private Insured Accounts Receivable		E \$ _____
	Marginable Good Private Insured Accounts Receivable at 90% of E		F \$ _____
	Total Designated Accounts Receivable		\$ _____
Less:	a) Accounts, any portion of which exceeds 120 days	\$ _____	
	b) Accounts due from affiliates	\$ _____	
	c) "Under 120 days" accounts where collection is suspect	\$ _____	
	d) Accounts subject to prior encumbrances	\$ _____	
	e) Holdbacks, contra-accounts or rights of set-off	\$ _____	
	f) Accounts included elsewhere in the Borrowing Limit calculation	\$ _____	
Plus:	g) Other ineligible accounts	\$ _____	
	h) Under 120 day portion of accounts included in a) above, where the over 120 day portion is less than 10% of the amount of accounts, which the Bank has designated as nevertheless good	\$ _____	
	Good Designated Accounts Receivable		G \$ _____
	Marginable Good Designated Accounts Receivable at 75% of G		H \$ _____
	Total inventory classified as finished goods inventory (valued at lesser of cost or net realizable value)		\$ _____
Less:	a) Inventory subject to prior encumbrances	\$ _____	
	b) Inventory subject to 30 day supplier payables	\$ _____	
	c) Other non qualifying inventory	\$ _____	
	Finished Goods Inventory		I \$ _____
	Marginable Finished Goods Inventory at 50% of I (Max \$750,000.00)		J \$ _____
	Total inventory classified as raw materials inventory (valued at lesser of cost or net realizable value)		\$ _____
Less:	a) Inventory subject to prior encumbrances	\$ _____	
	b) Inventory subject to 30 day supplier payables	\$ _____	
	c) Other non qualifying inventory	\$ _____	
	Raw Materials Inventory		K \$ _____
	Marginable Raw Materials Inventory at 50% of K		L \$ _____
Less:	Potential Prior-Ranking Claims while not limited to these include:		
	Sales tax, Excise & GST	\$ _____	
	Employee source deductions such as E.I., CPP, Income Tax	\$ _____	
	Workers Compensation Board	\$ _____	
	Wages, Commissions, Vacation Pay	\$ _____	
	Unpaid Pension Plan Contributions	\$ _____	
	Overdue Rent, Property & Business Tax and potential claims from third parties such as subcontractors	\$ _____	
	Other	\$ _____	
	Total Potential Prior-Ranking Claims		M \$ _____
	Borrowing Limit (B+D+F+H+J+L-M)		\$ _____

Less: Facility #1 Borrowings \$ \_\_\_\_\_  
Margin Surplus (Deficit) \$ \_\_\_\_\_

- 3. Annexed hereto are the following reports in respect of the Borrower:
  - a) aged list of accounts receivable,
  - b) aged list of accounts payable,
  - c) aged list of EDC Accounts Receivable indicating country of origin for each receivable and most recent credit approval listing from EDC supported by Direction to Pay,
  - d) aged list of Private Insured Accounts Receivable indicating country of origin for each receivable and most recent credit approval listing from the insurer supported by a loss payable endorsement to or assignment of the applicable insurance policy,
  - e) status of inventory, and
  - f) listing of Potential Prior-Ranking Claims.
  
- 4. The reports and information provided herewith are accurate and complete in all respects and all amounts certified as Potential Prior-Ranking Claims are current amounts owing and not in arrears.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

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

Schedule "H"

**BORROWER - COMPLIANCE CERTIFICATE**

I, \_\_\_\_\_, representing the Borrower, hereby certify as of fiscal year ending \_\_\_\_\_:

1. I am familiar with and have examined the provisions of the Agreement dated July 23, 2018 and any amendments thereto, between Sle-Co Plastics Inc., as Borrower, and Royal Bank of Canada as the Bank, and have made reasonable investigations of corporate records and inquiries of other officers and senior personnel of the Borrower. Terms defined in the Agreement have the same meanings where used in this certificate.
2. The representations and warranties contained in the Agreement are true and correct.
3. No event or circumstance has occurred which constitutes or which, with the giving of notice, lapse of time, or both, would constitute a breach of any covenant or other term or condition of this Agreement and there is no reason to believe that during the next fiscal year of the Borrower, any such event or circumstance will occur.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

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

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

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

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

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

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

Schedule "K"

1142024 - COMPLIANCE CERTIFICATE

I, \_\_\_\_\_, representing 1142024 Ontario Inc. hereby certify as of fiscal year ending \_\_\_\_\_:

1. I am familiar with and have examined the provisions of the Agreement dated July 23, 2018 and any amendments thereto, between Sle-Co Plastics Inc., as Borrower, and Royal Bank of Canada as the Bank, and have made reasonable investigations of corporate records and inquiries of other officers and senior personnel of the Borrower and any Guarantor if applicable. Terms defined in the Agreement have the same meanings where used in this certificate.
2. The representations and warranties contained in the Agreement are true and correct.
3. No event or circumstance has occurred which constitutes or which, with the giving of notice, lapse of time, or both, would constitute a breach of any covenant or other term or condition of this Agreement and there is no reason to believe that during the next fiscal year of 1142024 Ontario Inc., any such event or circumstance will occur.
4. Debt Service Coverage is \_\_\_\_\_:1, being not less than the minimum required ratio of 1.25:1.
5. The ratio of Total Liabilities to Tangible Net Worth is \_\_\_\_\_:1, being not greater than the maximum permitted ratio of 3:1
6. The detailed calculations of the foregoing ratios and covenants is set forth in the addendum annexed hereto and are true and correct in all respects.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**Schedule "I"**

**BORROWER - COMPLIANCE CERTIFICATE**

I, \_\_\_\_\_, representing the Borrower hereby certify as of fiscal quarter ending \_\_\_\_\_ :

4. I am familiar with and have examined the provisions of the Agreement dated July 23, 2018 and any amendments thereto, between Sle-Co Plastics Inc., as Borrower, and Royal Bank of Canada as the Bank, and have made reasonable investigations of corporate records and inquiries of other officers and senior personnel of the Borrower and any Guarantor if applicable. Terms defined in the Agreement have the same meanings where used in this certificate.
5. The representations and warranties contained in the Agreement are true and correct.
6. No event or circumstance has occurred which constitutes or which, with the giving of notice, lapse of time, or both, would constitute a breach of any covenant or other term or condition of this Agreement and there is no reason to believe that during the next fiscal quarter of the Borrower, any such event or circumstance will occur.
7. EBITDA, calculated on a cumulative fiscal year (fiscal year ending April 30, 2019) to date basis, of not less than \$418,000.00 as at fiscal quarter ending October 31, 2018, increasing to \$986,000.00 as at fiscal quarter ending January 31, 2019, further increasing to \$1,995,000.00 as at fiscal quarter ending April 30, 2019, and thereafter.
8. EBITDA calculated on a cumulative fiscal year (fiscal year ending April 30, 2020) to date basis, of not less than \$1,075,000.00 as at fiscal quarter ending July 31, 2019, increasing to \$2,308,000.00 as at fiscal quarter ending October 31, 2019 and thereafter.
9. The detailed calculations of the foregoing ratios and covenants is set forth in the addendum annexed hereto and are true and correct in all respects.

Dated this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

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

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



## Schedule "J"

### RBC COVARIETY DASHBOARD TERMS AND CONDITIONS

If the Borrower elects to fulfill the reporting requirements relating to the submission of financial information set out in this Agreement by accessing a secure web based portal ("**RBC Covarity Dashboard**") via the Internet and using RBC Covarity Dashboard to electronically upload the Borrower's financial information and to complete online and electronically submit certificates, reports and/or forms (the "**Service**"), then the following terms and conditions (the "**RBC Covarity Dashboard Terms and Conditions**") apply and are deemed to be included in, and form part of, the Agreement.

**1. Definitions.** For the purpose of the RBC Covarity Dashboard Terms and Conditions:

**"Disabling Code"** means any clock, timer, counter, computer virus, worm, software lock, drop dead device, Trojan horse routine, trap door, time bomb, or any other unauthorized codes, designs, routines or instructions that may be used to access, modify, replicate, distort, delete, damage or disable any Electronic Channel, including any related hardware or software.

**"Designated User"** an individual permitted to act on behalf of and bind the Borrower in all respects, and specifically in the submission of Electronically Uploaded Financial Information and/or Electronically Submitted Certificates.

**"Electronic Channel"** means any telecommunication or electronic transmission method which may be used in connection with the Service, including computer, Internet, telephone, e-mail or facsimile.

**"Electronic Communication"** means any information, disclosure, request or other communication or agreement sent, received or accepted using an Electronic Channel.

**"Electronically Submitted Certificates"** means certificates, reports and/or forms completed online and electronically submitted by any Designated User accessing the Service.

**"Electronically Uploaded Financial Information"** means financial data, reports and/or information of the Borrower electronically uploaded by any Designated User accessing the Service.

**"Internet"** means a decentralized global communications medium and the world-wide network of computer networks, accessible to the public, that are connected to each other using specific protocols, which provides for file transfer, electronic mail, remote log in, news, database access, and other services.

**"Password"** means a combination of numbers and/or letters selected by a Designated User that is used to identify the Designated User. The Password is used in conjunction with a User ID to access the Service.

**"Security Breach"** means any breach in the security of the Service, or any actual or threatened use of the Service, a Security Device, or Electronic Channel in a manner contrary to the Agreement, including, without limitation, the introduction of Disabling Code or a Virus to the Service.

**"Security Device"** means a combination of a User ID and Password.

**"Software"** means any computer program or programming (in any code format, including source code), as modified from time to time, and related documentation.

**"User ID"** means the combination of numbers and/or letters selected by the Borrower used to identify a particular Designated User. The User ID is used in conjunction with a Password to access the Service.

**"Virus"** means an element which is designed to corrupt data or enable access to or adversely impact upon the performance of computer systems, including any virus, worm, logic bomb and Trojan horse.

Terms defined in the Agreement have the same meanings where used in the RBC Covarity Dashboard Terms and Conditions.

**2. Access to the Service.** The Borrower will appoint one or more Designated User(s) to access the Service on behalf of the Borrower. The Borrower acknowledges and agrees that each Designated User appointed by the Borrower may electronically upload the Borrower's financial information and may view all previously uploaded financial information and all calculations in the RBC Covarity Dashboard.

At the time of registration for the Service, the Borrower will advise the Bank of the name and e-mail address of each Designated User. The Borrower will immediately advise the Bank if a Designated User changes or is no longer valid.

The Bank will provide the Borrower with a User ID and temporary password for each Designated User. Each Designated User will receive the User ID and temporary password delivered to their e-mail address. Each Designated User will change the temporary password to a unique Password which may not be easily guessed or obtained by others. If it is suspected or known that the Password has been compromised in any way, the Password must be changed immediately.

On first access to the Service, each Designated User will be required to read and agree to terms of use which will thereafter be accessible from a link located on each web page of the Service.

**3. Security Devices.** The Borrower recognizes that possession of a Security Device by any person may result in that person having access to the Service. The Borrower agrees that the use of a Security Device in connection with the Service, including any information sent, received or accepted using the Service, will be deemed to be conclusive proof that such information is accurate and complete, and the submission of which is authorized by, and enforceable against, the Borrower.

The Borrower is responsible for maintaining the security and confidentiality of Security Devices which may be used in connection with the Service. The Borrower is responsible for ensuring that a Security Device will only be provided to and used by a Designated User. The Borrower agrees to be bound by any actions or omissions resulting from the use of any Security Device in connection with the Service.

**4. Security.** Each party shall at all times have in place appropriate policies and procedures to protect the security and confidentiality of the Service, Electronic Channels and Electronic Communication and to prevent any unauthorized access to and use of the Service and Electronic Channels. The Borrower agrees to comply with any additional procedures, standards or other security requirements that the Bank may require in order to access the Service.

The Borrower will not (i) access or use the Service for an illegal, fraudulent, malicious or defamatory purpose, or (ii) take steps or actions that could or do undermine the security, integrity, effectiveness, goodwill or connectivity of the Service (including illegal, fraudulent, malicious, defamatory or other activities that threaten to harm or cause harm to any other person).

The Borrower agrees not to transmit via the Service any viruses, worms, defects, Trojan horses or any items of a destructive nature. The Borrower shall maintain the security of their computer by using anti-virus scanning, a firewall and installing the latest security patches to provide assurance that no Virus is introduced into the systems or Software while accessing the Service.

**5. Unsecure Electronic Channels.** The Borrower acknowledges and agrees that if it uses, or if it authorizes and directs the Bank to use, any unencrypted Electronic Channel, including unencrypted e-mail or facsimile, any Electronic Communication sent, received and/or accepted using such Electronic Channel is not secure, reliable, private or confidential. Any such Electronic Communication could be subject to interception, loss or alteration, and may not be received by the intended recipient in a timely manner or at all. The Borrower assumes full responsibility for the risks associated with such Electronic Communication.

**6. Notice of Security Breach.** The Borrower shall notify the Bank by notifying the RBC Account Manager in writing immediately of any Security Breach including: (i) any application vulnerability or if a Virus is contained in or affects transmission of information to the Service; or (ii) if the Borrower knows or reasonably ought to know that an unauthorized person may have access to the Service, Security Device or Electronic Channel.

If a Security Breach occurs the Borrower shall: (i) assist the Bank in the management of any consequences arising from it; (ii) take any reasonable steps necessary for it to take to mitigate any harm resulting from it; and (iii) take appropriate steps to prevent its recurrence.

**7. Binding Effect.** Any Electronic Communication that the Bank receives from or in the name of, or purporting to be from or in the name of, the Borrower or any other person on the Borrower's behalf in connection with the Service, will be considered to be duly authorized by, and enforceable against, the Borrower. The Bank will be authorized to rely and act on any such Electronic Communication, even if the Electronic Communication was not actually from the Borrower or such other person or differs in any way from any previous Electronic Communication sent to the Bank. Any Electronically Uploaded Financial Information will be considered to be financial information submitted to the Bank by an individual permitted to act on behalf of and bind the Borrower in all respects, and the Bank will be authorized to rely and act on any such Electronically Uploaded Financial Information accordingly. Any Electronically Submitted Certificates will be considered to be certificates, reports and/or forms completed and submitted to the Bank by an individual permitted to act on behalf of and bind the Borrower in all respects, and the Bank will be authorized to rely and act on any such Electronically Submitted Certificates accordingly.

**8. Representations and Warranties.** The Borrower represents and warrants to the Bank that each time Electronically Uploaded Financial Information and/or Electronically Submitted Certificates are submitted: (i) all financial statements, certificates, forms, reports and all information contained therein will be accurate and complete in all respects; (ii) all amounts certified as Potential Prior-Ranking Claims will be current amounts owing and not in arrears; (iii) all representations and warranties contained in the Agreement will be true and correct; and (iv) no event will have occurred which constitutes, or which, with notice, lapse of time, or both, would constitute an Event of Default or breach of any covenant or other term or condition of the Agreement. The Borrower will be deemed to repeat these representations and warranties each time Electronically Uploaded Financial Information and/or Electronically Submitted Certificates are submitted.

**9. Evidence.** Electronic records and other information obtained by the Bank in an Electronic Communication will be admissible in any legal, administrative or other proceedings as conclusive evidence of the contents of those communications in the same manner as an original paper document, and the Borrower waives any right to object to the introduction of any such record or other information into evidence on that basis.

**10. Limitation of Liability.** The Bank is not responsible or liable for any damages arising from: (i) inaccurate, incomplete, false, misleading, or fraudulent information provided to the Bank; (ii) losses incurred as a result of an actual or potential Security Breach; or (iii) losses incurred as a result of application vulnerability or Virus that is contained in or affects any Software or systems used by or on behalf of the Borrower in connection with the Service.

Although every effort is made to provide secure transmission of information, timely communication and confidentiality cannot be guaranteed. In no event shall the Bank be liable for

any loss or harm resulting from the use of the Service, or from a breach of confidentiality in respect of use of the Service.

**11. Termination.** The ability of the Borrower to fulfill the reporting requirements relating to the submission of financial information set out in the Agreement using RBC Covarity Dashboard shall terminate upon revocation of access to the Service. In addition, the Bank may suspend or terminate access to or discontinue the Service immediately for any reason at any time without prior notice. The Bank will not be responsible for any loss or inconvenience that may result from such suspension or termination. The Borrower, upon giving notice to the Bank by notifying the RBC Account Manager in writing, may terminate use of the Service at any time.

**12. Amendment.** The Bank may amend these RBC Covarity Dashboard Terms and Conditions upon 30 days notice (which may be given electronically by way of e-mail or in writing) to the Borrower. The Borrower agrees that the continued use of the Service after the effective date of a change will constitute conclusive evidence of consent to all such amendments and the Borrower shall be bound by the amendments.



**Royal Bank of Canada**  
Commercial Financial Services  
Suite 700- 383 Richmond Street  
London, ON N6A 3C4

August 22, 2018

**Private and Confidential**

**SLE-CO PLASTICS INC.**  
1425 Creamery Road  
London, ON  
N5V 5B3

We refer to the agreement dated July 23, 2018 and any amendments thereto, between Sle-Co Plastics Inc., as the Borrower, and Royal Bank of Canada, as the Bank, (the “**Agreement**”).

The Bank reserves all of its rights and remedies at any time and from time to time in connection with any or all breaches, defaults or events of default now existing or hereafter arising under any Bank document, and whether known or unknown, and this amending agreement shall not be construed as a waiver of any such breach, default or events of default.

All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Agreement.

The Agreement is amended as follows:

- a) the description of Facility #1 is amended and restated as follows:

**Facility #1:** \$5,500,000.00 revolving demand facility reducing to \$3,500,000.00 on September 30, 2018, by way of:

- b) the Availability section for Facility #1 is amended by the addition of the following:

The amount available under this facility is temporarily increased for the period commencing August 17, 2018 and ending September 30, 2018 (the “**Reduction Date**”). This temporary increase is for the above referenced period only. On the Reduction Date (and provided that the Bank has not cancelled this facility or issued a demand for repayment), the amount available under this facility shall reduce to \$3,500,000.00 and the Borrower shall make all payments necessary to ensure that outstanding Borrowings under this facility do not exceed the amount available at any time and from time to time.

**BUSINESS LOAN INSURANCE PLAN**

The Borrower hereby acknowledges that the Bank has offered it group creditor insurance coverage on the Borrowings under the Business Loan Insurance Plan and the Borrower hereby acknowledges that it is the Borrower’s responsibility to apply for any new or increased insurance amount for the Borrowings that may be eligible.

If the Borrower decides to apply for insurance on the Borrowings, the application will be made

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\* Registered Trademark of Royal Bank of Canada

via the Bank's Business Loan Insurance Plan application (form 3460 ENG or 53460 FRE). If the Borrower has existing uninsured Borrowings and decides not to apply for Business Loan Insurance Plan coverage on any new Borrowings, it hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the Bank's offer to apply for Business Loan Insurance Plan coverage on all such Borrowings, and that all such Borrowings are not insured under the Policy as at the date of acceptance of this Agreement.

If the Borrower has Business Loan Insurance Plan coverage on previously approved Borrowings, such coverage will be applied automatically to all new Borrowings eligible for Business Loan Insurance Plan coverage that share the same loan account number, up to the approved amount of Business Loan Insurance Plan coverage. This Agreement cannot be used to waive coverage on new Borrowings eligible for Business Loan Insurance Plan coverage if Business Loan Insurance Plan coverage is in effect on the Borrower's existing Borrowings. If the Borrower does not want Business Loan Insurance Plan coverage to apply to any new Borrowings, a different loan account number will need to be set up and all uninsured loans attached to it.

If the Borrower has existing Borrowings to which Business Loan Insurance Plan coverage applies, and any new Borrowings would exceed the approved amount of Business Loan Insurance Plan coverage already in place, the Borrower must apply for additional Business Loan Insurance Plan coverage (if eligible) in order for Business Loan Insurance Plan coverage to apply to any new Borrowings. If the Borrower decides not to apply for additional Business Loan Insurance Plan coverage in respect of any new Borrowings (if eligible), the Borrower hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the Bank's offer to apply for additional Business Loan Insurance Plan coverage on such new Borrowings and that such new Borrowings are not insured under the Policy as at the date the Borrower executes this Agreement.

If there are any discrepancies between the insurance information in this Agreement and the Business Loan Insurance Plan documents regarding the Borrowings, the Business Loan Insurance Plan documents govern.

Business Loan Insurance Plan premiums (plus applicable taxes), will be taken as a separate payment, directly from the bank account associated with the loan, at the same frequency and schedule as your regular loan payments, where applicable. As premiums are based on the outstanding loan balance and the insured person's age at the time the premiums are due, the cost of Business Loan Insurance Plan coverage may increase during the term of the loan. The premium calculation is set out in the Business Loan Insurance Plan terms and conditions provided to the Borrower at the time the application for Business Loan Insurance Plan coverage was completed. Refer to the terms and conditions (form 3460 ENG or 53460 FRE) for further explanation and disclosure.

#### **CONDITIONS PRECEDENT**

The effectiveness of this amending agreement is conditional upon receipt of:

- a) a duly executed copy of this amending agreement;
- b) the Security provided for herein, registered, as required, to the satisfaction of the Bank;
- c) such financial and other information or documents relating to the Borrower or any Guarantor if applicable as the Bank may reasonably require; and
- d) such other authorizations, approvals, opinions and documentation as the Bank may reasonably require.

Additionally;

- e) all documentation to be received by the Bank shall be in form and substance satisfactory to the Bank.

**COUNTERPART EXECUTION**

This amending agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together constitute one and the same instrument.

All other terms and conditions outlined in the Agreement remain unchanged and in full force and effect.

This amending agreement is open for acceptance until September 22, 2018, after which date it will be null and void, unless extended in writing by the Bank.

**ROYAL BANK OF CANADA**

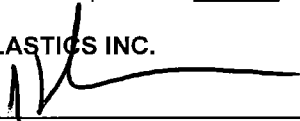


Per: \_\_\_\_\_  
Name: Mike Cussen  
Title: Vice President, Business Credit

/nl

Agreed to and accepted this 22 day of Aug, 2018.

**SLE-CO PLASTICS INC.**



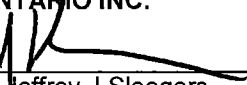
Per: \_\_\_\_\_  
Name: Jeffrey J Slegers  
Title: President

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

I/We have the authority to bind the Borrower

We acknowledge and confirm our agreement with the foregoing terms and conditions, as Guarantor, as of Aug 22, 2018.

**1142024 ONTARIO INC.**



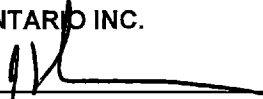
Per: \_\_\_\_\_  
Name: Jeffrey J Slegers  
Title: President

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

I/We have the authority to bind the Guarantor

We acknowledge and confirm our agreement with the foregoing terms and conditions, as Guarantor, as of Aug 22, 2018.

**1457020 ONTARIO INC.**

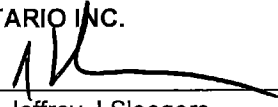
Per:   
Name: Jeffrey J Slegers  
Title: President

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

I/We have the authority to bind the Guarantor

We acknowledge and confirm our agreement with the foregoing terms and conditions, as Guarantor, as of Aug 22, 2018.

**1353732 ONTARIO INC.**

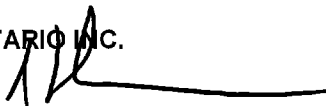
Per:   
Name: Jeffrey J Slegers  
Title: President

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

I/We have the authority to bind the Guarantor

We acknowledge and confirm our agreement with the foregoing terms and conditions, as Guarantor, as of Aug 22, 2018.

**2253125 ONTARIO INC.**

Per:   
Name: Jeffrey J Slegers  
Title: President

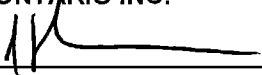
Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

I/We have the authority to bind the Guarantor



We acknowledge and confirm our agreement with the foregoing terms and conditions, as Guarantor, as of Aug 22, 2018.

**2351901 ONTARIO INC.**

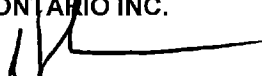
Per:   
Name: Jeffrey J Slegers  
Title: President

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

I/We have the authority to bind the Guarantor

We acknowledge and confirm our agreement with the foregoing terms and conditions, as Guarantor, as of Aug 22, 2018.

**2366608 ONTARIO INC.**

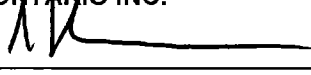
Per:   
Name: Jeffrey J Slegers  
Title: President

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

I/We have the authority to bind the Guarantor

We acknowledge and confirm our agreement with the foregoing terms and conditions, as Guarantor, as of Aug 22, 2018.

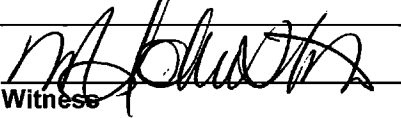

**2384003 ONTARIO INC.**

Per:   
Name: Jeffrey J Slegers  
Title: President

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

I/We have the authority to bind the Guarantor

I acknowledge and confirm my agreement with the foregoing terms and conditions, as Guarantor,  
as of Aug 22, 2018.

 Witness	 JEFFREY J. SLEEGERS
----------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------

THIS CREDIT AMENDING AGREEMENT made as of the <sup>4</sup> day of ~~February~~ <sup>MARCH</sup>, 2019

**BETWEEN:**

**ROYAL BANK OF CANADA**  
222 Bay St. – 24th Floor  
Toronto, ON M5K 1G8

(hereinafter called the "Bank")

**OF THE FIRST PART**

-and-

**SLE-CO PLASTICS INC. ("PLASTICS INC.")**  
400 South Edgeware Road  
St. Thomas, ON N5P 3Z5

**SLE-CO PROPERTIES INC. ("PROPERTIES INC.")**  
400 South Edgeware Road  
St. Thomas, ON N5P 3Z5

(hereinafter collectively, and in such capacity, called the "Borrowers")

**OF THE SECOND PART**

-and-

**1142024 ONTARIO INC. ("114 INC.")**  
1425 Creamery Road  
London, ON N5V 5B3

**2253125 ONTARIO INC. ("225 INC.")**  
1425 Creamery Road  
London, ON N5V 5B3

**2384003 ONTARIO INC. ("238 INC.")**  
1425 Creamery Road  
London, ON N5V 5B3

(114 Inc., 225 Inc., and 238 Inc. collectively, the "Corporate Guarantors")

**JEFFREY SLEEGERS ("SLEEGERS")**  
589 Clarke Road  
London, ON N5V 2E1

(hereinafter together with Plastics Inc. and Properties Inc. collectively, and in such capacity, called the "Guarantors")

**OF THE THIRD PART**



## RECITALS

- A. The Bank has made certain Credit Facilities available to the Borrowers as more particularly described in this Agreement;
- B. Plastics Inc. operates as a manufacturer and supplier of moulded plastic automotive parts from premises municipally known as 400 South Edgeware Road, St. Thomas, Ontario and legally described as:
- a. PT LT 8 1ST Range South Edgeware Road Yarmouth PT 1 & 2 11R6493; T/W E230839, E230840, E230841; S/T E378042; St. Thomas (PIN 35163-0288 (LT));
  - b. PCL 8-2 SEC YAR-SER; PT LT 8 Range South Of Edgeware Rd Yarmouth PT 2 11R153; S/T LT37577; St. Thomas (PIN 35163-0283 (LT));
- (a-b collectively, the "Real Property")
- C. Properties Inc. is the owner of the Real Property. Properties Inc. was formed on October 17, 2018 through the amalgamation of 1353732 Ontario Inc. ("135A Inc.") 1457020 Ontario Inc. ("145A Inc."), 2351901 Ontario Inc. ("235A Inc.") and 2366608 Ontario Inc. ("236A Inc.") (collectively, the "Predecessor Companies") on October 17, 2018 (the "Amalgamation"). The assets of the Predecessor Companies are owned by Properties Inc., and the obligations of the Predecessor Companies remain the obligations of Properties Inc.;
- D. While Properties Inc. is the owner of the Real Property, 236A Inc. remains listed on title as the registered owner of the Real Property;
- E. There is a construction lien and a certificate of action registered on title to the Real Property in favour of Rassaun Services Inc. in the sum of \$494,708 as at November 28, 2018 (the "Construction Lien");
- F. The Borrowers are in default of the Credit Facilities as follows:
- a. Prior borrowings in excess of the limits under the Credit Facilities;
  - b. The registration of the Construction Lien as against title to the Real Property; and,

- c. Failure to meet EBITDA calculated on a cumulative year (fiscal year ending April 30, 2019) to date basis of not less than \$418,000 as at fiscal quarter ending October 31, 2018.

(collectively, the "Defaults")

- G. The Borrowers and the Corporate Guarantors have consented to the Bank's engagement of BDO Canada Limited ("BDO" or the "Consultant") as a financial advisor to the Borrowers and Corporate Guarantors, pursuant to the terms of an Engagement Letter dated January 21, 2019, with all related expenses to be borne solely by the Borrowers and Corporate Guarantors;
- H. Pursuant to the terms of this Agreement, the Bank shall forbear from issuing demands for payment and Notices of Intention to Enforce Security pursuant to section 244(1) of the *Bankruptcy and Insolvency Act* ("BIA") to the Borrowers and Guarantors (collectively, the "Demands") until the Termination Date;
- I. The Borrowers and the Guarantors have requested additional credit in the form of the \$250,000 Temporary Overrun (as defined at Article 11 below), and that the Bank forbear from taking action on the Security, and the Bank, the Borrowers and the Guarantors have agreed to enter into this Agreement for the purposes of allowing the Borrowers time to stay in operation, improve cash flow and profitability by the Termination Date.

NOW THEREFORE in consideration of the mutual covenants and agreements contained herein, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

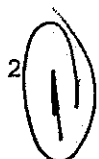
1. RECITALS

The parties agree and acknowledge that the recitals contained herein are true.

2. DEFINITIONS

For the purposes of this Agreement, the following definitions shall apply:

- a) "Agreement" or "this Agreement" means this Agreement;



- b) "**Credit Facilities**" means the Credit Facilities advanced to the Borrowers by the Bank, as more particularly described in Schedule "A", and includes each of the Plastics Credit Facilities and the Properties Credit Facility, as defined in Schedule "A";
- c) "**Priority Claims**" means deemed trusts and other claims ranking in priority to the Bank's Security including, without limitation, charges under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended ("**BIA**"), utilities, realty taxes, GST, HST, PST, QST, employee remittances and Workers' Compensation;
- d) "**Security**" or "**Bank's Security**" means all security currently held by the Bank, together with such additional security, as may be granted by the Borrowers, in support of the repayment of the Indebtedness as more particularly set out in Schedule "B";
- e) "**Termination Date**" is April 12, 2019;
- f) "**Without Consent**" means without the prior written consent of the Bank, which consent shall not be unreasonably withheld.

3. INDEBTEDNESS

- a) As of February 21, 2019 the Indebtedness owing to the Bank by Plastics pursuant to the Plastics Credit Facilities was **\$6,776,749.86**, plus accrued interest as more particularly described in Schedule "C" (the "**Plastics Indebtedness**").
- b) As of February 21, 2019, the Indebtedness owing to the Bank by Properties pursuant to the Properties Credit Facilities was **\$3,511,717.81** plus accrued interest as more particularly described in Schedule "C" (the "**Properties Indebtedness**").
- c) The above amounts at 3 (a)-(b), plus accrued interest thereon, plus all monies advanced on the \$250,000 Temporary Overrun, the Bank's reasonable legal fees on a solicitor and own client basis and other professional costs, and all other amounts properly payable pursuant to the Credit Facilities, the Security and this Agreement including all banking fees, are in total referred to as the "**Indebtedness**".

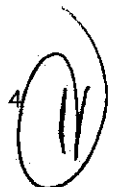
#### 4. TERM OF AGREEMENT

Subject to the terms of this Agreement, the Bank shall grant the Borrowers the period of forbearance and continued credit until the Termination Date, to allow the Borrowers time to stay in operation, improve cash flow and profitability, by the Termination Date.

#### 5. ACKNOWLEDGEMENTS

The Borrowers and the Guarantors hereby acknowledge and agree:

- a) That the indebtedness as detailed herein is owing to the Bank by the Borrowers, and is not disputed, and the Borrowers make no claim of set-off in any way against the Indebtedness;
- b) Properties Inc. acknowledges that the following loan agreements are valid and binding upon Properties Inc., and, where applicable, the respective Guarantors following the Amalgamation:
  - i) Letter Agreement as between the Bank and 236A Inc. dated April 2, 2015;
  - ii) Confirmation of Credit Facilities Letter – Real Estate as between the Bank and 236A Inc. dated April 2, 2015;  
  
(i-ii, collectively, the "**Original 236A Agreements**")
  - iii) Amending Agreements to the Original 236A Agreements as between the Bank and the Borrower dated November 25, 2016, December 29, 2017, and July 25, 2018, and as further amended by this Agreement.  
  
(collectively, the "**Properties Letter Agreement**")
- c) That the Plastics Letter Agreement and the Properties Letter Agreement (as defined in Schedule "A" hereto), are valid and binding on the respective Borrowers and, where, applicable, the Guarantors;
- d) That any and all obligations of the Predecessor Companies to the Bank remain the obligations of Properties Inc., and that all security, including the Predecessor Companies



GSA's (as defined at Schedule "B") and the Plastics Inc. Predecessor Companies Guarantees, remain binding and in force;

- e) That the Credit Facilities and the Security, including the GSA's, the Mortgage, and the Guarantees (as defined in Schedules "A" and "B" to this Agreement), are valid and binding and shall continue to be enforceable in accordance with the terms thereof;
- f) That the Borrowers, the Guarantors, their assigns, employees and any party able to claim through the same, each agree that they have no claim for set-off, counterclaim or damages to the present time on any basis whatsoever against the Bank, its officers, directors, employees, solicitors and agents (the "Releasees") in respect of this Agreement or in any dealings with the Borrowers and Guarantors including, without limitation, any action taken by the Bank in dealing with the Credit Facilities, or with the administration of any accounts held with the Bank by the Borrowers, the Security and if there are any existing claims known or unknown, they are hereby expressly released and discharged by this Agreement;
- g) The Defaults are valid and the Bank is in a position to issue Demands despite the entering into of this Agreement. The Bank does not, by this Agreement, waive its rights, and the Indebtedness remains owing in full;
- h) That to the date hereof, the Bank has acted in a commercially reasonable manner and the Borrowers and, where applicable, the Guarantors are estopped from disputing same;
- i) Except as provided in this Agreement, the Bank (either by itself or through its employees or agents) has made no promises, nor has it taken any action or omitted to take any action, that would constitute a waiver of its rights to enforce the Security and pursue its remedies in respect of the Indebtedness; and,
- j) To the extent that the Bank accepts any payments or makes any advances of funds or credit available to the Borrowers during the term of this Agreement, such payments accepted or advances of funds shall not constitute a waiver of any pre-existing default, maturity of loans, or any additional defaults of the Borrowers.





6. ADMINISTRATIVE FEE

An administration fee of \$10,000 shall be jointly and severally due and payable on the execution of this Agreement (the "**Administrative Fee**").

7. NON-MANAGERIAL RESPONSIBILITY

The Borrowers acknowledge that the Bank shall not have control over any of the operations or affairs of the Borrowers and shall not take part in the management of the Borrowers' affairs, including the approval of any transactions except as hereinafter qualified. Without limiting the generality of the foregoing, neither the Bank nor its agents shall be entitled to approve or execute agreements, sign cheques, or otherwise sign on bank accounts or interfere with the efficient and proper day-to-day conduct of the business and affairs of the Borrowers.

8. NO PROTECTION WITHOUT CONSENT

The Borrowers covenant and agree that they will not, Without Consent, make any filing or seek any protection (including a stay of proceedings) or seek any stay pursuant to the BIA, the *Companies Creditors' Arrangement Act* (Canada) (the "**CCAA**"), or otherwise at law or in equity (a "**Filing**"), and that any Filing made in respect of any of the Borrowers and/or the Corporate Guarantors will contain the following provisions:

- i) the terms of this Agreement will continue to bind the parties to this Agreement;
- ii) the Bank will not be affected by any stay or other order in such proceedings;
- iii) the Bank will be an unaffected creditor in any plan or proposal unless the Bank consents to be treated otherwise;
- iv) the Borrowers irrevocably consent to the variation of any stay or order in such proceedings which would purport to affect the Bank; and
- v) the Borrowers will not make or support any application which would have the effect of:
  - (1) creating any charge ranking in priority to the Security or in priority to any other rights of the Bank; or
  - (2) altering or varying the rights of the Bank under the terms of the Credit Facilities, the Security or this Agreement.

9. CONFLICT WITH THE CREDIT FACILITIES

In the event of a conflict between this Agreement and the Credit Facilities, this Agreement shall prevail, but the foregoing shall not apply to limit or restrict in any way the rights and remedies of the Bank under the Credit Facilities or this Agreement other than as may be specifically contemplated herein.

10. COVENANTS OF THE BORROWER

The Borrowers, and where applicable the Guarantors, agree and covenant that they shall:

- a) Maintain all the assets and equipment of the Borrowers in a good state of repair;
- b) Keep all Priority Claims current, including all payments due and owing to the Canada Revenue Agency, and provide to the Bank evidence that all such accounts are current, as requested by the Bank;
- c) Not declare or pay any payment to any person who does not deal with the Borrowers at arm's length (as such term is defined in the *Income Tax Act (Canada)*) except for salaries, contracts, and repayment of loans presently in place;
- d) All property taxes or other taxes owing in relation to the Real Property are to be kept current by Properties Inc., and Properties Inc. shall maintain all fire liability, and property insurance with respect to same, naming the Bank as Loss Payee and provide evidence of same as requested by the Bank;
- e) The Borrowers shall maintain all fire, liability, and property insurance with respect to the assets forming the Bank's Security on terms and amounts satisfactory to the Bank naming the Bank as Loss Payee and provide evidence of same as requested by the Bank;
- f) On or before March 8, 2019, Properties Inc. shall cause to be registered with the Land Titles Office in which the Real Property is located an application to change the name of the owner of the Real Property from 236A to Properties Inc., at the sole expense of the Borrowers and/or the Guarantors, and shall provide evidence of same to the Bank without delay upon receipt of same;
- g) Take all steps to improve operations and cash flow;

7



- h) Without Consent, limit capital expenditures, through the term of this Agreement, to a cumulative sum of \$550,000 (including the purchase or lease of the Conair equipment as described in Conair Order Acknowledgment dated March 3, 2018);
- i) The Borrowers shall fully cooperate with BDO in its capacity as Consultant;
- j) On or before March <sup>17<sup>th</sup></sup> 8, 2019, Properties Inc. shall amend the Mortgage to increase the principal amount secured thereunder from \$4,500,000 to \$7,100,000 (the "**Mortgage Amendment**"). Properties Inc. shall execute all necessary documents to effect the Mortgage Amendment, in the Bank's sole discretion, and all related costs shall be borne by the Borrowers and/or the Guarantors;
- k) Concurrent with the execution of this Agreement, Properties Inc. shall provide the Bank with the following new security:
- i) a General Security Agreement, constituting a first ranking security interest in all personal property of Properties Inc., in the form appended hereto as Schedule "D", and any expenses in relation thereto shall be borne solely by Properties Inc. and/or the Guarantors (the "**New Properties GSA**"); and,
  - ii) Guarantee and Postponement of Claim in the sum of \$7,100,000 in relation to the Indebtedness of Plastics Inc. to the Bank, in the form appended hereto as Schedule "E", and any expenses in relation thereto shall be borne solely by Properties Inc. and/or the Guarantors (the "**New Properties Inc. Plastics Guarantee**").
- (collectively, the "**New Properties Inc. Security**")
- l) Concurrent with the execution of this Agreement, Plastics Inc. shall provide the Bank with the following new security:
- i) Guarantee and Postponement of Claim in the sum of \$4,500,000 in relation to the Indebtedness of Properties Inc. to the Bank, in the form appended hereto as Schedule "F", and any expenses in relation thereto shall be borne solely by Plastics Inc. and/or the Guarantors (the "**New Plastics Inc. Properties Guarantee**").



- m) The Borrowers shall provide the following weekly reporting to the Bank, beginning on February 28, 2019 and continuing each week thereafter until the Termination Date (the "Weekly Reports"):
- i) Rolling weekly actual cash flow reports for the week preceding the report; and;
  - ii) Any further reporting that the Bank may require from time to time, in its sole discretion.
- n) The Borrowers shall keep current all payments of principal and interest to the Bank under the Credit Facilities during the term of this Agreement;
- o) The Borrowers and the Guarantors will reimburse the Bank for all expenses that the Bank has incurred or will incur arising out of its dealings with the Borrowers and with the preparation of this Agreement and in the protection, preservation and enforcement of the Security, including all legal fees of the Bank on a solicitor and own client basis, and all other fees in relation to the Borrowers in general and this Agreement. The Borrowers and the Guarantors specifically waive any and all rights they may have to assess any of the legal or agents' fees previously paid or paid in the future by the Bank, or any agent, whether such right arises pursuant the *Solicitor's Act* (Ontario) or any other law or statute. In this regard, the Borrowers and the Guarantors acknowledge and agree that they fully indemnify the Bank for all expenses detailed herein.

#### 11. AMENDMENTS TO THE CREDIT FACILITIES

The Bank shall continue to provide the Borrowers with access to the Credit Facilities, as modified by the terms of this Agreement. With the exception of the \$250,000 Temporary Overrun, the credit limits of the Credit Facilities shall be strictly enforced with no exceptions or excess borrowings allowed.

##### Plastics Inc.

The credit limit of the Plastics Credit Line shall be temporarily increased by \$250,000 to \$3,750,000 to allow Plastics Inc. to continue in operation for the term of this Agreement (the "\$250,000 Temporary Overrun"). The \$250,000 Temporary Overrun shall be repayable in full on the Termination Date, with interest charged on the \$250,000 Temporary Overrun at

RBP plus 0.75% per annum. No excess borrowings shall be permitted above the Credit Limit, subject to the \$250,000 Temporary Overrun, on the Plastics Credit Line.

Properties Inc.

The Credit Facilities section of the Properties Letter Agreement is hereby amended and restated as follows:

**CREDIT FACILITIES**

Facility #1: \$4,500,000 multi-draw term loan with term take-out by way of:

During the Draw Period

- a) RBP Based loans ("RBP Loans") – Interest Rate (per annum): RBP+0.75%.

During the Term Period

- a) RBP Loans – Interest Rate (per annum): RBP+0.75% based on a term of 1 year.

**AVAILABILITY**

During the Draw Period, the Borrower may borrow up to the amount of this facility, provided this facility is made available at the sole discretion of the Bank and the Bank may cancel or restrict availability of any unutilized portion of this facility at any time from time to time without notice.

Any portion of this facility that is unutilized as at the end of the Draw Period shall automatically be cancelled and be no longer available to the Borrower beginning on the Conversion Date and the amount of this facility shall be reduced to an amount equal to the aggregate Borrowings then outstanding and Borrowings outstanding will be converted to a reducing term loan by way of RBP Loans.

Original advance permitted immediately up to a maximum of \$3,500,000

**REPAYMENT**

Payment Amount:	To be determined on the Conversion Date	Payment Frequency:	Monthly
Payment Type:	Principal Plus Interest	First Payment Date:	30 days from the Conversion Date
Repayable in full on:	The last day of a 1 year term from Conversion Date	Amortization (months) from Conversion Date	240



## FEES

### Renewal Fee:

If the Bank renews or extends any term facility or term loan beyond its Maturity Date, an additional renewal fee may be payable in connection with any such renewal in such amount as the Bank may determine and notify the Borrower.

## 12. BANK'S RIGHTS

It is understood and agreed that nothing contained in this Agreement and no negotiations, correspondence or discussions among the parties hereto, shall prejudice, affect or waive any of the Bank's rights under the terms of the Credit Facilities or the Security, except as those rights may have been modified by this Agreement.

## 13. AFFIRMATION BY GUARANTORS

- a) The Guarantors hereby ratify the covenants contained in the Guarantees provided, and hereby confirm to the Bank that the Guarantees (as defined in Schedule "B" to this Agreement) are and remain good, valid and binding upon and enforceable against them.
- b) It is further understood and agreed that nothing contained in this Agreement and no negotiations or discussions among the parties hereto shall prejudice the right of the Bank to pursue its remedies against the Guarantors except as those rights may have been modified in this Agreement.

## 14. EVENTS OF DEFAULT

The Borrowers shall be in default of this Agreement upon the happening of any of the following Events of Default:

- a) The Borrowers fail to make any payment due to the Bank under the Credit Facilities and this Agreement in a timely manner;
- b) The Borrowers are in breach of any terms of this Agreement, or any further breach of the Credit Facilities or any other agreement with the Bank, including, without limitation, the Security;



- c) The Borrowers fail to cooperate fully with the Financial Advisor as required under this Agreement;
- d) The Borrowers fail to provide the Bank with the Weekly Reports;
- e) Properties Inc. fails to provide the Bank with the Mortgage Amendment, as required under this Agreement;
- f) If, for any reason whatsoever, a creditor of the Borrowers holding security in priority or subordinate to the Security commences to enforce its security, or if any creditor of the Borrowers should obtain a judgment and/or a lien as against the Borrowers or their property, or as against the Real Property;
- g) There is, in the opinion of the Bank, acting reasonably, a material deterioration in the Security or the ability of the Bank to maximize the recovery of the Indebtedness;
- h) The Borrowers make a Filing under the CCAA and/or the BIA;
- i) The Borrowers and Guarantors fail to permanently repay the Bank in full of all obligations on or before the Termination Date;
- j) The Borrowers are in breach of any of their material obligations to a third party, including the default of payment to such parties.

#### 15. ENFORCEMENT

The Bank may proceed to issue the Demands, to enforce its Security and to pursue the Borrowers and the Guarantors for payment of the Indebtedness at any time and, accordingly, the Borrowers and the Guarantors hereby consent to the Bank taking such steps as the Bank deems reasonably necessary, in its discretion, to collect the Indebtedness and enforce its Security and the terms of this Agreement, and to take all further necessary and lawful steps.

#### 16. EXTENSION OF AGREEMENT OR PAYMENT IN FULL

The Bank, in its sole discretion, may extend the period of credit and forbearance on terms acceptable to it.



17. PREVIOUS AGREEMENTS

This Agreement replaces all previous agreements between the Borrowers and the Bank, save and except the Credit Facilities.

18. NON-WAIVER

No delay on the part of the Bank in exercising any remedy or any waiver of the rights given to it hereunder or any of the Bank's Security shall operate as a waiver thereof except if such waiver is specifically given in writing by the Bank, and no forbearance on the part of the Bank with respect to any event of default shall be deemed to be of any waiver by the Bank of that event of default or any other subsequent or similar event of default.

19. TIME OF THE ESSENCE

Time is of the essence in this Agreement, but a forbearance by the Bank in the strict application of this provision shall not operate as a continuing or subsequent forbearance.

20. CONFLICT

Except as explicitly amended by this Agreement, the terms and provisions of the Credit Facilities, and the Bank's Security shall remain in full force and effect and no statement, representation, warranty, undertaking or agreement is enforceable unless in writing signed by the party against who it is asserted or his or her authorized agent. In the event of a conflict between the terms and provisions of same and this Agreement, the terms and provisions of this Agreement shall govern.

21. FURTHER ASSURANCES

The Borrowers shall from time to time and at all times hereafter, at every reasonable request of the Bank, make, do, execute and deliver, or cause to be made, done, executed and delivered, at the sole cost and expense of the Borrowers, all such further acts, deeds and assurances and things as may be necessary or desirable in the opinion of the Bank for more effectually implementing the true intent and meaning of this Agreement.





## 22. NOTICE

Any notice, demand, approval, consent, waiver or other communication ("**Notice**") to be given by one party to another under this Agreement, shall be in writing and shall be sufficiently given if delivered personally, forwarded by registered mail or transmitted by facsimile transmission or e-mail to such party as follows:

In the case of the Borrowers and the Guarantors:

To the addresses as provided in this Agreement and,

In the case of the Bank to:

Royal Bank of Canada  
222 Bay St. – 24th Floor  
Toronto, ON M5K 1G8  
Attention: Greg Smith  
Via E-Mail: [greg.smith@rbc.com](mailto:greg.smith@rbc.com)

with a copy to:

Harrison Pensa <sup>LLP</sup>  
Barristers and Solicitors  
450 Talbot Street, P.O. Box 3237,  
London, Ontario N6A 4K3  
Attention: Tim Hogan  
Via e-mail: [thogan@harrisonpensa.com](mailto:thogan@harrisonpensa.com)


or to such other address or fax number as may be designated by Notice given as aforesaid to the other party by the party to whom Notice is to be given. Any Notice delivered and received as aforesaid shall be deemed to have been given and received on the first business day following the date of personal delivery, the forwarding by registered mail, or facsimile transmission, as the case may be.

## 23. SUCCESSORS AND ASSIGNS

The Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, successors, administrators, executors or permitted assigns.

## 24. UNENFORCEABILITY

The invalidity, illegality or unenforceability, for any reason, of any term or provision of this Agreement, shall not in any manner invalidate any other term or provision hereof; the same shall be deemed to have been severed herefrom so that the validity, legality and

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enforceability of the remaining terms and provisions hereof shall not be affected, prejudiced or impaired thereby.

25. GOOD FAITH

It is acknowledged by the Borrowers that this Agreement was prepared following good faith negotiations, by the Bank and the Borrowers.

26. PIPEDA

The Borrowers and Guarantors hereby consent to the Bank's release of personal information in relation to the Credit Facilities, without notice to the Borrowers and/or the Guarantors and at the Bank's absolute discretion, to any entity having an interest or potential interest in the collateral for its enforcement or collection purposes. The Borrowers and Guarantors further agree and acknowledge that such release of personal information by the Bank is lawful and is permitted despite other avenues that may be available to any third party to obtain such personal information and that such release is not a violation of the provisions of the *Personal Information and Electronic Documents Act*, S.C. 2000, c.5, s.7 and is made with the knowledge and consent of the Borrowers and Guarantors as is required under this legislation.

27. COUNTERPARTS and FACSIMILE COPIES

This Agreement or any amendment thereto may be executed in counterparts, and if so executed all counterparts when taken together shall comprise one and the same instrument, and facsimile copies or portable document format (PDF) of signatures shall be treated as originals for all purposes.

28. LIMITATION PERIOD

The Obligations of the Borrowers and the Guarantors to the Bank are hereby acknowledged and shall be continued to be acknowledged through the term of this Agreement. Any limitation period in relation to the demands to the Borrowers or the Guarantors, the Indebtedness, the Credit Facilities and the Security (in accordance with the Limitations Act, 2002 (Ontario)) and any similar legislation in the Province of Quebec is hereby expressly extended to a period of six (6) years from the date of this Agreement.

29. ACKNOWLEDGEMENT BY THE BORROWER

The Borrowers hereby confirm and acknowledge that, as of today's date, it has no adverse claims whatsoever against the Bank, its agents or professional advisors including, without limitation, their agents, employees consultants and solicitors (including claims for set-off, counterclaim or damages) with respect to its dealings with the Borrowers.

30. ACCEPTANCE

This Agreement is open for acceptance until 4:00 pm on February 27, 2019. Should the Borrowers not accept this offer by the time indicated, the same shall become null and void and no longer binding on the Bank.

The Borrowers covenant and agree with the Bank that this Agreement is subject to the following conditions, which are for the exclusive benefit of the Bank and may be waived only by the Bank in writing. Each of the following conditions is to be completely fulfilled or performed prior to this Agreement being a binding Agreement on the Bank, unless the Bank waives any of the conditions, or this Agreement shall then be at an end:

- The Bank's receipt of:
  - a duly authorized and executed copy of this Agreement and the Administrative Fee; and,
  - The New Properties Inc. Security and the New Plastics Inc. Security.

In witness whereof the parties hereto have executed this Agreement as of the day and year first above written.

**ROYAL BANK OF CANADA**

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

Greg Smith

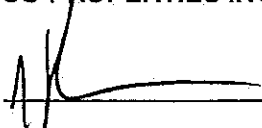
I have the authority to bind the Bank

**SLE-CO PLASTICS INC.**

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


I have the authority to bind the Corporation

**SLE-CO PROPERTIES INC.**

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


I have the authority to bind the Corporation

**1142024 ONTARIO INC.**

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

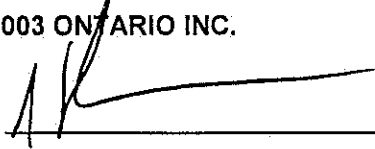
I have the authority to bind the Corporation

**2253125 ONTARIO INC.**

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

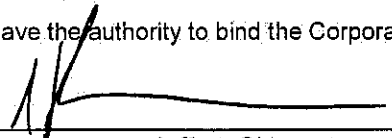
I have the authority to bind the Corporation

**2384003 ONTARIO INC.**

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

I have the authority to bind the Corporation

  
\_\_\_\_\_  
Witness

  
\_\_\_\_\_  
Jeffrey Slegers

- Schedule "A" - Credit Facilities
- Schedule "B" - Security
- Schedule "C" - Indebtedness
- Schedule "D" - New Properties GSA
- Schedule "E" - New Properties Inc. Plastics Guarantee
- Schedule "F" - New Plastics Inc. Properties Guarantee

## SCHEDULE "A"

### CREDIT FACILITIES

#### Plastics Inc. (the "Plastics Credit Facilities")

The following facilities were provided to the Borrowers as detailed in the Letter Agreement dated July 23, 2018 and accepted Plastics Inc. on July 31, 2018 and amended by Letter Agreement dated August 22, 2018 (collectively, the "Plastics Letter Agreement"):

1. Facility # 1 - Revolving Demand Facility: payable on demand, with a credit limit of \$3,500,000.0, increasing to \$3,750,000 pursuant to the \$250,000 Temporary Overrun<sup>1</sup> (the "Plastics Credit Line");
2. Facility # 2 - Revolving Lease Line: with a credit limit of \$3,500,000 (the "Plastics Lease");
3. Visa Business Facility: with a credit limit of \$100,000 available in Canadian currency and US currency, as governed by a RBC Royal Bank Visa Business Card Agreement dated February 18, 2016 (the "Plastics Visa"); and,
4. All Foreign Exchange Forward Contracts outstanding from time to time.

#### Properties Inc. (the "Properties Credit Facility")

The following facilities were provided to Properties Inc.<sup>2</sup> as detailed in the Letter Agreement dated April 2, 2015 and the Confirmation of Credit Facilities Letter Real Estate Agreement dated April 2, 2015, as amended by Amending Agreements dated November 25, 2016, December 29, 2017 and July 25, 2018, and as further amended by this Agreement (collectively, the "Properties Letter Agreement"):

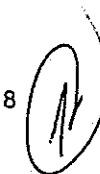
1. Facility # 1 – Multi-Draw Term Loan Facility: in the sum of \$4,500,000 (the "Properties Term Loan").<sup>3</sup>

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1 Pursuant to Article 11, above.

2 Listed Borrower was 236A Inc.

3 Pursuant to Article 11, above.



## SCHEDULE "B" SECURITY

As security for the Credit Facilities and for any monies advanced or to be advanced in the future by the Bank to the Borrowers, and for all other present and future indebtedness, fees, expenses and other liabilities, direct or indirect, absolute or contingent due by the Borrowers to the Bank, including the Bank's solicitor and own client legal fees in relation to the enforcement of the Security, and the preparation of this Agreement, the Borrowers and the Guarantors, as the case may be, have granted to the Bank security over their assets consisting of the following:

### Plastics Inc.

1. General Security Agreement from Plastics Inc. dated January 15, 2015;
  2. General Security Agreement from Plastics Inc. dated April 7, 2015;
  3. General Security Agreement from 114 Inc. dated July 31, 2018;
  4. General Security Agreement from 238 Inc. dated May 5, 2016;
  5. General Security Agreement from 145A Inc. dated April 7, 2015;
  6. General Security Agreement from 135A Inc. dated April 7, 2015;
  7. General Security Agreement from 235A Inc. dated April 7, 2015;
  8. General Security Agreement from 236A Inc. dated April 7, 2015;
- (5-8 collectively, the "Predecessor Companies GSA's")  
(1-8 collectively, the "Plastics GSA's")
9. Assignment of Life Insurance Policy from Slegers dated April 29, 2015;
  10. The New Properties Inc. Plastics Guarantee, when provided to the Bank;
  11. Guarantee and Postponement of Claim in the amount of \$7,100,000 dated July 31, 2018 from 114 Inc.;
  12. Guarantee and Postponement of Claim in the amount of \$7,100,000 dated July 31, 2018 from 238 Inc.;
  13. Guarantee and Postponement of Claim in the amount of \$7,100,000 dated July 31, 2018 from 225 Inc.;
  14. Guarantee and Postponement of Claim in the amount of \$1,000,000 dated April 7, 2015 from J. Slegers;
  15. Guarantee and Postponement of Claim in the amount of \$7,100,000 dated July 31, 2018 from 145A Inc.
  16. Guarantee and Postponement of Claim in the amount of \$7,100,000 dated July 31, 2018 from 135A Inc.;
  17. Guarantee and Postponement of Claim in the amount of \$7,100,000 dated July 31, 2018 from 235A Inc.; and,

18. Guarantee and Postponement of Claim in the amount of \$7,100,000 dated July 31, 2018 from 236A Inc.

(10-18 collectively, the "Plastics Guarantees")

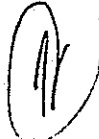
(15-18 collectively, the "Plastics Inc. Predecessor Companies Guarantees")

Properties Inc.

1. The New Properties GSA, when provided to the Bank (collectively with the Plastics GSA's, the "GSA's");
2. General Security Agreement from 236A Inc. dated April 7, 2015;
3. Collateral mortgage in the principal amount of \$4,500,000<sup>4</sup>, receipted as instrument no. CT156622 on August 3, 2018 (the "Mortgage") over the Real Property, legally described as:
  - a. PT LT 8 1ST Range South Edgeware Road Yarmouth PT 1 & 2 11R6493; T/W E230839, E230840, E230841; S/T E378042; St. Thomas (PIN 35163-0288 (LT));
  - b. PCL 8-2 SEC YAR-SER; PT LT 8 Range South Of Edgeware Rd Yarmouth PT 2 11R153; S/T LT37577; St. Thomas (PIN 35163-0283 (LT));
4. Guarantee and Postponement of Claim from Plastics Inc. dated July 31, 2018 and limited to the sum of \$4,500,000 (the "Plastics Inc. Properties Guarantee", collectively with the Plastics Guarantees, the "Guarantees").

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<sup>4</sup> Increasing to \$7,100,000 pursuant to the Mortgage Amendment.

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**SCHEDULE "C"  
INDEBTEDNESS**

INDEBTEDNESS OF THE BORROWERS AS AT FEBRUARY 21, 2019<sup>5</sup>

Plastics Indebtedness

	<b>TOTAL DUE</b>
Plastics Credit Line (04117-94506888-001)	\$3,390,132.04
Plastics Lease ( 201000022147, 201000024491, 201000027222, 201000025019, 201000034740, 201000039576, 201000041609)	\$3,378,671.046
Plastics Visa (4514031009938560, 4514031009938594, 4516070011010578, 4516070011010602 4516070011011386, 4516070011028489, 4514031009938537, 4516070011011717)	\$7,946.78
<b>TOTAL</b>	<b>\$6,776,749.86</b>

Properties Indebtedness

	<b>TOTAL DUE</b>
Properties Term Loan (04117 - 94469269)	\$3,511,717.81
<b>TOTAL</b>	<b>\$3,511,717.81</b>

<sup>5</sup> Plus accruing interest, billed and unbilled legal fees and the Administrative Fee.

<sup>6</sup> Assuming CDN/USD rate of 1.26



**SCHEDULE "D"**  
**NEW PROPERTIES GSA**

**SCHEDULE "E"**  
**NEW PROPERTIES INC. PLASTICS GUARANTEE**

**SCHEDULE "F"**  
**NEW PLASTICS INC. PROPERTIES GUARANTEE**

**ADDENDUM TO CREDIT AMENDING AGREEMENT**

THIS AGREEMENT is made this 22 day of March, 2018.

**BETWEEN:**

**ROYAL BANK OF CANADA**  
20 King Street West, 2<sup>nd</sup> floor  
Toronto, ON M5H 1C4

(hereinafter called the "Bank")

**OF THE FIRST PART**

-and-

**SLE-CO PLASTICS INC. ("PLASTICS INC.")**  
400 South Edgeware Road  
St. Thomas, ON N5P 3Z5

**SLE-CO PROPERTIES INC. ("PROPERTIES INC.")**  
400 South Edgeware Road  
St. Thomas, ON N5P 3Z5

(hereinafter collectively, and in such capacity, called the "Borrowers")

**OF THE SECOND PART**

-and-

**1142024 ONTARIO INC. ("114 INC.")**  
1425 Creamery Road  
London, ON N5V 5B3

**2253125 ONTARIO INC. ("225 INC.")**  
1425 Creamery Road  
London, ON N5V 5B3

**2384003 ONTARIO INC. ("238 INC.")**  
1425 Creamery Road  
London, ON N5V 5B3

(114 Inc., 225 Inc., and 238 Inc. collectively, the "Corporate Guarantors")

**JEFFREY SLEEGERS ("SLEEGERS")**  
589 Clarke Road  
London, ON N5V 2E1

**(hereinafter together with Plastics Inc. and Properties Inc. collectively, and in such capacity, called the "Guarantors")**

**OF THE THIRD PART**

**RECITALS**

WHEREAS (all capitalized terms having the same meaning as defined in the Credit Amending Agreement unless otherwise indicated):

- A. The Bank, the Borrower and the Guarantors entered into a Credit Amending Agreement dated March 4, 2019 (the "**Credit Amending Agreement**");
- B. The Bank has engaged BDO with the Borrowers' consent;
- C. The Bank did grant the \$250,000 Temporary Overrun to Plastics Inc.;
- D. In lieu of the Mortgage Amendment, Properties Inc. provided a second charge over the Real Property in the principal sum of \$2,600,000 (the "**Second Charge**");
- E. The New Properties Inc. Security and the New Plastics Inc. Properties Guarantee were granted to the Bank;
- F. The Indebtedness as of March 19, 2019 is set out at Schedule "A" to this Agreement;
- G. The Borrowers have additional Defaults as follows:
  - a. construction lien and a certificate of action registered on title to the Real Property in favour of Jay Okkerse Contracting Ltd. in the sum of \$152,915;
  - b. construction lien and a certificate of action registered on title to the Real Property in favour of North Shore Farming Company Limited in the sum of \$29,319.
- H. The Borrowers have requested additional operating credit for Plastics Inc., subject to the terms below;

Now therefore this Agreement witnesses that in consideration of the mutual covenants herein contained and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and subject to the terms of the Credit Amending Agreement continuing as binding and the terms of this Addendum, the parties agree that the Credit Amending Agreement is amended subject to the terms as follows:

## ACKNOWLEDGEMENTS

1. The Borrowers and the Guarantors acknowledge and agree that:
  - a) The facts and recitals as set out in the Credit Amending Agreement and in the recitals to this Addendum are true, accurate and correct;
  - b) The acknowledgments as set out in the Credit Amending Agreement continue to be acknowledged and agreed to;
  - c) The Credit Facilities and the Security, including the Second Charge, are valid and binding and shall continue to be enforceable in accordance with the terms thereof;
  - d) This Agreement is an Addendum to the Credit Amending Agreement, and the Credit Amending Agreement remains binding, subject to the terms of this Addendum;
  - e) They do not dispute liability for the Indebtedness, including the liability to the Bank as set out in this Addendum, the Credit Amending Agreement, or on any basis whatsoever;
  - f) The Termination Date remains April 12, 2019; and,
  - g) That any term of any proposal under the BIA which seeks to limit the liability of either the Borrowers or the Guarantors to the Bank for the full amount of the Indebtedness, or of any sum owing under the Guarantee, as the case may be, is null and void as it relates to the Indebtedness or any other obligation of the Borrowers and the Guarantors to the Bank.

## COVENANTS

2. The Borrower (and the Guarantors where applicable), covenant and agree with the Bank:
  - a) To continue to honour and abide by the Covenants at Articles 10 (a)-(d), and (g)-(i) and (m)-(o) of the Credit Amending Agreement;
  - b) That no fee is being charged with respect to this Addendum, on a one time and exception basis; and,
  - c) That Article 2 (e ) is deleted in its entirety and replaced with the following, so the Termination Date is now May 1, 2019:  
"Termination Date" is May 1, 2019
  - d) That Article 11 of the Credit Amending Agreement is deleted in its entirety and replaced with the following, so that the \$250,000 Temporary Overrun is replaced with the \$1,000,000 Temporary Overrun, resulting in the credit limit of the Plastics Credit Line to be temporarily increased by \$1,000,000 to \$4,500,000 to the Termination Date:

### 11. AMENDMENTS TO THE CREDIT FACILITIES

The Bank shall continue to provide the Borrowers with access to the Credit Facilities, as modified by the terms of this Agreement. With the exception of the \$1,000,000 Temporary Overrun, the credit limits of the Credit Facilities shall be strictly enforced with no exceptions or excess borrowings allowed.

Plastics Inc.

The credit limit of the Plastics Credit Line shall be temporarily increased by \$1,000,000 to \$4,500,000 to allow Plastics Inc. to continue in operation for the term of this Agreement, (and provided that the Bank has not cancelled this facility or issued a demand for repayment) (the "**\$1,000,000 Temporary Overrun**"). The \$1,000,000 Temporary Overrun shall be repayable in full on the Termination Date, with interest charged on the \$1,000,000 Temporary Overrun at RBP plus 0.75% per annum. No excess borrowings shall be permitted above the Credit Limit, subject to the \$1,000,000 Temporary Overrun, on the Plastics Credit Line. This facility is made at the sole discretion of the Bank and the Bank may cancel or restrict the availability of any unutilized portion at any time and from time to time without notice.

Properties Inc.

The Credit Facilities section of the Properties Letter Agreement is hereby amended and restated as follows:

**CREDIT FACILITIES**

Facility #1: \$4,500,000 multi-draw term loan with term take-out by way of:

During the Draw Period

- a) RBP Based loans ("RBP Loans") – Interest Rate (per annum): RBP+0.75%.

During the Term Period

- a) RBP Loans – Interest Rate (per annum): RBP+0.75% based on a term of 1 year.

**AVAILABILITY**

During the Draw Period, the Borrower may borrow up to the amount of this facility, provided this facility is made available at the sole discretion of the Bank and the Bank may cancel or restrict availability of any unutilized portion of this facility at any time from time to time without notice.

Any portion of this facility that is unutilized as at the end of the Draw Period shall automatically be cancelled and be no longer available to the Borrower beginning on the Conversion Date and the amount of this facility shall be reduced to an amount equal to the aggregate Borrowings then outstanding and Borrowings outstanding will be converted to a reducing term loan by way of RBP Loans.

Original advance permitted immediately up to a maximum of \$3,500,000.

**REPAYMENT**

Payment Amount:

To be determined on the Conversion Date

Payment Frequency: Monthly

Payment Type: Principal Plus Interest

First Payment Date: 30 days from the Conversion Date

Repayable in full on: The last day of a 1 year term from Conversion Date

Amortization (months) from Conversion Date 240

**FEES**

**Renewal Fee:**

If the Bank renews or extends any term facility or term loan beyond its Maturity Date, an additional renewal fee may be payable in connection with any such renewal in such amount as the Bank may determine and notify the Borrower.

(e) The Availability section for the Plastics Credit Line as detailed in the Plastics Letter Agreement is amended so that the Borrowing Limit (as defined in the Plastics Letter Agreement) shall be as follows, through the term of this Agreement:

- a) 75% of Good Canadian/US Accounts Receivable;
- b) 90% of Good EDC Accounts Receivable;
- c) 90% of Good Private Insured Accounts Receivable;
- d) 75% of Good Designated Accounts Receivable;
- e) to a maximum of \$1,000,000, 50% of the lesser of cost or net realizable value of Finished Goods Inventory; and
- f) 50% of the lesser of cost or net realizable value of Raw Materials Inventory.

**EVENTS OF DEFAULT**

3. The occurrence of any one or more of the following events shall constitute an event of default ("**Event of Default**") under this Agreement:
- a) If any representation or warranty provided to the Bank pursuant to the Credit Amending Agreement, this Addendum, the Credit Facilities and/or the Security by the Borrower or the Guarantors was incorrect when made or becomes incorrect;
  - b) If the Borrower or the Guarantors fail to perform or comply with any of their covenants or obligations contained in the Credit Amending Agreement (subject to this Addendum) or this Addendum;
  - c) If Plastics Inc. borrows in excess of the credit limit on the Plastics Credit Line as provided for at Article 11, as amended above;
  - d) If the Borrower fails to make any payment due, provide any documents required, or fulfill any other obligation owing to the Bank under the terms of this Addendum in a timely manner; or,
  - e) An Event of Default under the Credit Amending Agreement, subject to this Addendum.

**CONDITIONS PRECEDENT**

4. The Borrower and the Guarantors covenant and agree with the Bank that this Addendum is subject to the conditions that follow. The conditions are to be completely fulfilled or performed prior to this Addendum being a binding Agreement on the Bank. If the following conditions are not complied with to the satisfaction of the Bank on or before March 22, 2019 at 4:00 pm, then the Bank will not be bound by this Addendum, unless the Bank waives the condition, and this Addendum shall be at an end:



- a) The Bank's receipt of a duly authorized and executed copy of this Addendum executed by the Borrower and the Guarantors.

**GENERAL**


8. The Borrower and the Guarantors agree that articles 1, 2, 4, 5, 7 to 9 and 12 to 29 of the Credit Amending Agreement remain in full force and effect.

In witness whereof the parties hereto have executed this Agreement as of the day and year first above written.


**ROYAL BANK OF CANADA**

Per:   
Greg Smith  
I have the authority to bind the Bank


**SLE-CO PLASTICS INC.**

Per:   
I have the authority to bind the Corporation


**SLE-CO PROPERTIES INC.**

Per:   
I have the authority to bind the Corporation


**1142024 ONTARIO INC.**

Per:   
I have the authority to bind the Corporation


**2253125 ONTARIO INC.**

Per:   
I have the authority to bind the Corporation

**2384003 ONTARIO INC.**

Per:   
I have the authority to bind the Corporation

  
\_\_\_\_\_  
Witness

  
\_\_\_\_\_  
Jeffrey Slegers

Schedule A: Indebtedness

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**SCHEDULE "A"**  
**INDEBTEDNESS**

INDEBTEDNESS OF THE BORROWER AS AT March 19, 2019<sup>1</sup>

Plastics Indebtedness

	<b>TOTAL DUE</b>
Plastics Credit Line (04117-94506888-001)	\$4,203,708.01
Plastics Lease ( 201000022147, 201000024491, 201000027222, 201000025019, 201000034740, 201000039576, 201000041609)	US\$2,448,709.20 \$183,188.32
Plastics Visa (4514031009938560, 4514031009938594, 4516070011010578, 4516070011010602 4516070011011386, 4516070011028489, 4514031009938537, 4516070011011717)	US\$2,458.55 \$7,084.71
<b>TOTAL</b>	<b>\$4,393,981.04</b> <b>US\$2,451,167.75</b>

Properties Indebtedness

	<b>TOTAL DUE</b>
Properties Term Loan (04117 - 94469269)	\$3,500,000
<b>TOTAL</b>	<b>\$3,500,000</b>

<sup>1</sup> Plus accruing interest and legal fees.

# EXHIBIT "F"



Royal Bank of Canada  
Commercial Financial Services  
383 Richmond Street, Suite 700  
London, Ontario N6A 3C4

April 2, 2015

**Private and Confidential**

**2366608 ONTARIO INC.**  
1425 Creamery Road  
London, Ontario  
N5V 5B3

ROYAL BANK OF CANADA (the "**Bank**") hereby offers the credit facilities described below (the "**Credit Facilities**") subject to the terms and conditions set forth below and in the attached Terms & Conditions and Schedules (collectively the "**Agreement**"). This Agreement is in addition to our agreement dated April 2, 2015, as same may be amended, superseded, restated or replaced from time to time (the "**Construction Agreement**"). Unless otherwise provided, all dollar amounts are in Canadian currency.

The Bank reserves all of its rights and remedies at any time and from time to time in connection with any or all breaches, defaults or Events of Default now existing or hereafter arising under this Agreement or any other agreement delivered to the Bank, and whether known or unknown, and this Agreement shall not be construed as a waiver of any such breach, default or Event of Default.

**BORROWER:** 2366608 Ontario Inc. (the "**Borrower**")

**CREDIT FACILITIES**

**The aggregate of Facility #1 as set forth below and Facility #1 as set forth in the Construction Agreement shall not exceed \$2,625,000.00 at any time.**

**Facility #1:** \$1,225,000.00 non-revolving term facility by way of:

a) RBP based loans ("**RBP Loans**")                      Interest rate (per annum)                      RBP + 0.75%

**AVAILABILITY**

The Borrower may borrow up to the amount of this term facility provided this facility is made available at the sole discretion of the Bank and the Bank may cancel or restrict availability of any unutilized portion of this facility at any time from time to time without notice.

The aggregate Borrowings outstanding under this facility plus all amounts owing by the Borrower under Facility #1 as set forth in the Construction Agreement must not exceed \$2,625,000.00 at any time.

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® Registered Trademark of Royal Bank of Canada

**REPAYMENT**

Payment Amount:	\$8,837.00	Payment Frequency:	Monthly
Payment Type:	Principal Plus Interest	First payment date:	30 days from drawdown
Repayable in full on:	The last day of a 1 year term from drawdown	Original Amortization (months)	240

**FEES****Other Fees:****Renewal Fee:**

If the Bank renews or extends any term facility or term loan beyond its Maturity Date, an additional renewal fee may be payable in connection with any such renewal in such amount as the Bank may determine and notify the Borrower.

**SECURITY**

Security for the Borrowings and all other obligations of the Borrower to the Bank (collectively, the "Security"), shall include:

- a) General security agreement on the Bank's form 924 signed by the Borrower constituting a first ranking security interest in all personal property of the Borrower;
- b) Collateral mortgage in the amount of \$2,625,000.00 signed by the Borrower, constituting a first fixed charge on the lands and improvements located at 400 South Edgeware Road, St. Thomas, Ontario (the "**Edgeware Road Property**"); and
- c) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$2,625,000.00 signed by Sle-Co Plastics Inc.

**REPORTING REQUIREMENTS**

The Borrower will provide the following to the Bank:

- a) annual notice to reader financial statements for the Borrower, within 120 days of each fiscal year end;
- b) annual review engagement financial statements for Sle-Co Plastics Inc., within 120 days of each fiscal year end; and
- c) such other financial and operating statements and reports as and when the Bank may reasonably require.

**CONDITIONS PRECEDENT**

In no event will the Credit Facilities or any part thereof be available unless the Bank has received:

- a) a duly executed copy of this Agreement;
- b) the Security provided for herein, registered, as required, to the satisfaction of the Bank;
- c) such financial and other information or documents relating to the Borrower or any Guarantor if applicable as the Bank may reasonably require;
- d) an appraisal in respect of the property Edgeware Road Property confirming a minimum market value of \$3,750,000.00 or confirming the loan to value does not exceed 70%, completed by an appraiser acceptable to the Bank and containing findings acceptable to the Bank; and
- e) such other authorizations, approvals, opinions and documentation as the Bank may reasonably require.

Additionally;

- f) all documentation to be received by the Bank shall be in form and substance satisfactory to the Bank.

**BUSINESS LOAN INSURANCE PLAN**

The Borrower acknowledges that the Bank has offered it insurance on the Borrowings under the Business Loan Insurance Plan Policy 51000 ("Policy") issued by the Sun Life Assurance Company of Canada to the Bank and the Borrower hereby acknowledges that it is the Borrower's responsibility to apply for any new or increased amount for the Borrowings that may be eligible.

Should the Borrower decide to apply for insurance on the Borrowings, the application will be made via the Bank's Business Loan Insurance Plan application (form 3460 Eng or 53460 Fr). However, should the Borrower decide not to apply, it hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the offer.

If there are any discrepancies between the insurance information in this Agreement and the Business Loan Insurance Plan documents regarding the Borrowings, the Business Loan Insurance Plan documents govern.

Business Loan Insurance Plan premiums, if applicable, are taken with your scheduled loan payments. In the case of blended payments of principal and interest, as premiums fluctuate based on various factors such as, by way of example, the age of the insured and changes to the insured loan balance, a part of the premium payment may be deducted and taken from the scheduled blended loan payment with the result that the amortization period may increase in the case of any loan to which this coverage applies. Refer to the Business Loan Insurance Plan application for further explanation and disclosure.

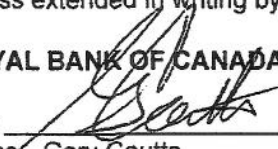
**GOVERNING LAW JURISDICTION**

Province of Ontario.

**ACCEPTANCE**

This Agreement is open for acceptance until May 4, 2015, after which date it will be null and void, unless extended in writing by the Bank.

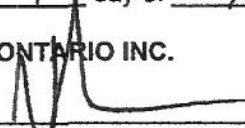
**ROYAL BANK OF CANADA**

Per:   
Name: Gary Coutts  
Title: Account Manager

/mzm

We acknowledge and accept the terms and conditions of this Agreement on this 7 day of APRIL, 2015.

**236608 ONTARIO INC.**

Per:   
Name:  
Title:

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

I/We have the authority to bind the Borrower

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As Guarantor, we acknowledge and confirm our agreement with the terms and conditions of this Agreement on this 7 day of April, 2015.

**SLE-CO PLASTICS INC.**

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

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

I/We have the authority to bind the Guarantor

Attachments:

Terms and Conditions

Schedules:

- Definitions
- Calculation and Payment of Interest and Fees



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## TERMS AND CONDITIONS

The Bank is requested by the Borrower to make the Credit Facilities available to the Borrower in the manner and at the rates and times specified in this Agreement. Terms defined elsewhere in this Agreement and not otherwise defined in the Terms and Conditions below or the Schedules attached hereto have the meaning given to such terms as so defined. In consideration of the Bank making the Credit Facilities available, the Borrower agrees, and if the Borrower is comprised of more than one Person, such Persons jointly and severally agree, or in Quebec solidarily agree, with the Bank as follows:

### REPAYMENT

Amounts outstanding under the Credit Facilities, together with interest, shall become due in the manner and at the rates and times specified in this Agreement and shall be paid in the currency of the Borrowing. Unless the Bank otherwise agrees, any payment hereunder must be made in money which is legal tender at the time of payment. In the case of a demand facility of any kind, the Borrower shall repay all principal sums outstanding under such facility upon demand. Where any Borrowings are repayable by scheduled blended payments, such payments shall be applied, firstly, to interest due, and the balance, if any, shall be applied to principal outstanding. If any such payment is insufficient to pay all interest then due, the unpaid balance of such interest will be added to such Borrowing, will bear interest at the same rate, and will be payable on demand or on the date specified herein, as the case may be. Borrowings repayable by way of scheduled payments of principal and interest shall be so repaid with any balance of such Borrowings being due and payable as and when specified in this Agreement. The Borrower shall ensure that the maturities of instruments or contracts selected by the Borrower when making Borrowings will be such so as to enable the Borrower to meet its repayment obligations. For any Borrowings that are repayable by scheduled payments, if the scheduled payment date is changed then the Maturity Date of the applicable Borrowings shall automatically be amended accordingly.

In the case of any reducing term loan and/or reducing term facility ("**Reducing Term Loan/Facility**"), provided that nothing contained in this paragraph shall confer any right of renewal or extension upon the Borrower, the Borrower and the Bank agree that, at the Bank's option, the Bank may provide a letter ("**Renewal Letter**") to the Borrower setting out the terms upon which the Bank is prepared to extend the Reducing Term Loan/Facility. In the event that the Bank provides a Renewal Letter to the Borrower and the Reducing Term Loan/Facility is not repaid on or before the Maturity Date of the applicable Reducing Term Loan/Facility, then at the Bank's option the Reducing Term Loan/Facility shall be automatically renewed on the terms set out in the Renewal Letter and the terms of this Agreement shall be amended accordingly.

### PREPAYMENT

Where Borrowings are by way of RBP Loans, the Borrower may prepay such Borrowings in whole or in part without fee or premium.

The prepayment of any Borrowings under a term facility and/or any term loan will be made in the reverse order of maturity.

### EVIDENCE OF INDEBTEDNESS

The Bank shall maintain accounts and records (the "**Accounts**") evidencing the Borrowings made available to the Borrower by the Bank under this Agreement. The Bank shall record the principal amount of such Borrowings, the payment of principal and interest on account of the Borrowings, and all other amounts becoming due to the Bank under this Agreement. The Accounts constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Bank pursuant to this Agreement. The Borrower authorizes and directs the Bank to automatically debit, by mechanical, electronic or manual means, any bank account of the Borrower for all amounts payable under this Agreement, including, but not limited to, the repayment of principal and the payment of interest, fees and all charges for the keeping of such bank accounts.

**GENERAL COVENANTS**

Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of, any demand or other discretionary facility, the Borrower covenants and agrees with the Bank that the Borrower:

- a) will pay all sums of money when due under the terms of this Agreement;
- b) will immediately advise the Bank of any event which constitutes or which, with notice, lapse of time or both, would constitute an Event of Default;
- c) will file all material tax returns which are or will be required to be filed by it, pay or make provision for payment of all material taxes (including interest and penalties) and Potential Prior-Ranking Claims, which are or will become due and payable and provide adequate reserves for the payment of any tax, the payment of which is being contested;
- d) will give the Bank 30 days prior notice in writing of any intended change in its ownership structure and it will not make or facilitate any such changes without the prior written consent of the Bank;
- e) will comply with all Applicable Laws, including, without limitation, all Environmental and Health and Safety Laws;
- f) will immediately advise the Bank of any action requests or violation notices received concerning the Borrower and hold the Bank harmless from and against any losses, costs or expenses which the Bank may suffer or incur for any environment related liabilities existent now or in the future with respect to the Borrower;
- g) will deliver to the Bank such financial and other information as the Bank may reasonably request from time to time, including, but not limited to, the reports and other information set out under Reporting Requirements;
- h) will immediately advise the Bank of any unfavourable change in its financial position which may adversely affect its ability to pay or perform its obligations in accordance with the terms of this Agreement;
- i) will keep its assets fully insured against such perils and in such manner as would be customarily insured by Persons carrying on a similar business or owning similar assets and, in addition, for any buildings located in areas prone to flood and/or earthquake, will insure and keep fully insured such buildings against such perils;
- j) except for Permitted Encumbrances, will not, without the prior written consent of the Bank, grant, create, assume or suffer to exist any mortgage, charge, lien, pledge, security interest or other encumbrance affecting any of its properties, assets or other rights;
- k) will not, without the prior written consent of the Bank, sell, transfer, convey, lease or otherwise dispose of any of its properties or assets other than in the ordinary course of business and on commercially reasonable terms;
- l) will not, without the prior written consent of the Bank, guarantee or otherwise provide for, on a direct, indirect or contingent basis, the payment of any monies or performance of any obligations by any other Person, except as may be provided for herein;
- m) will not, without the prior written consent of the Bank, merge, amalgamate, or otherwise enter into any other form of business combination with any other Person;
- n) will permit the Bank or its representatives, from time to time, i) to visit and inspect the Borrower's premises, properties and assets and examine and obtain copies of the Borrower's records or other information, ii) to collect information from any entity regarding any Potential Prior-Ranking Claims and iii) to discuss the Borrower's affairs with the auditors, counsel and other professional advisers of the Borrower. The Borrower hereby authorizes and directs any such third party to provide to the Bank or its representatives all such information, records or documentation requested by the Bank; and
- o) will not use the proceeds of any Credit Facility for the benefit or on behalf of any Person other than the Borrower.

**FEES, COSTS AND EXPENSES**

The Borrower agrees to pay the Bank all fees stipulated in this Agreement and all fees charged by the Bank relating to the documentation or registration of this Agreement and the Security. In addition, the Borrower agrees to pay all fees (including legal fees), costs and expenses incurred by the Bank in connection with the preparation, negotiation, documentation and registration of this Agreement and any Security and the administration, operation, termination, enforcement or protection of its rights in connection with this Agreement and the Security. The Borrower shall indemnify and hold the Bank harmless against any loss, cost or expense incurred by the Bank if

any facility under the Credit Facilities is repaid or prepaid other than on its Maturity Date. The determination by the Bank of such loss, cost or expense shall be conclusive and binding for all purposes and shall include, without limitation, any loss incurred by the Bank in liquidating or redeploying deposits acquired to make or maintain any facility.

#### **GENERAL INDEMNITY**

The Borrower hereby agrees to indemnify and hold the Bank and its directors, officers, employees and agents harmless from and against any and all claims, suits, actions, demands, debts, damages, costs, losses, obligations, judgements, charges, expenses and liabilities of any nature which are suffered, incurred or sustained by, imposed on or asserted against any such Person as a result of, in connection with or arising out of i) any Event of Default, ii) the Bank acting upon instructions given or agreements made by electronic transmission of any type, iii) the presence of Contaminants at, on or under or the discharge or likely discharge of Contaminants from, any properties now or previously used by the Borrower or any Guarantor and iv) the breach of or non compliance with any Applicable Law by the Borrower or any Guarantor.

#### **AMENDMENTS AND WAIVERS**

No amendment or waiver of any provision of this Agreement will be effective unless it is in writing, signed by the Borrower and the Bank. No failure or delay, on the part of the Bank, in exercising any right or power hereunder or under any Security or any other agreement delivered to the Bank shall operate as a waiver thereof. Each Guarantor, if applicable, agrees that the amendment or waiver of any provision of this Agreement (other than agreements, covenants or representations expressly made by any Guarantor herein, if any) may be made without and does not require the consent or agreement of, or notice to, any Guarantor. Any amendments requested by the Borrower will require review and agreement by the Bank and its counsel. Costs related to this review will be for the Borrower's account.

#### **SUCCESSORS AND ASSIGNS**

This Agreement shall extend to and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. The Borrower shall not be entitled to assign or transfer any rights or obligations hereunder, without the consent in writing of the Bank. The Bank may assign or transfer all or any part of its rights and obligations under this Agreement to any Person. The Bank may disclose to potential or actual assignees or transferees confidential information regarding the Borrower and any Guarantor if applicable, (including, any such information provided by the Borrower, and any Guarantor if applicable, to the Bank) and shall not be liable for any such disclosure.

#### **GAAP**

Unless otherwise provided, all accounting terms used in this Agreement shall be interpreted in accordance with Canadian Generally Accepted Accounting Principles, as appropriate, for publicly accountable enterprises, private enterprises, not-for-profit organizations, pension plans and in accordance, as appropriate, with Public Sector Accounting Standards for government organizations in effect from time to time, applied on a consistent basis from period to period. All financial statements and/or reports shall be prepared using one of the above bases of presentation, as appropriate. Except for the transition of accounting standards in Canada, any change in accounting principles or the application of accounting principles is only permitted with the prior written consent of the Bank.

#### **SEVERABILITY**

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement and such invalid provision shall be deemed to be severable.

#### **GOVERNING LAW**

This Agreement shall be construed in accordance with and governed by the laws of the Province identified in the Governing Law Jurisdiction section of this Agreement and the laws of Canada applicable therein. The Borrower irrevocably submits to the non-exclusive jurisdiction of the courts of such Province and acknowledges the competence of such courts and irrevocably agrees to be bound by a judgment of any such court.

**DEFAULT BY LAPSE OF TIME**

The mere lapse of time fixed for performing an obligation shall have the effect of putting the Borrower, or a Guarantor if applicable, in default thereof.

**SET-OFF**

The Bank is authorized (but not obligated), at any time and without notice, to apply any credit balance (whether or not then due) in any account in the name of the Borrower, or to which the Borrower is beneficially entitled (in any currency) at any branch or agency of the Bank in or towards satisfaction of the indebtedness of the Borrower due to the Bank under the Credit Facilities and the other obligations of the Borrower under this Agreement. For that purpose, the Bank is irrevocably authorized to use all or any part of any such credit balance to buy such other currencies as may be necessary to effect such application.

**NOTICES**

Any notice or demand to be given by the Bank shall be given in writing by way of a letter addressed to the Borrower. If the letter is sent by telecopier, it shall be deemed received on the date of transmission, provided such transmission is sent prior to 5:00 p.m. on a day on which the Borrower's business is open for normal business, and otherwise on the next such day. If the letter is sent by ordinary mail to the address of the Borrower, it shall be deemed received on the date falling five (5) days following the date of the letter, unless the letter is hand-delivered to the Borrower, in which case the letter shall be deemed to be received on the date of delivery. The Borrower must advise the Bank at once about any changes in the Borrower's address.

**CONSENT OF DISCLOSURE**

The Borrower hereby grants permission to any Person having information in such Person's possession relating to any Potential Prior-Ranking Claim, to release such information to the Bank (upon its written request), solely for the purpose of assisting the Bank to evaluate the financial condition of the Borrower.

**NON-MERGER**

The provisions of this Agreement shall not merge with any Security provided to the Bank, but shall continue in full force for the benefit of the parties hereto.

**JOINT AND SEVERAL**

Where more than one Person is liable as Borrower or Guarantor if applicable for any obligation under this Agreement, then the liability of each such Person for such obligation is joint and several (in Quebec, solidarily) with each other such Person.

**COUNTERPART EXECUTION**

This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together constitute one and the same instrument.

**ELECTRONIC MAIL AND FAX TRANSMISSION**

The Bank is entitled to rely on any agreement, document or instrument provided to the Bank by the Borrower or any Guarantor as applicable, by way of electronic mail or fax transmission as though it were an original document. The Bank is further entitled to assume that any communication from the Borrower received by electronic mail or fax transmission is a reliable communication from the Borrower.

**ELECTRONIC IMAGING**

The parties hereto agree that, at any time, the Bank may convert paper records of this Agreement and all other documentation delivered to the Bank (each, a "**Paper Record**") into electronic images (each, an "**Electronic Image**") as part of the Bank's normal business practices. The parties agree that each such Electronic Image shall be considered as an authoritative copy of the Paper Record and shall be legally binding on the parties and admissible in any legal, administrative or other proceeding as conclusive evidence of the contents of such document in the same manner as the original Paper Record.

**REPRESENTATIONS AND WARRANTIES**

The Borrower represents and warrants to the Bank that:

- a) it is duly incorporated, validly existing and duly registered or qualified to carry on business in each jurisdiction in which its business or assets are located;
- b) the execution, delivery and performance by it of this Agreement have been duly authorized by all necessary actions and do not violate its constituting documents or any Applicable Laws or agreements to which it is subject or by which it is bound;
- c) no event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, an Event of Default;
- d) there is no claim, action, prosecution or other proceeding of any kind pending or threatened against it or any of its assets or properties before any court or administrative agency which relates to any non-compliance with any Environmental and Health and Safety Laws which, if adversely determined, might have a material adverse effect upon its financial condition or operations or its ability to perform its obligations under this Agreement or any Security, and there are no circumstances of which it is aware which might give rise to any such proceeding which it has not fully disclosed to the Bank; and
- e) it has good and marketable title to all of its properties and assets, free and clear of any encumbrances, other than as may be provided for herein.

Representations and warranties are deemed to be repeated as at the time of each Borrowing hereunder.

**LANGUAGE**

The parties hereto have expressly requested that this Agreement and all related documents, including notices, be drawn up in the English language. Les parties ont expressément demandé que la présente convention et tous les documents y afférents, y compris les avis, soient rédigés en langue anglaise.

**WHOLE AGREEMENT**

This Agreement and any documents or instruments referred to in, or delivered pursuant to, or in connection with, this Agreement constitute the whole and entire agreement between the Borrower and the Bank with respect to the Credit Facilities.

**EXCHANGE RATE FLUCTUATIONS**

If, for any reason, the amount of Borrowings outstanding under any facility in a currency other than Canadian currency, when converted to the Equivalent Amount in Canadian currency, exceeds the amount available under such facility, the Borrower shall immediately repay such excess or shall secure such excess to the satisfaction of the Bank.

**JUDGEMENT CURRENCY**

If for the purpose of obtaining judgement in any court in any jurisdiction with respect to this Agreement, it is necessary to convert into the currency of such jurisdiction (the "**Judgement Currency**") any amount due hereunder in any currency other than the Judgement Currency, then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgement is given. For this purpose "rate of exchange" means the rate at which the Bank would, on the relevant date, be prepared to sell a similar amount of such currency in the Toronto foreign exchange market, against the Judgement Currency, in accordance with normal banking procedures.

In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which judgement is given and the date of payment of the amount due, the Borrower will, on the date of payment, pay such additional amounts as may be necessary to ensure that the amount paid on such date is the amount in the Judgement Currency which, when converted at the rate of exchange prevailing on the date of payment, is the amount then due under this Agreement in such other currency together with interest at RBP and expenses (including legal fees on a solicitor and client basis). Any additional amount due from the Borrower under this section will be due as a separate debt and shall not be affected by judgement being obtained for any other sums due under or in respect of this Agreement.

**EVENTS OF DEFAULT**

Without affecting or limiting the right of the Bank to terminate or demand payment of, or to cancel or restrict availability of any unutilized portion of, any demand or other discretionary facility, each of the following shall constitute an **"Event of Default"** which shall entitle the Bank, in its sole discretion, to cancel any Credit Facilities, demand immediate repayment in full of any amounts outstanding under any term facility, together with outstanding accrued interest and any other indebtedness under or with respect to any term facility, and to realize on all or any portion of any Security:

- a) failure of the Borrower to pay any principal, interest or other amount when due pursuant to this Agreement;
- b) failure of the Borrower, or any Guarantor if applicable, to observe any covenant, term or condition contained in this Agreement, the Security, or any other agreement delivered to the Bank or in any documentation relating hereto or thereto;
- c) the Borrower, or any Guarantor if applicable, is unable to pay its debts as such debts become due, or is, or is adjudged or declared to be, or admits to being, bankrupt or insolvent;
- d) if any proceeding is taken to effect a compromise or arrangement with the creditors of the Borrower, or any Guarantor if applicable, or to have the Borrower, or any Guarantor if applicable, declared bankrupt or wound up, or to have a receiver appointed for any part of the assets or operations of the Borrower, or any Guarantor if applicable, or if any encumbrancer takes possession of any part thereof;
- e) if in the opinion of the Bank there is a material adverse change in the financial condition, ownership or operation of the Borrower, or any Guarantor if applicable;
- f) if any representation or warranty made by the Borrower, or any Guarantor if applicable, under this Agreement or in any other document relating hereto or under any Security shall be false in any material respect; or
- g) if the Borrower, or any Guarantor if applicable, defaults in the payment of any other indebtedness, whether owing to the Bank or to any other Person, or defaults in the performance or observance of any agreement in respect of such indebtedness where, as a result of such default, the maturity of such indebtedness is or may be accelerated.

Should the Bank demand immediate repayment in full of any amounts outstanding under any term facility due to an Event of Default, the Borrower shall immediately repay all principal sums outstanding under such facility and all other obligations in connection with any such term facility.

## Schedule "A"

### DEFINITIONS

For the purpose of this Agreement, the following terms and phrases shall have the following meanings:

**"Applicable Laws"** means, with respect to any Person, property, transaction or event, all present or future applicable laws, statutes, regulations, rules, policies, guidelines, rulings, interpretations, directives (whether or not having the force of law), orders, codes, treaties, conventions, judgements, awards, determinations and decrees of any governmental, quasi-governmental, regulatory, fiscal or monetary body or agency or court of competent jurisdiction in any applicable jurisdiction;

**"Borrowing"** means each use of a Credit Facility and all such usages outstanding at any time are **"Borrowings"**;

**"Business Day"** means a day, excluding Saturday, Sunday and any other day which shall be a legal holiday or a day on which banking institutions are closed throughout Canada;

**"Contaminant"** includes, without limitation, any pollutant, dangerous substance, liquid waste, industrial waste, hazardous material, hazardous substance or contaminant including any of the foregoing as defined in any Environmental and Health and Safety Law;

**"Environmental Activity"** means any activity, event or circumstance in respect of a Contaminant, including, without limitation, its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation, or its Release into the natural environment, including movement through or in the air, soil, surface water or groundwater;

**"Environmental and Health and Safety Laws"** means all Applicable Laws relating to the environment or occupational health and safety, or any Environmental Activity;

**"Equivalent Amount"** means, with respect to an amount of any currency, the amount of any other currency required to purchase that amount of the first mentioned currency through the Bank in Toronto, in accordance with normal banking procedures;

**"Guarantor"** means any Person who has guaranteed the obligations of the Borrower under this Agreement;

**"Maturity Date"** means the date on which a facility is due and payable in full;

**"Permitted Encumbrances"** means, in respect of the Borrower:

- a) liens arising by operation of law for amounts not yet due or delinquent, minor encumbrances on real property such as easements and rights of way which do not materially detract from the value of such property, and security given to municipalities and similar public authorities when required by such authorities in connection with the operations of the Borrower in the ordinary course of business; and
- b) Security granted in favour of the Bank;

**"Person"** includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association, a government or any department or agency thereof including Canada Revenue Agency, and any other incorporated or unincorporated entity;

**"Potential Prior-Ranking Claims"** means all amounts owing or required to be paid, where the failure to pay any such amount could give rise to a claim pursuant to any law, statute, regulation

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or otherwise, which ranks or is capable of ranking in priority to the Security or otherwise in priority to any claim by the Bank for repayment of any amounts owing under this Agreement;

**"RBP"** and **"Royal Bank Prime"** each means the annual rate of interest announced by the Bank from time to time as being a reference rate then in effect for determining interest rates on commercial loans made in Canadian currency in Canada;

**"Release"** includes discharge, spray, inject, inoculate, abandon, deposit, spill, leak, seep, pour, emit, empty, throw, dump, place and exhaust, and when used as a noun has a similar meaning.



## **Schedule "B"**

### **CALCULATION AND PAYMENT OF INTEREST AND FEES**

#### **LIMIT ON INTEREST**

The Borrower shall not be obligated to pay any interest, fees or costs under or in connection with this Agreement in excess of what is permitted by Applicable Law.

#### **OVERDUE PAYMENTS**

Any amount that is not paid when due hereunder shall, unless interest is otherwise payable in respect thereof in accordance with the terms of this Agreement or the instrument or contract governing same, bear interest until paid at the rate of RBP plus 5% per annum. Such interest on overdue amounts shall be computed daily, compounded monthly and shall be payable both before and after any or all of default, maturity date, demand and judgement.

#### **EQUIVALENT YEARLY RATES**

The annual rates of interest or fees to which the rates calculated in accordance with this Agreement are equivalent, are the rates so calculated multiplied by the actual number of days in the calendar year in which such calculation is made and divided by 365.

#### **TIME AND PLACE OF PAYMENT**

Amounts payable by the Borrower hereunder shall be paid at such place as the Bank may advise from time to time in the applicable currency. Amounts due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day. Interest and fees payable under this Agreement are payable both before and after any or all of default, maturity date, demand and judgement.

#### **RBP LOANS**

The Borrower shall pay interest on each RBP Loan, monthly in arrears, on the 26th day of each month or such other day as may be agreed to between the Borrower and the Bank. Such interest will be calculated monthly and will accrue daily on the basis of the actual number of days elapsed and a year of 365 days and shall be paid in the currency of the applicable Borrowing.



Royal Bank of Canada  
Commercial Financial Services  
383 Richmond Street, Suite 700  
London, Ontario N6A 3C4

November 25, 2016

**Private and Confidential**

**2366608 ONTARIO INC.**  
1425 Creamery Road  
London, Ontario  
N5V 5B3

We refer to the Confirmation of Credit Facilities Letter Real Estate agreement dated April 2, 2015 and any amendments thereto, between 2366608 Ontario Inc., as the Borrower, and Royal Bank of Canada, as the Bank, (the "Agreement").

The Bank reserves all of its rights and remedies at any time and from time to time in connection with any or all breaches, defaults or Events of Default now existing or hereafter arising under any Bank document, and whether known or unknown, and this amending agreement shall not be construed as a waiver of any such breach, default or Events of Default.

All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Construction Agreement.

The Construction Agreement is amended as follows:

1. The Credit Facility section is amended as follows:

- i) the first paragraph immediately following the section heading is deleted in its entirety;
- ii) the second paragraph is amended and restated as follows:

The Borrower may borrow up to the amount of this term facility provided an Event of Default shall not have occurred and be continuing at the time of any borrowing. At any time after June 30, 2017, or such later date as may be agreed upon between the Bank and the Borrower, any unutilized portion of this facility shall be cancelled by the Bank.

- iii) Facility #1 is amended by deleting "December 31, 2016" and by substituting "December 31, 2017".
2. On Schedule "A" - Section II. Repayment, Facility #1 is amended by deleting "December 31, 2016" and by substituting "December 31, 2017".
  3. A section entitled "Financial Covenants" is added as follows and is inserted immediately following the Security section:

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<sup>o</sup> Registered Trademark of Royal Bank of Canada

**FINANCIAL COVENANTS**

In the event that the Borrower or 1142024 Ontario Inc. changes accounting standards, accounting principles and/or the application of accounting principles during the term of this Agreement, all financial covenants shall be calculated using the accounting standards and principles applicable at the time this Agreement was entered into.

Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of any demand or other discretionary facility, 1142024 Ontario Inc. covenants and agrees with the Bank that 1142024 Ontario Inc. will:

- a) maintain on a consolidated basis, to be measured as at the end of each fiscal year:
  - i. Debt Service Coverage of not less than 1.25:1
  - ii. Total Liabilities to Tangible Net Worth not greater than 2.75:1.
4. The Reporting Requirements section is amended and restated as follows:

**REPORTING REQUIREMENTS**

The Borrower and 1142024 Ontario Inc. will provide the following to the Bank:

- a) annual notice to reader financial statements for the Borrower, within 120 days of each fiscal year end;
  - b) annual review engagement financial statements for Sle-Co Plastics Inc., within 120 days of each fiscal year end;
  - c) annual notice to reader consolidated financial statements for 1142024 Ontario Inc., within 120 days of each fiscal year end; and
  - d) such other financial and operating statements and reports as and when the Bank may reasonably require.
5. Schedule "A"- Definitions is amended by the addition of the following definitions which are inserted in alphabetical order:

**"Business Loan Insurance Plan"** means the optional group creditor insurance coverage, underwritten by Sun Life Assurance Company of Canada, and offered in connection with eligible loan products offered by the Bank;

**"Cash Taxes"** means, for any fiscal period, any amounts paid in respect of income taxes;

**"Corporate Distributions"** means any payments to any shareholder, director or officer of the Borrower, or 1142024 Ontario Inc. or to any associate or holder of subordinated debt of the Borrower, or 1142024 Ontario Inc. or to any shareholder, director or officer of any associate or holder of subordinated debt of the Borrower, or 1142024 Ontario Inc. including, without limitation, bonuses, dividends, interest, salaries or repayment of debt or making of loans to any such Person, but excluding salaries to officers or other employees in the ordinary course of business;

**"Debt Service Coverage"** means, for any fiscal period, the ratio of EBITDA, less Cash Taxes and, to the extent not deducted in determining net income, less Corporate Distributions, to the total of Interest Expense and scheduled principal payments in respect of Funded Debt;

**"EBITDA"** means, for any fiscal period, net income from continuing operations (excluding extraordinary gains or losses) plus, to the extent deducted in determining net income, Interest Expense and income taxes accrued during, and depreciation, depletion and amortization expenses deducted for, the period;

**"Equity"** means the total of share capital, (excluding preferred shares redeemable within one year) contributed surplus and retained earnings plus Postponed Debt;

**"Funded Debt"** means, at any time for the fiscal period then ended, all obligations for borrowed money which bears interest or to which interest is imputed plus, without duplication, all obligations for the deferred payment of the purchase of property, all capital lease obligations and all indebtedness secured by purchase money security interests, but excluding Postponed Debt;

**"Interest Expense"** means, for any fiscal period, the aggregate cost of advances of credit outstanding during that period including, without limitation, interest charges, capitalized interest, the interest component of capital leases, fees payable in respect of letters of credit and letters of guarantee and discounts incurred and fees payable in respect of bankers' acceptances;

**"Policy"** means the Business Loan Insurance Plan policy 5100, issued by Sun Life Assurance Company of Canada to the Bank;

**"Postponed Debt"** means indebtedness that is fully postponed and subordinated, both as to principal and interest, on terms satisfactory to the Bank, to the obligations owing to the Bank hereunder;

**"Tangible Net Worth"** means the total of Equity less intangibles, deferred charges, leasehold improvements, deferred tax credits and unsecured advances to related parties. For the purpose hereof, intangibles are assets lacking physical substance;

**"Total Liabilities"** means all liabilities, exclusive of deferred tax liabilities and Postponed Debt;

6. Schedule "H" – Compliance Certificate is added as attached.
7. Schedule "J" – RBC Covarity Dashboard Terms and Conditions is added as attached.

#### **BUSINESS LOAN INSURANCE PLAN**

The Borrower hereby acknowledges that the Bank has offered it group creditor insurance coverage on the Borrowings under the Business Loan Insurance Plan and the Borrower hereby acknowledges that it is the Borrower's responsibility to apply for any new or increased insurance amount for the Borrowings that may be eligible.

If the Borrower decides to apply for insurance on the Borrowings, the application will be made via the Bank's Business Loan Insurance Plan application (form 3460 ENG or 53460 FRE). If the Borrower has existing uninsured Borrowings and decides not to apply for Business Loan Insurance Plan coverage on any new Borrowings, it hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the Bank's offer to apply for Business Loan Insurance Plan coverage on all such Borrowings, and that all such Borrowings are not insured under the Policy as at the date of acceptance of this Agreement.

If the Borrower has Business Loan Insurance Plan coverage on previously approved Borrowings, such coverage will be applied automatically to all new Borrowings eligible for Business Loan Insurance Plan coverage that share the same loan account number, up to the approved amount of Business Loan Insurance Plan coverage. This Agreement cannot be used to waive coverage on new Borrowings eligible for Business Loan Insurance Plan coverage if Business Loan Insurance Plan coverage is in effect on the Borrower's existing Borrowings. If the Borrower does not want Business Loan Insurance Plan coverage to apply to any new Borrowings, a different loan account number will need to be set up and all uninsured loans attached to it.

If the Borrower has existing Borrowings to which Business Loan Insurance Plan coverage applies, and any new Borrowings would exceed the approved amount of Business Loan Insurance Plan coverage already in place, the Borrower must apply for additional Business Loan Insurance Plan coverage (if eligible) in order for Business Loan Insurance Plan coverage to apply to any new Borrowings. If the Borrower decides not to apply for additional Business Loan Insurance Plan coverage in respect of any new Borrowings (if eligible), the Borrower hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the Bank's offer to apply for additional Business Loan Insurance Plan coverage on such new Borrowings and that such new Borrowings are not insured under the Policy as at the date the Borrower executes this Agreement.

If there are any discrepancies between the insurance information in this Agreement and the Business Loan Insurance Plan documents regarding the Borrowings, the Business Loan Insurance Plan documents govern.

Business Loan Insurance Plan premiums (plus applicable taxes), will be taken as a separate payment, directly from the bank account associated with the loan, at the same frequency and schedule as your regular loan payments, where applicable. As premiums are based on the outstanding loan balance and the insured person's age at the time the premiums are due, the cost of Business Loan Insurance Plan coverage may increase during the term of the loan. The premium calculation is set out in the Business Loan Insurance Plan terms and conditions provided to the Borrower at the time the application for Business Loan Insurance Plan coverage was completed. Refer to the terms and conditions (form 3460 ENG or 53460 FRE) for further explanation and disclosure.

#### **CONDITIONS PRECEDENT**

The effectiveness of this amending agreement is conditional upon receipt of:

- a) a duly executed copy of this amending agreement;
- b) such financial and other information or documents relating to the Borrower or any Guarantor if applicable as the Bank may reasonably require; and
- c) such other authorizations, approvals, opinions and documentation as the Bank may reasonably require.

Additionally;

- d) all documentation to be received by the Bank shall be in form and substance satisfactory to the Bank.

#### **COUNTERPART EXECUTION**

This amending agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together constitute one and the same instrument.

All other terms and conditions outlined in the Construction Agreement remain unchanged and in full force and effect.

This amending agreement is open for acceptance until ~~December 28, 2016~~ <sup>FEBRUARY 1, 2017</sup>, after which date it will be null and void, unless extended in writing by the Bank.

ROYAL BANK OF CANADA

Per: Brian de Groot  
Name: Brian de Groot  
Title: Senior Account Manager

/mzm

Agreed to and accepted this 1 day of FEBRUARY, 2017.

2366608 ONTARIO INC.

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

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

I/We have the authority to bind the Borrower

Schedule "H"

COMPLIANCE CERTIFICATE

I, \_\_\_\_\_, representing the Borrower hereby certify as of fiscal year ending \_\_\_\_\_:

1. I am familiar with and have examined the provisions of the Agreement dated April 2, 2015 and any amendments thereto, between 2366608 Ontario Inc., as Borrower, and Royal Bank of Canada as the Bank, and have made reasonable investigations of corporate records and inquiries of other officers and senior personnel of the Borrower and any Guarantor if applicable. Terms defined in the Agreement have the same meanings where used in this certificate.
2. The representations and warranties contained in the Agreement are true and correct.
3. No event or circumstance has occurred which constitutes or which, with the giving of notice, lapse of time, or both, would constitute an Event of Default and there is no reason to believe that during the next fiscal year of the Borrower, any such event or circumstance will occur.
4. Debt Service Coverage is \_\_\_\_:1, being not less than the minimum required ratio of 1.25:1.
5. The ratio of Total Liabilities to Tangible Net Worth is \_\_\_\_:1, being not greater than the maximum permitted ratio of 2.75:1
6. The detailed calculations of the foregoing ratios and covenants is set forth in the addendum annexed hereto and are true and correct in all respects.

Dated this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

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

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

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

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

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

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

Schedule "J" to the Agreement dated April 2, 2015, between 2366608 Ontario Inc., as Borrower, and Royal Bank of Canada, as the Bank.

## RBC COVARIETY DASHBOARD TERMS AND CONDITIONS

If the Borrower elects to fulfill the reporting requirements relating to the submission of financial information set out in this Agreement by accessing a secure web based portal ("**RBC Covarity Dashboard**") via the Internet and using RBC Covarity Dashboard to electronically upload the Borrower's financial information and to complete online and electronically submit certificates, reports and/or forms (the "**Service**"), then the following terms and conditions (the "RBC Covarity Dashboard Terms and Conditions") apply and are deemed to be included in, and form part of, the Agreement.

**1. Definitions.** For the purpose of the RBC Covarity Dashboard Terms and Conditions:

"**Disabling Code**" means any clock, timer, counter, computer virus, worm, software lock, drop dead device, Trojan horse routine, trap door, time bomb, or any other unauthorized codes, designs, routines or instructions that may be used to access, modify, replicate, distort, delete, damage or disable any Electronic Channel, including any related hardware or software.

"**Designated User**" an individual permitted to act on behalf of and bind the Borrower in all respects, and specifically in the submission of Electronically Uploaded Financial Information and/or Electronically Submitted Certificates.

"**Electronic Channel**" means any telecommunication or electronic transmission method which may be used in connection with the Service, including computer, Internet, telephone, e-mail or facsimile.

"**Electronic Communication**" means any information, disclosure, request or other communication or agreement sent, received or accepted using an Electronic Channel.

"**Electronically Submitted Certificates**" means certificates, reports and/or forms completed online and electronically submitted by any Designated User accessing the Service.

"**Electronically Uploaded Financial Information**" means financial data, reports and/or information of the Borrower electronically uploaded by any Designated User accessing the Service.

"**Internet**" means a decentralized global communications medium and the world-wide network of computer networks, accessible to the public, that are connected to each other using specific protocols, which provides for file transfer, electronic mail, remote log in, news, database access, and other services.

"**Password**" means a combination of numbers and/or letters selected by a Designated User that is used to identify the Designated User. The Password is used in conjunction with a User ID to access the Service.

"**Security Breach**" means any breach in the security of the Service, or any actual or threatened use of the Service, a Security Device, or Electronic Channel in a manner contrary to the Agreement, including, without limitation, the introduction of Disabling Code or a Virus to the Service.

"**Security Device**" means a combination of a User ID and Password.

"**Software**" means any computer program or programming (in any code format, including source code), as modified from time to time, and related documentation.



**"User ID"** means the combination of numbers and/or letters selected by the Borrower used to identify a particular Designated User. The User ID is used in conjunction with a Password to access the Service.

**"Virus"** means an element which is designed to corrupt data or enable access to or adversely impact upon the performance of computer systems, including any virus, worm, logic bomb and Trojan horse. Terms defined in the Agreement have the same meanings where used in the RBC Covarity Dashboard Terms and Conditions.

**2. Access to the Service.** The Borrower will appoint one or more Designated User(s) to access the Service on behalf of the Borrower. The Borrower acknowledges and agrees that each Designated User appointed by the Borrower may electronically upload the Borrower's financial information and may view all previously uploaded financial information and all calculations in the RBC Covarity Dashboard.

At the time of registration for the Service, the Borrower will advise the Bank of the name and e-mail address of each Designated User. The Borrower will immediately advise the Bank if a Designated User changes or is no longer valid.

The Bank will provide the Borrower with a User ID and temporary password for each Designated User. Each Designated User will receive the User ID and temporary password delivered to their e-mail address. Each Designated User will change the temporary password to a unique Password which may not be easily guessed or obtained by others. If it is suspected or known that the Password has been compromised in any way, the Password must be changed immediately.

On first access to the Service, each Designated User will be required to read and agree to terms of use which will thereafter be accessible from a link located on each web page of the Service.

**3. Security Devices.** The Borrower recognizes that possession of a Security Device by any person may result in that person having access to the Service. The Borrower agrees that the use of a Security Device in connection with the Service, including any information sent, received or accepted using the Service, will be deemed to be conclusive proof that such information is accurate and complete, and the submission of which is authorized by, and enforceable against, the Borrower.

The Borrower is responsible for maintaining the security and confidentiality of Security Devices which may be used in connection with the Service. The Borrower is responsible for ensuring that a Security Device will only be provided to and used by a Designated User. The Borrower agrees to be bound by any actions or omissions resulting from the use of any Security Device in connection with the Service.

**4. Security.** Each party shall at all times have in place appropriate policies and procedures to protect the security and confidentiality of the Service, Electronic Channels and Electronic Communication and to prevent any unauthorized access to and use of the Service and Electronic Channels. The Borrower agrees to comply with any additional procedures, standards or other security requirements that the Bank may require in order to access the Service.

The Borrower will not (i) access or use the Service for an illegal, fraudulent, malicious or defamatory purpose, or (ii) take steps or actions that could or do undermine the security, integrity, effectiveness, goodwill or connectivity of the Service (including illegal, fraudulent, malicious, defamatory or other activities that threaten to harm or cause harm to any other person).

The Borrower agrees not to transmit via the Service any viruses, worms, defects, Trojan horses or any items of a destructive nature. The Borrower shall maintain the security of their computer by

using anti-virus scanning, a firewall and installing the latest security patches to provide assurance that no Virus is introduced into the systems or Software while accessing the Service.

**5. Unsecure Electronic Channels.** The Borrower acknowledges and agrees that if it uses, or if it authorizes and directs the Bank to use, any unencrypted Electronic Channel, including unencrypted e-mail or facsimile, any Electronic Communication sent, received and/or accepted using such Electronic Channel is not secure, reliable, private or confidential. Any such Electronic Communication could be subject to interception, loss or alteration, and may not be received by the intended recipient in a timely manner or at all. The Borrower assumes full responsibility for the risks associated with such Electronic Communication.

**6. Notice of Security Breach.** The Borrower shall notify the Bank by notifying the RBC Account Manager in writing immediately of any Security Breach including: (i) any application vulnerability or if a Virus is contained in or affects transmission of information to the Service; or (ii) if the Borrower knows or reasonably ought to know that an unauthorized person may have access to the Service, Security Device or Electronic Channel.

If a Security Breach occurs the Borrower shall: (i) assist the Bank in the management of any consequences arising from it; (ii) take any reasonable steps necessary for it to take to mitigate any harm resulting from it; and (iii) take appropriate steps to prevent its recurrence.

**7. Binding Effect.** Any Electronic Communication that the Bank receives from or in the name of, or purporting to be from or in the name of, the Borrower or any other person on the Borrower's behalf in connection with the Service, will be considered to be duly authorized by, and enforceable against, the Borrower. The Bank will be authorized to rely and act on any such Electronic Communication, even if the Electronic Communication was not actually from the Borrower or such other person or differs in any way from any previous Electronic Communication sent to the Bank. Any Electronically Uploaded Financial Information will be considered to be financial information submitted to the Bank by an individual permitted to act on behalf of and bind the Borrower in all respects, and the Bank will be authorized to rely and act on any such Electronically Uploaded Financial Information accordingly. Any Electronically Submitted Certificates will be considered to be certificates, reports and/or forms completed and submitted to the Bank by an individual permitted to act on behalf of and bind the Borrower in all respects, and the Bank will be authorized to rely and act on any such Electronically Submitted Certificates accordingly.

**8. Representations and Warranties.** The Borrower represents and warrants to the Bank that each time Electronically Uploaded Financial Information and/or Electronically Submitted Certificates are submitted: (i) all financial statements, certificates, forms, reports and all information contained therein will be accurate and complete in all respects; (ii) all amounts certified as Potential Prior-Ranking Claims will be current amounts owing and not in arrears; (iii) all representations and warranties contained in the Agreement will be true and correct; and (iv) no event will have occurred which constitutes, or which, with notice, lapse of time, or both, would constitute an Event of Default or breach of any covenant or other term or condition of the Agreement. The Borrower will be deemed to repeat these representations and warranties each time Electronically Uploaded Financial Information and/or Electronically Submitted Certificates are submitted.

**9. Evidence.** Electronic records and other information obtained by the Bank in an Electronic Communication will be admissible in any legal, administrative or other proceedings as conclusive evidence of the contents of those communications in the same manner as an original paper document, and the Borrower waives any right to object to the introduction of any such record or other information into evidence on that basis.

**10. Limitation of Liability.** The Bank is not responsible or liable for any damages arising from: (i) inaccurate, incomplete, false, misleading, or fraudulent information provided to the Bank; (ii) losses incurred as a result of an actual or potential Security Breach; or (iii) losses incurred as

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a result of application vulnerability or Virus that is contained in or affects any Software or systems used by or on behalf of the Borrower in connection with the Service.

Although every effort is made to provide secure transmission of information, timely communication and confidentiality cannot be guaranteed. In no event shall the Bank be liable for any loss or harm resulting from the use of the Service, or from a breach of confidentiality in respect of use of the Service.

**11. Termination.** The ability of the Borrower to fulfill the reporting requirements relating to the submission of financial information set out in the Agreement using RBC Covarity Dashboard shall terminate upon revocation of access to the Service. In addition, the Bank may suspend or terminate access to or discontinue the Service immediately for any reason at any time without prior notice. The Bank will not be responsible for any loss or inconvenience that may result from such suspension or termination. The Borrower, upon giving notice to the Bank by notifying the RBC Account Manager in writing, may terminate use of the Service at any time.

**12. Amendment.** The Bank may amend these RBC Covarity Dashboard Terms and Conditions upon 30 days notice (which may be given electronically by way of e-mail or in writing) to the Borrower. The Borrower agrees that the continued use of the Service after the effective date of a change will constitute conclusive evidence of consent to all such amendments and the Borrower shall be bound by the amendments.



Royal Bank of Canada  
Commercial Financial Services  
383 Richmond Street, Suite 700  
London, Ontario N6A 3C4

December 29, 2017

**Private and Confidential**

**2366608 ONTARIO INC.**  
1425 Creamery Road  
London, Ontario  
N5V 5B3

We refer to the Confirmation of Credit Facilities Letter Real Estate dated April 2, 2015 and any amendments thereto, between 2366608 Ontario Inc., as the Borrower, and Royal Bank of Canada, as the Bank, (the "Construction Agreement").

The Bank reserves all of its rights and remedies at any time and from time to time in connection with any or all breaches, defaults or Events of Default now existing or hereafter arising under any Bank document, and whether known or unknown, and this amending agreement shall not be construed as a waiver of any such breach, default or Events of Default.

All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Construction Agreement.

The Construction Agreement is amended as follows:

1. Under the Credit Facility section, Facility #1 is amended by deleting "December 31, 2017" and by substituting "February 28, 2018".
2. The Reporting Requirements section is amended and restated as follows:

**REPORTING REQUIREMENTS**

The Borrower and 1142024 Ontario Inc. will provide the following to the Bank:

- a) annual 1142024 Ontario Inc. Compliance Certificate, substantially in the form of Schedule "H" signed by an authorized signing officer of the Borrower, within 150 days of each fiscal year end, certifying compliance with this Agreement including the financial covenants set forth in the Agreement;
- b) annual Borrower Compliance Certificate, substantially in the form of Schedule "K" signed by an authorized signing officer of the Borrower, within 150 days of each fiscal year end, certifying compliance with this Agreement including the financial covenants set forth in the Agreement;
- c) annual notice to reader financial statements for the Borrower, within 150 days of each fiscal year end;

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<sup>®</sup> Registered Trademark of Royal Bank of Canada

- d) annual review engagement financial statements for Sle-Co Plastics Inc., within 150 days of each fiscal year end;
  - e) annual notice to reader consolidated financial statements for 1142024 Ontario Inc., within 150 days of each fiscal year end; and
  - f) such other financial and operating statements and reports as and when the Bank may reasonably require.
3. On Schedule "A" – Section II. Repayment, Facility #1 is amended by deleting "December 31, 2017" and by substituting "February 28, 2018".

#### **BUSINESS LOAN INSURANCE PLAN**

The Borrower hereby acknowledges that the Bank has offered it group creditor insurance coverage on the Borrowings under the Business Loan Insurance Plan and the Borrower hereby acknowledges that it is the Borrower's responsibility to apply for any new or increased insurance amount for the Borrowings that may be eligible.

If the Borrower decides to apply for insurance on the Borrowings, the application will be made via the Bank's Business Loan Insurance Plan application (form 3460 ENG or 53460 FRE). If the Borrower has existing uninsured Borrowings and decides not to apply for Business Loan Insurance Plan coverage on any new Borrowings, it hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the Bank's offer to apply for Business Loan Insurance Plan coverage on all such Borrowings, and that all such Borrowings are not insured under the Policy as at the date of acceptance of this Agreement.

If the Borrower has Business Loan Insurance Plan coverage on previously approved Borrowings, such coverage will be applied automatically to all new Borrowings eligible for Business Loan Insurance Plan coverage that share the same loan account number, up to the approved amount of Business Loan Insurance Plan coverage. This Agreement cannot be used to waive coverage on new Borrowings eligible for Business Loan Insurance Plan coverage if Business Loan Insurance Plan coverage is in effect on the Borrower's existing Borrowings. If the Borrower does not want Business Loan Insurance Plan coverage to apply to any new Borrowings, a different loan account number will need to be set up and all uninsured loans attached to it.

If the Borrower has existing Borrowings to which Business Loan Insurance Plan coverage applies, and any new Borrowings would exceed the approved amount of Business Loan Insurance Plan coverage already in place, the Borrower must apply for additional Business Loan Insurance Plan coverage (if eligible) in order for Business Loan Insurance Plan coverage to apply to any new Borrowings. If the Borrower decides not to apply for additional Business Loan Insurance Plan coverage in respect of any new Borrowings (if eligible), the Borrower hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the Bank's offer to apply for additional Business Loan Insurance Plan coverage on such new Borrowings and that such new Borrowings are not insured under the Policy as at the date the Borrower executes this Agreement.

If there are any discrepancies between the insurance information in this Agreement and the Business Loan Insurance Plan documents regarding the Borrowings, the Business Loan Insurance Plan documents govern.

Business Loan Insurance Plan premiums (plus applicable taxes), will be taken as a separate payment, directly from the bank account associated with the loan, at the same frequency and schedule as your regular loan payments, where applicable. As premiums are based on the outstanding loan balance and the insured person's age at the time the premiums are due, the cost of Business Loan Insurance Plan coverage may increase during the term of the loan. The

premium calculation is set out in the Business Loan Insurance Plan terms and conditions provided to the Borrower at the time the application for Business Loan Insurance Plan coverage was completed. Refer to the terms and conditions (form 3460 ENG or 53460 FRE) for further explanation and disclosure.

**CONDITIONS PRECEDENT**

The effectiveness of this amending agreement is conditional upon receipt of a duly executed copy of this amending agreement.

**COUNTERPART EXECUTION**

This amending agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together constitute one and the same instrument.

All other terms and conditions outlined in the Construction Agreement remain unchanged and in full force and effect.

This amending agreement is open for acceptance until January 29, 2018, after which date it will be null and void, unless extended in writing by the Bank.

**ROYAL BANK OF CANADA**



Per: \_\_\_\_\_  
Name: Mike Cussen  
Title: Vice President, Business Credit

/mm

Agreed to and accepted this 12 day of JAN, 2018.

**2366608 ONTARIO INC.**

Per: \_\_\_\_\_  
Name: JEFF SUEGGERS  
Title: PRESIDENT.

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

I/We have the authority to bind the Borrower



**AVAILABILITY**

During the Draw Period, the Borrower may borrow up to the amount of this facility, provided this facility is made available at the sole discretion of the Bank and the Bank may cancel or restrict availability of any unutilized portion of this facility at any time from time to time without notice.

Any portion of this facility that is unutilized as at the end of the Draw Period shall automatically be cancelled and be no longer available to the Borrower beginning on the Conversion Date and the amount of this facility shall be reduced to an amount equal to the aggregate Borrowings then outstanding and Borrowings outstanding will be converted to a reducing term loan by way of RBP Loans.

At any time prior to the Conversion Date, the Borrower may request that this facility be converted to an FRT Loan, with such conversion to take place on the Conversion Date. Any such request shall, if consented to by the Bank, which consent may be withheld in its sole discretion, be evidenced in writing and shall be subject to the terms and conditions applicable to FRT Loans as set forth in this Agreement. Following the Conversion Date, the Borrower may request that this facility be converted from an RBP Loan to an FRT Loan. Any such request shall, if consented to by the Bank, which consent may be withheld in its sole discretion, be evidenced in writing and shall be subject to the terms and conditions applicable to FRT Loans set forth in this Agreement. If the Bank agrees to any request by the Borrower to convert this facility, the interest rate and specific repayment terms will be agreed to between the Borrower and the Bank in writing prior to conversion.

Original advance permitted immediately up to a maximum of \$3,500,000.00.

Proceeds of the initial Borrowing under this facility must be utilized to repay in full all Borrowings under Facility #1 and Facility #1 is immediately then cancelled.

**REPAYMENT**

Payment Amount:	To be determined on the Conversion Date	Payment Frequency:	Monthly
Payment Type:	Principal Plus Interest	First payment date:	30 days from the Conversion Date
Repayable in full on:	The last day of a 1 year term from Conversion Date	Amortization (months) from Conversion Date	240

2. Under the Security section, paragraphs d) and e) are added as follows:

- d) Collateral mortgage in the amount of \$4,500,000.00 signed by the Borrower, constituting a first fixed charge on the lands and improvements located at 400 South Edgeware Road, St. Thomas, Ontario; and
- c) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$4,500,000.00 signed by Sle-Co Plastics Inc., supported by a general security agreement on the Bank's form 924 constituting a first ranking security interest in all personal property of Sle-Co Plastics Inc.

*Upon receipt of the security described in paragraphs d) and e) above, in form and substance satisfactory to the Bank, together with such legal opinions and any other supporting documentation, as the Bank may reasonably require, to the full satisfaction of*



*the Bank, such security will replace the security described in paragraphs b) and c) of the Security section of the Agreement.*

3. The Financial Covenants section is amended and restated as follows:

**FINANCIAL COVENANTS**

In the event that the Borrower or 1142024 Ontario Inc. changes accounting standards, accounting principles and/or the application of accounting principles during the term of this Agreement, all financial covenants shall be calculated using the accounting standards and principles applicable at the time this Agreement was entered into.

Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of any demand or other discretionary facility and while any availability exists under any facility which is not a discretionary facility or any Borrowings remain outstanding under any term facility, 1142024 Ontario Inc. covenants and agrees with the Bank that 1142024 Ontario Inc. will:

- a) maintain on a consolidated basis, to be measured as at the end of each fiscal year:
- i. Debt Service Coverage of not less than 1.25:1; and
  - ii. a ratio of Total Liabilities to Tangible Net Worth of not greater than 3:1.
4. Under the Reporting Requirements section, paragraph a), b), c), d) and e) are each amended by deleting "150 days" and by substituting "120 days".
5. The following section entitled Conditions Precedent Facility #2 is added and inserted immediately following the Conditions Precedent section of the Agreement.

**CONDITIONS PRECEDENT FACILITY #2**

In addition to the conditions set forth in the Conditions Precedent section above, the availability of any Borrowing under Facility #2 is conditional upon the receipt of:

- a) an invoice, bill of sale or cancelled cheque in respect of the equipment being financed with such Borrowing, subsequent to the initial advance.
6. Under the Terms and Conditions, the Prepayment section is amended and restated as follows:

**PREPAYMENT**

Where Borrowings are by way of RBP Loans, the Borrower may prepay such Borrowings in whole or in part without fee or premium.

Where Borrowings are by way of FRT Loans, provided an Event of Default shall not have occurred and be continuing, the Borrower may prepay such Borrowings on a non-cumulative basis up to the percentage, as selected by the Borrower for each FRT Loan, of the outstanding principal balance on the day of prepayment, without fee or premium, once per year during the 12 month period from each anniversary date of the Borrowing. Any prepayment of Borrowings by way of FRT Loans prior to the maturity date, in whole or in part (in excess of any prepayment explicitly permitted in this Agreement), requires an amendment of the terms of this Agreement. An amendment to permit such a prepayment requires the Bank's prior written consent. The Bank may provide its consent to an amendment to permit a prepayment upon satisfaction by the Borrower of any conditions the Bank may reasonably impose, including, without limitation, the Borrower's agreement to pay the Prepayment Fee as defined below.

The Prepayment Fee will be calculated by the Bank as the sum of:

a) the greater of:

(i) the amount equal to 3 months' interest payable on the amount of the FRT Loan Borrowings being prepaid, calculated at the interest rate applicable to the FRT Loan Borrowings on the date of prepayment; and

(ii) the present value of the cash flow associated with the difference between the Bank's original cost of funds for the FRT Loan and the current cost of funds for a loan with a term substantially similar to the remaining term of the FRT Loan and an amortization period substantially similar to the remaining amortization period of the FRT Loan, each as determined by the Bank on the date of such prepayment;

plus:

b) forgone margin over the remainder of the term of the FRT Loan. Foregone margin is defined as the present value of the difference between the Bank's original cost of funds for the FRT Loan and the interest that would have been charged to the Borrower over the remaining term of the FRT Loan;

plus:

c) a processing fee.

The Prepayment Fee shall also be payable by the Borrower in the event that the Bank demands repayment of the outstanding principal of the FRT Loan on the occurrence of an Event of Default.

The Borrower's obligation to pay the Prepayment Fee will be in addition to any other amounts then owing by the Borrower to the Bank, will form part of the loan amount and will be secured by the Security described herein.

The prepayment of any Borrowings under a term facility and/or any term loan will be made in the reverse order of maturity.

7. Under the Terms and Conditions, the Increased Cost section is added as follows:

#### **INCREASED COSTS**

If any change in Applicable Laws or the interpretation thereof after the date hereof (i) imposes or increases taxes on payments due to the Bank hereunder (other than taxes on the overall net income of the Bank), (ii) imposes or increases any reserve or other similar requirement or (iii) imposes or changes any other condition affecting the Credit Facilities, and the result of any of the foregoing results in any additional cost to the Bank of making available, continuing or maintaining any of the Credit Facilities hereunder (or maintaining any obligations to make any such Credit Facilities available hereunder) or results in any reduction in the amount of any sum received or receivable by the Bank in connection with this Agreement or the Credit Facilities made available hereunder, then from time to time, upon written request of the Bank, the Borrower shall promptly pay to the Bank, such additional amount or amounts as will compensate the Bank for any such additional costs incurred or reduction suffered.

8. Schedule "A"- Definitions is amended by the addition of the following definitions which are inserted in alphabetical order:

**"Conversion Date"** means January 31, 2019;

**“Draw Period”** means the period of time from the date of acceptance of this Agreement to and including the day immediately preceding the Conversion Date; and

**“Term Period”** means the period of time commencing on the Conversion Date and ending on the earlier of the date that this facility is actually repaid, or that this facility is scheduled to be repaid, in full.

9. Schedule “B” - Calculation and Payment of Interest and Fees is amended by the addition of the following:

**FRT LOANS**

The Borrower shall pay interest on each loan in arrears at the applicable rate on such date as agreed upon between the Bank and the Borrower. Such interest will be calculated monthly and will accrue daily on the basis of the actual number of days elapsed and a year of 365 days.

10. Schedule “D” - Additional Borrowing Conditions is added as attached.

11. Schedule “H” – 1142024 Compliance Certificate is replaced with the Schedule “H” attached to this amending agreement.

**BUSINESS LOAN INSURANCE PLAN**

The Borrower hereby acknowledges that the Bank has offered it group creditor insurance coverage on the Borrowings under the Business Loan Insurance Plan and the Borrower hereby acknowledges that it is the Borrower’s responsibility to apply for any new or increased insurance amount for the Borrowings that may be eligible.

If the Borrower decides to apply for insurance on the Borrowings, the application will be made via the Bank’s Business Loan Insurance Plan application (form 3460 ENG or 53460 FRE). If the Borrower has existing uninsured Borrowings and decides not to apply for Business Loan Insurance Plan coverage on any new Borrowings, it hereby acknowledges that the Bank may accept the Borrower’s signature below as the Borrower’s waiver of the Bank’s offer to apply for Business Loan Insurance Plan coverage on all such Borrowings, and that all such Borrowings are not insured under the Policy as at the date of acceptance of this Agreement.

If the Borrower has Business Loan Insurance Plan coverage on previously approved Borrowings, such coverage will be applied automatically to all new Borrowings eligible for Business Loan Insurance Plan coverage that share the same loan account number, up to the approved amount of Business Loan Insurance Plan coverage. This Agreement cannot be used to waive coverage on new Borrowings eligible for Business Loan Insurance Plan coverage if Business Loan Insurance Plan coverage is in effect on the Borrower’s existing Borrowings. If the Borrower does not want Business Loan Insurance Plan coverage to apply to any new Borrowings, a different loan account number will need to be set up and all uninsured loans attached to it.

If the Borrower has existing Borrowings to which Business Loan Insurance Plan coverage applies, and any new Borrowings would exceed the approved amount of Business Loan Insurance Plan coverage already in place, the Borrower must apply for additional Business Loan Insurance Plan coverage (if eligible) in order for Business Loan Insurance Plan coverage to apply to any new Borrowings. If the Borrower decides not to apply for additional Business Loan Insurance Plan coverage in respect of any new Borrowings (if eligible), the Borrower hereby acknowledges that the Bank may accept the Borrower’s signature below as the Borrower’s waiver of the Bank’s offer to apply for additional Business Loan Insurance Plan coverage on such new Borrowings and that such new Borrowings are not insured under the Policy as at the date the Borrower executes this Agreement.

If there are any discrepancies between the insurance information in this Agreement and the Business Loan Insurance Plan documents regarding the Borrowings, the Business Loan Insurance Plan documents govern.

Business Loan Insurance Plan premiums (plus applicable taxes), will be taken as a separate payment, directly from the bank account associated with the loan, at the same frequency and schedule as your regular loan payments, where applicable. As premiums are based on the outstanding loan balance and the insured person's age at the time the premiums are due, the cost of Business Loan Insurance Plan coverage may increase during the term of the loan. The premium calculation is set out in the Business Loan Insurance Plan terms and conditions provided to the Borrower at the time the application for Business Loan Insurance Plan coverage was completed. Refer to the terms and conditions (form 3460 ENG or 53460 FRE) for further explanation and disclosure.

### **CONDITIONS PRECEDENT**

The effectiveness of this amending agreement is conditional upon receipt of:

- a) a duly executed copy of this amending agreement;
- b) the Security provided for herein, registered, as required, to the satisfaction of the Bank;
- c) a Phase I Environmental Site Assessment in respect of the property located at 400 South Edgeware Road, St. Thomas, Ontario conducted by a consultant acceptable to the Bank and containing findings acceptable to the Bank;
- d) such financial and other information or documents relating to the Borrower or any Guarantor if applicable as the Bank may reasonably require; and
- e) such other authorizations, approvals, opinions and documentation as the Bank may reasonably require.

Additionally;

- f) all documentation to be received by the Bank shall be in form and substance satisfactory to the Bank.

### **COUNTERPART EXECUTION**

This amending agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together constitute one and the same instrument.

All other terms and conditions outlined in the Agreement remain unchanged and in full force and effect.

This amending agreement is open for acceptance until August 30, 2018, after which date it will be null and void, unless extended in writing by the Bank.

### **ROYAL BANK OF CANADA**



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

Name: Mike Cussen

Title: Vice President, Business Credit

/mh

Agreed to and accepted this 31 day of JULY, 2018.

**2366608 ONTARIO INC.**

Per: [Signature]  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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

I/We have the authority to bind the Borrower

We acknowledge and confirm our agreement with the foregoing terms and conditions, as Guarantor, as of JULY 31, 2018.

**SLE-CO PLASTICS INC.**

Per: [Signature]  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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

I/We have the authority to bind the Guarantor

We acknowledge and accept the terms and conditions of this Agreement on this 31 day of JULY, 2018.

**1142024 ONTARIO INC.**

Per: [Signature]  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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

I/We have the authority to bind the corporation

**Schedule "D"**

**ADDITIONAL BORROWING CONDITIONS**

**FRT Loans:**

Borrowings made by way of FRT Loans will be subject to the following terms and conditions:

- a) each FRT Loan shall have a minimum term of one year;
- b) the Borrower shall select an amount eligible for prepayment of 10% or 0% for each new FRT Loan prior to the advance of such FRT Loan;
- c) each FRT Loan shall be in an amount not less than \$10,000.00; and
- d) each FRT Loan shall have a term as outlined in the applicable repayment section of each corresponding credit facility, provided that the maturity date of any FRT Loan issued under any term facility shall not extend beyond the Maturity Date of the term facility.

Schedule "H"

1142024 ONTARIO INC. - COMPLIANCE CERTIFICATE

I, \_\_\_\_\_, representing the 1142024 Ontario Inc. hereby certify as of fiscal year ending \_\_\_\_\_:

1. I am familiar with and have examined the provisions of the Agreement dated December 29, 2017 and any amendments thereto, between 2366608 Ontario Inc., as Borrower, and Royal Bank of Canada as the Bank, and have made reasonable investigations of corporate records and inquiries of other officers and senior personnel of the Borrower and any Guarantor if applicable. Terms defined in the Agreement have the same meanings where used in this certificate.
2. The representations and warranties contained in the Agreement are true and correct.
3. No event or circumstance has occurred which constitutes or which, with the giving of notice, lapse of time, or both, would constitute an Event of Default and there is no reason to believe that during the next fiscal year of 1142024 Ontario Inc., any such event or circumstance will occur.
4. Debt Service Coverage is \_\_\_\_:1, being not less than the minimum required ratio of 1.25:1.
5. The ratio of Total Liabilities to Tangible Net Worth is \_\_\_\_:1, being not greater than the maximum permitted ratio of 3:1
6. The detailed calculations of the foregoing ratios and covenants is set forth in the addendum annexed hereto and are true and correct in all respects.

Dated this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

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

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

# EXHIBIT "G"





Royal Bank of Canada  
General Security Agreement

SRF: 524689098  
Borrower: SLE-CO PLASTICS INC.

383 RICHMOND ST  
SUITE 700  
LONDON  
ONTARIO  
N6A 3C4  
CA

1. SECURITY INTEREST

(a) For value received, the undersigned ("Debtor"), hereby grants to ROYAL BANK OF CANADA ("RBC"), a security interest (the "Security Interest") in the undertaking of Debtor and in all of Debtor's present and after acquired personal property including, without limitation, in all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities and all other Investment Property now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefore (hereinafter collectively called "Collateral"), and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

- (i) all inventory of whatever kind and wherever situate;
- (ii) all equipment (other than Inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;
- (iii) all Accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("Debts");
- (iv) all lists, records and files relating to Debtor's customers, clients and patients;
- (v) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (vi) all contractual rights and insurance claims;
- (vii) all patents, industrial designs, trade-marks, trade secrets and know-how including without limitation environmental technology and biotechnology, confidential information, trade-names, goodwill, copyrights, personality rights, plant breeders' rights, integrated circuit topographies, software and all other forms of intellectual and industrial property, and any registrations and applications for registration of any of the foregoing (collectively "Intellectual Property"); and
- (viii) all property described in Schedule "C" or any schedule now or hereafter annexed hereto.

(b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest, Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

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(c) The terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Intangible", "Security", "Investment Property", "proceed", "Inventory", "accession", "Money", "Account", "financing statement" and "financing change statement" whenever used herein shall be interpreted pursuant to their respective meanings when used in The Personal Property Security Act of the province referred to in Clause 14(s), as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "P.P.S.A.". Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such within one year of execution of this Security Agreement and the term "Investment Property", if not defined in the P.P.S.A., shall be interpreted according to its meaning in the Personal Property Security Act (Ontario). Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof".

## 2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and performance of any and all obligations, indebtedness and liability of Debtor to RBC (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient, in the event of default, to satisfy all Indebtedness of the Debtor, the Debtor acknowledges and agrees that Debtor shall continue to be liable for any Indebtedness remaining outstanding and RBC shall be entitled to pursue full payment thereof.

## 3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant that:

(a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, liens, claims, charges, licenses, leases, infringements by third parties, encumbrances or other adverse claims or interests (hereinafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption;

(b) all Intellectual Property applications and registrations are valid and in good standing and Debtor is the owner of the applications and registrations;

(c) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"), and the amount represented by Debtor to RBC from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defence, set off, claim or counterclaim against Debtor which can be asserted against RBC, whether in any proceeding to enforce Collateral or otherwise;

(d) the locations specified in Schedule "B" as to business operations and records are accurate and complete and with respect to Goods (including Inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete save for Goods in transit to such locations and Inventory on lease or consignment; and all fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations; and

(e) the execution, delivery and performance of the obligations under this Security Agreement and the creation of any security interest in or assignment hereunder of Debtor's rights in the Collateral to RBC will not result in a breach of any agreement to which Debtor is a party.

## 4. COVENANTS OF THE DEBTOR

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So long as this Security Agreement remains in effect Debtor covenants and agrees:

(a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to diligently initiate and prosecute legal action against all infringers of Debtor's rights in Intellectual Property; to take all reasonable action to keep the Collateral free from all Encumbrances, except for the Security Interest, licenses which are compulsory under federal or provincial legislation and those shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption, and not to sell, exchange, transfer, assign, lease, license or otherwise dispose of Collateral or any interest therein without the prior written consent of RBC; provided always that, until default, Debtor may, in the ordinary course of Debtor's business, sell or lease Inventory and, subject to Clause 7 hereof, use Money available to Debtor;

(b) to notify RBC promptly of:

- (i) any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral,
- (ii) the details of any significant acquisition of Collateral,
- (iii) the details of any claims or litigation affecting Debtor or Collateral,
- (iv) any loss or damage to Collateral,
- (v) any default by any Account Debtor in payment or other performance of its obligations with respect to Collateral, and
- (vi) the return to or repossession by Debtor of Collateral;

(c) to keep Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance; to keep all agreements, registrations and applications relating to Intellectual Property and intellectual property used by Debtor in its business in good standing and to renew all agreements and registrations as may be necessary or desirable to protect Intellectual Property, unless otherwise agreed in writing by RBC; to apply to register all existing and future copyrights, trade-marks, patents, integrated circuit topographies and industrial designs whenever it is commercially reasonable to do so;

(d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by RBC of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;

(e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;

(f) to insure collateral in such amounts and against such risks as would customarily be insured by a prudent owner of similar Collateral and in such additional amounts and against such additional risks as RBC may from time to time direct, with loss payable to RBC and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor and deliver copies of policies and evidence of renewal to RBC on request;

(g) to prevent Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;

(h) to carry on and conduct the business of Debtor in a proper and efficient manner and so as to protect and preserve Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at RBC's request so as to indicate the Security Interest;

(i) to deliver to RBC from time to time promptly upon request:

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- (i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral,
- (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same,
- (iii) all financial statements prepared by or for Debtor regarding Debtor's business,
- (iv) all policies and certificates of insurance relating to Collateral, and
- (v) such information concerning Collateral, the Debtor and Debtor's business and affairs as RBC may reasonably request.

## 5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that RBC shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner RBC may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as RBC may reasonably request in connection therewith and for such purpose to grant to RBC or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

## 6. SECURITIES, INVESTMENT PROPERTY

If Collateral at any time includes Securities, Debtor authorizes RBC to transfer the same or any part thereof into its own name or that of its nominee(s) so that RBC or its nominee(s) may appear of record as the sole owner thereof; provided that, until default, RBC shall deliver promptly to Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, Debtor waives all rights to receive any notices or communications received by RBC or its nominee(s) as such registered owner and agrees that no proxy issued by RBC to Debtor or its order as aforesaid shall thereafter be effective.

Where any Investment Property is held in or credited to an account that has been established with a securities intermediary, RBC may, at any time after default, give a notice of exclusive control to any such securities intermediary with respect to such Investment Property.

## 7. COLLECTION OF DEBTS

Before or after default under this Security Agreement, RBC may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to RBC. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement, shall be received and held by Debtor in trust for RBC and shall be turned over to RBC upon request.

## 8. INCOME FROM AND INTEREST ON COLLATERAL

(a) Until default, Debtor reserves the right to receive any Money constituting income from or interest on Collateral and if RBC receives any such Money prior to default, RBC shall either credit the same against the indebtedness or pay the same promptly to Debtor.

(b) After default, Debtor will not request or receive any Money constituting income from or interest on Collateral and if

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Debtor receives any such Money without any request by it, Debtor will pay the same promptly to RBC.

## 9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS

(a) Whether or not default has occurred, Debtor authorizes RBC:

- (i) to receive any increase in or profits on Collateral (other than Money) and to hold the same as part of Collateral. Money so received shall be treated as income for the purposes of Clause 8 hereof and dealt with accordingly;
- (ii) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor and to hold any such payment or distribution as part of Collateral.

(b) If Debtor receives any such increase or profits (other than Money) or payments or distributions, Debtor will deliver the same promptly to RBC to be held by RBC as herein provided.

## 10. DISPOSITION OF MONEY

Subject to any applicable requirements of the P.P.S.A., all Money collected or received by RBC pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as RBC deems best or, at the option of RBC, may be held unappropriate in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of RBC hereunder, and any surplus shall be accounted for as required by law.

## 11. EVENTS OF DEFAULT

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

(a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between Debtor and RBC;

(b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if an individual;

(c) the bankruptcy or insolvency of Debtor; the filing against Debtor of a petition in bankruptcy; the making of an assignment for the benefit of creditors by Debtor; the appointment of a receiver or trustee for Debtor or for any assets of Debtor or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise;

(d) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;

(e) if any Encumbrance affecting Collateral becomes enforceable against Collateral;

(f) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets without complying with applicable law or commits or threatens to commit an act of bankruptcy;

(g) if any execution, sequestration, extent or other process of any court becomes enforceable against Debtor or if distress or analogous process is levied upon the assets of Debtor or any part thereof;

(h) if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement, or otherwise (including, without limitation, the

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representations and warranties contained herein) or as an inducement to RBC to extend any credit to or to enter into this or any other agreement with Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to RBC at or prior to the time of such execution.

## 12. ACCELERATION

RBC, in its sole discretion, may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or if RBC considers itself insecure or that the Collateral is in jeopardy. The provisions of this clause are not intended in any way to affect any rights of RBC with respect to any Indebtedness which may now or hereafter be payable on demand.

## 13. REMEDIES

(a) Upon default, RBC may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of RBC or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his/her stead. Any such Receiver shall, so far as concerns responsibility for his/her acts, be deemed the agent of Debtor and not RBC, and RBC shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver, his/her servants, agents or employees. Subject to the provisions of the instrument appointing him/her, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Debtor and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Debtor, enter upon, use and occupy all premises owned or occupied by Debtor wherein Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable the Receiver to carry on Debtor's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by RBC, all Money received from time to time by such Receiver in carrying out his/her appointment shall be received in trust for and paid over to RBC. Every such Receiver may, in the discretion of RBC, be vested with all or any of the rights and powers of RBC.

(b) Upon default, RBC may, either directly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of the foregoing sub-clause (a).

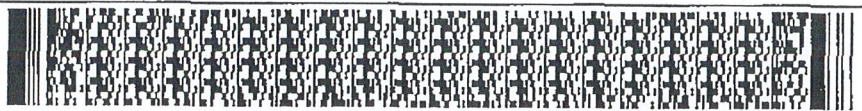
(c) RBC may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, RBC may sell, license, lease or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to RBC may seem reasonable.

(d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and RBC and in addition to any other rights RBC may have at law or in equity, RBC shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. Provided always, that RBC shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease, license or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, RBC shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper whether Collateral or proceeds and whether or not in RBC's possession and shall not be liable or accountable for failure to do so.

(e) Debtor acknowledges that RBC or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Debtor agrees upon request from RBC or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.

(f) Debtor agrees to be liable for and to pay all costs, charges and expenses reasonably incurred by RBC or any

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Receiver appointed by it, whether directly or for services rendered (including reasonable solicitors and auditors costs and other legal expenses and Receiver remuneration), in operating Debtor's accounts, in preparing or enforcing this Security Agreement, taking and maintaining custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting Indebtedness and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by RBC or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

(g) RBC will give Debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as may be required by the P.P.S.A..

(h) Upon default and receiving written demand from RBC, Debtor shall take such further action as may be necessary to evidence and effect an assignment or licensing of Intellectual Property to whomever RBC directs, including to RBC. Debtor appoints any officer or director or branch manager of RBC upon default to be its attorney in accordance with applicable legislation with full power of substitution and to do on Debtor's behalf anything that is required to assign, license or transfer, and to record any assignment, licence or transfer of the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

#### 14. MISCELLANEOUS

(a) Debtor hereby authorizes RBC to file such financing statements, financing change statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on and Collateral and records relating thereto are situate) as RBC may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of the herein mentioned branch of RBC the true and lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.

(b) Without limiting any other right of RBC, whenever Indebtedness is immediately due and payable or RBC has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), RBC may, in its sole discretion, set off against Indebtedness any and all amounts then owed to Debtor by RBC in any capacity, whether or not due, and RBC shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on RBC's records subsequent thereto.

(c) Upon Debtor's failure to perform any of its duties hereunder, RBC may, but shall not be obligated to, perform any or all of such duties, and Debtor shall pay to RBC, forthwith upon written demand therefor, an amount equal to the expense incurred by RBC in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 15% per annum.

(d) RBC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as RBC may see fit without prejudice to the liability of Debtor or RBC's right to hold and realize the Security Interest. Furthermore, RBC may demand, collect and sue on Collateral in either Debtor's or RBC's name, at RBC's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other Instruments pertaining to or constituting Collateral.

(e) No delay or omission by RBC in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, RBC may remedy any default by Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of RBC granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(f) Debtor waives protest of any Instrument constituting Collateral at any time held by RBC on which Debtor is in any way liable and, subject to Clause 13(g) hereof, notice of any other action taken by RBC.

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(g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against RBC. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several.

(h) RBC may provide any financial and other information it has about Debtor, the Security Interest and the Collateral to any one acquiring or who may acquire an interest in the Security Interest or the Collateral from the Bank or any one acting on behalf of the Bank.

(i) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

(j) Subject to the requirements of Clauses 13(g) and 14(k) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given, in the case of RBC, if delivered to it or sent by prepaid registered mail addressed to it at its address herein set forth or as changed pursuant hereto, and, in the case of Debtor, if delivered to it or if sent by prepaid registered mail addressed to it at its last address known to RBC. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.

(k) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by RBC and is intended to be a continuing Security Agreement and shall remain in full force and effect until the Manager or Acting Manager from time to time of the herein mentioned branch of RBC shall actually receive written notice of its discontinuance; and, notwithstanding such notice, shall remain in full force and effect thereafter until all Indebtedness contracted for or created before the receipt of such notice by RBC, and any extensions or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.

(l) The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

(m) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

(n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

(o) Nothing herein contained shall in any way obligate RBC to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.

(p) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to RBC.

(q) Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby

(i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company, and

(ii) shall secure the "Indebtedness" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to RBC at the time of amalgamation and any "Indebtedness" of the amalgamated company to

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RBC thereafter arising. The Security Interest shall attach to "Collateral" owned by each company amalgamating with Debtor, and by the amalgamated company, at the time of the amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

(r) In the event that Debtor is a body corporate, it is hereby agreed that The Limitation of Civil Rights Act of the Province of Saskatchewan, or any provision thereof, shall have no application to this Security Agreement or any agreement or instrument renewing or extending or collateral to this Security Agreement. In the event that Debtor is an agricultural corporation within the meaning of The Saskatchewan Farm Security Act, Debtor agrees with RBC that all of Part IV (other than Section 46) of that Act shall not apply to Debtor.

(s) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the province in which the herein branch of RBC is located, as those laws may from time to time be in effect, except if such branch of RBC is located in Quebec then, this Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

**15. COPY OF AGREEMENT**

(a) Debtor hereby acknowledges receipt of a copy of this Security Agreement.

(b) Debtor waives Debtor's right to receive a copy of any financing statement or financing change statement registered by RBC or of any verification statement with respect to any financing statement or financing change statement registered by RBC. (Applies in all P.P.S.A. Provinces except Ontario).

**16. Debtor represents and warrants that the following information is accurate:**

**BUSINESS DEBTOR**

NAME OF BUSINESS DEBTOR SLE-CO PLASTICS INC.			
ADDRESS OF BUSINESS DEBTOR 1425 CREAMERY RD	CITY LONDON	PROVINCE ONTARIO	POSTAL CODE N5V5B3

IN WITNESS WHEREOF Debtor has executed this Security Agreement this 15 day JANUARY, 2015

SLE-CO PLASTICS INC.

\_\_\_\_\_  
WITNESSES

\_\_\_\_\_  
SLE-CO PLASTICS INC.



\_\_\_\_\_  
WITNESSES

\_\_\_\_\_



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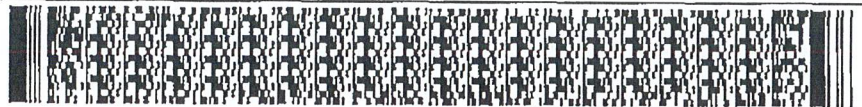


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**SCHEDULE "A"**

**(ENCUMBRANCES AFFECTING COLLATERAL)**

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## SCHEDULE "B"

### 1. Locations of Debtor's Business Operations

1425 CREAMERY RD,  
LONDON  
ONTARIO  
CA  
N5V5B3

### 2. Locations of Records relating to Collateral

1425 CREAMERY RD,  
LONDON  
ONTARIO  
CA  
N5V5B3

### 3. Locations of Collateral

1425 CREAMERY RD,  
LONDON  
ONTARIO  
CA  
N5V5B3

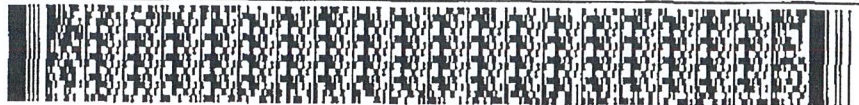
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**SCHEDULE "C"**  
**(DESCRIPTION OF PROPERTY)**

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SRF: 524689098  
Borrower: SLE-CO PLASTICS INC.

383 RICHMOND ST  
SUITE 700  
LONDON  
ONTARIO  
N6A 3C4  
CA

1. SECURITY INTEREST

(a) For value received, the undersigned ("Debtor"), hereby grants to **ROYAL BANK OF CANADA** ("RBC"), a security interest (the "Security Interest") in the undertaking of Debtor and in all of Debtor's present and after acquired personal property including, without limitation, in all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities and all other Investment Property now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefore (hereinafter collectively called "Collateral"), and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

- (i) all inventory of whatever kind and wherever situate;
- (ii) all equipment (other than Inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;
- (iii) all Accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("Debts");
- (iv) all lists, records and files relating to Debtor's customers, clients and patients;
- (v) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (vi) all contractual rights and insurance claims;
- (vii) all patents, industrial designs, trade-marks, trade secrets and know-how including without limitation environmental technology and biotechnology, confidential information, trade-names, goodwill, copyrights, personality rights, plant breeders' rights, integrated circuit topographies, software and all other forms of intellectual and industrial property, and any registrations and applications for registration of any of the foregoing (collectively "Intellectual Property"); and
- (viii) all property described in Schedule "C" or any schedule now or hereafter annexed hereto.

(b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest, Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

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(c) The terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Intangible", "Security", "Investment Property", "proceed", "Inventory", "accession", "Money", "Account", "financing statement" and "financing change statement" whenever used herein shall be interpreted pursuant to their respective meanings when used in The Personal Property Security Act of the province referred to in Clause 14(s), as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "P.P.S.A.". Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such within one year of execution of this Security Agreement and the term "Investment Property", if not defined in the P.P.S.A., shall be interpreted according to its meaning in the Personal Property Security Act (Ontario). Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof".

## 2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and performance of any and all obligations, indebtedness and liability of Debtor to RBC (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient, in the event of default, to satisfy all Indebtedness of the Debtor, the Debtor acknowledges and agrees that Debtor shall continue to be liable for any Indebtedness remaining outstanding and RBC shall be entitled to pursue full payment thereof.

## 3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant that:

(a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, liens, claims, charges, licenses, leases, infringements by third parties, encumbrances or other adverse claims or interests (hereinafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption;

(b) all Intellectual Property applications and registrations are valid and in good standing and Debtor is the owner of the applications and registrations;

(c) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"), and the amount represented by Debtor to RBC from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defence, set off, claim or counterclaim against Debtor which can be asserted against RBC, whether in any proceeding to enforce Collateral or otherwise;

(d) the locations specified in Schedule "B" as to business operations and records are accurate and complete and with respect to Goods (including Inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete save for Goods in transit to such locations and Inventory on lease or consignment; and all fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations; and

(e) the execution, delivery and performance of the obligations under this Security Agreement and the creation of any security interest in or assignment hereunder of Debtor's rights in the Collateral to RBC will not result in a breach of any agreement to which Debtor is a party.

## 4. COVENANTS OF THE DEBTOR

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So long as this Security Agreement remains in effect Debtor covenants and agrees:

(a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to diligently initiate and prosecute legal action against all infringers of Debtor's rights in Intellectual Property; to take all reasonable action to keep the Collateral free from all Encumbrances, except for the Security Interest, licenses which are compulsory under federal or provincial legislation and those shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption, and not to sell, exchange, transfer, assign, lease, license or otherwise dispose of Collateral or any interest therein without the prior written consent of RBC; provided always that, until default, Debtor may, in the ordinary course of Debtor's business, sell or lease Inventory and, subject to Clause 7 hereof, use Money available to Debtor;

(b) to notify RBC promptly of:

- (i) any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral,
- (ii) the details of any significant acquisition of Collateral,
- (iii) the details of any claims or litigation affecting Debtor or Collateral,
- (iv) any loss or damage to Collateral,
- (v) any default by any Account Debtor in payment or other performance of its obligations with respect to Collateral, and
- (vi) the return to or repossession by Debtor of Collateral;

(c) to keep Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance; to keep all agreements, registrations and applications relating to Intellectual Property and intellectual property used by Debtor in its business in good standing and to renew all agreements and registrations as may be necessary or desirable to protect Intellectual Property, unless otherwise agreed in writing by RBC; to apply to register all existing and future copyrights, trade-marks, patents, integrated circuit topographies and industrial designs whenever it is commercially reasonable to do so;

(d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by RBC of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;

(e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;

(f) to insure collateral in such amounts and against such risks as would customarily be insured by a prudent owner of similar Collateral and in such additional amounts and against such additional risks as RBC may from time to time direct, with loss payable to RBC and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor and deliver copies of policies and evidence of renewal to RBC on request;

(g) to prevent Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;

(h) to carry on and conduct the business of Debtor in a proper and efficient manner and so as to protect and preserve Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at RBC's request so as to indicate the Security Interest;

(i) to deliver to RBC from time to time promptly upon request:

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- (i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral,
- (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same,
- (iii) all financial statements prepared by or for Debtor regarding Debtor's business,
- (iv) all policies and certificates of insurance relating to Collateral, and
- (v) such information concerning Collateral, the Debtor and Debtor's business and affairs as RBC may reasonably request.

## 5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that RBC shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner RBC may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as RBC may reasonably request in connection therewith and for such purpose to grant to RBC or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

## 6. SECURITIES, INVESTMENT PROPERTY

If Collateral at any time includes Securities, Debtor authorizes RBC to transfer the same or any part thereof into its own name or that of its nominee(s) so that RBC or its nominee(s) may appear of record as the sole owner thereof; provided that, until default, RBC shall deliver promptly to Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, Debtor waives all rights to receive any notices or communications received by RBC or its nominee(s) as such registered owner and agrees that no proxy issued by RBC to Debtor or its order as aforesaid shall thereafter be effective.

Where any Investment Property is held in or credited to an account that has been established with a securities intermediary, RBC may, at any time after default, give a notice of exclusive control to any such securities intermediary with respect to such Investment Property.

## 7. COLLECTION OF DEBTS

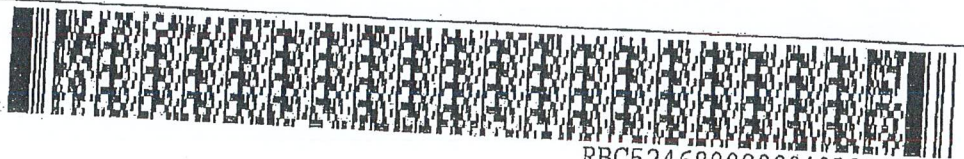
Before or after default under this Security Agreement, RBC may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to RBC. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement, shall be received and held by Debtor in trust for RBC and shall be turned over to RBC upon request.

## 8. INCOME FROM AND INTEREST ON COLLATERAL

(a) Until default, Debtor reserves the right to receive any Money constituting income from or interest on Collateral and if RBC receives any such Money prior to default, RBC shall either credit the same against the Indebtedness or pay the same promptly to Debtor.

(b) After default, Debtor will not request or receive any Money constituting income from or interest on Collateral and if

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Debtor receives any such Money without any request by it, Debtor will pay the same promptly to RBC.

## 9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS

(a) Whether or not default has occurred, Debtor authorizes RBC:

- (i) to receive any increase in or profits on Collateral (other than Money) and to hold the same as part of Collateral. Money so received shall be treated as income for the purposes of Clause 8 hereof and dealt with accordingly;
- (ii) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor and to hold any such payment or distribution as part of Collateral.

(b) If Debtor receives any such increase or profits (other than Money) or payments or distributions, Debtor will deliver the same promptly to RBC to be held by RBC as herein provided.

## 10. DISPOSITION OF MONEY

Subject to any applicable requirements of the P.P.S.A., all Money collected or received by RBC pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as RBC deems best or, at the option of RBC, may be held unappropriate in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of RBC hereunder, and any surplus shall be accounted for as required by law.

## 11. EVENTS OF DEFAULT

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

(a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between Debtor and RBC;

(b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if an individual;

(c) the bankruptcy or insolvency of Debtor; the filing against Debtor of a petition in bankruptcy; the making of an assignment for the benefit of creditors by Debtor; the appointment of a receiver or trustee for Debtor or for any assets of Debtor or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise;

(d) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;

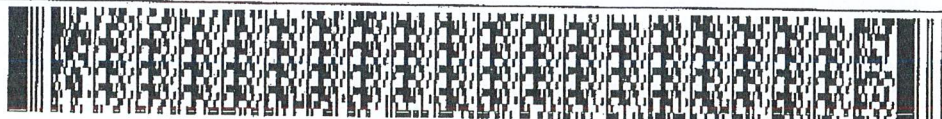
(e) if any Encumbrance affecting Collateral becomes enforceable against Collateral;

(f) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets without complying with applicable law or commits or threatens to commit an act of bankruptcy;

(g) if any execution, sequestration, extent or other process of any court becomes enforceable against Debtor or if distress or analogous process is levied upon the assets of Debtor or any part thereof;

(h) if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement, or otherwise (including, without limitation, the

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representations and warranties contained herein) or as an inducement to RBC to extend any credit to or to enter into this or any other agreement with Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to RBC at or prior to the time of such execution.

## 12. ACCELERATION

RBC, in its sole discretion, may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or if RBC considers itself insecure or that the Collateral is in jeopardy. The provisions of this clause are not intended in any way to affect any rights of RBC with respect to any Indebtedness which may now or hereafter be payable on demand.

## 13. REMEDIES

(a) Upon default, RBC may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of RBC or not, to be a receiver or receivers (hereinafter called a "Receiver"; which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his/her stead. Any such Receiver shall, so far as concerns responsibility for his/her acts, be deemed the agent of Debtor and not RBC, and RBC shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver, his/her servants, agents or employees. Subject to the provisions of the instrument appointing him/her, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Debtor and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Debtor, enter upon, use and occupy all premises owned or occupied by Debtor wherein Collateral may be situated, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable the Receiver to carry on Debtor's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by RBC, all Money received from time to time by such Receiver in carrying out his/her appointment shall be received in trust for and paid over to RBC. Every such Receiver may, in the discretion of RBC, be vested with all or any of the rights and powers of RBC.

(b) Upon default, RBC may, either directly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of the foregoing sub-clause (a).

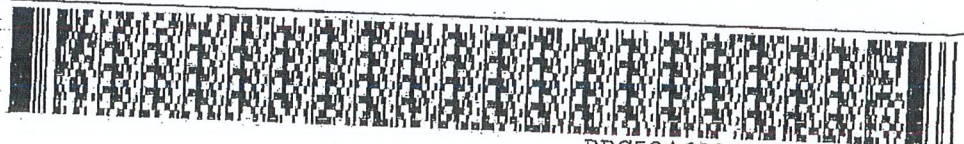
(c) RBC may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, RBC may sell, license, lease or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to RBC may seem reasonable.

(d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and RBC and in addition to any other rights RBC may have at law or in equity, RBC shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. Provided always, that RBC shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease, license or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, RBC shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper whether Collateral or proceeds and whether or not in RBC's possession and shall not be liable or accountable for failure to do so.

(e) Debtor acknowledges that RBC or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Debtor agrees upon request from RBC or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.

(f) Debtor agrees to be liable for and to pay all costs, charges and expenses reasonably incurred by RBC or any

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Receiver appointed by it, whether directly or for services rendered (including reasonable solicitors and auditors costs and other legal expenses and Receiver remuneration), in operating Debtor's accounts, in preparing or enforcing this Security Agreement, taking and maintaining custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting Indebtedness and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by RBC or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

(g) RBC will give Debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as may be required by the P.P.S.A..

(h) Upon default and receiving written demand from RBC, Debtor shall take such further action as may be necessary to evidence and effect an assignment or licensing of Intellectual Property to whomever RBC directs, including to RBC. Debtor appoints any officer or director or branch manager of RBC upon default to be its attorney in accordance with applicable legislation with full power of substitution and to do on Debtor's behalf anything that is required to assign, license or transfer, and to record any assignment, licence or transfer of the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

## 14. MISCELLANEOUS

(a) Debtor hereby authorizes RBC to file such financing statements, financing change statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on and Collateral and records relating thereto are situate) as RBC may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of the herein mentioned branch of RBC the true and lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.

(b) Without limiting any other right of RBC, whenever Indebtedness is immediately due and payable or RBC has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), RBC may, in its sole discretion, set off against Indebtedness any and all amounts then owed to Debtor by RBC in any capacity, whether or not due, and RBC shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on RBC's records subsequent thereto.

(c) Upon Debtor's failure to perform any of its duties hereunder, RBC may, but shall not be obligated to, perform any or all of such duties, and Debtor shall pay to RBC, forthwith upon written demand therefor, an amount equal to the expense incurred by RBC in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 15% per annum.

(d) RBC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as RBC may see fit without prejudice to the liability of Debtor or RBC's right to hold and realize the Security Interest. Furthermore, RBC may demand, collect and sue on Collateral in either Debtor's or RBC's name, at RBC's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other Instruments pertaining to or constituting Collateral.

(e) No delay or omission by RBC in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, RBC may remedy any default by Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of RBC granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(f) Debtor waives protest of any Instrument constituting Collateral at any time held by RBC on which Debtor is in any way liable and, subject to Clause 13(g) hereof, notice of any other action taken by RBC.

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(g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against RBC. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several.

(h) RBC may provide any financial and other information it has about Debtor, the Security Interest and the Collateral to any one acquiring or who may acquire an interest in the Security Interest or the Collateral from the Bank or any one acting on behalf of the Bank.

(i) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

(j) Subject to the requirements of Clauses 13(g) and 14(k) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given, in the case of RBC, if delivered to it or sent by prepaid registered mail addressed to it at its address herein set forth or as changed pursuant hereto, and, in the case of Debtor, if delivered to it or if sent by prepaid registered mail addressed to it at its last address known to RBC. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.

(k) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by RBC and is intended to be a continuing Security Agreement and shall remain in full force and effect until the Manager or Acting Manager from time to time of the herein mentioned branch of RBC shall actually receive written notice of its discontinuance; and, notwithstanding such notice, shall remain in full force and effect thereafter until all Indebtedness contracted for or created before the receipt of such notice by RBC, and any extensions or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.

(l) The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

(m) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

(n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

(o) Nothing herein contained shall in any way obligate RBC to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.

(p) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to RBC.

(q) Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby

(i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company, and

(ii) shall secure the "Indebtedness" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to RBC at the time of amalgamation and any "Indebtedness" of the amalgamated company to

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RBC thereafter arising. The Security Interest shall attach to "Collateral" owned by each company amalgamating with Debtor, and by the amalgamated company, at the time of the amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

(r) In the event that Debtor is a body corporate, it is hereby agreed that The Limitation of Civil Rights Act of the Province of Saskatchewan, or any provision thereof, shall have no application to this Security Agreement or any agreement or instrument renewing or extending or collateral to this Security Agreement. In the event that Debtor is an agricultural corporation within the meaning of The Saskatchewan Farm Security Act, Debtor agrees with RBC that all of Part IV (other than Section 46) of that Act shall not apply to Debtor.

(s) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the province in which the herein branch of RBC is located, as those laws may from time to time be in effect, except if such branch of RBC is located in Quebec then, this Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

**15. COPY OF AGREEMENT**

(a) Debtor hereby acknowledges receipt of a copy of this Security Agreement.

(b) Debtor waives Debtor's right to receive a copy of any financing statement or financing change statement registered by RBC or of any verification statement with respect to any financing statement or financing change statement registered by RBC. (Applies in all P.P.S.A. Provinces except Ontario).

**16.** Debtor represents and warrants that the following information is accurate:

**BUSINESS DEBTOR**

NAME OF BUSINESS DEBTOR SLE-CO PLASTICS INC.			
ADDRESS OF BUSINESS DEBTOR 1425 CREAMERY RD	CITY LONDON	PROVINCE ONTARIO	POSTAL CODE N5V5B3

IN WITNESS WHEREOF Debtor has executed this Security Agreement this 7 day APRIL, 2015

SLE-CO PLASTICS INC.

WITNESSES \_\_\_\_\_



WITNESSES \_\_\_\_\_



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**SCHEDULE "A"**

**(ENCUMBRANCES AFFECTING COLLATERAL)**

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## SCHEDULE "B"

### 1. Locations of Debtor's Business Operations

1425 CREAMERY RD,  
LONDON  
ONTARIO  
CA  
N5V5B3

### 2. Locations of Records relating to Collateral

1425 CREAMERY RD,  
LONDON  
ONTARIO  
CA  
N5V5B3

### 3. Locations of Collateral

1425 CREAMERY RD,  
LONDON  
ONTARIO  
CA  
N5V5B3

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**SCHEDULE "C"**  
**(DESCRIPTION OF PROPERTY)**

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# EXHIBIT "H"



This lease agreement (the "Lease Agreement") made as of the 20th day of July, 2015 between

ROYAL BANK OF CANADA ("Lessor")

and

Sie-Co Plastics Inc. ("Lessee")

Address:

5575 North Service Rd,  
Suite 300,  
Burlington, Ontario  
L7L 6M1

Address:

1425 Creamery Rd.  
London, Ontario  
N5V 5B3

Lessor and Lessee agree as follows:

**1. Leasing of Equipment**

- 1.1 Lessor may, from time to time, at its option, on the request of Lessee, acquire equipment for leasing to the Lessee ("Equipment"), pursuant to the terms of this Lease Agreement and the relevant supplemental agreement ("Leasing Schedule").
- 1.2 Neither the Lessor, nor the Lessee on behalf of Lessor, will order or acquire any Equipment unless Lessee has executed such documents and agreements as Lessor may require. Lessee will advise Lessor promptly of any Equipment ordered or acquired by Lessee on behalf of Lessor pursuant to this Lease Agreement.
- 1.3 Lessee will provide Lessor with a copy of the Invoice for each item of Equipment to be purchased pursuant to this Lease Agreement, addressed to Lessor. A Leasing Schedule for that Equipment shall be entered into before payment is made for the Equipment.
- 1.4 Lessee shall conduct such acceptance testing of any Equipment to be purchased pursuant to this Lease Agreement as may be appropriate in the circumstances, and promptly upon successful completion of that acceptance testing shall sign the relevant Leasing Schedule for the Equipment, and return one executed Leasing Schedule to the Lessor.
- 1.5 Lessor shall have no responsibility under any purchase order or any purchase or license agreement or any Leasing Schedule if Lessee does not accept the Equipment and sign and deliver to Lessor the Leasing Schedule(s) and acceptance certificate for that Equipment. Any agreement with the seller of the Equipment will include a provision to this effect.
- 1.6 Each Leasing Schedule shall constitute a separate Lease of the Equipment described in the Leasing Schedule but incorporating the terms of this Lease Agreement. In the event of a conflict between the terms of this Lease Agreement and any Leasing Schedule with respect to any Lease, the terms of the Leasing Schedule shall govern.
- 1.7 Terms not otherwise defined herein shall have the same meaning ascribed under the Leasing Schedule.

**2. Payment of Equipment Cost**

- 2.1 Lessor will pay the agreed cost to be funded by Lessor for the Equipment acquired pursuant to this Lease Agreement on the later of: (i) the due date for payment, and (ii) delivery of the signed Leasing Schedule.

**3. Rental**

- 3.1 Lessee shall pay to Lessor the rental payable, as set out in the Leasing Schedule. The first installment is payable on the Commencement Date of the Term and the last of such installments is payable on the Termination Date of Term, all as shown on the relevant Leasing Schedule.

**4. Rent Payment**

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- 4.1 The Total Rental Installments shall be paid at the office of Lessor, at the address set out on page 1 of this Lease Agreement, or at such other place in Canada as Lessor may from time to time designate by notice.

**5. Ownership**

- 5.1 Title to, ownership of, and property in, the Equipment shall at all times be and remain solely and exclusively in the Lessor, subject only to the rights of Lessee to use the Equipment pursuant to the provisions of this Lease, and to purchase the same pursuant to any option granted in the relevant Leasing Schedule.

**6. Personal Property**

- 6.1 Notwithstanding any purposes for which the Equipment may be used or that it may become in any manner affixed or attached to or embedded in or permanently rested upon land or any structure thereon, it shall remain moveable personal property, and subject to all of the rights of Lessor under the Lease to which it is subject.
- 6.2 Lessee agrees to use all reasonable commercial efforts to obtain a waiver, if required by and in a form satisfactory to Lessor, from any landlord, mortgagee, hypothecary creditor or other encumbrancers or any person having any interest in the land or structure referred to in Section 6.1 hereof consenting to this Lease Agreement and any relevant Leasing Schedule, and to the exercise by Lessor of its rights thereunder and hereunder and declaring that such encumbrances do not affect the Equipment.
- 6.3 Solely for the purpose of, and to the extent reasonably necessary to protect the interest of the Lessor as to its title and first priority interest in the Equipment, and without election or admission that this Agreement or any Leasing Schedule is a finance lease, the Lessee grants a security interest in any interest of the Lessee in the Equipment to the Lessor.

**7. Licence**

- 7.1 Lessee agrees that Lessor:
  - (a) may at any time and from time to time, if an Event of Default (s.18) has occurred and is continuing, enter upon any lands and premises where any Equipment is located with all such force as may be reasonably required, to dismantle, detach and remove the Equipment or render it unusable;
  - (b) shall not be liable for any damage done to those lands or premises in exercising those rights, save only such damage as may be caused by the gross negligence or willful act of Lessor or its agents or servants; and
  - (c) may, at its election, register, by way of caveat or otherwise, against those lands and premises of its rights under the Lease.

**8. Exclusion of Warranties**

- 8.1 Lessee acknowledges that the Equipment will be personally chosen and selected by Lessee and that it will be of a make,

size, design and capacity specified by Lessee for the purpose intended by Lessee.

- 8.2 Lessee confirms that Lessor does not make or give any representation or warranty, express or implied, as to the Equipment, its condition, fitness or suitability for any particular use intended by Lessee.
- 8.3 Lessee shall bear the risk of any theft, loss or destruction of or damage to any item of Equipment. Lessee acknowledges that none of these events will in any way affect its obligations, which will continue in full force and effect, except to the extent of any proceeds of any insurance maintained by Lessee that are actually received by Lessor.
- 8.4 Lessee shall not exert or claim against Lessor any defense, write-off, set-off, claim or counterclaim to which Lessee may be entitled against the supplier(s), and no such right shall affect the Lessor's obligations.

#### 9. Maintenance and Use

9.1 Lessee will, at its own expense:

- (a) keep the Equipment in good operating condition and repair including, without limitation, the repair of any damage to the Equipment, whatever the cost, except for the repair of ordinary wear and tear, provided that Lessee will repair ordinary wear and tear if such repair is required to maintain the Equipment in good operating condition and repair; and
- (b) comply in all respects with all recommendations, or requirements of the supplier(s) or manufacturer(s) regarding the Equipment, as may be necessary to preserve all warranties.
- 9.2 Any parts or anything else that are, as part of Lessee's maintenance and repair of the Equipment, placed in or upon the Equipment shall form part of the Equipment, become property of the Lessor, and be free of all adverse claims.

#### 10. Inspection

10.1 Lessor and its agents shall have the right to inspect the Equipment at any reasonable time upon reasonable notice to Lessee, and Lessee shall afford all reasonable facilities required by the Lessor or its agents for the purpose of inspection, and for that purpose may enter any premises where the Equipment is located.

#### 11. Insurance

11.1 As and from the earlier of the date upon which Lessor acquires ownership of, or title to, the Equipment or the date upon which Lessee takes possession or control of the Equipment, and thereafter throughout the term of each relevant Leasing Schedule, Lessee shall, at its sole expense:

- (a) place and maintain all risks property insurance on the Equipment, in amounts satisfactory to Lessor, consistent with Lessee's normal and usual practice for insuring equipment of the same general classification. This property damage insurance shall specifically state by its wording or by endorsement that it:
- i) includes Lessor (as owner) as an additional named Insured,
  - ii) includes a loss payable clause in favour of Lessor,
  - iii) includes a waiver of subrogation clause in favour of Lessor;
- (b) place and maintain comprehensive general liability insurance, and automobile liability insurance in the case of leased licensed motor vehicles, with limits of liability satisfactory to Lessor for injury to or death of any one or more persons or damage to property. Said insurance shall specifically state by its wording or by endorsement that it:
- i) extends to cover the liabilities of the Lessee from the use or possession of the Equipment,
  - ii) includes Lessor as an additional named Insured, and

- iii) includes a cross liability provision that the policy shall insure each person, firm or corporation insured thereunder in the same manner and to the same extent as if a separate policy had been issued to each, but the inclusion therein of more than one insured shall not operate to increase the limits of the Insurers' liability.

11.2 Lessee shall supply Lessor with a certificate of insurance or other evidence satisfactory to Lessor evidencing the foregoing coverage and evidence of its renewal or replacement from time to time, so long as any Leasing Schedule remains in force and effect.

#### 12. Taxes

12.1 Lessee shall pay punctually all sales taxes, licence fees, business taxes, levies and assessments of every nature and kind whatsoever which be or become payable at any time or from time to time upon, or in respect of, the Equipment, and any payments to be made under this Lease Agreement or any Leasing Schedule, except for income taxes payable by Lessor.

#### 13. Adverse Claims

13.1 Lessee shall keep the Equipment free and clear of all adverse claims. Lessee may contest any adverse claim provided that Lessee:

- a) gives Lessor notice of the adverse claim;
- b) provides Lessor with an indemnity and collateral security, both satisfactory to Lessor; and
- c) contests the adverse claim with all due dispatch.

#### 14. Laws and Regulations

14.1 Lessee shall comply with all laws, by-laws and regulations relating to the ownership, possession, operation and maintenance of the Equipment including, without limiting the generality of the foregoing, laws, by-laws or regulations dealing with the protection of the environment, health and safety. Lessee will obtain and maintain all necessary licenses, permits and permissions required for the use of the Equipment.

#### 15. Alterations

15.1 All alterations, additions or improvements made by Lessee to the Equipment shall be at Lessee's expense and shall belong to and become the property of Lessor and be subject to all the provisions of this Leasing Agreement and the relevant Leasing Schedule.

#### 16. Loss of Equipment

16.1 Lessee shall bear the risks of (i) any total loss, or loss that amounts, in the sole opinion of the Lessor, to a total loss of the Equipment through theft, damage, destruction, or even by superior force and (ii) any expropriation or other compulsory taking or use of the Equipment by any government or other authority ("Loss of Equipment"). If a Loss of Equipment occurs, Lessee shall pay to Lessor an amount calculated by discounting the aggregate amount of all Rental Instalments, including the Purchase Option amount, if any, specified under the applicable Leasing Schedule which were to be paid during the remainder of the Term, using an assumed rate equal to the lesser of:

- i) five percent (5%);
- ii) the bond rate at the date, for the equivalent term to maturity, of the applicable Leasing Schedule; and
- iii) the bond rate at the date of the discount calculation for a term equivalent to the remaining term of such Leasing Schedule (with, in the case of (ii) and (iii), Canadian dollar obligations being benchmarked against bonds issued by the Government of Canada and U.S. dollar obligations being benchmarked against bonds issued by the Government of the United States of America).

16.2 Upon such payment, Lessor shall convey on an "as is", "where is" basis, subject to the rights of the insurer, all its right, title and interest in the Equipment and any claim for proceeds of loss of equipment, in which case the Lease shall terminate with respect to that Equipment, and no further rental payment shall be payable thereafter with respect to that Equipment. All Federal and Provincial sales or transfer taxes, licence fees and similar assessments connected with the transfer of Lessor's right, title and interest to the Equipment to Lessee shall be paid by Lessee.

#### 17. Lessee's Acknowledgements - Foreseeable Damages

17.1 Lessee hereby acknowledges that Lessor:

- (a) has or will acquire the Equipment at the request and direction of Lessee and for the purpose of leasing same to Lessee under a Leasing Schedule; and
- (b) intends to treat the lease of Equipment to the Lessee as a true lease and to claim over the term of the lease all available tax benefits.

Lessee acknowledges that if an Event of Default occurs, Lessor's return on its investment may be adversely affected. In that case Lessor may, in addition to its immediate loss of interest on its investments, sustain and claim from Lessee other foreseeable damages which cannot be quantified on the date of execution of this Lease Agreement or any Leasing Schedule. Those damages may include, without limitation, loss of fiscal benefits for the remainder of the term of any lease of any Equipment or increased tax liabilities or both, unanticipated increased administrative costs, amortized but unrecovered setup costs, fees and disbursements as well as additional or increased monetary liabilities towards any third party lender, under or by reason of such Event of Default and the premature termination of the lease of any Equipment and the funding thereof.

#### 18. Events of Default

18.1 Any of the following is an "Event of Default":

- (a) Failure by Lessee to pay any Total Rental Installment or other amount pursuant to any Leasing Schedule.
- (b) Failure by Lessee to perform any of its obligations under Sections 11 or 14 of this Lease.
- (c) Failure of Lessee to perform any of its other obligations within 15 days of notice from Lessor as to the failure and requiring it to be rectified.
- (d) The bankruptcy or insolvency of Lessee, the filing against Lessee of a petition in bankruptcy, the making of an authorized assignment for the benefit of creditors by Lessee, the appointment of a receiver or trustee for Lessee or for any assets of Lessee or the institution by or against Lessee of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise, or the institution by or against Lessee of any formal or informal proceedings for the dissolution or liquidation of, settlement of, claim against or winding up of affairs of Lessee.
- (e) The amalgamation of Lessee with another corporation or corporations, or continuation of Lessee under a statute other than the statute under which it exists at the date of execution of this Lease Agreement.
- (f) If any adverse claim becomes enforceable against Lessee affecting or against any Equipment.
- (g) Failure of the Lessee to perform any obligation it may have under any agreement with Royal Bank of Canada or any of its subsidiaries.
- (h) A change that is, in the opinion of Lessor, a material adverse change in the business, financial condition or ownership of Lessee or Equipment.

#### 19. Lessor's Remedies on Default

19.1 If an Event of Default occurs, Lessor may, without notice to Lessee, take possession of all Equipment, and for that purpose may enter any premises where any of the Equipment is located. Lessor may sell, lease or otherwise dispose of Equipment for such consideration and upon such terms and conditions as it considers reasonable. This includes, without limitation, the right in the name of and as the irrevocably appointed agent and attorney of Lessee, to lease any item of the Equipment to any other person on such terms and conditions, for such rental and for such period of time as Lessor may deem reasonable, without terminating or being deemed to have terminated the relevant Leasing Schedule, and to receive that rental and to deduct and apply it against any amount owing by Lessee to Lessor under the Lease. All of these rights are without prejudice to Lessor's other rights and recourses against Lessee, at law or in equity.

19.2 If an Event of Default occurs, then whether or not Lessor has taken possession of any Equipment, Lessee shall pay to Lessor on demand an amount determined as follows:

- a) an amount calculated by discounting the present value to amount of all Rental Installments, including the Final or Option amount, if any, specified under the applicable Leasing Schedule which were to be paid during the remainder of the Term, using an assumed rate of interest to the lesser of:
  - i) five percent (5%);
  - ii) the bond rate at the date, for the equivalent term to maturity, of the applicable Leasing Schedule; or
  - iii) the bond rate at the date of the discounting, for a term equivalent to the remaining term of the Leasing Schedule (with, in the case of Canadian dollar obligations being discounted against bonds issued by the Government of Canada and U.S. dollar obligations being discounted against bonds issued by the Government of the United States of America); plus
- b) the amount of any damages described in Section 17.1 suffered or sustained by Lessor and not recovered pursuant to Section 19.2 (a); plus
- c) the amount of any Total Rental Installments or Interim rental due as of the date of Event of Default and unpaid, and any other amount due on Equipment not repaid under the Lease; plus
- d) any cost of disposition of the Equipment; less
- e) the amount of any security deposits under the Leasing Schedule and any proceeds of the disposition of the Equipment actually received by Lessor.

19.3 If Lessor has leased Equipment pursuant to its Leasing Schedule for this Section 19 it may demand payment under Section 19.2, and account to Lessee for the proceeds of the sale of the Equipment when Lessor receives them.

19.4 If Lessor has not taken possession of the Equipment and Lessee pays Lessor the amount determined under Section 19.2 hereof, then Lessor will convey all of its right, title and interest in all Equipment to Lessee, on the terms and conditions 21.5 and 21.6 hereof

#### 20. Lessor's Option to Terminate

20.1 Lessee agrees that neither this Lease Agreement nor any Leasing Schedule, nor any interest therein or any Equipment, shall be assignable or transferable by operation of law and it is agreed and covenanted by and between the parties hereto that if any Event of Default occurs or happens, then this Lease Agreement and any applicable Leasing Schedules shall, at the option of the Lessor to be exercised by notice hereunder, immediately end and be terminated

neither this Lease Agreement nor any Leasing Schedule or any interest therein shall be an asset of Lessee after the exercise of that option; provided that no such termination shall terminate or affect any right or remedy which shall have arisen under the Lease prior to such termination.

**21. Option to Purchase**

21.1 If there is no Event of Default, Lessor hereby grants to Lessee an option to purchase whatever title Lessor may have to the Equipment for the purchase price and at the time or times set forth in the relevant Leasing Schedule.

21.2 This option to purchase may be exercised by Lessee by giving to Lessor notice of Lessee's intention to exercise such option, at least thirty (30) days prior to the date of intended purchase, describing the Equipment with respect to which such option is being exercised.

21.3 The intended purchase and sale shall be concluded on a date specified in the said notice falling on or after, the date stated in the relevant Leasing Schedule, but in any event not later than the termination date of the term pertaining to the Equipment being purchased.

21.4 Upon the exercise of this option, there shall be a binding agreement for the sale and purchase of the Equipment described in the notice on the terms and conditions provided herein. The purchase price shall be paid to Lessor at the time of the conclusion of the sale.

21.5 Upon this purchase, Lessor shall sell the Equipment so purchased free and clear of all interests of Lessor under this Lease Agreement and any Leasing Schedule and thereupon this Lease shall terminate with respect to the Equipment so purchased. The sale shall be on an "as-is where-is" basis and be without representation or warranty by Lessor except that it has the right to sell the Equipment to Lessee and that it has not given any security interest in the Equipment to any third party.

21.6 Lessee shall bear the cost of any taxes, licence or registration fees or other assessments or charges imposed on, or connected with, the transfer of title to and ownership of the Equipment.

**22. Remedying Defaults**

22.1 If Lessee shall fail to perform or comply with any of its obligations under this Lease Agreement or any Leasing Schedule, Lessor at its discretion may do all such acts and make all such disbursements as may be necessary to cure the default and any costs incurred or disbursements made by Lessor incurring any such default shall be payable by Lessee on demand.

**23. Indemnification**

23.1 Lessee will indemnify Lessor and save Lessor harmless from and against all loss, costs, damage or expense of every nature and kind whatsoever sustained or suffered by Lessor, or for which the Lessor may be or become liable, resulting from:

- (a) the execution of the Lease Agreement or any Leasing Schedule by Lessor or the purchase or ownership by Lessor of the Equipment;
- (b) the non-acceptance by Lessee or the failure, refusal or neglect of Lessee to accept the Equipment;
- (c) the moving, delivery, maintenance, repair, use, operation or possession of the Equipment by Lessee or the ownership thereof or other rights held therein by Lessor; or
- (d) the failure of Lessee to comply with any of its obligations under the Lease Agreement or a Leasing Schedule; unless caused by the act or neglect of Lessor, its servants or agents.

**24. Assignment of Warranties**

© Registered trademark of Royal Bank of Canada

24.1 Lessor hereby assigns to Lessee the benefit of all warranties resulting from the sale entered into with the supplier or its use during the term of the Lease.

**25. Patent Infringement**

25.1 Lessee shall defend and hold Lessor free and harmless from any cost, loss, damage or expense suffered or incurred by Lessor in any suit, proceeding or otherwise brought against the same is based on any claim that the use or operation of the Equipment by Lessee infringes any patent or copyright.

**26. Overdue Payment**

26.1 Any overdue payment shall bear interest at the Royal Bank Prime Interest Rate plus five per cent (5%) per annum calculated monthly whether before or after judgment from the date it is due until paid.

**27. Delivery at Termination**

27.1 Lessee shall on the expiration or sooner termination of any Lease, surrender the Equipment to Lessor at the place in Canada designated by Lessor in good order and condition, ordinary wear and tear excepted.

27.2 In the event that with or without the consent of Lessor, Lessee remains in the possession of or uses the Equipment after the expiration of the term of the Lease, the provisions thereto, all the provisions of the Lease shall apply to Lessee, including the payment of rental and all other obligations required, unless and until the same has been released pursuant to the terms of this section, or Lessee is released from its obligations under the Lease with respect to the Equipment.

**28. Notice**

28.1 Any notice required to be given hereunder shall be in writing and may be personally delivered or sent by first class mail or be forwarded by registered mail. If any such notice is mailed it shall be deemed to have been given to the addressee and received by the party hereto to whom the notice is addressed two business days after the date of mailing thereof by prepaid registered mail addressed to the address set out on page 1 of this Lease Agreement or on the back hereof, or by day if sent by delivery or facsimile.

28.2 Any person to whom a notice is required to be given may from time to time give notice of any change of address and in such event the foregoing addresses shall be deemed to have been changed accordingly.

**29. Assignment and Sub-Letting**

29.1 Lessee will not assign any Lease or sub-let the Equipment without the prior consent in writing of Lessor, which consent shall not be unreasonably withheld. No assignment or sub-letting of any Equipment by Lessee shall release Lessee of its obligations hereunder nor shall it be for a term which extends beyond the term of the Lease Agreement.

**30. Corporate Waiver**

30.1 Lessee waives its right to receive a copy of any financial statement or financing change statement issued by Lessor.

30.2 The Lessee hereby acknowledges that its retention of the Equipment or repossession of the Equipment referred to in this section shall not, by implication of law, extinguish Lessee's indebtedness under any such Lease or other agreement for the use of the Equipment.

**31. Limitation of Civil Rights - Saskatchewan**

31.1 Lessee covenants and agrees with Lessor that the Limitation of Civil Rights Act of the Province of Saskatchewan shall have no application to this Lease Agreement or any Leasing Schedule.

**32. Successors and Assigns**



32.1 The Lease Agreement and each Leasing Schedule shall *entire to the benefit of, and be binding upon Lessor and Lessee, their successor and permitted assigns and the sub-lessees of Lessee.* Lessor shall be at liberty to assign and otherwise deal with its rights under any Lease.

**33. Location of Equipment**

33.1 Lessee shall not part with possession of the Equipment.

33.2 Lessee declares that the Equipment will be located at the "Place of Use" in the relevant Leasing Schedule. If the location changes, Lessee will promptly give to Lessor notice of the new location not later than five (5) days after the change.

**34. Records**

34.1 Lessee shall maintain a record describing each item of Equipment, all changes, replacements, modifications and alterations thereto and the cost thereof. The record described shall be available to Lessor, its representatives or agents for inspection and to copy.

**35. Offset**

35.1 Lessee hereby waives any and all existing and future claims and offsets against any payment due to Lessor hereunder and agrees to pay those amounts due hereunder regardless of any offset or claim which may be asserted by Lessee or on its behalf.

**36. Remedies Cumulative**

36.1 All rights and remedies of Lessor hereunder are cumulative and not alternative and may be exercised by Lessor separately or together, in any order, sequence of combination.

**37. Time**

37.1 Time is of the essence in all respects of the Lease.

**38. Entire Transaction**

38.1 This Lease Agreement and Leasing Schedules represent the entire transaction between the parties hereto relating to the subject matter.

38.2 No agreement purporting to amend or modify this Lease Agreement or any Leasing Schedule or any document, paper or written relating hereto or thereto, or connected herewith or therewith, shall be valid and binding upon the parties hereto unless in writing and signed and accepted in writing by both parties hereto.

**39. No Merger in Judgment**

39.1 The taking of any judgment under this Lease Agreement or any Leasing Schedule shall not operate as a merger of any term, condition or provision hereof or thereof.

**40. Further Assurances/Copy of Agreement**

40.1 Lessee shall give further assurances and do, execute and perform all such acts, deeds, documents and things as may

be reasonably required to enable Lessor to have the full benefit of all rights and remedies intended to be created hereby.

40.2 Lessee acknowledges receipt of a copy of the Lease Agreement.

**41. Proper Law**

41.1 This Lease Agreement and each Leasing Schedule shall be governed, construed and enforced in accordance with the laws of the Province of Ontario.

**42. Currency**

42.1 All sums payable by Lessor to Lessor under this Lease Agreement or any Leasing Schedule hereto shall be in Canadian dollars, unless otherwise specified in the Leasing Schedule.

**43. Language**

43.1 This Lease Agreement and each Leasing Schedule are drawn up in the English language at the request of the parties.  
Le présent contrat de location a été rédigé en français et en anglais à la demande des deux parties.

**44. General**

44.1 Any terms herein defined in the singular number shall have the corresponding meaning when used in the plural.

44.2 Any act or deed required to be observed, performed or done hereunder falling on a Saturday, Sunday or other statutory holiday shall be observed, performed or done on the business day next following but any delay hereof shall not extend to relieve either party from the due performance and fulfillment of its obligations hereunder.

**45. Facsimile Language**

45.1 The Lessor will be entitled to rely on any signature appearing on a facsimile transmission that purports to be that of the Lessee or of a representative of the Lessee, if the signature was not, in fact, signed by the Lessee or its representative. The Lessee will keep the original documents and instructions transmitted to the Lessor by facsimile, and will produce them to the Lessor on request. Lessor and the Lessee agree that a copy of a document transmitted by fax shall be admissible as evidence of its contents and its execution by the parties in the same manner as an original document, and expressly waives its right to object to its introduction in evidence, including its right to object based on the best evidence rule.

**46. Financial Information**

46.1 Lessee will provide to the Lessor from time to time such information about Lessee and Lessee's business as the Lessor shall reasonably request, including, without limitation, bank and financing ratings, any financial statements prepared by or for Lessee regarding Lessee's business.

In witness whereof the parties hereto have executed this Lease Agreement on the 20th day of July, 2015 over the hands of their respective signing officers duly authorized in that behalf:

Royal Bank of Canada

per \_\_\_\_\_

per \_\_\_\_\_

Sle-Co Plastics Inc.

per \_\_\_\_\_

per \_\_\_\_\_



Progress Payment Agreement  
(PPSA)

THIS AGREEMENT made the 23<sup>rd</sup> day of July 2018

BETWEEN:  
SLE-CO PLASTICS INC. ("Lessee")  
-and-  
ROYAL BANK OF CANADA ("Royal Bank"),

WHEREAS both parties herein confirm arrangements been made concerning the purchase for the purpose of leasing to the Lessee Mold Machine Equipment (hereinafter called the "Equipment") to be installed in 400 South Edgeware Rd., St. Thomas, ON N5P 3Z5.

The Lessee further confirms that they will receive the Equipment on behalf of Royal Bank at location(s) designated by the Lessee prior to June 30, 2019, and that Royal Bank will be required to make partial payments (hereinafter called "Progress Payment Advances") of the purchase price prior to that date to various suppliers.

By executing this agreement, and returning same to us, we mutually agree as follows:

1. The Lessee shall lease the Equipment from Royal Bank on or before June 30, 2019, (hereinafter called the "Expiry Date") under the terms and conditions stated in the Lease Application or Commitment to Lease dated 23<sup>rd</sup> July 2018 and Royal Bank's standard Equipment Lease or Master Lease Agreement (and appropriate Leasing Schedule) as applicable, hereinafter referred to as the "Lease", a copy of which can be provided upon request. Notwithstanding the fact that the Lessee has not taken full possession of the Equipment and has not signed Royal Bank's standard form Equipment Acceptance Notice, all terms and conditions of the Lease, including those pertaining to Events of Default and Lessor's Remedies on Default, shall be applicable to this Agreement and are incorporated herein by reference.
2. Royal Bank will pay up to USD 683,000.00 in respect of the purchase price for the Equipment to the supplier(s), in whole or in part prior to the execution of the Lease.
3. In the event the Lease is not entered into by the Expiry Date, or at such earlier or later date as may be mutually agreed upon, the Lessee shall, at Royal Bank's request purchase the equipment for a purchase price equal to the full amount of money paid to the supplier(s) plus all taxes, installation costs, or otherwise paid, any unpaid Interim Rentals as determined in paragraph (4) hereunder and at the Bank's discretion a cancellation fee not to exceed USD 2,500.00 plus applicable taxes (hereinafter called the "Purchase Price"). Such payment shall be deemed due and payable within 10 business days of the Expiry Date, unless otherwise mutually agreed to by both parties in writing. Upon payment in full of the Purchase Price Royal Bank will transfer whatever right or title Royal Bank may have therein. The transfer of Royal Bank's rights or interest in, or title to, said Equipment will be without warranty of any kind on our part.
4. On the last day of every month, until the day on which the Lease takes effect, the Lessee shall pay to Royal Bank an Interim Rental, plus applicable taxes, on all monies paid out by Royal Bank to suppliers to that day. Such Interim Rent shall be based on Royal Bank's Interim Rental Rate "IRR", which fluctuates from time to time based on Royal Bank Prime plus 1%, and is calculated using to the undemoted formula:

$$\text{Progress Payment Advances} \times (\text{IRR}/100) \div 365$$

and by multiplying the result thereof by the number of days from and including the day on which payment is made, to and including the last day of the month.

5. The Lessee shall use and preserve the Equipment in a careful and proper manner, and shall cause the Equipment to be operated by competent operators only.
6. The Lessee shall be liable to maintain the Equipment in the same condition in which it was received, normal and responsible wear and tear excepted, and shall bear all costs of operation including all necessary repairs, maintenance and replacements.

- 7. The Lessee shall, while this Agreement is in effect, at its sole expense place and maintain insurance, in a form, acceptable to Royal Bank and shall provide evidence of such insurance as requested from time to time.
- 8. The Lessee shall pay an initial set-up fee of \$0.00 upon the execution of this Agreement and a further fee of \$0.00 payable monthly for the management and administration of this Agreement. The Lessee further authorizes Royal Bank to debit the Lessee's account for the purposes of paying aforementioned fees, together with any Interim Rentals due under Paragraph 4 of this Agreement. Details of the Account upon which the Royal Bank is authorized to debit are indicated below and a specimen cheque for the account marked "Void" is attached to this Agreement.

Name of Financial Institution & Number: RBC 003  
 Branch Address City, Province:  
 Transit # 02762 Account # 4001467

- 9. The Lessee shall indemnify Royal Bank and save harmless from and against any and all loss, damages, costs, expense, claims and demands, liens and other liabilities of every nature and kind whatsoever that may arise or which Royal Bank may sustain by reason of or in consequence of the payment of the whole or part of the purchase price of the Equipment or the use, possession or operation thereof by the Lessee.
- 10. The Lessee hereby grants to and in favor of Royal Bank a security interest, within the meaning of the Personal Property Security Act, in all its right, title and interest, from time to time, in the Equipment, such security interest to be given as to each and every of the obligations of the Lessee to Royal Bank, and as to the interest of the Lessee in the Equipment, whether the obligations secured, or the interest in the Equipment arises under this Agreement, the Lease Application or Commitment to Lease, the Lease, or otherwise. Royal Bank shall have, as a consequence of the grant of security interest herein, the rights of a secured creditor, under the Personal Property Security Act, and it shall have the right to exercise each and every of such rights, including the right to provide notice, and seek to exercise its remedies by way of sale or seizure of the Equipment, forthwith upon default under or pursuant to this Agreement, the Lease Application or Commitment to Lease, the Lease, or any other agreement as between the Lessee and Royal Bank relating to the Equipment. Default under the terms of this Agreement include any failure to enter into the Lease, as required by paragraph 3, or to reacquire the Equipment as required in paragraph 3 of this Agreement. The security interest granted herein is, to the extent title or interest in the Equipment is deemed to be that of the Lessee, a purchase money security interest, the acquisition by Royal Bank being an acquisition of Equipment for the purposes of lease to Lessee. Royal Bank hereby reserves all right, title, and interest in and to the Equipment, on the terms and conditions as provided in the Lease.
- 11. Royal Bank will be entitled to rely on any signature appearing on a facsimile transmission that purports to be a signature of the Lessee or of a representative of the Lessee as being authorized, valid and binding on the Lessee, even if the signature was not, in fact, signed by the Lessee or its representative. The Lessee will keep the originals of all documents and instructions transmitted to Royal Bank by facsimile, including the application for this Progress Payment Agreement if it was previously transmitted by facsimile to Royal Bank, and will produce them to Royal Bank upon request. Royal Bank and the Lessee agree that a copy of a document transmitted by fax shall be admissible as evidence of its contents and its execution by the parties in the same manner as an original document, and expressly waive any right to object to its introduction in evidence, including any right to object based on the best evidence rule.

This Agreement does not constitute a lease of the Equipment.

This Agreement shall be binding upon and enure to the benefit of both parties, their respective successors, administrators and assigns.

ROYAL BANK OF CANADA

SLE-CO PLASTICS INC.



\_\_\_\_\_  
 Eugene Basolini  
 Head, Equipment Finance Solution Centre



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

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





Revision (04/16)  
**Commitment to Lease**  
**Lessee No. 524689098**  
**Lease No. 201000041609**  
*Always refer to these numbers*

SLE-CO PLASTICS INC.  
1425 Creamery Rd.  
London, Ontario  
N5V 5B3

Attention: Jeffrey Slegers

Dear Sirs:

Royal Bank of Canada (hereinafter called "Royal Bank") is pleased to confirm that we are prepared to acquire, for the purpose of leasing to your Company, the assets (hereinafter called the "Equipment") as described below, upon the terms and conditions hereinafter set forth.

1. Lessee

SLE-CO PLASTICS INC. (hereinafter called the "Lessee")

2. Lessor

Royal Bank

3. Equipment

Mold Machine Equipment

The Equipment shall remain the property of Royal Bank, and the Lessee shall have no right or interest in the Equipment except as provided in this agreement. The Equipment shall at all times be and remain personal or movable property, regardless of the manner in which it may be attached to any real or immovable property.

4. Net Equipment Cost

The cost of acquisition of the Equipment (the "Net Equipment Cost"), according to your advice, shall not exceed the sum of USD 683,000.00. Any increase in the Net Equipment Cost to be paid by Royal Bank is subject to prior written approval.

5. Timing of Purchase

The Equipment must be purchased by Royal Bank prior to 30<sup>th</sup> June 2019 (hereinafter called the "Expiry Date"). Any extension by Royal Bank of this agreement is subject to prior written approval.

6. Term

The Equipment shall be leased for a term of 60 months.

7. Rental

The rentals shall be based on the 3 Month LIBOR Lease Base Rate being 2.34% ("Index Rate") on July 23, 2018. For any increase or decrease in the Index Rate as of the day prior to execution of

Royal Bank's Leasing Agreement, the rentals will be adjusted upwards or downwards, as the case may be to reflect the new Index Rate.

8. Option to Purchase

The Lessee shall have the right to purchase the Equipment on the dates hereinafter set forth in consideration of the respective purchase price established by applying the respective percentage, or amount where applicable, stated hereunder to the Net Equipment Cost.

<u>Purchase Option Date</u>	<u>Net Equipment Cost</u>
After 60 Rentals have been paid	USD 1.00

9. Insurance

The Lessee shall provide evidence of public liability and property damage insurance coverage in respect of the Equipment with limits of not less than \$ 2,000,000.00 The Equipment must also be insured to its full insurable value against all insurable risks and perils consistent with your usual practice for equipment of the same general classification and furnish evidence to Royal bank prior to the delivery of the equipment and thereafter upon request. Such insurance shall take effect on the date on which Royal Bank assumes responsibility for the Equipment or any part thereof.

10. Documentation and Legal Fees

The Lessee acknowledges that it has reviewed Royal Bank's standard Leasing Agreement(s) and that it is deemed acceptable for use on this transaction. A copy of the standard Leasing Agreement(s) will be provided upon request, if the lessee has not already been provided with one prior to this agreement. All expenses, costs or charges incurred by the Lessor, acting reasonably, for the publication or registration of the Leasing Agreement or other documents related to or connected with this proposed transaction are for your account.

All documents, agreements or writings, including without restriction a Leasing Agreement, in the reasonable opinion of our solicitors required to evidence the lease transaction, shall contain such terms and conditions as may be mutually agreed upon, and shall in all respects be satisfactory to our respective solicitors.

In the event you request changes in the terms and conditions of our standard Leasing Agreement which require us to engage counsel to consider and/or negotiate the details of such changes, then the legal fees thus incurred by us will be for your account.

11. Fees

A fee in the amount of USD 500.00, plus applicable taxes, will be collected upon the execution for the Leasing Agreement.

12. Other Agreements and Appendices

All other agreements held by Royal Bank for the purposes of leasing the Equipment described in paragraph (3) which reference this Commitment to Lease are considered part of this agreement. The undernoted appendices, if shown, also form part of this agreement:

13. General Conditions

The Lessee will personally choose and select the Equipment and Royal Bank shall not, in any respect, be liable or responsible for the quality, adequacy or suitability of the Equipment or for any warranty claims for the maintenance, repair or satisfactory operation of the Equipment.



Furthermore, the Lessor hereby conveys to the Lessee the warranty resulting from the sale entered into with the supplier.

Royal Bank will not become obligated to purchase the Equipment or any part thereof until the Leasing Agreement and all other documents required shall have been executed between us.

14. Royal Bank will be entitled to rely on any signature appearing on a facsimile transmission that purports to be a signature of the Lessee or of a representative of the Lessee as being authorized, valid and binding on the Lessee, even if the signature was not, in fact, signed by the Lessee or its representative. The Lessee will keep the originals of all documents and instructions transmitted to Royal Bank by facsimile and will produce them to Royal Bank upon request. Royal Bank and the Lessee agree that a copy of a document transmitted by fax shall be admissible as evidence of its contents and its execution by the parties in the same manner as an original document, and expressly waive any right to object to its introduction in evidence, including any right to object based on the best evidence rule.

This Commitment to Lease is open for acceptance by the Lessee until 23<sup>rd</sup> August 2018, after which date, unless extended by us in writing, the same shall lapse, become null and void and be of no further force and effect.

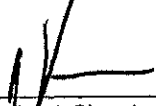
If the foregoing is acceptable to you, please so indicate by executing this agreement and returning a copy to us. Please retain a copy of this agreement for your records and future reference.

We, the undersigned, agree to lease the described Equipment on the above terms and conditions and confirm that we have the authority to sign for on behalf of the Lessee. The Lessee may not assign, cede or otherwise dispose of their rights under this Commitment to Lease and no amendment hereto shall be binding on either of us unless the same is in writing.

*Lessor and Lessee hereby acknowledge that they have required this Agreement and all related documents to be drawn up in the English language. La Banque Royale et le crédit-preneur reconnaissent avoir exigé que la présente demande de crédit-bail et les documents s'y rattachant soient rédigés en anglais.*

Dated on the 23<sup>rd</sup> day of July, 2018.

**SLE-CO PLASTICS INC.**


Per:   
(Authorized Signatory)

Title: PRESIDENT

Per: \_\_\_\_\_  
(Authorized Signatory)

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

**Royal Bank of Canada**

Per:   
Eugene Basolini  
Head, Equipment Finance Solution Centre



## Leasing Schedule

(PPSA - S)

Lessee # 524689098 Lease # 201000022147

Royal Bank of Canada, as Lessor, hereby leases to Sle-Co Plastics Inc. as Lessee, the Equipment hereinafter described, in consideration of rental and for the term hereinafter set forth the whole pursuant to and subject to the terms and conditions set forth in that certain Master Leasing Agreement entered into between the Lessor and the Lessee as of July 20, 2015

1. Equipment	Quantity	Make and Description	Model Number	Serial Number
	2	2015 New Crown LPG-188" lift trucks	C51000-50	9A218057 / 9A218058
	1	2015 Crown Pallet Mover Forks	WP 3035-45	7A279982
	1	2015 Crown Pallet Mover Forks	WP 3035-45	7A279946
	1	2015 Crown Pallet Mover Forks	WP 3035-45	7A279963
	1	2015 Crown Pallet Mover Forks	WP 3035-45	7A279978
	1	2015 Crown Pallet Mover Forks	WP 3035-45	7A280004
<b>2. Term</b>				
		Term (in months)		60
		Commencement Date of Term		July 21, 2015
		Termination Date of Term		July 21, 2020
<b>3. Rental</b>				
		Rental Installment, payable Monthly, in advance		\$1,593.03
		GST/HST, if any		\$207.09
		PST/QST, if any		\$0.00
		Total Monthly Rental Installment		\$1,800.12
		Security Deposit		
		Other Charges		\$565.00
<b>4. Option to Purchase</b>				
		Option to Purchase Date		Purchase Price
		July 20, 2020		\$1.00
<b>5. Place of Use</b>				
		Ontario		
<b>6. Equipment Acceptance Certificate</b>				
	The Lessee hereby certifies that all the equipment identified above in Section (1) of this Leasing Schedule has been received in good condition as ordered and has been assembled, installed, tested, etc., applicable, and is operating in accordance with the manufacturers' specification. Lessee has made or caused to be made all such tests and inspections of the Equipment, as they have reasonably deemed necessary to satisfy themselves as to the foregoing. Without prejudice to the Lessee's rights against manufacturers, suppliers or other, the Lessee hereby releases and discharges the Lessor from any and all actions, causes of actions, claims, demands rights, defences, setoffs, abatements and compensation now or hereinafter arising out of or in relation to the Equipment, or, without limitation, any latent defect therein.			

As provided in the Master Lease Agreement, the Lessor will be entitled to rely on facsimile transmissions from the Lessee.

The Lessee covenants and agrees with the Lessor that the Lessee is not entering into, and will not otherwise direct, administer or operate, this Leasing Schedule for the benefit or on behalf of any Person other than the Lessee. "Person" includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association and any other incorporated or unincorporated entity.

The parties hereto have each executed this Leasing Schedule on the respective dates set forth below and this schedule is deemed to have been executed on the later of such dates. All appendices, if any, attached to this schedule form part of the Leasing Schedule.

ROYAL BANK OF CANADA

Sle-Co Plastics Inc.

per

per

per

\_\_\_\_\_

date

\_\_\_\_\_

date

July 20 - 2015

® Registered trademark of Royal Bank of Canada  
Revised 04/2009



**Rental Statement  
(PPSA)**

**PLEASE REMIT PAYMENT TO:**

Sle-Co Plastics Inc.  
1425 Creamery Rd.  
London, Ontario N5V 5B3

Royal Bank of Canada  
Leasing Division  
5575 North Service Rd, Suite 300,  
Burlington, Ontario  
L7L 6M1

Lease Number	Equipment Cost	Rental Factor
<b>524689098-201000022147</b>	<b>\$86,995.00</b>	<b>0.01831</b>
RENTAL		<b>\$1,593.03</b>
GST/HST NO. R 105 248 165		<b>\$207.09</b>
PST/QST		<b>\$0.00</b>
<b>RENTAL DUE 07/21/2015 AND Monthly THEREAFTER</b>		<b>\$1,800.12</b>

We thank you for this opportunity to provide you with our leasing service.

Rentals will be automatically debited from your account on a monthly basis unless alternative arrangements are made with the bank.

An admin fee of \$500.00 plus applicable taxes will be added to your first rental payment.



## Corporate Payments Service Agreement (Lease Agreement)

CUSTOMER NAME: Sle-Co Plastics Inc.  
 ADDRESS: 1425 Creamery Rd.  
 CITY: London PROVINCE: Ontario POSTAL CODE: N5V 5B3

The purpose of the Corporate Payment Service Agreement between Sle-Co Plastics Inc. ("Payor") and Royal Bank of Canada "Royal Bank" is to facilitate the transfer of funds from the Payor to Royal Bank as payee under the following terms and conditions;

The Payor hereby authorizes Royal Bank to draw on the Payor's business account for the purpose of making lease payments, fees and/or charges as more fully described under Lease Number 524689098 - 20100022147 ("Lease") between Payor and Royal Bank. Debits processed by Royal Bank in paper, electronic or other form, may vary in dollar amount as more fully described on the aforementioned Lease and be processed at any time and from time to time beginning July 21, 2015. The Payor authorizes Royal Bank to adjust the debits from time to time with either verbal or written instructions, thereby agreeing to waive advance notice.

Details of the account upon which Royal Bank is authorized to draw are indicated below, and a specimen cheque for this account marked "VOID" is attached to this Agreement:

Name of Payor's Financial Institution	RBC
Branch Address	_____
City, Province, Postal Code	_____
Transit Number of Financial Institution and Branch	02762 003
Account Number	1008147

The Payor hereby warrants that all persons whose signatures are required to sign on this account have signed this Agreement below and that all persons executing this Agreement are duly authorized signing officers of the Payor and are empowered to enter into this Agreement.

The Payor and Royal Bank agree that the authorization provided by this Agreement will remain in full force and effect until the Payor delivers written notice of revocation to Royal Bank. The Payor may revoke this authorization at any time, subject to providing Royal Bank with 30 days notice in writing. The Payor may obtain a sample cancellation form, or further information on the right to cancel this agreement by contacting the Payor's financial institution or by visiting [www.rbc.com](http://www.rbc.com). Revocation of this authorization does not terminate any contract for products/services that exists between the Payor and Royal Bank. This Agreement applies only to the method of payment and does not otherwise have any bearing on the contract for products/services exchanged.

The Payor has the right to receive reimbursement for any debit that is not authorized or is not consistent with this Agreement. To obtain more information on your recourse rights, contact your financial institution or visit [www.rbc.com](http://www.rbc.com).

Royal Bank will be entitled to rely on any signature appearing on a facsimile transmission that purports to be a signature of the Payor or of a representative of the Payor as being authorized, valid and binding on the Lessee, even if the signature was not, in fact, signed by the Lessee or its representative. The Payor will keep the originals of all documents and instructions transmitted to Royal Bank by facsimile, including the application for this agreement if it was previously transmitted by facsimile to Royal Bank, and will produce them to Royal Bank upon request. Royal Bank and the Lessee agree that a copy of a document transmitted by fax shall be admissible as evidence of its contents and its execution by the parties in the same manner as an original document, and expressly waive any right to object to its introduction in evidence, including any right to object based on the best evidence rule.

Dated the 20 day of July, 2015

ROYAL BANK OF CANADA

Sle-Co Plastics Inc.

Per:

Per:

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

Royal Bank of Canada  
 5575 North Service Rd., Suite 300  
 Burlington, ON L7L 8M1  
 Tel: 1-866-876-3872

Lessee No.	Lease No.	Rental Amount	GST/HST (if applicable)	PST/QST (if applicable)	Total Charges (including taxes)
524689098	20100022147	\$1,593.03	\$207.09	\$0.00	\$1,800.12

Goods & Services Tax No: 105 248 105  
 Revision (09/14)

® Registered trademark of Royal Bank of Canada

2015-11-27 08:51:44



**Leasing Schedule**

(PPSA - S)  
 Lessee # 524689098 Lease # 20100024491

Royal Bank of Canada, as Lessor, hereby leases to SLE-CO PLASTICS INC. as Lessee, the Equipment hereinafter described, in consideration of rental and for the term hereinafter set forth the whole pursuant to and subject to the terms and conditions set forth in that certain Master Leasing Agreement entered into between the Lessor and the Lessee as of July 20, 2015

1. Equipment	Quantity	Make and Description	Model Number	Serial Number
	2	2015 Crown 210" AC Hyd Lift Truck c/w Accessories	RM6025-45TT	1A445042 1A445043
<b>2. Term</b>				
	Term (in months)			60
	Commencement Date of Term			December 1, 2015
	Termination Date of Term			December 1, 2020
<b>3. Rental</b>				
	Rental Installment, payable Monthly, in advance			\$1,677.05
	GST/HST, if any			\$218.01
	PST/QST, if any			\$0.00
	Total Monthly Rental Installment			\$1,895.06
	Security Deposit			
	Other Charges (plus applicable taxes)			\$500.00
<b>4. Option to Purchase</b>				
	Option to Purchase Date			Purchase Price
	November 30, 2020			\$1.00
<b>5. Place of Use</b>				
	Ontario			
<b>6. Equipment Acceptance Certificate</b>				
	The Lessee hereby certifies that all the equipment identified above in Section (1) of this Leasing Schedule has been received in good condition as ordered and has been assembled, installed, tested, etc., applicable, and is operating in accordance with the manufacturers' specification. Lessee has made or caused to be made all such tests and inspections of the Equipment, as they have reasonably deemed necessary to satisfy themselves as to the foregoing. Without prejudice to the Lessee's rights against manufacturers, suppliers or other, the Lessee hereby releases and discharges the Lessor from any and all actions, causes of actions, claims, demands, rights, defences, setoffs, abatements and compensation now or hereinafter arising out of or in relation to the Equipment, or, without limitation, any latent defect therein.			

As provided in the Master Lease Agreement, the Lessor will be entitled to rely on facsimile transmissions from the Lessee.

The Lessee covenants and agrees with the Lessor that the Lessee is not entering into, and will not otherwise direct, administer or operate, this Leasing Schedule for the benefit or on behalf of any Person other than the Lessee. "Person" includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association and any other incorporated or unincorporated entity.

The parties hereto have each executed this Leasing Schedule on the respective dates set forth below and this schedule is deemed to have been executed on the later of such dates. All appendices, if any, attached to this schedule form part of the Leasing Schedule.

ROYAL BANK OF CANADA

SLE-CO PLASTICS INC.

per

per

Eugene Basolini

per \_\_\_\_\_

date Head, Equipment Finance Solution Centre

date Nov 30 - 2015

© Registered trademark of Royal Bank of Canada  
 Revised 04/2009



**Rental Statement  
(PPSA)**

**PLEASE REMIT PAYMENT TO:**

SLE-CO PLASTICS INC.  
1425 Creamery Rd.  
London, Ontario N5V 5B3

Royal Bank of Canada  
Leasing Division  
5575 North Service Rd, Suite 300,  
Burlington, Ontario  
L7L 6M1

Lease Number	Equipment Cost	Rental Factor
<b>524689098-201000024491</b>	<b>\$91,000.00</b>	<b>0.01843</b>
RENTAL		<b>\$1,677.05</b>
GST/HST NO. R 105 248 165		<b>\$218.01</b>
PST/QST		<b>\$0.00</b>
<b>RENTAL DUE 12/01/2015 AND Monthly THEREAFTER</b>		<b>\$1,895.06</b>

We thank you for this opportunity to provide you with our leasing service.

Rentals will be automatically debited from your account on a monthly basis unless alternative arrangements are made with the bank.

An admin fee of \$500.00 plus applicable taxes will be added to your first rental payment.

2015-11-03 10:58:23



2015-11-03 10:00 AM



# Corporate Payments Service Agreement (Lease Agreement)

**CUSTOMER NAME:** SLE-CO PLASTICS INC.  
**ADDRESS:** 1425 Creamery Rd.  
**CITY:** London **PROVINCE:** Ontario **POSTAL CODE:** N5V 5B3

The purpose of the Corporate Payment Service Agreement between SLE-CO PLASTICS INC. ("Payor") and Royal Bank of Canada "Royal Bank" is to facilitate the transfer of funds from the Payor to Royal Bank as payee under the following terms and conditions;

The Payor hereby authorizes Royal Bank to draw on the Payor's business account for the purpose of making lease payments, fees and/or charges as more fully described under Lease Number 524689098 - 201000024491 ("Lease") between Payor and Royal Bank. Debits processed by Royal Bank in paper, electronic or other form, may vary in dollar amount as more fully described on the aforementioned Lease and be processed at any time and from time to time beginning December 1, 2015. The Payor authorizes Royal Bank to adjust the debits from time to time with either verbal or written instructions, thereby agreeing to waive advance notice.

Details of the account upon which Royal Bank is authorized to draw are indicated below, and a specimen cheque for this account marked "VOID" is attached to this Agreement:

Name of Payor's Financial Institution	RBC
Branch Address	_____
City, Province, Postal Code	_____
Transit Number of Financial Institution and Branch	02762 003
Account Number	1006147

The Payor hereby warrants that all persons whose signatures are required to sign on this account have signed this Agreement below and that all persons executing this Agreement are duly authorized signing officers of the Payor and are empowered to enter into this Agreement.

The Payor and Royal Bank agree that the authorization provided by this Agreement will remain in full force and effect until the Payor delivers written notice of revocation to Royal Bank. The Payor may revoke this authorization at any time, subject to providing Royal Bank with 30 days notice in writing. The Payor may obtain a sample cancellation form, or further information on the right to cancel this agreement by contacting the Payor's financial institution or by visiting [www.rbc.com](http://www.rbc.com). Revocation of this authorization does not terminate any contract for products/services that exists between the Payor and Royal Bank. This Agreement applies only to the method of payment and does not otherwise have any bearing on the contract for products/services exchanged.

The Payor has the right to receive reimbursement for any debit that is not authorized or is not consistent with this Agreement. To obtain more information on your recourse rights, contact your financial institution or visit [www.rbc.com](http://www.rbc.com).

Royal Bank will be entitled to rely on any signature appearing on a facsimile transmission that purports to be a signature of the Payor or of a representative of the Payor as being authorized, valid and binding on the Lessee, even if the signature was not, in fact, signed by the Lessee or its representative. The Payor will keep the originals of all documents and instructions transmitted to Royal Bank by facsimile, including the application for this agreement if it was previously transmitted by facsimile to Royal Bank, and will produce them to Royal Bank upon request. Royal Bank and the Lessee agree that a copy of a document transmitted by fax shall be admissible as evidence of its contents and its execution by the parties in the same manner as an original document, and expressly waive any right to object to its introduction in evidence, including any right to object based on the best evidence rule.

Dated the 30 day of Nov, 2015

ROYAL BANK OF CANADA

Per:

Eugene Basolini

Royal Bank of Canada Finance Solution Centre  
5575 North Service Rd., Suite 300  
Burlington, ON L7L 6M1  
Tel: 1-866-876-3672

SLE-CO PLASTICS INC.

Per:

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

Lessee No.	Lease No.	Rental Amount	GST/HST (if applicable)	PST/QST (if applicable)	Total Charges (including taxes)
524689098	201000024491	\$1,677.05	\$218.01	\$0.00	\$1,895.06

Goods & Services Tax No: 105 248 165  
Revision (09/14)





**Rental Statement  
(PPSA)**

**PLEASE REMIT PAYMENT TO:**

SLE-CO PLASTICS INC.  
1425 Creamery Rd.  
London, Ontario N5V 5B3

Royal Bank of Canada  
Leasing Division  
5575 North Service Rd, Suite 300,  
Burlington, Ontario  
L7L 6M1

Lease Number	Equipment Cost	Rental Factor
<b>524689098-201000027222</b>	<b>\$171,969.00</b>	<b>0.01816</b>
RENTAL		<b>\$3,123.76</b>
GST/HST NO. R 105 248 165		<b>\$406.09</b>
PST/QST		<b>\$0.00</b>
<b>RENTAL DUE 12/28/2016 AND Monthly THEREAFTER</b>		<b>\$3,529.85</b>

We thank you for this opportunity to provide you with our leasing service.

Rentals will be automatically debited from your account on a monthly basis unless alternative arrangements are made with the bank.

An admin fee of \$500.00 plus applicable taxes will be added to your first rental payment.

2011/01/11 3 804025





# Leasing Schedule

(PPSA - S)

Lessee # 524689098 Lease # 201000025019

Royal Bank of Canada, as Lessor, hereby leases to Sle-Co Plastics Inc. as Lessee, the Equipment hereinafter described, in consideration of rental and for the term hereinafter set forth the whole pursuant to and subject to the terms and conditions set forth in that certain Master Leasing Agreement entered into between the Lessor and the Lessee as of July 20, 2015

1. Equipment	Quantity	Make and Description	Model Number	Serial Number
	1	2016 Toshiba Injection Mold Machine -	IS1450DWV50-150AT	520903
Subject to Floating Rate Addendum				
2. Term	Term (in months)			60
	Commencement Date of Term			April 8, 2016
	Termination Date of Term			April 8, 2021
3. Rental	Rental Installment, payable Monthly, in advance			\$13,646.20 USD
	GST/HST, if any			\$1,774.01
	PST/QST, if any			\$0.00
	Total Monthly Rental Installment			\$15,420.21 USD
	Security Deposit			
	Other Charges (plus applicable taxes)			\$500.00
4. Option to Purchase	Option to Purchase Date			Purchase Price
	April 7, 2021			\$1.00
5. Place of Use	Ontario			
6. Equipment Acceptance Certificate	The Lessee hereby certifies that all the equipment identified above in Section (1) of this Leasing Schedule has been received in good condition as ordered and has been assembled, installed, tested, etc., applicable, and is operating in accordance with the manufacturers' specification. Lessee has made or caused to be made all such tests and inspections of the Equipment, as they have reasonably deemed necessary to satisfy themselves as to the foregoing. Without prejudice to the Lessee's rights against manufacturers, suppliers or other, the Lessee hereby releases and discharges the Lessor from any and all actions, causes of actions, claims, demands rights, defences, setoffs, abatements and compensation now or hereinafter arising out of or in relation to the Equipment, or, without limitation, any latent defect therein.			

As provided in the Master Lease Agreement, the Lessor will be entitled to rely on facsimile transmissions from the Lessee. The Lessee covenants and agrees with the Lessor that the Lessee is not entering into, and will not otherwise direct, administer or operate, this Leasing Schedule for the benefit or on behalf of any Person other than the Lessee. "Person" includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association and any other incorporated or unincorporated entity.

The parties hereto have each executed this Leasing Schedule on the respective dates set forth below and this schedule is deemed to have been executed on the later of such dates. All appendices, if any, attached to this schedule form part of the Leasing Schedule.

ROYAL BANK OF CANADA

Sle-Co Plastics Inc.

per

per

Eugene Basolini  
Head, Equipment Finance Solution Centre

per \_\_\_\_\_  
date \_\_\_\_\_

® Registered trademark of Royal Bank of Canada  
Revised 04/2009



# Floating Rate Addendum

(Equipment Lease - N)

## SCHEDULE TO THE EQUIPMENT LEASE DATED April 8, 2016 BETWEEN ROYAL BANK OF CANADA AND SLE-CO PLASTICS INC., BEING LESSEE NUMBER 524689098 AND LEASE NUMBER 201000025019 (THE EQUIPMENT LEASE )

Adjustment Period: Monthly *(delete appropriate frequency to correspond with rental frequency)*  
 Equipment Cost: \$752,320.00 USD *(insert net equipment cost)*  
 Index Rate: 3.50% per annum *(insert index rate at inception of the equipment lease)*  
 Settlement Period: Monthly *(insert appropriate frequency to correspond with rental frequency)*

1) Any terms defined in the Equipment Lease that are used in the Schedule have the same meaning.

2) In this Schedule:

(a) Adjustment Period means equal consecutive periods of time each of the length shown above, starting on the first business day of month where the second Total Rental Payment becomes due.

(b) Index Rate means the discounted rate of Royal Bank, calculated on the basis of a 365 day year, established in accordance with its normal practices, at or about 10:00 am on the first business day of the month where the second Total Rental Payment becomes due, for index instruments having a face value of about the same amount as the Equipment Cost and a term of 90 days.

(c) Equipment Cost means the amount shown above.

(d) Settlement Period means equal consecutive periods of months as noted above, commencing on the second Total Rental Payment due date.

3) Lessee acknowledges that the amount of the Total Rental Payment has been established on the basis of the Index Rate shown above.

4) If the Index Rate on the first day of any Adjustment Period, is different from the Index Rate shown above, the Total Rental Payment(s) due in each month of that Adjustment Period will be adjusted according to the following formula:

$$\text{Adjustment Amount} = \frac{D}{12} \times (\text{Equipment Cost} \times \text{Rental Adjustment Factor})$$

In this formula:

(a) D is the difference between the Index Rate on the first day of the relevant Adjustment Period and the Index Rate shown above. If the Index Rate on the first day of an Adjustment Period is less than the Index Rate shown above, the adjustment shall be in favour of the Lessee; if it is more, the adjustment shall be in favour of the Royal Bank.

(b) Rental Adjustment Factor is the factor shown in Appendix \_\_\_\_ to the Equipment Lease for the relevant Adjustment Period, or the first month in the Adjustment Period if the Adjustment Period is longer than a month.

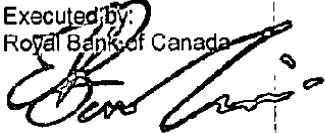
5) Royal Bank shall at each Settlement Period during the Term credit or debit, as the case may be, the Adjustment Amount to Lessees account at Royal Bank. The Adjustment Amount is an adjustment to the Total Rental Payment(s) due during the Adjustment Period. If the Adjustment Amount increases the Total Rental Payment(s), Royal Bank shall debit any additional applicable taxes to Lessees account; conversely, if the Adjustment Amount reduces the Total Rental Payment(s), Royal Bank shall credit the resulting reduction in applicable taxes to that account.

6) This Schedule forms a part of the Equipment Lease. In the event of a conflict between a provision of this Schedule, the provision of this Schedule shall prevail.

7) Lessee may upon payment of a conversion fee of \$ 500.00, if not in default under the Equipment Lease, and upon minimum notice of ten business days to Royal Bank, require Royal Bank to fix the amount of the Total Rental Payment for the remainder of the Term at an amount equal to the rental then being charged by Royal Bank for fixed rate equipment leases for a similar class of equipment for the number of years remaining in the Term, rounded upwards to the nearest whole multiple of one.

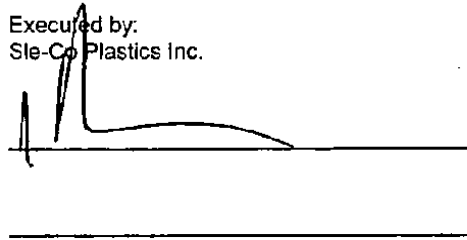
8) Royal Bank will be entitled to rely on any signature appearing on a facsimile transmission that purports to be a signature of the Lessee or of a representative of the Lessee as being authorized, valid and binding on the Lessee, even if the signature was not, in fact, signed by the Lessee or its representative. The Lessee will keep the originals of all documents and instructions transmitted to Royal Bank by facsimile, including the application for this agreement if it was previously transmitted by facsimile to Royal Bank, and will produce them to Royal Bank upon request. Royal Bank and the Lessee agree that a copy of a document transmitted by fax shall be admissible as evidence of its contents and its execution by the parties in the same manner as an original document, and expressly waive any right to object to its introduction in evidence, including any right to object based on the best evidence rule.

Executed by:  
Royal Bank of Canada



Eugene Basolini  
Head, Equipment Finance Solution Centre

Executed by:  
Ste-Co Plastics Inc.





### Appendix 'A' to Floating Rate Addendum

This Appendix forms part of the Floating Rate Addendum to the contract dated April 8, 2016 between Royal Bank of Canada and Sle-Co Plastics Inc., contract number 201000025019

Rental	Rental Month	Adjustment Factor	Rental	Rental Month	Adjustment Factor	Rental	Rental Month	Adjustment Factor
1	2016/04/08	0.98188	21	2017/12/08	0.66815	41	2019/08/08	0.33561
2	2016/05/08	0.96662	22	2018/01/08	0.65198	42	2019/09/08	0.31847
3	2016/06/08	0.95132	23	2018/02/08	0.63576	43	2019/10/08	0.30128
4	2016/07/08	0.93597	24	2018/03/08	0.61949	44	2019/11/08	0.28404
5	2016/08/08	0.92058	25	2018/04/08	0.60318	45	2019/12/08	0.26675
6	2016/09/08	0.90515	26	2018/05/08	0.58682	46	2020/01/08	0.24941
7	2016/10/08	0.88967	27	2018/06/08	0.57041	47	2020/02/08	0.23202
8	2016/11/08	0.87414	28	2018/07/08	0.55395	48	2020/03/08	0.21458
9	2016/12/08	0.85857	29	2018/08/08	0.53745	49	2020/04/08	0.19709
10	2017/01/08	0.84295	30	2018/09/08	0.52090	50	2020/05/08	0.17954
11	2017/02/08	0.82729	31	2018/10/08	0.50430	51	2020/06/08	0.16194
12	2017/03/08	0.81158	32	2018/11/08	0.48765	52	2020/07/08	0.14429
13	2017/04/08	0.79583	33	2018/12/08	0.47095	53	2020/08/08	0.12659
14	2017/05/08	0.78003	34	2019/01/08	0.45420	54	2020/09/08	0.10884
15	2017/06/08	0.76419	35	2019/02/08	0.43740	55	2020/10/08	0.09104
16	2017/07/08	0.74830	36	2019/03/08	0.42056	56	2020/11/08	0.07319
17	2017/08/08	0.73236	37	2019/04/08	0.40367	57	2020/12/08	0.05528
18	2017/09/08	0.71638	38	2019/05/08	0.38673	58	2021/01/08	0.03732
19	2017/10/08	0.70035	39	2019/06/08	0.36974	59	2021/02/08	0.01931
20	2017/11/08	0.68427	40	2019/07/08	0.35270	60	2021/03/08	0.00125

Royal Bank of Canada

By: \_\_\_\_\_

(authorized signature & title)

Eugene Basolini

Head, Equipment Finance Solution Centre

Sle-Co Plastics Inc.

By: \_\_\_\_\_

(authorized signature & title)

By: \_\_\_\_\_

(authorized signature & title)

Date: \_\_\_\_\_





**Rental Statement  
(PPSA)**

**PLEASE REMIT PAYMENT TO:**

Sle-Co Plastics Inc.  
1425 Creamery Rd.  
London, Ontario N5V 5B3

Royal Bank of Canada  
Leasing Division  
5575 North Service Rd, Suite 300,  
Burlington, Ontario  
L7L 6M1

Lease Number	Equipment Cost	Rental Factor
<b>524689098-201000025019</b>	<b>\$752,320.00 USD</b>	<b>0.01814</b>
RENTAL		<b>\$13,646.20 USD</b>
GST/HST NO: R 105 248 165		<b>\$1,774.01</b>
PST/QST		<b>\$0.00</b>
<b>RENTAL DUE 04/08/2016 AND Monthly THEREAFTER</b>		<b>\$15,420.21 USD</b>

We thank you for this opportunity to provide you with our leasing service.

Rentals will be automatically debited from your account on a monthly basis unless alternative arrangements are made with the bank.

An admin fee of \$500.00 plus applicable taxes will be added to your first rental payment.

**Prepayment Appendix  
Additional Terms And Provisions**


This is Appendix A attached to and forming part of Lease No. 201000025019 (the "Lease") between Sle-Co Plastics Inc. as Lessee and Royal Bank of Canada as Lessor.

The Lessee is permitted to fully prepay the above mentioned lease contract after 12 months from the Commencement Date of Term.

Prepayment is subject to:


1. Lease is in full force and effect and no Event of Default has occurred which has not been cured prior to the prepayment date.
2. Lessee shall provide RBC with 30 days prior written notice of its intention to prepay.
3. Lease remains on a floating rate, if converted to a fixed rate standard charges apply.
4. A \$500 admin fee.

Royal Bank of Canada



Eugene Basolini  
Head, Equipment Finance Solution Centre

Sle-Co Plastics Inc.





## Corporate Payments Service Agreement (Lease Agreement)

CUSTOMER NAME: Sle-Co Plastics Inc.  
 ADDRESS: 1425 Creamery Rd.  
 CITY: London PROVINCE: Ontario POSTAL CODE: N5V 5B3

The purpose of the Corporate Payment Service Agreement between Sle-Co Plastics Inc. ("Payor") and Royal Bank of Canada "Royal Bank" is to facilitate the transfer of funds from the Payor to Royal Bank as payee under the following terms and conditions;

The Payor hereby authorises Royal Bank to draw on the Payor's business account for the purpose of making lease payments, fees and/or charges as more fully described under Lease Number 524689098 - 201000025019 ("Lease") between Payor and Royal Bank. Debits processed by Royal Bank in paper, electronic or other form, may vary in dollar amount as more fully described on the aforementioned Lease and be processed at any time and from time to time beginning April 8, 2016. The Payor authorizes Royal Bank to adjust the debits from time to time with either verbal or written instructions, thereby agreeing to waive advance notice.

Details of the account upon which Royal Bank is authorized to draw are indicated below, and a specimen cheque for this account marked "VOID" is attached to this Agreement:

Name of Payor's Financial Institution	RBC
Branch Address	_____
City, Province, Postal Code	_____
Transit Number of Financial Institution and Branch	02762 003
Account Number	4001467

The Payor hereby warrants that all persons whose signatures are required to sign on this account have signed this Agreement below and that all persons executing this Agreement are duly authorized signing officers of the Payor and are empowered to enter into this Agreement.

The Payor and Royal Bank agree that the authorization provided by this Agreement will remain in full force and effect until the Payor delivers written notice of revocation to Royal Bank. The Payor may revoke this authorization at any time, subject to providing Royal Bank with 30 days notice in writing. The Payor may obtain a sample cancellation form, or further information on the right to cancel this agreement by contacting the Payor's financial institution or by visiting [www.rbc.com](http://www.rbc.com). Revocation of this authorization does not terminate any contract for products/services that exists between the Payor and Royal Bank. This Agreement applies only to the method of payment and does not otherwise have any bearing on the contract for products/services exchanged.

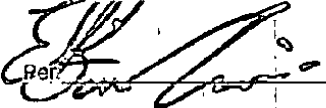
The Payor has the right to receive reimbursement for any debit that is not authorized or is not consistent with this Agreement. To obtain more information on your recourse rights, contact your financial institution or visit [www.rbc.com](http://www.rbc.com).

Royal Bank will be entitled to rely on any signature appearing on a facsimile transmission that purports to be a signature of the Payor or of a representative of the Payor as being authorized, valid and binding on the Lessee, even if the signature was not, in fact, signed by the Lessee or its representative. The Payor will keep the originals of all documents and instructions transmitted to Royal Bank by facsimile, including the application for this agreement if it was previously transmitted by facsimile to Royal Bank, and will produce them to Royal Bank upon request. Royal Bank and the Lessee agree that a copy of a document transmitted by fax shall be admissible as evidence of its contents and its execution by the parties in the same manner as an original document, and expressly waive any right to object to its introduction in evidence, including any right to object based on the best evidence rule.

Dated the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

ROYAL BANK OF CANADA

Sle-Co Plastics Inc.

Per: 

Per: 

**Eugene Basolini**  
 Royal Bank of Canada Finance Solution Centre  
 5575 North Service Rd., Suite 300  
 Burlington, ON L7L 6M1  
 Tel: 1-866-876-3672

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

Lessee No.	Lease No.	Rental Amount	GST/HST (if applicable)	PST/QST (if applicable)	Total Charges (including taxes)
524689098	201000025019	\$13,646.20 USD	\$1,774.01	\$0.00	\$15,420.21 USD

Goods & Services Tax No: 105 248 165  
 Revision (09/14)



# U.S. Currency Leasing Schedule

(PPSA - S)

Lessee # 524689098 U.S. Currency Lease # 201000034740

Royal Bank of Canada, as Lessor, hereby leases to SLE-CO PLASTICS INC. as Lessee, the Equipment hereinafter described, in consideration of rental and for the term hereinafter set forth the whole pursuant to and subject to the terms and conditions set forth in that certain Master Leasing Agreement entered into between the Lessor and the Lessee as of July 20, 2015

1. Equipment	Quantity	Make and Description	Model Number	Serial Number
	1	2017 Injection Machine/Equipment	EC1950SXV50 - 155A	
Subject to Floating Rate Addendum				
2. Term	Term (in months)			84
	Commencement Date of Term			November 29, 2018
	Termination Date of Term			November 29, 2025
3. Rental	Rental Installment, payable Monthly, in advance			\$16,503.14
	GST/HST, if any			\$2,145.41
	PST/QST, if any			\$0.00
	Total Monthly Rental Installment			\$18,648.55
	Security Deposit			\$0.00
	Other Charges (plus applicable taxes)			\$500.00
4. Option to Purchase	Option to Purchase Date			Purchase Price
	November 28, 2025			\$1.00
5. Place of Use	400 South Edgeware Rd. St. Thomas Ontario N5P 3Z5			
6. Equipment Acceptance Certificate	The Lessee hereby certifies that all the equipment identified above in Section (1) of this Leasing Schedule has been received in good condition as ordered and has been assembled, installed, tested, etc., applicable, and is operating in accordance with the manufacturers' specification. Lessee has made or caused to be made all such tests and inspections of the Equipment, as they have reasonably deemed necessary to satisfy themselves as to the foregoing. Without prejudice to the Lessee's rights against manufacturers, suppliers or other, the Les see hereby releases and discharges the Lessor from any and all actions, claims, demands rights, defences, setoffs, abatements and compensation now or hereinafter arising out of or in relation to the Equipment, or, without limitation, any latent defect therein.			

As provided in the Master Lease Agreement, the Lessor will be entitled to rely on facsimile transmissions from the Lessee.

The Lessee covenants and agrees with the Lessor that the Lessee is not entering into, and will not otherwise direct, administer or operate, this Leasing Schedule for the benefit or on behalf of any Person other than the Lessee. "Person" includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association and any other incorporated or unincorporated entity.

The parties hereto have each executed this Leasing Schedule on the respective dates set forth below and this schedule is deemed to have been executed on the later of such dates. All appendices, if any, attached to this schedule form part of the Leasing Schedule.

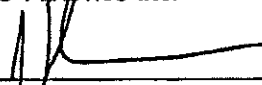
ROYAL BANK OF CANADA

SLE-CO PLASTICS INC.

per

  
Eugene Basolini  
Head, Equipment Finance Solution Centre

per

  
PRESIDENT

per

date

date

DEC 03 - 2018



## Corporate Payments Service Agreement (U.S. Currency Lease Agreement)

CUSTOMER NAME: SLE-CO PLASTICS INC.  
 ADDRESS: 1425 Creamery Rd.  
 CITY: London PROVINCE: Ontario POSTAL CODE: N5V 5B3

The purpose of the Corporate Payment Service Agreement between SLE-CO PLASTICS INC. ("Payor") and Royal Bank of Canada "Royal Bank" is to facilitate the transfer of funds from the Payor to Royal Bank as payee under the following terms and conditions;

The Payor hereby authorizes Royal Bank to draw on the Payor's business account for the purpose of making lease payments, fees and/or charges as more fully described under Lease Number 524689098 - 201000034740 ("Lease") between Payor and Royal Bank. Debits processed by Royal Bank in paper, electronic or other form, may vary in dollar amount as more fully described on the aforementioned Lease and be processed at any time and from time to time beginning November 29, 2018. The Payor authorizes Royal Bank to adjust the debits from time to time with either verbal or written instructions, thereby agreeing to waive advance notice.

Details of the account upon which Royal Bank is authorized to draw are indicated below, and a specimen cheque for this account marked "VOID" is attached to this Agreement:

Name of Payor's Financial Institution	RBC
Transit Number of Financial Institution and Branch	02762 003
Account Number	4001467

The Payor hereby warrants that all persons whose signatures are required to sign on this account have signed this Agreement below and that all persons executing this Agreement are duly authorized signing officers of the Payor and are empowered to enter into this Agreement.


The Payor and Royal Bank agree that the authorization provided by this Agreement will remain in full force and effect until the Payor delivers written notice of revocation to Royal Bank. The Payor may revoke this authorization at any time, subject to providing Royal Bank with 30 days notice in writing. The Payor may obtain a sample cancellation form, or further information on the right to cancel this agreement by contacting the Payor's financial institution or by visiting [www.rbc.com](http://www.rbc.com). Revocation of this authorization does not terminate any contract for products/services that exists between the Payor and Royal Bank. This Agreement applies only to the method of payment and does not otherwise have any bearing on the contract for products/services exchanged.

The Payor has the right to receive reimbursement for any debit that is not authorized or is not consistent with this Agreement. To obtain more information on your recourse rights, contact your financial institution or visit [www.rbc.com](http://www.rbc.com).

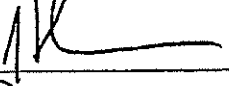
Royal Bank will be entitled to rely on any signature appearing on a facsimile transmission that purports to be a signature of the Payor or of a representative of the Payor as being authorized, valid and binding on the Lessee, even if the signature was not, in fact, signed by the Lessee or its representative. The Payor will keep the originals of all documents and instructions transmitted to Royal Bank by facsimile, including the application for this agreement if it was previously transmitted by facsimile to Royal Bank, and will produce them to Royal Bank upon request. Royal Bank and the Lessee agree that a copy of a document transmitted by fax shall be admissible as evidence of its contents and its execution by the parties in the same manner as an original document, and expressly waive any right to object to its introduction in evidence, including any right to object based on the best evidence rule.

Dated the 03 day of DEC 2018

ROYAL BANK OF CANADA

Per:   
 Eugene Basolini  
 Head, Equipment Finance Solution Centre

SLE-CO PLASTICS INC.

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

Royal Bank of Canada  
 5575 North Service Rd., Suite 300  
 Burlington, ON L7L 6M1  
 Tel: 1-866-876-3672

Lessee No.	U.S. Currency Lease No.	Rental Amount	GST/HST (if applicable)	PST/QST (if applicable)	Total Charges (including taxes)
524689098	201000034740	\$16,503.14	\$2,145.41	\$0.00	\$18,648.55

Goods & Services Tax No: 105 248 165  
 Revision (04/16)



# Rental Statement

**SLE-CO PLASTICS INC.**  
1425 Creamery Rd.  
London, Ontario  
N5V 5B3

**PLEASE REMIT PAYMENT TO:**  
Royal Bank of Canada  
Leasing Division  
5575 North Service Rd, Suite 300  
Burlington, Ontario  
L7L 6M1

U.S. Currency Lease Number	Net Equipment Cost	Rental Factor
<b>524689098 - 201000034740</b>	<b>\$1,163,045.50</b>	<b>0.01419</b>
RENTAL		<b>\$16,503.14</b>
GST/HST		<b>\$2,145.41</b>
PST/QST		<b>\$0.00</b>
SUB TOTAL		<b>\$18,648.55</b>
ADMINISTRATION FEE		<b>\$500.00</b>
GST/HST		<b>\$65.00</b>
PST/QST		<b>\$0.00</b>
SUB TOTAL		<b>\$565.00</b>
<b>TOTAL DUE ON November 29, 2018</b>		<b>\$19,213.55</b>

This is the only notice of payment that will be sent to you. Your subsequent payments of **\$18,648.55** will be debited on the **29th** of each month starting **December 29, 2018**. Rentals will be automatically debited from your account on a monthly basis unless alternative arrangements are made with the bank.

We thank you for this opportunity to provide you with our leasing service.

**SLE-CO PLASTICS INC.**

per

per

*[Signature]*  
PRESIDENT

GST/HST/PST/QST NO. 105248165 RT0001

Rev 08/2017

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**Floating Rate Addendum**  
(Leasing Schedule - N)

**ADDENDUM TO U.S CURRENCY LEASING SCHEDULE DATED November 29, 2018 BETWEEN ROYAL BANK OF CANADA AND SLE-CO PLASTICS INC., BEING LESSEE NUMBER 524689098 AND LEASE NUMBER 201000034740 (THE LEASE )**

---

Adjustment Period: Monthly  
Equipment Cost: \$1,163,045.50  
Index Rate: 5.25% per annum  
Settlement Period: Quarterly

- 1) Any terms defined in the Master Lease Agreement and U.S. Currency Leasing Schedule hereinafter referred to as the "Lease", that are used in the Addendum have the same meaning.
- 2) In this Addendum:
  - (a) Adjustment Period means equal consecutive periods of time each of the length shown above, starting on the first business day of month where the second Total Rental Payment becomes due.
  - (b) Index Rate means the discounted rate of Royal Bank, calculated on the basis of a 365 day year, established in accordance with its normal practices, at or about 10:00 am on the first business day of the month where the second Total Rental Payment becomes due, for index instruments having a face value of about the same amount as the Equipment Cost and a term of 90 days.
  - (c) Equipment Cost means the amount shown above.
  - (d) Settlement Period means equal consecutive periods of months as noted above, commencing on the second Total Rental Payment due date.
- 3) Lessee acknowledges that the amount of the Total Rental Payment has been established on the basis of the Index Rate shown above.
- 4) If the Index Rate on the first day of any Adjustment Period, is different from the Index Rate shown above, the Total Rental Payment(s) due in each month of that Adjustment Period will be adjusted according to the following formula:

$$\text{Adjustment Amount} = \frac{D}{12} \times (\text{Equipment Cost} \times \text{Rental Adjustment Factor})$$

In this formula:

- (a) D is the difference between the Index Rate on the first day of the relevant Adjustment Period and the Index Rate shown above. If the Index Rate on the first day of an Adjustment Period is less than the Index Rate shown above, the adjustment shall be in favour of the Lessee; if it is more, the adjustment shall be in favour of the Royal Bank.
- (b) Rental Adjustment Factor is the factor shown in Appendix "A" to the Lease for the relevant Adjustment Period, or the first month in the Adjustment Period if the Adjustment Period is longer than a month.

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5) Royal Bank shall at each Settlement Period during the Term credit or debit, as the case may be, the Adjustment Amount to Lessees account at Royal Bank. The Adjustment Amount is an adjustment to the Total Rental Payment(s) due during the Adjustment Period. If the Adjustment Amount increases the Total Rental Payment(s), Royal Bank shall debit any additional applicable taxes to Lessees account; conversely, if the Adjustment Amount reduces the Total Rental Payment(s), Royal Bank shall credit the resulting reduction in applicable taxes to that account.

6) This Addendum forms a part of the Lease. In the event of a conflict between a provision of this Addendum, the provision of this Addendum shall prevail.

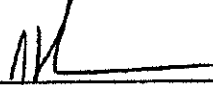
7) Lessee may upon payment of a conversion fee of \$ 500.00, if not in default under the Lease, and upon minimum notice of ten business days to Royal Bank, require Royal Bank to fix the amount of the Total Rental Payment for the remainder of the Term at an amount equal to the rental then being charged by Royal Bank for fixed rate leases for a similar class of equipment for the number of years remaining in the Term, rounded upwards to the nearest whole multiple of one.

8) Royal Bank will be entitled to rely on any signature appearing on a facsimile transmission that purports to be a signature of the Lessee or of a representative of the Lessee as being authorized, valid and binding on the Lessee, even if the signature was not, in fact, signed by the Lessee or its representative. The Lessee will keep the originals of all documents and instructions transmitted to Royal Bank by facsimile, including the application for this agreement if it was previously transmitted by facsimile to Royal Bank, and will produce them to Royal Bank upon request. Royal Bank and the Lessee agree that a copy of a document transmitted by fax shall be admissible as evidence of its contents and its execution by the parties in the same manner as an original document, and expressly waive any right to object to its introduction in evidence, including any right to object based on the best evidence rule.

Executed by:  
ROYAL BANK OF CANADA

  
\_\_\_\_\_  
Eugene Basolini  
Head, Equipment Finance Solution Centre

Executed by:  
SLE-CO PLASTICS INC.

By:   
\_\_\_\_\_  
(authorized signature & title)  
PRESIDENT

By: \_\_\_\_\_  
(authorized signature & title)





### Appendix 'A' to Floating Rate Addendum

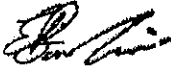
This Appendix forms part of the Floating Rate Addendum to the contract dated November 29, 2018 between Royal Bank of Canada and SLE-CO PLASTICS INC., U.S. Currency contract number 201000034740

Rental	Rental Month	Adjustment Factor	Rental	Rental Month	Adjustment Factor	Rental	Rental Month	Adjustment Factor
1	2018/11/29	0.98582	23	2020/09/29	0.75849	43	2022/05/29	0.53196
2	2018/12/29	0.97595	24	2020/10/29	0.74763	44	2022/06/29	0.52011
5	2019/03/29	0.94609	25	2020/11/29	0.73672	45	2022/07/29	0.50821
6	2019/04/29	0.93605	26	2020/12/29	0.72576	46	2022/08/29	0.49625
7	2019/05/29	0.92597	27	2021/01/29	0.71476	47	2022/09/29	0.48424
8	2019/06/29	0.91584	28	2021/02/28	0.70371	48	2022/10/29	0.47218
9	2019/07/29	0.90567	29	2021/03/29	0.69261	49	2022/11/29	0.46007
10	2019/08/29	0.89545	30	2021/04/29	0.68146	50	2022/12/29	0.4479
11	2019/09/29	0.88519	31	2021/05/29	0.67026	51	2023/01/29	0.43568
12	2019/10/29	0.87488	32	2021/06/29	0.65901	52	2023/02/28	0.42341
13	2019/11/29	0.86453	33	2021/07/29	0.64771	53	2023/03/29	0.41108
14	2019/12/29	0.85413	34	2021/08/29	0.63636	54	2023/04/29	0.3987
15	2020/01/29	0.84369	35	2021/09/29	0.62496	55	2023/05/29	0.38626
16	2020/02/29	0.8332	36	2021/10/29	0.61351	56	2023/06/29	0.37377
17	2020/03/29	0.82267	37	2021/11/29	0.60201	57	2023/07/29	0.36123
18	2020/04/29	0.81209	38	2021/12/29	0.59046	58	2023/08/29	0.34863
19	2020/05/29	0.80146	39	2022/01/29	0.57886	59	2023/09/29	0.33598
20	2020/06/29	0.79079	40	2022/02/28	0.56721	60	2023/10/29	0.32327
21	2020/07/29	0.78007	41	2022/03/29	0.55551	61	2023/11/29	0.3105
22	2020/08/29	0.7693	42	2022/04/29	0.54376	62	2023/12/29	0.29768

Rental	Rental Month	Adjustment Factor	Rental	Rental Month	Adjustment Factor
63	2024/01/29	0.2848	83	2025/09/29	0.01509
64	2024/02/29	0.27187	84	2025/10/29	0.00098
65	2024/03/29	0.25888			
66	2024/04/29	0.24583			
67	2024/05/29	0.23273			
68	2024/06/29	0.21957			
69	2024/07/29	0.20635			
70	2024/08/29	0.19307			
71	2024/09/29	0.17973			
72	2024/10/29	0.16634			
73	2024/11/29	0.15289			
74	2024/12/29	0.13938			
75	2025/01/29	0.12581			
76	2025/02/28	0.11218			
77	2025/03/29	0.09849			
78	2025/04/29	0.08474			
79	2025/05/29	0.07093			
80	2025/06/29	0.05706			
81	2025/07/29	0.04313			
82	2025/08/29	0.02914			


4V

ROYAL BANK OF CANADA



\_\_\_\_\_  
Eugene Basolini  
Head, Equipment Finance Solution Centre

SLE-CO PLASTICS INC.

By:   
\_\_\_\_\_  
(authorized signature & title)

PRESIDENT

By: \_\_\_\_\_  
(authorized signature & title)

Date: \_\_\_\_\_

Rev 04/16

## Equipment Schedule A

This is the Equipment Schedule attached to and forming part of Lease No. 524689098-201000034740 (the "Lease") between SLE-CO PLASTICS INC. as Lessee and Royal Bank of Canada as Lessor.

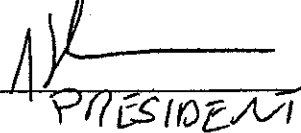
Vendor	Invoice Date	Invoice #	Equipment Cost
Toshiba Machine Co., America	07/19/2017	PIN-000006960	\$174,456.82
Toshiba Machine Co., America	02/28/2018	PIN-000009057	\$1,163,045.50

Initialed by  
Royal Bank of Canada:



Eugene Basolini  
Head, Equipment Finance Solution Centre

Initialed by  
SLE-CO PLASTICS INC.



PRESIDENT

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**Leasing Schedule**

(PPSA - S)

Lessee # 524689098 Lease # 201000039576

Royal Bank of Canada, as Lessor, hereby leases to SLE-CO PLASTICS INC. as Lessee, the Equipment hereinafter described, in consideration of rental and for the term hereinafter set forth the whole pursuant to and subject to the terms and conditions set forth in that certain Master Leasing Agreement entered into between the Lessor and the Lessee as of July 20, 2015

<b>1. Equipment</b>	Quantity	Make and Description	Model Number	Serial Number
	1	Proax Invoice 2246516 (2) Mobile Robotw/ Battery plus Accessories	LD-60	7530-70046, 7530-70050
	Subject to Floating Rate Addendum			
<b>2. Term</b>	Term (in months)			60
	Commencement Date of Term			January 28, 2019
	Termination Date of Term			January 28, 2024
<b>3. Rental</b>	Rental Installment, payable Monthly, in advance			\$1,336.83
	GST/HST, if any			\$173.79
	PST/QST, if any			\$0.00
	Total Monthly Rental Installment			\$1,510.62
	Security Deposit			\$0.00
	Other Charges (plus applicable taxes)			\$500.00
<b>4. Option to Purchase</b>	Option to Purchase Date			Purchase Price
	January 27, 2024			\$1.00
<b>5. Place of Use</b>	400 South Edgeware Rd. St. Thomas Ontario N5P 3Z5			
<b>6. Equipment Acceptance Certificate</b>	The Lessee hereby certifies that all the equipment identified above in Section (1) of this Leasing Schedule has been received in good condition as ordered and has been assembled, installed, tested, etc., applicable, and is operating in accordance with the manufacturers' specification. Lessee has made or caused to be made all such tests and inspections of the Equipment, as they have reasonably deemed necessary to satisfy themselves as to the foregoing. Without prejudice to the Lessee's rights against manufacturers, suppliers or other, the Lessee hereby releases and discharges the Lessor from any and all actions, causes of actions, claims, demands rights, defences, setoffs, abatements and compensation now or hereinafter arising out of or in relation to the Equipment, or, without limitation, any latent defect therein.			

As provided in the Master Lease Agreement, the Lessor will be entitled to rely on facsimile transmissions from the Lessee.

The Lessee covenants and agrees with the Lessor that the Lessee is not entering into, and will not otherwise direct, administer or operate, this Leasing Schedule for the benefit or on behalf of any Person other than the Lessee. "Person" includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association and any other incorporated or unincorporated entity.

The parties hereto have each executed this Leasing Schedule on the respective dates set forth below and this schedule is deemed to have been executed on the later of such dates. All appendices, if any, attached to this schedule form part of the Leasing Schedule.

ROYAL BANK OF CANADA

SLE-CO PLASTICS INC.

per   
Eugene Basolini  
Head, Equipment Finance Solution Centre

per

date \_\_\_\_\_

per \_\_\_\_\_  
date FEB 27 19

© Registered trademark of Royal Bank of Canada  
Revised 04/2016

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**Floating Rate Addendum**  
(Equipment Lease - N)

**SCHEDULE TO THE EQUIPMENT LEASE DATED January 28, 2019 BETWEEN ROYAL BANK OF CANADA AND SLE-CO PLASTICS INC., BEING LESSEE NUMBER 524689098 AND LEASE NUMBER 201000039576 (THE EQUIPMENT LEASE )**

Adjustment Period: Monthly  
Equipment Cost: \$69,900.00  
Index Rate: 5.50% per annum  
Settlement Period: Quarterly

- 1) Any terms defined in the Equipment Lease that are used in the Schedule have the same meaning.
- 2) In this Schedule:
  - (a) Adjustment Period means equal consecutive periods of time each of the length shown above, starting on the first business day of month where the second Total Rental Payment becomes due.
  - (b) Index Rate means the discounted rate of Royal Bank, calculated on the basis of a 365 day year, established in accordance with its normal practices, at or about 10:00 am on the first business day of the month where the second Total Rental Payment becomes due, for index instruments having a face value of about the same amount as the Equipment Cost and a term of 90 days.
  - (c) Equipment Cost means the amount shown above.
  - (d) Settlement Period means equal consecutive periods of months as noted above, commencing on the second Total Rental Payment due date.
- 3) Lessee acknowledges that the amount of the Total Rental Payment has been established on the basis of the Index Rate shown above.
- 4) If the index Rate on the first day of any Adjustment Period, is different from the Index Rate shown above, the Total Rental Payment(s) due in each month of that Adjustment Period will be adjusted according to the following formula:

$$\text{Adjustment Amount} = \frac{D}{12} \times (\text{Equipment Cost} \times \text{Rental Adjustment Factor})$$

In this formula:

- (a) D is the difference between the Index Rate on the first day of the relevant Adjustment Period and the Index Rate shown above. If the Index Rate on the first day of an Adjustment Period is less than the Index Rate shown above, the adjustment shall be in favour of the Lessee; if it is more, the adjustment shall be in favour of the Royal Bank.
- (b) Rental Adjustment Factor is the factor shown in Appendix "A" to the Equipment Lease for the relevant Adjustment Period, or the first month in the Adjustment Period if the Adjustment Period is longer than a month.

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5) Royal Bank shall at each Settlement Period during the Term credit or debit, as the case may be, the Adjustment Amount to Lessees account at Royal Bank. The Adjustment Amount is an adjustment to the Total Rental Payment(s) due during the Adjustment Period. If the Adjustment Amount increases the Total Rental Payment(s), Royal Bank shall debit any additional applicable taxes to Lessees account; conversely, if the Adjustment Amount reduces the Total Rental Payment(s), Royal Bank shall credit the resulting reduction in applicable taxes to that account.

6) This Schedule forms a part of the Equipment Lease. In the event of a conflict between a provision of this Schedule, the provision of this Schedule shall prevail.

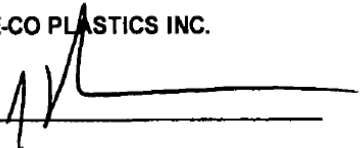
7) Lessee may upon payment of a conversion fee of \$ 500.00, if not in default under the Equipment Lease, and upon minimum notice of ten business days to Royal Bank, require Royal Bank to fix the amount of the Total Rental Payment for the remainder of the Term at an amount equal to the rental then being charged by Royal Bank for fixed rate equipment leases for a similar class of equipment for the number of years remaining in the Term, rounded upwards to the nearest whole multiple of one.

8) Royal Bank will be entitled to rely on any signature appearing on a facsimile transmission that purports to be a signature of the Lessee or of a representative of the Lessee as being authorized, valid and binding on the Lessee, even if the signature was not, in fact, signed by the Lessee or its representative. The Lessee will keep the originals of all documents and instructions transmitted to Royal Bank by facsimile, including the application for this agreement if it was previously transmitted by facsimile to Royal Bank, and will produce them to Royal Bank upon request. Royal Bank and the Lessee agree that a copy of a document transmitted by fax shall be admissible as evidence of its contents and its execution by the parties in the same manner as an original document, and expressly waive any right to object to its introduction in evidence, including any right to object based on the best evidence rule.

ROYAL BANK OF CANADA

  
\_\_\_\_\_  
Eugene Basolini  
Head, Equipment Finance Solution Centre

SLE-CO PLASTICS INC.

By:   
\_\_\_\_\_

By: \_\_\_\_\_

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**Appendix 'A' to Floating Rate Addendum**

This Appendix forms part of the Floating Rate Addendum to the contract dated January 28, 2019 between Royal Bank of Canada and SLE-CO PLASTICS INC., contract number 201000039576

Rental	Rental Month	Adjustment Factor	Rental	Rental Month	Adjustment Factor	Rental	Rental Month	Adjustment Factor
1	2019/01/28	0.98089	21	2020/09/28	0.67918	41	2022/05/28	0.34722
2	2019/02/28	0.96648	22	2020/10/28	0.66332	42	2022/06/28	0.32977
3	2019/03/28	0.952	23	2020/11/28	0.64739	43	2022/07/28	0.31224
4	2019/04/28	0.93745	24	2020/12/28	0.63138	44	2022/08/28	0.29463
5	2019/05/28	0.92283	25	2021/01/28	0.6153	45	2022/09/28	0.27693
6	2019/06/28	0.90814	26	2021/02/28	0.59914	46	2022/10/28	0.25915
7	2019/07/28	0.89338	27	2021/03/28	0.5829	47	2022/11/28	0.24128
8	2019/08/28	0.87855	28	2021/04/28	0.56658	48	2022/12/28	0.22333
9	2019/09/28	0.86365	29	2021/05/28	0.55018	49	2023/01/28	0.20529
10	2019/10/28	0.84868	30	2021/06/28	0.53371	50	2023/02/28	0.18716
11	2019/11/28	0.83364	31	2021/07/28	0.51716	51	2023/03/28	0.16895
12	2019/12/28	0.81852	32	2021/08/28	0.50053	52	2023/04/28	0.15065
13	2020/01/28	0.80333	33	2021/09/28	0.48382	53	2023/05/28	0.13226
14	2020/02/28	0.78807	34	2021/10/28	0.46703	54	2023/06/28	0.11378
15	2020/03/28	0.77274	35	2021/11/28	0.45016	55	2023/07/28	0.09522
16	2020/04/28	0.75733	36	2021/12/28	0.43321	56	2023/08/28	0.07657
17	2020/05/28	0.74185	37	2022/01/28	0.41618	57	2023/09/28	0.05783
18	2020/06/28	0.72629	38	2022/02/28	0.39906	58	2023/10/28	0.039
19	2020/07/28	0.71066	39	2022/03/28	0.38186	59	2023/11/28	0.02008
20	2020/08/28	0.69496	40	2022/04/28	0.36458	60	2023/12/28	0.00107

ROYAL BANK OF CANADA

Eugene Basolini  
Head, Equipment Finance Solution Centre

SLE-CO PLASTICS INC.

By:   
(authorized signature & title)

By: \_\_\_\_\_  
(authorized signature & title)



2019/03/07 3 10:22:22.01 AM

Date: FEB 27-19

Rev 04/16

(M)

2019/03/07 3 10:22:23.00 AM



# Rental Statement

**SLE-CO PLASTICS INC.**  
1425 Creamery Rd.  
London, Ontario  
N5V 5B3

**PLEASE REMIT PAYMENT TO:**  
Royal Bank of Canada  
Leasing Division  
5575 North Service Rd, Suite 300  
Burlington, Ontario  
L7L 6M1

Lease Number	Net Equipment Cost	Rental Factor
<b>524689098 - 201000039576</b>	<b>\$69,900.00</b>	<b>0.01912</b>
RENTAL		<b>\$1,336.83</b>
GST/HST		<b>\$173.79</b>
PST/QST		<b>\$0.00</b>
SUB TOTAL		<u><b>\$1,510.62</b></u>
ADMINISTRATION FEE		<b>\$500.00</b>
GST/HST		<b>\$65.00</b>
PST/QST		<b>\$0.00</b>
SUB TOTAL		<u><b>\$565.00</b></u>
<b>TOTAL DUE ON January 28, 2019</b>		<u><b>\$2,075.62</b></u>

This is the only notice of payment that will be sent to you. Your subsequent payments of **\$1,510.62** will be debited on the **28th** of each month starting **February 28, 2019**. Rentals will be automatically debited from your account on a monthly basis unless alternative arrangements are made with the bank.

We thank you for this opportunity to provide you with our leasing service.

**SLE-CO PLASTICS INC.**

per 

per \_\_\_\_\_

GST/HST/PST/QST NO. 105248165 RT0001

Rev 08/2017

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2019/03/07 3:10:22:23.01 AM



# Corporate Payments Service Agreement (Lease Agreement)

CUSTOMER NAME: SLE-CO PLASTICS INC.  
ADDRESS: 1425 Creamery Rd.  
CITY: London PROVINCE: Ontario POSTAL CODE: N5V 5B3

The purpose of the Corporate Payment Service Agreement between SLE-CO PLASTICS INC. ("Payor") and Royal Bank of Canada "Royal Bank" is to facilitate the transfer of funds from the Payor to Royal Bank as payee under the following terms and conditions;

The Payor hereby authorizes Royal Bank to draw on the Payor's business account for the purpose of making lease payments, fees and/or charges as more fully described under Lease Number 524689098 - 201000039576 ("Lease") between Payor and Royal Bank. Debits processed by Royal Bank in paper, electronic or other form, may vary in dollar amount as more fully described on the aforementioned Lease and be processed at any time and from time to time beginning January 28, 2019. The Payor authorizes Royal Bank to adjust the debits from time to time with either verbal or written instructions, thereby agreeing to waive advance notice.

Details of the account upon which Royal Bank is authorized to draw are indicated below, and a specimen cheque for this account marked "VOID" is attached to this Agreement:

Name of Payor's Financial Institution RBC  
Transit Number of Financial Institution and Branch 02762 003 /  
Account Number 4001467 /

The Payor hereby warrants that all persons whose signatures are required to sign on this account have signed this Agreement below and that all persons executing this Agreement are duly authorized signing officers of the Payor and are empowered to enter into this Agreement.

The Payor and Royal Bank agree that the authorization provided by this Agreement will remain in full force and effect until the Payor delivers written notice of revocation to Royal Bank. The Payor may revoke this authorization at any time, subject to providing Royal Bank with 30 days notice in writing. The Payor may obtain a sample cancellation form, or further information on the right to cancel this agreement by contacting the Payor's financial institution or by visiting [www.rbc.com](http://www.rbc.com). Revocation of this authorization does not terminate any contract for products/services that exists between the Payor and Royal Bank. This Agreement applies only to the method of payment and does not otherwise have any bearing on the contract for products/services exchanged.

The Payor has the right to receive reimbursement for any debit that is not authorized or is not consistent with this Agreement. To obtain more information on your recourse rights, contact your financial institution or visit [www.rbc.com](http://www.rbc.com).

Royal Bank will be entitled to rely on any signature appearing on a facsimile transmission that purports to be a signature of the Payor or of a representative of the Payor as being authorized, valid and binding on the Lessee, even if the signature was not, in fact, signed by the Lessee or its representative. The Payor will keep the originals of all documents and instructions transmitted to Royal Bank by facsimile, including the application for this agreement if it was previously transmitted by facsimile to Royal Bank, and will produce them to Royal Bank upon request. Royal Bank and the Lessee agree that a copy of a document transmitted by fax shall be admissible as evidence of its contents and its execution by the parties in the same manner as an original document, and expressly waive any right to object to its introduction in evidence, including any right to object based on the best evidence rule.

Dated the 27 day of FEB 2019

ROYAL BANK OF CANADA

SLE-CO PLASTICS INC.

Per:   
Eugene Basolini  
Head, Equipment Finance Solution Centre

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

Royal Bank of Canada  
5575 North Service Rd., Suite 300  
Burlington, ON L7L 6M1  
Tel: 1-866-876-3672

Lessee No.	Lease No.	Rental Amount	GST/HST (if applicable)	PST/QST (if applicable)	Total Charges (including taxes)
524689098	201000039576	\$1,336.83	\$173.79	\$0.00	\$1,510.62

Goods & Services Tax No: 105 248 165  
Revision (04/16)

# EXHIBIT "I"



Royal Bank of Canada  
Guarantee and Postponement of Claim

SRF: 524689098  
Borrower: SLE-CO PLASTICS INC.

383 RICHMOND ST  
SUITE 700  
LONDON  
ONTARIO  
N6A 3C4  
CA

**TO: ROYAL BANK OF CANADA**

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by **SLE-CO PLASTICS INC.** (hereinafter called the "Customer") to the Bank or remaining unpaid by the Customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Bank and the Customer or by or from any agreement or dealings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the Customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "Liabilities"); the liability of the undersigned hereunder being limited to the sum of **\$7,100,000.00** together with interest thereon from the date of demand for payment at a rate equal to **the Bank's Prime Interest Rate plus 5.00 percent per annum** as well after as before default and judgment.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

(1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used herein includes securities taken by the Bank from the Customer and others, monies which the Customer has on deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from, or perfecting securities of, cease or refrain from giving credit or making loans or advances to, or change any term or condition applicable to the Liabilities, including without limitation, the rate of interest or maturity date, if any, or introduce new terms and conditions with regard to the Liabilities, or accept compositions from and otherwise deal with, the Customer and others and with all securities as the Bank may see fit, and may apply all moneys at any time received from the Customer or others or from securities upon such part of the Liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the Customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.

(2) This guarantee shall be a continuing guarantee and shall cover all the Liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.

(3) The Bank shall not be bound to exhaust its recourse against the Customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the Liabilities. The undersigned renounce(s) to all benefits of discussion and division.

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(4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of Liabilities thereafter incurred or arising but not in respect of any Liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Bank may fulfil any requirements of the Customer based on agreements express or implied made prior to the receipt of such notice and any resulting Liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.

(5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the Liabilities, and all moneys received by the undersigned or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the whole without in any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the Customer under any line(s) of credit.

(6) This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the Customer or in the membership of the Customer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the Customer, or by the Customer's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the Liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "Customer" shall include every such firm and corporation.

(7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, proceeds of security valued and payments received by the Bank from the Customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the Liabilities.

(8) All monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the Liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents of the Customer, or that the Customer may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals, credits or credit facilities, or any other reason, similar or not, the whole whether known to the Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the reasons set out in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank on demand with interest and accessories.

(9) This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee, of the undersigned or any of them or of any other obligant, whether bound with or apart from the Customer; excepting any guarantee surrendered for cancellation on delivery of this instrument or confirmed in writing by the Bank to be cancelled.

(10) The undersigned and each of them shall be bound by any account settled between the Bank and the Customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Bank or remains unpaid by the Customer to the Bank.

(11) This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall

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be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with, unless at the time of receipt of this instrument by the Bank each signatory thereof obtains from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.

(12) No suit based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor at the address of such guarantor last known to the Bank, is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantor's heirs, executors, administrators or legal representatives at the address of the addressee last known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.

(13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.

(14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns, an every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

(15) Prime Interest Rate is the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.

(16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the province of ONTARIO ("Jurisdiction"). The undersigned irrevocably submits to the courts of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.

(17) The Undersigned hereby acknowledges receipt of a copy of this agreement.

(Applicable in all P.P.S.A. except Ontario.) (18) The Undersigned hereby waives Undersigned's right to receive a copy of any Financing Statement or Financing Change Statement registered by the Bank.

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EXECUTED this

MARCH 04 2019  
(MONTH) (DAY) (YEAR)

IN THE PRESENCE OF

SLE-CO PROPERTIES INC.

*K. Vaillancourt*  
Witness Signature:

*[Signature]*  
\_\_\_\_\_

*Kristyn Vaillancourt.*  
Name:

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

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

Insert the full name and address of Guarantor (Undersigned above).

Full name and address

SLE-CO PROPERTIES INC.  
400 SOUTH EDGEWARE RD  
ST. THOMAS  
ONTARIO  
N5P3Z5  
CA

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RBC524689098004004000812





1142024 Ontario

Royal Bank of Canada  
Guarantee and Postponement of Claim

SRF: 524689098  
Borrower: SLE-CO PLASTICS INC.

383 RICHMOND ST  
SUITE 700  
LONDON  
ONTARIO  
N6A 3C4  
CA

**TO: ROYAL BANK OF CANADA**

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by **SLE-CO PLASTICS INC.** (hereinafter called the "Customer") to the Bank or remaining unpaid by the Customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Bank and the Customer or by or from any agreement or dealings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the Customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "Liabilities"); the liability of the undersigned hereunder being limited to the sum of **\$7,100,000.00** together with interest thereon from the date of demand for payment at a rate equal to **the Bank's Prime Interest Rate plus 5.00 percent per annum** as well after as before default and judgment.

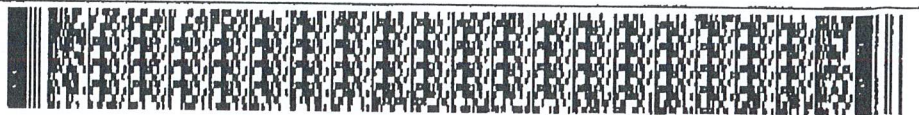
AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

(1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used herein includes securities taken by the Bank from the Customer and others, monies which the Customer has on deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from, or perfecting securities of, cease or refrain from giving credit or making loans or advances to, or change any term or condition applicable to the Liabilities, including without limitation, the rate of interest or maturity date, if any, or introduce new terms and conditions with regard to the Liabilities, or accept compositions from and otherwise deal with, the Customer and others and with all securities as the Bank may see fit, and may apply all moneys at any time received from the Customer or others or from securities upon such part of the Liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the Customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.

(2) This guarantee shall be a continuing guarantee and shall cover all the Liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.

(3) The Bank shall not be bound to exhaust its recourse against the Customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the Liabilities. The undersigned renounce(s) to all benefits of discussion and division.

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(4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of Liabilities thereafter incurred or arising but not in respect of any Liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Bank may fulfil any requirements of the Customer based on agreements express or implied made prior to the receipt of such notice and any resulting Liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.

(5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the Liabilities, and all moneys received by the undersigned or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the whole without in any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the Customer under any line(s) of credit.

(6) This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the Customer or in the membership of the Customer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the Customer, or by the Customer's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the Liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "Customer" shall include every such firm and corporation.

(7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, proceeds of security valued and payments received by the Bank from the Customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the Liabilities.

(8) All monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the Liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents of the Customer, or that the Customer may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals, credits or credit facilities, or any other reason, similar or not, the whole whether known to the Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the reasons set out in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank on demand with interest and accessories.

(9) This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee, of the undersigned or any of them or of any other obligant, whether bound with or apart from the Customer; excepting any guarantee surrendered for cancellation on delivery of this instrument or confirmed in writing by the Bank to be cancelled.

(10) The undersigned and each of them shall be bound by any account settled between the Bank and the Customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Bank or remains unpaid by the Customer to the Bank.

(11) This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall

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be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with, unless at the time of receipt of this instrument by the Bank each signatory thereof obtains from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.

(12) No suit based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor at the address of such guarantor last known to the Bank, is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantor's heirs, executors, administrators or legal representatives at the address of the addressee last known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.

(13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.

(14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns, an every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

(15) Prime Interest Rate is the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.

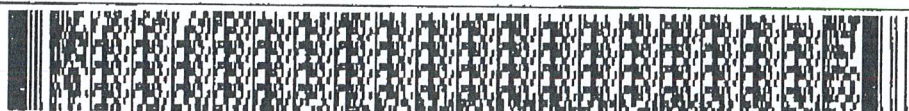
(16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the province of ONTARIO ("Jurisdiction"). The undersigned irrevocably submits to the courts of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.

(17) The Undersigned hereby acknowledges receipt of a copy of this agreement.

(18) The Undersigned hereby waives Undersigned's right to receive a copy of any Financing Statement or Financing Change Statement registered by the Bank.

(Applicable in all  
P.P.S.A.  
except Ontario.)

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RBC524689098003004000812

EXECUTED this

JULY 31, 2018

(MONTH) (DAY) (YEAR)

IN THE PRESENCE OF

1142024 ONTARIO INC.

*[Handwritten Signature]*

Witness Signature:

Name:

Witness Signature:

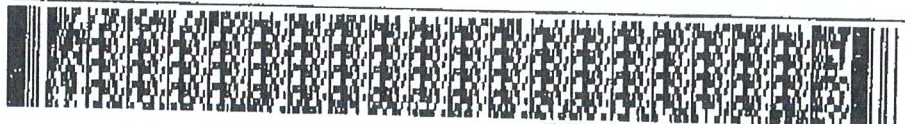
Name:

Insert the full name and address of Guarantor (Undersigned above).

Full name and address

1142024 ONTARIO INC.  
1425 CREAMERY RD  
LONDON  
ONTARIO  
N5V5B3  
CA

Please do not write in this area



RBC524689098004004000812

# Resolution of Directors

1142024 ONTARIO INC. (the "Guarantor")

SRF: 524689098  
Borrower: SLE-CO PLASTICS INC.

383 RICHMOND ST  
SUITE 700  
LONDON  
ONTARIO  
N6A 3C4  
CA

Whereas it is deemed expedient and in the best interests of the Guarantor that it lend assistance to **SLE-CO PLASTICS INC.** (the "Customer") in connection with its borrowings, both present and future, from ROYAL BANK OF CANADA (the "Bank").

NOW THEREFORE BE IT DULY RESOLVED

1. THAT the Guarantor guarantee payment to the Bank of all present and future debts and liabilities, including interest due at any time by the Customer to the Bank; provided that the liability of the Guarantor shall be limited to the sum of **\$7,100,000.00** together with interest from the date of demand for payment at the **Bank's Prime Interest Rate plus 5.00 percent per annum**;

For the purposes hereof (where applicable), Prime Interest Rate means the annual rate of interest announced from time to time by the Bank as a reference rate then in effect for determining interest rates on Canadian Dollar commercial loans in Canada.

2. THAT the Guarantor further secure the Bank by postponing all debts and claims, present and future, of the Guarantor against the Customer to the debts and claims of the Bank against the Customer.

3. THAT the Guarantee and Postponement of Claim upon the Bank's form, a copy of which has been submitted to this meeting, be and is hereby approved as containing a correct statement of the terms and conditions upon which the said guarantee and postponement are to be made and that the said Guarantee and Postponement of Claim be duly executed for and in the name of the Guarantor (under the corporate seal where required)

by JEFFREY SLEEGERS, PRESIDENT  
(IDENTIFY BY NAME AND TITLE)

and \_\_\_\_\_  
(IDENTIFY BY NAME AND TITLE)

with such alterations, additions, amendments and deletions as they may approve; and that the Guarantee and Postponement of Claim/Suretyship and Subordination of Claims so executed is the Guarantee and Postponement of Claim authorized by this resolution.

4. THAT for the purpose of securing this Guarantee, or any present or future debts or liabilities, including interest due at any time, by the Customer to the Bank, the Guarantor shall provide to the Bank any security, including accommodation endorsements, which the Bank may request, and that for such purpose the officers of the Guarantor mentioned in paragraph 3 hereof be and they are hereby empowered for and on behalf of the Guarantor to provide such security and to execute such further documents as the Bank may require.

5. THAT a copy of this Resolution, certified by the Secretary of the Guarantor (under the corporate seal where required) be

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given to the branch of the Bank where the Customer has its account, and that the designation of the officers under Section 3 of this Resolution shall be binding upon the Guarantor until a Resolution, certified by the Secretary of the Guarantor, changing the officers is received by that branch of the Bank.

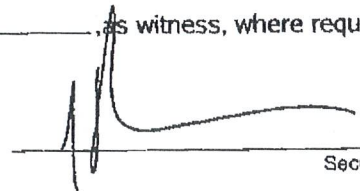
CERTIFICATE

It is hereby certified by the undersigned that the foregoing is a Resolution of the Directors of the Guarantor in accordance with the Guarantor's By-laws, constating documents, any unanimous shareholders' agreements made by the shareholders of the Guarantor and all other laws governing the Guarantor, all as amended from time to time, which Resolution is now in full force and effect.

It is hereby further certified that there are no provisions in the articles or by-laws of the Guarantor or in any unanimous shareholder agreement which restrict or limit the powers of the Guarantor or of its directors to borrow money upon the credit of the Guarantor, to issue, reissue, sell or pledge debt obligations of the Guarantor, to give a guarantee on behalf of the Guarantor to secure the performance of an obligation of any person, to mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Guarantor, owned or subsequently acquired, to secure any obligation of the Guarantor and to delegate the powers referred to above to a director, officer or committee of directors.

CERTIFIED this JULY 31, 2018 as witness, where required by law, under the corporate seal of the Guarantor. (MONTH) (DAY) (YEAR)

(Corporate Seal where required by law)

  
Secretary

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SRF: 524689098  
Borrower: SLE-CO PLASTICS INC.

383 RICHMOND ST  
SUITE 700  
LONDON  
ONTARIO  
N6A 3C4  
CA

**TO: ROYAL BANK OF CANADA**

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by **SLE-CO PLASTICS INC.** (hereinafter called the "Customer") to the Bank or remaining unpaid by the Customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Bank and the Customer or by or from any agreement or dealings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the Customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "Liabilities"); the liability of the undersigned hereunder being limited to the sum of **\$1,000,000.00** together with interest thereon from the date of demand for payment at a rate equal to **the Bank's Prime Interest Rate plus 5.00 percent per annum** as well after as before default and judgment.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

(1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used herein includes securities taken by the Bank from the Customer and others, monies which the Customer has on deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from, or perfecting securities of, cease or refrain from giving credit or making loans or advances to, or change any term or condition applicable to the liabilities, including without limitation, the rate of interest or maturity date, if any, or introduce new terms and conditions with regard to the liabilities, or accept compositions from and otherwise deal with, the Customer and others and with all securities as the Bank may see fit, and may apply all moneys at any time received from the Customer or others or from securities upon such part of the liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the Customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.

(2) This guarantee shall be a continuing guarantee and shall cover all the Liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.

(3) The Bank shall not be bound to exhaust its recourse against the Customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the Liabilities. The undersigned renounce(s) to all benefits of discussion and division.

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(4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of Liabilities thereafter incurred or arising but not in respect of any Liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Bank may fulfil any requirements of the Customer based on agreements express or implied made prior to the receipt of such notice and any resulting Liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.

(5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the liabilities, and all moneys received by the undersigned or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the whole without in any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the Customer under any line(s) of credit.

(6) This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the Customer or in the membership of the Customer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the Customer, or by the Customer's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the Liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "Customer" shall include every such firm and corporation.

(7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, proceeds of security valued and payments received by the Bank from the Customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the Liabilities.

(8) All monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the Liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents of the Customer, or that the Customer may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals, credits or credit facilities, or any other reason, similar or not, the whole whether known to the Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the reasons set out in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank on demand with interest and accessories.

(9) This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee, of the undersigned or any of them or of any other obligant, whether bound with or apart from the Customer; excepting any guarantee surrendered for cancellation on delivery of this instrument or confirmed in writing by the Bank to be cancelled.

(10) The undersigned and each of them shall be bound by any account settled between the Bank and the Customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Bank or remains unpaid by the Customer to the Bank.

(11) This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall

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be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with, unless at the time of receipt of this instrument by the Bank each signatory thereof obtains from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.

(12) No suit based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor at the address of such guarantor last known to the Bank, is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantor's heirs, executors, administrators or legal representatives at the address of the addressee last known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.

(13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.

(14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns, an every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

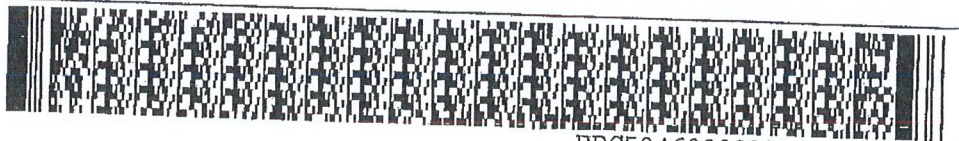
(15) Prime Interest Rate is the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.

(16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the province of ONTARIO ("Jurisdiction"). The undersigned irrevocably submits to the courts of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.

(17) The Undersigned hereby acknowledges receipt of a copy of this agreement.

(18) The Undersigned hereby waives Undersigned's right to receive a copy of any Financing Statement or Financing Change Statement registered by the Bank.

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EXECUTED this

April 7 2015  
(MONTH) (DAY) (YEAR)

IN THE PRESENCE OF

Witness Signature:

*GARY COUSTS*

Name:

*[Signature]*  
JEFFREY J SLEEGERS

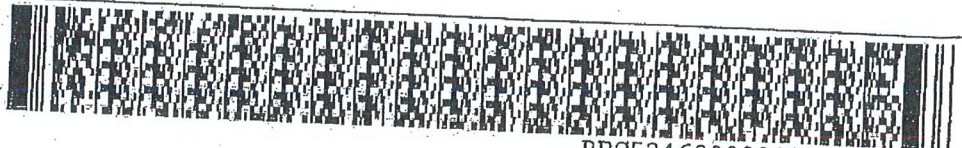
Insert the full name and address of Guarantor (Undersigned above).

Full name and address

JEFFREY J SLEEGERS

ONTARIO

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# EXHIBIT "I" -2



SRF: 524689098  
Borrower: SLE-CO PLASTICS INC.

383 RICHMOND ST  
SUITE 700  
LONDON  
ONTARIO  
N6A 3C4  
CA

## 1. SECURITY INTEREST

(a) For value received, the undersigned ("Debtor"), hereby grants to **ROYAL BANK OF CANADA** ("RBC"), a security interest (the "Security Interest") in the undertaking of Debtor and in all of Debtor's present and after acquired personal property including, without limitation, in all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities and all other Investment Property now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefore (hereinafter collectively called "Collateral"), and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

- (i) all Inventory of whatever kind and wherever situate;
- (ii) all equipment (other than Inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;
- (iii) all Accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("Debts");
- (iv) all lists, records and files relating to Debtor's customers, clients and patients;
- (v) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (vi) all contractual rights and insurance claims;
- (vii) all patents, industrial designs, trade-marks, trade secrets and know-how including without limitation environmental technology and biotechnology, confidential information, trade-names, goodwill, copyrights, personality rights, plant breeders' rights, integrated circuit topographies, software and all other forms of intellectual and industrial property, and any registrations and applications for registration of any of the foregoing (collectively "Intellectual Property"); and
- (viii) all property described in Schedule "C" or any schedule now or hereafter annexed hereto.

(b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest, Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

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(c) The terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Intangible", "Security", "Investment Property", "proceeds", "Inventory", "accession", "Money", "Account", "financing statement" and "financing change statement" whenever used herein shall be interpreted pursuant to their respective meanings when used in The Personal Property Security Act of the province referred to in Clause 14(s), as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "P.P.S.A.". Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such within one year of execution of this Security Agreement and the term "Investment Property", if not defined in the P.P.S.A., shall be interpreted according to its meaning in the Personal Property Security Act (Ontario). Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof".

## 2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and performance of any and all obligations, indebtedness and liability of Debtor to RBC (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient, in the event of default, to satisfy all Indebtedness of the Debtor, the Debtor acknowledges and agrees that Debtor shall continue to be liable for any Indebtedness remaining outstanding and RBC shall be entitled to pursue full payment thereof.

## 3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant that:

(a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, liens, claims, charges, licenses, leases, infringements by third parties, encumbrances or other adverse claims or interests (hereinafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption;

(b) all Intellectual Property applications and registrations are valid and in good standing and Debtor is the owner of the applications and registrations;

(c) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"), and the amount represented by Debtor to RBC from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defence, set off, claim or counterclaim against Debtor which can be asserted against RBC, whether in any proceeding to enforce Collateral or otherwise;

(d) the locations specified in Schedule "B" as to business operations and records are accurate and complete and with respect to Goods (including Inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete save for Goods in transit to such locations and Inventory on lease or consignment; and all fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations; and

(e) the execution, delivery and performance of the obligations under this Security Agreement and the creation of any security interest in or assignment hereunder of Debtor's rights in the Collateral to RBC will not result in a breach of any agreement to which Debtor is a party.

## 4. COVENANTS OF THE DEBTOR

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So long as this Security Agreement remains in effect Debtor covenants and agrees:

(a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to diligently initiate and prosecute legal action against all infringers of Debtor's rights in Intellectual Property; to take all reasonable action to keep the Collateral free from all Encumbrances, except for the Security Interest, licenses which are compulsory under federal or provincial legislation and those shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption, and not to sell, exchange, transfer, assign, lease, license or otherwise dispose of Collateral or any interest therein without the prior written consent of RBC; provided always that, until default, Debtor may, in the ordinary course of Debtor's business, sell or lease Inventory and, subject to Clause 7 hereof, use Money available to Debtor;

(b) to notify RBC promptly of:

- (i) any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral,
- (ii) the details of any significant acquisition of Collateral,
- (iii) the details of any claims or litigation affecting Debtor or Collateral,
- (iv) any loss or damage to Collateral,
- (v) any default by any Account Debtor in payment or other performance of its obligations with respect to Collateral, and
- (vi) the return to or repossession by Debtor of Collateral;

(c) to keep Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance; to keep all agreements, registrations and applications relating to Intellectual Property and intellectual property used by Debtor in its business in good standing and to renew all agreements and registrations as may be necessary or desirable to protect Intellectual Property, unless otherwise agreed in writing by RBC; to apply to register all existing and future copyrights, trade-marks, patents, integrated circuit topographies and industrial designs whenever it is commercially reasonable to do so;

(d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by RBC of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;

(e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;

(f) to insure collateral in such amounts and against such risks as would customarily be insured by a prudent owner of similar Collateral and in such additional amounts and against such additional risks as RBC may from time to time direct, with loss payable to RBC and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor and deliver copies of policies and evidence of renewal to RBC on request;

(g) to prevent Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;

(h) to carry on and conduct the business of Debtor in a proper and efficient manner and so as to protect and preserve Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at RBC's request so as to indicate the Security Interest;

(i) to deliver to RBC from time to time promptly upon request:

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- (i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral,
- (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same,
- (iii) all financial statements prepared by or for Debtor regarding Debtor's business,
- (iv) all policies and certificates of insurance relating to Collateral, and
- (v) such information concerning Collateral, the Debtor and Debtor's business and affairs as RBC may reasonably request.

## 5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that RBC shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner RBC may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as RBC may reasonably request in connection therewith and for such purpose to grant to RBC or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

## 6. SECURITIES, INVESTMENT PROPERTY

If Collateral at any time includes Securities, Debtor authorizes RBC to transfer the same or any part thereof into its own name or that of its nominee(s) so that RBC or its nominee(s) may appear of record as the sole owner thereof; provided that, until default, RBC shall deliver promptly to Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, Debtor waives all rights to receive any notices or communications received by RBC or its nominee(s) as such registered owner and agrees that no proxy issued by RBC to Debtor or its order as aforesaid shall thereafter be effective.

Where any Investment Property is held in or credited to an account that has been established with a securities intermediary, RBC may, at any time after default, give a notice of exclusive control to any such securities intermediary with respect to such Investment Property.

## 7. COLLECTION OF DEBTS

Before or after default under this Security Agreement, RBC may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to RBC. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement, shall be received and held by Debtor in trust for RBC and shall be turned over to RBC upon request.

## 8. INCOME FROM AND INTEREST ON COLLATERAL

(a) Until default, Debtor reserves the right to receive any Money constituting income from or interest on Collateral and if RBC receives any such Money prior to default, RBC shall either credit the same against the Indebtedness or pay the same promptly to Debtor.

(b) After default, Debtor will not request or receive any Money constituting income from or interest on Collateral and if

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Debtor receives any such Money without any request by it, Debtor will pay the same promptly to RBC.

## 9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS

(a) Whether or not default has occurred, Debtor authorizes RBC:

- (i) to receive any increase in or profits on Collateral (other than Money) and to hold the same as part of Collateral. Money so received shall be treated as income for the purposes of Clause 8 hereof and dealt with accordingly;
- (ii) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor and to hold any such payment or distribution as part of Collateral.

(b) If Debtor receives any such increase or profits (other than Money) or payments or distributions, Debtor will deliver the same promptly to RBC to be held by RBC as herein provided.

## 10. DISPOSITION OF MONEY

Subject to any applicable requirements of the P.P.S.A., all Money collected or received by RBC pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as RBC deems best or, at the option of RBC, may be held unappropriate in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of RBC hereunder, and any surplus shall be accounted for as required by law.

## 11. EVENTS OF DEFAULT

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

(a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between Debtor and RBC;

(b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if an individual;

(c) the bankruptcy or insolvency of Debtor; the filing against Debtor of a petition in bankruptcy; the making of an assignment for the benefit of creditors by Debtor; the appointment of a receiver or trustee for Debtor or for any assets of Debtor or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise;

(d) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;

(e) if any Encumbrance affecting Collateral becomes enforceable against Collateral;

(f) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets without complying with applicable law or commits or threatens to commit an act of bankruptcy;

(g) if any execution, sequestration, extent or other process of any court becomes enforceable against Debtor or if distress or analogous process is levied upon the assets of Debtor or any part thereof;

(h) if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement, or otherwise (including, without limitation, the

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representations and warranties contained herein) or as an inducement to RBC to extend any credit to or to enter into this or any other agreement with Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to RBC at or prior to the time of such execution.

## 12. ACCELERATION

RBC, in its sole discretion, may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or if RBC considers itself insecure or that the Collateral is in jeopardy. The provisions of this clause are not intended in any way to affect any rights of RBC with respect to any Indebtedness which may now or hereafter be payable on demand.

## 13. REMEDIES

(a) Upon default, RBC may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of RBC or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his/her stead. Any such Receiver shall, so far as concerns responsibility for his/her acts, be deemed the agent of Debtor and not RBC, and RBC shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver, his/her servants, agents or employees. Subject to the provisions of the instrument appointing him/her, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Debtor and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Debtor, enter upon, use and occupy all premises owned or occupied by Debtor wherein Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable the Receiver to carry on Debtor's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by RBC, all Money received from time to time by such Receiver in carrying out his/her appointment shall be received in trust for and paid over to RBC. Every such Receiver may, in the discretion of RBC, be vested with all or any of the rights and powers of RBC.

(b) Upon default, RBC may, either directly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of the foregoing sub-clause (a).

(c) RBC may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, RBC may sell, license, lease or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to RBC may seem reasonable.

(d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and RBC and in addition to any other rights RBC may have at law or in equity, RBC shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. Provided always, that RBC shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease, license or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, RBC shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper whether Collateral or proceeds and whether or not in RBC's possession and shall not be liable or accountable for failure to do so.

(e) Debtor acknowledges that RBC or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Debtor agrees upon request from RBC or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.

(f) Debtor agrees to be liable for and to pay all costs, charges and expenses reasonably incurred by RBC or any

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Receiver appointed by it, whether directly or for services rendered (including reasonable solicitors and auditors costs and other legal expenses and Receiver remuneration), in operating Debtor's accounts, in preparing or enforcing this Security Agreement, taking and maintaining custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting Indebtedness and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by RBC or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

(g) RBC will give Debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as may be required by the P.P.S.A..

(h) Upon default and receiving written demand from RBC, Debtor shall take such further action as may be necessary to evidence and effect an assignment or licensing of Intellectual Property to whomever RBC directs, including to RBC. Debtor appoints any officer or director or branch manager of RBC upon default to be its attorney in accordance with applicable legislation with full power of substitution and to do on Debtor's behalf anything that is required to assign, license or transfer, and to record any assignment, licence or transfer of the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

#### 14. MISCELLANEOUS

(a) Debtor hereby authorizes RBC to file such financing statements, financing change statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on and Collateral and records relating thereto are situate) as RBC may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of the herein mentioned branch of RBC the true and lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.

(b) Without limiting any other right of RBC, whenever Indebtedness is immediately due and payable or RBC has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), RBC may, in its sole discretion, set off against Indebtedness any and all amounts then owed to Debtor by RBC in any capacity, whether or not due, and RBC shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on RBC's records subsequent thereto.

(c) Upon Debtor's failure to perform any of its duties hereunder, RBC may, but shall not be obligated to, perform any or all of such duties, and Debtor shall pay to RBC, forthwith upon written demand therefor, an amount equal to the expense incurred by RBC in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 15% per annum.

(d) RBC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as RBC may see fit without prejudice to the liability of Debtor or RBC's right to hold and realize the Security Interest. Furthermore, RBC may demand, collect and sue on Collateral in either Debtor's or RBC's name, at RBC's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other Instruments pertaining to or constituting Collateral.

(e) No delay or omission by RBC in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, RBC may remedy any default by Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of RBC granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(f) Debtor waives protest of any Instrument constituting Collateral at any time held by RBC on which Debtor is in any way liable and, subject to Clause 13(g) hereof, notice of any other action taken by RBC.

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(g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against RBC. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several.

(h) RBC may provide any financial and other information it has about Debtor, the Security Interest and the Collateral to any one acquiring or who may acquire an interest in the Security Interest or the Collateral from the Bank or any one acting on behalf of the Bank.

(i) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

(j) Subject to the requirements of Clauses 13(g) and 14(k) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given, in the case of RBC, if delivered to it or sent by prepaid registered mail addressed to it at its address herein set forth or as changed pursuant hereto, and, in the case of Debtor, if delivered to it or if sent by prepaid registered mail addressed to it at its last address known to RBC. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.

(k) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by RBC and is intended to be a continuing Security Agreement and shall remain in full force and effect until the Manager or Acting Manager from time to time of the herein mentioned branch of RBC shall actually receive written notice of its discontinuance; and, notwithstanding such notice, shall remain in full force and effect thereafter until all Indebtedness contracted for or created before the receipt of such notice by RBC, and any extensions or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.

(l) The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

(m) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

(n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

(o) Nothing herein contained shall in any way obligate RBC to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.

(p) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to RBC.

(q) Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby

(i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company, and

(ii) shall secure the "Indebtedness" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to RBC at the time of amalgamation and any "Indebtedness" of the amalgamated company to

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RBC thereafter arising. The Security Interest shall attach to "Collateral" owned by each company amalgamating with Debtor, and by the amalgamated company, at the time of the amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

(r) In the event that Debtor is a body corporate, it is hereby agreed that The Limitation of Civil Rights Act of the Province of Saskatchewan, or any provision thereof, shall have no application to this Security Agreement or any agreement or instrument renewing or extending or collateral to this Security Agreement. In the event that Debtor is an agricultural corporation within the meaning of The Saskatchewan Farm Security Act, Debtor agrees with RBC that all of Part IV (other than Section 46) of that Act shall not apply to Debtor.

(s) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the province in which the herein branch of RBC is located, as those laws may from time to time be in effect, except if such branch of RBC is located in Quebec then, this Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

**15. COPY OF AGREEMENT**

(a) Debtor hereby acknowledges receipt of a copy of this Security Agreement.

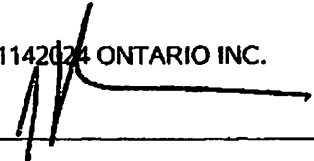
(b) Debtor waives Debtor's right to receive a copy of any financing statement or financing change statement registered by RBC or of any verification statement with respect to any financing statement or financing change statement registered by RBC. (Applies in all P.P.S.A. Provinces except Ontario).

**16.** Debtor represents and warrants that the following information is accurate:

**BUSINESS DEBTOR**

NAME OF BUSINESS DEBTOR 1142024 ONTARIO INC.			
ADDRESS OF BUSINESS DEBTOR 1425 CREAMERY RD	CITY LONDON	PROVINCE ONTARIO	POSTAL CODE N5V5B3

IN WITNESS WHEREOF Debtor has executed this Security Agreement this 31 day JULY 2018

1142024 ONTARIO INC.  


Seal

Seal

WITNESSES \_\_\_\_\_

WITNESSES \_\_\_\_\_

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**SCHEDULE "A"**

**(ENCUMBRANCES AFFECTING COLLATERAL)**

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## SCHEDULE "B"

### 1. Locations of Debtor's Business Operations

1425 CREAMERY RD,  
LONDON  
ONTARIO  
CA  
N5V5B3

### 2. Locations of Records relating to Collateral

1425 CREAMERY RD,  
LONDON  
ONTARIO  
CA  
N5V5B3

### 3. Locations of Collateral

1425 CREAMERY RD,  
LONDON  
ONTARIO  
CA  
N5V5B3

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**SCHEDULE "C"**  
**(DESCRIPTION OF PROPERTY)**

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ROYAL BANK OF CANADA

-and-

SLE-CO PLASTICS INC., SLE-CO PROPERTIES INC. and 1142024  
ONTARIO INC.

Plaintiff

Defendants

Court File No. 35-2220172T

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**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**

Proceeding commenced at  
London, Ontario

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**MOTION RECORD – VOLUME 1**

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**HARRISON PENZA** <sup>LLP</sup>  
Barristers and Solicitors  
450 Talbot Street, 1<sup>st</sup> Floor  
P.O. Box 3237  
London, Ontario N6A 4K3

**Timothy C. Hogan (LSO #36553S)**  
Tel: (519) 679-9660  
Fax: (519) 667-3362

Solicitors for the Plaintiff