

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

**BRIDGING FINANCE INC.,
as agent for SPROTT BRIDGING INCOME FUND LP**

Applicant

and

**THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO
LIMITED**

Respondents

**IN THE MATTER OF AN APPLICATION PURSUANT TO SUBSECTIONS 47(1) AND
243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS
AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.
C.43, AS AMENDED**

RESPONDING MOTION RECORD

(Returnable November 28, 2017)

November 10, 2017

AIRD & BERLIS LLP

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*Lawyers for the Applicant, Bridging Finance Inc.,
as Agent For Sprott Bridging Income Fund LP*

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**ONTARIO
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**APPLICATION UNDER SUBSECTIONS 47(1) AND 243(1) OF THE *BANKRUPTCY
AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED**

**AFFIDAVIT OF KEN ROSENSTEIN
(sworn November 10, 2017)**

I, **KEN ROSENSTEIN**, of Toronto, in the Province of Ontario, **MAKE OATH AND
SAY AS FOLLOWS:**

1. I am a Partner at Aird & Berlis LLP (“**A&B**”), counsel to the Applicant, Bridging Finance Inc. (“**Bridging**”), and share responsibility for matters relating to these proceedings. As such, I have knowledge of the matters to which I hereinafter depose, except where the information set out below is based upon the information I have received from others, in which case I have stated the source of that information and, in all such cases, believe it to be true.

2. This Affidavit is sworn in response to the motion of William Thomas for, among other things: an order granting the Respondents, Thomas Canning (Maidstone) Limited (“**Thomas Canning**”) and 692194 Ontario Limited (“**6921**”) leave to bring a motion seeking payment of certain fees of their counsel, Blaney McMurtry LLP (“**Blaney**”); and (b) an order authorizing

Richter Advisory Group Inc. (“**Richter**”), in its capacity as court-appointed receiver of Thomas Canning and 6921 (in such capacity, the “**Receiver**”) to pay the reasonable outstanding fees and expenses of Blaney incurred on or before June 21, 2017.

3. In Bridging’s view none of the relief sought should be granted since, among other reasons, Blaney is nothing more than an unsecured creditor and payment of its fees does not benefit the estate.

BRIDGING’S LOANS AND SECURITY

4. Bridging (as agent for the Sprott Bridging Income Fund LP), Thomas Canning (as borrower), 6921 (as guarantor) and each of William Thomas, Robert Thomas and John Thomas (as limited guarantors) are parties to a letter credit agreement dated July 3, 2015, as amended by a First Amending Letter Agreement dated May 17, 2016, a Second Amending Letter Agreement dated May 31, 2016, and a Third Amending Letter Agreement dated July 26, 2016 (collectively, the “**Credit Agreement**”). A copy of the Credit Agreement and all its amendments is attached as **Exhibit “A”** to this Affidavit.

5. As security for its obligations to Bridging, Thomas Canning provided, among other things, a General Security Agreement dated July 3, 2015 (the “**Thomas Canning GSA**”), registration in respect of which was made pursuant to the *Personal Property Security Act* (Ontario) (the “**PPSA**”) on June 30, 2015 by financing statement no.: 20150630 1440 1793 5906, and a copy of which Thomas Canning GSA is attached as **Exhibit “B”** to this Affidavit.

6. By a Guarantee Agreement dated as of July 3, 2015 (the “**6921 Guarantee**”), 6921 guaranteed all present and future obligations under the Credit Agreement. A copy of the 6921 Guarantee is attached as **Exhibit “C”** to this Affidavit.

7. As security for its obligations under the 6921 Guarantee, 6921 provided, among other things:

- (a) a General Security Agreement dated July 3, 2015 (the “**6921 GSA**” and, together with the Thomas Canning GSA, the “**GSAs**”), in the same form as the Thomas

Canning GSA, and a copy of which was attached as **Exhibit “D”** to this Affidavit; and

- (b) a Securities Pledge Agreement dated July 3, 2015 (the “**Share Pledge**”) pursuant to which 6921 pledged, as collateral, all its present or future investment property including all its shares in the capital of the Borrower, and a copy of which is attached as **Exhibit “E”** to this Affidavit.

8. By a Guarantee Agreement dated as of July 3, 2015 (the “**W. Thomas Guarantee**”), William Thomas guaranteed all present and future obligations under the Credit Agreement to a maximum principal amount of \$250,000, together with interest thereon. A copy of the W. Thomas Guarantee is attached as **Exhibit “F”** to this Affidavit.

9. By a Postponement and Assignment of Claim, each of William Thomas, Robert Thomas and John Thomas postponed any claims they might have against Thomas Canning or 6921 to the claims of Bridging and assigned those same claims to Bridging. A copy of the Postponement and Assignment of Claim is attached as **Exhibit “G”** to this Affidavit.

10. I am advised by Bridging that Bridging is still owed in excess of \$2.7 million under the Credit Facilities, which amount is net of all distributions received in these receivership proceedings, but does not include certain legal fees.

11. A current creditor listing for Thomas Canning provided by the Receiver is attached as **Exhibit “H”** to this Affidavit.

FINANCIAL DIFFICULTIES AND DEFAULTS

Perpetual Overadvance

12. A copy of the Affidavit of Graham Marr, sworn April 19, 2017, in support of Bridging’s original Application in these proceeding (the “**Marr Affidavit**”), without its exhibits, is attached as **Exhibit “I”** to this Affidavit. As detailed at paragraphs 23 to 26 of the Marr Affidavit, Thomas Canning was in uninterrupted default under the Credit Agreement from October, 2015 onward due, in part, to a series of overadvances that were not repaid when due and/or constituted events of default in and of themselves.

Failure to Repay Loans

13. As detailed at paragraphs 27 and 28 of the Marr Affidavit, Thomas Canning began in early 2016 to search for a lender to refinance its debt to Bridging when the credit facilities under the Credit Agreement (the “**Credit Facilities**”) would become due in January, 2017. In March, 2016 the Borrower retained an investment banker to run an investment solicitation process to raise equity. In the summer of 2016 Thomas Canning retained a separate funding consultant to assist in finding refinancing for its debt to Bridging. Both those efforts were unsuccessful. Thomas Canning never presented Bridging with any evidence of other concrete refinancing opportunities after the term of the Credit Facilities expired in January, 2017.

Diversion of Funds from Cash Management

14. As detailed at paragraphs 29 to 32 of the Marr Affidavit:

- (a) Bridging discovered in October 2016 that accounts had been opened in Thomas Canning’s name at Royal Bank of Canada (“**RBC**”) and that funds had been paid in and out of those accounts. This was a direct violation of the terms of the Borrower’s cash management arrangements with Bridging and, at the time, the Toronto-Dominion Bank (“**TD**”). Thomas Canning’s Vice President and Chief Operating Officer at the time, Brian Payne, disclosed the existence of the RBC accounts and the fact that receipts had been diverted thereto and that disbursements had been made therefrom.
- (b) When Bridging was given access to the RBC account statements, it was revealed that a total of US\$215,000 and CDN\$178,000 had been collected from customers and deposited into the RBC accounts in or about May and June 2016, without any update to the Borrower’s accounts receivable ledger. Some funds were used to pay accounts payable directly from the RBC accounts, some were forwarded to the TD blocked accounts, some funds were wired from the RBC USD account to the Borrower’s foreign exchange broker to then pay USD accounts payable and US\$51,000 to the personal account of John and Shirley Thomas, and \$10,000 had been withdrawn in cash.

15. As discussed at paragraphs 20, 43 and 44, the actual number of acts of diversion of funds from Cash Management was actually much larger and involved additional diversions to John and Shirley Thomas and to Robert Thomas.

Other Defaults

16. As detailed at paragraphs 34 to 40 of the Marr Affidavit, Bridging was aware at the start of these proceedings of additional defaults under the Credit Agreement due to: (a) overstatements of inventory; (b) lack of reporting; (c) lack of cooperation; and (d) the commencement of court proceedings against Thomas Canning by the Canadian Food Inspection Agency (the “**CFIA**”) for mislabelling US product as “made in Canada” and mislabelling conventional product as “organic”. The CFIA proceedings were also brought against William Thomas personally for lying to a federal food inspector.

Demands

17. On April 5, 2017, A&B sent demands, on Bridging’s Behalf, to Thomas Canning and 6921 (the “**Demands**”). The Demands were accompanied by notices of intention to enforce security under Section 244 of the BIA dated the same date (the “**BIA Notices**”). Copies of the Demands and the BIA Notices were attached as Exhibit “O” to the Marr Affidavit.

18. At paragraph 15 of his June 20, 2017 Affidavit, William Thomas deposed that the Demands were issued for “non-specific and non-urgent reasons”. Mr. Thomas apparently failed to appreciate the gravity of the fact that, among other things, Thomas Canning had been in perpetual default for a year and a half and the Credit Facilities were three months past due.

19. Subsequent to the issuance of the Demands and BIA Notices, there were a series of discussions with Thomas Canning and its counsel, David Ullmann, about forbearance and the appointment of a chief restructuring officer. These discussions ended when A&B received an email from David Ullmann, as counsel to the Borrower, on April 16, 2017, the day after the BIA notice period had expired, asserting that Thomas Canning and 6921 were farmers subject to the *Farm Debt Mediation Act* (the “**FDMA**”) and that because the Credit Facilities had matured in January, 2017, the Credit Agreement itself had “expired” and his clients were no longer subject to the required cash management arrangements and would do as they thought fit with receipts

diverted from the blocked accounts. A copy of that email is attached as **Exhibit “J”** to this Affidavit and can also be found at Tab 2A of Williams Thomas’ motion record.

20. As detailed at paragraph 43 of the Marr Affidavit, Bridging then discovered that Thomas Canning had, in fact, recommenced diversion of receipts away from the cash management system. On April 18, 2017, Thomas Canning made a \$10,434.05 to its disbursement account. Any such deposit should have been deposited to the blocked account, with only advances under the Credit Facilities being deposited in the disbursement account. Both the Credit Agreement and the Blocked Account Agreement dated as of June 29, 2015 between Thomas Canning, Bridging and the Bank of Montreal (the “**Blocked Account Agreement**”) clearly state that the cash management arrangements contemplated thereby (the “**Cash Management**”) survived any non-renewal of the Credit Agreement. The relevant passages of the Credit Agreement and the Blocked Account Agreement are excerpted at paragraphs 44 and 45 of the Marr Affidavit.

21. As detailed at paragraph 46 of the Marr Affidavit, the conduct of the parties since the maturity of the Credit Facilities also contradicted the claim that obligations under the Credit Agreement had expired. Thomas Canning continued to submit weekly borrowing requests, and Bridging continued to fund to those requests. Even after the Demands were issued, Bridging funded payroll and insurance, and continued to receive borrowing requests.

APPOINTMENT OF THE INTERIM RECEIVER

22. Based on David Ullmann’s email of April 16, 2016, wherein he indicated that he had advised his clients that they were within their legal rights to divert funds from Cash Management, and based on the subsequent instance of diversion of funds described in paragraph 20 above, A&B sought and obtained the *ex parte* order from Justice Newbould (as he then was) appointing Richter as interim receiver of Thomas Canning and 6921 on April 20, 2017 (the “**Interim Receivership Order**”). A copy of Justice Newbould’s endorsement accompanying the Interim Receivership Order, wherein he cites the diversion of funds as the reason for making the Order, is attached as **Exhibit “K”** to this Affidavit.

23. At paragraph 22 of his June 20, 2017 Affidavit (the “**Thomas Affidavit**”), William Thomas deposes that Thomas Canning received legal advice from David Ullmann to the effect

that Justice Newbould did not, in the face of the stay imposed by the FDMA, have the authority to make the Interim Receivership Order. A&B attended before Justice Newbould armed with an Ontario Superior Court of Justice (Commercial List) decision, cited favourably in a Supreme Court of Canada minority decision (not in dissent on the point), that held the appointment of an interim receiver is not a proceeding for the recovery of a debt, the realization of a security or the taking of any property of a farmer and therefore not stayed under sections 21 and 22 of the FDMA. Mr. Ullmann's advice to his client on the point was therefore simply wrong.

ACCOMMODATION AGREEMENT

24. Bridging, Thomas Canning, 6921, William Thomas, Robert Thomas and John Thomas entered into an accommodation agreement dated as of April 29, 2017 (the "**Accommodation Agreement**"), a copy of which is attached as **Exhibit "L"** to this Affidavit.

Representations and Warranties

25. In the Accommodation Agreement, at section 2.1, Thomas Canning, 6921, William Thomas, Robert Thomas and John Thomas (defined collectively therein as the "**Obligors**") irrevocably and unconditionally acknowledged, agreed, represented, warranted and confirmed, among other things, that:

- (a) the diversions of funds detailed in the Marr Affidavit (as described at paragraphs 14 and 20 above) each occurred and constituted an Event of Default under the Credit Agreement;
- (b) Bridging had acted in a commercially reasonable manner and the Obligors were estopped from disputing the same (contrary to what would subsequently be deposited at paragraphs 5 to 9 and 15 to 24 of the Williams Affidavit);
- (c) Thomas Canning had remained in possession and control of its business and assets at all times;
- (d) the Obligors did not fall under the definition of "farmer" in the FDMA, were estopped from disputing the same and waived any right to assert that they were a

“farmer” or had any rights under the FDMA (contrary to would subsequently be deposed at paragraphs 16 and 22 of the Williams Affidavit);

- (e) the Cash Management was being maintained and would continue to be maintained in order for Bridging to maintain collateral monitoring and protection over proceeds of its collateral;
- (f) despite the oversight and approval role of Richter in its contemplated capacity as monitor (in such capacity, the “**Monitor**”), Thomas Canning would remain, and be deemed to remain, in possession and control of its business;
- (g) all terms of the Credit Agreement, the GSA and all other loan documents would continue in full force and effect other than as amended by the Accommodation Agreement; and
- (h) all the above acknowledgments, confirmations, representations, warranties and agreements in section 2.1 of the Accommodation Agreement would continue to be in full force and effect despite any expiry of the Forbearance Period (as defined in paragraph 27 below).

Conditions

26. Pursuant to section 3.2 of the Accommodation Agreement, Bridging’s forbearance and funding obligations were conditional on, among other things:

- (a) the making of an Order appointing Richter as Monitor, which Order, pursuant to section 5.2 of the Accommodation Agreement, had to, among other things, grant the Monitor the powers of approval and oversight of sales, supply, expenditures and other business decisions;
- (b) the preparation of 13-week cash flow projections (the “**Cash Flows**”);
- (c) the Obligors, in making any business decisions in respect of sales, supply and expenditures, seeking prior approval of the Monitor, acting on all

recommendations of the Monitor and not hindering, delaying, interfering of frustrating the efforts of the Monitor;

- (d) the Monitor's review and approval of all cash disbursements;
- (e) the maintenance of the Cash Management at all times; and
- (f) the full cooperation of the Obligors with the Monitor and Bridging;

Forbearance and Funding Obligations

27. Pursuant to section 3.1 of the Accommodation Agreement, Bridging agreed to forbear from enforcing its security during the period running from the date of the Accommodation Agreement to the earliest to occur of June 30, 2017, the occurrence of a Forbearance Termination Event (as defined in paragraph 29 below) and the completion of any acceptable sale or refinancing transaction (the "**Forbearance Period**"). Upon the expiration or termination of the Forbearance Period, Bridging's obligation to forbear would "automatically and without further action terminate and be of no further force and effect".

28. Pursuant to section 5.1 of the Accommodation Agreement, Bridging's funding obligations during the Forbearance Period were subject to the occurrence of a Forbearance Termination Event, and did not extend to funding full normal course operations but, rather, just critical payments requested by Thomas Canning and recommended and approved by the Monitor.

29. Pursuant to section 6.1 thereof, the Accommodation Agreement as a whole would forthwith terminate upon the happening of any "Forbearance Termination Event", which term was defined to include, among other things:

- (a) the occurrence of any event of default under the Credit Agreement or other loan documents other than the existing defaults listed on Schedule "B" to the Accommodation Agreement (the "**Existing Defaults**"), which Schedule "B" listed, among other defaults, the diversions of funds from Cash Management described in Marr Affidavit (as described at paragraphs 14 and 20 above); and

- (b) any default by the Obligors in the performance or observance of any covenant, term, agreement or condition of the Accommodation Agreement;

30. Again pursuant to section 6.1 of the Accommodation Agreement, upon the occurrence of a Forbearance Termination Event, Bridging would be entitled, but not required, to exercise all of its rights and remedies under the Accommodation Agreement, the Credit Agreement, the GSA and the other loan documents and the Obligors consented to the immediate appointment of a receiver over Thomas Canning and 6921.

Release

31. At section 7.1 of the Accommodation Agreement, the Obligors gave a very broad backward and forward looking release to, among others, Bridging and Richter (in all its capacities).

MONITOR ORDER

32. By an Order made by Justice Newbould on May 1, 2017, on consent of the Obligors, Richter was appointed as the Monitor (the “**Monitor Order**”). A copy of the Monitor Order is attached as **Exhibit “M”** to this Affidavit. The Monitor Order, among other things:

- (a) authorized the Monitor to monitor, make recommendations and approve of all matter concerning the business of Thomas Canning;
- (b) ordered and declared that the Monitor would not take possession or control nor be deemed to have taken possession or control;
- (c) ordered that Thomas Canning and 6921 continue to comply with the Cash Management,

all of which were consistent with what was already agreed to by the Obligors in the Accommodation Agreement.

ASSET SALE

33. July 7, 2017, the Receiver sold substantially all of the property, assets and undertaking of Thomas Canning and 6921 (the “**Purchased Assets**”) to 2581150 Ontario Inc. (the “**Purchaser**”) pursuant to an Asset Purchase Agreement dated June 15, 2017 (the “**APA**”). A copy of the APA is attached as **Exhibit “N”** to this Affidavit.

34. By an Order made on June 21, 2017 on consent of Thomas Canning (the “**Approval and Vesting Order**”), Justice Conway approved the APA and the transaction contemplated thereby (the “**Sale Transaction**”), and vested the Purchased Assets in and to the Purchaser, effective on filing of a certificate by the Receiver confirming that the Sale Transaction was closed. A copy of the Approval and Vesting Order is attached as **Exhibit “O”** to this Affidavit.

FORBEARANCE TERMINATION EVENTS

Forbearance Termination Events pre-dating the Accommodation Agreement:

35. As discussed at paragraphs 15 and 26 to 29 of the Report of Richter as Interim Receiver and Monitor dated June 15, 2017 (the “**Monitor’s Report**”) Thomas Canning operated under a vegetable processing license (the “**License**”) from the Ontario Farm Marketing Commission (the “**Commission**”). On April 13, 2017 the Commission made an order with respect to the License requiring, among other things, that Thomas Canning post a letter of credit in the amount of \$2.6 million to protect growers contracting with Thomas Canning for the 2017 crop. If the condition of the Commission Order were not met by May 1, 2017, the Commission would revoke the License. A copy of the Commission Order, reproduced from Exhibit “D” to the Affidavit of Commission Chair, James Clark, sworn June 20, 2017 (the “**Clark Affidavit**”), is attached as **Exhibit “P”** to this Affidavit.

36. Neither Thomas Canning nor David Ullmann disclosed the existence of the Commission Order to Bridging during the course of negotiating the Accommodation Agreement. Bridging did not become aware of the Commission Order until counsel to the Commission contacted A&B on May 1, 2017 seeking information about the Interim Receivership Order. Paragraphs 15 to 18 of the Clark Affidavit discuss how David Ullmann also failed to disclose the existence of the Interim Receivership Order to the Commission.

37. On a May 8, 2017 phone call, I informed David Ullmann that the Commission Order was an event of default under the Credit Agreement and thus a default under the Accommodation Agreement because it was not captured by the definition of Existing Defaults.

38. In 2014, Thomas Canning received a \$3 million grant under the Ontario Rural Development Program administered by the Ontario Ministry of Agriculture, Food and Rural Affairs (“OMAFRA”). On May 9, 2017, David Ullmann provided A&B with copies of correspondence from OMAFRA concerning Thomas Canning’s non-compliance with the conditions of the grant. The most recent of the correspondences was an April 21, 2017 letter wherein OMAFRA threatened to claw-back some or all of the grant if compliance was not achieved. Bridging had not been advised of the problem before May 9, 2017. A copy Mr. Ullmann’s May 9, 2017 emails and its attachments, along with the ensuing email exchange between myself and Mr. Ullmann are attached as **Exhibit “Q”** to this Affidavit.

39. In the May 9, 2017 email chain, I advised Mr. Ullmann that the failure to disclose the April 21, 2017 correspondence from OMAFRA in a timely manner was a further breach of Thomas Canning’s obligations of continuous disclosure and thus an additional breach of the Accommodation Agreement.

40. The fact that the actions by the Commission and OMAFRA and/or Thomas Canning’s failure to report them to Bridging in a timely fashion (if at all) were Forbearance Termination Events under the Accommodation Agreement was reiterated by me in an email to David Ullmann sent on May 15, 2017, a copy of which is attached as **Exhibit “R”** to this Affidavit.

41. Subparagraph 71(b) of the Monitor’s Report describes how Thomas Canning management instructed an employee to mislead the Interim Receiver as to the categorization of certain inventory items during the initial inventory count, which mis-categorization resulted in a \$1.5 to \$2.0 million inventory overstatement. That action pre-dated the Accommodation Agreement.

42. Subparagraph 71(d) of the Monitor’s Report describes how the Monitor uncovered a number of potential instances where accounts receivable collections were diverted from Cash Management, all prior to the date of the Accommodation Agreement and all in addition to those

described in the Marr Affidavit. When the Monitor sought management's assistance in clarifying these discrepancies, Robert Thomas stated that David Ullmann had instructed management to refer all such inquiries to him. David Ullmann never provided a clear answer to the Monitor, instead offering only a qualified assurance that no funds had been diverted from Thomas Canning. No assurance was provided that the funds had not been diverted from Cash Management.

43. Information recently provided to the Receiver by Thomas Canning's customs broker, Western Union, shows that, prior to the date of the Accommodation Agreement, funds were diverted from Cash Management on numerous occasions in addition to those described in the Marr Affidavit. More specifically, funds were diverted to Robert Thomas or to John Thomas and his spouse on the following occasions:

- (a) On April 3, 2017, Western Union received a wire for US\$10,661.46 from Unipro Food Services, Inc. ("**Unipro**") for the account of Thomas Canning, and made an electronic funds transfer from the Thomas Canning account the same day in the same amount and currency to a personal account of Robert Thomas at Canadian Imperial Bank of Commerce ("**CIBC**").
- (b) On March 13, 2017, Western Union received a wire for US\$25,704 from Garden Fresh Salsa, Ltd. ("**Garden Fresh**") for the account of Thomas Canning, and made an electronic funds transfer from the Thomas Canning account the same day in the same amount and currency to Robert Thomas's CIBC account. The emails between counsel to the Monitor and David Ullmann reproduced at Appendix "K" to the Monitor's Report indicated that Robert Thomas was asked directly about this missing Garden Fresh payment by the Monitor and gave no answer other than to direct the inquiry to Mr. Ullmann.
- (c) On March 2, 2017, Western Union received a wire for US\$21,815.92 from Unipro for the account of Thomas Canning, and made an electronic funds transfer from the Thomas Canning account the same day in the same amount and currency to Robert Thomas's CIBC account.

- (d) On February 23, 2017, Western Union received a wire for US\$50,646.96 from Garden Fresh for the account of Thomas Canning, and issued a cheque on the Thomas Canning account the same day in the same amount and currency to Robert Thomas. The emails between counsel to the Monitor and David Ullmann reproduced at Appendix “K” to the Monitor’s Report indicated that Robert Thomas was asked directly about this missing Garden Fresh payment by the Monitor and gave no answer other than to direct the inquiry to Mr. Ullmann.
- (e) On July 19, 2016, Western Union received a wire for US\$77,000 for the account of Thomas Canning, and issued a cheque from the Thomas Canning account the same day in the amount of CAD\$100,030.70 to John and Shirley Thomas. At the Bank of Canada’s closing USD exchange rate of 1.3028 on that date, US\$77,000 would have been worth CAD\$100,315.60, before any cost of conversion by Western Union.

44. The above are the most glaring instances of diversions of funds from Cash Management (and, indeed, from Thomas Canning entirely) revealed by the information provided by Western Union. The Monitor’s Report, at paragraph 71(d), also identifies at least five other cases where customers made invoice payments prior to the date of the Accommodation Agreement that did not then flow through Cash Management. None of the cases identified above and/or in the Monitor’s Report were described in the Marr Affidavit and thus none of them comprise part of the Existing Defaults under the Accommodation Agreement. Since they were not Existing Defaults, they were each a Forbearance Termination Event.

45. As shown in the emails appended at Appendix “K” of the Monitor’s Report, on June 3, 2017, the Monitor’s counsel first asked for David Ullmann’s assistance with explaining the first of the apparent diversions of funds. Despite the assurance from David Ullmann in a June 5, 2017 email (also appended at Appendix “K” of the Monitor’s Report) that Thomas Canning would investigate and try to provide answers, no satisfactory answers were ever provided. The Monitor wrote again June 7, 2017 about further discovered potential diversions of funds.

46. After having given Thomas Canning the benefit of the doubt and a chance to explain the apparent diversions from Cash Management, my partner, Sam Babe, sent an email in reply to

David Ullmann on June 8, 2017, advising that the diversions of funds just discovered by the Monitor (and the earlier failures to notify Bridging of the actions taken by the Commission and OMAFRA) were Forbearance Termination Events and, as such, triggered Bridging's right under the Accommodation Agreement to appoint a receiver over Thomas Canning and 6921 and triggered the Obligor's consent to, and covenant not to oppose, the same. A copy of that June 8, 2017 email is attached as **Exhibit "S"** to this Affidavit.

Other Forbearance Termination Events

47. At subparagraph 71(a) of the Monitor's Report, the Monitor states:

"Management has hindered and frustrated the Monitor's ability to effectively and efficiently perform its duties including: misleading the Interim Receiver and its consultant as to the proper categorization of inventory when the Interim Receiver and certain employee of TCL performed a full physical count; mislabelling of product with regards to product expiry dates; not updating TCL's accounts receivable balance to allow for an effective and timely reconciliation; providing not meaningful response to the Monitor's requests regarding potential diversion of funds; and providing no active management with regards to the finances of the business."

48. Subparagraph 71(c) of the Monitor's Report describes, in greater detail, the mislabelling of product by Thomas Canning to add an extra year to the best before date.

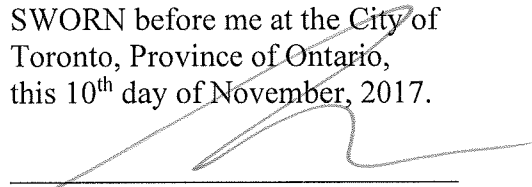
49. In addition, the Cash Flows required by the Accommodation Agreement were never produced.

DENIAL OF REQUEST FOR FEES

50. One June 14, 2017, Bridging received the first request from Thomas Canning for funding to pay the fees and disbursements of Blaney. That same day I informed David Ullmann, by email, that Bridging would not be funding Blaney's account because of the numerous Forbearance Termination Events that had occurred. A copy of my June 14, 2017 offer is attached at **Exhibit "T"** to this Affidavit. The preceding emails in the chain are not included because the email was sent in the context of without prejudice discussions.

28. This Affidavit is made in response to the motion of William Thomas, and for no other or improper purpose whatsoever.

SWORN before me at the City of
Toronto, Province of Ontario,
this 10th day of November, 2017.



Commissioner of Oaths, etc.

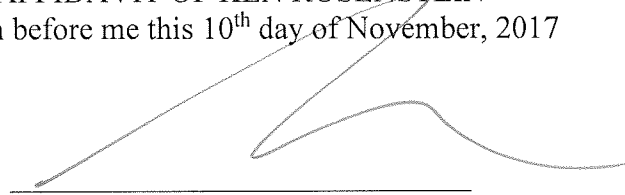
SAM BAGG

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Ken Rosenstein

TAB 1(a)

Attached is Exhibit "A" Referred to in the
AFFIDAVIT OF KEN ROSENSTEIN
Sworn before me this 10th day of November, 2017

A handwritten signature in dark ink, consisting of a series of loops and a long horizontal stroke at the end, positioned above a solid horizontal line.

Commissioner of Oaths, etc.



Execution Version

July 3, 2015

Thomas Canning (Maidstone) Limited
326 South Talbot Road
Maidstone, Ontario
N0R 1K0

Attention: William Thomas, President

Dear Mr. Thomas:

Re: Bridging Finance Inc. as agent (the "Agent") for the Sprott Bridging Income Fund LP ("Sprott" and collectively with the Agent, the "Lender") Credit Facilities in Favour of Thomas Canning (Maidstone) Limited (the "Borrower")

The Lender is pleased to offer the credit facilities (each a "**Facility**"; and collectively, the "**Facilities**") described in this letter credit agreement (as may be amended, restated, supplemented, extended or replaced from time to time, the "**Agreement**") subject to the terms and conditions set forth herein including, without limitation, the satisfactory completion of due diligence. Unless otherwise indicated, all amounts are expressed in Canadian currency. All capitalized terms not otherwise defined in the body of this Agreement shall have the meanings ascribed thereto in **Schedule "A"**.

Borrower: Thomas Canning (Maidstone) Limited

Guarantors: William Thomas
Robert Thomas
John Thomas
692194 Ontario Limited ("**692**")

(each a "**Guarantor**"; and collectively, the "**Guarantors**")

Lender: Sprott Bridging Income Fund LP

Facility: (i) Demand revolving loan of up to \$15,000,000 (and up to \$2,000,000 as a structured overadvance in excess of Facility A Loan Availability during the months of July through December) based on the Facility A Loan Availability as defined below (the "**Facility A Loan**"); and

- (ii) Demand term loan of up to \$608,000 (the "**Facility B Loan**"); and
- (iii) Demand term loan of up to \$3,757,650 (the "**Facility C Loan**").

Purpose: To refinance existing indebtedness owed to Callidus Capital Corporation and to support the working capital needs of the Borrower.

Term: The earlier of demand and eighteen (18) months from the date of the initial advance of any of the Facilities (the "**Term**").

Facility A Loan Availability:

The maximum amount that shall be available under the Facility A Loan at any time and from time to time will, subject to the maximum amount of \$15,000,000 (plus up to \$2,000,000 as a structured overadvance in excess of Facility A Loan Availability during the months of July through December, as more particularly described below (the "**Seasonal Overadvance**")), to be determined by the Lender once each week (or more frequently as determined by the Lender) and will be limited during such week (or other period as aforesaid) in accordance with the following formula (the "**Facility A Loan Availability**"):

the aggregate of:

- (i) Accounts Receivable: Up to 90% of the net (satisfactory to the Lender) eligible insured or investment grade accounts receivable and up to 85% of the net eligible non-insured accounts receivable of the Borrower. The Lender will determine eligibility in its reasonable credit discretion. General eligibility criteria will include the requirement that eligible accounts receivable be less than 90 days past the original invoice date but no more than 60 days past due date. In addition, eligible accounts will exclude (among other things as determined by the Lender in its reasonable credit discretion) accounts of an account debtor if 50% or more of the accounts owing from such account debtor are past due, any account that is an obligation for which the total unpaid accounts of the specific account debtor exceed 25% of the aggregate of all gross accounts as related to eligible accounts receivable, except those accounts approved in advance or of investment quality, to the extent of such excess, foreign accounts not backed by letters of credit or acceptable credit

insurance, bill and hold, the amount of any contras, inter-company receivables and amounts due from affiliated or associated companies, government receivables which are not fully assignable to the Lender and enforceable against such government entity or body, disputed and doubtful accounts, progress billings (except where the receivables are in respect of billings approved by the account debtor in writing or are insured satisfactory to the Lender), pre-billed accounts, accounts which have not been credit approved by the Lender, and other accounts at the Lender's discretion. Any exceptions to the foregoing will be considered by the Lender in its sole discretion as and when required. The advance rates are subject to a dilution test as determined by the Lender; **PLUS**

- (ii) Inventory: Up to the lesser of (A) 85% of the net orderly liquidation value of eligible inventory (as determined by an appraiser satisfactory to the Lender in its reasonable credit discretion), and (B); 60% of the cost (calculated on a first in-first out basis) of eligible inventory. The Lender will determine eligibility in its reasonable credit discretion. General eligibility criteria will exclude pallets, dividers, packaging, supplies, containers and canning inventory, aged inventory, work-in-process inventory and other inventory deemed not saleable by the Lender; **LESS**
- (iii) the amount of the Facility A Loan (including principal, interest, costs, fees and expenses) then outstanding, together with all amounts owing by the Borrower to the Lender under this Agreement or under any other agreement or instrument; **LESS**
- (iv) reserves, determined by the Lender in its reasonable credit discretion, in respect of actual and/or potential Priority Claims and/or Statutory Encumbrances, liquidation expenses and any other reserves, determined from time to time by the Lender in its reasonable credit discretion.

On a Business Day in each week as determined by the Lender (the "**Report Day**"), prior to 1:00 p.m. ET, the Borrower will provide a report (a "**Weekly Borrowing Base Report**") to the Lender (in such form and together with any back-up materials as the Lender shall reasonably require) providing, as at the end of the preceding week, a listing of all of the accounts receivable, accounts payable, work in progress, details regarding purchase orders and contracts,

details of any then existing or potential Priority Claims, the amount of the requested Facility A Loan advance to be made hereunder, and any other information that may be reasonably required by the Lender. The Lender shall, upon receipt of such report, calculate the then existing Facility A Loan Availability and advise the Borrower accordingly.

**Facility A Loan
Advances:**

Facility A Loan advances to be made hereunder shall be the lesser of the Borrower's requested advance in its Weekly Borrowing Base Report and the then Facility A Loan Availability and will, less any amounts to be deducted therefrom as provided for hereunder, be deposited into the Borrower's Disbursement Accounts. To the extent the Facility A Loan Advances at any time exceeds the amount of the Facility A Loan Availability, the Borrower shall forthwith pay to the Lender an amount equal to such excess.

Provided that no Event of Default has occurred which has not been waived in writing by the Lender, demand has not been made by Lender, the Lender has received its Commitment Fee and all other fees payable at such time hereunder, and that at the time the advance is to be made the conditions contained in this Agreement have been satisfied, Facility A Loan advances to be made hereunder shall, provided that the request is contained in a Weekly Borrowing Base Report and that such Weekly Borrowing Base Report is received by the Lender prior to 1:00 p.m. on the Report Day, be made no later than the close of business on the next second Business Day.

Seasonal Overadvance: The availability of the Seasonal Overadvance shall not exceed 85% of the cost (calculated on a first in-first out basis) of eligible inventory (as determined in paragraph (ii) under the heading Facility A Loan Availability above), and shall be subject to the following further sublimits:

Date	Seasonal Overage Sublimit
July 3, 2015 to and including August 15, 2015	\$2,000,000
August 16, 2015 to and including September 15, 2015	\$1,500,000
September 16, 2015 to and including October 15, 2015	\$1,000,000
October 16, 2015 to and including November 15, 2015	\$500,000
November 16, 2015 to and including December 31, 2015	\$250,000

**Facility B Loan
Advance:**

Provided that no Event of Default has occurred which has not been waived in writing by the Lender, demand has not been made by Lender, the Lender has received its Commitment Fee and all other fees payable at such time hereunder, and that at the time the advance is to be made the conditions contained in this Agreement have been satisfied, Facility B Loan advance by way of single advance in the amount of \$608,000, less, without duplication in respect of the Facility A and Facility C Loans, reserves as determined by the Lender in its reasonable credit discretion, in respect of actual and/or potential Priority Claims and/or Statutory Encumbrances and/or liquidation expenses. Any unutilized portion of the Facility B Loan which has not been advanced at closing shall be automatically terminated.

**Facility C Loan
Advance:**

Provided that no Event of Default has occurred which has not been waived in writing by the Lender, demand has not been made by Lender, the Lender has received its Commitment Fee and all other fees payable at such time hereunder, and that at the time the advance is to be made the conditions contained in this Agreement have been satisfied, Facility C Loan advance by way of single advance in the amount of \$3,757,650, less, without duplication in respect of the Facility A and Facility B Loans, reserves as determined by the Lender in its reasonable credit discretion, in respect of actual and/or potential Priority Claims and/or Statutory

Encumbrances and/or liquidation expenses. Any unutilized portion of the Facility C Loan which has not been advanced at closing shall be automatically terminated.

**Interest Rate
and Fees:**

Interest: Prime plus 10.15% (15.15% in respect of any amount advanced under the Seasonal Overadvance) per annum calculated on the daily outstanding balance of the Facilities and compounded monthly, not in advance and with no deemed reinvestment of monthly payments. On the occurrence of an Event of Default or demand by Lender, interest shall be calculated at an annual rate of 21% (26% in respect of any amount advanced under the Seasonal Overadvance) per annum calculated and compounded as aforesaid.

Commitment Fee: A commitment fee of \$152,500 in respect of Facility A, plus 1% of the aggregate amount advanced under Facility B and Facility C, which fee will be due and payable to the Lender and shall be deducted from the advance of the applicable Facility.

Monitoring Fee: A monitoring fee of \$2,500 will be due and payable to the Lender on the last Business Day of each month.

Administration Fee: If the Borrower fails to pay any amounts on the day such amounts are due or if the Borrower fails to deliver the required reports set out herein, the Borrower shall pay to the Lender a late administration fee of \$100 per day until such date that such payment has been made or the Borrower has delivered such report, as the case may be.

Expenses: The Borrower shall pay all fees and expenses (including, but not limited to, all due diligence, consultant, field examination and appraisal costs, all fees and expenses for outside legal counsel and other outside professional advisors and the time spent by the Lender and its representatives in retaking, holding, repairing, processing and preparing for disposition and disposing of the Security calculated at the Lender's standard per diem rate in effect at such applicable time and established by the Lender in its sole discretion for internal personnel of the Lender) incurred by the Lender in connection with the preparation, registration and ongoing administration of this Agreement and the Security and with the enforcement of the Lender's rights and remedies under this Agreement or the Security, whether or not any amounts are advanced under this Agreement. If the Lender has paid any

expense for which the Lender is entitled to reimbursement from the Borrower and such expense has not been deducted from the advance of any Facility, such expense shall be payable by the Borrower within fifteen (15) days following demand for payment and in the event that the Borrower does not pay such amount to the Lender within the fifteen (15) day period, interest shall accrue on such expense at the highest rate payable by the Borrower under this Agreement. All such fees and expenses and interest thereon shall be secured by the Security whether or not any funds under the Facility are advanced.

Payments:

Without limiting the right of the Lender to at any time demand repayment and subject to and in addition to the requirement for indefeasible repayment in full pursuant to this Agreement, interest only at the aforesaid rate, calculated daily and compounded and payable monthly, not in advance on the outstanding amount of the Facility, shall be due and payable on the last Business Day of each and every month during the Term. In addition, until the earliest of: (a) demand; (b) an Event of Default; and (c) the expiry of the Term, the Facility B Loan and Facility C shall be repaid by way of consecutive equal monthly payments of principal, in the case of Facility B Loan to be based on a 3 year amortization period, and in the case of the Facility C Loan to be based on a 15 year amortization period, in each case based on the principal amount outstanding on the Facility B Loan or Facility C Loan, as applicable, at the end of each month, to be calculated and payable on the last Business Day of each and every month during the Term.

Prepayment:

Facility A can be repaid in full or in part at any time without any fee or penalty upon 60 days prior written notice to the Lender after the expiry of the first 6 months from the date of first advance hereunder and prior to such period, upon payment of a termination fee equal to \$5,000,000 divided by 12 multiplied by Prime plus 11% multiplied by 180 less the number of days since the initial advance hereunder.

Facilities B and C can be repaid in full or in part at any time without any fee or penalty upon 30 days prior written notice to the Lender.

Deposit:

The Lender acknowledges that it has been paid a deposit of \$30,000 by the Borrower (the "Deposit") which subject to the payment of costs, fees and expenses incurred by the Lender and the successful completion of the transaction contemplated herein, will be credited against the Facilities.

**Cash Management
Systems:**

- (i) The Borrower and 692 shall establish and shall continue to maintain, at their expense, blocked deposit accounts (collectively, the "**Blocked Account**") at BMO/TD into which they shall promptly deposit all funds received from all sources including, without limitation, all account receivable payments, cash sales receipts, credit card payments, any and all refunds received from any source whatsoever and any proceeds of any advances or other loans made to it and shall direct its account debtors that remit payments by electronic funds transfers to directly remit all payments into the Blocked Account.
- (ii) BMO/TD, the Lender, the Borrower and 692 shall enter into an agreement (the "**Blocked Account Agreement**"), in form and substance satisfactory to the Lender, acting reasonably, providing that all funds received or deposited in the Blocked Account are the property of the Lender, that BMO/TD has no Lien upon, or right to set off against, the Blocked Account, the items received for deposit therein, or the funds from time to time on deposit therein and that BMO/TD will wire, or otherwise transfer, in immediately available funds, on a daily basis, all funds received or deposited into the Blocked Account to the Lender's account, as the Lender may from time to time designate for such purpose. The Borrower and 692 agree that all payments made to the Blocked Account or other funds received and collected by the Lender, shall be property of the Lender. The Borrower and each of the Guarantors hereby acknowledge, confirm and agree that the Lender shall have the contractual right to continue to apply the contemplated cash management arrangements contemplated herein notwithstanding any default, termination or non-renewal of this Agreement or any of the credit facilities contemplated herein or any stay of proceedings or filing under any applicable insolvency statute and/or Applicable Law as a matter of, and shall be considered and deemed to be a matter of, replacing and monitoring the Lender's Collateral and not as an enforcement of any of their Security or Liens.

Blocked Account Agreements with TD and BMO shall be required for closing purposes. Borrower shall cause the TD accounts to be closed within 30 days of the initial advance hereunder.

- (iii) The Borrower and 692 and all of its affiliates, subsidiaries, officers, employees, agents, directors, shareholders or other persons (a "related person") shall, acting as trustee for the Lender, receive, as the property of the Lender, any monies, cheques, notes, drafts or any other payment which comes into the possession or under their control or, in the case of any related person, comes into its possession or under its control and is rightfully that of the Borrower and 692, and immediately upon receipt thereof where received by any of them or upon becoming aware of the receipt thereof where received by a related person, the Borrower and 692 shall deposit or shall cause the same to be deposited in the Blocked Account, or remit the same or cause the same to be remitted, in kind, to the Lender. In no event shall the same be commingled with any of the Borrower's and 692's own funds. The Borrower and 692 agrees to reimburse the Lender on demand for any amounts owed or paid to BMO/TD regarding the Blocked Account or any other bank or person involved in the transfer of funds to or from such Blocked Account arising out of the Lender's payments to or indemnification of such bank or person.
- (iv) The Lender shall apply amounts received from the Blocked Account to the Facilities as it sees fit in its reasonable credit discretion.
- (v) The Borrower and 692 shall make all of its payments and disbursements only from its Disbursement Accounts.
- (vi) The Borrower and 692 and BMO/TD shall make the necessary arrangements to provide view only electronic access to the Disbursement Accounts to the Lender.

**Conditions
Precedent:**

The availability of the Facilities is subject to and conditional upon the following conditions:

- (i) satisfactory completion of due diligence and continual due diligence, including the Lender's review of the operations of the Borrower and 692 and the Borrower's and 692's business and financial plans;
- (ii) satisfactory completion of the Lender's legal due diligence;

- (iii) receipt of a duly executed copy of this Agreement and the Security, in form and substance satisfactory to the Lender and its legal counsel, registered as required to perfect and maintain the security created thereby and such certificates, acknowledgements, consents, estoppels, postponements, intercreditor or priority agreements, waivers, directions, stock transfers, statutory declarations, undertakings, negative pledges, authorizations, resolutions and legal opinions as the Lender may reasonably require including applicable title insurance and an opinion from the Borrower's and Guarantors' counsel with respect status and the due authorization, execution, delivery, validity and enforceability of this Agreement and the Security;
- (iv) the discharge or subordination or assignment, as applicable, of any and all existing security against the Borrower and the Guarantors as may be required by the Lender, including without limitation, all security granted in favour of Callidus Capital Corporation;
- (v) payment of all fees owing to the Lender hereunder;
- (vi) the Borrower and 692 shall have opened the Blocked Account at BMO/TD and shall have entered into the Blocked Account Agreement;
- (vii) delivery of appraisals relating to the Borrower's real property and equipment prepared by appraisers satisfactory to the Lender;
- (viii) delivery of such financial and other information or documents relating to the Borrower and the Guarantors as the Lender may require;
- (ix) the Lender being satisfied that there has been no material deterioration in the financial condition of the Borrower or the Guarantors;
- (x) no event shall have occurred and no circumstance shall exist which has not been waived, which constitutes an Event of Default in respect of any material commitment, agreement or any other instrument to which the Borrower or any Guarantor is a party or is otherwise bound, entitling any other party thereto to accelerate the maturity of amounts of principal owing thereunder or terminate any such material

commitment, agreement or instrument which would have a material adverse effect upon the financial condition, property, assets, operation or business of the Borrower or any Guarantor; and

- (xi) no event that constitutes, or with notice or loss of time or both, would constitute an Event of Default shall have occurred.

Each of the following is a condition precedent to any subsequent advance to be made hereunder:

- (i) all of the conditions contained in this Agreement shall have been satisfied and shall as at the time of the making of the subsequent advance in question continue to be satisfied;
- (ii) all of the representations and warranties herein are true and correct on and as of such date as though made on and as of such date other than those representations and warranties which relate to a specific date which shall continue to be true as of such date;
- (iii) no event or condition has occurred, or would result from such advance, 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 of the Security;
- (iv) such borrowing will not violate any Applicable Law (which for the purposes of this Agreement means, with respect to any person, property, transaction or event, all present or future statutes, regulations, rules, orders, codes, treaties, conventions, judgments, awards, determinations and decrees of any governmental, regulatory, fiscal or monetary body or court of competent jurisdiction, in each case, having the force of law in any applicable jurisdiction then in effect) and there shall have been no investigation, notice or recall from any governmental agency or body including, without limitation, the Canadian Food Inspection Agency;
- (v) no Event of Default shall have occurred which has not been waived in writing by Lender; and
- (vi) no other event shall have occurred that, in the Lender's reasonable credit discretion, materially adversely affects or

could materially adversely affect either: (i) the business, assets, liabilities, prospects, financial condition or operations of the Borrower or any Guarantor, or (ii) the value of the Collateral; or (iii) the ability of the Lender to receive indefeasible repayment in full.

The making of an advance hereunder without the fulfillment of one or more conditions set forth in this Agreement shall not constitute a waiver of any such condition, and the Lender reserves the right to require fulfillment of such condition in connection with any subsequent advance.

Nothing in this Agreement creates a legally binding obligation on the Lender to advance any amount under any Facility at any time unless the Lender is completely satisfied in its sole discretion that the Borrower and the Guarantors are in compliance with every provision of this Agreement and that no fact exists or event has occurred which changes the manner in which the Lender previously evaluated the risks inherent in advancing amounts to the Borrower under any Facility, whether or not the Lender was or should have been aware of such facts or events differently at any time.

All amounts under the Facilities are repayable immediately on demand by Lender whether or not there is an Event of Default, and the Facilities may be terminated in whole or in part by Lender at any time.

Covenants:

Each of the Borrower and the Guarantors covenant and agree with the Lender, while this Agreement is in effect to:

- (i) pay all sums of money and all Priority Claims when due or arising therefrom;
- (ii) provide the Lender with prompt written notice of any event which constitutes, or which, with notice, lapse of time, or both, would constitute an Event of Default, a breach of any covenant or other term or condition of this Agreement or of any of the Security given in connection therewith;
- (iii) use the proceeds of the Facilities for the purposes provided for herein;
- (iv) continue to carry on business in the nature of or related to the business transacted by the Borrower prior to the date hereof in the name and for the account of the Borrower;

- (v) keep and maintain books of account and other accounting records in accordance with generally accepted accounting principles;
- (vi) ensure all assets secured by the Security are in existence and in the possession and control of the Borrower or the Guarantors, as applicable;
- (vii) not sell, transfer, convey, lease or otherwise dispose of or further encumber any of its properties or assets other than Permitted Encumbrances or permit any reorganization or change of control of the Borrower, other than the sale of inventory in the ordinary course of business;
- (viii) not sell, transfer, convey, encumber or otherwise dispose of any of its capital stock or permit any reorganization or change of control of the Borrower or the Guarantors;
- (ix) not purchase or redeem its shares or otherwise reduce its capital;
- (x) not declare or pay any dividends or repay any shareholders' loans, interest thereon or share capital or make any other gift or other form of distribution whatsoever;
- (xi) not make loans or advances (excluding for greater certainty, salaries and bonuses payable in the ordinary course of business and consistent with past practice) to, or enter into any related party sales or other transactions which are not on arms' length terms with, or make any investments in any, shareholders, directors, officers, subsidiaries, affiliated companies or any other related or associated party of the Borrower or the Guarantors, or assume or permit to exist any further indebtedness not existing on the date hereof other than in respect of Permitted Encumbrances;
- (xii) permit the Lender or its representatives, at any time and from time to time with such frequency as the Lender, in its sole discretion, may require, to visit and inspect any premises, properties and assets and to examine and obtain copies of the records or other information and discuss business affairs with Canada Revenue Agency, the Canadian Food Inspection Agency, the auditors, counsel

and other professional advisors of the Borrower and the Guarantors all at the reasonable expense of the Borrower;

- (xiii) forthwith notify the Lender of the particulars of any occurrence which constitutes an Event of Default hereunder or of any action, suit or proceeding, pending or to the Borrower's or any Guarantors' knowledge threatened against them;
- (xiv) in a form and manner prescribed by the Lender (which may include by fax and/or e-mail), deliver to the Lender the following, signed by a senior officer of the Borrower:
 - (a) weekly by Friday of each week, a list of total invoiced sales completed during the preceding week and a list of credit notes and cash receipts received from customers during the preceding week (Saturday to Friday inclusive);
 - (b) weekly by Friday of each week, the daily invoice register, credit note register and cash receipts register in respect of the preceding week (Saturday to Friday inclusive);
 - (c) weekly, by Friday of each week in respect of the preceding week (Saturday to Friday inclusive), an aged accounts receivable schedule, aged accounts payable schedule (including work in progress and related written approvals), inventory schedule and summary trial balance;
 - (d) monthly, by the end of each calendar month, a compliance certificate in form satisfactory to the Lender;
 - (e) monthly, by the end of each calendar month in respect of the preceding month, internally prepared financial statements for the preceding month and internally prepared financial statements for the year to date;
 - (f) monthly bank statements for all bank accounts of the Borrower within 15 days of its month-end;
 - (g) monthly, by the 10th of each calendar month in respect of the preceding month proof of payments, in a form satisfactory to the Lender, of Priority Claims;

- (h) annually, no later than 30 days following the end of the Borrower's financial year, financial and business projections for the following financial year;
- (i) annually, within 120 days of the Borrower's financial year end in respect of the preceding financial year, audited financial statements for the Borrower that were prepared by external auditors; and
- (j) such additional financial information with respect to Borrower and the Guarantors as and when requested by the Lender;
- (xv) file all tax returns which the Borrower and the Guarantors must file from time to time, to pay or make provision for payment of all taxes (including interest and penalties) and other potential preferred claims which are or will become due and payable and to provide adequate reserves for the payment of any tax, the payment of which is being contested;
- (xvi) not make capital expenditures in any financial year of the Borrower in excess of \$100,000 without the written consent of the Lender, with any capital expenditures to be reported monthly;
- (xvii) not grant, create, assume or suffer to exist any mortgage, charge, Lien, pledge, security interest, including a purchase money security interest, or other encumbrance affecting any of the Borrower's or the Guarantors' properties, assets or other rights except for Permitted Encumbrances in existence, known to and approved by the Lender as the date hereof or from time to time;
- (xviii) not grant a loan or make an investment in or provide financial assistance to a third party (including the Guarantors or any related party) by way of a suretyship, guarantee or otherwise;
- (xix) not change its name, merge, amalgamate or otherwise enter into any other form of business combination with any other entity without the prior written consent of the Lender;
- (xx) keep the Collateral fully insured against such perils and in such manner as would be customarily insured by companies

carrying on a similar business or owning similar assets naming the Lender as first loss payee and first mortgagee with respect to the personal property Collateral and second loss payee and mortgagee with respect to the real property Collateral with a standard mortgage clause in favour of Lender and with the Lender added as an additional insured and to ensure all assets secured by the Security are in existence and in the possession and control of the Borrower; and

- (xxi) comply with all the Applicable Laws including without limitation, regarding food safety and food production, health, environmental and other laws and regulations; to advise the Lender promptly of any actions, investigations, audits, requests or violation notices or orders received from any government or regulatory authority concerning the Borrower's operations including without limitation any product recalls; and to indemnify and hold the Lender harmless from all liability of loss as a result of any non-compliance with such Applicable Laws.

**Security and other
Requirements:**

As general and continuing collateral security for the performance by the Borrower of all of its obligations, present and future, to the Lender, including, without limitation, the repayment of advances granted hereunder and the payment of interest, fees and any other amounts provided for hereunder and under the security documents, the Borrower and the Guarantors undertake to grant to the Lender and to maintain at all times the following security in form satisfactory to the Lender (the "**Security**"), in accordance with the forms in use by the Lender or as prepared by its solicitors:

- (i) general security agreement, on the Lender's form constituting a first (subject to Permitted Encumbrances) ranking security interest in all personal property of the Borrower and 692;
- (ii) an assignment of adequate all risk, business interruption, commercial general liability and property insurance of the Borrower and 692 (including the equipment which forms part of the Collateral in an amount not less than its appraised value) naming the Lender as first loss payee and first mortgagee;
- (iii) a postponement and subordination of all directors, officers, shareholders, non-arm's' length creditors and other related

party loans, to include a postponement of the right to receive any payments of both principal and interest under such loans;

- (iv) unlimited guarantee by 692;
- (v) guarantees from each of William Thomas, Robert Thomas and John Thomas limited to \$250,000;
- (vi) share pledge security agreement by 692 relating to the shares of the Borrower;
- (vii) a first charge/mortgage of land and general assignment of leases and rents over the Real Property; and
- (viii) such other security as may be required by the Lender.

**Events
of Default:**

Without limiting any other rights of the Lender under this Agreement, including the right to demand repayment of the Facilities at any time and for whatever reason, which Facilities are made available at the sole discretion of the Lender, if any one or more of the following events (an "**Event of Default**") has occurred which have not been waived in writing by the Lender:

- (i) the Borrower or any Guarantor fails to pay when due any principal, interest, fees or other amounts due under this Agreement or under any of the Security;
- (ii) the Borrower or any Guarantor breaches any provision of this Agreement or any of the Security or other agreement with the Lender;
- (iii) the Borrower or any Guarantor is in default under the terms of any other contracts, agreements or otherwise with any other creditor;
- (iv) the Lender receives from any present or future guarantor a notice proposing to terminate, limit or otherwise modify such guarantor's liability under its guarantee of the Borrower's indebtedness to the Lender under the Facilities or under a security document or under any other document in favour of the Lender;

- (v) the Borrower and 692 ceases or threatens to cease to carry on business in the ordinary course;
- (vi) any default or failure by the Borrower and 692 to make any payment of, wages or other monetary remuneration payable to its employees under the terms of any contract of employment, oral or written, express or implied;
- (vii) any default or failure by the Borrower or any Guarantor to keep current all amounts owing to parties other than the Lender who, in the Lender's sole opinion, have or could have a Lien in the Collateral which, in the Lender's sole opinion would or could constitute a Priority Claim;
- (viii) any breach by a guarantor of the provisions of any guarantee or other security, undertaking or covenant given to the Lender to secure any guarantee;
- (ix) if any representation or warranty made or deemed to have been made herein or in any certificate or the Security provided for herein shall be false or inaccurate;
- (x) if, in the reasonable opinion of the Lender, there is a Material Adverse Change including, without limitation, any investigation, audit, recall, notice or order of any applicable government agency or body;
- (xi) the Borrower or any Guarantor is unable to pay its debts as such debts become due, or is adjudged or declared to be or admit to being bankrupt or insolvent;
- (xii) any judgment or award is made against the Borrower or any Guarantor which may have a Material Adverse Effect in respect of which there is not an appeal or proceeding for review being diligently pursued in good faith and in respect of which adequate provision has been made on the books of the Borrower or the Guarantor, as applicable; or
- (xiii) any notice of intention is filed or any voluntary or involuntary case or proceeding filed or commenced for:
 - (a) the bankruptcy, liquidation, winding-up, dissolution or suspension of general operations of the Borrower or any Guarantor;

- (b) the composition, rescheduling, reorganization, arrangement or readjustment of, or other relief from, or stay of proceedings to enforce, some or all of the debts of the Borrower or any Guarantor;
- (c) the appointment of a trustee, receiver, receiver and manager, liquidator, administrator, custodian or other official for, all or any significant part of the assets of the Borrower or any Guarantor;
- (d) the possession, foreclosure, retention, sale or other disposition of, or other proceedings to enforce security over, all or any significant part of the Collateral; or
- (e) any secured creditor, encumbrancer or lienor, or any trustee, receiver, receiver and manager, agent, bailiff or other similar official appointed by or acting for any secured creditor, encumbrancer or lienor, takes possession of or forecloses or retains, or sells or otherwise disposes of, or otherwise proceeds to enforce security over all or any significant part of the Collateral or gives notice of its intention to do any of the foregoing;

then, in such event, the Lender may, by written notice to the Borrower declare all monies outstanding under the Facilities to be immediately due and payable. Upon receipt of such written notice, the Borrower shall immediately pay to the Lender all monies outstanding under the Facilities and all other obligations of the Borrower to the Lender in connection with the Facilities under this Agreement. The Lender may enforce its rights to realize upon its security and retain an amount sufficient to secure the Lender for the Borrower's Obligations to the Lender.

Nothing contained in this section shall limit any right of the Lender under this Agreement to demand payment of the Facilities at any time.

**Evidence of
Indebtedness:**

The Lender shall maintain records evidencing the Facilities. The Lender shall record the principal amount of the Facilities, the payment of principal and interest on account of the Facilities, and all other amounts becoming due to the Lender under this Agreement.

The Lender's accounts and records constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Lender pursuant to this Agreement.

**Representations
and Warranties:**

The Borrower represents and warrants to the Lender that:

- (i) the Borrower and 692 is a corporation duly incorporated, validly existing and duly registered or qualified to carry on business in the Province of Ontario or any other jurisdiction where they may carry on business;
- (ii) the execution, delivery and performance by the Borrower and the Guarantors of this Agreement has been duly authorized by all necessary actions and do not violate the constating documents or any Applicable Laws or agreements to which the Borrower and the Guarantors is subject or by which they are bound;
- (iii) the Borrower's and 692's financial statements most recently provided to the Lender fairly present their financial positions as of the date thereof and its results of operations and cash flows for the fiscal period covered thereby, and since the date of such financial statements, there has occurred no Material Adverse Change in the Borrower's and 692's business or financial condition;
- (iv) there is no claim, action, prosecution or other proceeding of any kind pending or threatened against the Borrower or any or any Guarantor or any of their respective assets or properties before any court or administrative agency which relates to any non-compliance with any environmental law 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 of the Security, and there are no circumstances of which any of them is aware which might give rise to any such proceeding which has not been fully disclosed to the Lender;
- (v) the Borrower and the Guarantors have good and marketable title to all of their properties and assets, free and clear of any Encumbrances, other than Permitted Encumbrances herein;

- (vi) no event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, an Event of Default, a breach of any covenant or other term or condition of this Agreement or any of the Security given in connection therewith;
- (vii) the Borrower and the Guarantors have filed all tax returns which were required to be filed by them, if any, paid or made provision for payment of all taxes and other potential Priority Claims (including interest and penalties) which are due and payable, if any and provided adequate reserves for payment of any tax, the payment of which is being contested, if any; and
- (viii) the Borrower's and each Guarantor's obligation to complete this transaction is not dependent upon any condition whatsoever, and that the Lender assumes no obligation to assist them to complete the transaction in any way, except to make available the Facilities as contemplated herein.

**Field Examinations /
Appraisals:**

- (i) In addition to reporting hereunder, the Borrower and the Guarantors acknowledge that the Lender and its examiners shall be permitted to conduct periodic field examinations of the Collateral and operations, such examinations not to exceed four (4) in any calendar year prior to an Event of Default and more frequently as the Lender may determine in its sole discretion thereafter.
- (ii) The Borrower and the Guarantors further acknowledge that the Lender shall be permitted to obtain two (2) equipment and real estate valuations/appraisals and four (4) inventory valuations/appraisals in any calendar year prior to an Event of Default which is continuing and more frequently as the Lender may determine in its sole discretion thereafter.

Environmental:

In relation to the Borrower's and 692's business, assets and projects: they are operating and will continue to operate in conformity with all environmental laws; there are no contaminants, pollutants or other hazardous substances (including, without limitation, asbestos, products containing urea formaldehyde or polychlorinated biphenyl or any radioactive substances) have been or are now stored or located at any property from which they operate their business (collectively, the "Properties") and no order, approval, direction or other governmental or regulatory notice

relating to the environment has been threatened against, is pending or has been issued with respect to the Properties or the operations of the business being conducted at the Properties; they are not aware of any pending or threatened action, suit or proceedings relating to any actual or alleged environmental violation from or at the Properties, nor have any proceedings been or are being instituted to make them or any other owner of the subject property comply with environmental laws and regulations; they will ensure that all of its property and assets comply with existing legislation and will remain free of any environmental problem; they will inform the Lender immediately upon becoming aware of any environmental problem or issue and will provide the Lender with copies of all communications with environmental authorities and all studies or assessments prepared on their behalf, all as soon as received by them; they also agree to pay the cost of any external environmental consultant engaged by the Lender to effect an environmental audit and the cost of any environmental rehabilitation, removal or repair necessary to protect, preserve or remediate the assets, including any fine or penalty the Lender is obligated to incur by reason of any statute, order or directive by a competent authority. The Borrower and the Guarantors agree to indemnify the Lender for any liability arising from an environmental problem including, without limitation, for all decontamination and decommissioning costs or for damages incurred by the Lender or its agents as a result of such contamination. For the purposes of this Agreement, an "environmental problem" means an act of non-compliance to a law, regulation, etc. or soil and/or underground water that contains one or many pollutants (contaminants) in levels of concentration that exceed parameters or norms applicable for the present use and intended use of any of their personal or real property including leased property.

In the event any environmental report shows that decontamination is required the Borrower undertakes to forthwith carry out decontamination at its own expense should this be required or requested.

Confidentiality: The Borrower and the Guarantors agree to keep all of the information and terms related to this Agreement confidential. In particular, the existence of this Agreement or the discussions surrounding this Agreement cannot be disclosed to any party, including other creditors, without the Lender's prior written consent.

General: Credit: The Borrower and the Guarantors authorize the Lender, hereinafter, to obtain such factual and investigative information

regarding the Borrower or the Guarantors from others as permitted by law, to furnish other consumer credit grantors and credit bureaus such information. The Lender, after completing credit investigations, which it will make from time to time concerning the Borrower and the Guarantors, must in its absolute discretion be satisfied with all information obtained, prior to any advance being made under any Facility.

The Borrower and the Guarantors further authorize any financial institution, creditor, tax authority, employer or any other person, including any public entity, holding information concerning them or their assets, including any financial information or information with respect to any undertaking or suretyship given by them, to supply such information to the Lender in order to verify the accuracy of all information furnished or to be furnished from time to time to the Lender and to ensure their solvency at all times.

Non-Merger: The provisions of this Agreement shall not merge with any of the Security, but shall continue in full force and effect for the benefit of the parties hereto. In the event of an inconsistency between this Agreement and any of the other Credit Documents, including the Security, the provisions of this Agreement shall prevail.

Further Assurances and Documentation: The Borrower and the Guarantors shall do all things and execute all documents deemed necessary or appropriate by the Lender for the purposes of giving full force and effect to the terms, conditions, undertakings hereof and the Security granted or to be granted hereunder.

Severability: If any provisions of this Agreement is or becomes prohibited or unenforceable in any jurisdiction, such prohibition or unenforceability shall not invalidate or render unenforceable the provision concerned in any other jurisdiction nor shall it invalidate, affect or impair any of the remaining provisions of this Agreement.

Marketing: The Lender shall be permitted to use the name of the Borrower and the amount of the Facilities for advertising purposes.

Governing Law: This Agreement and all agreements arising hereinafter shall be deemed to have been made and accepted in the City of Toronto, Ontario and shall be construed exclusively (without regard to any rules or principles relating to conflicts of laws) in accordance with and be governed by the laws of the Province of Ontario and of Canada applicable therein.

Counterparts: This Agreement, the Security and all agreements arising hereinafter may be executed in any number of separate counterparts by any one or more of the parties thereto, and all of said counterparts taken together shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by telecopier, PDF or by other electronic means shall be as effective as delivery of a manually executed counterpart.

Assignment and Syndication: This Agreement when accepted and any commitment to advance, if issued, and the Security in furtherance thereof or any warrant or right may be assigned by the Lender, or monies required to be advanced may be syndicated by the Lender from time to time. For greater certainty, the Lender may assign or grant participation in all or part of this Agreement or in the Facilities made hereunder without notice to and without the Borrower's or any Guarantor's consent. The Borrower and the Guarantors may not assign or transfer all or any part of its rights or obligations under this Agreement, any such transfer or assignment being null and void insofar as the Lender is concerned and rendering any balance then outstanding under the Facilities immediately due and payable at the option of the Lender.

Agency: Sprott hereby designates Agent to act as its administrative and collateral agent for it under this Agreement and the Security. Sprott hereby irrevocably authorizes Agent to take such action on its behalf under the provisions of this Agreement and the Security and to exercise such powers and to perform such duties hereunder and thereunder as are specifically delegated to or required of Agent by the terms hereof and thereof and such other powers as are reasonably incidental thereto and Agent shall hold all Collateral, payments of principal and interest, fees, charges and collections received pursuant to this Agreement, for the benefit of Sprott. Agent may perform any of its duties hereunder by or through its agents or employees. As to any matters not expressly provided for by this Agreement, Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of Sprott, and such instructions shall be binding; provided, however, that Agent shall not be required to take any action which, in Agent's discretion, exposes Agent to liability or which is contrary to this Agreement or the Security or Applicable Laws.

Agent shall have no duties or responsibilities except those expressly set forth in this Agreement and the Security. Neither

Agent nor any of its officers, directors, employees or agents shall be (i) liable for any action taken or omitted by them as such hereunder or in connection herewith, unless caused by their gross (not mere) negligence or willful misconduct (as determined by a court of competent jurisdiction in a final non-appealable judgment), or (ii) responsible in any manner for any recitals, statements, representations or warranties made by Borrower or any Guarantor, or any officer thereof contained in this Agreement, or in any of the Security or in any certificate, report, statement or other document referred to or provided for in, or received by Agent under or in connection with, this Agreement or any of the Security or for the value, validity, effectiveness, genuineness, due execution, enforceability or sufficiency of this Agreement, or any of the Security or for any failure of Borrower or any Guarantor to perform its obligations hereunder. The duties of Agent as respects the advances to Borrower shall be mechanical and administrative in nature only and nothing in this Agreement, expressed or implied, is intended to or shall be so construed as to impose upon Agent any obligations in respect of this Agreement or the transactions described herein except as expressly set forth herein.

Agent may employ agents and attorneys-in-fact and shall not be liable for the default or misconduct of any such agents or attorneys-in-fact selected by Agent with reasonable care.

Without prejudice to its obligations to Lender under the other provisions of this Agreement, Borrower hereby undertakes with Agent to pay to Agent from time to time on demand all amounts from time to time due and payable by it for the account of Lender or any of them pursuant to this Agreement to the extent not already paid.

Joint and Several: Where more than one person is liable as a guarantor for any obligation under this Agreement, then the liability of each such person for such obligation is joint and several with each other such person.

Time: Time shall be of the essence in all provisions of this Agreement.

Whole Agreement, Amendments and Waiver: This Agreement, the Security and any other written agreement delivered pursuant to or referred to in this Agreement constitute the whole and entire agreement between the parties in respect of the Facilities. There are no verbal agreements, undertakings or representations in connection with the Facilities. No amendment or waiver of any

provision of this Agreement will be effective unless it is in writing signed by the Borrower, the Guarantors and the Lender. No failure or delay on the part of the Lender in exercising any right or power hereunder or under any of the Security shall operate as a waiver thereon. No course of conduct by the Lender will give rise to any reasonable expectation which is in any way inconsistent with the terms and conditions of this Agreement and the Security or the Lender's rights thereunder.

Replacements: This Agreement supersedes and replaces all prior discussions, discussion papers, letters and agreements (if any) describing the terms and conditions of any credit facility established in favour of the Borrower.

Reserve Indemnity. If subsequent to the date of this Agreement any change in or introduction of any Applicable Law, or compliance by Lender with any request or directive by any central bank, superintendent of financial institutions or other comparable authority, shall subject Lender to any tax with respect to the Facilities or change the basis of taxation of payments to Lender of any amount payable under the Facilities (except for changes in the rate of tax on the overall net income of Lender), or impose any capital maintenance or capital adequacy requirement, reserve requirement or similar requirement with respect to the Facilities, or impose on Lender), any other condition or restriction, and the result of any of the foregoing is to increase the cost to Lender of making or maintaining the Facilities or any amount thereunder or to reduce any amount otherwise received by Lender under the Facilities, Lender will promptly notify the Borrower of such event and the Borrower will pay to Lender such additional amount calculated by Lender as is necessary to compensate Lender for such additional cost or reduced amount received. A certificate of Lender as to any such additional amount payable to it and containing reasonable details of the calculation thereof shall be conclusive evidence thereof.

Currency Indemnity. Interest and fees hereunder shall be payable in the same currency as the principal to which they relate. Any payment on account of an amount payable in a particular currency (the "**proper currency**") made to or for the account of Lender in a currency (the "**other currency**") other than the proper currency, whether pursuant to a judgment or order of any court or tribunal or otherwise and whether arising from the conversion of any amount denominated in one currency into another currency for any purpose, shall constitute a discharge of the Borrower's obligation

only to the extent of the amount of the proper currency which Lender is able, in the normal course of its business within one Business Day after receipt by it of such payment, to purchase with the amount of the other currency so received. If the amount of the proper currency which Lender is able to purchase is less than the amount of the proper currency due to Lender, the Borrower and the Guarantors shall indemnify and save Lender harmless from and against any loss or damage arising as a result of such deficiency.

Notices. (d) All notices, requests, demands or other communications by the terms hereof required or permitted to be given by one party to another shall be given in writing by personal delivery or by facsimile transmission addressed to such other party or delivered to such other party as follows:

(i) to the Borrower and Guarantors at:

326 South Talbot Road
Maidstone, Ontario
N0R 1K0

Attention: William Thomas
Facsimile: 519 737 7003

(ii) to the Lender at:
77 King Street West, Suite 2925
Toronto, Ontario M5K 1K7

Attention: President
Facsimile: 416.777.1794

or at such other address or facsimile number as may be given by any of them to the others in writing from time to time and such notices, requests, demands or other communications shall be deemed to have been received when delivered, or, if sent by facsimile transmission, on the date of transmission unless sent on a day which is not a Business Day or after 5:00 p.m. (local time of the recipient) on a Business Day, in which case it shall be deemed to have been received on the next Business Day following the day of such transmission.

Anti-Money Laundering Legislation: Each Borrower and each Guarantor acknowledges that, pursuant to the Proceeds of *Crime Money Laundering and Terrorist Financing Act* (Canada) and other applicable anti-money laundering, anti-terrorist financing, government sanction and "know your client" laws, under the laws of

Canada (collectively, including any guidelines or orders thereunder, "**AML Legislation**"), Lender may be required to obtain, verify and record information regarding each of them, its respective directors, authorized signing officers, direct or indirect shareholders or other persons in control of any of them, and the transactions contemplated hereby. Borrower shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by Lender, or any prospective assign or participant of Lender, necessary in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

Deemed Re Investment Principle. For the purpose of the *Interest Act* (Canada) and any other purpose, the principle of deemed re-investment of interest is not applicable to any calculation under this Agreement, and the rates of interest and fees specified in this Agreement are intended to be nominal rates and not effective rates or yields.

LIMITATION OF LIABILITY. NO CLAIM MAY BE MADE BY ANY PARTY HERETO AGAINST THE LENDER, OR THE AFFILIATES, DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS OF LENDER FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES IN RESPECT OF ANY CLAIM FOR BREACH OF CONTRACT OR ANY OTHER THEORY OF LIABILITY ARISING OUT OF OR RELATED TO THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT, OR ANY ACT, OMISSION OR EVENT OCCURRING IN CONNECTION THEREWITH, AND EACH PARTY HERETO HEREBY WAIVES, RELEASES AND AGREES NOT TO SUE UPON ANY CLAIM FOR SUCH DAMAGES, WHETHER OR NOT ACCRUED AND WHETHER OR NOT KNOWN OR SUSPECTED TO EXIST IN ITS FAVOUR.


[SIGNATURE PAGES FOLLOW]

If the terms and conditions of this Agreement are acceptable to you, please sign in the space indicated below and return the signed copy of this Agreement to us. Acceptance may also be effected by facsimile or scanned transmission and in counterpart.

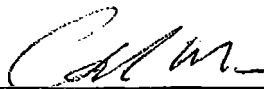
We thank you for allowing us the opportunity to provide you with this Agreement.

Yours truly,

BRIDGING FINANCE INC.,
as agent for Sprott Bridging Income Fund LP

Per: 
Name: Natasha Sharpe
Title: President
I have authority to bind the Corporation.

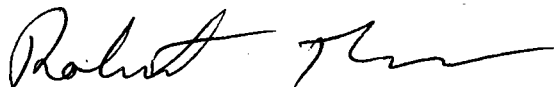
SPROTT BRIDGING INCOME FUND LP

Per: 
Name: Graham Maw
Title: Portfolio Manager
I have authority to bind the Corporation.

ACCEPTANCE

Each of the undersigned hereby executes and delivers this Agreement under their respective seals by their duly authorized signing officers with effect as of this day of July 3 2015.

Borrower:



ROBERT THOMAS
TREASURER

THOMAS CANNING (MAIDSTONE) LIMITED

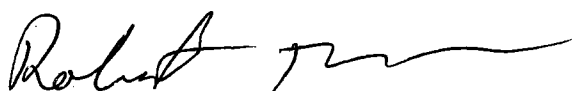
Per: 

Name: WILLIAM THOMAS

Title: V-PRES.

I have authority to bind the Corporation.

Guarantor:



ROBERT THOMAS
DIRECTOR

692194 ONTARIO LIMITED

Per: 

Name: WILLIAM THOMAS

Title: DIRECTOR

I have authority to bind the Corporation.

Witness Signature

Print

Name: MILAN STIPIC

Address: 1574 QUELLETTE

WINDSOR, ON

N8X 1K7

) Guarantor:

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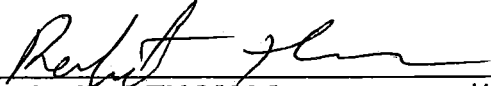
WILLIAM THOMAS

/s




Witness Signature
Print MILAN STIPIC
Name: _____
Address: 1574 QUELLET
WINDSOR, ON
N8X 1K7

) Guarantor:
)
)
)

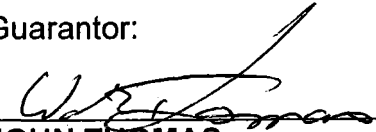


ROBERT THOMAS I/s



Witness Signature
Print _____
Name: MILAN STIPIC
Address: 1574 QUELLET
WINDSOR ON
N8X 1K7

) Guarantor:
)
)
)



JOHN THOMAS I/s
by his POA

SCHEDULE "A"
DEFINITIONS

In addition to terms defined elsewhere in this Agreement, the following terms shall have the following meanings:

"Applicable Laws" means, with respect to any person, property, transaction or event, all present or future statutes, regulations, rules, orders, codes, treaties, conventions, judgments, awards, determinations and decrees of any governmental, regulatory, fiscal or monetary body or court of competent jurisdiction, in each case, having the force of law in any applicable jurisdiction, including without limitation the Canadian Food Inspection Agency, the *Consumer Packaging and Labelling Act* (Canada), the *Canada Agricultural Products Act* (Canada) and the *Competition Act* (Canada).

"BMO/TD" means Bank of Montreal.

"Business Day" means any day other than a Saturday or a Sunday or any other day on which Canadian chartered banks are closed for business in Toronto, Ontario.

"Collateral" means all of the Borrower's and 692's property, assets and undertakings and the other Guarantors' receivables owing by the Borrower and any shares held by such Guarantors in the capital of the Borrower.

"Credit Documents" collectively means this Agreement, the Security and any and all other documents, instruments and agreements contemplated herein and/or ancillary thereto.

"Disbursement Accounts" means specifically the following account / transit numbers at BMO/TD from which the Borrower shall make all of its payments and disbursements:

Borrower (Cdn\$) - BMO:	2329-1998-473
Borrower (US\$) - BMO:	2329-4795-662

"Encumbrances" means any mortgage, Lien, pledge, assignment, charge, security interest, title retention agreement, hypothec, levy, execution, seizure, attachment, garnishment, right of distress or other claim in respect of property of any nature or kind whatsoever howsoever arising (whether consensual, statutory or arising by operation of law or otherwise) and includes arrangements known as sale and lease-back, sale and buy-back and sale with option to buy-back or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the PPSA or Uniform Commercial Code (or equivalent statutes) of any jurisdiction. The inclusion of Permitted Encumbrances in this Agreement is not intended to subordinate

and shall not subordinate any Lien created by any of the Security contemplated by this Agreement and the other Credit Documents to any Permitted Encumbrances.

"GAAP" means those accounting principles which are recognized as being generally accepted in Canada from time to time as set out in the handbook published by the Canadian institute of chartered accountants.

"Lien" means any mortgage, charge, pledge, hypothecation, security interest, assignment, encumbrance, lien or adverse right or claim or deemed trust (statutory or otherwise), charge, title retention agreement or arrangement, restrictive covenant or other encumbrance of any nature or any other arrangement or condition that in substance secures payment or performance of an obligation.

"Material Adverse Change" means any change, condition or event which, when considered individually or together with other changes, conditions, events or occurrences could reasonably be expected to have a Material Adverse Effect.

"Material Adverse Effect" means, in the determination of the Lender, a material adverse effect on (i) the business, revenues, operations, assets, liabilities (contingent or otherwise), financial condition or prospects of the Borrower or any of the Guarantors; (ii) on the rights and remedies of the Lender under this Agreement and the security; (iii) on the ability of the Borrower or any of the Guarantors to perform its obligations under the Credit Documents; or (iv) on the Liens created by the security.

"Permitted Encumbrances" means, at any time, the following:

- (a) Liens for taxes not overdue, or which are being contested if adequate reserves with respect thereto are maintained in accordance with GAAP and the enforcement of any related Lien is stayed;
- (b) undetermined or inchoate Liens arising in the ordinary course of business which relate to obligations not overdue or a claim for which has not been filed or registered pursuant to Applicable Law;
- (c) carriers', warehousemens', mechanics', materialmens', repairmens' or other similar Liens arising in the ordinary course of business which relate to obligations not overdue;
- (d) easements, rights of way, restrictions and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of business;
- (e) zoning and building by-laws and ordinances and municipal by laws and regulations so long as the same are complied with;

- (f) statutory Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation;
- (g) the reservations and exceptions contained in, or implied by statute in, the original disposition from the Crown and grants made by the Crown of interests so reserved or excepted;
- (h) equipment and/or vehicle leases in effect as of the date hereof;
- (i) Liens created by the Security; and
- (j) future first priority Liens against the Borrower's equipment and/or real estate provided that the proceeds of any such financing is sufficient to indefeasibly repay in full the Facility B Loan and/or the Facility C Loan, as applicable.

"person" includes a natural person, a partnership, a joint venture, a trust, a fund, an unincorporated organization, a company, a corporation, an association, a government or any department or agency thereof, and any other incorporated or unincorporated entity.

"PPSA" means the *Personal Property Security Act* (Ontario) or any other similar applicable personal property security statute in any other applicable jurisdiction, as the same may be amended, supplemented or replaced from time to time.

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

"Priority Claims" means the aggregate of any amounts accrued or payable which under any law may rank prior to or *pari passu* with any of the Security or otherwise in priority to any claim by the Lender for payment or repayment of any amounts owing under this Agreement, including: (i) wages, salaries, commissions or other remuneration; (ii) vacation pay; (iii) pension plan contributions; (iv) amounts required to be withheld from payments to employees or other persons for federal and provincial income taxes, employee Canadian pension plan contributions and employee employment insurance premiums, additional amounts payable on account of employer Canada pension plan contributions and employer employment Insurance premiums; (v) harmonized sales tax; (vi) provincial sales or other consumption taxes; (vii) Workers' Compensation Board and Workplace Safety and Insurance Board premiums or similar premiums; (viii) real property taxes; (ix) rent and other amounts payable in respect of the use of real property; provided that a rent reserve of three months will be taken for each leased or rented location where a landlord/warehouse waiver satisfactory to the Lender has not been obtained); (x) amounts payable for repair, storage, transportation or construction or other services which may give rise to a possessory or registerable

Lien; (xi) claims which suppliers could assert pursuant to Section 81.1 or Section 81.2 of the *Bankruptcy and Insolvency Act* (Canada); (xii) WEPPA Claims; and (xiii) farmers' rights under the *Farm Debt Mediation Act* or any other Applicable Laws.

"Real Property" means, collectively, the properties municipally known as 320-326, 346 and 372 South Talbot Road, Midland, Ontario and 3782 Maidstone Townline Road, Maidstone, Ontario.

"Statutory Encumbrances" means any Encumbrances arising by operation of Applicable Laws, including, without limitation, for carriers, warehousemen, repairers', taxes, assessments, statutory obligations and government charges and levies for amounts not yet due and payable or which may be past due but which are being contested in good faith by appropriate proceedings (and as to which the Lender has established a reserve as to which there are no other enforcement proceedings being taken and no Liens being registered and they shall have been effectively and immediately stayed).

"TD" means The Toronto-Dominion Bank.

"WEPPA Claims" means any claims made pursuant to the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s.1, as the same may be amended, restated or replaced from time to time.

Words importing the singular include the plural thereof and vice versa and words importing gender include the masculine, feminine and neuter genders.



EXECUTION COPY

May 17, 2016

Thomas Canning (Maidstone) Limited
326 South Talbot Road
Maidstone, Ontario
N0R 1K0

Attention: William Thomas, President

Dear Mr. Thomas:

Re: Bridging Finance Inc. as agent (the "Agent") for the Sprott Bridging Income Fund LP ("Sprott" and collectively with the Agent, the "Lender") Credit Facilities in Favour of Thomas Canning (Maidstone) Limited (the "Borrower")

We refer to the letter credit agreement dated July 3, 2015 among, inter alia, the Borrower, the Agent and Sprott (the "**Credit Agreement**").

The parties have agreed to amend the Credit Agreement by providing for an additional temporary credit facility upon the terms and conditions set forth herein.

Unless otherwise indicated, all amounts are expressed in Canadian currency.

All capitalized terms not otherwise defined in the body of this Agreement shall have the meanings ascribed thereto in the Credit Agreement.

The Credit Agreement, as amended hereby, is and shall continue to be in full force and effect and is hereby in all respects ratified and confirmed.

New Facility: Term revolving loan of up to \$2,500,000 (the "**Temporary Loan**") .

Purpose: To support purchase orders requiring paste inventory currently held by Highbury Canco Corporation ("**Highbury**").

Term: The earlier of (i) demand upon an Event of Default, and (ii) ninety (90) days from the date hereof (the "**Maturity Date**").

Temporary Loan Availability: The maximum amount that shall be available under the Temporary Loan at any time and from time to time will be, subject to the maximum amount of \$2,500,000, fifty percent (50%) of the net (as

that term is used in Settlement Terms) amount of new paste purchase orders received by the Borrower satisfactory to the Lender in its sole discretion, to be determined by the Lender once each week (or more frequently as determined by the Lender) **LESS** the amount of the Temporary Loan (including principal, interest, costs, fees and expenses) then outstanding (the **"Temporary Loan Availability"**).

Availability shall be determined by the Lender on the same day of each week, and in the same form of Weekly Borrowing Base Report, as the Facility A Loan Availability is determined in accordance with the terms of the Credit Agreement.

**Temporary Loan
Advances:**

Temporary Loan advances to be made hereunder shall be the lesser of the Borrower's requested advance in its Weekly Borrowing Base Report and the then Temporary Loan Availability and will be paid directly to Highbury. For greater certainty, the Borrower hereby directs the Lender to advance all amounts to be advanced under the Temporary Loan directly to Highbury on the Borrower's behalf until such time as the Lender has written instructions from the Borrower to the contrary.

To the extent the Temporary Loan Advances at any time exceeds the amount of the Temporary Loan Availability, the Borrower shall forthwith pay to the Lender an amount equal to such excess.

Provided that no Event of Default has occurred which has not been waived in writing by the Lender, the Lender has received its Commitment Fee and that at the time the advance is to be made the conditions contained in this Agreement have been satisfied, Temporary Loan advances to be made hereunder shall, provided that the request is contained in a Weekly Borrowing Base Report and that such Weekly Borrowing Base Report is received by the Lender prior to 1:00 p.m. on the Report Day, be made no later than the close of business on the next second Business Day.

**Interest Rate
and Fees:**

Interest: Interest on the Temporary Loan shall be charged at the same rate as that applicable to the Seasonal Overadvance, and should otherwise be calculated, compounded and payable in the same manner, and at the same times, as applicable to the other Facilities.

Amendment Fee: An amendment fee of \$37,500 in respect of the Temporary Loan, which fee will be due and payable to the Lender and shall be deducted from the initial advance of the Temporary Loan.

Expenses: For greater certainty, the provisions applicable to expenses in the Credit Agreement shall apply to this Agreement.

**Equity
Conversion:**

In the event that all amounts outstanding under the Temporary Loan and the Seasonal Overadvance are not indefeasibly repaid in full on or before the Maturity Date, the Borrower shall promptly, at the Lender's sole option, and upon the Lender's written request, cause to be issued to the Lender shares in the capital of the Borrower sufficient to grant the Lender two thirds (66 2/3%) of the voting and non-voting equity of the Borrower (the "**Equity Issuance**").

In the event that the Lender exercises its rights pursuant to the Equity Issuance, the Borrower shall have the option to repurchase all of the shares issued to the Lender by paying to the Lender, no later than thirty (30) days after the Maturity Date, an amount equal to all outstanding amounts owing under the Temporary Loan and the Seasonal Overadvance.

**Repayment
Sources:**

The Borrower shall not be permitted to use either of the following sources to repay any amounts owing under the Temporary Loan:

- (a) advances from any of the other Facilities; or
- (b) any proceeds from the sale of any assets (other than the sale of inventory sold pursuant to the Settlement Terms).

**Conditions
Precedent:**

The availability of the Temporary Loan is subject to and conditional upon the following conditions:

- (i) satisfactory completion of the negotiation and execution of the minutes of agreement among the Borrower, Highbury and the Lender (the "**Settlement Terms**"); and
- (ii) payment of the amendment fee owing to the Lender hereunder.

Each of the conditions precedent to any subsequent advance contained in the Credit Agreement shall apply to any subsequent advance under the Temporary Loan.

The making of an advance hereunder without the fulfillment of one or more conditions set forth in this Agreement shall not constitute a waiver of any such condition, and the Lender reserves the right to require fulfillment of such condition in connection with any subsequent advance.

Nothing in this Agreement creates a legally binding obligation on the Lender to advance any amount under the Temporary Loan at any time unless the Lender is completely satisfied in its sole discretion that the Borrower and the Guarantors are in compliance with every provision of the and that no fact exists or event has occurred which changes the manner in which the Lender previously evaluated the risks inherent in advancing amounts to the Borrower under any Facility, whether or not the Lender was or should have been aware of such facts or events differently at any time.

**Settlement
Terms**

Paramount:

To the extent of any inconsistency between the provisions of this Agreement and the terms and conditions of the Settlement Terms, the terms and conditions of the Settlement Terms shall prevail to the extent of any such inconsistency.

General:

Temporary Loan is a Facility: For greater certainty, the Temporary Loan shall be deemed to be one of the Facilities under the Credit Agreement.

Further Assurances and Documentation: The Borrower and the Guarantors shall do all things and execute all documents deemed necessary or appropriate by the Lender for the purposes of giving full force and effect to the terms, conditions, undertakings hereof granted or to be granted hereunder including without limitation in connection with the Equity Issuance.

Severability: If any provisions of this Agreement is or becomes prohibited or unenforceable in any jurisdiction, such prohibition or unenforceability shall not invalidate or render unenforceable the provision concerned in any other jurisdiction nor shall it invalidate, affect or impair any of the remaining provisions of this Agreement.

Governing Law: This Agreement and all agreements arising hereinafter shall be deemed to have been made and accepted in

the City of Toronto, Ontario and shall be construed exclusively (without regard to any rules or principles relating to conflicts of laws) in accordance with and be governed by the laws of the Province of Ontario and of Canada applicable therein.

Counterparts: This Agreement, the Security and all agreements arising hereinafter may be executed in any number of separate counterparts by any one or more of the parties thereto, and all of said counterparts taken together shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by telecopier, PDF or by other electronic means shall be as effective as delivery of a manually executed counterpart.

[SIGNATURE PAGES FOLLOW]

If the terms and conditions of this Agreement are acceptable to you, please sign in the space indicated below and return the signed copy of this Agreement to us. Acceptance may also be effected by facsimile or scanned transmission and in counterpart.

We thank you for allowing us the opportunity to provide you with this Agreement.

Yours truly,

BRIDGING FINANCE INC.,
as agent for Sprott Bridging Income Fund LP

Per: _____

Name: ~~Natasha Sharpe~~

Title: ~~President~~

I have authority to bind the Corporation.



Graham Man
Portfolio Manager

ACCEPTANCE

Each of the undersigned hereby executes and delivers this Agreement under their respective seals by their duly authorized signing officers with effect as of this 18 day of May, 2016.

Borrower:

THOMAS CANNING (MAIDSTONE) LIMITED

Per: W. Thomas
Name: WILLIAM THOMAS
Title: CEO

I have authority to bind the Corporation.

Guarantor:


692194 ONTARIO LIMITED

Per: W. Thomas
Name: WILLIAM THOMAS
Title: CEO

I have authority to bind the Corporation.

M. Ramsdell
Witness Signature
Print
Name: Michelle Ramsdell
Address: Windsor ON.

) Guarantor:
)
) W. Thomas
) **WILLIAM THOMAS** I/s
)
)
)
)



Witness Signature

Print

Name: Michelle Ramonello

Address: _____

Windsor ont

Guarantor:

Robert Thomas

ROBERT THOMAS

 $1/s$ 

Witness Signature

Print

Name: Michelle Kannebo

Address: _____

Windsor ont

Guarantor:

John Non-

JOHN THOMAS

1/s



Bridging Finance Inc.
77 King Street West
Suite 2925
P.O. Box 322,
Toronto ON M5K 1K7
Canada

Dated as of May 31, 2016

Thomas Canning (Maidstone) Limited

Attention: Brian Payne

Dear Mr. Payne:

Re: Bridging Finance Inc. ("**Bridging**") as agent for the Sprott Bridging Income Fund LP ("**SBIF**") credit facility with Thomas Canning (Maidstone) Limited ("**Thomas Canning**") pursuant to a loan agreement dated July 3, 2015 (the "**Agreement**") and an amended loan agreement dated May 17, 2016 (the "**Highbury Agreement**")

Further to our earlier communication, we confirm our mutual agreement to the following changes to the Agreement.

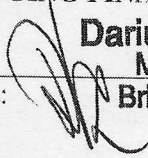
1. From and after the date hereof the "Monitoring Fee" sub-section of "Interest Rate and Fees" on page 6 of the Agreement is hereby amended by replacing "A monitoring fee of \$2,500 will be due and payable to the Lender on the last Business Day of each month" with "A monitoring fee of \$2,500 **plus applicable taxes** will be due and payable to **Bridging Finance Inc.** on the last Business Day of each month."
2. From and after the date hereof the "Amendment Fee" sub-section of "Interest Rate and Fees" on page 3 of the Highbury Agreement is hereby amended by replacing "An amendment fee of \$37,500 in respect of the Temporary Loan, which fee will be due and payable to the Lender and shall be deducted from the initial advance of the Temporary Loan." with "An amendment fee of \$37,500 **plus applicable taxes** in respect of the Temporary Loan, which fee will be due and payable to **Bridging Finance Inc.** and shall be deducted from the initial advance of the Temporary Loan."
3. This Amendment is supplemental to and shall be read with and be deemed to be part of the Agreement which shall be amended as herein provided. Any reference to the Agreement and any agreements or documents entered into in connection with the same shall mean the Agreement as amended hereby and all such agreements and documents are also hereby amended as required to give effect to this Agreement.
4. This Amendment may be executed in any number of separate counterparts by any one or more of the parties thereto, and all of said counterparts taken together shall constitute one and the same instrument. Delivery of an executed counterpart of this Amendment or any other present or future agreement between the parties hereto by telecopier, PDF or by other electronic means shall be as effective as delivery of a manually executed counterparts.
5. All the terms and conditions of the Agreement are confirmed and ratified in all respects, shall survive and shall not merge with or be extinguished by the execution and delivery of this Amendment and shall hereafter continue in full force and effect, as amended.
6. The parties hereto hereby agree that they will execute such further assurances with respect to this Amendment and the Agreement as may be required to evidence the true intent and meaning of this Amendment.

7. This Amendment shall be binding upon and ensure to the benefit of the parties hereto and their respective successors and permitted assigns.
8. This Amendment shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable herein.

[THE REMAINDER OF THIS PAGE IS BLANK. SIGNATURE PAGE FOLLOWS]

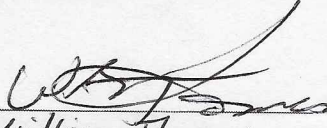
Provided that the foregoing meets with your approval, kindly execute where indicated and return a PDF copy of this letter to SBIF.

**SPROTT BRIDGING INCOME FUND LP
BY ITS AGENT AND SUB-ADVISOR,
BRIDGING FINANCE INC.**

Per:  **Dariusz Szypula, MBA**
Name: **Managing Director**
Title: **Bridging Finance Inc.**

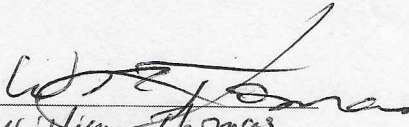
We Acknowledge and Accept the terms and conditions of this Agreement as of this 31st day of May, 2016.

THOMAS CANNING (MAIDSTONE) LIMITED

Per: 
Name: **William Thomas**
Title: **CEO**

I have authority to bind the corporation.

692194 ONTARIO LIMITED

Per: 
Name: **William Thomas**
Title: **CEO**

I have authority to bind the guarantor.



July 26, 2016

Thomas Canning (Maidstone) Limited
326 South Talbot Road
Maidstone, Ontario
N0R 1K0

Attention: William Thomas, President

Dear Mr. Thomas:

Re: Bridging Finance Inc. as agent (the "Agent") for the Sprott Bridging Income Fund LP ("Sprott" and collectively with the Agent, the "Lender") Credit Facilities in Favour of Thomas Canning (Maidstone) Limited (the "Borrower")

We refer to the letter credit agreement dated July 3, 2015 among, inter alia, the Borrower, the Agent and Sprott as amended by letter agreement dated May 17, 2016 and as further amended by letter agreement dated May 31, 2016 (collectively, the "**Credit Agreement**").

The parties have agreed to amend the Credit Agreement by providing for an United States dollar sublimit under the credit facility upon the terms and conditions set forth herein.

USD Advances: The Borrower may request advances as a sublimit under the Facility A Loan in United States dollars, subject to the following:

- (a) such advances shall not exceed the aggregate maximum principal amount of US\$1,000,000 at any time; and
- (b) such advances shall be subject to the same interest rate and, for greater certainty, all other terms and conditions applicable to all other advances under the Facility A Loan.

General: Defined Terms: All capitalized terms not otherwise defined in the body of this Agreement shall have the meanings ascribed thereto in the Credit Agreement.

Ratification: The Credit Agreement, as amended hereby, is and shall continue to be in full force and effect and is hereby in all respects ratified and confirmed.

Expenses: For greater certainty, the provisions applicable to expenses in the Credit Agreement shall apply to this Agreement.

Severability: If any provisions of this Agreement is or becomes prohibited or unenforceable in any jurisdiction, such prohibition or unenforceability shall not invalidate or render unenforceable the provision concerned in any other jurisdiction nor shall it invalidate, affect or impair any of the remaining provisions of this Agreement.

Governing Law: This Agreement and all agreements arising hereinafter shall be deemed to have been made and accepted in the City of Toronto, Ontario and shall be construed exclusively (without regard to any rules or principles relating to conflicts of laws) in accordance with and be governed by the laws of the Province of Ontario and of Canada applicable therein.

Counterparts: This Agreement, the Security and all agreements arising hereinafter may be executed in any number of separate counterparts by any one or more of the parties thereto, and all of said counterparts taken together shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by telecopier, PDF or by other electronic means shall be as effective as delivery of a manually executed counterpart.

[SIGNATURE PAGES FOLLOW]

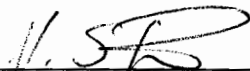
If the terms and conditions of this Agreement are acceptable to you, please sign in the space indicated below and return the signed copy of this Agreement to us. Acceptance may also be effected by facsimile or scanned transmission and in counterpart.

We thank you for allowing us the opportunity to provide you with this Agreement.

Yours truly,

BRIDGING FINANCE INC.,
as agent for Sprott Bridging Income Fund LP

Per: _____



Name: Natasha Sharpe

Title: Chief Executive Officer & Chief Investment Officer

I have authority to bind the Corporation.

ACCEPTANCE

Each of the undersigned hereby executes and delivers this Agreement under their respective seals by their duly authorized signing officers with effect as of this ____ day of July, 2016.

Borrower:

THOMAS CANNING (MAIDSTONE) LIMITED

Per: William Thomas
Name: _____
Title: _____

I have authority to bind the Corporation.

Guarantor:

692194 ONTARIO LIMITED

Per: William Thomas
Name: _____
Title: _____

I have authority to bind the Corporation.

Brian S. Payne

Witness Signature
Print
Name: Brian S. Payne
Address: 1827 Huntlyton
Belle River, ON
NOR 1 RD

) Guarantor:
)
) William Thomas
) **WILLIAM THOMAS** I/s
)
)
)
)
)
)

Brian S Payne
Witness Signature
Print Name: Brian S Payne
Address: 1027 Huntington
Belle River TN
NOR 1AD

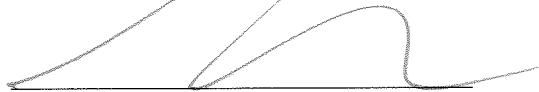
) Guarantor:
) Robert Thomas
) ROBERT THOMAS I/s

Brian S Payne
Witness Signature
Print Name: Brian S Payne
Address: 1027 Huntington
Belle River TN
NOR 1AD

) Guarantor:
) John Thomas
) JOHN THOMAS I/s

TAB 1(b)

Attached is Exhibit "B" Referred to in the
AFFIDAVIT OF KEN ROSENSTEIN
Sworn before me this 10th day of November, 2017

A handwritten signature in black ink, consisting of a series of loops and a final horizontal stroke, positioned above a solid horizontal line.

Commissioner of Oaths, etc.

GENERAL SECURITY AGREEMENT

THIS GENERAL SECURITY AGREEMENT (as the same may be amended, restated, supplemented or replaced, from time to time, this "**Agreement**") is dated with effect as of this 3rd day of July, 2015 and executed and delivered by **THOMAS CANNING (MAIDSTONE) LIMITED** (the "**Debtor**") to and in favour of **BRIDGING FINANCING INC.** as agent for **SPROTT BRIDGING INCOME FUND LP** and the other lenders from time to time under the Loan Agreement (as defined below) (collectively, the "**Agent**").

RECITALS:

- A. The Debtor is or is about to become indebted to the Agent pursuant to a letter credit agreement among, *inter alios*, the Debtor and the Agent dated with effect as of the date hereof (as further amended, supplemented, replaced or restated from time to time, the "**Loan Agreement**"); and
- B. As security for the obligations of the Debtor under the Loan Agreement, the Agent has required the Debtor to grant to the Agent and to create a security interest in all personal property of the Debtor, as hereinafter provided as security for the payment and performance of the obligations and liabilities of the Debtor to the Agent.

NOW THEREFORE, in consideration of the extension of credit by the Agent to the Debtor, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Debtor, the Debtor covenants and agrees to and in favour of the Agent as follows:

ARTICLE 1 - DEFINITIONS; INTERPRETATION

1.1 Defined Terms

Except as otherwise expressly provided herein, capitalized terms used in this Agreement but not defined herein shall have the meanings assigned to such terms in the Loan Agreement. In this Agreement, unless the context expressly or by necessary implication otherwise requires, the following terms shall have the meanings set forth below:

"**Event of Default**" shall mean: (a) the occurrence of any Event of Default (as such term is defined in the Loan Agreement); or (b) the issuance of a demand for repayment by the Agent.

"**Person**" means a "person" as defined in the Loan Agreement.

1.2 Terms Defined in Ontario Personal Property Security Act

Where applicable and except as defined herein, terms used herein shall have the meanings assigned to them in the *Personal Property Security Act* as the same may, from time to time, be in effect in the Province of Ontario (the "**PPSA**"). Such terms include: "**accounts**", "**chattel paper**", "**documents of title**", "**equipment**", "**intangibles**",

"instruments", "inventory", "investment property", "money", "proceeds" and "security".

ARTICLE 2 - GRANT OF SECURITY INTEREST; COLLATERAL

2.1 Grant of Security Interest

As security for the payment and performance of the Secured Obligations (as defined in Section 3), the Debtor hereby grants to the Agent a security interest in, to and under all of its personal property, wherever located and whether now existing or hereafter acquired or arising, including, without limitation, the following property (collectively and severally, the "**Collateral**"):

- (a) all present and future investment property held by the Debtor, including securities, security entitlements, securities accounts, future contracts, future accounts, shares, options, rights, warrants, joint venture interests, interests in limited partnerships, trust units, bonds, debentures and all other documents which constitute evidence of a share, participation or interest of the Debtor in property or in an enterprise or which constitute evidence of an obligation of the issuer; and all substitutions therefore, and subject to Section 6.3, dividends and income derived therefrom, all of which are herein called the "**Pledged Collateral**";
- (b) all accounts and book debts of the Debtor, chattel paper, documents of title, instruments, and intangibles of the Debtor, including all debts, dues, claims choses in action and demands of every nature and kind, howsoever arising or secured, including letters of credit, guarantees and advices of credit that 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 the Debtor, whether or not arising out of or in connection with the sale or lease of goods or the rendering of services, and all supporting obligations of any or all of the forgoing ("**Accounts**");
- (c) all inventory of the Debtor, including all merchandise, goods and other personal property that are held for sale or lease or that have been leased by the Debtor or that are to be furnished under a contract of service, all raw materials, work in process, materials used or consumed in the Debtor's business and finished goods, all goods in which the Debtor has an interest in mass or a joint or other interest or gifts of any kind (including goods in which the Debtor has an interest or right as consignee), and all goods which are returned to or repossessed by the Debtor, together with all additions and accessions thereto and replacements therefor and products thereof and documents therefor ("**Inventory**");
- (d) all equipment of the Debtor and all parts thereof and all accessions, additions, attachments, improvements, substitutions and replacements thereto and therefor, including, all machinery, tools, dies, blueprints, catalogues, computer hardware and software, furniture, furnishings, vehicles and fixtures ("**Equipment**");
- (e) all Intellectual Property Collateral (as defined in Section 7.3);

- (f) all money maintained in a deposit or other account in the Debtor's name with any financial institution, and all certificates, instruments and other writings, if any, from time to time representing, evidencing or deposited into such accounts, and all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the foregoing;
- (g) all now existing and hereafter arising contracts and agreements to which the Debtor is party (each, an "**Assigned Agreement**"), including, without limitation, all rights of the Debtor to receive moneys due and to become due under or pursuant to the Assigned Agreements, all rights of the Debtor to receive proceeds of any insurance, indemnity, warranty or guaranty with respect to the Assigned Agreements, all claims of the Debtor for damages arising out of or for breach of or default under the Assigned Agreements, and all rights of the Debtor to terminate, amend, supplement or modify the Assigned Agreements, to perform thereunder and to compel performance and otherwise exercise all remedies thereunder; *provided, however*, that with respect to any such contract or agreement where the grant of a security interest in the Debtor's right, title and interest therein is prohibited by the terms thereof, or would give any other party the right to terminate its obligations thereunder, or is not permitted because any necessary consent to such grant has not been obtained, the Collateral shall include only the rights of the Debtor to receive moneys due and to become due, if any, under or pursuant to such contract or agreement;
- (h) all books, records, writings, databases, information and other property relating to, used or useful in connection with, embodying, incorporating or referring to, any of the foregoing Collateral;
- (i) all cash and cash equivalents held by the Debtor not otherwise included in the foregoing Collateral; and
- (j) all products and proceeds of the foregoing Collateral (with the term "**proceeds**" having the meaning provided in the PPSA and also including any voluntary or involuntary disposition, and all rights to payment, including return premiums, with respect to any insurance).

2.2 Excluded Collateral

Notwithstanding Section 2.1, the Collateral shall not include: (a) any property held in trust by the Debtor and lawfully belonging to others, (b) the last day of the term of any lease of real property, provided that the Debtor shall stand possessed of such last day and shall assign and transfer such interest as instructed by the Agent; (c) the interests described in the proviso to Section 2.1(g); or with respect to Section 2.1(c), any consumer goods used as such by the Debtor.

2.3 Debtor Remains Liable

Anything herein to the contrary notwithstanding, (a) the Debtor shall remain liable under all Assigned Agreements, to the extent set forth therein, to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Agent of any of the rights hereunder shall not release the Debtor from any of its duties or obligations under such Assigned Agreements, and (c) the Agent shall not have any obligation or liability under any Assigned Agreements by reason of this Agreement, nor shall the Agent be obligated to perform any of the obligations or duties of the Debtor thereunder or to take any action to collect or enforce any such contract, agreement or other document included in the Collateral hereunder.

2.4 Continuing Security Interest

The Debtor agrees that this Agreement shall create a general collateral continuing security interest in the Collateral which shall remain in effect until terminated in accordance with Section 10.14.

2.5 Attachment

The Debtor and the Agent intend that the security interest created hereby attaches to existing Collateral upon the execution of this Agreement and that the security interest will attach to Collateral acquired after the date of execution of this Agreement at the time that the Debtor acquires rights in that Collateral. The Debtor and the Agent agree that value has been given. The Debtor represents and warrants that it has rights in the existing Collateral.

ARTICLE 3 - SECURED OBLIGATIONS

3.1 Secured Obligations

The obligations secured by this Agreement shall consist of all indebtedness, obligations and liabilities of the Debtor to the Agent, including, without limitation, those arising under, in connection with, and relating to the Credit Documents, whether now existing or hereafter arising, as principal or surety, voluntary or involuntary, whether or not jointly owed with others, direct or indirect, absolute or contingent, liquidated or unliquidated, and whether or not from time to time decreased or extinguished and later increased, created or incurred, together with all expenses (including reasonable legal fees on a solicitor and client basis) incurred by the Agent, any receiver, receiver-manager or agent in the preparation, perfection and enforcement of security and other agreements held by the Agent in respect of such obligations and liabilities and interest thereon (all of which obligations, liabilities, expenses and interest are referred to collectively as the "Secured Obligations").

ARTICLE 4 - REPRESENTATIONS AND WARRANTIES

In addition to all representations and warranties of the Debtor set forth in the Credit Documents, which are incorporated herein by this reference, the Debtor hereby represents and warrants that:

4.1 Sole Owner

The Debtor is the sole owner of and has good and marketable title to the Collateral (or will be the sole owner of and will have good and marketable title to, in the case of after-acquired Collateral).

4.2 No Adverse Claim

No Person has (or, in the case of after-acquired Collateral, at the time the Debtor acquires rights therein, will have) any right, title, claim or interest (by way of security interest or other Encumbrance, adverse rights or claims or other encumbrances) in, against or to the Collateral other than Permitted Encumbrances.

4.3 Full Disclosure

All information herein supplied to the Agent by or on behalf of the Debtor with respect to the Collateral is accurate and complete in all material respects as of the date hereof.

4.4 Delivery of Collateral

The Debtor has delivered to the Agent all instruments and chattel paper and other items of Collateral in which a security interest is or may be perfected by possession, together with such additional writings, including assignments, with respect thereto as the Agent shall request.

4.5 Intellectual Property

All of the patents, trade-marks, and copyrights of the Debtor have been registered or applied to be registered with the United States Patent and Trademark Office, the United States Copyright Office or the Canadian Intellectual Property Office, as appropriate.

4.6 Chief Executive Office; Trade Names; Collateral Location; Records Location

The Debtor's chief executive office is in the Province of Ontario; the only trade name(s) or style(s) used by the Debtor are listed on **Schedule "A"**; and, the Debtor's records concerning the Collateral are located at its chief executive office. The Debtor has not, except as disclosed on **Schedule "A"** hereto, at any time in the past: (a) been known as or used any other corporate, trade or fictitious name; (b) changed its name; (c) been the surviving or resulting corporation in a merger or consolidation; or (d) acquired through asset purchase or otherwise any business of any Person.

4.7 Enforceability; Priority of Security Interest

- (a) This Agreement creates a security interest which is enforceable against the Collateral in which the Debtor now has rights and will create a security interest which is enforceable against the Collateral in which the Debtor hereafter acquires rights at the time the Debtor acquires any such rights; and (b) other than Permitted Encumbrances, the Agent has a perfected and first priority security interest in the Collateral, in which the Debtor now has rights, and will have a perfected and first priority security interest in the Collateral in which the Debtor hereafter acquires rights at the time the Debtor acquires any such rights, in each case securing the payment and performance of the Secured Obligations.

4.8 Rights to Payment

- (a) The Accounts and any and all of the Debtor's rights and claims to the payment or receipt of money or other forms of consideration of any kind in, to and under or with respect to its chattel paper, documents of title, intangibles, instruments, proceeds and supporting obligations (collectively, "**Rights to Payment**") represent valid, binding and enforceable obligations of the account debtors or other Persons obligated thereon, representing undisputed, *bona fide* transactions completed in accordance with the terms and provisions contained in any documents related thereto, and are genuine, free from any Lien and not subject to any adverse claims, counterclaims, setoffs, defaults, disputes, defenses, discounts, retainages, holdbacks or conditions precedent of any kind of character, except to the extent reflected by the Debtor's reserves for uncollectible Rights to Payment or to the extent, if any, that such account debtors or other Persons may be entitled to normal and ordinary course trade discounts, returns, adjustments and allowances in accordance with Section 5.13 or as otherwise disclosed to the Agent in writing;
- (b) to the best of the Debtor's knowledge, all account debtors and other obligors on the Rights to Payment are solvent and generally paying their debts as they come due;
- (c) all Rights to Payment comply with all applicable laws concerning form, content and manner of preparation and execution, including where applicable any federal or state consumer credit laws;
- (d) the Debtor has not assigned any of its rights under the Rights to Payment other than Permitted Encumbrances as provided in this Agreement or as set forth in the other Credit Documents;
- (e) all statements made, all unpaid balances and all other information in the Debtor's books and other documentation relating to the Rights to Payment are true and correct and in all respects what they purport to be; and
- (f) the Debtor has no knowledge of any fact or circumstance which would impair the validity or collectibility of any of the Rights to Payment.

4.9 Inventory

No inventory is stored with any bailee, warehouseman or similar Person or on any premises leased to the Debtor, nor has any inventory been consigned to the Debtor or consigned by the Debtor to any Person or is held by the Debtor for any Person under any "bill and hold" or other arrangement, except as disclosed to the Agent in writing.

4.10 Equipment

- (a) none of the Equipment or other Collateral is affixed to real property except Collateral with respect to which the Debtor has supplied the Agent with all information and documentation necessary to make all fixture filings required to perfect and protect the priority of the Agent's security interest in all such Collateral which may be fixtures as against all Persons having an interest in the premises to which such property may be affixed; and
- (b) none of the Equipment is leased from or to any Person, except as otherwise disclosed to the Agent.

4.11 Valid Issuance of Pledged Collateral

All the Pledged Collateral have been, and upon issuance any Pledged Collateral will be, duly and validly issued, and are and will be fully paid and non assessable.

4.12 Capitalization of the Pledged Subsidiary

The Pledged Collateral constitutes 100% of the issued and outstanding shares of capital stock and other ownership interests of the various issuers owned by the Debtor (which, as of the date hereof, constitutes 100% of the issued and outstanding shares of capital stock and other ownership interests of each issuer).

4.13 Options, Warrants, Etc.

Other than pursuant to the Credit Documents, no securities convertible into or exchangeable for any shares of capital stock or other ownership interests of any issuer, or any options, warrants or other commitments entitling any Person to purchase or otherwise acquire any shares of capital stock or other ownership interests of any issuer, are issued and outstanding.

4.14 Transfer Restrictions

Subject to Permitted Encumbrances, there are no restrictions on the transferability of the Pledged Collateral to the Agent or with respect to the foreclosure, transfer or disposition thereof by the Agent.

4.15 Shareholders Agreements

Subject to Permitted Encumbrances, there are no shareholders, partners or members agreements, voting trusts, proxy agreements or other agreements or understandings which affect or relate to the voting or giving of written consents with respect to any of the Pledged Collateral.

4.16 Pledged Collateral

The Debtor is not in default in the payment of any portion of any mandatory capital contribution, if any, required to be made under any agreement to which the Debtor is a party relating to the Pledged Collateral pledged by it, and the Debtor is not in violation of any other provisions of any such agreement to which the Debtor is a party, or otherwise in default or violation thereunder. No Pledged Collateral pledged by the Debtor is subject to any defense, offset or counterclaim, nor have any of the foregoing been asserted or alleged against the Debtor by any Person with respect thereto, and as of the date hereof, there are no certificates, instruments, documents or other writings (other than the organizational documents and certificates, if any, delivered to the Agent and the Agents) which evidence any Pledged Collateral of the Debtor.

4.17 No Violation of Securities Laws

None of the shares in the capital of the Debtor or the Pledged Collateral has been issued, converted or transferred in violation of the securities registration, securities disclosure or similar laws of any jurisdiction to which they may be subject.

4.18 Control Agreements

No control agreements exist with respect to any Collateral other than any control agreements in favour of the Agent.

4.19 Leases

The Debtor is not and will not become a lessee under any real property lease or enter into any customer agreement or other agreement governing the location of Collateral at the premises of another Person pursuant to which the lessor or such other Person may obtain any rights in any of the Collateral, and no such lease or other such agreement now prohibits, restrains, impairs or will prohibit, restrain or impair such Debtor's right to remove any Collateral from the premises at which such Collateral is situated, except for the usual and customary restrictions contained in such leases of real property.

ARTICLE 5 - COVENANTS AND AGREEMENTS

In addition to all covenants and agreements of the Debtor set forth in the Credit Documents, which are incorporated herein by this reference, the Debtor hereby agrees, at no cost or expense to the Agent:

5.1 Preservation of Security Interest

To do all acts (other than acts which are required to be done by the Agent) that may be necessary to maintain, preserve and protect the Collateral and the first (subject to Permitted Encumbrances) priority, perfected security interest of the Agent therein.

5.2 Actions and Proceedings

To appear in and defend any action or proceeding which may affect its title to or the Agent's interest in the Collateral.

5.3 Use of Collateral

Not to use any Collateral, or permit any Collateral to be used, unlawfully or in violation of any provision of this Agreement, any other agreement with the Agent related hereto, or any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Debtor or affecting any of the Collateral or any contractual obligation affecting any of the Collateral.

5.4 Shareholders Agreements

Except for the shareholders agreement existing as of the date hereof and disclosed to the Agent in writing, the Debtor has not entered and will not enter into any shareholders, partners or members agreement, voting trust, proxy agreement or other agreement or understanding which affects or relates to the voting or giving of written consents with respect to any of the shares in the capital of the Debtor or the Pledged Collateral without the prior written consent of the Agent.

5.5 Issuance of Additional Shares

The Debtor will not consent to or approve, or allow any subsidiary to consent to or approve, of the issuance to any person or entity of any additional shares of any class of capital stock or other ownership interests of the Debtor or any of its subsidiaries, or of any securities convertible into or exchangeable for any such shares or other ownership interests, or any warrants, options or other rights to purchase or otherwise acquire any such shares or other ownership interests, except as approved in writing by the Agent.

5.6 Transfer of Collateral; Liens

Not to surrender or lose possession of (other than to the Agent), sell, encumber, lease, rent, or otherwise dispose of or transfer any Collateral or right or interest therein except as expressly provided herein and in the Credit Documents, and to keep the Collateral free of all Liens except Permitted Encumbrances and as expressly permitted by the Credit Documents or otherwise approved in writing by the Agent; *provided, however*, that, unless an Event of Default shall have occurred under any of the Credit Documents, the Debtor may, in the ordinary course of business, sell or lease (provided it registers and perfects any primary lease or conditional sale agreement in accordance with applicable law) any Collateral consisting of inventory.

5.7 Delivery of Collateral

To account fully for and promptly deliver to the Agent, in the form received, all documents, chattel paper, all certificated securities with respect to investment property, instruments and agreements constituting Collateral hereunder, and all proceeds of the Collateral received, all endorsed to the Agent or in blank, as requested by the Agent, and accompanied by such stock powers as appropriate and until so delivered all such documents, instruments, agreements and proceeds shall be held by the Debtor in trust for the Agent, separate from all other property of the Debtor.

5.8 Records

To keep separate, accurate and complete records of the Collateral and to provide the Agent with such records and such other reports and information relating to the Collateral as the Agent may reasonably request from time to time. To keep the records concerning the Collateral at the location(s) referred to in Section 4.6 and not to remove such records from such location(s) without the prior written consent of the Agent.

5.9 Chief Executive Office; Names

To give the Agent thirty (30) days' prior written notice of any change in the Debtor's chief executive office or legal name or trade name(s) or style(s).

5.10 Location of Collateral

To keep the Collateral at its current location(s) and not to remove the Collateral from such locations (other than disposals of Collateral expressly permitted by the Credit Documents).

5.11 Maintenance of Collateral

To keep the Collateral in good condition and repair (normal wear and tear excepted) and not to cause or permit any waste or unusual or unreasonable depreciation of the Collateral.

5.12 Leased Premises

At the Agent's request, to use commercially reasonable efforts to obtain from each Person from whom the Debtor leases any premises or supplies any customer at which any Collateral is at any time present such collateral access, subordination, waiver, consent and estoppel agreements as the Agent may require, in form and substance satisfactory to the Agent.

5.13 Rights to Payment

To:

- (a) with such frequency as the Agent may reasonably require, furnish to the Agent full and complete reports, in form and substance satisfactory to the Agent, with respect to the Accounts, including information as to concentration, aging, identity of account debtors, letters of credit securing Accounts, disputed Accounts and other matters, as the Agent shall request;
- (b) give only normal discounts, allowances and credits as to Accounts and other Rights to Payment, in the ordinary course of business, according to normal trade practices utilized by the Debtor in the past, and enforce all Accounts and other Rights to Payment strictly in accordance with their terms, and take all such action to such end as may from time to time be reasonably requested by the Agent, except that the Debtor may grant any extension of the time for payment or enter into any agreement to make a rebate or otherwise to reduce the amount owing on or with respect to, or compromise or settle for less than the full amount thereof, any Account or other Right to Payment, in the ordinary course of business, according to normal trade practices utilized by the Debtor in the past;
- (c) if any discount, allowance, credit, extension of time for payment, agreement to make a rebate or otherwise to reduce the amount owing on, or compromise or settle, an Account or other Right to Payment exists or occurs, or if, to the knowledge of the Debtor, any dispute, setoff, claim, counterclaim or defense exists or has been asserted or threatened with respect to an Account or other Right to Payment, disclose such fact fully to the Agent in the books relating to such Account or other Right to Payment and in connection with any invoice or report furnished by the Debtor to the Agent relating to such Account or other Right to Payment;
- (d) if any Accounts arise from contracts with the United States or any department, agency or instrumentality thereof, or the government of Canada, immediately notify the Agent thereof and execute any documents and instruments and take any other steps requested by the Agent in order that all monies due and to become due thereunder shall be assigned to the Agent and notice thereof given to the appropriate authorities under the *Federal Assignment of Claims Act* of the United States of America or the *Financial Administration Act* of Canada;
- (e) in accordance with its sound business judgment, perform and comply in all material respects with its obligations in respect of the Accounts and other Rights to Payment;
- (f) upon the request of the Agent (i) at any time, notify all or any designated portion of the account debtors and other obligors on the Rights to Payment of the security interest hereunder, and (ii) upon the occurrence of an Event of Default, notify the account debtors and other obligors on the Rights to Payment or any designated portion thereof that payment shall be made directly to the Agent or to such other Person or location as the Agent shall specify; and

- (g) upon the occurrence of any Event of Default, establish such lockbox or similar arrangements for the payment of the Accounts and other Rights to Payment as the Agent shall require.

5.14 Inventory

To:

- (a) at such times as the Agent shall request or as may be required under the Credit Documents, prepare and deliver to the Agent a report of all Inventory, in form and substance satisfactory to the Agent;
- (b) upon the request of the Agent, take a physical listing of the Inventory and promptly deliver a copy of such physical listing to the Agent; and
- (c) not store any Inventory with a bailee, warehouseman or similar Person or on premises leased to the Debtor, nor dispose of any Inventory on a bill-and-hold, guaranteed sale, sale and return, sale on approval, consignment or similar basis, nor acquire any Inventory from any Person on any such basis, without in each case giving the Agent prior written notice thereof.

5.15 License Agreement and Other Assigned Agreements

To:

- (a) deliver to the Agent, promptly upon request therefrom (i) copies of the Assigned Agreements and (ii) all material notices, requests and other documents received by the Agent in respect of the Assigned Agreements; *provided, however*, that the Debtor shall deliver to the Agent copies of all material notices, requests and other documents received by the Debtor in respect of the Assigned Agreements promptly upon receipt thereof and without the need for a specific request therefor from the Agent;
- (b) perform and observe, in all material respects, all terms and provisions of the Assigned Agreements to be performed or observed by it and enforce the Assigned Agreements in accordance with their terms; and
- (c) without the prior written consent of the Agent, not take any action to amend or terminate, or waive compliance with any of the terms of the Assigned Agreements.

ARTICLE 6 - AUTHORIZED ACTION BY THE LENDER; RIGHTS TO PAYMENT

6.1 Authorized Action by the Agent

The Debtor hereby agrees that following the occurrence of an Event of Default, without presentment, notice or demand, and without affecting or impairing in any way the rights of the Agent with respect to the Collateral, the obligations of the Debtor hereunder or the

Secured Obligations, the Agent may, but shall not be obligated to and shall incur no liability to the Debtor or any third party for failure to, take any action that the Debtor is obligated by this Agreement to do and to exercise such rights and powers as the Debtor might exercise with respect to the Collateral, and the Debtor hereby irrevocably appoints the Agent as its attorney-in-fact to exercise such rights and powers, including, without limitation, the power and authority to:

- (a) collect by legal proceedings or otherwise and endorse, receive and receipt for all dividends, interest, payments, proceeds and other sums and property now or hereafter payable on or on account of the Collateral;
- (b) enter into any extension, reorganization, deposit, merger, consolidation or other agreement pertaining to, or deposit, surrender, accept, hold or apply other property in exchange for the Collateral;
- (c) insure, process and preserve the Collateral;
- (d) transfer the Collateral to its own or its nominee's name;
- (e) make any compromise or settlement, and take any action it deems advisable, with respect to the Collateral; and
- (f) notify any obligor on any Collateral to make payment directly to the Agent.

The foregoing power of attorney is coupled with an interest and irrevocable so long as the Agent has any obligation to make any credit facility available or the Secured Obligations have not been indefeasibly paid and performed in full. The Debtor hereby ratifies, to the extent permitted by law, all that the Agent shall lawfully and in good faith do or cause to be done by virtue of and in compliance with this Section 6.1. The Debtor agrees to reimburse the Agent upon demand for any costs and expenses, including reasonable legal fees, the Agent may incur while acting as the Debtor's attorney-in-fact hereunder, all of which costs and expenses are included in the Secured Obligations.

6.2 Collection of Rights to Payment

Until the Agent exercises its rights hereunder to collect Rights to Payment, the Debtor shall endeavor in the first instance diligently to collect all amounts due or to become due on or with respect to the Rights to Payment. At the request of the Agent, upon and after the occurrence of any Event of Default, all remittances received by the Debtor shall be and shall be deemed to be held separate and apart and in trust exclusively for the Agent and, in accordance with the Agent's instructions, remitted to the Agent in the form received (with any necessary endorsements or instruments of assignment or transfer).

6.3 Investment Property and Instruments

Upon and after the occurrence of any Event of Default, the Agent shall be entitled to receive all distributions and payments of any nature with respect to any investment property or instruments, and all such distributions or payments received by the Debtor

shall be and shall be deemed to be held separate and apart and in trust exclusively for the Agent and, in accordance with the Agent's instructions, remitted to the Agent in the form received (with any necessary endorsements or instruments of assignment or transfer). Following the occurrence of an Event of Default any such distributions and payments with respect to any investment property held in any securities account shall be held and retained in such securities account, in each case as part of the Collateral hereunder. Additionally, the Agent shall have the right, upon the occurrence of an Event of Default, following prior written notice to the Debtor, to vote and to give consents, ratifications and waivers with respect to any investment property and instruments of the Debtor, and to exercise all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining thereto, as if the Agent were the absolute owner thereof; *provided* that the Agent shall have no duty to exercise any of the foregoing rights afforded to it and shall not be responsible to the Debtor or any other Person for any failure to do so or delay in doing so.

ARTICLE 7 - ADDITIONAL PROVISIONS REGARDING INTELLECTUAL PROPERTY

7.1 Additional Representations and Warranties

The Debtor represents and warrants to the Agent as follows:

- (a) Except as disclosed to the Agent in the Credit Documents, the Debtor (directly or through any subsidiary) does not own, possess or use under any licensing arrangement any patents, copyrights, trade-marks, service marks or trade names, nor is there currently pending before any governmental authority any application for registration of any patent, copyright, trade-mark, service mark or trade name;
- (b) all patents, copyrights, trade-marks, service marks and trade names are subsisting and have not been adjudged invalid or unenforceable in whole or in part;
- (c) all maintenance fees required to be paid on account of any patents have been timely paid for maintaining such patents in force, and, to the best of the Debtor's knowledge, each of the patents is valid and enforceable and the Debtor has notified the Agent in writing of all prior disputes, sales and licenses (including public uses and sales) of which it is aware;
- (d) to the best of the Debtor's knowledge after due inquiry, no material infringement or unauthorized use presently is being made of any Intellectual Property Collateral by any Person;
- (e) the Debtor is the sole and exclusive owner of the Intellectual Property Collateral and the past, present and contemplated future use of such Intellectual Property Collateral by the Debtor has not, does not and will not infringe or violate any right, privilege or license agreement of or with any other Person; and
- (f) the Debtor owns, has material rights under, is a party to, or an assignee of a party to all material licenses, patents, patent applications, copyrights, service marks,

trade-marks, trade-mark applications, trade names and all other Intellectual Property Collateral necessary to continue to conduct its business as heretofore conducted.

7.2 Additional Covenants

The Debtor will:

- (a) not allow or suffer any Intellectual Property Collateral to become abandoned, nor any registration thereof to be terminated, forfeited, expired or dedicated to the public, except as shall be reasonable and appropriate in accordance with prudent business practice;
- (b) promptly give the Agent notice of any rights the Debtor may obtain to any new patentable inventions, copyrightable works or other new Intellectual Property Collateral, prior to the filing of any application for registration thereof;
- (c) without limiting the generality of clause (b), not register with the U.S. Copyright Office or the Canadian Intellectual Property Office any unregistered copyrights (whether in existence on the date hereof or thereafter acquired, arising, or developed) unless the Debtor provides the Agent with written notice of its intent to register such copyrights not less than thirty (30) days prior to the date of the proposed registration; and
- (d) diligently prosecute all applications for patents, copyrights and trade-marks, and file and prosecute any and all continuations, continuations-in-part, applications for reissue, applications for certificate of correction and like matters as shall be reasonable and appropriate in accordance with prudent business practice, and promptly and timely pay any and all maintenance, license, registration and other fees, taxes and expenses incurred in connection with any Intellectual Property Collateral.

7.3 Additional Definition

As used in this Agreement, "**Intellectual Property Collateral**" means the following properties and assets owned or held by the Debtor or in which the Debtor otherwise has any interest, now existing or hereafter acquired or arising:

- (a) all patents and patent applications, domestic or foreign, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses, all rights to sue for past, present or future infringement thereof, all rights arising therefrom and pertaining thereto and all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof;
- (b) all copyrights and applications for copyright, domestic or foreign, together with the underlying works of authorship (including titles), whether or not the underlying works of authorship have been published and whether said copyrights are statutory or arise under the common law, and all other rights and works of

authorship, all computer programs, computer databases, computer program flow diagrams, source codes, object codes and all tangible property embodying or incorporating any copyrights, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses, and all other rights, claims and demands in any way relating to any such copyrights or works, including royalties and rights to sue for past, present or future infringement, and all rights of renewal and extension of copyright;

- (c) all state and provincial (including common law), federal and foreign trade-marks, service marks and trade names, and applications for registration of such trade-marks, service marks and trade names, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses, whether registered or unregistered and wherever registered, all rights to sue for past, present or future infringement or unconsented thereof, all rights arising therefrom and pertaining thereto and all reissues, extensions and renewals thereof;
- (d) all trade secrets, trade dress, trade styles, logos, other source of business identifiers, mask-works, mask-work registrations, mask-work applications, software, confidential information, customer lists, license rights, advertising materials, operating manuals, methods, processes, know-how, algorithms, formulae, databases, quality control procedures, product, service and technical specifications, operating, production and quality control manuals, sales literature, drawings, specifications, blue prints, descriptions, inventions, name plates and catalogs;
- (e) the entire goodwill of or associated with the businesses now or hereafter conducted by the Debtor connected with and symbolized by any of the aforementioned properties and assets; and
- (f) all accounts, all intangible intellectual or other similar property and other general intangibles associated with or arising out of any of the aforementioned properties and assets and not otherwise described above.

ARTICLE 8 - REMEDIES; NOTICE OF SALE; RECEIVERS

8.1 Remedies

Upon the occurrence of an Event of Default, the Agent may at its option, without notice to or demand on the Debtor and in addition to all rights and remedies available to the Agent with respect to the Secured Obligations, at law, in equity or otherwise, do any one or more of the following:

- (a) foreclose or otherwise enforce the Agent's security interest in any manner permitted by law or provided for in this Agreement;
- (b) sell, lease or otherwise dispose of any Collateral at one or more public or private sales at the Agent's place of business or any other place or places, including any broker's board or securities exchange, whether or not such Collateral is present at

the place of sale, for cash or credit or future delivery, on such terms and in such manner as the Agent may determine;

- (c) use or transfer the Debtor's rights and interests in any Intellectual Property Collateral by license, by sublicense (to the extent permitted by an applicable license), assignment or otherwise, on such conditions and in such manner as the Agent may determine;
- (d) recover from the Debtor all costs and expenses, including reasonable legal fees and disbursements, incurred or paid by the Agent in exercising any right, power or remedy provided by this Agreement;
- (e) require the Debtor to assemble the Collateral and make it available to the Agent at a place to be designated by the Agent;
- (f) enter onto property where any Collateral is located and take possession thereof with or without judicial process; and
- (g) prior to the disposition of the Collateral, store, process, repair or recondition it or otherwise prepare it for disposition in any manner and to the extent the Agent deems appropriate and in connection with such preparation and disposition, without charge, use any trade-mark, tradename, copyright, patent or technical process used by the Debtor.

8.2 Notice of Sale

The Debtor shall be given five (5) Business Days prior notice of the time and place of any public sale or of the time after which any private sale or other intended disposition of Collateral is to be made, which notice the Debtor hereby agrees shall be deemed reasonable notice thereof. Upon any sale or other disposition pursuant to this Agreement, the Agent shall have the right to deliver, assign and transfer to the purchaser thereof, the Collateral or portion thereof so sold or disposed of. The Agent shall have the right upon any public sale, and, to the extent permitted by law, upon any private sale, to purchase the whole or any part of the Collateral so sold. Each purchaser at any such sale or other disposition (including the Agent) shall hold the Collateral free from any claim or right of whatever kind, including any equity or right of redemption of the Debtor and the Debtor specifically waives (to the extent permitted by applicable law) all rights of redemption, stay or appraisal which it has or may have under any rule of law or statute now existing or hereafter adopted.

8.3 License

For the purpose of enabling the Agent to exercise its rights and remedies under Section 8.1 or otherwise in connection with this Agreement, the Debtor hereby grants to the Agent an irrevocable, non-exclusive and assignable license (exercisable without payment or royalty or other compensation to the Debtor) or (to the extent permitted by the applicable license) sublicense to use, license or sublicense any Intellectual Property

Collateral, subject with respect to trade-marks to reasonable and appropriate quality control provisions.

8.4 Appointment of Receiver

The Agent may, in addition to any other rights it may have, appoint by instrument in writing a receiver, monitor, consultant, liquidator or receiver and manager (all of which are herein called a "**Receiver**") of all or any part of the Collateral or may institute proceedings in any court of competent jurisdiction for the appointment of such a Receiver. Any such Receiver is hereby given and shall have the same powers and rights and exclusions and limitations of liability as the Agent has under this Agreement, at law or in equity. In exercising any such powers, any such Receiver shall, to the extent permitted by applicable law, act as and for all purposes be deemed to be the agent of the Debtor, and the Agent shall not be responsible for any act or default of any such Receiver. The Agent may appoint one or more Receivers hereunder and may remove any such Receiver or Receivers and appoint another or others in his or their stead from time to time. Any Receiver so appointed may be an officer or employee of the Agent. A court need not appoint, ratify the appointment by the Agent of or otherwise supervise in any manner the actions of any Receiver. Upon the Debtor receiving notice from the Agent of the taking of possession of the Collateral or the appointment of a Receiver, all powers, functions, rights and privileges of the Debtor and, to the extent permitted by applicable law, its directors and officers with respect to the Collateral shall cease, unless specifically continued by the written consent of the Agent.

8.5 Carrying on Business

The Agent may carry on, or concur in the carrying on of, all or any part of the business or undertaking of the Debtor, may, subject to the rights and liens of third parties but to the exclusion of the Debtor, enter upon, occupy and use all or any of the premises, buildings, plant and undertakings of or occupied or used by the Debtor and may use all or any of the tools, machinery, equipment and intangibles of the Debtor for such time as the Agent sees fit, free of charge, to carry on the business of the Debtor and, if applicable, to manufacture or complete the manufacture of any Inventory and to pack and ship the finished product.

8.6 Dealing with Collateral

The Agent may seize, collect, realize, dispose of, enforce, release to third parties or otherwise deal with the Collateral or any part thereof in such manner, upon such terms and conditions and at such time or times as may seem to it advisable, all without notice to the Debtor except as otherwise required by any applicable law. The Agent may demand, sue for and receive any Accounts with or without notice to the Debtor, give such receipts, discharges and extensions of time and make such compromises in respect of any Accounts which may, in the Agent's absolute discretion, seem bad or doubtful. The Agent may charge on its own behalf and pay to others, sums for costs and expenses incurred including, without limitation, legal fees and expenses on a solicitor and his own client scale and Receivers' and accounting fees, in or in connection with seizing,

collecting, realizing, disposing, enforcing or otherwise dealing with the Collateral and in connection with the protection and enforcement of the rights of the Agent hereunder including, without limitation, in connection with advice with respect to any of the foregoing. The amount of such sums shall be deemed advanced to the Debtor by the Agent, shall become part of the Secured Obligations, shall bear interest at the highest rate per annum charged by the Agent on the Secured Obligations or any part thereof and shall be secured by this Agreement.

8.7 Right to Use

The Debtor hereby grants to the Agent a license or other right to use, without charge, all of the Debtor's present and future property, whether real or personal, including, without limitation, labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trade-marks, services marks, and advertising matter, or any other property of any nature or of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale, and selling of any Collateral and the Debtor's rights under all licenses and all franchise agreements shall inure to the Agent.

8.8 Retention of Collateral

Upon notice to the Debtor and subject to any obligation to dispose of any of the Collateral, as provided in the PPSA, the Agent may elect to retain all or any part of the Collateral in satisfaction of the Secured Obligations or any of them.

8.9 Pay Liens

The Agent may pay any Liens that may exist or be threatened against the Collateral. In addition, the Agent may borrow money required for the maintenance, preservation or protection of the Collateral or for the carrying on of the business or undertaking of the Debtor and may grant further security interests in the Collateral in priority to the security interest created hereby as security for the money so borrowed. In every such case the amounts so paid or borrowed together with costs, charges and expenses incurred in connection therewith shall be deemed to have been advanced to the Debtor by the Agent, shall become part of the Secured Obligations, shall bear interest at the highest rate per annum charged by the Agent on the Secured Obligations or any part thereof and shall be secured by this Agreement.

8.10 Application of Payments

Any and all payments made in respect of the Secured Obligations from time to time and moneys realized on the Collateral may be applied to such part or parts of the Secured Obligations as the Agent may see fit. The Agent shall, at all times and from time to time, have the right to change any appropriation as it may see fit. Any insurance moneys received by the Agent pursuant to this Agreement may, at the option of the Agent, be applied against the Secured Obligations as the Agent thinks fit.

8.11 Set-off

The Secured Obligations will be paid by the Debtor without regard to any equities between the Debtor and the Agent or any right of set-off or cross-claim. If an Event of Default exists, any indebtedness owing by the Agent to the Debtor may be set-off and applied by the Agent against the Secured Obligations either before or after maturity, without demand upon or notice to anyone and regardless of the currency in which the indebtedness is denominated.

8.12 Deficiency

If the proceeds of the realization of the Collateral are insufficient to repay to the Agent all amounts owing to it, the Debtor shall forthwith pay such deficiency or cause such deficiency to be paid to the Agent.

8.13 Agent Not Liable

The Agent shall not be liable or accountable for any failure to seize, collect, realize, dispose of, enforce or otherwise deal with the Collateral, shall not be bound to institute proceedings for any such purposes or for the purpose of preserving any rights of the Agent, the Debtor or any other person, firm or corporation in respect of the Collateral and shall not be liable or responsible for any loss, cost or damage whatsoever which may arise in respect of any such failure including, without limitation, resulting from the negligence of the Agent or any of its officers, servants, agents, solicitors, attorneys, Receivers or otherwise unless arising from gross negligence or wilful misconduct. Neither the Agent nor its officers, servants, agents, or Receivers shall be liable by reason of any entry into possession of the Collateral or any part thereof, to account as a mortgagee in possession, for anything except actual receipts, for any loss on realization, for any act or omission for which a mortgagee in possession might be liable, for any negligence in the carrying on or occupation of the business or undertaking of the Debtor or for any loss, cost, damage or expense whatsoever which may arise in respect of any such actions, omissions or negligence unless arising from gross negligence or wilful misconduct.

8.14 Extensions of Time

The Agent may grant renewals, extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, perfect or fail to perfect any securities, release any part of the Collateral to third parties and otherwise deal or fail to deal with the Debtor, subsidiaries of the Debtor, guarantors, sureties and others and with the Collateral and other securities as the Agent may see fit, all without prejudice to the liability of the Debtor to the Agent or the Agent's rights and powers under this Security Agreement.

8.15 Rights in Addition

The rights and powers conferred by this Section are in supplement of and in addition to and not in substitution for any other rights or powers the Agent may have from time to

time under this Agreement or under applicable law. The Agent may proceed by way of any action, suit, remedy or other proceeding at law or in equity and no such remedy for the enforcement of the rights of the Agent shall be exclusive of or dependent on any other such remedy. Any one or more of such remedies may from time to time be exercised separately or in combination.

ARTICLE 9 - PERFECTION AND PRIORITY

9.1 Financing Statements, Etc.

The Debtor hereby authorizes the Agent to file at any time and from time to time any financing statements describing the Collateral, and the Debtor shall execute and deliver to the Agent, and the Debtor hereby authorizes the Agent to file (with or without the Debtor's signature), at any time and from time to time, all amendments to financing statements, continuation financing statements, termination statements, security agreements relating to the Intellectual Property Collateral, assignments, fixture filings, affidavits, reports, notices and all other documents and instruments, in form satisfactory to the Agent, as the Agent may request, to perfect and continue perfected, maintain the priority of or provide notice of the Agent's security interest in the Collateral and to accomplish the purposes of this Agreement. Without limiting the generality of the foregoing, the Debtor ratifies and authorizes the filing by the Agent of any financing statements filed prior to the date hereof.

9.2 Bailees

Any Person (other than the Agent) at any time and from time to time holding all or any portion of the Collateral shall be deemed to, and shall, hold the Collateral as the agent of, and as pledge holder for, the Agent. At any time and from time to time, the Agent may give notice to any such Person holding all or any portion of the Collateral that such Person is holding the Collateral as the agent and bailee of, and as pledge holder for, the Agent, and obtain such Person's written acknowledgment thereof. Without limiting the generality of the foregoing, the Debtor will join with the Agent in notifying any Person who has possession of any Collateral of the Agent's security interest therein and obtaining an acknowledgment from such Person that it is holding the Collateral for the benefit of the Agent.

9.3 Control

If any of the Collateral consists of Investment Property, (a) the Debtor authorizes the Agent to transfer such Collateral or any part thereof into its own name or that of its nominee so that the Agent or its nominee may appear of record as the sole owner thereof; provided, that until the security hereby constituted becomes enforceable, the Agent shall deliver promptly to the Debtor all notices, statements or other communications received by it or its nominee as such registered owner, and upon demand and receipt of payment of necessary expenses thereof, shall give to the Debtor or its designee a proxy or proxies to vote and take all action with respect to such property; provided further that after the security hereby constituted becomes enforceable, the Debtor waives all rights to be

advised of or to receive any notices, statements or communications received by the Agent or its nominee as such record owner, and agrees that no proxy or proxies given by the Agent to the Debtor or its designee as aforesaid shall thereafter be effective; and (b) the Debtor further agrees to execute such other documents and to perform such other acts, and to cause any issuer or securities intermediary to execute such other documents and to perform such other acts as may be necessary or appropriate in order to give the Agent "control" of such Investment Property, as defined in any applicable statute similar in application to the *Securities Transfer Act* (Ontario), which "control" shall be in such manner as the Agent shall designate in its sole judgement and discretion, including, without limitation, an agreement by an issuer or securities intermediary that it will comply with instructions in the case of an issuer or entitlement orders in the case of a securities intermediary, originated by the Agent, whether before or after security hereby constituted becomes enforceable, without further consent by the Debtor.

ARTICLE 10 - MISCELLANEOUS

10.1 Amendments and Waivers

Except to the extent otherwise provided herein or in any other Credit Document, (a) no amendment to any provision of this Agreement shall in any event be effective unless the same shall be in writing and signed by the Debtor and the Agent and (b) no waiver of any provision of this Agreement, or consent to any departure by the Debtor or other party therefrom, shall in any event be effective unless the same shall be in writing and signed by the Agent. Any such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

10.2 Notices

All notices required or permitted under this Agreement shall be given in the manner and to the addresses specified in the Loan Agreement.

10.3 No Waiver; Cumulative Remedies

No failure on the part of the Agent to exercise, and no delay in exercising, any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies under this Agreement are cumulative and not exclusive of any rights, remedies, powers and privileges that may otherwise be available to the Agent.

10.4 Binding Effect

This Agreement shall be binding upon the Debtor and its successors and assigns, including any successor by reason of amalgamation, and inure to the benefit of and be enforceable by the Agent and its successors, endorsees, transferees, participants and assigns.

10.5 Assignment

The Debtor may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Agent, and any attempted assignment in violation of this provision shall be null and void. The Agent may assign this Agreement in whole or in part to any Person acquiring an interest in the Secured Obligations in accordance with the provisions of the Loan Agreement.

10.6 Costs and Expenses

The Debtor agrees to pay on demand all reasonable costs and expenses of the Agent, any Receiver, or the agents of the Agent or any Receiver, and reasonable legal fees and disbursements in connection with the perfection, enforcement, or preservation of any rights under, this Agreement and the other Credit Documents.

10.7 Severability

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of this Agreement shall be prohibited by or invalid under any such law or regulation, it shall be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of this Agreement.

10.8 Governing Law

This Agreement is to be exclusively construed in accordance with and governed by the internal laws of the Province of Ontario and the federal laws of Canada applicable therein without giving effect to any choice of law rule or principle that would cause the application of the laws of any jurisdiction other than the internal laws of the Province of Ontario and the federal laws of Canada applicable therein to the rights and duties of the Debtor and the Agent.

10.9 Submission to Jurisdiction

The Debtor hereby (a) submits to the non-exclusive jurisdiction of the courts of the Province of Ontario sitting in Toronto for the purpose of any action or proceeding arising out of or relating to this Agreement and the other Credit Documents, (b) agrees that all claims in respect of any such action or proceeding may be heard and determined in such courts, (c) irrevocably waives (to the extent permitted by applicable law) any objection which it now or hereafter may have to the laying of venue of any such action or proceeding brought in any of the foregoing courts, and any objection on the ground that any such action or proceeding in any such court has been brought in an inconvenient forum and (d) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner permitted by law.

10.10 Judgment Currency

If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any Loan Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with practices of the Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of the Debtor in respect of any such sum due from it to the Agent hereunder or under the other Credit Documents shall, notwithstanding any judgment in a currency (the "**Judgment Currency**") other than that in which such sum is denominated in accordance with the applicable provisions of the Credit Documents or other relevant document (the "**Agreement Currency**"), be discharged only to the extent that on the Business Day following receipt by the Agent of any sum adjudged to be so due in the Judgment Currency, the Agent may in accordance with normal practices purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Agent from the Debtor in the Agreement Currency, the Debtor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Agent against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Agent in such currency, the Agent agrees to return the amount of any excess to the Debtor (or to any other Person who may be entitled thereto under applicable law). The agreements in this Section 10.10 shall survive the repayment of all Secured Obligations.

10.11 Entire Agreement

This Agreement and the other Credit Documents constitutes the entire agreement of the parties hereto with respect to the matters set forth herein and supersede any prior agreements, commitments, drafts, communications, discussions and understandings, oral or written, with respect thereto.

10.12 Counterparts

This Agreement may be executed in several counterparts and delivered by facsimile or other electronic transmission, each of which shall be deemed an original and all of which when taken together shall constitute one and the same agreement.

10.13 Termination

Upon indefeasible payment and performance in full of all Secured Obligations, the security interests created by this Agreement shall terminate and the Agent shall execute and deliver to the Debtor, at the Debtor's sole cost and expense, such documents and instruments reasonably requested by the Debtor as shall be necessary to evidence termination of all security interests given by the Debtor to the Agent hereunder.

10.14 Indemnity

The Debtor hereby agrees to indemnify the Agent, and its successors, assigns, agents and employees, from and against any and all liabilities, damages, penalties, suits, costs, and

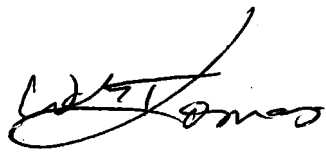
expenses of any kind and nature (including, without limitation, all reasonable expenses of litigation or preparation therefor whether or not the Agent is a party thereto) imposed on, incurred by or asserted against the Agent, or its successors, assigns, agents and employees, in any way relating to or arising out of this Agreement, or the manufacture, purchase, acceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return or other disposition of any Collateral (including, without limitation, latent and other defects, whether or not discoverable by the Agent or the Debtor, and any claim for patent, trade-mark or copyright infringement), except for the gross negligence or wilful misconduct of the Agent.

10.15 Acknowledgement of Receipt

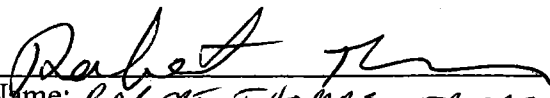
The Debtor acknowledges receipt of a copy of this Agreement.

[Signature page follows]

IN WITNESS WHEREOF the undersigned has executed and delivered this Agreement under seal with effect as of the date first written above.


WILLIAM THOMAS .
V. PRES.

THOMAS CANNING (MAIDSTONE)
LIMITED

By: 
Name: ROBERT THOMAS, TREAS.
Authorized Signing Officer

SCHEDULE "A"
TRADE NAMES, AMALGAMATIONS AND PRIOR NAMES

Trade Names or Styles

1. Nil.

Amalgamations

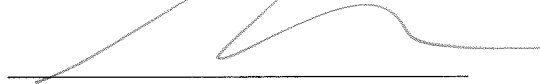
2. Nil.

Other Prior Names

3. Nil.

TAB 1(c)

Attached is Exhibit "C" Referred to in the
AFFIDAVIT OF KEN ROSENSTEIN
Sworn before me this 10th day of November, 2017

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the end, positioned above a solid horizontal line.

Commissioner of Oaths, etc.

GUARANTEE AGREEMENT

THIS GUARANTEE AGREEMENT (as the same may be amended, restated, supplemented or replaced, from time to time, this "**Agreement**") is dated with effect as of this 3rd day of July, 2015 and executed and delivered by **692194 ONTARIO LIMITED** (the "**Guarantor**") to and in favour of **BRIDGING FINANCING INC.** as agent for **SPROTT BRIDGING INCOME FUND LP** and the other lenders from time to time under the Loan Agreement (as defined below) (collectively, the "**Agent**").

RECITALS:

- A. Thomas Canning (Maidstone) Limited (the "**Borrower**") is or is about to become indebted to the Agent pursuant to a letter credit agreement among, *inter alios*, the Borrower, the Guarantor and the Agent dated with effect as of the date hereof (as further amended, supplemented, replaced or restated from time to time, the "**Loan Agreement**");
- B. As security for the payment and performance of the obligations of the Borrower to the Agent under the Loan Agreement, the Guarantor has agreed to guarantee payment of the obligations to the Agent under the Loan Agreement on the terms and subject to the conditions hereinafter set forth; and
- C. It is in the best interests of the Guarantor to execute and deliver this Agreement, inasmuch as the Guarantor will derive substantial direct and indirect benefits from the establishment of the aforesaid credit facilities by the Agent in favour of the Borrower.

NOW THEREFORE, in consideration of the extension of credit by the Agent to the Borrower and the Guarantor, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Guarantor, the Guarantor covenants and agrees to and in favour of the Agent as follows:

ARTICLE 1 INTERPRETATION

1.1 Defined Terms

In this Agreement, unless the context expressly or by necessary implication otherwise requires, the following terms shall have the meanings set forth below:

"**Event of Default**" shall mean: (a) the occurrence of any Event of Default (as such term is defined in the Loan Agreement); or (b) the issuance of a demand for repayment by the Agent.

"**Guarantor Security Documents**" means the general security agreement executed and delivered contemporaneously herewith and the Securities Pledge Agreement and any other security held by the Agent, from time to time in respect of the Obligations under this Agreement.

"**Intercompany Indebtedness**" has the meaning specified in Section 3.5.

"Obligations" means: (a) any and all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, at any time or from time to time due or accruing due and owing by or otherwise payable by the Borrower to the Agent (including, without limitation, in connection with, the Loan Agreement), in any currency, however or wherever incurred, and whether incurred by the Borrower alone or jointly with another or others and whether as principal, guarantor or surety and in whatever name or style; and (b) the due performance and compliance by the Borrower with all of the terms and conditions of the Loan Agreement and the other Credit Documents, as such debts, liabilities and obligations may be varied from time to time as contemplated by Section 3.7.

"Other Taxes" means present and future stamp and documentary taxes and any other excise and property taxes, charges, duties, debits, taxes and similar levies which arise from any payment made by the Guarantor under this Agreement or under any of the Guarantor Security Documents or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any of the Guarantor Security Documents.

"Person" means a "person" as defined in the Loan Agreement.

"Securities Pledge Agreement" means the securities pledge agreement made between the Guarantor and the Agent, dated as of the date hereof, as the same may be amended, restated, supplemented or replaced, from time to time.

"Taxes" means all taxes, levies, imposts, deductions, charges or withholdings and all related liabilities imposed by any country (or any political subdivision or taxing authority of it).

1.2 Interpretation

- (a) Capitalized terms used in this Agreement but not defined have the meanings given to them in the Loan Agreement.
- (b) In this Agreement the words "including", "includes" and "include" mean "including (or includes or include) without limitation". The phrase "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of". The expression "Article", "Section" or other subdivision followed by a number mean and refer to the specified Article, Section or other subdivision of this Agreement.
- (c) Any reference in this Agreement to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (d) The division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and are not to affect its interpretation.
- (e) Any schedules attached to this Agreement form an integral part of it for all purposes.

- (f) Except as otherwise provided in this Agreement, any reference to this Agreement, any Credit Document or any Guarantor Security Document refers to this Agreement or such Credit Document or Guarantor Security Document as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented and includes all schedules to it. Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.
- (g) All references in this Agreement to dollars, unless otherwise specifically indicated, are expressed in Canadian currency.

ARTICLE 2 GUARANTEE

2.1 Guarantee

The Guarantor irrevocably and unconditionally guarantees to the Agent the due and punctual payment, and the due performance, whether at stated maturity, by acceleration or otherwise, of the Obligations. The Guarantor agrees that the Obligations will be paid to the Agent strictly in accordance with their terms and conditions.

2.2 Indemnity

If any or all of the Obligations are not duly performed by the Borrower for any reason whatsoever, the Guarantor will, as a separate and distinct obligation, indemnify and save harmless the Agent from and against all losses resulting from the failure of the Borrower to duly perform such Obligations.

2.3 Primary Obligation

If any or all of the Obligations are not duly performed by the Borrower or the Agent is not indemnified under Section 2.2, in each case, for any reason whatsoever, such Obligations will, as a separate and distinct obligation, be performed by the Guarantor as primary obligor. The Guarantor may, by notice in writing delivered to the Agent, with effect from and after the date that is thirty (30) days following the date of receipt by the Agent of such notice, determine its liability under this Agreement 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 Agent may fulfil any requirements of the Guarantor based on agreements express or implied made prior to the receipt of such notice and any resulting liabilities shall be covered by this Agreement.

2.4 Absolute Liability

To the extent permitted by law, the Guarantor agrees that the liability of the Guarantor hereunder is unlimited, and is absolute and unconditional irrespective of:

- (a) the lack of validity or enforceability of any terms of any of the Credit Documents;

- (b) any contest by the Borrower or any other Person as to the amount of the Obligations, the validity or enforceability of any terms of the Credit Documents or the perfection or priority of any security granted to the Agent;
- (c) any defence, counter claim or right of set-off available to the Borrower;
- (d) any release, compounding or other variance of the liability of the Borrower or any other Person liable in any manner under or in respect of the Obligations or the extinguishment of all or any part of the Obligations by operation of law;
- (e) any change in the time or times for, or place or manner or terms of payment or performance of the Obligations or any consent, waiver, renewal, alteration, extension, compromise, arrangement, concession, release, discharge or other indulgences which the Agent may grant to the Borrower or any other Person;
- (f) any amendment or supplement to, or alteration or renewal of, or restatement, replacement, refinancing or modification or variation of (including any increase in the amounts available thereunder or the inclusion of an additional borrower thereunder), or other action or inaction under, the Loan Agreement, the other Credit Documents or any other related document or instrument, or the Obligations;
- (g) any discontinuance, termination, reduction, renewal, increase, abstention from renewing or other variation of any credit or credit facilities to, or the terms or conditions of any transaction with, the Borrower or any other Person;
- (h) any change in the ownership, control, name, objects, businesses, assets, capital structure or constitution of the Borrower, the Guarantor or any other Credit Party or any reorganization (whether by way of reconstruction, consolidation, amalgamation, merger, transfer, sale, lease or otherwise) of the Borrower, the Guarantor or any other Credit Party or their respective businesses;
- (i) any dealings with the security which the Agent holds or may hold pursuant to the terms and conditions of the Credit Documents, including the taking, giving up or exchange of securities, their variation or realization, the accepting of compositions and the granting of releases and discharges;
- (j) any limitation of status or power, disability, incapacity or other circumstance relating to the Borrower, the Guarantor, any other Credit Party or any other Person, including any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation, winding-up or other like proceeding involving or affecting the Borrower, the Guarantor, any other Credit Party or any other Person or any action taken with respect to this Agreement by any trustee or receiver, or by any court, in any such proceeding, whether or not the Guarantor shall have notice or knowledge of any of the foregoing;
- (k) the assignment of all or any part of the benefits of this Agreement by the Agent;

- (l) any impossibility, impracticability, frustration of purpose, force majeure or illegality of any Credit Document, or the occurrence of any change in the laws, rules, regulations or ordinances of any jurisdiction or by any present or future action of (i) any governmental entity that amends, varies, reduces or otherwise affects, or purports to amend, vary, reduce or otherwise affect, any of the Obligations or the obligations of the Guarantor under this Agreement, or (ii) any court order that amends, varies, reduces or otherwise affects any of the Obligations;
- (m) any taking or failure to take security, any loss of, or loss of value of, any security, or any invalidity, non-perfection or unenforceability of any security held by the Agent, or any exercise or enforcement of, or failure to exercise or enforce, security, or irregularity or defect in the manner or procedure by which the Agent realizes on such security;
- (n) any application of any sums received to the Obligations, or any part thereof, and any change in such application; and
- (o) any other circumstances which might otherwise constitute a defence available to, or a discharge of, the Guarantor, the Borrower or any other Person in respect of the Obligations or this Agreement.

ARTICLE 3 ENFORCEMENT

3.1 Remedies

The Agent is not bound to exhaust its recourse against the Borrower or any other Person or realize on any security it may hold in respect of the Obligations before being entitled to (i) enforce payment and performance under this Agreement or (ii) pursue any other remedy against the Guarantor, and the Guarantor renounces all benefits of discussion and division.

3.2 Amount of the Obligations

Any account settled or stated by or between the Agent and the Borrower, or if any such account has not been settled or stated immediately before demand for payment under this Agreement, any account stated by the Agent shall, in the absence of manifest error, be accepted by the Guarantor as conclusive evidence of the amount of the Obligations which is due by the Borrower to the Agent or remains unpaid by the Borrower to the Agent.

3.3 Payment on Demand

The Guarantor will pay and perform the Obligations and pay all other amounts payable by it to the Agent under this Agreement, and the obligation to do so arises, immediately after demand for such payment or performance is made in writing to it. The liability of the Guarantor bears interest from the date of such demand at the rate or rates of interest then applicable to the Obligations under and calculated in the manner provided in the Loan Agreement (including any adjustment to give effect to the provisions of the *Interest Act* (Canada)).

3.4 Costs and Expenses

The Guarantor is liable for and will pay on demand by the Agent any and all reasonable expenses, costs and charges incurred by or on behalf of the Agent in connection with this Agreement, including all reasonable legal fees, courts costs, receivers or agent's remuneration and other expenses in connection with enforcing any of their rights under any of the Credit Documents.

3.5 Assignment and Postponement

- (a) All obligations, liabilities and indebtedness of the Borrower to the Guarantor of any nature whatsoever and all security therefor (the "**Intercompany Indebtedness**") are assigned and transferred to the Agent, as general, continuing and collateral security for the Guarantor's obligations under this Agreement and postponed to the indefeasible payment and performance in full of all of the Obligations. Until the occurrence of an Event of Default which has not been waived in writing by the Agent, the Guarantor may receive payments in respect of the Intercompany Indebtedness as permitted under the Loan Agreement. The Guarantor will not assign all or any part of the Intercompany Indebtedness to any Person other than the Agent.
- (b) Upon the occurrence of an Event of Default which has not been waived in writing by the Agent, all Intercompany Indebtedness shall be, and shall be deemed to be, held in trust for the Agent and will be collected, enforced or proved subject to, and for the purpose of, this Agreement. In such event, any payments received by the Guarantor in respect of the Intercompany Indebtedness shall be, and shall be deemed to be, held exclusively in trust for the Agent and segregated from other funds and property held by the Guarantor and immediately paid to the Agent on account of the Obligations.
- (c) The Intercompany Indebtedness shall not be released or withdrawn by the Guarantor without the prior written consent of the Agent. The Guarantor will not allow a limitation period to expire on the Intercompany Indebtedness or ask for or obtain any security or negotiable paper for, or other evidence of, the Intercompany Indebtedness except for the purpose of delivering the same to the Agent.
- (d) In the event of any insolvency, bankruptcy or other proceeding involving the liquidation, arrangement, compromise, reorganization or other relief with respect to the Borrower or its debts, the Guarantor will, upon the request of the Agent, make and present a proof of claim or commence such other proceedings against the Borrower on account of the Intercompany Indebtedness as may be reasonably necessary to establish the Guarantor's entitlement to payment of any Intercompany Indebtedness. Such proof of claim or other proceeding must be made or commenced prior to the earlier of (i) the day which is thirty (30) days after notice requesting such action is delivered by or on behalf of the Agent to the Guarantor, and (ii) the day which is ten (10) days preceding the date when such

proof of claim or other proceeding is required by applicable law to be made or commenced. Such proof of claim or other proceeding must be in form and substance acceptable to the Agent, acting reasonably.

- (e) If the Guarantor fails to make and file such proof of claim or commence such other proceeding in accordance with this Section, the Agent is irrevocably authorized, empowered and directed and appointed the true and lawful attorney of the Guarantor (but is not obliged) with full power of substitution (and which is coupled with an interest) and with the power to exercise for and on behalf of the Guarantor the following rights, upon the occurrence of an Event of Default: (i) to make and present for and on behalf of the Guarantor proofs of claims or other such proceedings against the Borrower on account of the Intercompany Indebtedness, (ii) to demand, sue for, receive and collect any and all dividends or other payments or disbursements made in respect of the Intercompany Indebtedness in whatever form the same may be paid or issued and to apply the same on account of the Obligations, and (iii) to demand, sue for, collect and receive each such payment and distribution and give acquittance therefor and to file claims and take such other actions, in its own name or in the name of the Guarantor or otherwise, as the Agent may deem necessary or advisable to enforce its rights under this Agreement.
- (f) The Guarantor will execute all subordinations, postponements, assignments and other agreements as the Agent may reasonably request to more effectively subordinate and postpone the Intercompany Indebtedness to the payment and performance of the Obligations.
- (g) The provisions of this Section 3.5 survive the termination of this Agreement and remain in full force and effect until (i) the Obligations and all other amounts owing under the Credit Documents are indefeasibly paid and performed in full; and (ii) the Agent has no further obligations under any of the Credit Documents.

3.6 Suspension of Guarantor Rights

So long as there are any Obligations, the Guarantor shall not exercise any rights which it may at any time have by reason of the performance of any of its obligations under this Agreement (i) to be indemnified by the Borrower, (ii) to claim contribution from any other Person, or (iii) subject to Section 3.8, to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Agent under any of the Credit Documents.

3.7 No Prejudice to Agent

The Agent is not prejudiced in any way in the right to enforce any provision of this Agreement by any act or failure to act on the part of the Borrower or the Agent. The Agent, may, at any time and from time to time, in such manner it determines is expedient, without any consent of, or notice to, the Guarantor and without impairing or releasing the Obligations of the Guarantor (i) change the manner, place, time or terms of payment or performance of the Obligations, (ii) renew or alter the Obligations, (iii) amend, vary, modify, supplement or replace any Credit

Document or any other related document or instrument, (iv) discontinue, reduce, renew, increase, abstain from renewing or otherwise vary any credit or credit facilities to, any transaction with, the Borrower or any other Person, (v) release, compound or vary the liability of the Borrower or any other Person liable in any manner under or in respect of the Obligations, (vi) take or abstain from taking securities or collateral from any other Person, or from perfecting securities or collateral of any other Person, (vii) exercise or enforce or refrain from exercising or enforcing any right or security against the Borrower, the Guarantor or any other Person, (viii) accept compromises or arrangement from any Person, (ix) apply any sums from time to time received to the Obligations, or any part thereof, and change any such application in whole or in part from time to time, (x) otherwise deal with, or waive or modify their right to deal with, any Person and security. In their dealings with the Borrower, the Agent need not enquire into the authority or power of any Person purporting to act for or on behalf of the Borrower.

3.8 Rights of Subrogation

Any rights of subrogation acquired by the Guarantor by reason of payment under this Agreement shall not be exercised until the Obligations and all other amounts due to the Agent have been indefeasibly paid and performed in full and such rights of subrogation shall be no greater than the rights held by the Agent. In the event (i) of the liquidation, winding up or bankruptcy of the Borrower (whether voluntary or compulsory), (ii) that the Borrower makes a bulk sale of any of its assets within the meaning of any bulk sales or insolvency legislation, or (iii) that the Borrower makes any composition with creditors or enters into any scheme of arrangement, the Agent has the right to rank in priority to the Guarantor for its full claims in respect of the Obligations and receive all dividends and other payments until its claims have been indefeasibly paid in full. The Guarantor will continue to be liable, less any payments made by it, for any balance which may be owing to the Agent by the Borrower. No valuation or retention of its security by the Agent shall, as between the Agent and the Guarantor, be considered as a purchase of such security or as payment or satisfaction or reduction of all or any part of the Obligations. If any amount is paid to the Guarantor at any time when all the Obligations and other amounts due to the Agent have not been indefeasibly paid in full, the amount shall be, and shall be deemed to be, held in trust exclusively for the benefit of the Agent and immediately paid to the Agent, to be credited and applied to the Obligations as it sees fit, whether matured or unmatured. The Guarantor has no recourse against the Agent for any invalidity, non-perfection or unenforceability of any security held by the Agent or any irregularity or defect in the manner or procedure by which the Agent realizes on such security.

3.9 No Set-off

To the fullest extent permitted by applicable law, the Guarantor shall make all payments under this Agreement without regard to any defence, adverse claim, counter-claim or right of set-off available to it.

3.10 Successors of the Borrower

This Guarantee will not be revoked by any change in the constitution of the Borrower and this Agreement and the Guarantor Security Documents shall extend and apply to any Person

acquiring, or from time to time carrying on the business of, or resulting from any amalgamation involving, the Borrower.

3.11 Continuing Guarantee and Continuing Obligations

The Obligations of the Guarantor hereunder are continuing obligations. Each of Section 2.1, Section 2.2 and Section 2.3 extends to all present and future Obligations, applies to and secures the ultimate balance of the Obligations due or remaining due to the Agent and is binding as a continuing obligation of the Guarantor until the Agent releases the Guarantor in writing. This Guarantee shall continue, to be effective or be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by the Agent upon the insolvency, bankruptcy or reorganization of the Borrower or otherwise, all as though the payment had not been made.

3.12 Supplemental Security

This Guarantee is in addition and supplemental to and without prejudice to all other guarantees, indemnities, obligations and security now held or which may hereafter be held by the Agent.

3.13 Security for Guarantee

The Guarantor acknowledges that this Agreement is intended to secure payment and performance of the Obligations and that the payment and performance of the Obligations and the other obligations of the Guarantor under this Agreement are secured pursuant to the terms and provisions of the Guarantor Security Documents.

3.14 Right of Set-off

Upon the occurrence of any Event of Default which has not been waived in writing by the Agent, the Agent, is authorized by the Guarantor at any time and from time to time and may, to the fullest extent permitted by applicable law, set-off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Agent to or for the credit or the account of the Guarantor against any and all of the Obligations of the Guarantor now or hereafter existing irrespective of whether or not (i) the Agent has made any demand under this Agreement, or (ii) any of the Obligations comprising the Obligations which are contingent or unmatured. The rights of the Agent under this Section 3.14 are in addition and without prejudice to and supplemental to other rights and remedies which the Agent may have.

3.15 Interest Act (Canada)

The Guarantor acknowledges that certain of the rates of interest applicable to the Obligations may be computed on the basis of a period of less than 365 days. For purposes of the *Interest Act* (Canada), whenever any interest is calculated using a rate based on a period of less than 365 days, such rate determined pursuant to such calculation, when expressed as an annual rate is equivalent to (i) the applicable rate based on a period of less than 365 days, (ii) multiplied by the actual number of days in the calendar year in which the period for such interest is payable (or

compounded) ends, and (iii) divided by the number of days in the period that is less than 365 days.

3.16 Taxes

- (a) All payments to the Agent by the Guarantor under this Agreement or under any of the Guarantor Security Documents will be made free and clear of and without deduction or withholding for any and all Taxes, unless such Taxes are required by applicable law to be deducted or withheld. If the Guarantor is required by applicable law to deduct or withhold any such Taxes from or in respect of any amount payable under this Agreement or under any of the Guarantor Security Documents (i) the amount payable shall be increased (and for greater certainty, in the case of interest, the amount of interest shall be increased) as may be necessary so that after making all required deductions or withholdings (including deductions or withholdings applicable to any additional amounts paid under this Section 3.16), the Agent receives an amount equal to the amount it would have received if no such deduction or withholding had been made, (ii) the Guarantor will make such deductions or withholdings, and (iii) the Guarantor will immediately pay the full amount deducted or withheld to the relevant Governmental Entity in accordance with applicable law.
- (b) The Guarantor agrees to immediately pay any Other Taxes.
- (c) The Guarantor will indemnify the Agent for the full amount of Taxes and Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable by the Guarantor under this Section 3.16 but specifically excluding regular income tax paid on interest income) paid by the Agent and any liability (including penalties, interest and expenses) arising from or with respect to such Taxes and Other Taxes, whether or not they were correctly or legally asserted. Payment under this indemnification will be made within thirty (30) days from the date the Agent makes written demand for it. A certificate as to the amount of such Taxes and Other Taxes submitted to the Guarantor by the Agent is conclusive evidence, absent manifest error, of the amount due from the Guarantor to the Agent.
- (d) The Guarantor will furnish to the Agent the original or a certified copy of a receipt evidencing payment of any Taxes or Other Taxes made by the Guarantor within thirty (30) days after the date of any payment of such Taxes or Other Taxes.
- (e) The provisions of this Section 3.16 survive the termination of this Agreement.

ARTICLE 4 REPRESENTATIONS, WARRANTIES AND COVENANTS

4.1 Representations and Warranties

The Guarantor represents and warrants, acknowledging and confirming that that the Agent is relying on such representations and warranties in connection with the acceptance of this Agreement, that:

- (a) **Representations.** Each representation and warranty made by the Borrower pursuant to the Loan Agreement, to the extent it pertains to the Guarantor, the business of the Guarantor and pursuant to the Credit Documents to which the Guarantor is a party, is true, accurate and complete in all material respects.

4.2 Covenants

Until the Obligations and all other amounts owing under this Agreement are indefeasibly paid and performed in full and the Agent has no obligations under the Loan Agreement and the other Credit Documents, the Guarantor covenants and agrees that:

- (a) it will take, or will refrain from taking, as the case may be, all actions that are necessary to be taken or not taken so that no violation of any provision, covenant or agreement contained in the Loan Agreement or the other Credit Documents, and so that no Event of Default is caused by the actions of the Guarantor or any of its subsidiaries or affiliates;
- (b) it will not surrender or lose possession of, sell, encumber, lease, rent, or otherwise dispose of or transfer any of its real or personal property or right or interest therein, other than in the ordinary course of business consistent with past practice, without prior written consent of the Agent; and
- (c) it will not incur, issue or make any request for or permit to exist any further indebtedness to any third party, other than debt secured by Permitted Liens and unsecured trade debt incurred in the ordinary course of business consistent with past practice or any contingent liabilities in connection with contracts entered into in the ordinary course of business, without prior written consent of the Agent.

ARTICLE 5 GENERAL

5.1 Notices, etc.

Any notice, direction or other communication given regarding the matters contemplated by this Agreement shall be given in accordance with the provisions of the Loan Agreement.

5.2 No Merger, Survival of Representations and Warranties

The representations, warranties and covenants of the Guarantor in this Agreement survive the execution and delivery of this Agreement. Notwithstanding any investigation made by or on behalf of the Agent, the representations, warranties and covenants in this Agreement continue in full force and effect.

5.3 Further Assurances

- (a) The Guarantor will do all acts and things and execute and deliver, or cause to be executed and delivered, all documents and instruments that the Agent may reasonably request to give full effect to this Agreement and to perfect and preserve the rights and powers of the Agent under this Agreement, including any acknowledgements and confirmations of this Agreement and the Guarantor Security Documents.
- (b) The Guarantor acknowledges and confirms that the Guarantor itself has established its own adequate means of obtaining from the Borrower on a continuing basis all information desired by the Guarantor concerning the financial condition of the Borrower and that the Guarantor will look to the Borrower and not to the Agent, in order for the Guarantor to keep adequately informed of changes in the Borrower's financial condition.

5.4 Successors and Assigns

This Guarantee is binding upon the Guarantor, its successors and assigns, and enures to the benefit of the Agent and its successors and assigns. This Guarantee may be assigned by the Agent in accordance with the provisions of the Loan Agreement. The Guarantor may not assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Agent, which may be unreasonably withheld.

5.5 Amendment

This Guarantee may only be amended, supplemented or otherwise modified by written agreement executed by the Agent and the Guarantor.

5.6 Waivers, etc.

- (a) No consent or waiver by the Agent in respect of this Agreement is binding unless made in writing and signed by an authorized officer of the Agent. Any consent or waiver given under this Agreement is effective only in the specific instance and for the specific purpose for which given. No waiver of any of the provisions of this Agreement constitutes a waiver of any other provision.
- (b) A failure or delay on the part of the Agent in exercising a right under this Agreement does not operate as a waiver of, or impair, any right of the Agent however arising. A single or partial exercise of a right on the part of the Agent

does not preclude any other or further exercise of that right or the exercise of any other right by the Agent.

5.7 Severability

If any court of competent jurisdiction from which no appeal exists or is taken, determines that any provision of this Agreement is illegal, invalid or unenforceable, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

5.8 Application of Proceeds

All monies collected by the Agent under this Agreement will be applied as provided in the Loan Agreement. To the extent any other Credit Document requires proceeds of collateral under such Credit Document to be applied in accordance with the provisions of this Agreement, the Agent shall apply such proceeds in accordance with this Section 5.8.

5.9 Governing Law

- (a) This Guarantee shall exclusively (without regard to any principle or rule relating to conflicts of laws) be governed by, interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- (b) The Guarantor irrevocably attorns and submits to the non-exclusive jurisdiction of any court of competent jurisdiction of the Province of Ontario sitting in Toronto in any action or proceeding arising out of or relating to this Agreement and the other Credit Documents to which it is a party. The Guarantor irrevocably waives objection to the venue of any action or proceeding in such court or that such court provides an inconvenient forum. Nothing in this Section 5.9 limits the right of the Agent to bring proceedings against the Guarantor in the courts of any other jurisdiction.
- (c) The Guarantor hereby irrevocably consents to the service of any and all process in any such action or proceeding by the delivery of copies of such process to the Guarantor at the address of the Guarantor set out herein. Nothing in this Section 5.9 affects the right of the Agent to serve process in any manner permitted by applicable law.

5.10 Limitation Period

The limitation period on this Agreement shall not begin to run until demand is made hereunder, and such limitation period (in accordance with the *Limitations Act, 2002* (Ontario)) is hereby expressly extended to a period of six (6) years from the date such demand is made.

5.11 Paramountcy

In the event of any conflict or inconsistency with the provisions hereof and the provisions of the Loan Agreement, the provisions of the Loan Agreement shall prevail and govern but only to the extent of such conflict or inconsistency.


5.12 Counterparts


This Agreement may be executed in several counterparts and delivered by facsimile or other electronic transmission, each of which shall be deemed an original and all of which when taken together shall constitute one and the same agreement.

[Signature page follows]

IN WITNESS WHEREOF the Guarantor has executed and delivered this Agreement under seal with effect as of the date first written above.


692194 ONTARIO LIMITED


WILLIAM THOMAS
DIRECTOR

By: 
Name: ROBERT THOMAS
Authorized Signing Officer Director

TAB 1(d)

Attached is Exhibit "D" Referred to in the
AFFIDAVIT OF KEN ROSENSTEIN
Sworn before me this 10th day of November, 2017

A handwritten signature in black ink, consisting of a series of loops and curves, positioned above a horizontal line.

Commissioner of Oaths, etc.

GENERAL SECURITY AGREEMENT

THIS GENERAL SECURITY AGREEMENT (as the same may be amended, restated, supplemented or replaced, from time to time, this "Agreement") is dated with effect as of this 3rd day of July, 2015 and executed and delivered by **692194 ONTARIO LIMITED** (the "Debtor") to and in favour of **BRIDGING FINANCING INC.** as agent for **SPROTT BRIDGING INCOME FUND LP** and the other lenders from time to time under the Loan Agreement (as defined below) (collectively, the "Agent").

RECITALS:

- A. Thomas Canning (Maidstone) Limited (the "Borrower") is or is about to become indebted to the Agent pursuant to a letter credit agreement among, *inter alios*, the Borrower, the Debtor and the Agent dated with effect as of the date hereof (as further amended, supplemented, replaced or restated from time to time, the "Loan Agreement");
- B. In connection with the Loan Agreement, the Debtor is required to execute and deliver a guarantee of the Borrower's obligations to the Agent, dated with effect as of the date hereof (as amended, supplemented, replaced or restated from time to time, the "Guarantee"); and
- C. As security for the obligations of the Debtor under the Guarantee, the Agent has required the Debtor to grant to the Agent and to create a security interest in all personal property of the Debtor, as hereinafter provided as security for the payment and performance of the obligations and liabilities of the Debtor to the Agent.

NOW THEREFORE, in consideration of the extension of credit by the Agent to the Borrower and the Debtor, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Debtor, the Debtor covenants and agrees to and in favour of the Agent as follows:

ARTICLE 1 - DEFINITIONS; INTERPRETATION

1.1 Defined Terms

Except as otherwise expressly provided herein, capitalized terms used in this Agreement but not defined herein shall have the meanings assigned to such terms in the Loan Agreement. In this Agreement, unless the context expressly or by necessary implication otherwise requires, the following terms shall have the meanings set forth below:

"Event of Default" shall mean: (a) the occurrence of any Event of Default (as such term is defined in the Loan Agreement); or (b) the issuance of a demand for repayment by the Agent.

"Person" means a "person" as defined in the Loan Agreement.

1.2 Terms Defined in Ontario Personal Property Security Act

Where applicable and except as defined herein, terms used herein shall have the meanings assigned to them in the *Personal Property Security Act* as the same may, from time to time, be in effect in the Province of Ontario (the "PPSA"). Such terms include: "accounts", "chattel paper", "documents of title", "equipment", "intangibles", "instruments", "inventory", "investment property", "money", "proceeds" and "security".

ARTICLE 2 - GRANT OF SECURITY INTEREST; COLLATERAL

2.1 Grant of Security Interest

As security for the payment and performance of the Secured Obligations (as defined in Section 3), the Debtor hereby grants to the Agent a security interest in, to and under all of its personal property, wherever located and whether now existing or hereafter acquired or arising, including, without limitation, the following property (collectively and severally, the "**Collateral**"):

- (a) all present and future investment property held by the Debtor, including securities, security entitlements, securities accounts, future contracts, future accounts, shares, options, rights, warrants, joint venture interests, interests in limited partnerships, trust units, bonds, debentures and all other documents which constitute evidence of a share, participation or interest of the Debtor in property or in an enterprise or which constitute evidence of an obligation of the issuer; and all substitutions therefore, and subject to Section 6.3, dividends and income derived therefrom, all of which are herein called the "**Pledged Collateral**";
- (b) all accounts and book debts of the Debtor, chattel paper, documents of title, instruments, and intangibles of the Debtor, including all debts, dues, claims choses in action and demands of every nature and kind, howsoever arising or secured, including letters of credit, guarantees and advices of credit that 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 the Debtor, whether or not arising out of or in connection with the sale or lease of goods or the rendering of services, and all supporting obligations of any or all of the forgoing ("**Accounts**");
- (c) all inventory of the Debtor, including all merchandise, goods and other personal property that are held for sale or lease or that have been leased by the Debtor or that are to be furnished under a contract of service, all raw materials, work in process, materials used or consumed in the Debtor's business and finished goods, all goods in which the Debtor has an interest in mass or a joint or other interest or gifts of any kind (including goods in which the Debtor has an interest or right as consignee), and all goods which are returned to or repossessed by the Debtor, together with all additions and accessions thereto and replacements therefor and products thereof and documents therefor ("**Inventory**");

- (d) all equipment of the Debtor and all parts thereof and all accessions, additions, attachments, improvements, substitutions and replacements thereto and therefor, including, all machinery, tools, dies, blueprints, catalogues, computer hardware and software, furniture, furnishings, vehicles and fixtures ("**Equipment**");
- (e) all Intellectual Property Collateral (as defined in Section 7.3);
- (f) all money maintained in a deposit or other account in the Debtor's name with any financial institution, and all certificates, instruments and other writings, if any, from time to time representing, evidencing or deposited into such accounts, and all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the foregoing;
- (g) all now existing and hereafter arising contracts and agreements to which the Debtor is party (each, an "**Assigned Agreement**"), including, without limitation, all rights of the Debtor to receive moneys due and to become due under or pursuant to the Assigned Agreements, all rights of the Debtor to receive proceeds of any insurance, indemnity, warranty or guaranty with respect to the Assigned Agreements, all claims of the Debtor for damages arising out of or for breach of or default under the Assigned Agreements, and all rights of the Debtor to terminate, amend, supplement or modify the Assigned Agreements, to perform thereunder and to compel performance and otherwise exercise all remedies thereunder; *provided, however*, that with respect to any such contract or agreement where the grant of a security interest in the Debtor's right, title and interest therein is prohibited by the terms thereof, or would give any other party the right to terminate its obligations thereunder, or is not permitted because any necessary consent to such grant has not been obtained, the Collateral shall include only the rights of the Debtor to receive moneys due and to become due, if any, under or pursuant to such contract or agreement;
- (h) all books, records, writings, databases, information and other property relating to, used or useful in connection with, embodying, incorporating or referring to, any of the foregoing Collateral;
- (i) all cash and cash equivalents held by the Debtor not otherwise included in the foregoing Collateral; and
- (j) all products and proceeds of the foregoing Collateral (with the term "**proceeds**" having the meaning provided in the PPSA and also including any voluntary or involuntary disposition, and all rights to payment, including return premiums, with respect to any insurance).

2.2 Excluded Collateral

Notwithstanding Section 2.1, the Collateral shall not include: (a) any property held in trust by the Debtor and lawfully belonging to others, (b) the last day of the term of any lease of real property, provided that the Debtor shall stand possessed of such last day and

shall assign and transfer such interest as instructed by the Agent; (c) the interests described in the proviso to Section 2.1(g); or with respect to Section 2.1(c), any consumer goods used as such by the Debtor.

2.3 Debtor Remains Liable

Anything herein to the contrary notwithstanding, (a) the Debtor shall remain liable under all Assigned Agreements, to the extent set forth therein, to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Agent of any of the rights hereunder shall not release the Debtor from any of its duties or obligations under such Assigned Agreements, and (c) the Agent shall not have any obligation or liability under any Assigned Agreements by reason of this Agreement, nor shall the Agent be obligated to perform any of the obligations or duties of the Debtor thereunder or to take any action to collect or enforce any such contract, agreement or other document included in the Collateral hereunder.

2.4 Continuing Security Interest

The Debtor agrees that this Agreement shall create a general collateral continuing security interest in the Collateral which shall remain in effect until terminated in accordance with Section 10.14.

2.5 Attachment

The Debtor and the Agent intend that the security interest created hereby attaches to existing Collateral upon the execution of this Agreement and that the security interest will attach to Collateral acquired after the date of execution of this Agreement at the time that the Debtor acquires rights in that Collateral. The Debtor and the Agent agree that value has been given. The Debtor represents and warrants that it has rights in the existing Collateral.

ARTICLE 3 - SECURED OBLIGATIONS

3.1 Secured Obligations

The obligations secured by this Agreement shall consist of all indebtedness, obligations and liabilities of the Debtor to the Agent, including, without limitation, those arising under, in connection with, and relating to the Credit Documents, whether now existing or hereafter arising, as principal or surety, voluntary or involuntary, whether or not jointly owed with others, direct or indirect, absolute or contingent, liquidated or unliquidated, and whether or not from time to time decreased or extinguished and later increased, created or incurred, together with all expenses (including reasonable legal fees on a solicitor and client basis) incurred by the Agent, any receiver, receiver-manager or agent in the preparation, perfection and enforcement of security and other agreements held by the Agent in respect of such obligations and liabilities and interest thereon (all of which obligations, liabilities, expenses and interest are referred to collectively as the "Secured Obligations").

ARTICLE 4 - REPRESENTATIONS AND WARRANTIES

In addition to all representations and warranties of the Debtor set forth in the Credit Documents, which are incorporated herein by this reference, the Debtor hereby represents and warrants that:

4.1 Sole Owner

The Debtor is the sole owner of and has good and marketable title to the Collateral (or will be the sole owner of and will have good and marketable title to, in the case of after-acquired Collateral).

4.2 No Adverse Claim

No Person has (or, in the case of after-acquired Collateral, at the time the Debtor acquires rights therein, will have) any right, title, claim or interest (by way of security interest or other Encumbrance, adverse rights or claims or other encumbrances) in, against or to the Collateral other than **[Permitted Encumbrances]**.

4.3 Full Disclosure

All information herein supplied to the Agent by or on behalf of the Debtor with respect to the Collateral is accurate and complete in all material respects as of the date hereof.

4.4 Delivery of Collateral

The Debtor has delivered to the Agent all instruments and chattel paper and other items of Collateral in which a security interest is or may be perfected by possession, together with such additional writings, including assignments, with respect thereto as the Agent shall request.

4.5 Intellectual Property

All of the patents, trade-marks, and copyrights of the Debtor have been registered or applied to be registered with the United States Patent and Trademark Office, the United States Copyright Office or the Canadian Intellectual Property Office, as appropriate.

4.6 Chief Executive Office; Trade Names; Collateral Location; Records Location

The Debtor's chief executive office is in the Province of Ontario; the only trade name(s) or style(s) used by the Debtor are listed on **Schedule "A"**; and, the Debtor's records concerning the Collateral are located at its chief executive office. The Debtor has not, except as disclosed on **Schedule "A"** hereto, at any time in the past: (a) been known as or used any other corporate, trade or fictitious name; (b) changed its name; (c) been the surviving or resulting corporation in a merger or consolidation; or (d) acquired through asset purchase or otherwise any business of any Person.

4.7 Enforceability; Priority of Security Interest

- (a) This Agreement creates a security interest which is enforceable against the Collateral in which the Debtor now has rights and will create a security interest which is enforceable against the Collateral in which the Debtor hereafter acquires rights at the time the Debtor acquires any such rights; and (b) other than Permitted Encumbrances, the Agent has a perfected and first priority security interest in the Collateral, in which the Debtor now has rights, and will have a perfected and first priority security interest in the Collateral in which the Debtor hereafter acquires rights at the time the Debtor acquires any such rights, in each case securing the payment and performance of the Secured Obligations.

4.8 Rights to Payment

- (a) The Accounts and any and all of the Debtor's rights and claims to the payment or receipt of money or other forms of consideration of any kind in, to and under or with respect to its chattel paper, documents of title, intangibles, instruments, proceeds and supporting obligations (collectively, "**Rights to Payment**") represent valid, binding and enforceable obligations of the account debtors or other Persons obligated thereon, representing undisputed, *bona fide* transactions completed in accordance with the terms and provisions contained in any documents related thereto, and are genuine, free from any Lien and not subject to any adverse claims, counterclaims, setoffs, defaults, disputes, defenses, discounts, retainages, holdbacks or conditions precedent of any kind of character, except to the extent reflected by the Debtor's reserves for uncollectible Rights to Payment or to the extent, if any, that such account debtors or other Persons may be entitled to normal and ordinary course trade discounts, returns, adjustments and allowances in accordance with Section 5.13 or as otherwise disclosed to the Agent in writing;
- (b) to the best of the Debtor's knowledge, all account debtors and other obligors on the Rights to Payment are solvent and generally paying their debts as they come due;
- (c) all Rights to Payment comply with all applicable laws concerning form, content and manner of preparation and execution, including where applicable any federal or state consumer credit laws;
- (d) the Debtor has not assigned any of its rights under the Rights to Payment other than Permitted Encumbrances as provided in this Agreement or as set forth in the other Credit Documents;
- (e) all statements made, all unpaid balances and all other information in the Debtor's books and other documentation relating to the Rights to Payment are true and correct and in all respects what they purport to be; and
- (f) the Debtor has no knowledge of any fact or circumstance which would impair the validity or collectibility of any of the Rights to Payment.

4.9 Inventory

No inventory is stored with any bailee, warehouseman or similar Person or on any premises leased to the Debtor, nor has any inventory been consigned to the Debtor or consigned by the Debtor to any Person or is held by the Debtor for any Person under any "bill and hold" or other arrangement, except as disclosed to the Agent in writing.

4.10 Equipment

- (a) none of the Equipment or other Collateral is affixed to real property except Collateral with respect to which the Debtor has supplied the Agent with all information and documentation necessary to make all fixture filings required to perfect and protect the priority of the Agent's security interest in all such Collateral which may be fixtures as against all Persons having an interest in the premises to which such property may be affixed; and
- (b) none of the Equipment is leased from or to any Person, except as otherwise disclosed to the Agent.

4.11 Valid Issuance of Pledged Collateral

All the Pledged Collateral have been, and upon issuance any Pledged Collateral will be, duly and validly issued, and are and will be fully paid and non assessable.

4.12 Capitalization of the Pledged Subsidiary

The Pledged Collateral constitutes 100% of the issued and outstanding shares of capital stock and other ownership interests of the various issuers owned by the Debtor (which, as of the date hereof, constitutes 100% of the issued and outstanding shares of capital stock and other ownership interests of each issuer).

4.13 Options, Warrants, Etc.

Other than pursuant to the Credit Documents, no securities convertible into or exchangeable for any shares of capital stock or other ownership interests of any issuer, or any options, warrants or other commitments entitling any Person to purchase or otherwise acquire any shares of capital stock or other ownership interests of any issuer, are issued and outstanding.

4.14 Transfer Restrictions

Subject to Permitted Encumbrances, there are no restrictions on the transferability of the Pledged Collateral to the Agent or with respect to the foreclosure, transfer or disposition thereof by the Agent.

4.15 Shareholders Agreements

Subject to Permitted Encumbrances, there are no shareholders, partners or members agreements, voting trusts, proxy agreements or other agreements or understandings which affect or relate to the voting or giving of written consents with respect to any of the Pledged Collateral.

4.16 Pledged Collateral

The Debtor is not in default in the payment of any portion of any mandatory capital contribution, if any, required to be made under any agreement to which the Debtor is a party relating to the Pledged Collateral pledged by it, and the Debtor is not in violation of any other provisions of any such agreement to which the Debtor is a party, or otherwise in default or violation thereunder. No Pledged Collateral pledged by the Debtor is subject to any defense, offset or counterclaim, nor have any of the foregoing been asserted or alleged against the Debtor by any Person with respect thereto, and as of the date hereof, there are no certificates, instruments, documents or other writings (other than the organizational documents and certificates, if any, delivered to the Agent and the Agents) which evidence any Pledged Collateral of the Debtor.

4.17 No Violation of Securities Laws

None of the shares in the capital of the Debtor or the Pledged Collateral has been issued, converted or transferred in violation of the securities registration, securities disclosure or similar laws of any jurisdiction to which they may be subject.

4.18 Control Agreements

No control agreements exist with respect to any Collateral other than any control agreements in favour of the Agent.

4.19 Leases

The Debtor is not and will not become a lessee under any real property lease or enter into any customer agreement or other agreement governing the location of Collateral at the premises of another Person pursuant to which the lessor or such other Person may obtain any rights in any of the Collateral, and no such lease or other such agreement now prohibits, restrains, impairs or will prohibit, restrain or impair such Debtor's right to remove any Collateral from the premises at which such Collateral is situated, except for the usual and customary restrictions contained in such leases of real property.

ARTICLE 5 - COVENANTS AND AGREEMENTS

In addition to all covenants and agreements of the Debtor set forth in the Credit Documents, which are incorporated herein by this reference, the Debtor hereby agrees, at no cost or expense to the Agent:

5.1 Preservation of Security Interest

To do all acts (other than acts which are required to be done by the Agent) that may be necessary to maintain, preserve and protect the Collateral and the first (subject to Permitted Encumbrances) priority, perfected security interest of the Agent therein.

5.2 Actions and Proceedings

To appear in and defend any action or proceeding which may affect its title to or the Agent's interest in the Collateral.

5.3 Use of Collateral

Not to use any Collateral, or permit any Collateral to be used, unlawfully or in violation of any provision of this Agreement, any other agreement with the Agent related hereto, or any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Debtor or affecting any of the Collateral or any contractual obligation affecting any of the Collateral.

5.4 Shareholders Agreements

Except for the shareholders agreement existing as of the date hereof and disclosed to the Agent in writing, the Debtor has not entered and will not enter into any shareholders, partners or members agreement, voting trust, proxy agreement or other agreement or understanding which affects or relates to the voting or giving of written consents with respect to any of the shares in the capital of the Debtor or the Pledged Collateral without the prior written consent of the Agent.

5.5 Issuance of Additional Shares

The Debtor will not consent to or approve, or allow any subsidiary to consent to or approve, of the issuance to any person or entity of any additional shares of any class of capital stock or other ownership interests of the Debtor or any of its subsidiaries, or of any securities convertible into or exchangeable for any such shares or other ownership interests, or any warrants, options or other rights to purchase or otherwise acquire any such shares or other ownership interests, except as approved in writing by the Agent.

5.6 Transfer of Collateral; Liens

Not to surrender or lose possession of (other than to the Agent), sell, encumber, lease, rent, or otherwise dispose of or transfer any Collateral or right or interest therein except as expressly provided herein and in the Credit Documents, and to keep the Collateral free of all Liens except Permitted Encumbrances and as expressly permitted by the Credit Documents or otherwise approved in writing by the Agent; *provided, however*, that, unless an Event of Default shall have occurred under any of the Credit Documents, the Debtor may, in the ordinary course of business, sell or lease (provided it registers and perfects any primary lease or conditional sale agreement in accordance with applicable law) any Collateral consisting of inventory.

5.7 Delivery of Collateral

To account fully for and promptly deliver to the Agent, in the form received, all documents, chattel paper, all certificated securities with respect to investment property, instruments and agreements constituting Collateral hereunder, and all proceeds of the Collateral received, all endorsed to the Agent or in blank, as requested by the Agent, and accompanied by such stock powers as appropriate and until so delivered all such documents, instruments, agreements and proceeds shall be held by the Debtor in trust for the Agent, separate from all other property of the Debtor.

5.8 Records

To keep separate, accurate and complete records of the Collateral and to provide the Agent with such records and such other reports and information relating to the Collateral as the Agent may reasonably request from time to time. To keep the records concerning the Collateral at the location(s) referred to in Section 4.6 and not to remove such records from such location(s) without the prior written consent of the Agent.

5.9 Chief Executive Office; Names

To give the Agent thirty (30) days' prior written notice of any change in the Debtor's chief executive office or legal name or trade name(s) or style(s).

5.10 Location of Collateral

To keep the Collateral at its current location(s) and not to remove the Collateral from such locations (other than disposals of Collateral expressly permitted by the Credit Documents).

5.11 Maintenance of Collateral

To keep the Collateral in good condition and repair (normal wear and tear excepted) and not to cause or permit any waste or unusual or unreasonable depreciation of the Collateral.

5.12 Leased Premises

At the Agent's request, to use commercially reasonable efforts to obtain from each Person from whom the Debtor leases any premises or supplies any customer at which any Collateral is at any time present such collateral access, subordination, waiver, consent and estoppel agreements as the Agent may require, in form and substance satisfactory to the Agent.

5.13 Rights to Payment

To:

- (a) with such frequency as the Agent may reasonably require, furnish to the Agent full and complete reports, in form and substance satisfactory to the Agent, with respect to the Accounts, including information as to concentration, aging, identity of account debtors, letters of credit securing Accounts, disputed Accounts and other matters, as the Agent shall request;
- (b) give only normal discounts, allowances and credits as to Accounts and other Rights to Payment, in the ordinary course of business, according to normal trade practices utilized by the Debtor in the past, and enforce all Accounts and other Rights to Payment strictly in accordance with their terms, and take all such action to such end as may from time to time be reasonably requested by the Agent, except that the Debtor may grant any extension of the time for payment or enter into any agreement to make a rebate or otherwise to reduce the amount owing on or with respect to, or compromise or settle for less than the full amount thereof, any Account or other Right to Payment, in the ordinary course of business, according to normal trade practices utilized by the Debtor in the past;
- (c) if any discount, allowance, credit, extension of time for payment, agreement to make a rebate or otherwise to reduce the amount owing on, or compromise or settle, an Account or other Right to Payment exists or occurs, or if, to the knowledge of the Debtor, any dispute, setoff, claim, counterclaim or defense exists or has been asserted or threatened with respect to an Account or other Right to Payment, disclose such fact fully to the Agent in the books relating to such Account or other Right to Payment and in connection with any invoice or report furnished by the Debtor to the Agent relating to such Account or other Right to Payment;
- (d) if any Accounts arise from contracts with the United States or any department, agency or instrumentality thereof, or the government of Canada, immediately notify the Agent thereof and execute any documents and instruments and take any other steps requested by the Agent in order that all monies due and to become due thereunder shall be assigned to the Agent and notice thereof given to the appropriate authorities under the *Federal Assignment of Claims Act* of the United States of America or the *Financial Administration Act* of Canada;
- (e) in accordance with its sound business judgment, perform and comply in all material respects with its obligations in respect of the Accounts and other Rights to Payment;
- (f) upon the request of the Agent (i) at any time, notify all or any designated portion of the account debtors and other obligors on the Rights to Payment of the security interest hereunder, and (ii) upon the occurrence of an Event of Default, notify the account debtors and other obligors on the Rights to Payment or any designated portion thereof that payment shall be made directly to the Agent or to such other Person or location as the Agent shall specify; and

- (g) upon the occurrence of any Event of Default, establish such lockbox or similar arrangements for the payment of the Accounts and other Rights to Payment as the Agent shall require.

5.14 Inventory

To:

- (a) at such times as the Agent shall request or as may be required under the Credit Documents, prepare and deliver to the Agent a report of all Inventory, in form and substance satisfactory to the Agent;
- (b) upon the request of the Agent, take a physical listing of the Inventory and promptly deliver a copy of such physical listing to the Agent; and
- (c) not store any Inventory with a bailee, warehouseman or similar Person or on premises leased to the Debtor, nor dispose of any Inventory on a bill-and-hold, guaranteed sale, sale and return, sale on approval, consignment or similar basis, nor acquire any Inventory from any Person on any such basis, without in each case giving the Agent prior written notice thereof.

5.15 License Agreement and Other Assigned Agreements

To:

- (a) deliver to the Agent, promptly upon request therefrom (i) copies of the Assigned Agreements and (ii) all material notices, requests and other documents received by the Agent in respect of the Assigned Agreements; *provided, however*, that the Debtor shall deliver to the Agent copies of all material notices, requests and other documents received by the Debtor in respect of the Assigned Agreements promptly upon receipt thereof and without the need for a specific request therefor from the Agent;
- (b) perform and observe, in all material respects, all terms and provisions of the Assigned Agreements to be performed or observed by it and enforce the Assigned Agreements in accordance with their terms; and
- (c) without the prior written consent of the Agent, not take any action to amend or terminate, or waive compliance with any of the terms of the Assigned Agreements.

ARTICLE 6 - AUTHORIZED ACTION BY THE LENDER; RIGHTS TO PAYMENT

6.1 Authorized Action by the Agent

The Debtor hereby agrees that following the occurrence of an Event of Default, without presentment, notice or demand, and without affecting or impairing in any way the rights of the Agent with respect to the Collateral, the obligations of the Debtor hereunder or the

Secured Obligations, the Agent may, but shall not be obligated to and shall incur no liability to the Debtor or any third party for failure to, take any action that the Debtor is obligated by this Agreement to do and to exercise such rights and powers as the Debtor might exercise with respect to the Collateral, and the Debtor hereby irrevocably appoints the Agent as its attorney-in-fact to exercise such rights and powers, including, without limitation, the power and authority to:

- (a) collect by legal proceedings or otherwise and endorse, receive and receipt for all dividends, interest, payments, proceeds and other sums and property now or hereafter payable on or on account of the Collateral;
- (b) enter into any extension, reorganization, deposit, merger, consolidation or other agreement pertaining to, or deposit, surrender, accept, hold or apply other property in exchange for the Collateral;
- (c) insure, process and preserve the Collateral;
- (d) transfer the Collateral to its own or its nominee's name;
- (e) make any compromise or settlement, and take any action it deems advisable, with respect to the Collateral; and
- (f) notify any obligor on any Collateral to make payment directly to the Agent.

The foregoing power of attorney is coupled with an interest and irrevocable so long as the Agent has any obligation to make any credit facility available or the Secured Obligations have not been indefeasibly paid and performed in full. The Debtor hereby ratifies, to the extent permitted by law, all that the Agent shall lawfully and in good faith do or cause to be done by virtue of and in compliance with this Section 6.1. The Debtor agrees to reimburse the Agent upon demand for any costs and expenses, including reasonable legal fees, the Agent may incur while acting as the Debtor's attorney-in-fact hereunder, all of which costs and expenses are included in the Secured Obligations.

6.2 Collection of Rights to Payment

Until the Agent exercises its rights hereunder to collect Rights to Payment, the Debtor shall endeavor in the first instance diligently to collect all amounts due or to become due on or with respect to the Rights to Payment. At the request of the Agent, upon and after the occurrence of any Event of Default, all remittances received by the Debtor shall be and shall be deemed to be held separate and apart and in trust exclusively for the Agent and, in accordance with the Agent's instructions, remitted to the Agent in the form received (with any necessary endorsements or instruments of assignment or transfer).

6.3 Investment Property and Instruments

Upon and after the occurrence of any Event of Default, the Agent shall be entitled to receive all distributions and payments of any nature with respect to any investment property or instruments, and all such distributions or payments received by the Debtor

shall be and shall be deemed to be held separate and apart and in trust exclusively for the Agent and, in accordance with the Agent's instructions, remitted to the Agent in the form received (with any necessary endorsements or instruments of assignment or transfer). Following the occurrence of an Event of Default any such distributions and payments with respect to any investment property held in any securities account shall be held and retained in such securities account, in each case as part of the Collateral hereunder. Additionally, the Agent shall have the right, upon the occurrence of an Event of Default, following prior written notice to the Debtor, to vote and to give consents, ratifications and waivers with respect to any investment property and instruments of the Debtor, and to exercise all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining thereto, as if the Agent were the absolute owner thereof; *provided* that the Agent shall have no duty to exercise any of the foregoing rights afforded to it and shall not be responsible to the Debtor or any other Person for any failure to do so or delay in doing so.

ARTICLE 7 - ADDITIONAL PROVISIONS REGARDING INTELLECTUAL PROPERTY

7.1 Additional Representations and Warranties

The Debtor represents and warrants to the Agent as follows:

- (a) Except as disclosed to the Agent in the Credit Documents, the Debtor (directly or through any subsidiary) does not own, possess or use under any licensing arrangement any patents, copyrights, trade-marks, service marks or trade names, nor is there currently pending before any governmental authority any application for registration of any patent, copyright, trade-mark, service mark or trade name;
- (b) all patents, copyrights, trade-marks, service marks and trade names are subsisting and have not been adjudged invalid or unenforceable in whole or in part;
- (c) all maintenance fees required to be paid on account of any patents have been timely paid for maintaining such patents in force, and, to the best of the Debtor's knowledge, each of the patents is valid and enforceable and the Debtor has notified the Agent in writing of all prior disputes, sales and licenses (including public uses and sales) of which it is aware;
- (d) to the best of the Debtor's knowledge after due inquiry, no material infringement or unauthorized use presently is being made of any Intellectual Property Collateral by any Person;
- (e) the Debtor is the sole and exclusive owner of the Intellectual Property Collateral and the past, present and contemplated future use of such Intellectual Property Collateral by the Debtor has not, does not and will not infringe or violate any right, privilege or license agreement of or with any other Person; and
- (f) the Debtor owns, has material rights under, is a party to, or an assignee of a party to all material licenses, patents, patent applications, copyrights, service marks,

trade-marks, trade-mark applications, trade names and all other Intellectual Property Collateral necessary to continue to conduct its business as heretofore conducted.

7.2 Additional Covenants

The Debtor will:

- (a) not allow or suffer any Intellectual Property Collateral to become abandoned, nor any registration thereof to be terminated, forfeited, expired or dedicated to the public, except as shall be reasonable and appropriate in accordance with prudent business practice;
- (b) promptly give the Agent notice of any rights the Debtor may obtain to any new patentable inventions, copyrightable works or other new Intellectual Property Collateral, prior to the filing of any application for registration thereof;
- (c) without limiting the generality of clause (b), not register with the U.S. Copyright Office or the Canadian Intellectual Property Office any unregistered copyrights (whether in existence on the date hereof or thereafter acquired, arising, or developed) unless the Debtor provides the Agent with written notice of its intent to register such copyrights not less than thirty (30) days prior to the date of the proposed registration; and
- (d) diligently prosecute all applications for patents, copyrights and trade-marks, and file and prosecute any and all continuations, continuations-in-part, applications for reissue, applications for certificate of correction and like matters as shall be reasonable and appropriate in accordance with prudent business practice, and promptly and timely pay any and all maintenance, license, registration and other fees, taxes and expenses incurred in connection with any Intellectual Property Collateral.

7.3 Additional Definition

As used in this Agreement, "**Intellectual Property Collateral**" means the following properties and assets owned or held by the Debtor or in which the Debtor otherwise has any interest, now existing or hereafter acquired or arising:

- (a) all patents and patent applications, domestic or foreign, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses, all rights to sue for past, present or future infringement thereof, all rights arising therefrom and pertaining thereto and all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof;
- (b) all copyrights and applications for copyright, domestic or foreign, together with the underlying works of authorship (including titles), whether or not the underlying works of authorship have been published and whether said copyrights are statutory or arise under the common law, and all other rights and works of

authorship, all computer programs, computer databases, computer program flow diagrams, source codes, object codes and all tangible property embodying or incorporating any copyrights, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses, and all other rights, claims and demands in any way relating to any such copyrights or works, including royalties and rights to sue for past, present or future infringement, and all rights of renewal and extension of copyright;

- (c) all state and provincial (including common law), federal and foreign trade-marks, service marks and trade names, and applications for registration of such trade-marks, service marks and trade names, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses, whether registered or unregistered and wherever registered, all rights to sue for past, present or future infringement or unconsented thereof, all rights arising therefrom and pertaining thereto and all reissues, extensions and renewals thereof;
- (d) all trade secrets, trade dress, trade styles, logos, other source of business identifiers, mask-works, mask-work registrations, mask-work applications, software, confidential information, customer lists, license rights, advertising materials, operating manuals, methods, processes, know-how, algorithms, formulae, databases, quality control procedures, product, service and technical specifications, operating, production and quality control manuals, sales literature, drawings, specifications, blue prints, descriptions, inventions, name plates and catalogs;
- (e) the entire goodwill of or associated with the businesses now or hereafter conducted by the Debtor connected with and symbolized by any of the aforementioned properties and assets; and
- (f) all accounts, all intangible intellectual or other similar property and other general intangibles associated with or arising out of any of the aforementioned properties and assets and not otherwise described above.

ARTICLE 8 - REMEDIES; NOTICE OF SALE; RECEIVERS

8.1 Remedies

Upon the occurrence of an Event of Default, the Agent may at its option, without notice to or demand on the Debtor and in addition to all rights and remedies available to the Agent with respect to the Secured Obligations, at law, in equity or otherwise, do any one or more of the following:

- (a) foreclose or otherwise enforce the Agent's security interest in any manner permitted by law or provided for in this Agreement;
- (b) sell, lease or otherwise dispose of any Collateral at one or more public or private sales at the Agent's place of business or any other place or places, including any broker's board or securities exchange, whether or not such Collateral is present at

the place of sale, for cash or credit or future delivery, on such terms and in such manner as the Agent may determine;

- (c) use or transfer the Debtor's rights and interests in any Intellectual Property Collateral by license, by sublicense (to the extent permitted by an applicable license), assignment or otherwise, on such conditions and in such manner as the Agent may determine;
- (d) recover from the Debtor all costs and expenses, including reasonable legal fees and disbursements, incurred or paid by the Agent in exercising any right, power or remedy provided by this Agreement;
- (e) require the Debtor to assemble the Collateral and make it available to the Agent at a place to be designated by the Agent;
- (f) enter onto property where any Collateral is located and take possession thereof with or without judicial process; and
- (g) prior to the disposition of the Collateral, store, process, repair or recondition it or otherwise prepare it for disposition in any manner and to the extent the Agent deems appropriate and in connection with such preparation and disposition, without charge, use any trade-mark, tradename, copyright, patent or technical process used by the Debtor.

8.2 Notice of Sale

The Debtor shall be given five (5) Business Days prior notice of the time and place of any public sale or of the time after which any private sale or other intended disposition of Collateral is to be made, which notice the Debtor hereby agrees shall be deemed reasonable notice thereof. Upon any sale or other disposition pursuant to this Agreement, the Agent shall have the right to deliver, assign and transfer to the purchaser thereof, the Collateral or portion thereof so sold or disposed of. The Agent shall have the right upon any public sale, and, to the extent permitted by law, upon any private sale, to purchase the whole or any part of the Collateral so sold. Each purchaser at any such sale or other disposition (including the Agent) shall hold the Collateral free from any claim or right of whatever kind, including any equity or right of redemption of the Debtor and the Debtor specifically waives (to the extent permitted by applicable law) all rights of redemption, stay or appraisal which it has or may have under any rule of law or statute now existing or hereafter adopted.

8.3 License

For the purpose of enabling the Agent to exercise its rights and remedies under Section 8.1 or otherwise in connection with this Agreement, the Debtor hereby grants to the Agent an irrevocable, non-exclusive and assignable license (exercisable without payment or royalty or other compensation to the Debtor) or (to the extent permitted by the applicable license) sublicense to use, license or sublicense any Intellectual Property

Collateral, subject with respect to trade-marks to reasonable and appropriate quality control provisions.

8.4 Appointment of Receiver

The Agent may, in addition to any other rights it may have, appoint by instrument in writing a receiver, monitor, consultant, liquidator or receiver and manager (all of which are herein called a "**Receiver**") of all or any part of the Collateral or may institute proceedings in any court of competent jurisdiction for the appointment of such a Receiver. Any such Receiver is hereby given and shall have the same powers and rights and exclusions and limitations of liability as the Agent has under this Agreement, at law or in equity. In exercising any such powers, any such Receiver shall, to the extent permitted by applicable law, act as and for all purposes be deemed to be the agent of the Debtor, and the Agent shall not be responsible for any act or default of any such Receiver. The Agent may appoint one or more Receivers hereunder and may remove any such Receiver or Receivers and appoint another or others in his or their stead from time to time. Any Receiver so appointed may be an officer or employee of the Agent. A court need not appoint, ratify the appointment by the Agent of or otherwise supervise in any manner the actions of any Receiver. Upon the Debtor receiving notice from the Agent of the taking of possession of the Collateral or the appointment of a Receiver, all powers, functions, rights and privileges of the Debtor and, to the extent permitted by applicable law, its directors and officers with respect to the Collateral shall cease, unless specifically continued by the written consent of the Agent.

8.5 Carrying on Business

The Agent may carry on, or concur in the carrying on of, all or any part of the business or undertaking of the Debtor, may, subject to the rights and liens of third parties but to the exclusion of the Debtor, enter upon, occupy and use all or any of the premises, buildings, plant and undertakings of or occupied or used by the Debtor and may use all or any of the tools, machinery, equipment and intangibles of the Debtor for such time as the Agent sees fit, free of charge, to carry on the business of the Debtor and, if applicable, to manufacture or complete the manufacture of any Inventory and to pack and ship the finished product.

8.6 Dealing with Collateral

The Agent may seize, collect, realize, dispose of, enforce, release to third parties or otherwise deal with the Collateral or any part thereof in such manner, upon such terms and conditions and at such time or times as may seem to it advisable, all without notice to the Debtor except as otherwise required by any applicable law. The Agent may demand, sue for and receive any Accounts with or without notice to the Debtor, give such receipts, discharges and extensions of time and make such compromises in respect of any Accounts which may, in the Agent's absolute discretion, seem bad or doubtful. The Agent may charge on its own behalf and pay to others, sums for costs and expenses incurred including, without limitation, legal fees and expenses on a solicitor and his own client scale and Receivers' and accounting fees, in or in connection with seizing,

collecting, realizing, disposing, enforcing or otherwise dealing with the Collateral and in connection with the protection and enforcement of the rights of the Agent hereunder including, without limitation, in connection with advice with respect to any of the foregoing. The amount of such sums shall be deemed advanced to the Debtor by the Agent, shall become part of the Secured Obligations, shall bear interest at the highest rate per annum charged by the Agent on the Secured Obligations or any part thereof and shall be secured by this Agreement.

8.7 Right to Use

The Debtor hereby grants to the Agent a license or other right to use, without charge, all of the Debtor's present and future property, whether real or personal, including, without limitation, labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trade-marks, services marks, and advertising matter, or any other property of any nature or of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale, and selling of any Collateral and the Debtor's rights under all licenses and all franchise agreements shall inure to the Agent.

8.8 Retention of Collateral

Upon notice to the Debtor and subject to any obligation to dispose of any of the Collateral, as provided in the PPSA, the Agent may elect to retain all or any part of the Collateral in satisfaction of the Secured Obligations or any of them.

8.9 Pay Liens

The Agent may pay any Liens that may exist or be threatened against the Collateral. In addition, the Agent may borrow money required for the maintenance, preservation or protection of the Collateral or for the carrying on of the business or undertaking of the Debtor and may grant further security interests in the Collateral in priority to the security interest created hereby as security for the money so borrowed. In every such case the amounts so paid or borrowed together with costs, charges and expenses incurred in connection therewith shall be deemed to have been advanced to the Debtor by the Agent, shall become part of the Secured Obligations, shall bear interest at the highest rate per annum charged by the Agent on the Secured Obligations or any part thereof and shall be secured by this Agreement.

8.10 Application of Payments

Any and all payments made in respect of the Secured Obligations from time to time and moneys realized on the Collateral may be applied to such part or parts of the Secured Obligations as the Agent may see fit. The Agent shall, at all times and from time to time, have the right to change any appropriation as it may see fit. Any insurance moneys received by the Agent pursuant to this Agreement may, at the option of the Agent, be applied against the Secured Obligations as the Agent thinks fit.

8.11 Set-off

The Secured Obligations will be paid by the Debtor without regard to any equities between the Debtor and the Agent or any right of set-off or cross-claim. If an Event of Default exists, any indebtedness owing by the Agent to the Debtor may be set-off and applied by the Agent against the Secured Obligations either before or after maturity, without demand upon or notice to anyone and regardless of the currency in which the indebtedness is denominated.

8.12 Deficiency

If the proceeds of the realization of the Collateral are insufficient to repay to the Agent all amounts owing to it, the Debtor shall forthwith pay such deficiency or cause such deficiency to be paid to the Agent.

8.13 Agent Not Liable

The Agent shall not be liable or accountable for any failure to seize, collect, realize, dispose of, enforce or otherwise deal with the Collateral, shall not be bound to institute proceedings for any such purposes or for the purpose of preserving any rights of the Agent, the Debtor or any other person, firm or corporation in respect of the Collateral and shall not be liable or responsible for any loss, cost or damage whatsoever which may arise in respect of any such failure including, without limitation, resulting from the negligence of the Agent or any of its officers, servants, agents, solicitors, attorneys, Receivers or otherwise unless arising from gross negligence or wilful misconduct. Neither the Agent nor its officers, servants, agents, or Receivers shall be liable by reason of any entry into possession of the Collateral or any part thereof, to account as a mortgagee in possession, for anything except actual receipts, for any loss on realization, for any act or omission for which a mortgagee in possession might be liable, for any negligence in the carrying on or occupation of the business or undertaking of the Debtor or for any loss, cost, damage or expense whatsoever which may arise in respect of any such actions, omissions or negligence unless arising from gross negligence or wilful misconduct.

8.14 Extensions of Time

The Agent may grant renewals, extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, perfect or fail to perfect any securities, release any part of the Collateral to third parties and otherwise deal or fail to deal with the Debtor, subsidiaries of the Debtor, guarantors, sureties and others and with the Collateral and other securities as the Agent may see fit, all without prejudice to the liability of the Debtor to the Agent or the Agent's rights and powers under this Security Agreement.

8.15 Rights in Addition

The rights and powers conferred by this Section are in supplement of and in addition to and not in substitution for any other rights or powers the Agent may have from time to

time under this Agreement or under applicable law. The Agent may proceed by way of any action, suit, remedy or other proceeding at law or in equity and no such remedy for the enforcement of the rights of the Agent shall be exclusive of or dependent on any other such remedy. Any one or more of such remedies may from time to time be exercised separately or in combination.

ARTICLE 9 - PERFECTION AND PRIORITY

9.1 Financing Statements, Etc.

The Debtor hereby authorizes the Agent to file at any time and from time to time any financing statements describing the Collateral, and the Debtor shall execute and deliver to the Agent, and the Debtor hereby authorizes the Agent to file (with or without the Debtor's signature), at any time and from time to time, all amendments to financing statements, continuation financing statements, termination statements, security agreements relating to the Intellectual Property Collateral, assignments, fixture filings, affidavits, reports, notices and all other documents and instruments, in form satisfactory to the Agent, as the Agent may request, to perfect and continue perfected, maintain the priority of or provide notice of the Agent's security interest in the Collateral and to accomplish the purposes of this Agreement. Without limiting the generality of the foregoing, the Debtor ratifies and authorizes the filing by the Agent of any financing statements filed prior to the date hereof.

9.2 Bailees

Any Person (other than the Agent) at any time and from time to time holding all or any portion of the Collateral shall be deemed to, and shall, hold the Collateral as the agent of, and as pledge holder for, the Agent. At any time and from time to time, the Agent may give notice to any such Person holding all or any portion of the Collateral that such Person is holding the Collateral as the agent and bailee of, and as pledge holder for, the Agent, and obtain such Person's written acknowledgment thereof. Without limiting the generality of the foregoing, the Debtor will join with the Agent in notifying any Person who has possession of any Collateral of the Agent's security interest therein and obtaining an acknowledgment from such Person that it is holding the Collateral for the benefit of the Agent.

9.3 Control

If any of the Collateral consists of Investment Property, (a) the Debtor authorizes the Agent to transfer such Collateral or any part thereof into its own name or that of its nominee so that the Agent or its nominee may appear of record as the sole owner thereof; provided, that until the security hereby constituted becomes enforceable, the Agent shall deliver promptly to the Debtor all notices, statements or other communications received by it or its nominee as such registered owner, and upon demand and receipt of payment of necessary expenses thereof, shall give to the Debtor or its designee a proxy or proxies to vote and take all action with respect to such property; provided further that after the security hereby constituted becomes enforceable, the Debtor waives all rights to be

advised of or to receive any notices, statements or communications received by the Agent or its nominee as such record owner, and agrees that no proxy or proxies given by the Agent to the Debtor or its designee as aforesaid shall thereafter be effective; and (b) the Debtor further agrees to execute such other documents and to perform such other acts, and to cause any issuer or securities intermediary to execute such other documents and to perform such other acts as may be necessary or appropriate in order to give the Agent "control" of such Investment Property, as defined in any applicable statute similar in application to the *Securities Transfer Act* (Ontario), which "control" shall be in such manner as the Agent shall designate in its sole judgement and discretion, including, without limitation, an agreement by an issuer or securities intermediary that it will comply with instructions in the case of an issuer or entitlement orders in the case of a securities intermediary, originated by the Agent, whether before or after security hereby constituted becomes enforceable, without further consent by the Debtor.

ARTICLE 10 - MISCELLANEOUS

10.1 Amendments and Waivers

Except to the extent otherwise provided herein or in any other Credit Document, (a) no amendment to any provision of this Agreement shall in any event be effective unless the same shall be in writing and signed by the Debtor and the Agent and (b) no waiver of any provision of this Agreement, or consent to any departure by the Debtor or other party therefrom, shall in any event be effective unless the same shall be in writing and signed by the Agent. Any such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

10.2 Notices

All notices required or permitted under this Agreement shall be given in the manner and to the addresses specified in the Loan Agreement.

10.3 No Waiver; Cumulative Remedies

No failure on the part of the Agent to exercise, and no delay in exercising, any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies under this Agreement are cumulative and not exclusive of any rights, remedies, powers and privileges that may otherwise be available to the Agent.

10.4 Binding Effect

This Agreement shall be binding upon the Debtor and its successors and assigns, including any successor by reason of amalgamation, and inure to the benefit of and be enforceable by the Agent and its successors, endorsees, transferees, participants and assigns.

10.5 Assignment

The Debtor may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Agent, and any attempted assignment in violation of this provision shall be null and void. The Agent may assign this Agreement in whole or in part to any Person acquiring an interest in the Secured Obligations in accordance with the provisions of the Loan Agreement.

10.6 Costs and Expenses

The Debtor agrees to pay on demand all reasonable costs and expenses of the Agent, any Receiver, or the agents of the Agent or any Receiver, and reasonable legal fees and disbursements in connection with the perfection, enforcement, or preservation of any rights under, this Agreement and the other Credit Documents.

10.7 Severability

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of this Agreement shall be prohibited by or invalid under any such law or regulation, it shall be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of this Agreement.

10.8 Governing Law

This Agreement is to be exclusively construed in accordance with and governed by the internal laws of the Province of Ontario and the federal laws of Canada applicable therein without giving effect to any choice of law rule or principle that would cause the application of the laws of any jurisdiction other than the internal laws of the Province of Ontario and the federal laws of Canada applicable therein to the rights and duties of the Debtor and the Agent.

10.9 Submission to Jurisdiction

The Debtor hereby (a) submits to the non-exclusive jurisdiction of the courts of the Province of Ontario sitting in Toronto for the purpose of any action or proceeding arising out of or relating to this Agreement and the other Credit Documents, (b) agrees that all claims in respect of any such action or proceeding may be heard and determined in such courts, (c) irrevocably waives (to the extent permitted by applicable law) any objection which it now or hereafter may have to the laying of venue of any such action or proceeding brought in any of the foregoing courts, and any objection on the ground that any such action or proceeding in any such court has been brought in an inconvenient forum and (d) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner permitted by law.

10.10 Judgment Currency

If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any Loan Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with practices of the Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of the Debtor in respect of any such sum due from it to the Agent hereunder or under the other Credit Documents shall, notwithstanding any judgment in a currency (the "**Judgment Currency**") other than that in which such sum is denominated in accordance with the applicable provisions of the Credit Documents or other relevant document (the "**Agreement Currency**"), be discharged only to the extent that on the Business Day following receipt by the Agent of any sum adjudged to be so due in the Judgment Currency, the Agent may in accordance with normal practices purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Agent from the Debtor in the Agreement Currency, the Debtor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Agent against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Agent in such currency, the Agent agrees to return the amount of any excess to the Debtor (or to any other Person who may be entitled thereto under applicable law). The agreements in this Section 10.10 shall survive the repayment of all Secured Obligations.

10.11 Entire Agreement

This Agreement and the other Credit Documents constitutes the entire agreement of the parties hereto with respect to the matters set forth herein and supersede any prior agreements, commitments, drafts, communications, discussions and understandings, oral or written, with respect thereto.

10.12 Counterparts

This Agreement may be executed in several counterparts and delivered by facsimile or other electronic transmission, each of which shall be deemed an original and all of which when taken together shall constitute one and the same agreement.

10.13 Termination

Upon indefeasible payment and performance in full of all Secured Obligations, the security interests created by this Agreement shall terminate and the Agent shall execute and deliver to the Debtor, at the Debtor's sole cost and expense, such documents and instruments reasonably requested by the Debtor as shall be necessary to evidence termination of all security interests given by the Debtor to the Agent hereunder.

10.14 Indemnity

The Debtor hereby agrees to indemnify the Agent, and its successors, assigns, agents and employees, from and against any and all liabilities, damages, penalties, suits, costs, and


expenses of any kind and nature (including, without limitation, all reasonable expenses of litigation or preparation therefor whether or not the Agent is a party thereto) imposed on, incurred by or asserted against the Agent, or its successors, assigns, agents and employees, in any way relating to or arising out of this Agreement, or the manufacture, purchase, acceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return or other disposition of any Collateral (including, without limitation, latent and other defects, whether or not discoverable by the Agent or the Debtor, and any claim for patent, trade-mark or copyright infringement), except for the gross negligence or wilful misconduct of the Agent.

10.15 Acknowledgement of Receipt

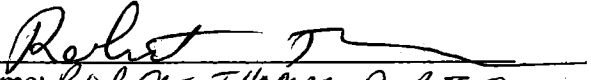
The Debtor acknowledges receipt of a copy of this Agreement.

[Signature page follows]

IN WITNESS WHEREOF the undersigned has executed and delivered this Agreement under seal with effect as of the date first written above.


WILLIAM THOMAS
DIRECTOR

692194 ONTARIO LIMITED

By: 
Name: ROBERT THOMAS, DIRECTOR
Authorized Signing Officer

SCHEDULE "A"
TRADE NAMES, AMALGAMATIONS AND PRIOR NAMES

Trade Names or Styles

1. Nil.

Amalgamations

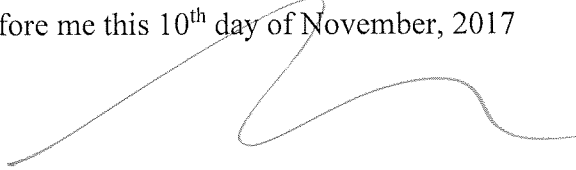
2. Nil.

Other Prior Names

3. Nil.

TAB 1(e)

Attached is Exhibit "E" Referred to in the
AFFIDAVIT OF KEN ROSENSTEIN
Sworn before me this 10th day of November, 2017



Commissioner of Oaths, etc.

SECURITIES PLEDGE AGREEMENT

THIS SECURITIES PLEDGE AGREEMENT (as the same may be amended, restated, supplemented or replaced, from time to time, this "**Agreement**") is dated with effect as of this 3rd day of July, 2015 and executed and delivered by **692194 ONTARIO LIMITED** (the "**Pledgor**") to and in favour of **BRIDGING FINANCING INC.** as agent for **SPROTT BRIDGING INCOME FUND LP** and the other lenders from time to time under the Loan Agreement (as defined below) (collectively, the "**Agent**").

WHEREAS:

- A. Thomas Canning (Maidstone) Limited (the "**Borrower**") is or is about to become indebted to the Agent pursuant to a letter credit agreement among, *inter alios*, the Borrower, the Pledgor and the Agent dated with effect as of the date hereof (as further amended, supplemented, replaced or restated from time to time, the "**Loan Agreement**");
- B. In connection with the Loan Agreement, the Pledgor is required to execute and deliver a guarantee of the Borrower's obligations to the Agent, dated with effect as of the date hereof (as amended, supplemented, replaced or restated from time to time, the "**Guarantee**"); and
- C. As a condition to extending credit to the Borrower under the Loan Agreement, the Agent has required, and the Pledgor has agreed, to grant a security interest in and pledge the Collateral (as defined below) to the Agent in order to secure the payment and performance of the Obligations (as defined below).

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants herein contained the parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions.

In this Agreement, unless the context expressly or by necessary implication otherwise requires, the following words and phrases will have the meaning set forth below:

"**Collateral**" means the property and assets subject to the Security Interest constituted by Section 2.1 hereof, including, without limitation, the Pledged Securities.

"**Equity Interests**" means any and all present and future investment property held by the Pledgor, including securities, security entitlements, securities accounts, future contracts, future accounts, shares, options, rights, warrants, joint venture interests, interests in limited partnerships, trust units, bonds, debentures and all other documents which constitute evidence of a share, participation or interest of the Pledgor in property or in an enterprise or which constitute evidence of an obligation of the issuer; and all substitutions therefore.

"Event of Default" shall mean: (a) the occurrence of any Event of Default (as such term is defined in the Loan Agreement); or (b) the issuance of a demand for repayment by the Agent.

"Loan Agreement" has the meaning ascribed thereto in the recitals to this Agreement.

"Law" shall mean all statutes, codes, ordinances, decrees, rules, regulations, customs, treaties, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, directives, customs, policies or guidelines whether or not having the force of law, or any provisions of the foregoing.

"Obligations" means any and all debts, indebtedness, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, now or anytime hereafter owing by the Pledgor to the Agent in connection with the Loan Agreement, the Guarantee and the other documents, agreements and instruments executed in connection therewith.

"Permitted Encumbrances" has the meaning ascribed thereto in the Loan Agreement.

"Person" has the meaning ascribed thereto in the Loan Agreement.

"Pledged Securities" means all of the Equity Interests now owned or hereafter acquired by the Pledgor, including, without limitation, the Equity Interests listed in **Schedule "A"** hereto.

"PPSA" means the *Personal Property Security Act* (Ontario) as amended.

"STA" means the *Securities Transfer Act, 2006* (Ontario), as amended.

"Security Interest" means a mortgage, hypothec, title retention, pledge, lien, right of set-off, charge, security interest, adverse claim, trust claim or other encumbrance whatsoever, whether fixed or floating and howsoever created or arising.

1.2 Sections and Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. The terms **"this Agreement"**, **"hereof"**, **"hereunder"** and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings.

In this Agreement words importing the singular number only include the plural and *vice versa*, words importing any gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organisations and corporations.

1.4 Terms Defined in the PPSA and STA

Where applicable and except as defined herein, terms used herein shall have the meanings assigned to them in the PPSA and the STA.

ARTICLE 2 GRANT OF SECURITY INTEREST AND PLEDGE

2.1 Grant and Pledge of Collateral.

As general and continuing collateral security for the payment and performance of all Obligations, the Pledgor hereby, subject to Permitted Encumbrances, mortgages, charges, assigns, transfers, delivers, pledges, hypothecates and creates a Security Interest in, to and in favour of the Agent, all right, title and interest which the Pledgor now has or may hereafter acquire in and to the following:

- (a) all Pledged Securities, together with any renewals thereof, substitutions thereof or additions thereto and all certificates and instruments evidencing or representing the Pledged Securities;
- (b) any and all dividends, as and where declared, whether in Equity Interests, money or property, received or receivable upon or in respect of any Pledged Securities and all interest payments and money or other property paid or payable on account of any return on, or repayment of, capital in respect of any Pledged Securities or that will in any way be charged to, or be payable out of, the capital of the issuer in respect thereof;
- (c) any and all other property that may at any time be received or receivable by or otherwise distributed to the Pledgor in respect of, or in substitution for, or in addition to, or in exchange for, or on account of, any of the foregoing, including, without limitation, any Equity Interests or other securities resulting from the subdivision, consolidation, change, conversion or reclassification of any of the Pledged Securities, or the reorganization or amalgamation of any issuer of any Pledged Securities with any other body corporate, or the occurrence of any event which results in the substitution or exchange of the Pledged Securities; and
- (d) any and all cash, securities and other proceeds in respect of the foregoing and all rights and interest of the Pledgor in respect thereof or evidenced thereby including, without limiting the generality of the foregoing, all money received or

receivable from time to time by the Pledgor in connection with the sale of any of the Pledged Securities.

2.2 Delivery of Collateral.

All certificates, instruments or other documents representing the Pledged Securities, duly endorsed in blank for transfer or accompanied by powers of attorney satisfactory to the Agent, shall forthwith be delivered immediately to and remain in the custody of the Agent or its nominee. All certificates, instruments or other documents representing or evidencing any additional Pledged Securities hereinafter acquired by the Pledgor shall forthwith after issuance be delivered to and remain in the custody of the Agent or its nominee. All Pledged Securities may, at the option of the Agent, be registered in the name of the Agent or its nominee. The Pledgor shall execute and deliver to the Agent a certified copy of a resolution of the directors or shareholders of the issuers of the Pledged Securities or any consents required under such constating documents, as applicable, consenting to the transfers contemplated by this Agreement.

2.3 Attachment.

The Pledgor and the Agent hereby acknowledge that value has been given, the Pledgor has rights in the Collateral and the Pledgor and the Agent have not agreed to postpone the time for attachment.

2.4 Control.

The Pledgor agrees to execute such other documents and to perform such other acts, and to cause any issuer or securities intermediary to execute such other documents and to perform such other acts as may be necessary or appropriate in order to give the Agent "control" of such Collateral, as defined in the STA, which "control" shall be in such manner as the Agent shall designate in its sole judgment and discretion, including, without limitation, an agreement by any issuer or securities intermediary that it will comply with instructions in the case of an issuer or entitlement orders in the case of a securities intermediary, originated by the Agent, whether before or after the security hereby constituted becomes enforceable, without further consent by the Pledgor.

ARTICLE 3 REPRESENTATIONS, WARRANTIES AND COVENANTS

3.1 Representations and Warranties of the Pledgor.

The Pledgor hereby represents and warrants to the Agent, upon each of which representations and warranties the Agent specifically relies, as follows:

- (a) the Pledgor is and will be the sole legal and beneficial owner of the Collateral now in existence or acquired hereafter, free of any Security Interest other than Security Interests in favour of the Agent and Permitted Encumbrances with full right to mortgage, charge, assign, transfer, deliver, pledge and hypothecate the Pledged Securities to the Agent in accordance with the provisions of this Agreement;

- (b) any Equity Interests forming part of the Pledged Securities will be validly issued, fully paid and non-assessable and shall not be subject to any Security Interest other than Permitted Encumbrances;
- (c) except to the extent disclosed to the Agent in writing, there is no existing agreement, option, right or privilege capable of becoming an agreement or option pursuant to which the Pledgor would be required to sell or otherwise dispose of any of the Pledged Securities; and
- (d) the Security Interest created hereby will constitute a valid perfected Security Interest in the Pledged Securities upon delivery of the share certificates representing the Pledged Securities to the Agent or upon registration of notice thereof in prescribed form under applicable personal property security legislation, if such registration is required in order to perfect a Security Interest in the Pledged Securities.

3.2 Covenants of Pledgor.

The Pledgor covenants to and in favour of the Agent that until all the Obligations are indefeasibly performed and paid in full, it shall:

- (a) defend the Agent's right, title and Security Interest in and to the Collateral;
- (b) except to the extent permitted by Section 4.2, not (and shall not purport to) sell or dispose of, transfer, relinquish or otherwise deal with, any of its interest in the Pledged Securities or other Collateral or incur or permit to exist any Security Interest other than Permitted Encumbrances or any Security Interest that is in favour of the Agent in or with respect to any of the Pledged Securities or other Collateral;
- (c) ensure that, at the request of the Agent, all Pledged Securities shall be registered in the name of the Agent or its nominee, that any certificates representing the Pledged Securities shall be forthwith delivered to and remain in the custody of the Agent or its nominee, and that all certificates, instruments or other documents representing or evidencing any Pledged Securities shall forthwith after issuance be delivered to, and remain in the custody of, the Agent or its nominee;
- (d) ensure that such stock powers of attorney and similar documents with respect to the Pledged Securities as the Agent may reasonably request, satisfactory in the form and substance to the Agent, shall be delivered to the Agent or its nominee from time to time upon request; and
- (e) not, with respect to the Pledged Securities, enter into, amend, or waive any right or obligation under, any shareholder agreement, voting agreement, voting trust, trust deed, irrevocable proxy or other similar agreements or instruments.

ARTICLE 4 DEALING WITH COLLATERAL

4.1 Rights and Duties of the Agent.

- (a) The Agent shall have and be entitled to exercise all such powers hereunder as are specifically delegated to the Agent by the terms hereof, together with such powers as are incidental thereto. The Agent may execute any of its duties hereunder by or through agents or employees and shall be entitled to retain counsel and to act in reliance upon the advice of such counsel concerning all matters pertaining to its duties hereunder.
- (b) The Agent and any nominee on its behalf shall be bound to exercise in the holding of the Pledged Securities and other Collateral the same degree of care as it would exercise with respect to similar property of its own of similar value held in the same place. The Agent and any other nominee on its behalf shall be deemed to have exercised reasonable care with respect to the custody and preservation of the Collateral if it takes such action for this purpose as the Pledgor shall reasonably request in writing, but failure of the Agent or its nominee to comply with any such request shall not in and of itself be deemed a failure to exercise reasonable care, and no failure of the Agent or its nominee to preserve or protect any rights with respect to the Collateral, or to do any act with respect to preservation of the Collateral not so requested by the Pledgor, shall in and of itself be deemed a failure to exercise reasonable care in the custody or preservation of the Collateral. Neither the Agent nor any nominee acting on its behalf, nor any director, officer or employee of the Agent shall be liable for any action taken or omitted to be taken by it hereunder or in connection herewith except for their own gross negligence or wilful misconduct. The Agent is hereby released from all responsibilities for any depreciation in or loss of value of any part of the Collateral except for such depreciation or loss of value that is the result of the Agent's (or its authorized agents' or nominee's or that of its officers, directors or employees) gross negligence or wilful misconduct.

4.2 Voting Rights.

- (a) Unless an Event of Default has occurred that is not waived in writing by the Agent, the Pledgor is entitled to exercise all the rights and powers of a holder of such securities including, without limitation, the right to vote from time to time exercisable in respect of the Collateral and to give proxies, consents and waivers in respect thereof. No such action may be taken if it would violate or be inconsistent with the Loan Agreement, any other document to which the Pledgor is a party, or this Agreement or any other agreements relating thereto or hereto or would have the effect of reducing the value of the Collateral as security for the Obligations or imposing any restriction on the transferability of any of the Collateral.

- (b) Upon the occurrence of an Event of Default that is not waived in writing by the Agent, the rights and powers of the Pledgor as a holder of such securities including, without limitation, the right to vote the Collateral, will cease immediately and the Agent will have the right to exercise the rights and powers related to such Collateral, including, without limitation, the right to vote unless the Agent shall have given a notice to the Pledgor permitting the Pledgor to continue to exercise such rights and powers subject to any limitations set forth in such notice.
- (c) Prior to the occurrence of an Event of Default that is not waived in writing by the Agent, the Agent shall deliver promptly to the Pledgor all notices, statements or other communications received by it or its nominee. At any time after the occurrence of an Event of Default that is not waived in writing by the Agent, the Pledgor waives all rights to be advised of or to receive any notices, statements or communications received by the Agent or its nominee.

4.3 Dividends and Interest Payments.

- (a) Unless an Event of Default has occurred that is not waived in writing by the Agent, the Pledgor is entitled to receive all dividend payments or other distributions or interest payments in respect of the Collateral.
- (b) Upon the occurrence of an Event of Default that is not waived in writing by the Agent, all rights of the Pledgor pursuant to Section 4.3(a) shall cease and the Agent will have the sole and exclusive right and authority to receive and retain all payments that the Pledgor would otherwise be authorised to retain pursuant to Section 4.3(a). All money and other property received by the Agent pursuant to the provisions of this Section 4.3(b) may be applied on account of the Obligations or may be retained by the Agent as additional Collateral hereunder and be applied in accordance with the provisions of the Loan Agreement.

ARTICLE 5 REMEDIES

5.1 Remedies

- (a) On or after the occurrence of an Event of Default that is not waived in writing by the Agent, (i) any or all of the Obligations will at the option of the Agent become immediately due and payable or be subject to immediate performance, as the case may be, without presentment, protest or notice of dishonour, all of which are expressly waived, (ii) the obligation, if any, of the Agent to extend further credit to the Pledgor will cease, (iii) any or all security granted hereby will, at the option of the Agent, become immediately enforceable, and (iv) in addition to any right or remedy provided by Law, the Agent will have the rights and remedies set out below, all of which rights and remedies will be enforceable successively, concurrently or both:

- (i) transfer any part of the Collateral into the name of the Agent or its nominee;
 - (ii) vote any of the Collateral (whether or not registered in the name of the Agent or its nominee) and give or withhold all consents and waivers in respect thereof;
 - (iii) exercise all rights of conversion, exchange or subscription, or any other rights, privileges or options pertaining to any of the Collateral, including, without limitation, the right to exchange at its discretion any of the Collateral upon the amalgamation, arrangement, merger, consolidation or other reorganization of the issuer of the Collateral, all without liability except to account for property actually received by the Agent;
 - (iv) from time to time realise upon, collect, sell, transfer, assign, give options to purchase or otherwise dispose of and deliver any Collateral in such manner as may seem advisable to the Agent. For such purposes each requirement relating thereto and prescribed by law or otherwise is hereby waived by the Pledgor to the extent permitted by law and in any offer or sale of any of the Collateral the Agent is authorized to comply with any limitation or restriction in connection with such offer or sale as the Agent may be advised by counsel is necessary in order to avoid any violation of applicable Law, or in order to obtain any required approval of the sale or of the purchase by any governmental or regulatory authority or official. Such compliance will not result in such sale being considered (or deemed) not to have been made in a commercially reasonable manner nor will the Agent be liable or accountable to the Pledgor for any discount allowed by reason of the fact that such Collateral is sold in compliance with any such limitation or restriction;
 - (v) purchase any of the Collateral, whether in connection with a sale made under the power of sale herein contained or pursuant to judicial proceedings or otherwise; and
 - (vi) accept the Collateral in satisfaction of the Obligations upon notice to the Pledgor of its intention to do so in the manner required by law.
- (b) The Agent may (i) grant extensions of time, (ii) take and perfect or abstain from taking and perfecting security, (iii) give up securities, (iv) accept compositions or compromises, (v) grant releases and discharges, and (vi) release any part of the Collateral or otherwise deal with the Pledgor, debtors of the Pledgor, sureties and others and with the Collateral and other security as the Agent sees fit without prejudice to the liability of the Pledgor to the Agent or the Agent's rights hereunder.
- (c) The Agent will not be liable or responsible for any failure to seize, collect, realise, or obtain payment with respect to the Collateral and is not bound to institute

proceedings or to take other steps for the purpose of seizing, collecting, realising or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Agent, the Pledgor or any other person, in respect of the Collateral.

- (d) The Agent may apply any proceeds of realisation of the Collateral to payment of reasonable expenses in connection with the preservation and realisation of the Collateral as above described and the Agent may apply any balance of such proceeds to payment of the Obligations in accordance with the terms of the Loan Agreement.

5.2 Payment of Expenses.

The Agent may charge on its own behalf and also pay to others all reasonable out-of-pocket expenses of the Agent and others, including the fees and disbursements of any experts or advisers (including, without limitation, reasonable legal fees) retained by the Agent, incurred in connection with realising, collecting, selling, transferring, delivering or obtaining payment for the Collateral, or in connection with the administration of any amendment of this Agreement or incidental to the care, safekeeping or otherwise of any Collateral. The Agent may deduct the amount of such expenses from any proceeds of disposition of the Agent.

ARTICLE 6 GENERAL

6.1 Benefit of the Agreement.

This Agreement will enure to the benefit of and be binding upon the successors and assigns of the parties hereto.

6.2 Amendments and Waivers.

No amendments to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the parties hereto. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.

6.3 Assignment.

The rights, title and interest of the Agent under this Agreement may only be assigned by the Agent in accordance with the provisions of the Loan Agreement. The Pledgor may not assign its obligations under this Agreement without the prior written consent of the Agent.

6.4 Severability.

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the

remaining part of such provision and all other provisions hereof will continue in full force and effect.

6.5 Notices.

Any demand, notice or other communication to be given in connection with this Agreement shall be given in accordance with the provisions of the Loan Agreement.

6.6 Additional Continuing Security.

This Agreement and the Security Interest granted hereby are in addition to and not in substitution for any other security now or hereafter held by the Agent and this Agreement is a continuing agreement and security that will remain in full force and effect until discharged by the Agent.

6.7 Further Assurances.

The Pledgor must at its expense from time to time do, execute and deliver, or cause to be done, executed and delivered, all such financing statements, further assignments, documents, acts, matters and things as may be reasonably requested by the Agent for the purpose of giving effect to this Agreement or for the purpose of establishing compliance with the representations, warranties and covenants herein contained.

6.8 Power of Attorney.

Upon the occurrence of an Event of Default, the Pledgor hereby irrevocably constitutes and appoints any duly appointed officer of the Agent the true and lawful attorney of the Pledgor, with full power of substitution, to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the Pledgor whenever and wherever the officer may deem necessary or expedient and from time to time to exercise all rights and powers and to perform all acts of ownership in respect of the Collateral in accordance with this Agreement.

6.9 Discharge.

The Pledgor will not be released or discharged from any of the Obligations or from this Agreement except by a release or discharge signed in writing by the Agent which shall not be unreasonably withheld or delayed. The Agent shall, upon indefeasible satisfaction of all of the Obligations of the Pledgor to the Agent, execute such releases and discharges as the Pledgor may reasonably require, all at the request and sole cost and expense of the Pledgor and return to the Pledgor all Pledged Securities together with all other Collateral in the possession of the Agent and its nominees.

6.10 Governing Law and Attornment.

This Agreement shall be exclusively (without regard to rules or principals relating to conflicts of laws) governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Pledgor and the Agent hereby irrevocably and

unconditionally attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario and all courts competent to hear appeals therefrom.

6.11 Entire Agreement.

This Agreement has been entered into pursuant to the provisions of the Loan Agreement and is subject to all the terms and conditions thereof and, if there is any conflict or inconsistency between the provisions of this Agreement and the provisions of the Loan Agreement, the rights and obligations of the parties will be governed by the provisions of the Loan Agreement, provided, however, that the existence of remedies in this Agreement which are not contained in the Loan Agreement shall not constitute a conflict or inconsistency with the Loan Agreement. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Agent and the Pledgor with respect to the subject matter hereof except as expressly set forth herein or in the Loan Agreement and the other documents delivered in connection with the Loan Agreement.

6.12 Executed Copy.

The Pledgor acknowledges receipt of a fully-executed copy of this Agreement.

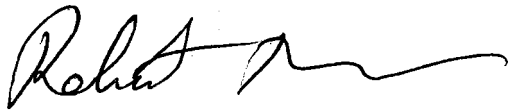
6.13 Counterparts

This Agreement may be executed in several counterparts and delivered by facsimile or other electronic transmission, each of which shall be deemed an original and all of which when taken together shall constitute one and the same agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]


IN WITNESS WHEREOF the Pledgor has executed and delivered this Agreement under its seal by its duly authorized signing officer as of the date first referred to above.

692194 ONTARIO LIMITED



ROBERT THOMAS, DIR.

By:

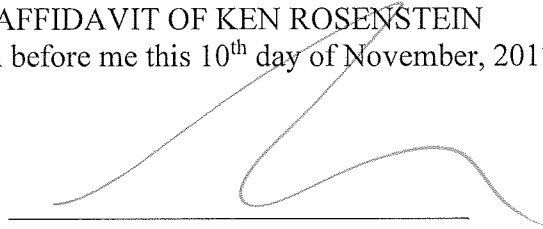

Name: WILLIAM THOMAS
Authorized Signing Officer DIR.

SCHEDULE "A"
PLEDGED SECURITIES

Issuer	Number of Pledged Securities	Class of Pledged Securities	Percent of total outstanding Equity Interests
Thomas Canning (Maidstone) Limited	1003	Common	100%

TAB 1(f)

Attached is Exhibit "F" Referred to in the
AFFIDAVIT OF KEN ROSENSTEIN
Sworn before me this 10th day of November, 2017

A handwritten signature in black ink, consisting of a series of loops and curves, positioned above a horizontal line.

Commissioner of Oaths, etc.

GUARANTEE AGREEMENT

THIS GUARANTEE AGREEMENT (as the same may be amended, restated, supplemented or replaced, from time to time, this "**Agreement**") is dated with effect as of this 3rd day of July, 2015 and executed and delivered by **WILLIAM M. THOMAS** (the "**Guarantor**") to and in favour of **BRIDGING FINANCING INC.**, as agent for **SPROTT BRIDGING INCOME FUND LP** and the other lenders from time to time under the Loan Agreement (as defined below) (the "**Agent**").

RECITALS:

- A. The Guarantor is an indirect shareholder [and/or a director and officer of] of Thomas Canning (Maidstone) Limited (the "**Borrower**");
- B. The Borrower is or is about to become indebted to the Agent pursuant to a letter credit agreement among, *inter alios*, the Borrower, the Guarantor and the Agent dated with effect as of the date hereof (as further amended, supplemented, replaced or restated from time to time, the "**Loan Agreement**");
- C. As security for the payment of the full amount of the indebtedness, liabilities and obligations of the Borrower to the Agent under the Loan Agreement, the Guarantor has agreed to guarantee payment of the Borrower's indebtedness, liabilities and obligations to the Agent under the Loan Agreement on the terms and subject to the conditions set forth in this Agreement; and
- D. It is in the best interests of the Guarantor to execute and deliver this Agreement, inasmuch as the Guarantor will derive the substantial direct and indirect benefits from the establishment of the aforesaid credit facilities by the Agent in favour of the Borrower;

NOW THEREFORE, for good and valuable consideration, the Guarantor hereby covenants to and for the benefit of the Agent as follows:

ARTICLE 1 INTERPRETATION

1.01 Defined Terms. All capitalized terms which are used herein which are not otherwise defined herein shall have the respective meanings ascribed thereto in the Loan Agreement. In this Agreement or any amendment to this Agreement, unless the context clearly indicates to the contrary:

"**Designated Currency**" shall have the meaning ascribed thereto in Section 2.01.

"**Event of Default**" shall mean: (a) the occurrence of any Event of Default (as such term is defined in the Loan Agreement); or (b) the issuance of a demand for repayment by the Agent.

"Obligations" means (a) any and all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, at any time or from time to time due or accruing due and owing by or otherwise payable by the Borrower to the Agent (including, without limitation, in connection with, the Loan Agreement), in any currency, however or wherever incurred, and whether incurred by the Borrower alone or jointly with another or others and whether as principal, guarantor or surety and in whatever name or style, and (b) the due performance and compliance by the Borrower with all of the terms and conditions of the Loan Agreement and the other Credit Documents, as such debts, liabilities and obligations may be varied from time to time.

"Other Taxes" shall have the meaning ascribed thereto in Section 2.13(b).

"Person" means a "person" as defined in the Loan Agreement.

"Taxes" shall have the meaning ascribed thereto in Section 2.13(a).

1.02 Other Usages. References to "this Agreement", "the agreement", "hereof", "herein", "hereto" and like references refer to this Agreement, as amended, modified, supplemented or replaced from time to time, and not to any particular Article, Section or other subdivision of this Agreement.

1.03 Plural and Singular. Where the context so requires, words importing the singular number shall include the plural and vice versa.

1.04 Headings. The division of this Agreement into Articles and Sections and the insertion of headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.05 Applicable Law. This Agreement shall be governed exclusively (without regard to rules or principles relating to the conflict of laws) by and construed in accordance with the laws of the Province of Ontario and the Guarantor hereby irrevocably attorns and submits to the non-exclusive jurisdiction of any court of competent jurisdiction of the Province of Ontario sitting in Toronto in any action or proceeding arising out of or relating to this Agreement and the other Credit Documents to which it is a party. Any legal action or proceeding with respect to this Agreement may be brought in the courts of the Province of Ontario and, by execution and delivery of this Agreement, the Guarantor hereby accepts for himself and in respect of his property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts. The Guarantor irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the Guarantor at the address set opposite its name on the signature page hereof, such service to become effective five (5) Business Days after such mailing. Nothing herein shall limit the right of the Agent to serve process in any manner permitted by law or to commence legal proceedings or otherwise proceed against the Guarantor in any other jurisdiction.

1.06 Time of the Essence. Time shall in all respects be of the essence of this Agreement, and no extension or variation of this Agreement or any obligation hereunder shall operate as a waiver of this provision.

ARTICLE 2 GUARANTEE

2.01 Guarantee. The Guarantor hereby unconditionally, absolutely, irrevocably guarantees the full and punctual payment to the Agent, as and when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise, of all of the Obligations of the Borrower to the Agent in the same currency (the "**Designated Currency**") as the currency of the Obligations of the Borrower to the Agent, whether for principal, interest, fees, expenses, indemnities or otherwise.

2.02 Limitation. Notwithstanding any provision hereof, the liability of the Guarantor hereunder is limited to the principal sum of Cdn.\$250,000.00, together with interest thereon at the highest rate applicable under the Loan Agreement from time to time and any amounts due pursuant to Sections 2.13 and 2.14 hereof.

2.03 Acceleration of Guarantee. The Guarantor agrees that, upon the occurrence of any Event of Default, and if such Event of Default shall occur at a time when any of the Obligations of the Borrower to the Agent may not then be due and payable, the Guarantor will pay to the Agent forthwith the full amount which would be payable hereunder by the Guarantor if all such Obligations of the Borrower to the Agent were then due and payable.

2.04 Nature of Guarantee. Subject to Section 2.02, the guarantee granted hereunder shall in all respects be a continuing, absolute, unconditional and irrevocable guarantee of payment when due and not of collection, and shall remain in full force and effect until all Obligations of the Borrower to the Agent have been paid in full, all obligations of the Guarantor hereunder have been paid in full and the commitments of the Agent under the Loan Agreement have been permanently terminated. The Guarantor guarantees that the Obligations of the Borrower to the Agent will be paid strictly in accordance with the terms of the Credit Document under which they arise, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Agent with respect thereto (provided the Guarantor shall not be in breach of any such law, regulation or order by doing so). The Agent shall apply all payments received from the Guarantor hereunder against the Obligations of the Borrower to the Agent in such manner as it sees fit.

2.05 Liability Not Lessened or Limited. The liability of the Guarantor shall not be lessened or limited by:

- (a) any lack of validity, legality, effectiveness or enforceability of any Credit Document;
- (b) the failure of the Agent
 - (i) to assert any claim or demand or to enforce any right or remedy against the Borrower or any other Person (including any other guarantor) under the provisions of any Credit Document, or otherwise, or
 - (ii) to exercise any right or remedy against any other guarantor of, or collateral securing, any of the Obligations of the Borrower to the Agent;

- (c) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations of the Borrower to the Agent, or any other extension, compromise, indulgence or renewal of any Obligation of the Borrower to the Agent;
- (d) any reduction, limitation, variation, impairment, discontinuance or termination of the Obligations of the Borrower to the Agent for any reason (other than by reason of any payment which is not required to be rescinded), including any claim of waiver, release, discharge, surrender, alteration or compromise, and shall not be subject to (and the Guarantor hereby waives any right to or claim of) any defence or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, non-genuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, the Obligations of the Borrower to the Agent or otherwise (other than by reason of any payment which is not required to be rescinded);
- (e) any amendment to, rescission, waiver or other modification of, or any consent to any departure from, any of the terms of any Credit Document or any other guarantees or security;
- (f) any addition, exchange, release, discharge, renewal, realization or non-perfection of any collateral security for the Obligations of the Borrower to the Agent or any amendment to, or waiver or release or addition of, or consent to departure from, any other guarantee held by the Agent as security for any of the Obligations of the Borrower to the Agent;
- (g) the loss of or the unenforceability of any other guarantee or other security which the Agent may now or hereafter hold in respect of the Obligations of the Borrower to the Agent, whether occasioned by the fault of the Agent or otherwise;
- (h) any change in the name of the Borrower or in the constating documents, capital structure, capacity or constitution of the Borrower, the bankruptcy or insolvency of the Borrower, the sale of any or all of the Borrower's business or assets or the Borrower being consolidated, merged or amalgamated with any other Person; or
- (i) any other circumstance (other than final payment in full of all Obligations of the Borrower to the Agent) which might otherwise constitute a defence available to, or a legal or equitable discharge of, the Borrower, any surety or any guarantor.

Any Obligation which may not be recoverable from the Guarantor as guarantor shall be recoverable from the Guarantor as principal debtor in respect thereof.

2.06 Agent not Bound to Exhaust Recourse. The Agent shall not be bound to pursue or exhaust its recourse against the Borrower or others or any security or other guarantees it may at any time hold before being entitled to payment hereunder from the Guarantor.

2.07 Enforcement. Upon any of the Obligations of the Borrower to the Agent becoming due and payable, the Guarantor shall forthwith pay to the Agent the total amount of such Obligations

of the Borrower to the Agent due hereunder and the Agent may apply the sum so paid against such of such Obligations of the Borrower to the Agent as the Agent may see fit and change any such application in whole or in part from time to time. A written statement of the Agent as to the amount remaining unpaid to the Agent by the Borrower at any time shall be conclusive evidence against the Guarantor, absent manifest error, as to the amount remaining unpaid to the Agent by the Borrower at such time.

2.08 Guarantee in Addition to Other Security. This Agreement shall be in addition to and not in substitution for any other guarantee or other security which the Agent may now or hereafter hold in respect of the Obligations of the Borrower to the Agent, and the Agent shall be under no obligation to marshal in favour of the Guarantor any other guarantee or other security or any moneys or other assets which the Agent may be entitled to receive or may have a claim upon.

2.09 Reinstatement. This Agreement and all other terms of this Agreement shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment (in whole or in part) of any of the Obligations of the Borrower to the Agent is rescinded or must otherwise be returned or restored by the Agent by reason of the insolvency, bankruptcy or reorganization of the Borrower or for any other reason not involving the wilful misconduct of the Agent, all as though such payment had not been made.

2.10 Waiver of Notice, etc. To the extent permitted by applicable law, the Guarantor hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Obligations of the Borrower to the Agent and this Agreement.

2.11 Subrogation Rights. Until satisfaction in full of all of the Obligations of the Borrower to the Agent, all dividends, compositions, proceeds of security or payments received by the Agent from the Borrower or others in respect of the Obligations of the Borrower to the Agent shall be regarded for all purposes as payments in gross without any right on the part of the Guarantor to claim the benefit thereof in reduction of the liability under this Agreement. The Guarantor will not exercise any rights which it may acquire by way of subrogation under this Agreement, by any payment made hereunder or otherwise, until the prior satisfaction in full of all of the Obligations of the Borrower to the Agent. Any amount paid to the Guarantor on account of any such subrogation rights prior to the satisfaction in full of all Obligations of the Borrower to the Agent shall be held in trust for the Agent and shall immediately be paid to the Agent and credited and applied against the Obligations of the Borrower to the Agent, whether matured or unmatured, in accordance with the terms of the Loan Agreement; provided, however, that if:

- (a) the Guarantor has made payment to the Agent of all or any part of the Obligations of the Borrower to the Agent, and
- (b) all Obligations of the Borrower to the Agent have been paid in full and all commitments of the Agent to the Borrower have been permanently terminated,

the Agent agrees that, at the Guarantor's request, the Agent will execute and deliver to the Guarantor appropriate documents (without recourse and without representation and warranty)

necessary to evidence the transfer by subrogation to the Guarantor of an interest in the Obligations of the Borrower to the Agent resulting from such payment by the Guarantor. In furtherance of the foregoing, for so long as any Obligations of the Borrower to the Agent or any commitments of the Agent to the Borrower remain outstanding, the Guarantor hereby postpones any and all claims it may have against the Borrower to the Obligations of the Borrower to the Agent, and agrees to refrain from taking any action or commencing any proceeding against the Borrower or its successors or assigns, whether in connection with a bankruptcy proceeding or otherwise, to recover any amounts in respect of payments made under this Agreement to the Agent, although the Guarantor may take such actions as may be necessary to preserve the Guarantor's claims against the Borrower. In the event any payments are made by the Borrower to the Guarantor in contravention of the preceding sentence, the Guarantor shall hold the amount so received in trust for the Agent and shall forthwith pay such amount to the Agent.

2.12 Advances After Certain Events. All advances, renewals and credits made or granted by the Agent purportedly to or for the Borrower after the bankruptcy or insolvency of the Borrower, but before the Agent has received notice thereof, shall be deemed to form part of the Obligations of the Borrower to the Agent, and all advances, renewals and credits obtained from the Agent purportedly by or on behalf of the Borrower shall be deemed to form part of the Obligations of the Borrower to the Agent, notwithstanding any lack or limitation of power, incapacity or disability of the Borrower or of the directors or agents thereof and notwithstanding that the Borrower may not be a legal entity and notwithstanding any irregularity, defect or informality in the obtaining of such advances, renewals or credits, whether or not the Agent has knowledge thereof. The Guarantor will indemnify the Agent for any such advance, renewal or credit that is not repaid to the Agent.

2.13 Payments Free and Clear of Taxes, etc. The Guarantor hereby agrees that:

- (a) Any and all payments made by the Guarantor hereunder shall be made free and clear of, and without deduction for, any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of the Agent, taxes imposed on its net income (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "**Taxes**"). If the Guarantor shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to the Agent:
 - (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.12) the Agent receives an amount equal to the sum it would have received had no such deductions been made,
 - (ii) the Guarantor shall make such deductions, and
 - (iii) the Guarantor shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

- (b) The Guarantor shall pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement (hereinafter referred to as "**Other Taxes**").
- (c) The Guarantor hereby indemnifies and holds harmless the Agent for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.12) paid by the Agent and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally assessed.
- (d) Within 30 days after the date of any payment of Taxes or Other Taxes, the Guarantor will furnish to the Agent the original or a certified copy of a receipt evidencing payment thereof. If no Taxes or Other Taxes are payable in respect of any payment hereunder to the Agent, the Guarantor will furnish to the Agent a certificate from each appropriate taxing authority, or an opinion of counsel acceptable to the Agent, in either case stating that such payment is exempt from or not subject to Taxes or Other Taxes.
- (e) Without prejudice to the survival of any other agreement of the Guarantor hereunder, the agreements and obligations of the Guarantor contained in this Section 2.13 shall survive the payment in full of the Obligations of the Borrower to the Agent.

2.14 Indemnity. As an original and independent obligation under this Agreement, the Guarantor shall:

- (a) indemnify the Agent and keep the Agent indemnified against any cost, loss, expense or liability of whatever kind resulting from the failure by the Borrower to make due and punctual payment of any of the Obligations of the Borrower to the Agent or resulting from any of the Obligations of the Borrower to the Agent being or becoming void, voidable, unenforceable or ineffective against the Borrower (including, but without limitation, all legal and other costs, charges and expenses incurred by the Agent in connection with preserving or enforcing, or attempting to preserve or enforce, its rights under this Agreement or any other document); and
- (b) pay on demand the amount of such cost, loss, expense or liability whether or not the Agent has attempted to enforce any rights against the Borrower, any other guarantor, or any other Person or otherwise.

ARTICLE 3 GENERAL CONTRACT PROVISIONS

3.01 Notices. All notices, requests, demands, directions and other communications provided for herein shall be in writing and shall be delivered in accordance with the terms of the Loan Agreement.

3.02 Further Assurances. The Guarantor shall do, execute and deliver or shall cause to be done, executed and delivered all such further acts, documents and things as the Agent may reasonably request for the purpose of giving effect to this Agreement.

3.03 Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

3.04 Successors and Assigns. This Agreement shall enure to the benefit of the Agent and its successors and assigns and shall be binding upon the Guarantor and his respective heirs, executors, successors, assigns and other legal representatives.

3.05 Amendments and Waivers. No amendment to or waiver of any provision of this Agreement, nor consent to any departure by the Guarantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

3.06 Entire Agreement. This Agreement and the agreements referred to herein constitute the entire agreement between the parties hereto and supersede any prior agreements, undertakings, declarations, representations and understandings, both written and verbal, in respect of the subject matter hereof.

3.07 Judgment Currency.

(a) If, for the purpose of obtaining or enforcing judgment against the Guarantor in any court in any jurisdiction, it becomes necessary to convert into any other currency (such other currency being hereinafter in this Section 3.07 referred to as the "**Judgment Currency**") an amount due in a Designated Currency under this Agreement, the conversion shall be made at the rate of exchange prevailing on the Business Day immediately preceding:

- (i) the date of actual payment of the amount due, in the case of any proceeding in the courts of the Province of Ontario or in the courts of any other jurisdiction that will give effect to such conversion being made on such date; or
- (ii) the date on which the judgment is given, in the case of any proceeding in the courts of any other jurisdiction (the date as of which such conversion is made pursuant to this Section 3.07(a)(ii) being hereinafter in this Section 3.07 referred to as the "**Judgment Conversion Date**").

(b) If, in the case of any proceeding in the court of any jurisdiction referred to in Section 3.07(a)(ii), there is a change in the rate of exchange prevailing between the Judgment Conversion Date and the date of actual payment of the amount due, the Guarantor shall pay such additional amount (if any, but in any event not a lesser amount) as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the rate of exchange

prevailing on the date of payment, will produce the amount of the Designated Currency which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial order at the rate of exchange prevailing on the Judgment Conversion Date.

(c) Any amount due from the Guarantor under the provisions of Section 3.07(b) shall be due as a separate debt and shall not be affected by judgment being obtained for any other amounts due under or in respect of this Agreement.

(d) The term "rate of exchange" in this Section 3.07 means the noon rate of exchange of the Judgment Currency into the Designated Currency published by the Bank of Canada for the day in question for Canadian interbank transactions.

3.08 Set-Off. In addition to any rights now or hereafter granted under applicable law, and not by way of limitation of any such rights, the Agent is authorized upon any amounts being payable by the Guarantor to the Agent hereunder, without notice to the Guarantor or to any other Person, any such notice being expressly waived by the Guarantor, to setoff, appropriate and apply any and all deposits, matured or unmatured, general or special, and any other indebtedness at any time held by or owing by the Agent to or for the credit of or the account of the Guarantor against and on account of the obligations and liabilities of the Guarantor which are due and payable to the Agent under this Agreement.

3.09 No Waiver; Remedies; No Duty. No failure on the part of the Agent to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided under the Credit Documents or by law. The Agent has no duty or responsibility to provide the Guarantor with any credit or other information concerning the Borrower's affairs, financial condition or business which may come into the Agent's possession.

3.10 Limitation Period. The limitation period on this Agreement shall not begin to run until demand is made hereunder, and such limitation period (in accordance with the *Limitations Act, 2002* (Ontario)) is hereby expressly extended to a period of six (6) years from the date such demand is made.

3.11 Paramountcy. In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the Loan Agreement, the provisions of the Loan Agreement shall prevail and be paramount.

3.12 Counterparts. This Agreement may be executed in several counterparts and delivered by facsimile or other electronic transmission, each of which shall be deemed an original and all of which when taken together shall constitute one and the same agreement.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF the Guarantor has executed this Agreement as of the date first written above.

SIGNED, SEALED AND DELIVERED
in the presence of:

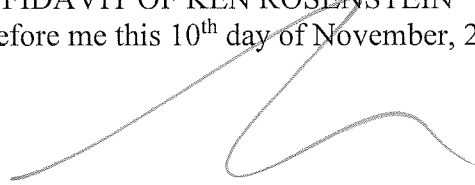
Witness

Print Name: MILAN STIPIC


WILLIAM THOMAS

TAB 1(g)

Attached is Exhibit "G" Referred to in the
AFFIDAVIT OF KEN ROSENSTEIN
Sworn before me this 10th day of November, 2017

A handwritten signature in dark ink, consisting of a series of fluid, connected strokes. The signature is positioned above a horizontal line.

Commissioner of Oaths, etc.

POSTPONEMENT AND ASSIGNMENT OF CLAIM

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, all debts and liabilities, present and future (the "Liabilities"), of **Thomas Canning (Maidstone) Limited** (hereinafter called the "Borrower") to each of the Undersigned, or any of them, are hereby deferred and postponed by each of the Undersigned, and each of them, to the debts, liabilities and advances, present and future (the "Obligations"), of the Borrower to **BRIDGING FINANCING INC.** as agent for **SPROTT BRIDGING INCOME FUND LP** and the other lenders from time to time under the Loan Agreement (as defined below) (collectively, the "Agent") and it is agreed by each of the Undersigned, and each of them, that until all Obligations of the Borrower to the Agent have been paid, subject to the provisions of the letter credit agreement between the Borrower and the Agent dated with effect as of the date hereof (the "Loan Agreement"), no payment shall be made or received on account of any Liabilities of the Borrower to each of the Undersigned, or any of them, and that any payments which may be received by each of the Undersigned, or any of them, from the Borrower (or from any third party on account of or otherwise for the benefit of the Borrower) in contravention of the provisions of the Loan Agreement shall be received in trust for the Agent and shall be paid over to the Agent forthwith upon receipt but no such payment shall have the effect of reducing the Obligations of the Borrower to the Agent until the same is actually received by the Agent; and none of the Liabilities of the Borrower to each of the Undersigned, or any of them, shall be released, transferred or charged in any manner whatsoever or allowed or permitted to become unenforceable through lapse of time, and the Agent may, but shall not be bound to, claim and prove in respect of any or all Liabilities of the Borrower to each of the Undersigned, or any of them, subject to the provisions of the Loan Agreement, in any bankruptcy, insolvency, composition, scheme of arrangement, liquidation or winding-up, voluntary or involuntary, affecting the Borrower or any distribution of assets of the Borrower among creditors of the Borrower, and all of the Liabilities of the Borrower to each of the Undersigned, or any of them, are hereby assigned and transferred to the Agent and all dividends or other sums which may be or become payable in respect thereof shall be due and be paid to the Agent until the Agent shall have received, together with dividends on the Obligations of the Borrower to the Agent, the full amount of the said Obligations; and the Undersigned, and each of them, will from time to time execute all such statements, proofs of claims, transfers, assignments and documents and do all such other acts and things as the Agent may request from time to time to implement any and all of the foregoing.

IT IS AGREED by the Parties hereto that the Borrower will pay all costs, charges and expenses reasonably incurred by the Agent whether directly or for services rendered (including reasonable solicitors' and auditors' costs, registration costs and other legal expenses), in preparing or enforcing this Agreement.

THIS AGREEMENT shall extend to and enure to the benefit of the Agent and its successors and assigns and shall be binding upon each of the Undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of each of the Undersigned, and each of them.

Each of the Undersigned hereby acknowledges receipt of a copy of this Agreement.

Given under seal this 3rd day of June, 2015.

in the presence of:

Witness:

Print Name:

Name: John William Thomas

1/s

Witness:

Print Name:

Name: Robert David Thomas

1/s

Witness:

Print Name:

Name: William M. Thomas

1/s

The "Borrower" named above hereby acknowledges receipt of a copy of the foregoing Agreement, accepts the assignment and transfer contained therein and further agrees with the Agent to give effect to all of the provisions of the foregoing Agreement.

Given under seal this _____ day of _____, 2015.

THOMAS CANNING (MAIDSTONE) LIMITED

By: _____ c/s
Authorized Signatory

POSTPONEMENT AND ASSIGNMENT OF CLAIM

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, all debts and liabilities, present and future (the "Liabilities"), of **Thomas Canning (Maidstone) Limited** (hereinafter called the "Borrower") to each of the Undersigned, or any of them, are hereby deferred and postponed by each of the Undersigned, and each of them, to the debts, liabilities and advances, present and future (the "Obligations"), of the Borrower to **BRIDGING FINANCING INC.** as agent for **SPROTT BRIDGING INCOME FUND LP** and the other lenders from time to time under the Loan Agreement (as defined below) (collectively, the "Agent") and it is agreed by each of the Undersigned, and each of them, that until all Obligations of the Borrower to the Agent have been paid, subject to the provisions of the letter credit agreement between the Borrower and the Agent dated with effect as of the date hereof (the "Loan Agreement"), no payment shall be made or received on account of any Liabilities of the Borrower to each of the Undersigned, or any of them, and that any payments which may be received by each of the Undersigned, or any of them, from the Borrower (or from any third party on account of or otherwise for the benefit of the Borrower) in contravention of the provisions of the Loan Agreement shall be received in trust for the Agent and shall be paid over to the Agent forthwith upon receipt but no such payment shall have the effect of reducing the Obligations of the Borrower to the Agent until the same is actually received by the Agent; and none of the Liabilities of the Borrower to each of the Undersigned, or any of them, shall be released, transferred or charged in any manner whatsoever or allowed or permitted to become unenforceable through lapse of time, and the Agent may, but shall not be bound to, claim and prove in respect of any or all Liabilities of the Borrower to each of the Undersigned, or any of them, subject to the provisions of the Loan Agreement, in any bankruptcy, insolvency, composition, scheme of arrangement, liquidation or winding-up, voluntary or involuntary, affecting the Borrower or any distribution of assets of the Borrower among creditors of the Borrower, and all of the Liabilities of the Borrower to each of the Undersigned, or any of them, are hereby assigned and transferred to the Agent and all dividends or other sums which may be or become payable in respect thereof shall be due and be paid to the Agent until the Agent shall have received, together with dividends on the Obligations of the Borrower to the Agent, the full amount of the said Obligations; and the Undersigned, and each of them, will from time to time execute all such statements, proofs of claims, transfers, assignments and documents and do all such other acts and things as the Agent may request from time to time to implement any and all of the foregoing.

IT IS AGREED by the Parties hereto that the Borrower will pay all costs, charges and expenses reasonably incurred by the Agent whether directly or for services rendered (including reasonable solicitors' and auditors' costs, registration costs and other legal expenses), in preparing or enforcing this Agreement.

THIS AGREEMENT shall extend to and enure to the benefit of the Agent and its successors and assigns and shall be binding upon each of the Undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of each of the Undersigned, and each of them.

Each of the Undersigned hereby acknowledges receipt of a copy of this Agreement.

Given under seal this ____ day of June, 2015.

in the presence of:

Witness:

Print Name:

Name: John William Thomas

l/s

Witness:

Print Name:

Name: Robert David Thomas

l/s

Witness:

Print Name:

Name: William M. Thomas

l/s

The "Borrower" named above hereby acknowledges receipt of a copy of the foregoing Agreement, accepts the assignment and transfer contained therein and further agrees with the Agent to give effect to all of the provisions of the foregoing Agreement.

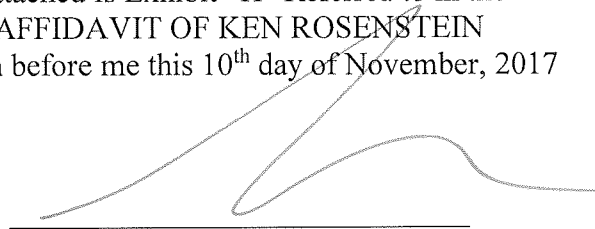
Given under seal this 3rd day of July, 2015.

THOMAS CANNING (MAIDSTONE) LIMITED

By: [Signature] c/s
Authorized Signatory

TAB 1(h)

Attached is Exhibit "H" Referred to in the
AFFIDAVIT OF KEN ROSENSTEIN
Sworn before me this 10th day of November, 2017

A handwritten signature in black ink, consisting of a series of loops and curves, positioned above a horizontal line.

Commissioner of Oaths, etc.

Secured creditors		Amount	
1419768 ONTARIO INC. o/a D&D LEASING		unknown	Note 3
BODKIN CAPITAL CORPORATION		unknown	Note 3
BRIDGING FINANCE INC., as agent for SPROTT BRIDGING INCOME FUND LP		21,894,777.00	
CAPMOR FINANCIAL SERVICES CORPORATION		unknown	Note 3
CLE LEASING ENTERPRISE LTD.		unknown	Note 3
GOULD LEASING LTD.		unknown	Note 3
JOHN THOMAS, Julie Thomas, Robert Thomas, William Thomas (collectively, the "Shareholder Loans")		1,181,219.00	
		23,075,996.00	
Unsecured creditors		Amount	
1046391 ONTARIO INC.		53.53	
1636488 ONTARIO LIMITED		960.50	
2190330 ONTARIO INC.		325,000.00	
649963 ONTARIO LIMITED - KEVIN		183,504.44	
AABCO PROPANE (DOWLER KARN)		1,426.11	
ADVANTAGE FARM EQUIPMENT		787.32	
AGRICORP-RMP: GRAINS AND OILSE		763.39	
AMEX FREIGHT7066 SMITH INDUSTRIAL		1,350.00	
APPLIED PRODUCTS, INC.		1,270.51	Note 1
BALL CORPORATION		344,779.88	Note 1
BC GLOBAL RESOURCES		673.12	
BELL CANADA - PUBLIC ACCESS		169.50	
BELL CANADA - PUBLIC ACCESS		169.50	
BELL MOBILITY		642.73	
BRIAN DEVRIES FARMS INC.		329,036.40	Note 2
BUTCHER ENGINEERING ENTERPRIS		42,127.23	
CAN CORPORATION OF AMERICA,INC		149,295.62	Note 1
CANAG TRAVEL SERVICES LTD.		unknown	Note 3
CARTHER PLANTS LTD.		20,748.11	
CB SERVICES, LLC		25,186.27	Note 1
CHARRON TRANSPORT LTD.		707.15	
CHEP CANADA INC.		7,011.70	
CN REVENUE MANAGEMENT		6,311.52	
COXON'S SALES AND RENTALS LTD		6,328.00	
CURTIS-JK PRINTING LTD.		10,881.95	
DESJARDINS FCDQ		48.50	
DHL GLOBAL FORWARDING		1,449.79	Note 1
DOMINO PRINTING SOLUTIONS INC.		371.07	
DONALD JOHNSON		20,241.52	
DOUGLAS MARKETING GROUP		unknown	Note 3
EMPLOYEES		39,734.93	
EVA MOZES		2,500.00	
F.A.R.M.S.		2,135.70	
FELIX TRANSPORT LTD		1,900.00	
FP GUSHUE AND ASSOCIATES INC		673.86	
FRANK LAFFERTY LTD.		4,754.02	
GEORGIA-PACIFIC CORRUGATED LLC		15,219.01	Note 1
GLOBAL FREIGHT SERVICES		1,465.72	
GLOBAL TIME RECORDERS INC.		155.94	
GREAT LAKES TRANSPORT SOLUTION		765.33	Note 1
GREAT-WEST LIFEGROUP INS		949.51	
GS1 CANADA		2,712.00	
HEINZSEED		15,925.00	
HOME HARDWARE		40.66	
HOTHAM BUILDONG MATERIALS		187.94	
HUB INTERNATIONAL ONTARIO LIM		1,702.00	
HYDRO - ONE NETWORKS INC.		3,059.76	
HYMARK FARM		170.00	
INTELECOM SOLUTIONS INC.		28.09	
J. T. MECHANICAL		22,333.31	
JACK THOMASC/O THOMAS CANNNI		220.35	
JON-ERN FARMS LTD.		375,827.76	Note 2
KONECNY FARMS		379,619.85	Note 2
LIVINGSTON INTERNATIONAL INC.		10.46	
LSI SUPPLY INC.		91.74	
LYCOLAND FARMS LTD		264,575.02	
MARSHAM INTERNATIONAL FOOD BRO		18,979.32	
MARY ANDRES		556.82	
MCGEACHY FARMS LTD.		217,054.25	
MERCHANTS PAPER CO		129.14	
MINISTRY OF AGRICULTURE AND FOOD ("ONTARIO"		unknown	Note 3
MINOTAUR SOFTWARE LTD.		8,726.99	
MUELLER YURGAE ASSOCIATESC/O WJ PENCE FOOD BROKER		unknown	Note 3
MY OFFICE INCORPORATED		unknown	Note 3
NEBS BUSINESS Products Limited		unknown	Note 3
ORKIN CANADA		146.90	
OXLEY WRIDGE FARMS LTD.		266,236.18	
PETRO-CANADA		57.22	
PRAXAIR DISTRIBUTION		255.83	
PUROLATOR COURIER LTD.		748.73	
REBEL PACKAGING INC.		1,883.21	
ROBERT MCKERRALL FARMS		371,636.49	Note 2
ROGERS		359.22	
ROL-LAND FARMS AND GREENHOUSES		43,154.97	

SAFE N SAVE LOGISTICS INC.	6,652.35	
SAMUEL STRAPPING SYSTEMS	2,772.14	
SASKATCHEWAN FINANCE	unknown	Note 3
SEANA INTERNATIONAL	21,789.58	
SETTERINGTON'S FERTILIZER LTD	1,778.81	
SGS CANADA INC	unknown	Note 3
SPEEDLING INCORPORATED	48,400.31	Note 1
SPS COMMERCE, INC	613.06	Note 1
STAN GILLIER FARMS	253,915.20	Note 2
STAPLES ADVANTAGE	410.21	
T. VAN DELLAN (J&J FARMS)	92,120.49	Note 2
THOMAS LAGER & SINGER INC.	15,488.25	
THOMPSONS LIMITED	27,055.50	
TOMATO SOLUTIONS	28,444.20	
TONY DE NIJS (959699 ONTARIO INC.)	221,817.55	Note 2
TOWN OF LAKESHORE (WATER)	695.57	
TOWN OF LAKESHORE	11,163.70	
TRI-LAN FARMS (1473534 ONTARIO LTD.)	394,628.39	Note 2
TRIPLE P FARMS	205,751.74	Note 2
TST OVERLAND EXPRESS	3,254.14	
UNION GAS LTD.	3,334.77	
UNITED PARCEL SERVICE	134.87	
W.E. KILLAM ENTERPRISES	158.09	
WADDICK FUELS - SX	1,702.97	
WINDSOR DISPOSAL SERVICES LTD.	6,416.55	
WINDSOR FACTORY SUPPLY LTD	unknown	Note 3
XPRESS CANADA	24,556.30	
ZHANG NA	931.70	Note 1
	4,921,965.03	

Note:

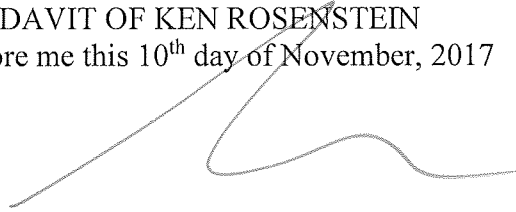
(1) USD amount translated to CAD at June 21, 2017 Bank of Canada Rate - \$1.3310.

(2) Includes amounts related ongoing litigation against the Company.

(3) This amount is unknown as of this date.

TAB 1(i)

Attached is Exhibit "I" Referred to in the
AFFIDAVIT OF KEN ROSENSTEIN
Sworn before me this 10th day of November, 2017

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the end.

Commissioner of Oaths, etc.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

BRIDGING FINANCE INC., as agent for SPROTT BRIDGING INCOME FUND LP

Applicant

and

**THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO
LIMITED**

Respondents

**APPLICATION UNDER SUBSECTIONS 47(1) AND 243(1) OF THE *BANKRUPTCY
AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED**

**AFFIDAVIT OF GRAHAM MARR
(sworn April 19, 2017)**

I, **GRAHAM MARR**, of Toronto, in the Province of Ontario, **MAKE OATH AND
SAY AS FOLLOWS:**

1. I am a Portfolio Manager at Bridging Finance Inc. (“**Bridging**”), the senior secured creditor of Thomas Canning (Maidstone) Limited (the “**Borrower**”) and 692194 Ontario Limited (“**6921**”) and creditor of William Thomas, Robert Thomas and John Thomas (together with 6921 the “**Guarantors**” and, the Guarantors together with the Borrower, the “**Obligors**”). As such, I have knowledge of the matters to which I hereinafter depose, except where the information set out below is based upon the information I have received from others, in which case I have stated the source of that information and, in all such cases, believe it to be true.

NATURE OF APPLICATION AND RELIEF SOUGHT

2. This Affidavit is sworn in support of an application by Bridging for:

- (a) an *ex parte* Order (the “**Interim Receivership Order**”) pursuant to subsection 47(1) of the *Bankruptcy and Insolvency Act* (the “**BIA**”) appointing Richter Advisory Group Inc. (“**Richter**”) as interim receiver, without security, over all of the assets, undertaking and property of the Borrower and 6921 (in such capacity, the “**Interim Receiver**”); and
- (b) on a date to be set by the Court, an Order (the “**Receivership Order**”) pursuant to subsection 243(1) of the BIA appointing Richter as receiver, without security, over all of the assets, undertaking and property of Borrower and 6921 (in such capacity, the “**Receiver**”).

3. Bridging has been the Borrower’s secured lender since July 2015. Despite multiple events of default dating back to late 2015, Bridging has allowed the Borrower to overdraw on their asset-based credit facilities and has continued to advance credit even after the maturity of the facilities in January, 2015. The Borrower remains in an overadvance position and cannot provide Bridging with an accurate picture of its borrowing base.

4. The Borrower has been unable to raise new debt or equity financing despite 16 months of trying with the help of multiple outside professionals. The Borrower has been unable to repay overadvances since October, 2015 let alone repay the now mature credit facilities. The Borrower has been chronically in breach of its reporting obligations and has materially overstated its inventory. The Borrower remains in a significant overadvance position and cannot provide Bridging with an accurate picture of its borrowing base. Perhaps most concerning of all is that the Borrower has stated it will no longer respect the agreed-to cash management arrangements that are critical to the credit facilities and will divert receipts away from its blocked accounts. The Borrower has a history of doing just that.

5. The Borrower is at a critical stage in its season and needs funding now in order to have a supply of tomatoes for packing in the fall. Bridging has lost faith in the Borrower’s abilities and intention and will only fund through a receivership. The Borrower has no other funding alternative.

BACKGROUND TO THE OBLIGORS

6. The Borrower is a privately-owned Ontario corporation, which operates a tomato canning business in Lakeshore, Ontario. The Borrower is wholly-owned by 6921, also an Ontario corporation, which is, in turn, owned by members of the Thomas family and a related corporation. A copy of the Corporation Profile Reports for the Borrower and 6921 obtained from the Ontario Ministry of Government Services are attached to this Affidavit as **Exhibit “A”** and **Exhibit “B”**, respectively.

7. The Borrower produces a variety of organic and conventional tomato products including pastes, sauces, canned tomatoes (whole, diced and crushed), juices and ketchup. Its tomato supply comes from greenhouse farmers with whom it has contracted for the planting and care of tomato plants grown from seeds supplied by the Borrower.

8. During the packing season of August to October, the Borrower typically employs up to 60 seasonal workers, most of whom are foreign migrant workers under the Temporary Foreign Workers Program. Otherwise the Borrower maintains a core staff of approximately 10 employees. The Borrower is not subject to any collective bargaining agreement and does not administer any pension plan.

9. The Borrower operates from a plant it owns at 326 South Talbot Road, Maidstone, Ontario. That plant is licensed by the Canadian Food Inspection Agency (“CFIA”) pursuant to the *Safe Food for Canadians Act*. The Borrower also leases warehouse space at 2755 Lauzon Parkway, Windsor, Ontario (the “**Windsor Warehouse**”).

10. The Borrower and 6921 also each own parcels of farming lands surrounding the processing plant, which are mostly leased out to farmers of cash crops.

BRIDGING’S LOANS AND SECURITY

Credit Agreement and Security

11. Bridging (as agent for the Sprott Bridging Income Fund LP), the Borrower, 6921 (as guarantor) and each of William Thomas, Robert Thomas and John Thomas (as limited guarantors) are parties to a letter credit agreement dated July 3, 2015 (the “**Original Credit**”).

Agreement”), a copy of which Original Credit Agreement is attached as **Exhibit “C”** to this Affidavit. The Original Credit Agreement was amended by a First Amending Letter Agreement dated May 17, 2016, a Second Amending Letter Agreement dated May 31, 2016, and a Third Amending Letter Agreement dated July 26, 2016 (collectively, the “**Credit Amendments**”, and, together with the Original Credit Agreement, the “**Credit Agreement**”), copies of which Credit Amendments are attached, collectively as **Exhibit “D”** to this Affidavit.

12. Pursuant to the Credit Agreement, Bridging has supplied the Borrower with:

- (a) a demand revolving operating facility in the maximum amount of CDN\$15,000,000, with a sub-limit of USD\$1,000,000, plus a seasonal structured overadvance of CDN\$2,000,000, all margined against current assets (the “**Facility A Loan**”);
- (b) a CDN\$608,000 demand term loan facility (the “**Facility B Loan**”);
- (c) a CDN\$3,757,650 demand term loan facility (the “**Facility C Loan**”);
- (d) a term revolving facility in the maximum amount of CDN\$2,500,00 (the “**Temporary Loan**”);

(collectively, the “**Credit Facilities**”). The Facility A Loan, Facility B Loan and Facility C Loan had a maturity date of January 3, 2017 and were to be used to refinance existing indebtedness with Callidus Capital Corporation and to finance working capital. The Temporary Loan was used to finance a litigation settlement and had a maturity date of August 15, 2016.

13. By a Guarantee Agreement dated as of July 3, 2015 (the “**6921 Guarantee**”), 6921 guaranteed all present and future obligations under the Credit Agreement. The obligations under the 6921 Guarantee are payable on demand (pursuant to Section 3.2 thereof) and Bridging is not bound to exhaust resources against the Borrower before pursuing the 6921 Guarantee (pursuant to Section 3.1 thereof). A copy of the 6921 Guarantee is attached as **Exhibit “E”** to this Affidavit.

14. As security for its obligations to Bridging, the Borrower provided, among other things, a General Security Agreement dated July 3, 2015 (the “**Borrower GSA**”), registration in respect

of which was made pursuant to the *Personal Property Security Act* (Ontario) (the “**PPSA**”) on June 30, 2015 by financing statement no.: 20150630 1440 1793 5906, and a copy of which GSA is attached as **Exhibit “F”** to this Affidavit. The Borrower GSA provides, among other things: (a) that all amounts received by the Borrower after an event of default and demand are deemed to be held in trust, separate and apart, for Bridging; (b) that a receiver may be appointed upon default (at Section 8.4), and (c) that the Borrower submits to the jurisdiction of the Toronto courts and irrevocably waives any objection to enforcement through such courts (at Section 10.9).

15. The Borrower, Bridging and Bank of Montreal (“**BMO**”) also entered in to a Blocked Account Agreement dated as of June 29, 2015 (the “**Blocked Account Agreement**”), pursuant to which Bridging was given full cash dominion over a CDN\$ collection account and a \$USD collection account, both located at BMO’s Toronto main branch. A copy of the Blocked Account Agreement is attached as **Exhibit “G”** to this Affidavit.

16. There previously was also a blocked account agreement in place with The Toronto-Dominion Bank (“**TD**”), but those accounts were closed in later 2016 after being garnished by a judgment creditor of the Borrower.

17. As security for its obligations under the 6921 Guarantee, 6921 provided, among other things:

- (a) a General Security Agreement dated July 3, 2015 (the “**6921 GSA**” and, together with the Borrower GSA, the “**GSAs**”), in the same form as the Borrower GSA, registration in respect of which was made pursuant to PPSA on June 30, 2015 by financing statement no.: 20150630 1440 1793 5907, and a copy of which is attached as **Exhibit “H”** to this Affidavit; and
- (b) a Securities Pledge Agreement dated July 3, 2015 (the “**Share Pledge**”) pursuant to which 6921 pledged, as collateral, all its present or future investment property including all its shares in the capital of the Borrower, and a copy of which is attached as **Exhibit “I”** to this Affidavit.

18. The First Amending Letter Agreement dated May 17, 2016 (the “**First Amendment**”), attached at Exhibit “D” hereto, also gave Bridging the right to be issued, on request, shares in the capital of the Borrower sufficient to grant Bridging two thirds of the voting and non-voting equity of the Borrower. This right was triggered when the Borrower did not repay certain advances in August, 2016.

19. The Borrower and 6921 also granted Bridging a first mortgage on all their owned real estate.

OTHER CREDITORS

20. A search conducted by Bridging’s counsel of registrations made pursuant to the PPSA against the Borrower revealed the following registrations made *subsequent* to Bridging’s registration in respect of the Borrower GSA:

- (a) two registrations in favour of Gould Leasing Ltd., each apparently in respect of specific equipment;
- (b) two registrations in favour of Capmor Financial Services Corporation – in Trust, each apparently in respect of specific equipment;
- (c) two registrations in favour of CLE Leasing Enterprise Ltd., each apparently in respect of specific equipment;
- (d) two registrations in favour of Bodkin Capital Corporation, one apparently in respect of specific equipment and one apparently in respect of a general security interest; and
- (e) a registrations in favour of 1419768 Ontario Inc. and D&D Leasing, apparently in respect of specific equipment.

21. A copy of the PPSA search results for the Borrower is attached as **Exhibit “J”** to this Affidavit.

22. A search conducted by Bridging's counsel of registrations made pursuant to the PPSA against 6921 revealed no registrants other than Bridging. A copy of the PPSA search results for 6921 is attached as **Exhibit "K"** to this Affidavit.

FINANCIAL DIFFICULTIES AND DEFAULTS

Perpetual Overadvance

23. Bridging's business model is true to its name; it only makes loans to clients who aim to obtain alternate financing in a relatively short timeframe. At the time of the Original Credit Agreement, the Borrower was developing a new tomato paste product line which it hoped would improve its profitability enough to attract a bank lender to refinance the Credit Facilities after eighteen months. The intention was that the Credit Facility would therefore be a relatively short term bridge between the Borrower's previous asset-based lending credit facilities and some future, traditional bank facilities.

24. The tomato paste line required a significant increase under the Facility A operating line to build inventory, and the Borrower immediately availed itself of the \$2,000,000 seasonal structured overadvance offered as part of that facility. The structured overadvance was not fully repaid by December 2015 as required, and the Borrower made its first request for a further overadvance in October, 2015. The Borrower has been in an overadvance position ever since.

25. The Borrower also failed to repay the temporary loan advanced pursuant to the First Amendment (the "**Temporary Loan**") when it was due in August, 2016.

26. The Borrower's failure to pay down the 2015 seasonal structured overadvance under Facility A, its continued, further overadvance since October 2015, and the Temporary Loan were all events of default under the Credit Agreement.

Failed Financing and Refinancing Efforts

27. Starting in early 2016, the Borrower began to search for a lender to refinance the Credit Facilities when they would become due in January, 2017. In March, 2016 the Borrower retained Norton McMullen Corporate Finance Inc. to run an investment solicitation process to raise equity. These efforts were unsuccessful.

28. In the summer of 2016 the Borrower retained The Coterie Group as funding consultants to assist in finding refinancing for the Credit Facilities. These efforts were also unsuccessful and no transaction was ever consummated. The Borrower has not presented Bridging with any evidence of other concrete refinancing opportunities since the term of the Credit Facilities expired in January, 2017.

Diversion of Funds

29. In October 2016, Bridging discovered that accounts had been opened in the Borrower's name at Royal Bank of Canada ("**RBC**") and that funds had been paid in and out of those accounts. This was a direct violation of the terms of the Borrower's cash management arrangements with Bridging and, at the time, the Toronto-Dominion Bank ("**TD**"). The Credit Agreement states (at pages 8 to 9):

- “(i) The Borrower and 692 shall establish and shall continue to maintain, at their expense, blocked deposit accounts (collectively, the “Blocked Account”) at BMO/TD into which they shall promptly deposit all funds received from all sources including, without limitation, all account receivable payments, cash sales receipts, credit card payments, any and all refunds received from any source whatsoever and any proceeds of any advances or other loans made to it and shall direct its account debtors that remit payments by electronic funds transfers to directly remit all payments into the Blocked Account;
- (ii) BMO/TD, the Lender, the Borrower and 692 shall enter into an agreement (the “Blocked Account Agreement”), in form and substance satisfactory to the Lender, acting reasonably, providing that all funds received or deposited in the Blocked Account are the property of the Lender, that BMO/TD has no Lien upon, or right to set off against, the Blocked Account, the items received for deposit therein, or the funds from time to time on deposit therein and that BMO/TD will wire, or otherwise transfer, in immediately available funds, on a daily basis, all funds received or deposited into the Blocked Account to the Lender's account, as the Lender may from time to time designate for such purpose. The Borrower and 692 agree that all payments made to the Blocked Account or other funds received and collected by the Lender, shall be property of

the Lender. The Borrower and each of the Guarantors hereby acknowledge, confirm and agree that the Lender shall have the contractual right to continue to apply the contemplated cash management arrangements contemplated herein notwithstanding any default, termination or non-renewal of this Agreement or any of the credit facilities contemplated herein or any stay of proceedings or filing under any applicable insolvency statute and/or Applicable Law as a matter of, and shall be considered and deemed to be a matter of, replacing and monitoring the Lender's Collateral and not as an enforcement of any of their Security or Liens.

...

- (iii) The Borrower and 692 and all of its affiliates, subsidiaries, officers, employees, agents, directors, shareholders or other persons (a "related person") shall, acting as trustee for the Lender, receive, as the property of the Lender, any monies, cheques, notes, drafts or any other payment which comes into the possession or under their control or, in the case of any related person, comes into its possession or under its control and is rightfully that of the Borrower and 692, and immediately upon receipt thereof where received by any of them or upon becoming aware of the receipt thereof where received by a related person, the Borrower and 692 shall deposit or shall cause the same to be deposited in the Blocked Account, or remit the same or cause the same to be remitted, in kind, to the Lender. In no event shall the same be commingled with any of the Borrower's and 692's own funds. The Borrower and 692 agrees to reimburse the Lender on demand for any amounts owed or paid to BMO/TD regarding the Blocked Account or any other bank or person involved in the transfer of funds to or from such Blocked Account arising out of the Lender's payments to or indemnification of such bank or person.

...

- (v) The Borrower and 692 shall make all of its payments and disbursements only from its Disbursement Accounts."

30. Similarly, Section 2 of the Blocked Accounts Agreement states:

“Deposits to Collection Accounts. In connection with its financing arrangements with CREDITOR, the Borrower has agreed with CREDITOR to (i) in the case of proceeds that are denominated in the lawful currency of the United States of America, to deposit or cause to be deposited, all such proceeds of the collateral of CREDITOR to the US\$ Collection Account; and (ii) in the case of proceeds that are denominated in the lawful currency of Canada, deposit or cause to be deposited, all such proceeds of the collateral of CREDITOR to the CDN\$ Collection Account.”

31. Bridging’s suspicions were first raised when it noticed large amounts being transferred from the personal accounts John Thomas and Shirley Thomas to Bridging’s TD account, booked by the Borrower as shareholder loans. Between May and August 2016, almost \$250,000 had been deposited from the John and Shirley Thomas’ personal account. Bridging made inquiries about this with the Borrower as it did not think John Thomas should have had those kind of funds to loan. At the same time, Bridging had been calling certain of the Borrower’s customers because accounts receivable owing from those customers had been getting old. Apparently worried that the next customer Bridging would call was one whose accounts receivable had been already been collected and diverted, the Borrower’s Vice President and Chief Operating Officer at the time, Brian Payne, disclosed the existence of the RBC accounts and the fact that receipts had been diverted thereto and that disbursements had been made therefrom.

32. When Bridging was given access to the RBC account statements, it was revealed that a total of US\$215,000 and CDN\$178,000 had been collected from customers and deposited into the RBC accounts in or about May and June 2016, without any update to the Borrower’s accounts receivable ledger. Some funds were used to pay accounts payable directly from the RBC accounts, some were forwarded to the TD blocked accounts, some funds were wired from the RBC USD account to the Borrower’s foreign exchange broker to then pay USD accounts payable and US\$51,000 to the personal account of Shirley and John Thomas, and \$10,000 had been withdrawn in cash. Attached **Exhibit “L”** to this Affidavit is an emails from Brian Payne setting out the amounts received from three customers that were diverted to the RBC Accounts. Attached as **Exhibit “M”** to this Affidavit is a copy of payment instructions given by the Borrower to its foreign exchange brokerage for regarding payments to be made with funds wired from RBC to the brokerage, including the US\$51,000 payment to John and Shirley Thomas.

33. As discussed below, counsel to the Borrower has advised that the Borrower intends to resume diversion of funds from the blocked accounts, and bank record shown that, in fact, such diversion is taking place.

Overstatement of Inventory

34. Under the Credit Agreement, at page 21, Bridging is free to perform field examinations as frequently as it wants given that one or more events of default have occurred (including the Borrowers' continued failure to repay the overadvances). More generally, the Credit Agreement (at page 13) allows Bridging at any time and from time to time with such frequency as it, in its sole discretion, may require, to visit and inspect any premises, properties and assets of the Borrower.

35. On March 22 and 23, 2017, two Bridging employees and an outside advisor, Julio Cacoilo, conducted inventory counts at the Borrower's plant and the Windsor Warehouse. The results showed total inventory of approximately \$10,894,401, which was approximately \$2,058,076 less than the inventory amount certified by on the Borrower's March 18, 2017 borrowing request. The discrepancy was almost entirely localized at the plant, as opposed to the Windsor Warehouse where a third-party keeps real time track of what goes in and out. The certified inventory amount on the Borrower's next borrowing request, on March 28, 2017, was \$12,793,783, or only \$158,695 less than the certified March 18 amount. There is no way to explain a dip and recovery in inventory of that magnitude in that time frame.

36. When Julio Cacoilo returned to the plant on April 12, 2017 to perform another count, he was refused entry to the premises. Under the Credit Agreement, at page 21, Bridging is free to perform field examinations as frequently as it wants given that one or more events of default have occurred (including the Borrowers' continued failure to repay the overadvances). More generally, the Credit Agreement (at page 13) allows Bridging at any time and from time to time with such frequency as it, in its sole discretion, may require, to visit and inspect any premises, properties and assets of the Borrower.

Lack of Reporting

37. The Credit Agreement (at pages 14 to 15) requires, among other reporting, that the Borrower supply monthly internally prepared financial statements as well as audited financial statements within 120 days of its June 30 year end. The last financial statements of any kind Bridging received from the Borrower were unaudited and un-reviewed statements for the year ending June 30, 2015.

38. The Credit Agreement (at page 14) also requires weekly delivery of an aged accounts receivable schedule. The Borrower's accounts receivable sub-ledger is, however, entirely unreliable as collected receivables are not being taken off. The Borrower's bookkeeper advised a Bridging employee that she stopped updating the ledger for cash received some time in December, 2016.

39. The inadequacy of the reporting on accounts receivable and inventory has made it impossible for Bridging to measure the Borrower's borrowing base and Bridging has lost all faith in management's ability to operate the business.

CFIA Legal Action

40. In March, 2017 it was reported in the press that CFIA commenced court proceedings against the Borrower for mislabelling US product as "made in Canada" and mislabelling conventional product as "organic". The proceedings were also brought against William Thomas personally for lying to a federal food inspector. A copy of March 9, 2017 article from the Windsor Star is attached as **Exhibit "N"** to this Affidavit.

Demands

41. In light of the following defaults:

- (a) the Borrowers' inability to repay the 2015 seasonal structured overadvances and the additional growing overadvance that has persisted since October, 2015;
- (b) the Borrower's failure to repay the Credit Facilities as a whole upon their 18 month maturity in January, 2017;

- (c) the Borrower's breaches of its reporting obligations; and
- (d) the Borrower's overstatement of inventory,

Bridging, by its counsel on April 5, 2017, sent the Obligors demands for repayment of the Borrowers' obligations under the Credit Agreement (the "**Demands**"). In the case of the Borrower and 6921, their demands were accompanied by notices of intention to enforce security under Section 244 of the BIA dated the same date (the "**BIA Notices**"). Copies of the Demands and the BIA Notices are attached as **Exhibit "O"** to this Affidavit.

42. Subsequent to the issuance of the Demands and BIA Notices, there were a series of discussions with the Borrower and its counsel about the forbearance and the appointment of a chief restructuring officer. These discussions ended when Bridging's counsel received an email from counsel to the Borrower on April 16, 2017, the day after the BIA notice period had expired, asserting that the Obligors were farmers subject to the *Farm Debt Mediation Act* and that because the Credit Facilities had matured in January, 2017, the Credit Agreement itself had "expired" and his client were no longer subject to the required cash management arrangements and would do as they thought fit with receipts diverted from the blocked accounts. A copy of that email is attached as **Exhibit "P"** to this Affidavit.

43. It has come to Bridging's attention that the Borrower has, in fact, commenced diversion of receipts away from the cash management system. Attached as **Exhibit "Q"** to this Affidavit is a screen print of the Borrower's BMO disbursement account, showing a \$10,434.05 deposit on April 18, 2017. Any such deposit should be deposited to the blocked account, with only advances under the Credit Facilities being deposited in the disbursement account.

44. The Credit Agreement (at page 8) clearly states that the cash management obligations thereunder survive any non-renewal of the Credit Agreement:

"The Borrower and each of the Guarantors hereby acknowledge, confirm and agree that the Lender shall have the contractual right to continue to apply the contemplated cash management arrangements contemplated herein notwithstanding any default, termination or non-renewal of this Agreement or any of the credit facilities contemplated herein or any stay of proceedings or

filing under any applicable insolvency statute and/or Applicable Law as a matter of, and shall be considered and deemed to be a matter of, replacing and monitoring the Lender's Collateral and not as an enforcement of any of their Security or Liens."

45. Similarly, the Blocked Account Agreement states, at Section 12:

"Termination. The Borrower shall have no right to terminate this Agreement or the account agreements relating to the Collection Accounts without the written consent of the CREDITOR . . ."

46. The conduct of the parties since the maturity of the Credit Facilities also contradicts the claim that obligations under the Credit Agreement have expired. The Borrower has continued to submit weekly borrowing requests, and Bridging has continued to fund to those requests. Even since the Demands were issued, Bridging funded payroll and insurance, and continues to receive borrowing requests.

47. It has always been Bridging's understanding that the Borrower was solely in the business of canning and that 6921 was not in any business other than being a holding company. The Borrower's last available financial statements, the unaudited and un-reviewed statements from 2015, show farming revenue of \$153,669 for that year and loss of \$55,222 for the prior year, 2014. Since those financial statements were not audited or even reviewed, Bridging has no way to judge the accuracy of these figures, but they suggest that whatever farming the Borrower was carrying on, if any, represented only about one percent of its overall activities, on average. A copy of the Borrower's 2015 financial statements is attached as **Exhibit "R"** to this Affidavit.

APPOINTMENT OF THE INTERIM RECEIVER AND RECEIVER

48. For the above reasons, Bridging believes that there is an urgent need to preserve and protect the assets of the Borrower by the immediate *ex parte* appointment of an interim receiver and the subsequent appointment of a full receiver.

49. The Borrower is at a critical time in its season as commitments have to be made immediately to the growers for this year's supply and the purchase of seeds has to be funded. Bridging is willing to fund these critical expenses and the ongoing operations, but it has lost

faith in the Borrower's abilities and intention. Bridging will therefore only fund with the oversight and control of a receiver.

50. Pursuant to subsection 8.4 of the GSAs, Bridging has the right, upon an event of default, to seek the court-appointment of a receiver over any or all of the assets of the Borrower and 6921. Pursuant to section 10.9 of the GSAs, the Borrower and 6921 submitted to the jurisdiction of the courts sitting in Toronto.

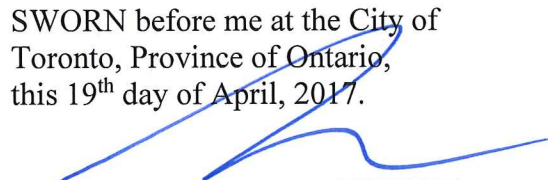
51. Bridging has, at all times, acted in good faith and with considerable patience towards the Borrower, including by continuing to provide overadvances in the face of mounting events of default. At this time, however, Bridging considers it just and equitable that a receiver be appointed over Borrower and 6921.

52. Richter is a licensed trustee and has consented to act as Interim Receiver and Receiver should the Court so appoint it.

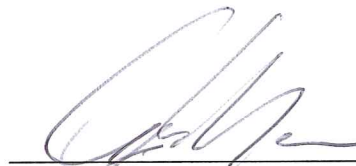
53. In light of the foregoing, the Interim Receiver must be appointed immediately on *an ex parte* basis and its power expanded to that of the Receiver upon notice to the Borrower and 6921 at a date to be set by the Court upon appointment of the Interim Receiver.

54. This Affidavit is made in support of the within application for the appointment of Richter as receiver of Borrower and 6921, and for no other or improper purpose whatsoever.

SWORN before me at the City of
Toronto, Province of Ontario,
this 19th day of April, 2017.



Commissioner of Oaths, etc.

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)
)


Graham Marr

TAB 1(j)

Attached is Exhibit "J" Referred to in the
AFFIDAVIT OF KEN ROSENSTEIN
Sworn before me this 10th day of November, 2017



Commissioner of Oaths, etc.

Archived: April-19-17 12:51:23 PM
From: David T. Ullmann
Sent: April-16-17 8:53:11 PM
To: Ken Rosenstein
Cc: Alexandra Teodorescu; Sam Babe
Subject: Thomas Canning
Importance: Normal

Ken,

I have had a chance to review our without prejudice discussion with our clients. However, certain important facts were brought to my attention over the weekend which alter how my clients wish to proceed.

First, please note that my clients are “farmers” as defined within the *Farm Debt Mediation Act*. They are obviously engaged in commercial farming. As a result, they are entitled to the protections provided under that statute.

I have reviewed the demand letters sent by your firm on April 5th, 2017. While those letters do include a notice under section 244 of the Bankruptcy and Insolvency Act, which would expire at the end of the day tomorrow (assuming it was properly constituted and sent etc.), it does not appear that a notice was sent to my clients under section 21 of the FDMA. As such, in accordance with section 22(1) of the FDMA, the BIA notice is invalid, as is the accompanying demand. Even if you had issued such a notice under the FDMA, you will know that the notice period under that statute runs for 15 business days. As of today, there have only been 6 business days since April 5th, as a result of the weekends and the Easter break.

Therefore, even under the most liberal interpretation had your client issued an FDMA notice (which it appears they did not), my clients have a further 9 business days during which they can consider their options and during which your client cannot take other steps to enforce their debt and security against them, such as it is. It is our position that you must reissue your demands with an FDMA notice to enforce, if you wish to do so, and then, if required, issue new demands and 244 notices after the FDMA notice expires. I can advise you that unless you issue a section 21 notice, or produce an FDMA notice for our review which was properly sent and received by our clients on or after April 5th, 2017 (which my clients advise has not happened), they will certainly take the position in resisting any unilateral enforcement your client may try that your client is statute barred from doing so.

It has also been drawn to our attention that the loan agreement, dated July 5, 2015, which we believe to be the central loan agreement, had a term of 18 months. We have not been provided with a written extension of that agreement and we are advised by our clients that the agreement was never extended. As such, it appears that the loan agreement expired on January 3rd, 2017. While the termination of the agreement does not remove the obligation of our clients to repay amounts that are outstanding, it does remove certain operating restrictions required under that agreement, including without limitation, the requirement to continue to deposit future amounts into a blocked account swept by your client.

Finally, I am advised that our clients are in the midst of one of their two most important seasons. For your information, our client must purchase approximately \$50,000 worth of seeds immediately. These seeds are to be provided to the company's greenhouse operations. The greenhouse operators are also requiring a substantial up front deposit given the problems which the company had last year. I am given to understand that the necessary deposit is in the range of \$100,000 (approximately half the final bill which will be due in May). As you will understand, the growing season for tomatoes is finite. Ideally, the company should have delivered the seed to the greenhouse last week, or even the week before. If they wait any longer, the seedlings (which are grown from the seeds by the greenhouse) will not be ready in time to be planted to ensure that the crop can be harvested before the Fall frost. Also, the company has growers under contract to grow these seedlings into crops. If the seeds are not delivered to the greenhouse, the seedlings will not be delivered to the growers and those growers may not be available when needed if there is further delay. Truly this is an absolutely critical moment in the economic cycle of this company and it cannot be suspended while we negotiate a solution.

All the foregoing provides a new dynamic to our negotiations which I was unaware of when we had our call on Friday.

As such, my clients intend to proceed as follows. They will continue with their engagement of MNP and continue to review their financial affairs so as to be able to make a transparent report to your clients as to their financial position and to better assist them in making sensible decisions moving forward. I hope that some material reporting can be made available this week. While we are negotiating, they will deposit all future receipts into a new account (not the blocked account), but MNP will audit all receipts and withdrawals from that account. Any surplus amounts not required for critical business operations (such as payroll, seed purchase, machinery maintenance, professional fees, utilities, etc.) will be left in that account. No amounts will be used to pay any payroll to any of the principals of the company, or to pay any amounts which are owing to any of the principals of the company for their shareholder loans or past advances. Any future advances made by the shareholders will be secured advances, although I am hoping no such future advances are required. We will seek to address how to deal with the repayment of the shareholders amounts in the future, once the immediate critical moment has passed.


We will seek to negotiate with you over the period of the FDMA notice period towards a path forward once that notice period (and any future BIA notice period) expires. If such a mutually acceptable resolution cannot be found, the company will likely make an application under the FDMA to allow for the use of a mediator and the appointment of a guardian, as provided for in that statute.

The company has the right to a notice period within which the law recognizes it should have the chance to stabilize its business and consider its options. The longer period of notice under the FDMA (as opposed to the BIA) recognizes that farming is a business which should not be stopped abruptly. I would also note that the company is under no obligation to appoint MNP or otherwise provide the cash controls we are proposing in this letter, but they are doing so in the interest of demonstrating that, regardless of the confusion on both sides about the past, their intent going forward is to make sure the business survives and there is a proper opportunity to consider all options.

I look forward to reviewing this with you once you have reviewed it with your client. I am sure you will want to discuss it with me. While I am not available for the balance of the day today, I will be available at 9 AM tomorrow for such a call or through most of the morning tomorrow.

Regards,

David

 2 Queen Street East | Suite 1500
Toronto, Ontario M5C 3G5

David T. Ullmann
Partner

dullmann@blaney.com

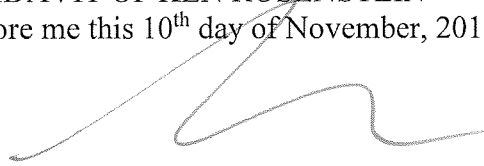
📞 416-596-4289 | 📠 416-594-2437

🌐 Blaney.com

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TAB 1(k)

Attached is Exhibit "K" Referred to in the
AFFIDAVIT OF KEN ROSENSTEIN
Sworn before me this 10th day of November, 2017

A handwritten signature in dark ink, consisting of a series of fluid, connected strokes. The signature is positioned above a horizontal line.

Commissioner of Oaths, etc.

IN THE MATTER OF AN APPLICATION PURSUANT TO SUBSECTIONS 47(1) AND 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT,
R.S.C. 1985, c. B-3, AS AMENDED;

BRIDGING FINANCE INC., as agent for SPROTT
BRIDGING INCOME FUND LP

THOMAS CANNING (MAIDSTONE) LIMITED and 692194
ONTARIO LIMITED

Applicant

Respondents

Court File No. CV-17-11773-00CL

May 20, 2017

In my view, on the basis of the material
before me, an interim receiver is warranted.
In light of the dissipation of funds, it is
appropriate that this application be brought
on an ex parte basis. Come back date of
April 28, 2017.

D. Reilly

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
PROCEEDING COMMENCED AT TORONTO

APPLICATION RECORD

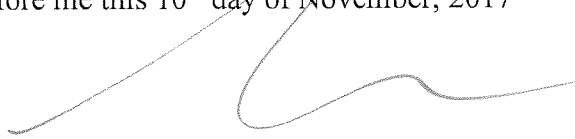
AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
Suite 1800, Box 754
181 Bay Street
Toronto, Ontario M5J 2T9

Sam Babe - LSUC # 49498B
Tel: 416.863.1500
Fax: 416.863.1515
Email: sbabe@airdberlis.com

Lawyers for the Applicant, Bridging Finance Inc., as
Agent For Sprott Bridging Income Fund LP

TAB 1(I)

Attached is Exhibit "L" Referred to in the
AFFIDAVIT OF KEN ROSENSTEIN
Sworn before me this 10th day of November, 2017

A handwritten signature in dark ink, consisting of a series of fluid, connected loops and strokes, positioned above a horizontal line.

Commissioner of Oaths, etc.

ACCOMMODATION AGREEMENT

THIS ACCOMMODATION AGREEMENT (this “**Accommodation Agreement**”) is made with effect as of the 29th day of April, 2017 and is entered into by and among:

BRIDGING FINANCE INC., as Administrative and Collateral Agent for
Sprott Bridging Income Fund LP

- and -

THOMAS CANNING (MAIDSTONE) LIMITED, as Borrower

- and -

692194 ONTARIO LIMITED, as Guarantor

- and -

WILLIAM THOMAS, ROBERT THOMAS AND JOHN THOMAS,
as Limited Guarantors

RECITALS:

- A. Thomas Canning (Maidstone) Limited (the “**Borrower**”) is indebted to Bridging Finance Inc. (“**Bridging**”) and the other lenders under the Credit Agreement (as defined below) with respect to certain credit facilities (the “**Credit Facilities**”) granted pursuant to and under the terms of a Credit Agreement dated July 3, 2015 among and between Bridging as administrative and collateral agent (in such capacity, the “**Agent**”) for Sprott Bridging Income Fund LP (together with the Agent, the “**Lender**”), 692194 Ontario Limited, as guarantor (“**6921**”) and each of William Thomas, Robert Thomas and John Thomas, as limited guarantors (collectively, the “**Personal Guarantors**” and, together with 6921, the “**Guarantors**”, and the Guarantors together with the Borrower, the “**Obligors**”), as amended by a First Amending Letter Agreement dated May 17, 2016, a Second Amending Letter Agreement dated May 31, 2016, and a Third Amending Letter Agreement dated July 26, 2016 (collectively, and as further amended, supplemented, restated, replaced or renewed from time to time, the “**Credit Agreement**”).
- B. As security for the payment of all advances made to and obligations of the Borrower under the Credit Facilities and all other present and future indebtedness, fees, costs, expenses and other liabilities owing by the Borrower to the Lender (collectively, the “**Obligations**”), the Agent holds the security made by the Borrower detailed in **Schedule “A”** to this Accommodation Agreement (as amended, supplemented, restated, replaced or renewed from time to time, the “**Borrower’ Security**”).
- C. The Guarantors have delivered the guarantees of the Obligations in favour of the Agent and the Lenders detailed on **Schedule “A”** to this Accommodation Agreement (the “**Guarantees**”) and have granted security to the Agent detailed on **Schedule “A”** to this

Accommodation Agreement for their respective obligations under the Guarantees (as amended, supplemented, restated, replaced or renewed from time to time, collectively, the “**Guarantors’ Security**” and, together with the Borrower’s Security, the “**Security**”).

- D. The Borrower is in breach of its obligations under the Credit Agreement as a result of the Events of Default detailed on **Schedule “B”** to this Accommodation Agreement (collectively, the “**Existing Defaults**”).
- E. As a result of the Existing Defaults, the Agent, by its counsel, issued demands for repayment of the Obligations to each of the Obligors (collectively, the “**Demands**” and, each, a “**Demand**”), which Demands, in the case of the Borrower and 6921, were accompanied by Notices of Intention to Enforce Security (collectively, the “**BIA Notices**”) pursuant subsection 244(1) of the *Bankruptcy and Insolvency Act* (the “**BIA**”), all dated April 5, 2017.
- F. The notice period set out in the BIA Notices has expired and the Obligors have failed to repay the outstanding Obligations and the Agent is entitled to pursue any and all remedies to enforce its rights pursuant to the Credit Agreement, the Security and the other Credit Documents, as such term is defined in the Credit Agreement (hereinafter, the “**Credit Documents**”), as well as under Applicable Laws, including, without limitation, the right to appoint, or seek the court-appointment of, a receiver over the Borrower and 6921.
- G. The Obligors breached their obligations in respect of the Cash Management (as defined below). On April 20, 2017, the Agent filed an application with the Ontario Superior Court of Justice (Commercial List) in Toronto (the “**Court**”), under Court file number CV-17-11773-00CL, for: (1) the *ex parte* appointment of Richter Advisory Group Inc. (“**Richter**”) as interim receiver over the Borrower and 6921 (in such capacity, the “**Interim Receiver**”) pursuant to subsection 47(1) of the *Bankruptcy and Insolvency Act* (the “**BIA**”) and the subsequent appointment of Richter as receiver of the Borrower and 6921 (in such capacity, the “**Receiver**”) pursuant to subsection 243(1) of the BIA (the “**Original Application**”).
- H. Also on April 20, 2017, the Agent obtained an Order of the Court, made on an *ex parte* basis, appointing the Interim Receiver (the “**Interim Receivership Order**”).
- I. On April 21, 2017, the Agent filed an amended Original Application, expanding the proposed legislative basis for the appointment of the Receiver to include section 101 of the *Courts of Justice Act* (Ontario) (as amended, the “**Application**”, and the Court proceedings commenced thereby, the “**Receivership Proceedings**”).
- J. The Obligors have requested that the Agent forbear from exercising and enforcing any rights and remedies available under Applicable Laws or under the Credit Documents and the adjournment of the Receivership Proceedings arising as a result of the Existing Defaults to allow the Borrower to conduct a refinancing, investment and/or sale solicitation process (“**RISP**”).
- K. The Obligors have also requested that Lender provide certain funding of “critical payments” to the Borrower under the Credit Facilities, on the terms and conditions and

subject to the limitations as specified in the Credit Agreement as amended by this Accommodation Agreement.

NOW THEREFORE, in consideration of the premises above, the respective covenants of the parties hereto as herein contained, and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Accommodation Agreement, unless the context otherwise requires, all capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to them in the Credit Agreement. All monetary amounts referred to in this Agreement shall refer to Canadian currency save and except where the initials "U.S." appear in reference to any sum, in which event such reference shall be to currency of the United States of America.

1.2 Gender and Number

Words importing the singular include the plural and vice versa and words importing gender include all genders.

1.3 Severability

Each of the provisions contained in this Accommodation Agreement is distinct and severable, and a declaration of invalidity, illegality or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision of this Accommodation Agreement.

1.4 Headings

The division of this Accommodation Agreement into articles, sections and clauses, and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Accommodation Agreement.

1.5 Attornment

The parties hereto irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario and, in first instance, the Court, for all matters arising out of or in connection with this Accommodation Agreement.

1.6 Conflicts

If there is any inconsistency or conflict between the terms of this Accommodation Agreement and the terms of the Credit Documents, the provisions of this Accommodation Agreement shall prevail to the extent of such inconsistency or conflict, but the foregoing shall not apply to limit or

restrict in any way the rights and remedies of the Lender under the Credit Documents or this Accommodation Agreement other than as may be specifically contemplated herein.

ARTICLE 2

ACKNOWLEDGEMENTS AND CONFIRMATIONS

2.1 Acknowledgements and Confirmations

The Obligors hereby irrevocably and unconditionally acknowledge, agree, represent, warrant, confirm and agree as follows:

- (a) the statements contained in the Recitals of this Accommodation Agreement are true and accurate in every respect;
- (b) the Security is fully enforceable by the Agent against the Obligors and the Agent is entitled to exercise all of its rights and remedies under the Security;
- (c) the Obligations under the Credit Agreement as of the date of this Accommodation Agreement set out on **Schedule "C"** hereto are owing by the Obligors, jointly and severally, to the Agent and Lenders unconditionally, without offset, defence or counterclaim of any kind, nature or description whatsoever, except with regard to the limitations on the principal amount of the obligations of the Personal Guarantors under their respective Guarantees;
- (d) the Existing Defaults have occurred and are continuing and each constitutes an Event of Default under the Credit Agreement for all purposes (but not a Termination Event under this Accommodation Agreement) and the Obligors will not assert or exercise any right of defence, dispute, counterclaim or other right, claim, demand, challenge, objection or appeal of any kind in respect of such Existing Defaults, other than in opposition to any attempt to use such Existing Defaults as a basis for terminating this Accommodation Agreement;
- (e) each of the Demands and the BIA Notices has been validly and effectively given to the Obligor to which it was addressed in full compliance with the Credit Documents and Applicable Laws and will remain in full force and effect at all times until the Obligations are paid to the Agent in full, subject only to the provisions of this Accommodation Agreement;
- (f) the notice period set out in the BIA Notices has expired;
- (g) the Agent has not waived and shall not be deemed to have waived any of the Existing Defaults and the Agent has validly and effectively accelerated all Obligations and, subject only to the provisions of this Accommodation Agreement, the Agent is immediately entitled, in respect of the Existing Defaults, without limitation or restriction of any kind and as it may determine in its sole discretion, to take and exercise all rights, remedies, actions, proceedings and claims available to the Agent as secured creditor under or in respect of the Credit Agreement, the Obligations, the Credit Documents or otherwise under Applicable

Laws, including, without limitation, the appointment of a receiver, an interim receiver or trustee in bankruptcy under the BIA (such rights, remedies, action, proceedings and claims, collectively, “**Lender Enforcement Actions**”);

- (h) nothing in this Accommodation Agreement constitutes a withdrawal or revocation of any of the Demands or the BIA Notices, or a waiver by or on behalf of the Agent of any Existing Defaults, a waiver of any other or future defaults or Events of Defaults under the Credit Agreement, the Security or the other Credit Documents or a waiver of any Lender Enforcement Actions relating to any existing or other or future defaults or Events of Default under the Credit Agreement, the Security, the other Credit Documents or Applicable Laws (including the Existing Defaults), or a waiver of the obligation of the Obligors to pay the entirety of the Obligations to the Agent when due;
- (i) the Credit Agreement, the Security and the other Credit Documents are in full force and effect, constitute legal, valid and binding obligations of the Obligors enforceable against the Obligors in accordance with their terms, and each Obligor hereby waives and agrees not to assert or cause to be asserted on its behalf, and is hereby estopped from asserting or causing to be asserted on its behalf, any rights of defense, dispute, counterclaim, set-off, deduction or other rights, claims, demands, challenges, objections or appeals of any kind whatsoever arising from or relating to any matter, cause or thing whatsoever existing as of the date of this Accommodation Agreement, whether in respect to the legal effect of any of the Credit Documents or the legality, validity or binding effect of the obligations of the Obligors thereunder or the enforceability of same;
- (j) this Accommodation Agreement has been duly executed and delivered by a duly authorized officer on behalf of each Obligor and constitutes a legal, valid and binding obligation of the Obligors, enforceable in accordance with its terms;
- (k) this Accommodation Agreement has been fairly and freely negotiated between sophisticated commercial parties having received the benefit of independent legal advice of experienced legal counsel, and the Obligors are entering into this Agreement voluntarily with full understanding of the nature and consequences of same and without duress, bad faith, unreasonable or oppressive conduct, undue influence or other unfair advantage of any kind by or on behalf of the Agent or any other person;
- (l) nothing herein shall require or constitute an agreement on the part of the Agent (i) to forbear from taking or exercising any Lender Enforcement Actions at any time in respect of any other or future Event of Default; or (ii) to forbear in the exercise of any Lender Enforcement Actions at any time upon or following the occurrence of any Forbearance Termination Event (as defined in section 6.1 below);
- (m) as of the date hereof, the Agent has acted in a commercially reasonable manner and the Obligors, are estopped from disputing same;

- (n) as of the date hereof, the Borrower has remained in possession and control of its business and assets at all times;
- (o) the Obligors do not fall under the definition of “farmer” in the *Farm Debt Mediation Act* (the “**FDMA**”) and are hereby estopped from disputing same and/or from making any claim under the FDMA and hereby waive any right to assert that they are a “farmer” or have any rights under the FDMA;
- (p) in entering into this Accommodation Agreement, the Agent is relying on the covenants, acknowledgements, agreements, representations and warranties of the Obligors being true and correct at all times and that all such covenants, acknowledgements, agreements, representations and warranties are and will continue to be in full force and effect at all times, both before, during and after any Forbearance Period (as defined in section 3.1 below), notwithstanding (i) that any of the forbearance conditions in section 3.2 below (the “**Forbearance Conditions**”) may not be satisfied or waived, or (ii) any expiry of the Forbearance Period;
- (q) all terms and conditions of the Credit Documents shall continue in full force and effect save and except as amended by this Accommodation Agreement, and to the extent than any provision thereof conflicts with this Accommodation Agreement, this Accommodation Agreement shall prevail to the extent of such conflict;
- (r) the existing cash management arrangements contemplated in the Credit Agreement (the “**Cash Management**”), including pursuant to which Bridging has full cash dominion over the Borrower’s CDN\$ and U.S.\$ collection accounts at the Toronto main branch of the Bank of Montreal (“**BMO**”) under the terms of a Blocked Account Agreement between the Agent, the Borrower and BMO dated as of June 29, 2015 (the “**Blocked Account Agreement**”), are being and shall continue to be maintained in order for the Agent to maintain the collateral monitoring and protection that it currently has over all proceeds of Collateral under the terms of the Credit Agreement and the Blocked Account Agreement;
- (s) despite the oversight and approval role of the Monitor (as defined in section 5.2 below), the Borrower shall remain, and be deemed to remain, in possession and control of its business throughout the Forbearance Period (as defined in subsection 3.1(a) below); and
- (t) title to the generator/cooling system in the possession of one or more of the Personal Guarantors, all growing contracts for the 2017 season and all seeds supplied in connection therewith are legally and beneficially solely owned and held by the Borrower.

ARTICLE 3 FORBEARANCE

3.1 Forbearance

- (a) In reliance upon the representations, warranties and covenants of the Obligors contained in this Accommodation Agreement, the Agent agrees to forbear from exercising its rights and remedies under the Security, the Guarantees and under Applicable Laws in accordance with the terms and conditions of this Accommodation Agreement, and any document(s) executed in connection herewith, for the period (the “**Forbearance Period**”) commencing on the date the conditions precedent in subsection 3.2(a) are confirmed satisfied or waived by the Agent in writing and ending on the earliest of:
 - (i) June 30, 2017 (the “**Outside Date**”);
 - (ii) the occurrence of any Forbearance Termination Event (as defined in section 6.1 below); and
 - (iii) the completion of an acceptable transaction under Section 3.2(d) below;or such later date as agreed to in writing by the Agent and the Obligors (the “**Forbearance Termination Date**”).
- (b) Subject to the satisfaction of the conditions in subsection 3.2(a), the Agent agrees that it shall take no further action or proceedings in furtherance of the Demands or the BIA Notices during the currency of the Forbearance Period.
- (c) Upon the expiration or termination of the Forbearance Period, the agreement of the Agent to forebear shall automatically and without further action terminate and be of no further force and effect, it being expressly agreed that the effect of such termination will be to permit the Agent, at its option, to take all Lender Enforcement Actions on not less than two (2) Business Days’ notice to the Obligors and the Monitor.
- (d) If no acceptable offer is received and/or transaction is completed under the RISP as set out in Section 3.2(d) below or the Obligations are not repaid by the Outside Date, the Agent will, if requested by the Borrower, extend the Forbearance Period to allow for further operations of and an orderly wind-down of the Borrower’s canning business (the “**Business**”), provided that the Monitor recommends such extension and advises the Agent that the Borrower can survive and operate solely on its own cash flow without any deterioration of the Business, customer base or value of Agent’s secured position or Collateral and provided further that no Forbearance Termination Event has occurred and that the Individual Guarantors have and continue during such extension to fully cooperate with the Monitor in all respects. For greater certainty, the concept of “operate solely on its own cash flow” requires that the Lender will make advances to the Borrower, during the extension, as recommended by the Monitor, in amounts equal the amount of the

cash flow deposited into the Blocked Account and but no further advances can be required of the Lender.

3.2 Conditions

As conditions to the Agent's forbearance and funding obligations under this Accommodation Agreement:

Conditions Precedent

- (a) As conditions precedent to the parties hereto being able to rely on any aspect of this Accommodation Agreement:
 - (i) each of the Obligors shall have executed and delivered this Accommodation Agreement;
 - (ii) the Agent and the Obligors shall have obtained the Monitor Order as set out in section 5.2 below;

Operations

- (b) The Obligors shall comply with and operate the Business in a manner consistent with the following:
 - (i) the recommendations and approvals of the Monitor and any 13-week cash flow projections/budget to be prepared by the Monitor with the assistance of the Obligors, as such projections may only be modified from time to time by the Monitor with the written consent of the Agent (the "**Cash Flows**");
 - (ii) the RISP;
 - (iii) shall at any and all times and in all respects obtain the prior approval of the Monitor, act on all recommendations of the Monitor, and not attempt to hinder, delay, interfere with or frustrate the efforts of the Monitor, in respect of any business decisions including regarding sales, supply and expenditures;
 - (iv) not sell any assets out of the ordinary course of business or attempt to remove them from their existing collateral locations without the prior written approval of the Monitor and the Agent;
 - (v) any cash disbursements including but not limited to cheque requisitions, wire transfers requests and electronic fund transfers requests shall be reviewed and approved by the Monitor prior to execution by the senior officers of the Borrower.

- (c) The Borrower shall not pay any salary, bonuses or shareholder loans or any other form of remuneration or reimbursement to any related party, including the Personal Guarantors.

Refinancing, Investment and/or Sale Solicitation Process

- (d) The Monitor, with the assistance of the Obligors, shall implement the RISP in accordance with the following structure and milestones:
 - (i) the RISP will seek proposals for one or more of: (A) refinancing of the Obligations; investment in the Borrower; purchase of the Borrower's business and assets, including its owned real estate core to its canning operations (the "**Plant Lands**"); and (B) purchase of the Borrower's and 6921's real estate other than the Plant Lands (the "**Agricultural Lands**");
 - (ii) Phase 1 of the RISP shall commence no later than May 8, 2017 ("**Phase 1**"):
 - (A) the Monitor shall, with the assistance of the Obligors, prepare and send a teaser to a list of persons who may have interest in bidding for the refinancing or sale of or investment in the Business (the "**Known Potential Bidders**"), which list shall be compiled by the Monitor with the assistance of the Obligors and the Agent;
 - (B) the Monitor will, with the assistance of the Obligors, prepare and enter into non-disclosure agreements in form and substance satisfactory to the Monitor with known Potential Bidders who are likely to be able to consummate a transaction (each, a "**Qualified Bidder**");
 - (C) the Monitor shall, with the assistance of the Obligors, grant access to Qualified Bidders to a data room (the "**Data Room**");
 - (D) the Monitor shall market the Business so as to allow for a bid that includes the assumption of the remaining obligations of the company's Totes lease(s);
 - (E) non-binding letters of intent (each, an "**LOI**") will be accepted from Qualified Bidders by no later than 5:00 p.m. (Eastern Standard time) on May 26, 2017;
 - (iii) the Monitor may extend these milestones at any time, with the consent of the Agent;
 - (iv) the Monitor may not accept bids to purchase the Business or Plant Lands at any time prior to May 26, 2017 and the Monitor shall be under no obligation to accept any offer including any offer that would not pay out the Obligations (as at the closing date) in full;

- (v) by no later than June 2, 2017 (“**Phase 2**”):
 - (A) the Monitor shall:
 - (1) in consultation with the Agent, review each LOI received and, if necessary, request clarification from the applicable Qualified Bidders to assess each LOI based on, among other things: (i) the form and amount of consideration, investment or credit being offered, including any adjustments and/or non-cash consideration; (ii) the demonstrated financial capability of the Qualified Bidder to consummate the proposed transaction; (iii) the conditions to closing of the proposed transaction; and (iv) the estimated time to closing the proposed transaction in relation to the Outside Date;
 - (2) the Monitor shall share such LOIs with the Obligors and may seek their input and assistance (provided they have declared their interest in writing as not being a potential bidder); and
 - (3) with the consent of the Agent and subject to the reservation of the right of the Monitor and/or the Agent to not accept any LOI, select the most favourable of any acceptable LOI(s);
 - (B) upon selection of an acceptable LOIs the applicable Qualified Bidder shall conduct any further due diligence it requires and, by the end of Phase 2, waive any condition other than the procurement of a sale approval order and provide a deposit of not less than 10% of the total proposed cash consideration; and
- (vi) by no later than June 15, 2017 (“**Phase 3**”) and upon waiver of any condition other than the procurement of a sale approval order, the Monitor shall negotiate and finalize the required definitive agreements with the applicable Qualified Bidder;
- (vii) the Monitor shall promptly seek court approval (in the Receivership Proceedings) of and close the chosen transaction(s) by no later than the Outside Date;
- (viii) the above milestone dates may be adjusted or extended by the Monitor for the sale of Agricultural Lands if no acceptable offer was made for such Agricultural Lands and the Monitor recommends such adjustment or extension;
- (ix) the Lender shall not be a Qualified Bidder in the RISP, but reserves its right to credit bid any portion of the Obligations if no LOIs acceptable to

the Monitor and Agent are received and/or any such transaction is not successfully completed; and

- (x) the Lender may assign its debt and security at any time, provided that, a) so long as no Forbearance Termination Event has occurred, the Lender shall not assign the personal Guarantees without the consent of the Personal Guarantors, b) the assignee shall not be assigned this Accommodation Agreement and shall not be entitled to rely upon the acknowledgements and consents to enforcement contained herein or the right to enforce that debt and security as a result of the Existing Defaults. For clarity, an entity who takes an assignment of the debt and security would only be able to enforce that debt and security over the Obligors upon the occurrence of a new Event of Default thereafter.
- (e) The Monitor shall provide the Agent and the Obligors or its advisors with weekly progress reports on the RISP.

Credit Facilities, Cash Management and Interim Repayment

- (f) The Borrowers shall continue to be liable for all interest on all amounts outstanding under the Credit Documents in accordance with section 4.1 hereof.
- (g) The Borrowers shall at any and all times maintain the Cash Management.

Co-operation

- (h) The Obligors shall fully cooperate with the Agent and the Monitor in preparing the Cash Flows and with all other matters associated with valuations or assessments on any of the property of the Borrower or 6921 that forms part of the Collateral.
- (i) The Obligors shall permit the Monitor to discuss their affairs, finances and condition with the Agent and their advisors.
- (j) The Obligors shall promptly provide all information requested by the Agent or the Monitor, including any legal counsel, financial advisors, or appraisers engaged on behalf of the Agent or the Monitor, and shall provide full access to the books, records, property and assets of the Obligors wherever they may be situated, which right of access shall include the right to inspect, appraise and take possession of any such property and assets of the Borrower and 6921.
- (k) The Obligors shall fully cooperate and grant full access to the Monitor's security contractors and otherwise assist the Monitor in securing the property of the Borrower and 6921.
- (l) The Obligors shall fully cooperate with the Monitor in the implementation of this Accommodation Agreement, any order of the Court and the RISP.

- (m) The Monitor shall be permitted to engage whatever advisors and consultants it deems necessary or advisable.

Financial Performance and Reporting

- (n) the Obligors shall continue to honour all reporting requirements as are presently provided for in the Credit Agreement, including any rights of the Agent for additional reporting as it may be entitled to (whether as a result of the occurrence of an Event of Default or otherwise) pursuant to the Credit Agreement or this Accommodation Agreement;
- (o) the Obligors shall immediately notify the Agent in writing of any material adverse change after the date hereof in the business or financial condition of the Borrower, or the occurrence of any Event of Default or Forbearance Termination Event (other than the Existing Defaults), or any event which with notice or lapse of time or both would constitute an Event of Default or Forbearance Termination Event.

ARTICLE 4 INTEREST RATES

4.1 Interest Rates

The Loans under the Credit Agreement and all other Obligations arising from or related to such Loans (including all Obligations outstanding as at the date hereof), until a Forbearance Termination Event as hereinafter defined, shall continue to bear interest during the Forbearance Period at the rate of interest provided under the Credit Agreement upon the occurrence of an Event of Default or demand.

ARTICLE 5 OBLIGATIONS OF THE LENDER DURING FORBEARANCE PERIOD

5.1 Loan Availability

Subject to a Forbearance Termination Event, the Lender shall continue to provide advances under the Credit Agreement (but without further reference to any borrowing base calculation which would, but for this Accommodation Agreement, impact such advances) during the Forbearance Period in order to fund the “critical payments” requested by the Obligors and recommended and approved by the Monitor. For greater certainty, the Lender shall not be obligated to fund full normal course operations during the Forbearance Period, but rather only amounts which are necessary to allow the Borrower to continue to operate the Business for the duration of the Forbearance Period. The Lender will, in accordance with and upon the Monitor’s review and recommendation, fund the payment of the reasonable fees and disbursements of the Borrower’s counsel, Blaney McMurtry LLP, incurred in connection with this Accommodation Agreement or the Monitor Order, up to a maximum amount of \$20,000, and the reasonable fees and disbursements incurred by said counsel during the Forbearance Period also in accordance with the Monitor’s review and recommendation but excepting any fees and disbursements relating to work done in opposition to motions brought by the Monitor or the Agent in connection with the RISP or any transaction resulting from the RISP.

5.2 Receivership Proceedings

The Agent shall, on May 1, 2017, seek an Order, in form and substance satisfactory to Richter, the Obligors and the Agent (the “**Monitor Order**”), discharging Richter as Interim Receiver and reappointing it as a monitor of the Borrower and 6921 (in such capacity, the “**Monitor**”). The Monitor’s powers under the Monitor Order shall not include taking possession or control of the property of the Borrower and 6921, but shall include power to secure the property, powers of approval and oversight of sales, supply, expenditures and other business decisions, the power to implement the RISP, the power to report to the Court and to the Agent and the power to appoint counsel, agents, consultants and advisors of its choosing. The Monitor Order shall also terminate any stay of proceedings against other creditors but not against any governmental or licensing body or agency in favour of the Borrower and 6921, but will provide for a stay in favour of the Monitor as well as provide for borrowing powers and a borrowing and administrative charge and the dispensing of any public and/or statutory notices required under the BIA or other Applicable Law. At the same hearing, the Application for the Receivership Order (for a full BIA subsection 243(1) receiver) will be adjourned until a date to be set.

ARTICLE 6 FORBEARANCE TERMINATION EVENTS

6.1 Forbearance Termination Events

This Accommodation Agreement shall forthwith terminate upon the happening of any one or more of the following events (each called a “**Forbearance Termination Event**”)

- (a) if at any time any Obligor consents to or makes a general assignment for the benefit of creditors or takes advantage of, any insolvency, restructuring, reorganization or similar legislation, including the FDMA, or take any corporate step in furtherance of the foregoing, or is declared bankrupt, or if a liquidator, trustee in bankruptcy, bailee, custodian, interim receiver, receiver or receiver and manager or other officer with similar powers is appointed or taking any proceedings with respect to any Obligor or a related or affiliated company or any of its respective property, or any step in furtherance of any of the foregoing is taken by any Obligor or a related or affiliated company, its respective directors or officers, affiliates or any third party (excluding the Receivership Proceedings);
- (b) if at any time any Obligor seeks interim financing for the Business, outside the RISP, from a third party without prior written approval from the Agent;
- (c) if the Obligors fail to achieve any milestone in the RISP after June 1, 2017, including as specified in subsection 3.2(d) hereof (including if no LOIs received are determined to be acceptable);
- (d) the failure to obtain an order of the Court appointing the Monitor in form and substance acceptable to Agent, Richter and the Obligors;

- (e) the occurrence of any Event of Default under the Credit Agreement or any other Loan Document other than the Existing Defaults or any Event of Default caused by:
 - (i) the Receivership Proceedings or
 - (ii) the RISP or any actions taken in accordance therewith; and
 - (iii) any payments by the Borrower on account of pre-Receivership Proceedings critical supplier claims, where such payments have been approved and recommended by the Monitor;
- (f) the Obligors default in the performance or observance of any covenant, term, agreement or condition of this Accommodation Agreement;
- (g) the failure of the Obligors to seek the approval of the Monitor hereunder with respect to decisions concerning the Business or the failure to follow or implement the recommendations of the Monitor concerning the Business or any attempt to hinder, delay, interfere with or frustrate the Monitor, its mandate hereunder, or the implementation of the RISP as set out in section 3.2(d) hereof;
- (h) if any confirmation, representation or warranty given by the Obligors herein is untrue or incorrect, other than if rendered untrue or incorrect by the existence of the Existing Defaults, the RISP or the Receivership Proceedings;
- (i) if the Obligors challenge in any manner the legality, validity, or enforceability this Accommodation Agreement, the Credit Agreement, any Security or any other Loan Documents or any order of the Court or challenges any of the liabilities or obligations owing to the Lender;
- (j) any failure by the Obligors, at the end of the Forbearance Period to pay the total then-outstanding Obligations to the Agent in full and without any claim, counterclaim, set-off, deduction or dispute of any kind;
- (k) any threatened garnishment, seizure other similar action or proceeding against any Collateral; or
- (l) the expiry of the Forbearance Period.

Each Forbearance Termination Event shall be deemed an Event of Default pursuant to the Credit Agreement and the other Loan Documents. Upon the occurrence of a Forbearance Termination Event, the Agent shall be entitled, but not required to exercise in respect of the Existing Defaults or any other Event of Default all rights and remedies under this Accommodation Agreement, the Credit Agreement, the other Loan Documents or otherwise. Without limiting the foregoing and effective upon the occurrence of a Forbearance Termination Event, the Obligors hereby consent to the immediate appointment of a receiver over the Borrower and 6921 pursuant to the Application for Receivership Order and hereby agree not to contest the appointment, on return of

the Application, of Richter as receiver or interim receiver or the appointment of any other receiver/interim receiver selected by the Agent, over the Collateral of the Borrower and 6921.

ARTICLE 7 GENERAL PROVISIONS

7.1 Release

Each of the Obligors (collectively, the “**Releasors**”) hereby releases, remises, acquits and forever discharges and indemnifies and holds harmless the Agent, the Lender, the Interim Receiver and Richter (in its personal capacity) and each of their respective employees, agents, representatives, consultants, attorneys, advisors, fiduciaries, servants, officers, directors, partners, predecessors, successors and assigns, affiliates, subsidiary corporations, parent corporations, related corporate divisions, shareholders, participants and assigns (all of the foregoing hereinafter called the “**Released Parties**”), of and from any and all actions and causes of action, judgments, executions, suits, debts, claims, demands, liabilities, obligations, setoffs, recoupments, counterclaims, defences, damages and expenses of any and every character, known or unknown, suspected or unsuspected, direct and or indirect, at law or in equity, of whatsoever kind or nature, whether heretofore or hereafter arising, for or because of any matter or things done, omitted or suffered to be done by any of the Released Parties prior to and after the date hereof, and in any way directly or indirectly arising out of or in any way connected to this Accommodation Agreement, the Credit Agreement, the Security (and any enforcement relating thereto), any of the other Loan Documents, the Interim Receivership or the Monitor Order other than as a result of the Monitor’s gross negligence or wilful misconduct (all of the foregoing hereinafter called the “**Released Matters**”). Each Releasor acknowledges that the agreements in this Section are intended to be in full satisfaction of all or any alleged injuries or damages arising in connection with the Released Matters and constitute a complete waiver of any right of setoff or recoupment, counterclaim or any defence of any nature whatsoever with respect to the Released Matters or which might limit or restrict the effectiveness or scope of its agreements in this Section. Each Releasor represents and warrants that it has no knowledge of any claim by it against the Released Parties or of any facts, or acts or omissions of the Released Parties which on the date hereof would be the basis of a claim by the Releasors against the Released Parties which is not released hereby. Each Releasor represents and warrants that it has not purported to transfer, assign, pledge or otherwise convey any of its right, title or interest in any Released Matter to any other person or entity and that the foregoing constitutes a full and complete release of all Released Matters. The Releasors have granted this release freely, and voluntarily and without duress.

It is hereby understood and agreed that the Guarantees of John Thomas, Robert Thomas and William Thomas, and any claim which the Agent or Lender may have against Julie Thomas, will be released by the Agent upon: i) the successful completion of a transaction under the RISP, ii) the expiry of the Forbearance Period in the ordinary course and not as a result of a Forbearance Termination Event or any discovery of any fraudulent activity, behaviour or conduct; or iii) upon the completion of any orderly wind down of the Business as set out and in accordance with Section 3.1(d) above; provided that there has been no Event or Default (other than the Existing Defaults) under the Credit Agreement and there has been no Forbearance Termination Event hereunder including no breach of the obligations of the Obligors hereunder to fully cooperate with the Agent and the Monitor. In addition, provided the aforementioned conditions for release

of the personal Guarantees has been met, the Agent will, upon the completion of any realization over the property of 6921 in furtherance of its guarantee to the Agent, release the guarantee of 6921. In addition, if the conditions for releasing the Guarantees have been met, the Agent will also release any claim it may have against any of the foregoing entities in connection with any Existing Defaults, provided that this paragraph shall not require the Agent to release any claim against any such party for fraudulent activity, behaviour or conduct.

7.2 Effect of this Agreement

Except as modified pursuant hereto, no other changes or modifications to the terms of the Obligations, the Loan Documents or the other financing agreements are intended or implied and in all other respects the terms of the Obligations, the Loan Documents and the other financing agreements are confirmed.

7.3 Cost and Expenses

The Obligors hereby remain liable to the Agent whether or not all of the transactions contemplated by this Accommodation Agreement are consummated, for all reasonable costs, fees, expenses and disbursements of the Agent chargeable pursuant to the Credit Agreement or this Accommodation Agreement, and its legal and financial advisors (or any supplemental legal or financial advisors retained by the Agent) engaged by it in connection with the preparation, negotiation, execution, delivery, administration, interpretation or enforcement of this Accommodation Agreement, the Credit Agreement, the other Loan Documents and any agreements delivered in connection with the transactions contemplated hereby or thereby, and the RISP. The Agent continues to be authorized and directed to debit the account of the Borrower for such amounts. Without limiting the generality of the foregoing, the Obligors acknowledge and agree that the Agent shall have the right, at any time after the date hereof, to retain, within its sole discretion, upon reasonable terms and conditions, supplemental legal advisors and financial advisors of its sole choosing, and the costs and expenses thereof shall be for the account of the Obligors.

7.4 Further Assurances

The parties hereto shall execute and deliver such supplemental documents and take such supplemental action as may be necessary or desirable to give effect to the provisions and purposes of this Accommodation Agreement all at the sole cost and expense of the Borrower.

7.5 Binding Effect

This Accommodation Agreement shall be binding upon and enure to the benefit of each of the parties hereto and their respective heirs, executors, administrators, trustees, successors and assigns.

7.6 Survival of Representations and Warranties

All representations and warranties made in this Accommodation Agreement or any other document furnished in connection herewith shall survive the execution and delivery of this Accommodation Agreement and such other document, and no investigation by the Agent or any

closing of any transaction contemplated herein shall affect the representations and warranties or the rights of the Agent to rely upon such representations and warranties.

7.7 No Novation

This Accommodation Agreement will not discharge or constitute novation of any debt, obligation, covenant or agreement contained in the Credit Agreement or any of the other Loan Documents but same shall remain in full force and effect save to the extent same are amended by the provisions of this Accommodation Agreement.

7.8 Notice

Any notice, demand or other communication required or permitted to be given to any party hereunder shall be given in writing and addressed as follows:

in the case of Agent:

Bridging Finance Inc.
77 King Street West, Suite 2925
Toronto, Ontario M5K 1K7

Attention: Natasha Sharpe
Email: nsharpe@bridgingfinance.ca

In the case of the Obligor:

c/o Thomas Canning (Maidstone) Limited
326 South Talbot Road
Maidstone, Ontario N0R 1K0

Attention: William Thomas
Email: williamt@thomascanning.net

with a copy to Monitor:

Richter Advisory Group Inc.
181 Bay Street, Suite 3320
Toronto, Ontario M5J 2T3

Attention: Clark Lonergan
Email: CLonergan@Richter.ca

Any such notice shall be deemed to be sufficiently given if personally delivered or sent by facsimile transmission, and in each case shall be deemed to have been received by the other party on the same day on which it was delivered or sent by facsimile transmission, if such day is a Business Day, and, if not, on the next following Business Day.

7.9 Execution in Counterparts


This Agreement may be executed and delivered by facsimile and in any number of counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same agreement.

7.10 Governing Law

This Agreement shall be exclusively (without regard to any rules or principals relating to conflict of laws) governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first above mentioned.

**BRIDGING FINANCE INC.,
as agent for Sprott Bridging Income Fund LP**

By: 
Name: _____
Title: _____

**THOMAS CANNING (MAIDSTONE)
LIMITED**

By: _____
Name: _____
Title: _____

692194 ONTARIO LIMITED

By: _____
Name: _____
Title: _____

Witness: David Ullman

William Thomas

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)	
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)	
_____ Witness: David Ullman)	_____ Robert Thomas
)	

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)	
_____ Witness: David Ullman)	_____ John Thomas
)	

SCHEDULE “A”
SECURITY AND GUARANTEES

Guarantee Agreement dated as of July 3, 2015 made by 692194 Ontario Limited in favour of Bridging Finance Inc., as agent for Sprott Bridging Income Fund LP.

General Security Agreement dated as of July 3, 2015 made by Thomas Canning (Maidstone) Limited in favour of Bridging Finance Inc., as agent for Sprott Bridging Income Fund LP.

Assignment of Insurance Policies Agreement dated as of July 3, 2015 made by Thomas Canning (Maidstone) Limited and 692194 Ontario Limited in favour of Bridging Finance Inc., as agent and collateral agent for Sprott Bridging Income Fund LP.

General Security Agreement dated as of July 3, 2015 made by 692194 Ontario Limited in favour of Bridging Finance Inc., as agent for Sprott Bridging Income Fund LP.

Securities Pledge Agreement dated as of July 3, 2015 made by 692194 Ontario Limited in favour of Bridging Finance Inc., as agent for Sprott Bridging Income Fund LP.

First ranking Charge in the amount \$21,365,650.00 registered on July 3, 2015 against the properties owned by Thomas Canning (Maidstone) Limited and 692194 Ontario Limited and municipally known as 346 and 372 South Talbot Road, Maidstone, ON and 3782 Maidstone Townline Road, Maidstone, ON in favour of Bridging Finance Inc., as agent for Sprott Bridging Income Fund LP.

General Assignment of Rents dated July 3, 2015 executed by Thomas Canning (Maidstone) Limited and 692194 Ontario Limited registered against the property owned by Thomas Canning (Maidstone) Limited and 692194 Ontario Limited and municipally known as 346 and 372 South Talbot Road, Maidstone, ON and 3782 Maidstone Townline Road, Maidstone, ON in favour of Bridging Finance Inc., as agent for Sprott Bridging Income Fund LP.

Blocked Account Agreement made as of June 29, 2015 between Bank of Montreal, Thomas Canning (Maidstone) Limited and Bridging Finance Inc., as agent for Sprott Bridging Income Fund LP.

Guarantee Agreement dated as of July 3, 2015 made by William Thomas in favour of Bridging Finance Inc., as agent for Sprott Bridging Income Fund LP, limited to the principal sum of \$250,000.

Guarantee Agreement dated as of July 3, 2015 made by Robert Thomas in favour of Bridging Finance Inc., as agent for Sprott Bridging Income Fund LP, limited to the principal sum of \$250,000.

Guarantee Agreement dated as of July 3, 2015 made by John Thomas in favour of Bridging Finance Inc., as agent for Sprott Bridging Income Fund LP, limited to the principal sum of \$250,000.

Postponement and Assignment of Claim given July 3, 2015 by John Thomas, Robert Thomas and William Thomas in favour of Bridging Finance Inc., as agent for Sprott Bridging Income Fund LP.

SCHEDULE "B"
EXISTING DEFAULTS

- (1) Failure to repay when due the Seasonal Overadvance under the Facility A Loan.
- (2) Failure to repay when due the Temporary Loan made pursuant to the First Amending Letter Agreement dated May 17, 2016.
- (3) Failure to repay the Facilities at the end of the Term.
- (4) Failure to repay the Facilities on demand.
- (5) The failures detailed in the Affidavit of Graham Maar, sworn April 20, 2017 (in the Receivership Proceedings) to deposit receipts into the Blocked Account and the related misdirections of funds of the Borrower to other accounts.
- (6) Breaches of trust by the Borrower and related persons in failing to deposit the receipts reference in (5) above into the Blocked Account or otherwise remit the same to the Lender, and the commingling of the same trust funds.
- (7) The submission of inaccurate borrowing base certificates to the Lender prior to the date hereof.
- (8) Any lawsuit, action, proceeding or threatened lawsuit, action or proceeding which has occurred prior to the date hereof, the existence of which may otherwise be an Event of Default.
- (9) Failures to provide reports to the Lender as required under the Credit Agreement prior to the date hereof.

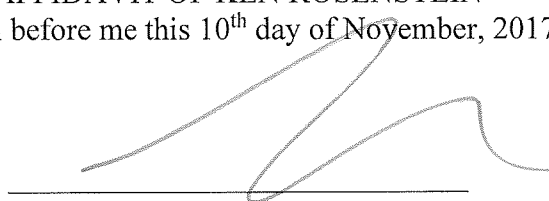
**SCHEDULE “C”
OBLIGATIONS**

[to be inserted]

29169375.2

TAB 1(m)

Attached is Exhibit "M" Referred to in the
AFFIDAVIT OF KEN ROSENSTEIN
Sworn before me this 10th day of November, 2017

A handwritten signature in black ink, consisting of a series of loops and a final horizontal stroke, positioned above a solid horizontal line.

Commissioner of Oaths, etc.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR

) MONDAY, THE 1ST DAY

)

JUSTICE NEWBOULD

) OF MAY, 2017

BETWEEN:

**BRIDGING FINANCE INC.,
as agent for SPROTT BRIDGING INCOME FUND LP**

Applicant

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED

Respondents

**IN THE MATTER OF AN APPLICATION PURSUANT TO SUBSECTIONS 47(1) AND
243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS
AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.
C.43, AS AMENDED**

**ORDER
(Appointment of Monitor)**

THIS APPLICATION made by the Applicant for an Order pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “CJA”), appointing Richter Advisory Group Inc. (“**Richter**”) as monitor (in such capacity, the “**Monitor**”) of each of Thomas Canning (Maidstone) Limited (“**Thomas Canning**”) and 692194 Ontario Limited (together with Thomas Canning, the “**Debtors**”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Graham Marr sworn April 19, 2017, and the exhibits thereto, and the Report of Richter in its capacity as Court-appointed Interim Receiver (the “**Interim Receiver**”) dated April 28, 2017 (the “**IR Report**”), and on hearing the submissions of counsel for the Applicant, counsel for the Debtors and no one appearing for any other person although duly served as appears from the affidavit of service of Paula Hoosain sworn April 21, 2017 and on reading the consent of Richter to act as the Monitor,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby validated and that this Application is properly returnable today and hereby dispenses with further service thereof.

INTERIM RECEIVERSHIP

2. **THIS COURT ORDERS** that the IR Report, and the activities of the Interim Receiver referred to therein, be and are hereby approved.

3. **THIS COURT ORDERS** that Richter is hereby discharged as Interim Receiver of the undertaking, property and assets of the Debtors, provided however that, notwithstanding its discharge herein, (a) Richter shall remain Interim Receiver for the performance of such incidental duties as may be required to complete the administration of the interim receivership herein (the “**Interim Receivership**”), and (b) Richter shall continue to have the benefit of the provisions of the Interim Receivership Order made in this proceeding on April 20, 2017 (the “**Interim Receivership Order**”), including the Interim Receivership Charge (as such term is defined in the Interim Receivership Order) and all approvals, protections and stays of proceedings in favour of Richter in its capacity as Interim Receiver.

4. **THIS COURT ORDERS AND DECLARES** that the Interim Receiver, having not taken possession or the Debtors’ current assets, did and does not have the obligations of a receiver under sections 81.4(5) or 81.6(3) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) or under the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s. 1 (“**WEPPA**”).

5. **THIS COURT ORDERS** that Richter is authorized to take down the Interim Receivership Case Website established pursuant to paragraph 23 of the Interim Receivership Order.

6. **THIS COURT ORDERS AND DECLARES** that Richter be and is hereby released and discharged from any and all liability that Richter now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of Richter while acting in its capacity as Interim Receiver herein, save and except for any gross negligence or wilful misconduct on the Interim Receiver's part. Without limiting the generality of the foregoing, Richter is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within Interim Receivership proceedings, save and except for any gross negligence or wilful misconduct on the Interim Receiver's part.

7. **THIS COURT ORDERS** that, notwithstanding its discharge hereby, the Interim Receiver and its legal counsel shall pass their accounts in accordance with paragraph 17 of the Interim Receivership Order at a later date.

APPOINTMENT

8. **THIS COURT ORDERS** that pursuant to section 101 of the CJA, Richter is hereby appointed Monitor of the Debtors and of all of their assets, undertakings and properties (the “Property”).

MONITOR’S POWERS

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

- (a) to monitor, make recommendations and approve of all matters concerning the management and operation of the Debtors’ business as has been agreed to between the Debtors and the Applicant;

- (b) to market the Debtors' business and/or any or all of the Property in accordance with the terms of such refinancing, investment and/or sale process as agreed to among and between the Applicant, the Debtors and the Monitor, provided any resulting sale or sales of all or substantially all of the Property acquired for or used in relation to the business of Thomas Canning shall be subject to prior approval of this Court on motion brought by the Debtors or the Applicant in the Receivership Proceedings;
- (c) to engage consultants, appraisers, examiners, advisors, 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 Monitor's powers and duties, including without limitation those conferred by this Order;
- (d) to report to, meet with and discuss with such affected Persons (as defined below) as the Monitor deems appropriate on all matters relating to the Property, and to share information, subject to such terms as to confidentiality as the Monitor deems advisable; and
- (e) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

10. **THIS COURT ORDERS AND DECLARES** that:

- (a) the Monitor shall not take possession or control, nor shall it be deemed to have taken possession or control, of the Debtors' business or the Property;
- (b) the Monitor shall not be and shall not be deemed to be a receiver for purposes of subsection 243(1) of the BIA; and
- (c) the appointment of the Monitor shall not be and shall not be deemed to be a change of control of the Debtors.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE MONITOR

11. **THIS COURT ORDERS** that (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents, advisors, 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 Monitor of the existence of any Property in such Person’s possession or control and shall grant immediate and continued access to the Property to the Monitor.

12. **THIS COURT ORDERS** that all Persons shall forthwith advise the Monitor 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 Monitor or permit the Monitor to make, retain and take away copies thereof and grant to the Monitor unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 12 or in paragraph 13 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 Monitor due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

13. **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 Monitor for the purpose of allowing the Monitor 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 Monitor in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Monitor. Further, for the purposes of this paragraph, all Persons shall provide the Monitor with all such assistance in gaining immediate access to the information in the Records as the Monitor may in its discretion require including

providing the Monitor with instructions on the use of any computer or other system and providing the Monitor with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE MONITOR

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

NO INTERFERENCE WITH THE DEBTORS

15. **THIS COURT ORDERS** that no regulatory body shall discontinue, fail to honour, alter, repudiate or terminate or cease to perform any right, renewal right, contract, agreement, certificate, certification, consent, approval, licence or permit in favour of or held by Thomas Canning or Thomas Canning’s manufacturing plant without written consent of the Monitor or leave of this Court.

EMPLOYEES

16. **THIS COURT ORDERS** that all employees of the Debtors shall remain the employees of the Debtors until such time as the Debtors’ may terminate the employment of such employees. The Monitor shall not be liable for any employee-related liabilities, including: (a) any successor employer liabilities; (b) any obligations of a receiver under sections 81.4(5) or 81.6(3) of the BIA or under WEPPA; or (c) any liability as an employer or sponsor of any workers employed or to be employed by the Debtors through the Temporary Foreign Worker Program or the International Mobility Program.

PIPEDA

17. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Monitor may 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 Monitor, 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 Monitor, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

18. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor 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**”). The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor’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.

LIMITATION ON THE MONITOR’S LIABILITY

19. **THIS COURT ORDERS** that the Monitor 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. Nothing in this Order shall derogate from the any protections afforded the Monitor herein or by any applicable legislation.

MONITOR’S ACCOUNTS

20. **THIS COURT ORDERS** that the Monitor and counsel to the Monitor shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Monitor and counsel to the Monitor shall be entitled to and are hereby granted a charge (the

“**Monitor’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 Monitor’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 the Interim Receiver’s Charge (as defined in the Interim Receivership Order), with which it shall rank *pari passu*. The Monitor’s Charge shall rank in priority to the Interim Receiver’s Borrowings Charge (as defined in the Interim Receivership Order).

21. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

CASH MANAGEMENT

22. **THIS COURT ORDERS** that the Debtors shall be required to continue to comply with cash management arrangements as set out and required under letter credit agreement dated July 3, 2015, as amended, between Thomas Canning, the Applicant and others, and the blocked account agreement dated June 29, 2015 entered into between Bank of Montreal, the Applicant and Thomas Canning.

GENERAL

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

24. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as a BIA section 243(1) receiver or a trustee in bankruptcy of the Debtors.

25. **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 Monitor and/or the Debtors and their respective 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

Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Monitor and its agents in carrying out the terms of this Order.


26. **THIS COURT ORDERS** that the Monitor 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 Monitor 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.

27. **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 Debtors and the Monitor 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.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

MAY 01 2017

PER / PAR: 

**BRIDGING FINANCE INC., as agent for
SPROTT BRIDGING INCOME FUND LP**
Applicant

And **THOMAS CANNING (MAIDSTONE) LIMITED and 692194
ONTARIO LIMITED**

Respondents

Court File No. CV-17-11773-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
PROCEEDING COMMENCED AT TORONTO**

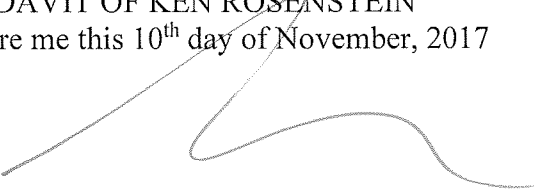
**ORDER
(APPOINTMENT OF MONITOR)**

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
Suite 1800, Box 754
181 Bay Street
Toronto, Ontario M5J 2T9

Sam Babe - LSUC No. 49498B
Kyle B. Plunkett - LSUC No. 61044N
Tel: 416.863.1500
Fax: 416.863.1515
Email: sbabe@airdberlis.com / kplunkett@airdberlis.com
Lawyers for the Applicant

TAB 1(n)

Attached is Exhibit "N" Referred to in the
AFFIDAVIT OF KEN ROSENSTEIN
Sworn before me this 10th day of November, 2017



Commissioner of Oaths, etc.

ASSET PURCHASE AGREEMENT

THIS AGREEMENT is made as of the 15th day of June, 2017,

B E T W E E N:

RICHTER ADVISORY GROUP INC., solely in its capacity as Court-appointed receiver of the property, assets and undertakings of THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED and not in its personal capacity and without personal or corporate liability

(hereinafter referred to as the “**Vendor**”)

- and –

2581150 ONTARIO INC.

(hereinafter referred to as the “**Purchaser**”)

RECITALS

- A. Pursuant to the Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated May 1, 2017 (the “**Monitor Order**”), Richter Advisory Group Inc. (“**Richter**”) was appointed as monitor (the “**Monitor**”) of the property, assets and undertakings (collectively, the “**Property**”) of Thomas Canning (Maidstone) Limited (“**TCL**”) and 692194 Ontario Limited (“**692**” and together with TCL, the “**Company**”).
- B. Pursuant to paragraph 9(b) of the Monitor Order, the Court authorized the Monitor to market the Property in accordance with the terms of a refinancing, investment and/or sale process, provided that any resulting sale of the Property acquired for or used in relation to the Company’s business would be subject to prior approval of the Court on a motion brought by, among others, Bridging Finance Inc. as agent for Sprott Bridging Income Fund LP (“**Bridging**”).
- C. Bridging is scheduled to bring an application returnable on June 21, 2017 for the appointment of Richter as Court-appointed receiver of the Company and the Property (the

“Receiver”), and, if appointed, will be requesting that the Court authorize the Receiver to execute this Agreement as Vendor.

- D. Subject to the granting of the Approval and Vesting Order and the Appointment Order (each as defined below), the Vendor has agreed to sell to the Purchaser, and the Purchaser has agreed to purchase from the Vendor, the right, title and interest of the Company in and to the Purchased Assets (as defined below) in accordance with the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the promises and mutual covenants and agreements contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, the following terms shall have the meanings set out below unless the context requires otherwise:

“692” has the meaning ascribed thereto in the recitals hereto.

“Access Period” has the meaning ascribed to it in Section 6.1.

“Accounts Receivable” means all accounts receivable, bills receivable, trade accounts, book debts, HST refunds and insurance claims Related to the Business, including recoverable deposits, including any unpaid interest on such items and any security or collateral for such items, including without limitation those listed in Schedule 1.1.

“Agreement” means this Agreement, including the Schedules to this Agreement, as it or they may be amended or supplemented from time to time, and the expressions “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions refer to this Agreement and not to any particular Section or other portion of this Agreement.

“Applicable Law” means, with respect to any Person, property, transaction, event or other matter, any Law relating or applicable to such Person, property, transaction, event or other matter. Applicable Law also includes, where appropriate, any interpretation of the Law (or any part) by any Person having jurisdiction over it, or charged with its administration or interpretation.

“Appointment Order” has the meaning ascribed thereto in the recitals hereto.

“Approval and Vesting Order” means an order, in form and substance acceptable to the Purchaser and the Vendor, acting reasonably, made by the Court approving the Transaction and this Agreement and vesting in the Purchaser, upon delivery of the Receiver’s Certificate by the

Vendor to the Purchaser, all the right, title and interest of the Company in the Purchased Assets free and clear of all Liens (except the Permitted Liens).

“Assumed Liabilities” has the meaning ascribed to it in Section 2.7.

“Books and Records” means all books, records, files and papers Related to the Business or the Purchased Assets including, but not limited to, drawings, manuals and data related to equipment, computer hardware and software and phone systems, computer system passwords, combinations and keys to locks and other safety and storage systems, sales and purchases correspondence, trade association files, lists of present and former customers and suppliers, security and alarm system records, personnel, employment and other records, and all copies and recordings of the foregoing.

“Bridging” has the meaning ascribed thereto in the recitals hereto.

“Bridging Indebtedness” means any and all amounts owing by the Company to Bridging as at the date of the discharge of the Receiver, inclusive of principal, interest, escrow amounts, fees, and costs which amount shall be net of and take into account all amounts owed by the Company that were paid in priority to the amounts owed by the Company to Bridging, including without limitation and any and all amounts pursuant to any indemnity provided by Bridging, amounts secured by the Interim Receiver’s Borrowings Charge, the Interim Receiver’s Charge, the Monitor’s Charge, the Receiver’s Borrowings Charge, the Receiver’s Charge, statutory deemed trust amounts, amounts payable under the *Bankruptcy and Insolvency Act* (Canada), and all fees, costs and expenses incurred by the Receiver, including Taxes, in any way related to the sale transaction contemplated herein, or in connection with operating and administering the receivership proceeding and any and all previous or subsequent proceedings, including without limitation any costs incurred with respect to any appeals of all applicable court orders.

“Business” means the businesses carried on by the Company which primarily involved the wholesale production of a variety of organic and conventional tomato products including pastes, sauces, canned tomatoes, and juices.

“Business Day” means any day except Saturday, Sunday or any day on which banks are generally not open for business in the City of Toronto.

“Canadian Dollars” means the lawful currency of Canada.

“Closing” means the completion of the purchase and sale of the Purchased Assets in accordance with the provisions of this Agreement.

“Closing Date” means June 21, 2017 or such other date as may be agreed to by the Parties in writing.

“Closing Time” means the time of closing on the Closing Date provided for in Section 4.1.

“Company” has the meaning ascribed thereto in the recitals hereto.

"Contracts" means the rights and interests of the Company to and in the executory contracts, agreements, leases, and arrangements listed in Schedule 1.2.

"Court" has the meaning ascribed thereto in the recitals hereto.

"Deposit" has the meaning given in Section 2.3.

"Environmental Law" means any and all applicable international, federal, provincial, state, municipal or local laws, by-laws, statutes, regulations, treaties, orders, judgments, decrees, ordinances, official directives and all authorizations relating to the environment, occupational health and safety, health protection or any Hazardous Materials.

"Ereg" has the meaning given in Section 2.10.

"Excluded Assets" means the property, assets and undertakings of the Company listed on Schedule 1.3.

"Goodwill" means the goodwill Related to the Business, including all right, title and interest of the Company in, to and in respect of all elements which contribute to the goodwill Related to the Business, including goodwill represented by customer and supplier lists and the logos of the Company.

"Governmental Entities" means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law or regulation-making organizations or entities: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory, state or other geographic or political subdivision thereof; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power and "Governmental Entity" means any one of them.

"Hazardous Materials" means any contaminants, pollutants, substances or materials that, when released to the natural environment, could cause, at some immediate or future time, harm or degradation to the natural environment or risk to human health, whether or not such contaminants, pollutants, substances or materials are or shall become prohibited, controlled or regulated by any Government Entity and any "contaminants", "dangerous substances", "hazardous materials", "hazardous substances", "hazardous wastes", "industrial wastes", "liquid wastes", "pollutants" and "toxic substances", all as defined in, referred to or contemplated in federal, provincial and/or municipal legislation, regulations, orders and/or ordinances relating to environmental, health and/or safety matters and, not to limit the generality of the foregoing, includes asbestos, urea formaldehyde foam insulation and mono- or poly-chlorinated biphenyl wastes.

"HST" means the harmonized sales tax imposed under Part IV of the *Excise Tax Act* (Canada).

"Intellectual Property" means all rights to and interests in:

- (a) all business and trade names, corporate names, brand names and slogans Related to the Business including “Thomas’ Utopia Brand”;
- (b) all inventions, patents, patent rights, patent applications (including all reissues, divisions, continuations, continuations-in-part and extensions of any patent or patent application), industrial designs and applications for registration of industrial designs and associated rights Related to the Business;
- (c) all copyrights and trade-marks (whether used with goods or services and including the goodwill attaching to such trade-marks), registrations and applications for trade-marks and copyrights (and all future income from such trade-marks and copyrights) Related to the Business;
- (d) all rights and interests in and to processes, lab journals, notebooks, data, trade secrets, designs, know-how, product formulae and information, manufacturing, engineering and other drawings and manuals, technology, blue prints, research and development reports, agency agreements, technical information, technical assistance, engineering data, design and engineering specifications, and similar materials recording or evidencing expertise or information Related to the Business;
- (e) all other intellectual and industrial property rights throughout the world Related to the Business;
- (f) all rights of the Company in all confidentiality, non-compete, non-solicitation and intellectual property assignment agreements;
- (g) all licences of the intellectual property listed in items (a) to (e) above;
- (h) all future income and proceeds from any of the intellectual property and licences listed in items (a) to (e) above and the licences listed in item (f) above;
- (i) all rights to damages and profits by reason of the infringement of any of the intellectual property listed in items (a) to (f) above;
- (j) all phone numbers; and,
- (k) all websites, including www.thomasutopiabrand.com and www.thomascanning.com.

“Interim Receiver” means Richter in its capacity as Court-appointed interim receiver of the Property pursuant to the Interim Receiver Order.

“Interim Receiver Order” means the order of the Court dated April 20, 2017 appointing Richter as Interim Receiver.

“Interim Receiver’s Borrowings Charge” means the charge granted by the Court over the Property pursuant to paragraph 19 of the Interim Receiver Order.

“Interim Receiver’s Charge” means the charge granted by the Court over the Property in favour of the Interim Receiver and its counsel pursuant to paragraph 16 of the Interim Receiver order.

“Inventory” means all inventories of stock-in-trade and merchandise including materials, supplies, seeds, plants, finished goods, repair and service parts Related to the Business (including those in possession of suppliers, customers, co-processors, growers and other third parties), including, without limitation, those listed on Schedule 1.4.

“Law” means common law, order, judgment, decree, law, statute, rule, or regulation of any Governmental Entity.

“Liabilities” means all costs, expenses, charges, debts, liabilities, claims, demands and obligations, whether primary or secondary, direct or indirect, fixed, contingent, absolute or otherwise, under or in respect of any contract, agreement, arrangement, lease, commitment or undertaking, Applicable Law and Taxes.

“Licences and Permits” means all licences, permits, filings, authorizations, registrations, certificates of approval, approvals, grants, quotas, commitments, rights, privileges or indicia of authority Related to the Business or necessary for the conduct of the Business, excluding those relating to the Intellectual Property but including, without limitation, the Company’s licence with the Ontario Farm Products Marketing Commission, being licence #1944-18 and the Company’s federal plant processing registration with the Canadian Food Inspection Agency, being processor number CFIA #691.

“Lien” means any lien, mortgage, charge, hypothec, pledge, security interest, prior assignment, option, warrant, lease, sublease, right to possession, encumbrance, claim, right or restriction which affects, by way of a conflicting ownership interest or otherwise, the right, title or interest in or to any particular property.

“Monitor” has the meaning given in the recitals above.

“Monitor Order” has the meaning given in the recitals above.

“Party” means a party to this Agreement and any reference to a Party includes its successors and permitted assigns; **“Parties”** means every Party.

“Permitted Liens” means the Liens listed in Schedule 1.5.

“Person” is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity.

"Personal Property" means all machinery, equipment, furniture, fixtures, computer systems and equipment and other chattels Related to the Business or related to the farming operations carried on by the Company, including those assets listed in Schedule 1.6.

"Property" has the meaning given in the recitals above.

"Purchased Assets" has the meaning given in Section 2.1.

"Purchase Price" has the meaning given in Section 2.2.

"Purchase Orders" means all rights and interests of the Company to and in all customer orders for purchases of Inventory, including Inventory yet to be produced.

"Purchaser" has the meaning given in the recitals above.

"Purchaser's Solicitors" means Neil L. Boyko, Barrister, Solicitor and Notary.

"Real Property" means the lands legally described in Schedule 1.7, together with all easements, rights-of-way, privileges and appurtenances attaching thereto and enuring to the benefit thereof.

"Receiver's Borrowings Charge" means the charge granted by the Court over the Property pursuant to the Appointment Order.

"Receiver's Certificate" means the certificate attached to the Approval and Vesting Order and which is to be delivered by the Vendor to the Purchaser at the Closing Time in order to effect the transfer of the Purchased Assets to the Purchaser free and clear of all Liens other than Permitted Liens.

"Receiver's Charge" means the charge granted by the Court over the Property pursuant to the Appointment Order.

"Related to the Business" means, directly or indirectly, used in, arising from, or relating in any manner to the Business or the Purchased Assets.

"Richter" has the meaning ascribed thereto in the recitals hereto.

"Rights" has the meaning given in Section 4.4.

"Taxes" means all taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property and personal property taxes, and any other taxes, customs duties, fees, assessments or similar charges in the nature of a tax including Canada Pension Plan and provincial pension plan contributions, employment insurance payments and workers compensation premiums, together with any instalments with respect thereto, and any interest, fines and penalties, imposed by any governmental authority (including federal, state, provincial, municipal and foreign governmental authorities), and whether disputed or not.

“**TCL**” has the meaning ascribed thereto in the recitals hereto.

“**Transaction**” means the sale and purchase of the Purchased Assets and all matters and transactions ancillary thereto as contemplated by this Agreement.

“**Transfer Taxes**” has the meaning given in Section 2.8.

“**Vendor**” has the meaning given in the recitals above.

“**Vendor's Solicitors**” means Chaitons LLP.

1.2 Headings and Table of Contents.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 No Strict Construction.

The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

1.4 Number and Gender.

Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders. Where the word “including” or “includes” is used in this Agreement, it means “including (or includes) without limitation”.

1.5 Business Days.

If any payment is required to be made or other action is required to be taken pursuant to this Agreement on a day which is not a Business Day, then such payment or action shall be made or taken on the next Business Day.

1.6 Currency and Payment Obligations.

Except as otherwise expressly provided in this Agreement:

- (a) all dollar amounts referred to in this Agreement are stated in Canadian Dollars; and
- (b) any payment contemplated by this Agreement shall be made by cash, certified cheque or any other method that provides immediately available funds.

1.7 Statute References.

Any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time.

1.8 Section and Schedule References.

Unless the context requires otherwise, references in this Agreement to Sections or Schedules are to Sections or Schedules of this Agreement. The Schedules to this Agreement, listed as follows, are an integral part of this Agreement:

Schedule 1.1	Accounts Receivable
Schedule 1.2	Contracts
Schedule 1.3	Excluded Assets
Schedule 1.4	Inventory
Schedule 1.5	Permitted Liens
Schedule 1.6	Personal Property/Fixed Assets
Schedule 1.7	Real Property

ARTICLE 2 PURCHASE AND SALE

2.1 Purchase and Sale of Purchased Assets.

At the Closing Time, subject to the terms and conditions of this Agreement, the Vendor shall sell and the Purchaser shall purchase all of the property, assets and undertaking of the Company (collectively, the “**Purchased Assets**”) and the Purchaser shall assume the Assumed Liabilities. The Purchased Assets include but are not limited to:

- (a) cash, bank balances, moneys in possession of banks and other depositories, term or time deposits and similar cash items of, owned or held by or for the account of the Company as at the Closing Date;
- (b) all prepayments, prepaid charges, deposits, security deposits, sums and fees Related to the Business or in respect of the Purchased Assets;
- (c) the Accounts Receivable;
- (d) the Books and Records;
- (e) the Contracts;
- (f) the Goodwill;
- (g) the Intellectual Property;

- (h) the Inventory;
- (i) the Licences and Permits, to the extent transferrable by the Vendor;
- (j) the Personal Property;
- (k) the Purchase Orders; and
- (l) the Real Property,

but for greater certainty the Purchased Assets do not include the Excluded Assets.

2.2 Amount of Purchase Price.

The purchase price payable by the Purchaser to the Vendor for the Purchased Assets shall be an amount equal to the aggregate of the following, subject to adjustment as set out herein (the "**Purchase Price**"):

- (a) the sum of \$20,000,000;
- (b) the Assumed Liabilities as at Closing; and
- (c) the Bridging Indebtedness.

2.3 Deposit.

The Parties acknowledge and agree that the Purchaser has paid to the Monitor, in trust, the sum of \$2,000,000 as a deposit (the "**Deposit**"). The Receiver shall disburse the Deposit in accordance with the following provisions:

- (a) if the Approval and Vesting Order is not granted by the Court, then the Deposit shall be released from trust to the Purchaser without interest;
- (b) upon the issuance of the Approval and Vesting Order, then the Deposit shall be released from trust and applied towards payment of the Purchase Price; and
- (c) if the purchase and sale of the Purchased Assets is not completed on the Closing Date for any reason other than the failure of the Vendor to obtain the Approval and Vesting Order, then the Deposit shall be released from trust and paid to the Vendor in full satisfaction of all damages, losses, costs and expenses incurred by the Vendor as a result of such failure.

2.4 Satisfaction of Purchase Price.

The Purchase Price shall be satisfied by the Purchaser as follows:

- (a) upon the issuance of the Approval and Vesting Order, the Receiver shall credit and apply the Deposit towards payment of the Purchase Price in accordance with Section 2.3;
- (b) at Closing, \$18,000,000 shall be paid in immediately available funds to the Vendor by way of certified cheque, bank draft or wire transfer, which the Vendor shall credit and apply towards payment of the Purchase Price; and
- (c) assumption of the Assumed Liabilities and the Bridging Indebtedness.

2.5 Allocation of Purchase Price.

The Purchase Price shall be allocated among the Purchased Assets in the manner agreed to by the Purchaser and Vendor prior to Closing (acting reasonably) and the Parties shall ensure that the Parties shall follow the allocations set out therein in determining and reporting their liabilities for any Taxes and, without limitation, shall file their respective income tax returns prepared in accordance with such allocations.

2.6 Excluded Liabilities

Other than the Assumed Liabilities, the Purchaser shall not assume and shall not be liable for any other Liabilities of the Company or the Vendor.

2.7 Assumed Liabilities

At and from the date of Closing, the Purchaser shall assume and be liable for the Assumed Liabilities. The Assumed Liabilities shall consist only of the Liabilities incurred under or in respect of:

- (a) all outstanding Taxes owing or owed with respect to the Real Property;
- (b) the Permitted Liens; and
- (c) the Contracts,

(the foregoing being the “**Assumed Liabilities**”).

2.8 Taxes

- (a) Subject to section subparagraph (b) hereof, the Purchaser will be liable for and will pay, or cause to be paid, any applicable federal, state and provincial Taxes and charges (including sales taxes, goods and services taxes, excise taxes, all land transfer taxes (as required pursuant to the *Land Transfer Tax Act* (Ontario)), value added, ad-valorem, use, consumption, harmonized sales, retail sales, social services, or other similar taxes or duties and any applicable interest, penalties and fines) (other than income taxes of the Vendor) payable under any Applicable Law on or with respect to the sale and purchase of the Purchased Assets under this

Agreement as and when due (collectively, “**Transfer Taxes**”). On or prior to the Closing Time, the Purchaser will either pay the Transfer Taxes to the Vendor or deliver to the Vendor evidence confirming the Purchaser’s payment of or exemption from payment of the Transfer Taxes in form and substance acceptable to the Vendor, acting reasonably. The Purchaser will prepare and file any affidavits or returns required in connection with the foregoing at its own cost and expense. To the extent that any Transfer Taxes are required to be paid by or are imposed upon the Vendor, the Purchaser will reimburse to the Vendor such taxes within five (5) Business Days of payment of such taxes by the Vendor. The Purchaser will indemnify and hold the Vendor harmless in respect of any Transfer Taxes, claims, liabilities, costs and fees for on in connection with payment of the Transfer Taxes, fines, penalties, interest and other amounts that may be assessed against the Vendor under any Applicable Law in connection with or relating to the sale of the Purchased Assets and any claims, liabilities, costs and fees in connection with, relating to or arising from any failure to pay such taxes, fines, penalties and other amounts when due.

- (b) At Closing Time, the Vendor and the Purchaser shall, to the extent applicable, jointly execute elections under Section 167 of the *Excise Tax Act* (Canada) to have the sale of the Purchased Assets take place on a HST-free basis under Part IX of the *Excise Tax Act* (Canada) and the Purchaser shall file such election with its HST return for the reporting period in which the sale of the Purchased Assets takes place.
- (c) The Parties. Shall execute jointly an election in prescribed form under Section 22 of the *Income Tax Act* (Canada) in respect of the Accounts Receivable and shall each file such election with their respective tax returns for their respective taxation years that include the Closing Date.
- (d) The Purchaser agrees to indemnify and save the Vendor harmless from and against all claims and demands for payment of all Taxes payable by Purchaser in connection with the purchase of the Purchased Assets, including penalties and interest thereon and any liability or costs incurred as a result of any failure to pay such taxes when due.
- (e) The Vendor shall pay all sales Taxes payable by the Vendor in connection with the sale of the Purchased Assets.

2.9 Document Preparation and Registration.

The Purchaser shall prepare or cause to be prepared the land transfer tax affidavit to be attached to the application for vesting order. Each of the Parties shall deliver draft documentation to the other not less than one (1) Business Day prior to Closing. Except as otherwise expressly provided in this Agreement, all such documentation shall be in form and have substance satisfactory to the Vendor and the Purchaser, acting reasonably. The Purchaser shall be responsible for and pay all registration costs incurred in connection with the transaction

contemplated in this Agreement. Except as otherwise expressly provided in this Agreement, each of the Vendor and the Purchaser shall be responsible for and pay all legal and other professional/consultant fees and disbursements incurred by it, directly or indirectly, in connection with this Agreement.

2.10 Electronic Registration.

In the event that a system for electronic registration (“**Ereg**”) is operative and mandatory in the applicable land registry office, the Purchaser agrees to cause all necessary procedures to be taken, as may be required by the Vendor or the Vendor’s Solicitors, to complete this transaction using Ereg in accordance with the Law Society of Upper Canada’s guidelines. If Ereg is operative on the Closing Date, (i) the Purchaser agrees to use a lawyer authorized to use Ereg and who is in good standing with the Law Society of Upper Canada, (ii) the Purchaser’s Solicitors will enter into the Vendor’s Solicitors’ standard form of escrow closing agreement or document registration agreement, which will establish the procedures for closing this transaction provided same are in accordance with Law Society guidelines, and (iii) if the Purchaser’s Solicitors are unwilling or unable to complete this transaction using Ereg, then the Purchaser’s Solicitors must attend at the Vendor’s Solicitors’ office or at another location designated by the Vendor’s Solicitors at such time on Closing as directed by the Vendor’s Solicitors to complete the transaction using Ereg utilizing the Vendor’s Solicitors’ computer facilities, in which event, the Purchaser shall pay to the Vendor’s Solicitors a reasonable fee therefor.

ARTICLE 3 PRE-CLOSING MATTERS

3.1 Pre-Closing Risk and Post-Damage Entitlements.

The Purchased Assets are and shall remain at the Vendor’s risk until Closing and the Vendor shall hold all insurance policies and the proceeds thereunder, in trust, for the Parties as their respective interests may appear pending Closing. From and after Closing, the Purchased Assets shall be at the risk of the Purchaser. In the event that the Purchased Assets shall be damaged prior to Closing, then the Vendor shall advise the Purchaser, in writing, within twenty-four (24) hours of the Vendor learning of same. In the event that the Purchased Assets shall be materially damaged prior to Closing then the Vendor shall be entitled, in its sole and absolute discretion, to elect to terminate this Agreement by notice, in writing, to the Purchaser and in such event the Parties hereto shall be released from all obligations and liabilities hereunder. If the Vendor shall not elect to terminate this Agreement as set out above, then the Transaction contemplated hereunder shall be completed and the Purchaser shall be entitled to all proceeds of insurance payable in respect thereof, if any.

ARTICLE 4 CLOSING ARRANGEMENTS

4.1 Closing.

The Closing shall take place at 10:00 a.m. (the “**Closing Time**”) on the Closing Date at the offices of the Vendor’s Solicitors, or at such other time on the Closing Date or such other place as may be agreed orally or in writing by the Vendor and the Purchaser.

4.2 Vendor’s Closing Deliveries.

At the Closing, the Vendor shall deliver or cause to be delivered to the Purchaser the following documents:

- (a) general conveyance and assumption of liabilities agreement, in a form agreed to by the Vendor and the Purchaser prior to Closing (acting reasonably);
- (b) the elections referred to in Section 2.8;
- (c) a Purchase Price allocation agreement referred to in Section 2.5;
- (d) Section 116 certificate;
- (e) registerable form of application for vesting order;
- (f) a certificate, dated as of the Closing Date, confirming that (i) all of the representations and warranties of the Vendor contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date and (ii) that each of the conditions precedent in Section 5.2 of this Agreement have been fulfilled, performed or waived as of the Closing Date;
- (g) the Approval and Vesting Order as issued and entered by the Court and the Receiver’s Certificate; and
- (h) all deeds of conveyance, bills of sale, assurances, transfers, assignments, consents, and such other agreements, documents and instruments as may be reasonably requested by the Purchaser or the Purchaser’s Solicitors to complete the transactions provided for in this Agreement.

4.3 Purchaser’s Closing Deliveries.

At the Closing, the Purchaser shall deliver or cause to be delivered to the Vendor the following documents and payments:

- (a) general conveyance and assumption of liabilities agreement, in a form agreed to by the Vendor and the Purchaser prior to Closing (acting reasonably);

- (b) the payments referred to in Sections 2.4;
- (c) the elections referred to in Section 2.8;
- (d) a Purchase Price allocation agreement referred to in Section 2.5;
- (e) the indemnity provided for under Section 2.8(d);
- (f) Section 116 certificate;
- (g) a certificate, dated as of the Closing Date, confirming that (i) all of the representations and warranties of the Purchaser contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date and (ii) that each of the conditions precedent in Section 5.1 of this Agreement have been fulfilled, performed or waived as of the Closing Date.

4.4 **Non-Transferable and Non-Assignable Purchased Assets.**

To the extent that any of the Purchased Assets to be transferred to the Purchaser on the Closing, or any claim, right or benefit arising under or resulting from such Purchased Assets (collectively, the “**Rights**”) is not capable of being transferred without the approval, consent or waiver of any third Person, or if the transfer of a Right would constitute a breach of any obligation under, or a violation of, any Applicable Law unless the approval, consent or waiver of such third Person or an order of the Court is obtained, then, except as expressly otherwise provided in this Agreement and without limiting the rights and remedies of the Purchaser contained elsewhere in this Agreement, this Agreement shall not constitute an agreement to transfer such Rights unless and until such approval, consent, waiver or order of the Court has been obtained. After the Closing and for a period ending on the earlier of one hundred and twenty (120) days following the Closing or the Business Day the Receiver is discharged by the Court, the Vendor shall, to the best of its ability:

- (a) maintain its existence and hold the Rights in trust for the Purchaser;
- (b) comply with the terms and provisions of the Rights as agent for the Purchaser at the Purchaser’s cost and for the Purchaser’s benefit;
- (c) cooperate with the Purchaser in any reasonable and lawful arrangements designed to provide the benefits of such Rights to the Purchaser; and
- (d) enforce, at the reasonable request of the Purchaser and at the expense and for the account of the Purchaser, any rights of the Vendor arising from such Rights against any third Person, including the right to elect to terminate any such rights in accordance with the terms of such rights upon the written direction of the Purchaser.

In order that the full value of the Rights may be realized for the benefit of the Purchaser, the Vendor shall, at the request and expense and under the direction of the Purchaser, in the name of

the Vendor or otherwise as the Purchaser may specify, take all such action and do or cause to be done all such things as are, in the reasonable opinion of the Purchaser, necessary or proper in order that the obligations of the Vendor under such Rights may be performed in such manner that the value of such Rights is preserved and enures to the benefit of the Purchaser, and that any moneys due and payable and to become due and payable to the Purchaser in and under the Rights are received by the Purchaser. The Vendor shall promptly pay to the Purchaser all moneys collected by or paid to the Vendor in respect of every such Right. To the extent that such approval, consent, waiver or order of the Court has not been obtained by the 120th day following the Closing, such Right shall be deemed to be an Excluded Asset and the Vendor may terminate any agreement pertaining to such Right. The Purchaser shall indemnify and hold the Vendor harmless from and against any claim or liability under or in respect of such Rights arising because of any action of the Vendor taken at the request of the Purchaser and in accordance with this Section.

ARTICLE 5 CONDITIONS OF CLOSING

5.1 Purchaser's Conditions.

The Purchaser shall not be obliged to complete the purchase and sale of the Purchased Assets pursuant to this Agreement unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Purchaser and may be waived, in whole or in part, in writing by the Purchaser at any time; and the Vendor agrees with the Purchaser to take all such actions, steps and proceedings within its reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (a) *Representations and Warranties.* The representations and warranties of the Vendor in Section 7.2 shall be true and correct at the Closing.
- (b) *Vendor's Compliance.* The Vendor shall have performed and complied with all of the terms and conditions in this Agreement on its part to be performed or complied with at or before Closing and shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 4.2 or elsewhere in this Agreement.
- (c) *No Litigation.* There shall be no order for a stay issued for the purpose of enjoining, preventing or restraining the completion of the transactions contemplated hereby or otherwise claiming that such completion is improper.

5.2 Vendor's Conditions.

The Vendor shall not be obliged to complete the transactions contemplated by this Agreement unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the

Vendor, and may be waived, in whole or in part, in writing by the Vendor at any time; and the Purchaser agrees with the Vendor to take all such actions, steps and proceedings within the Purchaser's reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (a) *Purchaser's Compliance.* The Purchaser shall have performed and complied with all of the terms and conditions in this Agreement on its part to be to be performed by or complied with at or before the Closing Time and shall have executed and delivered or caused to have been executed and delivered to the Vendor at the Closing Time all the documents contemplated in Section 4.3 or elsewhere in this Agreement.
- (b) *Order.* The Appointment Order and the Approval and Vesting Order shall not have been stayed, varied or set aside.
- (c) *No Litigation.* There shall be no order for a stay issued for the purpose of enjoining, preventing or restraining the completion of the transactions contemplated hereby or otherwise claiming that such completion is improper.

5.3 **Condition not Fulfilled.**

If any condition in Section 5.2 shall not have been fulfilled at or before the Closing Time, then the Vendor in its sole discretion may, without limiting any rights or remedies available to the Vendor at law or in equity, either:

- (a) terminate this Agreement by notice to the Purchaser in which event the Vendor shall be released from all obligations under this Agreement; or
- (b) waive compliance with any such condition without prejudice to its right of termination in the event of non fulfillment of any other condition.

5.4 **Orders**

The obligations of the Vendor and the Purchaser hereunder are subject to the mutual conditions that:

- (a) the Appointment Order and the Approval and Vesting Order and shall have been made by the Court on June 21, 2017 (or such later date agreed upon by the Parties) approving this Agreement and the Transaction and vesting in the Purchaser all the right, title and interest of the Company in and to the Purchased Assets free and clear of all Liens, other than the Permitted Liens; and,
- (b) the Appointment Order and the Approval and Vesting Order will not have been stayed, varied or vacated and no order will have been issued and no action or proceeding will be pending to restrain or prohibit the completion of the transactions herein contemplated.

The Parties hereto acknowledge that the foregoing conditions are for the mutual benefit of the Vendor and the Purchaser and cannot be waived by either Party.

5.5 Condition not Fulfilled.

If any condition in Section 5.4 shall not have been fulfilled at or before the on or before June 21, 2017 or such later date agreed upon by the Parties, then the Vendor or the Purchaser, in its sole discretion, may terminate this Agreement by notice to the other Party in which event the Deposit shall be promptly returned to the Purchaser and each Party shall be released from all obligations under this Agreement.

**ARTICLE 6
POST-CLOSING MATTERS**

6.1 Access to Books and Records.

The Purchaser shall preserve and keep the Books and Records which relate to the Purchased Assets for a period of two (2) years from the Closing Date or for any longer period as may be required by any applicable Law or Governmental Entity (the “**Access Period**”). Upon reasonable advance notice, after the Closing Date, the Purchaser will grant the Vendor and its respective representatives, reasonable access during normal business hours, to use such Books and Records included in the Purchased Assets, including, without limitation, any personnel files/records to the period up to the Closing and computer systems, tapes, disks, records and software acquired as part of the Purchased Assets.

**ARTICLE 7
REPRESENTATIONS AND WARRANTIES**

7.1 Representations and Warranties of the Purchaser.

As a material inducement to the Vendor’s entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Vendor is entering into this Agreement in reliance upon the representations and warranties of the Purchaser set out in this Section 7.1, the Purchaser represents and warrants to the Vendor as follows:

- (a) *Incorporation and Power.* The Purchaser is a corporation duly incorporated under the laws of the jurisdiction of its incorporation and is duly organized, validly subsisting and in good standing under such laws.
- (b) *Due Authorization.* The Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by it as contemplated by this Agreement and to carry out its obligations under this Agreement and such other agreements and

instruments. The execution and delivery of this Agreement and such other agreements and instruments and the completion of the transactions contemplated by this Agreement and such other agreements and instruments have been duly authorized by all necessary corporate action on the part of the Purchaser.

- (c) *Enforceability of Obligations.* This Agreement constitutes a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms subject, however, to limitations on enforcement imposed by bankruptcy, insolvency, reorganization or other laws affecting the enforcement of the rights of creditors or others and to the extent that equitable remedies such as specific performance and injunctions are only available in the discretion of the court from which they are sought.
- (d) *HST/GST.* The Purchaser is a “registrant” under Part IX of the *Excise Tax Act* (Canada) and its registration number is BN 710900291 RT0001.

7.2 Representations and Warranties of the Vendor.

As a material inducement to the Purchaser’s entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Purchaser is entering into this Agreement in reliance upon the representations and warranties of the Vendor set out in this Section 7.2, the Vendor represents and warrants to the Purchaser as follows:

- (a) *Non-Residency:* The Vendor is not now and does not intend to become, prior to Closing, a non-resident of Canada within the meaning and purpose of Section 116 of the *Income Tax Act* (Canada).
- (b) *Authority to Sell:* Subject to obtaining the Approval and Vesting Order prior to Closing, on Closing the Vendor shall have the power and authority to sell the Purchased Assets, in accordance with the terms and conditions of this Agreement and the Approval and Vesting Order.
- (c) *HST/GST.* TCL is a “registrant” under Part IX of the *Excise Tax Act* (Canada) and its registration number is 10526 5466 RT0001.

7.3 Survival of Representations and Warranties.

The representations and warranties of the Purchaser and Vendor contained in Sections 7.1 and 7.2, respectively, or any other agreement, certificate or instrument delivered pursuant to this Agreement shall survive the Closing for three (3) months.

7.4 “As is, Where is”.

The Purchaser acknowledges that the Vendor is selling the Purchased Assets on an “as is, where is” basis as they shall exist on the Closing Date. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Vendor does not guarantee title to the Purchased Assets and that the Purchaser has conducted such inspections of the condition of and title to the

Purchased Assets as it deemed appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Vendor to sell or assign same save and except as expressly represented or warranted herein, including without limitation that no representation or warranty has been given by the Vendor with respect to the transferability of the Licenses and Permits to the Purchaser. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario) or similar legislation do not apply hereto and have been waived by the Purchaser. The description of the Purchased Assets contained in the Schedules hereto is for the purpose of identification only. No representation, warranty or condition has or will be given by the Vendor concerning completeness or the accuracy of such descriptions. The Purchaser further acknowledges that all written and oral information (including, without limitation, analyses, financial information and projections, compilations and studies) obtained by the Purchaser from the Vendor with respect to the Purchased Assets or otherwise relating to the transactions contemplated in this Agreement has been obtained for the convenience of the Purchaser only and is not warranted to be accurate or complete. The Purchaser further acknowledges that the Vendor shall be under no obligation to deliver the Purchased Assets to the Purchaser and that it shall be the Purchaser's responsibility to take possession of the Purchased Assets.

ARTICLE 8 TERMINATION

8.1 Termination by the Parties

This Agreement may be terminated:

- (a) upon the mutual written agreement of the Vendor and the Purchaser;
- (b) pursuant to Section 5.4 by either Party; and
- (c) pursuant to Section 5.3 by the Vendor.

8.2 Remedies for Breach of Agreement

If this Agreement is terminated as a result of any breach of a representation or warranty, or failure to satisfy a covenant or obligation of a Party, the terminating Party's right to pursue all legal remedies with respect to such breach shall survive such termination. For greater certainty, if any order of the Court is made which directly or indirectly results in the termination of this Agreement, then no Party shall have any remedy, legal or otherwise, against the other Party or its property.

ARTICLE 9 GENERAL

9.1 Non Merger.

Each party hereby agrees that all provisions of this Agreement (other than the conditions in Article 5 and the representations and warranties contained in Sections 7.1 and 7.2) shall forever survive the execution, delivery and performance of this Agreement, Closing and the execution, delivery and performance of any and all documents delivered in connection with this Agreement.

9.2 Further Assurances.

Each Party shall promptly do, execute, deliver or cause to be done, executed and delivered all further acts, documents and things in connection with this Agreement that the other Party may reasonably require, for the purposes of giving effect to this Agreement.

9.3 Expenses.

Each Party shall be responsible for its own legal and other expenses (including any Taxes imposed on such expenses) incurred in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the transactions contemplated by this Agreement and for the payment of any broker's commission, finder's fee or like payment payable by it in respect of the purchase and sale of the Purchased Assets pursuant to this Agreement.

9.4 Payment of Taxes.

Except as otherwise provided in this Agreement, the Purchaser shall pay all Taxes applicable to, or resulting from transactions contemplated by this Agreement (other than Taxes payable under applicable legislation by the Vendor) and any filing or recording fees payable in connection with the instruments of transfer provided for in this Agreement.

9.5 Announcements.

Except as required by law, all public announcements concerning the transactions provided for in this Agreement or contemplated by this Agreement shall be jointly approved as to form, substance and timing by the parties to this Agreement after consultation.

9.6 Capacity

It is acknowledged by the Purchaser that the Vendor is entering into this Agreement solely in its capacity as proposed Court-appointed receiver of the undertaking, properties and assets of the Company and that the Vendor shall have no personal or corporate liability under or as a result of this Agreement. Any claim against the Vendor shall be limited to and only enforceable against the property and assets then held by or available to it in its capacity as Receiver of the Property of the Company and shall not apply to its personal property and other assets held by it in any other capacity. The term "Vendor" as used in this Agreement shall have no inference or reference to the present registered owner of the Purchased Assets.

9.7 Notices.

- (a) Any notice, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent by fax, e-mail or other similar means of electronic communication, in each case to the applicable address set out below:

- (i) if to the Vendor, to:

Richter Advisory Group Inc.
181 Bay Street, Suite 3320
Bay Wellington Tower
Toronto, Ontario M5J 2T3

Attention: Clark Lonergan
Fax: (416) 488-3765
Email: Clonergan@Richter.ca

with a copy to:

Chaitons LLP
5000 Yonge Street, 10th floor
Toronto, Ontario M2N 7E9

Attention: Sam Rappos
Fax: (416) 218-1837
Email: samr@chaitons.com

- (ii) if to the Purchaser, to:

Santokh Mahal

Email: s.mahal@rogers.com

- (b) Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing or sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, faxed or sent before 4:30 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any such communication sent by mail shall be deemed to have been given and made and to have been received on the fifth (5th) Business Day following the mailing thereof; provided however that no such communication shall be mailed during any actual or apprehended disruption of postal services. Any such communication given or made in any other manner shall be deemed to have been given or made and to have been received only upon actual receipt.
- (c) Any Party may from time to time change its address under this Section 9.7 by notice to the other Party given in the manner provided by this Section.

9.8 Time of Essence.

Time shall be of the essence of this Agreement in all respects.

9.9 Time Periods.

Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

9.10 Entire Agreement.

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties and set out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the Parties pertaining to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement.

9.11 Amendments and Waiver.

No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by the Purchaser and the Vendor. The Vendor and the Purchaser may consent to any such amendment at any time prior to the Closing with the prior authorization of their respective boards of directors. No waiver by either Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

9.12 Severability.

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

9.13 Language.

The Parties have required that this Agreement and all deeds, documents and notices relating to this Agreement be drawn up in the English language. Les parties aux présentes ont exigé que le présent contrat et tous autres contrats, documents ou avis afférents aux présentes soient rédigés en langue anglaise.

9.14 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in that Province and shall be treated, in all respects, as a Ontario contract.

9.15 Successors and Assigns.

No party to this Agreement shall have the right to assign any of its rights and obligations hereunder without the prior written consent of the other party hereto which consent shall not be unreasonably withheld, provided that the Purchaser may assign its rights and obligations under this Agreement to an affiliate of the Purchaser without recourse to the Purchaser. To the extent that any such assignment occurs, this Agreement and all provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

9.16 No Third Party Beneficiaries.

This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns or as specifically referred to herein.

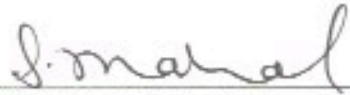
9.17 Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original, faxed or email PDF form and the parties adopt any signatures received by a receiving fax machine or email PDF as original signatures of the parties; provided, however, that any party providing its signature in such manner shall promptly forward to the other party an original of the signed copy of this Agreement which was so faxed or emailed.

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IN WITNESS WHEREOF the parties have executed this Agreement.

2581150 ONTARIO INC.

By: 
Name: Santokh Mahal
Title: President

I have authority to bind the Corporation.

RICHTER ADVISORY GROUP INC., in its capacity as proposed Court-appointed receiver all assets, undertakings and properties of Thomas Canning (Maidstone) Limited and 692194 Ontario Limited and not in its personal capacity and without personal or corporate liability

By: _____
Name: Clark Lonergan
Title: Senior Vice-President

I have authority to bind the Corporation.

SCHEDULE 1.1
ACCOUNTS RECEIVABLE

SEE ATTACHED

Thomas Canning (Maidstone) Ltd.
Summary of Accounts Receivable
As at May 31, 2017

(\$000's)	AR Aging (Invoice Date) ⁽¹⁾				Total
	0 to 30 Days	31 to 60 Days	61 to 90 Days	91+ Days	
CAD Accounts Receivable					
AR listing	275	257	338	640	1,510
Less: Cash received not applied ⁽²⁾	-	-	(22)	(304)	(326)
Net CAD AR	275	257	316	335	1,183
USD Accounts Receivable (in USD\$)					
AR listing	167	194	197	757	1,315
Less: Cash received not applied ⁽²⁾	-	(17)	(128)	(242)	(387)
Net USD AR	167	177	69	515	928
Foreign Exchange @ 1.35	58	62	24	180	325
Grand Total	500	495	410	1,031	2,436
<i>% of Total</i>	<i>21%</i>	<i>20%</i>	<i>17%</i>	<i>42%</i>	<i>100%</i>

Notes:

⁽¹⁾ The Company's AR is aged using the invoice date.

⁽²⁾ ~\$330k in CAD collections and ~\$390k in USD collections were traced to payments, but not applied against AR as at May 31, 2017.

SCHEDULE 1.2

CONTRACTS

Contact between Thomas Canning (Maidston) Limited and 959699 Ontario Inc. o/a DeNijs Organic Farms for the delivery of 50 organic acres of tomato feedstock

SCHEDULE 1.3
EXCLUDED ASSETS

- (1) Business Centre Office Agreement made as of March 31, 2017 between 1636488 Ontario Limited as owner and Thomas Canning (Maidstone) Ltd. as user
- (2) Butcher Engineering Enterprises Ltd. quote 16-1005 Warehousing 2016/17 Season dated August 3, 2016
- (3) Coxon's Sales and Rentals Ltd. Contract for Rental of Mobile Units
- (4) Lease Agreement with Bodkin Capital Corporation
- (5) All Equipment Lease Agreements with Capmor Financial Services Corporation
- (6) All Equipment Lease Agreements with CLE Leasing Enterprise Ltd.
- (7) Lease Agreement with 1419768 Ontario o/a D & D Leasing
- (8) All Equipment Lease Agreements with Gould Leasing Ltd.
- (9) Agreement for Marketing the 2017 Crops made December 9, 2015
- (10) Agreement for Marketing the 2017 Crops
- (11) 2017 Local Tomato Plan Contract dated March 29, 2017 with Rolland Farms and Greenhouses Inc.
- (12) 2017 Organic Tomato Plan Contract dated March 30, 2017 with Sandra Carther (Carther Plants Ltd)
- (13) Speedling Plant Order Form dated April 19, 2017

SCHEDULE 1.4
INVENTORY

SEE ATTACHED

Thomas Canning (Maidstone) Ltd.
Summary of Inventory
As at May 31, 2017

	Inventory						Drums (188kg)	Totes (2800 lbs)
	100 oz.(6)	48 oz. (12)	Cases (Cans/Case)			14 oz. (24)		
			28 oz. (24)	25 oz. (12)	19 oz. (24)			
Conventional								
Juice	33,992	104,409	-	-	4,406	-	-	-
Whole	50	-	6,864	-	-	-	-	-
Diced	33,222	-	25,257	-	-	20,842	-	-
Paste	-	-	-	-	-	-	-	932
Crushed	-	-	375	-	-	-	760	-
Sauce	-	-	-	-	-	468	-	-
Puree	-	-	-	-	-	-	27	-
Misc.	-	-	-	-	-	-	-	-
Total Conventional	67,264	104,409	32,497	-	4,406	21,310	787	932
Organic								
Juice	4,312	66,392	100	-	-	-	-	-
Whole	2,604	-	12,392	-	-	-	-	-
Diced	4,173	-	2,900	-	-	2,975	-	29
Paste	-	-	-	-	-	-	-	-
Crushed	-	-	-	-	-	-	-	-
Sauce	-	-	-	-	-	85	-	-
Puree	-	-	-	-	-	-	-	-
Misc.	-	-	-	-	-	-	-	-
Total Organic	11,089	66,392	15,392	-	-	3,060	-	29

Note: The above summary does not include packing supplies (i.e. empty cans/drums/labels) or aged / damaged inventory.

Note: The organic totes are not subject to a lease

SCHEDULE 1.5
PERMITTED LIENS

- (a) any reservations, restrictions, rights of way, easements or covenants that run with the land;
- (b) any registered agreements with a municipality or a supplier of utility service including, without limitation, electricity, water, sewage, gas, telephone or cable television or other telecommunication service;
- (c) all laws, by-laws and regulations and all outstanding work orders, deficiency notices and notices of violation affecting the Real Property;
- (d) any minor easements for the supply of utility service to the Real Property or adjacent properties;
- (e) encroachments disclosed by any errors or omissions in existing surveys of the Real Property or neighbouring properties and any title defect, encroachment or breach of a zoning or building by-law or any other applicable law, by-law or regulation which might be disclosed by a more up-to-date survey of the Real Property and survey matters generally;
- (f) any unregistered leases to tenants or other rights of occupation of tenants in possession of any part of the Real Property;
- (g) the exceptions and qualifications set forth in the *Land Titles Act* (Ontario);
- (h) the reservations contained in the original grant from the Crown; and
- (i) the following instruments registered against title to the Real Property:

PIN 75228-0009 (LT)

1. Instrument Number MB18413 registered on February 1, 1949 being a Transfer of Easement in favour of Bell Telephone Co. of Canada
2. Instrument Number R305027 registered on June 9, 1964 being a Transfer
3. Instrument Number 12R4451 registered on June 23, 1978 being a Reference Plan
4. Instrument Number 12R9420 registered on April 11, 1988 being a Reference Plan
5. Instrument Number R1042854 registered on April 13, 1988 being a Transfer
6. Instrument Number R1073171 registered on January 9, 1989 being a Notice of Claim

7. Instrument Number 12R24775 registered on August 17, 2011 being a Reference Plan
8. Instrument Number CE502602 registered on January 11, 2012 being a Transfer of Easement in favour of Hydro One Networks Inc.

PIN 75228-0005 (LT)

1. Instrument Number R442677 registered on June 19, 1969 being a Transfer

PIN 75228-0067 (LT)

1. Instrument Number 12R20686 registered on August 12, 2003 being a Reference Plan
2. Instrument Number CE52782 registered on January 6, 2004 being a Transfer

PIN 75016-0010 (LT)

1. Instrument Number MB18404 registered on January 21, 1949 being a Transfer of Easement in favour of The Bell Telephone Company of Canada
2. Instrument Number R305027 registered on June 9, 1964 being a Transfer
3. Instrument Number R1073182 registered on January 9, 1989 being a Notice of Claim

PIN 75016-0009 (LT)

1. Instrument Number MB18355 registered on November 23, 1948 a Transfer of Easement in favour of The Bell Telephone Company of Canada
2. Instrument Number R1042301 registered on April 7, 1988 being a Notice of Claim
3. Instrument Number R1119864 registered on February 26, 1990 being a Transfer

PIN 75016-0021 (LT)

1. Instrument Number R38129 registered on July 20, 1967 being a Transfer of Easement in favour of The Bell Telephone Company of Canada
2. Instrument Number RD138 registered on June 27, 1969 being a Reference Plan
3. Instrument Number R720043 registered on December 22, 1977 being a Transfer

PIN 75016-0019 (LT)

1. Instrument Number MB18409 registered on January 21, 1949 being a Transfer of Easement in favour of Bell Telephone Co. of Can.

2. Instrument Number MB18414 registered on February 1, 1949 being a Transfer of Easement in favour of Bell Telephone Co. of Canada
3. Instrument Number R305027 registered on June 9, 1964 being a Transfer
4. Instrument Number R463774 registered on March 10, 1970 being a Transfer
5. Instrument Number R645962 registered on October 16, 1975 being a Transfer
6. Instrument Number 12R7427 registered on January 20, 1984 being a Reference Plan
7. Instrument Number R1073173 registered on January 9, 1989 being a Notice of Claim
8. Instrument Number R1073175 registered on January 9, 1989 being a Notice of Claim
9. Instrument Number R1497830 registered on August 21, 2000 being a Site Plan Agreement

SCHEDULE 1.6
PERSONAL PROPERTY/FIXED ASSETS

SEE ATTACHED

Thomas Canning (Maidstone) Ltd.
Summary of Capital Assets
31-Jul-15

Assets / IS				
Date	Supplier	Amount Purchase	2015 Book Value	2014 Book Value
30-Jun-15	Bridge - 1520	14,269.81	8,625.06	8,891.81
30-Jun-15	Office Building - 1600	23,045.00	20,817.35	21,913.00
30-Jun-15	Office Building: Aspe Adjustment - 1601	(18,045.00)	(17,142.75)	(18,045.00)
30-Jun-15	Warehouse Equipment - 1700	242,901.91	77,883.93	97,354.91
30-Jun-15	Office Equipment - 1720	80,683.45	14,362.76	17,953.45
30-Jun-15	Sewage Lagoon - 1800	219,932.50	112,001.54	115,465.50
Totals:		562,787.67	216,547.88	243,533.67
Farm / COS				
Date	Supplier	Amount Purchase	Book Value	Book Value
30-Jun-15	Farm Building - 1560	16,107.00	14,656.60	15,428.00
30-Jun-15	Farm Building: Aspe Adjustment- 1561	(13,107.00)	(12,451.65)	(13,107.00)
30-Jun-15	Spray Irrigation - 1645	23,257.10	6,634.48	8,293.10
30-Jun-15	Farm Equipment - 1660	148,720.52	2,874.82	3,593.52
30-Jun-15	Farm Auto Equipment - 1680	132,524.56	2,181.59	3,116.56
30-Jun-15	Waterline - 1740	18,168.00	1,356.42	1,443.00
30-Jun-15	Drainage Tile - 1760	60,074.00	21,660.10	22,330.00
30-Jun-15	Well - 1780	1,767.00	14.85	16.50
Totals:		387,511.18	36,927.21	41,113.68

Thomas Canning (Maidstone) Ltd.
Summary of Capital Assets
31-Jul-15

Canning / COS		Amount	Book Value	Book Value
Date	Supplier	Purchase		
30-Jun-15	Factory Building - 1540	214,229.21	185,980.14	197,851.21
30-Jun-15	Factory Building: Aspe Adjustment- 1541	(138,069.33)	(129,785.17)	(138,069.33)
30-Jun-15	Warehouse - 1580	1,228,731.35	849,943.48	894,677.35
30-Jun-15	Warehouse: Aspe Adjustments - 1581	449,191.60	426,732.02	449,191.60
31-May-16	Additions	23,261.89	22,680.34	-
30-Jun-15	Seasonal Housing - 1620	48,657.89	38,118.50	42,353.89
30-Jun-15	Seasonal Housing: Aspe Adjustment - 1621	(24,085.29)	(21,676.76)	(24,085.29)
09-Mar-15	Additions	1,904.00	1,808.80	-
30-Jun-15	Cookers - 1641	965,583.38	506,205.96	532,848.38
30-Jun-15	Factory Equipment - 1640	3,349,599.55	354,311.64	442,889.55
14-Jul-15	Additions	4,500.00	4,050.00	-
30-Jun-15	Quality Control Facility - 1510	9,281.11	3,122.49	3,903.11
30-Jun-15	Quality Control Facility: Aspe Adjustment - 1511	(1,281.11)	(1,024.89)	(1,281.11)
30-Jun-15			-	
Totals:		6,131,504.25	2,240,466.55	2,400,279.36
Land				
Date	Supplier	Amount	Book Value	Book Value
		Purchase		
30-Jun-15	Land - 1500	294,617.00	294,617.00	294,617.00
30-Jun-15	Land: Aspe Adjustment - 1501	1,943,383.00	1,943,383.00	1,943,383.00
30-Jun-15	Land Value Adjustment			
Totals:		2,238,000.00	2,238,000.00	2,238,000.00
Totals		9,319,803.10	4,731,941.64	
Assets under Capital Lease				
Date	Supplier	Amount	Book Value	2,015.00
		Purchase		
07-Jan-15	Assets Under Capital Lease	989,856.00	890,870.40	-
			-	
Totals:		989,856.00	890,870.40	-

Note: This schedule was prepared by the Company as at July 31, 2015 and is subject to change.

SCHEDULE 1.7

REAL PROPERTY

PIN 75228-0009 (LT)

PROPERTY DESCRIPTION: PT LT 28-29 CON 9 MAIDSTONE AS IN R305027, PT 2 12R9420; T/W R1042854; S/T MB18413; LAKESHORE; SUBJECT TO AN EASEMENT IN GROSS OVER PT. 1 12R24775 AS IN CE502602

PIN 75228-0005 (LT)

PROPERTY DESCRIPTION: PT LT 27 CON 10 MAIDSTONE AS IN R442677; LAKESHORE

PIN 75228-0067 (LT)

PROPERTY DESCRIPTION: PT LT 27 CON 10; LAKESHORE DESIGNATED AS PT 2 12R20686

PIN 75016-0010 (LT)

PROPERTY DESCRIPTION: PT LT 289 CON STR MAIDSTONE AS IN R305027 (THIRDLY) EXCEPT PTS 3, 4 R423541; S/T MB18404; LAKESHORE

PIN 75016-0009 (LT)

PROPERTY DESCRIPTION: PT LT 289 CON STR MAIDSTONE AS IN R1119864; S/T MB18355; LAKESHORE

PIN 75016-0019 (LT)

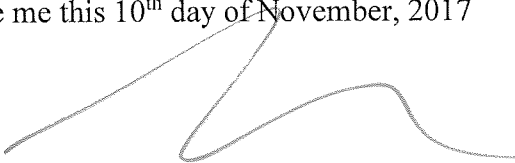
PROPERTY DESCRIPTION: PT LT 289-290 CON STR MAIDSTONE AS IN R645962, R463774 & R305027 (FIRSTLY) EXCEPT PT 1 12R2096 & PTS 9, 10 R423541; S/T MB18409, MB18414, R902964; LAKESHORE

PIN 75016-0021 (LT)

PROPERTY DESCRIPTION: PT LT 291 CON STR MAIDSTONE PTS 1, 2 RD138 EXCEPT PT 1 RD273 & PT 1 12R376; S/T R389219; LAKESHORE

TAB 1(o)

Attached is Exhibit "O" Referred to in the
AFFIDAVIT OF KEN ROSENSTEIN
Sworn before me this 10th day of November, 2017



Commissioner of Oaths, etc.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) WEDNESDAY, THE 21ST DAY
JUSTICE **CONWAY**) OF JUNE, 2017



BETWEEN:

**BRIDGING FINANCE INC.,
as agent for SPROTT BRIDGING INCOME FUND LP**

Applicant

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED

Respondents

**IN THE MATTER OF AN APPLICATION PURSUANT TO SUBSECTIONS 47(1) AND
243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS
AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.
C.43, AS AMENDED**

APPROVAL AND VESTING ORDER

THIS MOTION, made by Bridging Finance Inc. for an order approving the sale transaction (the “**Transaction**”) contemplated by an asset purchase agreement dated June 15, 2017 (the “**Sale Agreement**”) and made between 2581150 Ontario Inc. (the “**Purchaser**”) and Richter Advisory Group Inc. (“**Richter**”) in its capacity as the Court-appointed receiver (the “**Receiver**”) of the undertakings, properties and assets of each of Thomas Canning (Maidstone) Limited (“**Thomas Canning**”) and 692194 Ontario Limited (together with Thomas Canning, the “**Debtors**”), as appended to the Report of Richter in its capacity as Interim Receiver and Monitor

in these proceedings dated June 15, 2017 (the “**Report**”), and vesting in the Purchaser the Debtors’ right, title and interest in and to the assets described in the Sale Agreement (the “**Purchased Assets**”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report and on hearing the submissions of counsel for the Receiver, counsel for the Debtors, counsel for Bridging, counsel for the Ontario Farm Products Marketing Commission and no one appearing for any other person on the service list, although properly served as appears from the affidavits of Kyle Plunkett and Daphne Porter sworn June 16, 2017, filed:

1. **THIS COURT ORDERS AND DECLARES** that the Sale Agreement and the Transaction are hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.
2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver’s certificate to the Purchaser substantially in the form attached as **Schedule A** hereto (the “**Receiver’s Certificate**”), all of the Debtors’ right, title and interest in and to the Purchased Assets described in the Sale Agreement, including, without limitation, those listed on **Schedule B** hereto, shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Orders of the Honourable Justice Newbould dated April 20, 2017 and May 1, 2017 in this proceeding; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property

registry system; and (iii) those Claims listed on **Schedule C** hereto (all of which are collectively referred to as the “**Encumbrances**”, which term shall not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule D**) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. **THIS COURT ORDERS** that the Purchaser shall be entitled to take delivery of those Purchased Assets comprised of the 50 acres of organic tomatoes being grown under contract by 959699 Ontario Inc. o/a DeNijs Organic Farms, in the normal course and upon release of the funds held in escrow for payment of the same, regardless of the assignability or status of Thomas Canning’s Ontario Farm Products Marketing Commission procurement license #1944-18.
4. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Windsor of an Application for Vesting Order in the form prescribed by the *Land Titles Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B hereto (the “**Real Property**”) in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in **Schedule C** hereto.
5. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver’s Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.
6. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver’s Certificate, forthwith after delivery thereof.

7. **THIS COURT ORDERS AND DECLARES** that the assumption of the Bridging Indebtedness, as such term is defined in the Sale Agreement, by the Purchaser pursuant to the Sale Agreement shall be effective as at the date of the Receiver's discharge in these proceedings.
8. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Debtors' records pertaining to the Debtors' past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtors.
9. **THIS COURT ORDERS** that, notwithstanding:
 - (a) the pendency of these proceedings;
 - (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtors and any bankruptcy order issued pursuant to any such applications; and
 - (c) any assignment in bankruptcy made in respect of the Debtors;the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtors and shall not be void or voidable by creditors of the Debtors, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.
10. **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 ~~including, without limitation, the Ontario Farm Products Marketing Commission and the Canadian Food Inspection Agency,~~ 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. Be



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

JUN 21 2017

PER / PAR: 

**SCHEDULE A
FORM OF RECEIVER'S CERTIFICATE**

Court File No. CV-17-11773-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

**BRIDGING FINANCE INC.,
as agent for SPROTT BRIDGING INCOME FUND LP**

Applicant

- and -

THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED

Respondents


RECEIVER'S CERTIFICATE

RECITALS

- A. Pursuant to an Order of the Honourable <*> of the Ontario Superior Court of Justice (the "**Court**") dated June 21, 2017, Richter Advisory Group Inc. was appointed as the receiver (the "**Receiver**") of the undertakings, properties and assets of Thomas Canning (Maidstone) Limited and 692194 Ontario Limited (collectively, the "**Debtors**").
- B. Pursuant to an Order of the Court dated June 21, 2017, the Court approved the asset purchase agreement made as of June 15, 2017 (the "**Sale Agreement**") between the Receiver and 2581150 Ontario Inc. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtors' right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article 5 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

- C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section Article 5 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ on , 2017.

RICHTER ADVISORY GROUP INC., in its capacity as Receiver of the undertakings, propertied and assets of THOMAS CANNING (MAIDSTONE) LIMITED and 692194 ONTARIO LIMITED, and not in its personal capacity

Per: _____
Name:
Title:

SCHEDULE B

PURCHASED ASSETS

All of the properties, assets and undertakings of the Debtors (collectively, the “**Purchased Assets**”) including but not limited to:

- (a) all accounts receivable, bills receivable, trade accounts, book debts and insurance claims Related to the Business, including recoverable deposits, including any unpaid interest on such items and any security or collateral for such items;
- (b) all books, records, files and papers Related to the Business or the Purchased Assets including, but not limited to, drawings, manuals and data related to equipment, computer hardware and software and phone systems, computer system passwords, combinations and keys to locks and other safety and storage systems, sales and purchases correspondence, trade association files, lists of present and former customers and suppliers, security and alarm system records, personnel, employment and other records, and all copies and recordings of the foregoing;
- (c) all rights and interests of the Debtors to and in all pending and/or executory contracts, agreements, licences (including, without limitation, all software licences), leases and arrangements;
- (d) the goodwill related to the business carried on by the Debtors (the “**Business**”), including all right, title and interest of the Debtors in, to and in respect of all elements which contribute to the goodwill related to the Business, including goodwill represented by customer and supplier lists and the logos of the Debtors;
- (e) the intellectual property including, without limitation:
 - (i) all business and trade names, corporate names, brand names and slogans Related to the Business including “Thomas’ Utopia Brand”;
 - (ii) all inventions, patents, patent rights, patent applications (including all reissues, divisions, continuations, continuations-in-part and extensions of any patent or patent application), industrial designs and applications for registration of industrial designs and associated rights related to the Business;
 - (iii) all copyrights and trade-marks (whether used with goods or services and including the goodwill attaching to such trade-marks), registrations and applications for trade-marks and copyrights (and all future income from such trade-marks and copyrights) related to the Business;
 - (iv) all rights and interests in and to processes, lab journals, notebooks, data, trade secrets, designs, know-how, product formulae and information, manufacturing, engineering and other drawings and manuals, technology, blue prints, research and development reports, agency agreements, technical information, technical assistance, engineering data, design and engineering specifications, and similar

materials recording or evidencing expertise or information Related to the Business;

- (v) all other intellectual and industrial property rights throughout the world related to the Business;
- (vi) all rights of the Debtors in all confidentiality, non-compete, non-solicitation and intellectual property assignment agreements;
- (vii) all licences of the intellectual property listed in items (i) to (vi) above;
- (viii) all future income and proceeds from any of the intellectual property and licences listed in items (i) to (vi) above and the licenses listed in item (vii) above;
- (ix) all rights to damages and profits by reason of the infringement of any of the intellectual property listed in items (i) to (vii) above;
- (x) all phone numbers; and,
- (xi) all websites, including www.thomasutopiabrand and www.thomascanning.com;
- (f) all inventories of stock-in-trade and merchandise including seedlings, crops, materials, supplies, finished goods, repair and service parts related to the Business (collectively, the “**Inventory**”) including, without limitation, those in possession of suppliers, customers and other third parties (including, without limitation, the 50 acres of organic tomatoes being grown under contract by 959699 Ontario Inc. o/a DeNijs Organic Farms);
- (g) all licences, permits, filings, authorizations, registrations, certificates of approval, approvals, grants, quotas, commitments, rights, privileges or indicia of authority related to the Business or necessary for the conduct of the Business;
- (h) all machinery, equipment, furniture, fixtures, computer systems and equipment and other chattels related to the Business;
- (i) all rights and interests of the Debtors to and in all customer orders for purchases of Inventory; and
- (j) the all real property of the Debtors including, without limitation, the following:
 - (i) **PIN 75228-0009 (LT)**
PT LT 28-29 CON 9 MAIDSTONE AS IN R305027, PT 2 12R9420; T/W R1042854; S/T MB18413; LAKESHORE; SUBJECT TO AN EASEMENT IN GROSS OVER PT. 1 12R24775 AS IN CE502602
 - (ii) **PIN 75228-0005 (LT)**
PT LT 27 CON 10 MAIDSTONE AS IN R442677; LAKESHORE

(iii) **PIN 75228-0067 (LT)**

PT LT 27 CON 10; LAKESHORE DESIGNATED AS PT 2 12R20686,

(iv) **PIN 75016-0010 (LT)**

PT LT 289 CON STR MAIDSTONE AS IN R305027 (THIRDLY) EXCEPT
PTS 3, 4 R423541; S/T MB18404; LAKESHORE

(v) **PIN 75016-0009 (LT)**

PT LT 289 CON STR MAIDSTONE AS IN R1119864; S/T MB18355;
LAKESHORE

(vi) **PIN 75016-0021 (LT)**

PT LT 291 CON STR MAIDSTONE PTS 1, 2 RD138 EXCEPT PT 1 RD273 &
PT 1 12R376; S/T R389219; LAKESHORE

(vii) **PIN 75016-0019 (LT)**

PT LT 289-290 CON STR MAIDSTONE AS IN R645962, R463774 & R305027
(FIRSTLY) EXCEPT PT 1 12R2096 & PTS 9, 10 R423541; S/T MB18409,
MB18414, R902964; LAKESHORE

SCHEDULE C
CLAIMS TO BE DELETED AND EXPUNGED FROM TITLE TO REAL PROPERTY

PIN 75228-0009 (LT)

1. Instrument Number R233025 registered on January 5, 1961 being an Assignment of Lease
2. Instrument Number CE665518 registered on July 3, 2015 being a Charge in the principal amount of \$21,365,650.00 in favour of Bridging Finance Inc.
3. Instrument Number CE665523 registered on July 3, 2015 being a Notice of Assignment of Rents-General in favour of Bridging Finance Inc.

PIN 75228-0005 (LT)

1. Instrument Number CE665518 registered on July 3, 2015 being a Charge in the principal amount of \$21,365,650.00 in favour of Bridging Finance Inc.
2. Instrument Number CE665523 registered on July 3, 2015 being a Notice of Assignment of Rents-General in favour of Bridging Finance Inc.

PIN 75228-0067 (LT)

1. Instrument Number CE665518 registered on July 3, 2015 being a Charge in the principal amount of \$21,365,650.00 in favour of Bridging Finance Inc.
2. Instrument Number CE665523 registered on July 3, 2015 being a Notice of Assignment of Rents-General in favour of Bridging Finance Inc.

PIN 75016-0010 (LT)

1. Instrument Number CE665518 registered on July 3, 2015 being a Charge in the principal amount of \$21,365,650.00 in favour of Bridging Finance Inc.
2. Instrument Number CE665523 registered on July 3, 2015 being a Notice of Assignment of Rents-General in favour of Bridging Finance Inc.

PIN 75016-0009 (LT)

1. Instrument Number CE665518 registered on July 3, 2015 being a Charge in the principal amount of \$21,365,650.00 in favour of Bridging Finance Inc.
2. Instrument Number CE665523 registered on July 3, 2015 being a Notice of Assignment of Rents-General in favour of Bridging Finance Inc.

PIN 75016-0021 (LT)

1. Instrument Number R720043Z registered on December 22, 1977 being an Application to Annex Restrictive Covenant
2. Instrument Number CE665518 registered on July 3, 2015 being a Charge in the principal amount of \$21,365,650.00 in favour of Bridging Finance Inc.
3. Instrument Number CE665523 registered on July 3, 2015 being a Notice of Assignment of Rents-General in favour of Bridging Finance Inc.

PIN 75016-0019 (LT)

1. Instrument Number R902964 registered on March 8, 1984 being an Agreement for Right-of-Way in favour of Union Gas Limited (expired)
2. Instrument Number CE665518 registered on July 3, 2015 being a Charge in the principal amount of \$21,365,650.00 in favour of Bridging Finance Inc.
3. Instrument Number CE665523 registered on July 3, 2015 being a Notice of Assignment of Rents-General in favour of Bridging Finance Inc.

SCHEDULE D
PERMITTED ENCUMBRANCES, EASEMENTS AND RESTRICTIVE COVENANTS
RELATED TO THE REAL PROPERTY

(unaffected by the Vesting Order)

PIN 75228-0009 (LT)

1. Instrument Number MB18413 registered on February 1, 1949 being a Transfer of Easement in favour of Bell Telephone Co. of Canada
2. Instrument Number R305027 registered on June 9, 1964 being a Transfer
3. Instrument Number 12R4451 registered on June 23, 1978 being a Reference Plan
4. Instrument Number 12R9420 registered on April 11, 1988 being a Reference Plan
5. Instrument Number R1042854 registered on April 13, 1988 being a Transfer
6. Instrument Number R1073171 registered on January 9, 1989 being a Notice of Claim
7. Instrument Number 12R24775 registered on August 17, 2011 being a Reference Plan
8. Instrument Number CE502602 registered on January 11, 2012 being a Transfer of Easement in favour of Hydro One Networks Inc.

PIN 75228-0005 (LT)

1. Instrument Number R442677 registered on June 19, 1969 being a Transfer

PIN 75228-0067 (LT)

1. Instrument Number 12R20686 registered on August 12, 2003 being a Reference Plan
2. Instrument Number CE52782 registered on January 6, 2004 being a Transfer

PIN 75016-0010 (LT)

1. Instrument Number MB18404 registered on January 21, 1949 being a Transfer of Easement in favour of The Bell Telephone Company of Canada
2. Instrument Number R305027 registered on June 9, 1964 being a Transfer
3. Instrument Number R1073182 registered on January 9, 1989 being a Notice of Claim

PIN 75016-0009 (LT)

1. Instrument Number MB18355 registered on November 23, 1948 a Transfer of Easement in favour of The Bell Telephone Company of Canada

2. Instrument Number R1042301 registered on April 7, 1988 being a Notice of Claim
3. Instrument Number R1119864 registered on February 26, 1990 being a Transfer

PIN 75016-0021 (LT)

1. Instrument Number R38129 registered on July 20, 1967 being a Transfer of Easement in favour of The Bell Telephone Company of Canada
2. Instrument Number RD138 registered on June 27, 1969 being a Reference Plan
3. Instrument Number R720043 registered on December 22, 1977 being a Transfer

PIN 75016-0019 (LT)

1. Instrument Number MB18409 registered on January 21, 1949 being a Transfer of Easement in favour of Bell Telephone Co. of Can.
2. Instrument Number MB18414 registered on February 1, 1949 being a Transfer of Easement in favour of Bell Telephone Co. of Canada
3. Instrument Number R305027 registered on June 9, 1964 being a Transfer
4. Instrument Number R463774 registered on March 10, 1970 being a Transfer
5. Instrument Number R645962 registered on October 16, 1975 being a Transfer
6. Instrument Number 12R7427 registered on January 20, 1984 being a Reference Plan
7. Instrument Number R1073173 registered on January 9, 1989 being a Notice of Claim
8. Instrument Number R1073175 registered on January 9, 1989 being a Notice of Claim
9. Instrument Number R1497830 registered on August 21, 2000 being a Site Plan Agreement

**BRIDGING FINANCE INC., as agent for
SPROTT BRIDGING INCOME FUND LP**

Applicant

and

**THOMAS CANNING (MAIDSTONE) LIMITED and 692194
ONTARIO LIMITED**

Respondents

Court File No. CV-17-11773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
PROCEEDING COMMENCED AT TORONTO

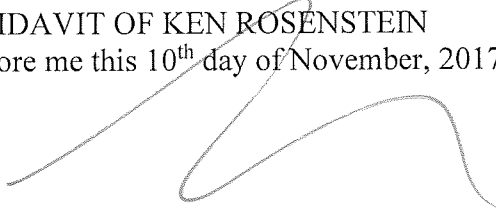
APPROVAL AND VESTING ORDER

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
Suite 1800, Box 754
181 Bay Street
Toronto, Ontario M5J 2T9

Sam Babe - LSUC No. 49498B
Kyle B. Plunkett - LSUC No. 61044N
Tel: 416.863.1500
Fax: 416.863.1515
Email: sbabe@airdberlis.com / kplunkett@airdberlis.com
Lawyers for the Applicant

TAB 1(p)

Attached is Exhibit "P" Referred to in the
AFFIDAVIT OF KEN ROSENSTEIN
Sworn before me this 10th day of November, 2017



Commissioner of Oaths, etc.



Ontario Farm Products
Marketing Commission

ORDER MADE BY THE
ONTARIO FARM PRODUCTS MARKETING COMMISSION
UNDER THE *FARM PRODUCTS MARKETING ACT*

To: Thomas Canning (Maidstone) Limited
RR #1 - 326 South Talbot Road
Maidstone, Ontario
N0R 1K0

Attn: Mr. William Thomas
("Thomas Canning")

And To: Ontario Processing Vegetable Growers
435 Consortium Crt
London, Ontario
N6E 2S8

Attn: Mr. Elmer Buchanan
("OPVG")

Whereas, OPVG notified the Ontario Farm Products Marketing Commission (Commission) of alleged contraventions of the *Farm Products Marketing Act* (FPMA) by Thomas Canning and, in a letter dated March 21, 2017, requested that the Commission consider exercising its authority to:

1. Make it a term and condition of the 2017 processor licence that Thomas Canning demonstrate a business plan to meet its 2017 contracted commitments and make settlement with the grower for the tomatoes not received or paid for in 2016;
2. Require a performance bond in the amount of no less than 50 percent of the estimated value of the tomato crop contracted for 2016 by Thomas Canning so that there will be sufficient monies available to fully compensate growers for their losses if Thomas Canning defaults; and,

3. Fix and impose a monetary penalty of \$564,787.34.

And whereas, at a meeting on April 13, 2017, the Commission considered OPVG's request.

Now therefore, the Commission makes the following Order:

(a) Terms and Conditions of Licence

In accordance with s. 5 of Regulation 440 (Vegetables for Processing – Marketing) under the FPMA, the following terms and conditions are imposed on Thomas Canning's Licence as a Processor of Vegetables No. 1994-18:

- (i) Thomas Canning shall, by May 1, 2017, submit a business plan to the Commission and OPVG that demonstrates how Thomas Canning will:
 - a. Meet its 2017 contracted commitments to receive and pay for contracted tomatoes on a timely basis; and
 - b. Make settlement with the growers for the tomatoes not received or paid for in 2016, whether through agreement or through the litigation between Thomas Canning and its unpaid 2016 growers.
- (ii) Thomas Canning shall comply, in all material respects, with the business plan described above in clause (i);
- (iii) Thomas Canning shall comply, in all material respects, with the terms and conditions in its 2017 Agreement for the Marketing of the 2017 Crop of Tomatoes for Processing (2017 Agreement) with OPVG; and,
- (iv) Thomas Canning shall comply, in all material respects, with the terms and conditions in any agreements Thomas Canning enters into with tomato producers pursuant to the 2017 Agreement.

(b) Furnish Security of \$2.6 million (CDN)

In accordance with sections 7 and 8 of Regulation 440:

- (i) Thomas Canning shall provide the Commission with an irrevocable standby letter of credit in the amount of \$2.6 million (CDN). The \$2.6 million represents approximately 50 percent of the value of the price payable to producers for vegetables processed by Thomas Canning during the 2016 crop year.
- (ii) The letter of credit shall be in a form acceptable to the Commission. The letter of credit shall have an effective date of May 1, 2017 and an expiry date that is no earlier than November 30, 2017.
- (iii) The letter of credit will be forfeited in any circumstance where Thomas Canning fails to comply with or contravenes any term or condition of its licence.
- (iv) If the security is forfeited, the Commission shall pay the proceeds of the security to OPVG for distribution proportionately among the producers who sold vegetables to Thomas Canning and who did not receive the minimum price for vegetables, to the extent of the money owing to them.

Thomas Canning shall have until 4:00 p.m. on Monday, April 24, 2017 to make any written submissions that it wants the Commission to consider before the Order takes effect on May 1, 2017. The same opportunity to make submissions will be afforded to OPVG. OPVG will be asked to notify Thomas Canning's 2016 and 2017 growers of the Commission's actions should the growers also wish to make any submissions to the Commission on their own behalf. Written submissions should be filed with the Secretary to the Commission by delivering them to:

Ontario Farm Products Marketing Secretariat
1 Stone Rd. W, 5th Floor SW
Guelph, Ontario
N1G 4Y2

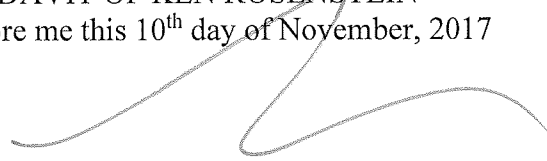
Or by email to: mike.relf@ontario.ca

Attention: Mike Relf, Secretary to the Commission

In accordance with section 4 of Regulation 440, if Thomas Canning does not provide the business plan required by item (a)(i) above or provide the security required under item (b) above by May 1, 2017, the Commission

TAB 1(q)

Attached is Exhibit "Q" Referred to in the
AFFIDAVIT OF KEN ROSENSTEIN
Sworn before me this 10th day of November, 2017

A handwritten signature in black ink, consisting of a series of fluid, connected loops and strokes, positioned above a horizontal line.

Commissioner of Oaths, etc.

From: Ken Rosenstein
Sent: May-09-17 3:31 PM
To: 'David T. Ullmann' <DULLmann@blaney.com>
Cc: Sam Babe <sbabe@airdberlis.com>; 'Sam P. Rappos' <samr@chaitons.com>; Alexandra Teodorescu <ATeodorescu@blaney.com>
Subject: RE: Thomas Canning and OMAFRA

You and your client did not disclose materials facts, including the correspondence and issues with OMAFRA and so the co is in breach, inter alia, of its covenant and obligation of continuous disclosure and are therefore in breach of the AA, full stop. Is there anything you wish to disclose which you haven't?

From: David T. Ullmann [<mailto:DULLmann@blaney.com>]
Sent: May-09-17 3:12 PM
To: Ken Rosenstein
Cc: Sam Babe ; 'Sam P. Rappos' ; Alexandra Teodorescu
Subject: RE: Thomas Canning and OMAFRA

Ken,

We do not accept that there has been any breach of the agreement, and continually threatening that is not helpful. Indeed, the whole purpose of the amnesty we negotiated was precisely so we would not get distracted by past issues like this while we tried to sell or refinance the company in the short process we agreed to. It is common ground that the company has issues. This issue with OMAFRA is one of them. It has been going on for some time before either you or I got involved, as the correspondence I provided shows. However, to the extent my email below was unclear, please be advised as follows. It is the company's position that it has done nothing wrong. It is the company's position that it is not in breach of any agreements with OMAFRA which effect its operation. It is the company's position that OMAFRA was moved to action recently for political purposes due to the publicity surrounding the law suit from the farmer. It is the company's position that it does not believe that it has any obligation to repay any amounts to the government and it has no intention of doing so. However, the company also has had to martial its resources at the most pressing issues. In our view, this is really not one of them and it did not receive much bandwidth up to now from us. That being said, we wrote to Sam R today asking whether or not this is something you want to make a priority. That is why we raised it today.

Ken, the company is operating at full speed trying to deal with all of its issues and trying to get its sale procedure up and running. From my perspective, it is doing a very good job at that, starting from a position where there was a lot of work to do. It is also dealing quite well with Richter and I have been dealing well with Sam R. Perhaps we should have copied you on more of our correspondence last week or had you on some of our calls, but I assumed you were leaving the day to day of this in the hand of the Monitor and its counsel. It seems to me that you are taking a very adversarial position on this. We are really trying not to. We still believe we are all working towards the same goal, which is maximizing value and giving the company the most choices for how to go forward possible. Your clients will be the principal beneficiaries of that effort if we succeed. My clients have nothing to gain from failure and it will be financially ruinous to the principals if that occurs, as you know. They have all of their skin in the game.

As to our efforts with the Commission which you took such exception to yesterday, in our view it likely saved your client significant value. Had the company been put into receivership on April 28th, I doubt a receiver would have been as successful as we have been to date in creating the breathing spaced needed to deal with this issue. I also believe, because of the process we have chosen to follow together, that the company will shortly resolve its issues with the growers, and that as such the commission issue will dissolve. In so doing, the company is preserving the going concern enterprise value which would otherwise be lost. To the extent there has been some miscommunication around that I apologize, but we did act in the collective best interest and in keeping with our client's instructions.

While I would like us to be able to focus on the future of this process going forward, I am available to discuss these past issue further with you if you wish. In the meanwhile, I understand that Richter has completed the crop forecast model/cash flow which apparently shows that the company's business plan for the planting of tomatoes will be profitable. I expect you will be receiving their recommendation in that regard shortly, if you do not have it already. Hopefully that put us on a more optimistic path going forward.

Regards,

David

David T. Ullmann
Partner

dullmann@blaney.com

☎416-596-4289 | ☎416-594-2437



George Borovilos

Director, Business Development Branch

Economic Development Division

Ontario Ministry of Agriculture, Food and Rural Affairs

1 Stone Road W, 3RD Floor | Guelph, ON, N1G 4Y2

Tel: 519-826-4452

Cell : 519-820-0815

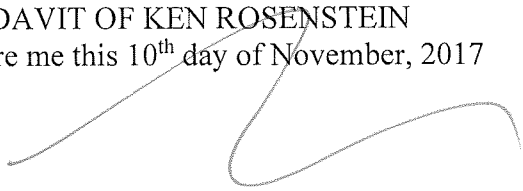
E-mail: George.Borovilos@ontario.ca

[Good Things Grow in Ontario](#)



TAB 1(r)

Attached is Exhibit "R" Referred to in the
AFFIDAVIT OF KEN ROSENSTEIN
Sworn before me this 10th day of November, 2017



Commissioner of Oaths, etc.

-----Original Message-----

From: Ken Rosenstein

Sent: May-15-17 4:12 PM

To: 'David T. Ullmann' <DULLmann@blaney.com>

Cc: Sam Babe <sbabe@airdberlis.com>; William Thomas <williamt@thomascanning.net>; bobthomas67@hotmail.ca; Alexandra Teodorescu <ATeodorescu@blaney.com>

Subject: RE: Requesting the Reconsideration of the Monitors Decision to only Recommend the Planting of 150 Acres

David, you once again choose to mischaracterise facts and take and twist comments out of context. We have advised you on more than one occasion that this is not constructive. We have also advised you that you withheld known material facts from us regarding two separate regulatory actions and that, as a result, there are Forbearance Termination Events under the Accommodation Agreement. We are very disappointed that you would purposely mislead us and OMAFRA/the Ontario Farm Products Marketing Commission by, on the one hand failing to advise us, during the negotiations of the Accommodation Agreement, of either the Commission's order regarding the company's license or OMAFRA's breach letter regarding the company's provincial funding, and, on the other hand, failing to advise OMAFRA/the Commission of the interim receivership. You chose to request a hearing in order to delay the Commission rather than just asking them for more time to meet the conditions for the license. Consequently, and as you are already aware, we have asked the Commission, as have others, for a speedier resolution so that the company can contract with the growers and arrange for satisfactory reasonable security to be provided to them.

You fail to point out in your email to the Monitor that, even if there was no Forbearance Termination Event, the Accommodation Agreement clearly states that Bridging will not fund full normal course operations. Furthermore according to the Monitor, and without full and proper info regarding operating expenses, sales and payables, at even 400 acres the bus operates at a further loss even before debt service etc which further deteriorates Bridging's senior secured position. You know as well as we do that these further amounts cannot and will not be recovered. It was never the intention or business deal that Bridging would advance further funds which could not be recovered, and it is not, in any case, reasonable to expect Bridging to do so. As you already know, no advance can or is being recommended by the Monitor. However notwithstanding the above (including the Forbearance Termination Events and the fact that any amounts advanced by Bridging will not be recovered), Bridging is still willing to fund for 150 acres to keep the business operating during the RISP process.

Lastly, Bob will have to live with the consequences of his actions, be they mismanagement of the business (to the point of complete neglect of finance functions) or resigning from the co. if that is what he chooses to do. The latter may cause some concern amongst potential bidders and disrupt the RISP process and the business at this very crucial time.

-----Original Message-----

From: David T. Ullmann [<mailto:DULLmann@blaney.com>]

Sent: May-15-17 10:14 AM

To: Ken Rosenstein <krosenstein@airdberlis.com>

Cc: Sam Babe <sbabe@airdberlis.com>; William Thomas <williamt@thomascanning.net>; bobthomas67@hotmail.ca; Alexandra Teodorescu <ATeodorescu@blaney.com>

Subject: RE: Requesting the Reconsideration of the Monitors Decision to only Recommend the Planting of 150 Acres

Mr. Rosenstein,

I am writing on behalf of my clients to seek an apology from you in regards to your conduct on our conference call on Friday and to advise you of the request of Mr. Bob Thomas to resign.

As you are aware, my clients worked very hard with the Monitor all of last week to come up with a series of projections with respect to the future of the business. We presented them to you with a thoughtful email on Friday outlining our client's considerations and concerns to try to maximize the value of the business. I have advised my clients that you said on our conference call that their work was "total BS" and that they were "pulling numbers out of their ass." That was uncalled for and they are very insulted. They await your apology which recognizes their hard work in this process, notwithstanding that you do not agree with the outcome.

For the record, it remains the company's position that 400 acres is the minimum required for this business to be successful and we have written to the Monitor asking them to reconsider their recommendation. This should not come as a surprise to you or your client. Bridging has known for months that the company was intending to operate with 400 acres. The licence from the commission contemplates 400 acres being planted, which was also known to Bridging.

Despite your suggestion that the numbers had "come out of their ass", the company has, for several months, been operating on its business plan to operate 400 acres of crops. It is worth noting that last year the company operated on the basis of 1200 acres. The company's overhead costs return the best margin with higher volume and economies of scale. However, because of the trouble with growers at the harvest last year, the company undertook an analysis to come up with a revised growth plan with fewer acres, fewer growers, and higher margin products. This plan was communicated in a discussion among Graham Marr and Bill Thomas in which the 400 acre target was discussed earlier this year. More importantly, it was discussed again in March at a public meeting with the growers. I am advised by the Company that after the growers commenced their law suit, there was a meeting held between all the growers (those in the law suit and those who were not) and the Company to discuss the 2017 crop and to discuss a settlement of the 2016 issues. Bridging's representative, Julio Cacoilo attended that meeting. At that meeting the Company advised that it was going to grow 400 acres of crop. At the meeting Bridging's representative advised, in front of the room full of the growers and the head of the OPVG, that Bridging would stand behind the company growing 400 acres. Some of the people present then relied on that promise in deciding whether or not to enter settlements with the Company. As you know, some did in fact settle in reliance on that statement, along with promises made by the Company. Clearly, your suggestion that this plan to grow 400 acres is "total BS" does not reflect what your client thought of it previously.

In addition, we wish to advise you that as a result of these insulting comments and the apparent total lack of value given to the expertise of the company, and in particular the expertise of Mr. Bob Thomas who was most directly involved in making the projections you found so objectionable, Mr. Bob Thomas has asked for permission to resign as an officer, director or manager of the company and to have no further involvement in this process. He is, however, mindful of his obligations under the Accommodation Agreement to act as a good steward in exchange for the release of his guarantee, which he has been doing up to now. However, he also points out that Mr. John Thomas, who is a guarantor and will also receive the release, is not required to be actively involved in the business. I also believe the Monitor will confirm to you that Mr. Bill Thomas is doing most of the day to day management work in any event. I also recall you repeatedly said during our negotiations of the Accommodation Agreement that you did not really require management in order to run this process. While I disagreed with that, I think we can now see that from here forward the process can be run with just Bill Thomas. Bob Thomas will, of course, still be available to answer questions should Bill Thomas or the Monitor require that of him. His resignation would take place 24 hours after receiving Bridging's consent for him to do so. He will, in the interim, show up for work today as he has been doing.

The Company is very disappointed in how Bridging is conducting itself in this process. However, for clarity, as per my email to you on Friday, the Company will continue to work in good faith and it will oversee the planting of the 150 acres and do what it can to try to retain key customers and still try to get the highest value possible with the tools at its disposal. There is no threat here, express or implied, that the Company will walk away from the process it is under or refuse to follow the recommendation of the Monitor or otherwise fail to comply with the Accommodation Agreement.

We look forward to your reply.

Regards,

David Ullmann

David T. Ullmann
Partner

dullmann@blaney.com
T: 416-596-4289 | F: 416-594-2437

-----Original Message-----

From: Ken Rosenstein [<mailto:krosenstein@airdberlis.com>]

Sent: May-15-17 9:46 AM

To: David T. Ullmann

Cc: Sam Babe; Ken Rosenstein

Subject: Fw: Requesting the Reconsideration of the Monitors Decision to only Recommend the Planting of 150 Acres

Sent from my BlackBerry 10 smartphone on the Rogers network.

Thx for including us David notwithstanding our previous requests/requirement to be included on all communications

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Sam P. Rappos

Sent: Monday, May 15, 2017 9:40 AM

To: Ken Rosenstein; Sam Babe

Cc: Clark Lonergan

Subject: Fwd: Requesting the Reconsideration of the Monitors Decision to only Recommend the Planting of 150 Acres

FYI. We are preparing our response.

Begin forwarded message:

From: "David T. Ullmann" <DULLmann@blaney.com<<mailto:DULLmann@blaney.com>>>

Date: May 15, 2017 at 12:29:29 AM EDT

To: "Sam P. Rappos" <samr@chaitons.com<<mailto:samr@chaitons.com>>>

Cc: "CLonergan@Richter.ca<<mailto:CLonergan@Richter.ca>>" <CLonergan@Richter.ca<<mailto:CLonergan@Richter.ca>>>, Alexandra Teodorescu <ATeodorescu@blaney.com<<mailto:ATeodorescu@blaney.com>>>, William Thomas <williamt@thomascanning.net<<mailto:williamt@thomascanning.net>>>, "bobthomas67@hotmail.ca<<mailto:bobthomas67@hotmail.ca>>" <bobthomas67@hotmail.ca<<mailto:bobthomas67@hotmail.ca>>>

Subject: Requesting the Reconsideration of the Monitors Decision to only Recommend the Planting of 150 Acres

Mr Rappos,

In the Company's view, the Monitor's decision on Friday to reject the Company's recommendation that 400 acres be planted and to recommend instead that only 150 acres be planted was a wrong decision. We are writing this email to the Monitor on behalf of the Company to ask the Monitor to reconsider before that decision becomes irreversible. If the Monitor will not reconsider, the Company is asking the Monitor to:

- 1) extend the time frame for the submissions of bids in the RISP by one week, and
- 2) place a letter from the Company in the dataroom advising potential purchasers of the impact of this decision on the Company, along with both sets of projections attached to our email of Friday May 12, 2017

In addition the Company is recommending that the Monitor to require Bridging to advance such funds or credit as is necessary to fund the 2017 growers immediately.

Monitor's Recommendation Drives the Process

As you are aware, the Company is operating under an Accommodation Agreement with Bridging. The central feature of that Agreement is that the only way that the Company can access any operating funds is for the Company to make requests of the Monitor. If the Monitor is convinced that the request is in keeping with the purpose of the Accommodation Agreement, the Monitor is to request funds from Bridging and Bridging must provide them. The Company does not have to satisfy Bridging, it just has to satisfy the Monitor. The Monitor reviewed and commented on this agreement before its execution.

I reproduce the relevant section of the Accommodation Agreement below.

5.1 Loan Availability Subject to a Forbearance Termination Event, the Lender shall continue to provide advances under the Credit Agreement (but without further reference to any borrowing base calculation which would, but for this Accommodation Agreement, impact such advances) during the Forbearance Period in order to fund the "critical payments" requested by the Obligors and recommended and approved by the Monitor. For greater certainty, the Lender shall not be obligated to fund full normal course operations during the Forbearance Period, but rather only amounts which are necessary to allow the Borrower to continue to operate the Business for the duration of the Forbearance Period...

The Company has, for several months been operating on its business plan to operate 400 acres of crops. It is worth noting that last year the Company operated on the basis of 1200 planted acres. The Company's overhead costs return the best margin with higher volume. However, because of the trouble with growers at the harvest last year, the Company undertook an analysis to come up with a revised growth plan. This plan was communicated to Bridging at different times, including in a discussion earlier this year among Graham Marr and Bill Thomas in which, among other things, the 400 acre target was discussed. Further, in March, after a law suit was commenced by some of the growers against the Company, there was a meeting held between the growers and the Company to discuss the 2017 crop and to discuss a settlement of the 2016 issues. Bridging's representative, Julio Cacoilo, attended that meeting. At that meeting the Company advised that it was going to grow 400 acres of crop for 2017. At the meeting Bridging's representative advised, in front of a room full of the growers and the head of the OPVG, that Bridging would stand behind the Company growing 400 acres. There are no shortage of witnesses to this commitment by Bridging.

It is the Company's position that 400 acres is the minimum required. The licence from the commission contemplates 400 acres. The license commitment to grow 400 acres was agreed to with the Commission after that meeting in March with the growers and in reliance on the fact that Bridging had indicated its support.

At several points last week, and specifically on Friday, the Company recommended to the Monitor that it required funding for 400 acres to be planted and asked the Monitor that Bridging be asked to fund it as a "critical payment". This funding request is in line with the decision already made to plant 400 acres worth of seedlings in the greenhouse, the payment of which was recommended by the Monitor. The Monitor disagreed with the Company's request. The Monitor took the position that only 150 acres should be grown. The Company had already drastically planned to scale down its operations to 1/3 of its former size. The Monitor has now reduced it to 1/8th of its former size. In the Company's view, that is irrationally low.

The Company believes that the Monitor's reasoning reaching this conclusion was flawed. The Company believes that the Monitor approached this problem backwards. We believe that the Monitor approached this problem from the question of "what will Bridging agree to now". The Monitor repeatedly said they would not make the recommendation to Bridging because there was too much execution risk to Bridging. Respectfully, that is incorrect. Under the Accommodation Agreement, the Monitor is asked to exercise its discretion to determine what is a necessary expense for the Company to incur in order to operate its business and, we would say, with a view to maximize value in the RISP. The question of what Bridging would or would not fund, or what Bridging's risk is at this point is not determinative. The history of the Company making requests and Bridging refusing same was a central problem which the Accommodation Agreement was to remove. It was to be replaced by the Monitor making those decisions. Bridging must fund what the Monitor recommends.

As such, the question the Monitor should have asked should have been: what is the necessary to allow the Company to operate and maximize value.

The Company has made it clear, and on their behalf I do so again, that growing 150 acres of tomatoes will likely ruin the business of the Company. As such, the funding of the planting of 400 acres of tomato is clearly a "critical payment". At 150 acres it is the Company's position that the Company will lose its key customers and may lose its licence or licences. The realizable value of the business will, in the eyes of the Company, drop several million dollars as a result of this decision by the Monitor and make the possibility to find a financial or strategic partner much less likely. As noted above, the Monitor had seemed to recognize this previously when it recommended the planting of the seedlings in support of the decision to plant 400 acres. 400 acres worth of seedlings (about 4,000,000 seedlings) have been planted and are waiting in the greenhouse for planting. It seems now that the Monitor is recommending that more than half of those seedlings should now be thrown away.

We remind the Monitor that in addition to its obligations under the Accommodation Agreement, it is also a Court officer and, as such, it must consider its decisions in light of its impact on all stakeholders, not just Bridging. It is not clear to the Company how selecting a path, as the Monitor seems to have done, that makes the restructuring less likely to be successful is in the best interest of those stakeholders, including the principals of the company who have a significant creditor position in the company, and the multiple employees and contractors whose livelihoods are connected to the Company.

We hope, in light of the foregoing, the Monitor will reconsider its decision and support the Company's submission that

400 acres should be planted.

Finally, we are advised that the Company has worked with the Monitor this past weekend to make a proposal as to what to do with the limited 150 acres. The Company had wanted to plant all 150 acres as organic, since the organic produce produces higher margins and is more in line with the direction the Company would like to go generally. It is our understanding that after working with the Monitor yesterday, the Monitor ultimately recommended 75 acres of organic and 75 acres of ordinary non organic. The Company agreed with this recommendation. It is our understanding that the Monitor then went to Bridging and advised them of the Monitor's recommendation of 75 acres. I am advised by my client that the Monitor has reported to the Company that Bridging will only fund 50 acres of organic. This is again, in our view, not the correct process. The Company requires that the Monitor have its own, independent view of the appropriateness of the expenses it is considering. As counsel for Bridging said repeatedly during our recommendation, "Do you really think that my client is not going to accept the recommendations of the court officer? If Richter's recommends it, we will fund it." If the Monitor is recommending 75 acres, that is what Bridging should fund. It should not be open to Bridging to say no at that point.

Immediate Funding Required

Whether or not the Monitor will reconsider the request to fund 400 acres, the Company hereby asks that the Monitor require Bridging to immediately advance the security, in the amount of 100% of the requirement needed (as we previously discussed and your client recommended) for the 150 acres. The Monitor was quite clear in our discussions that it wants to ensure that there should be no exposure to the growers who contract with the Company during the Forbearance Period. The Company completely agrees with this approach.

It appears to us that Bridging has taken the position that while it agrees to funding or security with respect to 150 acres, it will only fund once the Commission makes its ruling related to the submissions we provide on Friday. Leaving aside that that is not our interpretation of how the Accommodation Agreement is to work, it is, in this case, not practical. It is our understanding that the commission is not meeting until Wednesday and that the decision will come out at some point after that. The Company has advised the Monitor repeatedly, and on their behalf we do so again, that there is no time to continue to wait for these funds. The Company has a limited number of growers with whom it can contract. Those growers have advised the Company that if they are not assured of funding by close of business tomorrow, they will no longer contract with the Company. The key contractors have specifically advised the Company and we have advised you that they will elect to plant Corn instead of Tomatoes given the current uncertainty. There is no time to wait to see what the commission rules. It is the Company's position that this is a critical payment. We believe the Monitor has agreed. It will also be very damaging to the RISP process for potential investors not to know whether or not any tomatoes will be planted this year. The Monitor should request Bridging advance these funds, or credit, tomorrow without delay. It is clearly in the best interest of the Company and its stakeholders that it do so.

RISP Deadline

The Company believes that all potential bidders interested in the Company will now require more time to assess whether or not to invest in this new scaled down version of the Company. The Company would like more time to try to discuss this with interested bidders to see if this issue can be overcome. The Company also believes that all bidders will wait to see if any crops are actually planted by the Company before taking any serious steps with respect to the Company. We suggest an extension of one week would be prudent in this situation. The Monitor has the ability to extend the deadlines under the Accommodation Agreement if it deems it necessary. We have always believed this sales process is very ambitious and we believe it is in the best interest of all parties that it be extended to try to solicit the best possible outcome.

Dataroom Warning

The Company intends to write a separate letter to the Monitor summarizing the Company's concerns with the limited growth capacity being imposed on it by this decision to grow only 150 acres. The Company is also of the view that both sets of projections attached to our email of Friday May 12, 2017 need to be made available to purchasers so that they can at least see what the Company believes would be possible if 400 acres were funded instead of just 150 acres. The Company is cognizant of the fact that it does not want to mislead any potential purchasers as to the condition of the business at this time. The management of the Company continues to hope that a going concern sale or refinance is possible and that they may have a role with such a purchaser, but wants to ensure that anyone who seeks to buy the Company does so fully aware of this issue and is not misled. Please confirm the Monitor will allow the company to place this letter in the dataroom.

We look forward to your response and to immediate action from the Monitor. We wish to make clear, as we did with our email on Friday, that the Company will continue to work in good faith and they will oversee the planting of the 150 acres, and will do what it can to try to retain key customers and still try to get the highest value possible with the tools at its disposal. There is no threat here, express or implied, that the Company will walk away from the process it is under. In asking for the Monitor to reconsider its recommendation, it is not saying it will not comply with that or other recommendations.

Regards,

David Ullmann

[\[http://www.blaney.com/webfiles/email/BLM-logo_eSignature_03jc.png\]](http://www.blaney.com/webfiles/email/BLM-logo_eSignature_03jc.png)

David T. Ullmann
Partner

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[W:] Blaney.com<http://www.blaney.com>

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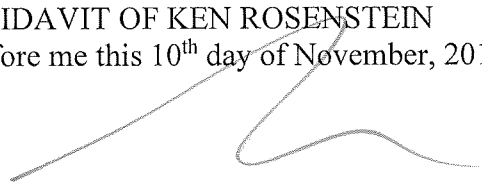
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TAB 1(s)

Attached is Exhibit "S" Referred to in the
AFFIDAVIT OF KEN ROSENSTEIN
Sworn before me this 10th day of November, 2017



Commissioner of Oaths, etc.

-----Original Message-----

From: Sam Babe

Sent: June-08-17 6:15 PM

To: David T. Ullmann <DUllmann@blaney.com>; Sam P. Rappos <samr@chaitons.com>

Cc: Timothy Dunn <TDunn@mindengross.com>; Ken Rosenstein <krosenstein@airdberlis.com>;

CLonergan@Richter.ca

Subject: Re: Thomas Canning

There have been numerous forbearance termination events including the original failures to notify us of the enforcement actions by regulators and the newly discovered diversion of receipts from the blocked accounts - some of which occurred on your watch and all of which your client asserts were blessed by you - and the last of which were in direct breach of the IR Order. The recently discovered mislabelling also qualifies. Given all that, your client is governed by its consent to receivership and covenant not to opposed the same in the AA.

Sent from my BlackBerry 10 smartphone on the Bell network.

Original Message

From: David T. Ullmann

Sent: Thursday, June 8, 2017 6:08 PM

To: Sam P. Rappos

Cc: Sam Babe; Timothy Dunn; Ken Rosenstein; CLonergan@Richter.ca

Subject: RE: Thomas Canning

That's news to me. I believe Bridging is still subject to the AA at this point in time which runs until June 30th and so they can't bring a receivership application on June 21. Also the AA says that the Monitor will bring the Motion for the sale (section 3.2 d (vii)). As such it is the Monitor's motion, as I said.

For now, in terms of scheduling, let's just make sure everyone who needs to be there is there.

Regards,

David

David T. Ullmann

Partner

dullmann@blaney.com

T: 416-596-4289 | F: 416-594-2437

-----Original Message-----

From: Sam P. Rappos [<mailto:samr@chaitons.com>]

Sent: June-08-17 5:55 PM
To: David T. Ullmann
Cc: Sam Babe; Timothy Dunn; Ken Rosenstein; CLonergan@Richter.ca
Subject: Re: Thomas Canning

It is not the Monitor's motion. My understanding is that Bridging is bringing back its receivership application and asking the Receiver when appointed to complete the sale.

> On Jun 8, 2017, at 5:49 PM, David T. Ullmann <DUllmann@blaney.com> wrote:

>

> Sam,

>

> I think this is the Monitor's motion, so the scheduling issue rests with them and not you as to who should be on the request form. Sam R asked for Tim's input, which is proper. It is without prejudice for him or you to argue that Bob or Bobco has no standing (which I think he does as a guarantor and a creditor of the company if nothing else in any event). That is quite a different thing from scheduling a motion at a time he can't attend because you think he has no standing.

>

> In any event, the commercial list office is closed for the day at this point. You only sent out your request 2 hours ago. No one is being non-responsive. Let's see where we get to overnight with Tim's response. We may be fighting over nothing.

>

> I also remind you that my acceptance, once Tim is on board, is conditional on my availability from my other matter and I may seek an adjournment if necessary.

>

> Regards,

>

> David

>

>

> David T. Ullmann

> Partner

>

> dullmann@blaney.com

> T: 416-596-4289 | F: 416-594-2437

>

Sam P. Rappos

Lawyer | Chaitons LLP | T: 416.218.1137

-----Original Message-----

> From: Sam Babe [<mailto:sbabe@airdberlis.com>]

> Sent: June-08-17 5:33 PM

> To: David T. Ullmann; 'Sam P. Rappos'; Timothy Dunn

> Cc: Ken Rosenstein; CLonergan@Richter.ca

> Subject: Re: Thomas Canning

>

> No - but Bob has no standing in the matter in the capacity represented by Tim so if Tim isn't going to be responsive we will not wait. The court's very restricted schedule does not allow us that luxury.

>

> Sent from my BlackBerry 10 smartphone on the Bell network.

> From: David T. Ullmann

> Sent: Thursday, June 8, 2017 5:27 PM

> To: Sam Babe; 'Sam P. Rappos'; Timothy Dunn

> Cc: Ken Rosenstein; CLonergan@Richter.ca

> Subject: RE: Thomas Canning

>

>
> Sam,
>
> Sorry for the delayed response. My client does not agree to the scheduling of the hearing unless we hear from Tim
Dunn that his firm is available to attend. Has he confirmed?
>
> Regards,
>
> David
>
> David T. Ullmann
> Partner
> dullmann@blaney.com<mailto:dullmann@blaney.com>
> [cid:image002.png@01D2E077.10DD3BF0] 416-596-4289 | [cid:image006.png@01D2E077.10DD3BF0] 416-594-
2437
>
>
> From: Sam Babe [<mailto:sbabe@airdberlis.com>]
> Sent: June-08-17 3:28 PM
> To: 'Sam P. Rappos'; Timothy Dunn
> Cc: David T. Ullmann; Ken Rosenstein; CLonergan@Richter.ca
> Subject: RE: Thomas Canning
>
> Thanks. David?
>
> From: Sam P. Rappos [<mailto:samr@chaitons.com>]
> Sent: June-08-17 2:46 PM
> To: Sam Babe <sbabe@airdberlis.com<mailto:sbabe@airdberlis.com>>; Timothy Dunn <TDunn@mindengross.com
<mailto:TDunn@mindengross.com>>
> Cc: David T. Ullmann <DUllmann@blaney.com<mailto:DUllmann@blaney.com>>; Ken Rosenstein
<krosenstein@airdberlis.com<mailto:krosenstein@airdberlis.com>>; CLonergan@Richter.ca
<mailto:CLonergan@Richter.ca>
> Subject: RE: Thomas Canning
>
> Confirmed. Thanks
>
>
> Sam P. Rappos
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>
> Lawyer
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> Chaitons LLP
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> T: 416.218.1137
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>
> From: Sam Babe [<mailto:sbabe@airdberlis.com>]
> Sent: Thursday, June 08, 2017 2:39 PM
> To: Sam P. Rappos; Timothy Dunn
> Cc: David T. Ullmann; Ken Rosenstein; CLonergan@Richter.ca<mailto:CLonergan@Richter.ca>

> Subject: RE: Thomas Canning
>
> Sam, David,
>
> Attached is our request form for 45 minutes (all that is available) on June 21. Please confirm whether I may sign it on your behalf.
>
> Thanks,
>
> Sam
>
>
>
> Sam Babe, J.D., M.B.A.
>
> T 416.865.7718
> F 416.863.1515
> E sbabe@airdberlis.com<mailto:sbabe@airdberlis.com>
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> [[http://www.airdberlis.com/emailbanners/EmailSig/New-A&B-\(black\).jpg](http://www.airdberlis.com/emailbanners/EmailSig/New-A&B-(black).jpg)]
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>
> From: Sam P. Rappos [<mailto:samr@chaitons.com>]
> Sent: June-08-17 12:22 PM
> To: Timothy Dunn <TDunn@mindengross.com<mailto:TDunn@mindengross.com>>
> Cc: David T. Ullmann <DUllmann@blaney.com<mailto:DUllmann@blaney.com>>; Ken Rosenstein <krosenstein@airdberlis.com<mailto:krosenstein@airdberlis.com>>; Sam Babe <sbabe@airdberlis.com<mailto:sbabe@airdberlis.com>>; CLonergan@Richter.ca<mailto:CLonergan@Richter.ca>
> Subject: Re: Thomas Canning
>
> Tim,
>

> I note that confirming timing with you does not waive anyone's potential argument re standing of Mr Thomas as a bitter bidder.

>

> On Jun 8, 2017, at 11:50 AM, Sam P. Rappos <samr@chaitons.com<mailto:samr@chaitons.com>> wrote:

> Tim,

>

> We need to schedule the approval hearing. The Court has no time whatsoever available during the week of June 26. David is not available on June 22 or 23.

>

> There is Court time on June 21. We need to proceed to book this time before it gets taken. Please confirm ASAP that you or someone from your firm will be available on June 21 on behalf of your client.

>

> Thanks,

> Sam

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> Sam P. Rappos

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> Lawyer

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> Chaitons LLP

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> T: 416.218.1137

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> Sam P. Rappos

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> Lawyer

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> Chaitons LLP

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> T: 416.218.1137

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>

> From: David T. Ullmann [<mailto:DUllmann@blaney.com>]

> Sent: Thursday, June 08, 2017 11:48 AM

> To: Sam P. Rappos

> Cc: CLonergan@Richter.ca<mailto:CLonergan@Richter.ca>; KForbes@richter.ca<mailto:KForbes@richter.ca>; Mahmood, Wajahat; Ken Rosenstein; 'Sam Babe'

> Subject: RE: Thomas Canning

>

> Sam,

>
> Please check with Tim first. I am not speaking for him on this.
>
> David
>
> David T. Ullmann
> Partner
> dullmann@blaney.com<mailto:dullmann@blaney.com>
> <image001.png> 416-596-4289 | <image002.png> 416-594-2437
>
> From: Sam P. Rappos [<mailto:samr@chaitons.com>]
> Sent: June-08-17 11:45 AM
> To: David T. Ullmann
> Cc: CLonergan@Richter.ca<mailto:CLonergan@Richter.ca>; KForbes@richter.ca<mailto:KForbes@richter.ca>;
Mahmood, Wajahat; Ken Rosenstein; 'Sam Babe'
> Subject: RE: Thomas Canning
>
> Thank you.
>
> Sam Babe, can you please book the Court time for the 21st?
>
>
> Sam P. Rappos
>
>
> Lawyer
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>
> Chaitons LLP
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> T: 416.218.1137
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> From: David T. Ullmann [<mailto:DUllmann@blaney.com>]
> Sent: Thursday, June 08, 2017 11:40 AM
> To: Sam P. Rappos
> Cc: CLonergan@Richter.ca<mailto:CLonergan@Richter.ca>; KForbes@richter.ca<mailto:KForbes@richter.ca>;
Mahmood, Wajahat; Ken Rosenstein; 'Sam Babe'
> Subject: RE: Thomas Canning
>
> Sam, I have another multi party matter already scheduled on June 21 which I can't adjourn, so I can only agree to this
conditionally.
>
> David
>
>
>
> David T. Ullmann
> Partner
> dullmann@blaney.com<mailto:dullmann@blaney.com>
> <image001.png> 416-596-4289 | <image002.png> 416-594-2437
>
> From: Sam P. Rappos [<mailto:samr@chaitons.com>]

> Sent: June-08-17 11:29 AM
> To: David T. Ullmann
> Cc: CLonergan@Richter.ca<mailto:CLonergan@Richter.ca>; KForbes@richter.ca<mailto:KForbes@richter.ca>; Mahmood, Wajahat; Ken Rosenstein; 'Sam Babe'
> Subject: RE: Thomas Canning
> Importance: High
>
> David,
>
> I spoke to the CL motion scheduler. She said there are only 2 judges sitting during the week of June 26, one of which is Myers who has a trial that week. The other is Pattillo, who is completely overbooked and she has had to turn down judges when they call and ask for Court time that week since they don't have any judge available to hear matters. She said that could change if the trial settles, but they probably wouldn't find out until the 11th hour.
>
> Sam Babe has indicated that June 21 is available. Given that you are not available on June 22 or 23, I think we have no choice but to proceed to schedule the hearing for June 21. I ask that you inform Tim Dunn of this please.
>
> Regards,
> Sam
>
>
>
>
> Sam P. Rappos
>
>
> Lawyer
>
>
>
> Chaitons LLP
>
>
> T: 416.218.1137
>
>
>
> From: David T. Ullmann [<mailto:DUllmann@blaney.com>]
> Sent: Thursday, June 08, 2017 10:47 AM
> To: Sam P. Rappos
> Cc: CLonergan@Richter.ca<mailto:CLonergan@Richter.ca>; KForbes@richter.ca<mailto:KForbes@richter.ca>; Mahmood, Wajahat; Ken Rosenstein; 'Sam Babe'; William Thomas
> Subject: RE: Thomas Canning
>
> Thank you Sam for your email. I appreciate its productive tone.
>
> The possible conflict was in my mind when I wrote my email to which you refer. However, having reviewed your email and thought about it further, it occurs to me that if a bidder has been definitively chosen and the bidding process is closed and since you will have to disclose the purchase price and key deal terms in the likely contested hearing which will follow, what other elements of the bid are confidential which would prevent us from fulfilling our role in completing the transaction at this point in time? We will learn the identity of the bidder tomorrow, if not sooner. I expect you will agree that you do not want to have the Monitor giving reps or warranties on the part of the company, preparing schedules of AP and AR, or agreeing to adjustment or net working capital mechanism etc which I assume must be part of this deal. Also, I don't know how you can sign back the offer in the current proceeding without us. The Monitor order contains the power to market but does not include the power to sell. Finally, as you know, the other bidder has independent counsel,

notwithstanding that Bob Thomas is one of the principals of that bidder. To the extent necessary, we can have Bob Thomas recuse himself further and ensure that no details are shared with him. Let's discuss.

>

> With respect to a possible receivership to be appointed at the sale approval hearing, I do not agree that the sole purpose of appointing a monitor was to avoid damage to the value in the RISP. I also note that to the extent the other bidder is successful at the sale approval hearing or if the court rejects the sale process or if there is a refinancing in the interim, it may be necessary for the current court officer arrangement to continue beyond the next hearing in any event. There are also the various outstanding licences which may be damaged by a receivership and must form part of your sale and should be discussed with the purchaser. In the circumstance, I don't think the company will consent to a receivership, but I will seek further instructions.

>

> I note your comment about the "higher" offer and I would ask you to communicate that to purchaser counsel so that they can seek any clarification they require. I will leave that to them.

>

> The company will continue to abide by their obligations under the AA, without prejudice to the issues which they may raise in connection with the chosen bidder or the sale process, as it is entitled to do.

>

> Unfortunately, I am currently not available on June 22 as I expect to be away from the 22nd to the 26th. I am available the balance of the week of June 26th. We do at this time intend to attend that hearing and will make submissions which would likely be limited to the company's view of the impact of the proposed sale on the company's business and its stakeholders, which is something the court will want to hear from us. The process issues and propriety of selecting one bid over the other will presumably be handled by the other bidder's counsel and so I would ask you to check dates with them.

>

> Regards,

>

> David

>

> David T. Ullmann

> Partner

> dullmann@blaney.com<<mailto:dullmann@blaney.com>>

> <image001.png> 416-596-4289 | <image002.png> 416-594-2437

>

> From: Sam P. Rappos [<mailto:samr@chaitons.com>]

> Sent: June-08-17 9:18 AM

> To: David T. Ullmann

> Cc: CLonergan@Richter.ca<<mailto:CLonergan@Richter.ca>>; KForbes@richter.ca<<mailto:KForbes@richter.ca>>; Mahmood, Wajahat; Ken Rosenstein; 'Sam Babe'

> Subject: Thomas Canning

> Importance: High

>

> David,

>

> We write in response to your two emails attached hereto.

>

> With respect to closing mechanics, given that one of the principals of the Company is the unsuccessful bidder, we are of the view that it would be difficult, and likely an irreconcilable conflict of interest, for the Company to have any active role in connection with closing the sale transaction with the successful bidder. The Monitor may require the Company's cooperation over the next few weeks as the parties move toward closing the sale. We would appreciate it if your client carries out its agreed to obligations under the Accommodation Agreement.

>

> As a result, it will be necessary to proceed with an alternative course of action to close the sale. There are a number of issues that will need to be dealt with in connection with and following the closing of a sale transaction, including ensuring that employees receive super-priority entitlements for unpaid wages, and obtaining court approval for the distribution of the net sale proceeds, among other things. As a result, and given that the Monitor was appointed to avoid the necessity of informing the Company's creditors and any potential reduction in value if the RISP was carried out in an

insolvency proceeding, issues that are no longer relevant, we understand that Bridging will be requesting that Richter to be appointed as Receiver by the Court to complete the sale transaction with the successful bidder.

>

> As you know, we are in the process of negotiating definitive documents with the successful bidder, which are to be completed by June 15. We will let you know as soon as possible regarding your questions re the license and tote leases.

>

> In terms of Court time, we appreciate that there may be opposition from the unsuccessful bidder when approval is sought of the sale transaction with the successful bidder. As noted above, we are still negotiating definitive documentation at this time, as we would not be in a position to seek Court approval of the transaction until the asset purchase agreement is executed or finalized. In our view, it is premature, and not an efficient use of any party's time and resources, to bifurcate the hearing and attempt to bring it before the Court prior to the sale agreement being completed.

>

> We understand that the Court has time available on June 22. We will also be inquiring to see if there is any way we can get before the Court during the week of June 26. Please confirm whether you are available (or any additional counsel that the Company or the unsuccessful bidder may wish to have attend and make submissions).

>

> We also wanted to respond to your comments regarding the offers. Although you had previously informed us to not discuss the offers with you, you mentioned the quantum of the offers in your email. We can confirm that the successful bidder submitted a higher offer than that of the unsuccessful bidder, following numerous discussions being had with counsel to the unsuccessful bidder and counsel being informed of this on Friday afternoon. We also note that the successful bidder has attended at the premises previously, and anticipates attending at the premises tomorrow. The Monitor asks that the Company have employees available to have discussions with the successful bidder and to assist the Monitor in any way requested in connection with the visit.

>

> Regards,

> Sam

>

>

>

>

> Sam P. Rappos

>

> Lawyer

>

> Direct Tel: 416.218.1137

>

> Direct Fax: 416.218.1837

>

> samr@chaitons.com<mailto:samr@chaitons.com>

>

>

> 5000 Yonge Street, 10th Floor, Toronto, Canada, M2N 7E9

>

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>

>

>

> <image003.gif>

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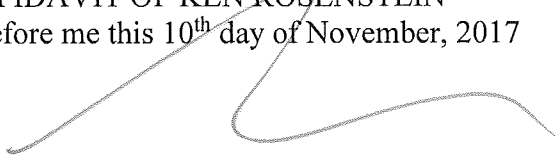
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>

TAB 1(t)

Attached is Exhibit "T" Referred to in the
AFFIDAVIT OF KEN ROSENSTEIN
Sworn before me this 10th day of November, 2017

A handwritten signature in dark ink, appearing to be "Ken Rosenstein", written over the text of the affidavit.

Commissioner of Oaths, etc.

From: Ken Rosenstein
Sent: June-14-17 2:24 PM
To: 'David T. Ullmann' <DUllmann@blaney.com>
Cc: williamt@thomascanning.net; TDunn@mindengross.com; Sam Babe <sbabe@airdberlis.com>
Subject: RE: Without Prejudice Settlement Offer

As stated there has clearly been several Forbearance Termination Events in respect of which you have been notified of on several occasions and furthermore all of your fees since the negotiation of the forbearance agreement are entirely in connection with your efforts to delay, hinder, frustrate, and oppose the entire process which is evidenced by all of your own emails and actions. I don't intend to respond any further on this since you once again are only running up unnecessary costs as you have done all along to the detriment of all stakeholders.

TAB 2

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

**BRIDGING FINANCE INC.,
AS AGENT FOR SPROTT BRIDGING INCOME FUND LP**

APPLICANT

- AND -

THOMAS CANNING (MAIDSTONE) LIMITED AND 692194 ONTARIO LIMITED

RESPONDENTS

SERVICE LIST

GENERAL	
BLANEY MCMURTRY LLP 2 Queen St. E., Suite 1500 Toronto, Ontario M5C 3G5 Counsel to William Thomas	David T. Ullmann Tel: 416-593-1221 E-mail: dullmann@blaney.com Alexandra Teodorescu Tel: 416-569-4279 Email: ateodorescu@blaney.com
CHAITONS LLP 10th Floor, 5000 Yonge St. North York, Ontario M2N 7E9 Counsel to Richter Advisory Group Inc.	Sam P. Rappos Tel: 416-222-8888 Email: samr@chaitons.com
RICHTER ADVISORY GROUP INC. 181 Bay Street, Suite 3320 Bay Wellington Tower Toronto ON M5J 2T3 Receiver	Clark Lonergan Tel: (416) 485-5502 E-mail: clonergan@richter.ca

**BRIDGING FINANCE INC., as agent for SPROTT
BRIDGING INCOME FUND LP**

Applicant

**THOMAS CANNING (MAIDSTONE) LIMITED and 692194
ONTARIO LIMITED**

Respondents

Court File No. CV-17-11773-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
PROCEEDING COMMENCED AT TORONTO**

RESPONDING MOTION RECORD

AIRD & BERLIS LLP
Barristers and Solicitors
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Email: sbabe@airdberlis.com

*Lawyers for the Applicant, Bridging Finance Inc., as
Agent For Sprott Bridging Income Fund LP*